

**Calendar No. 237**

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**S. 1731**

To strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

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**IN THE SENATE OF THE UNITED STATES**

NOVEMBER 27, 2001

Mr. HARKIN, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

To strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Agriculture, Conservation, and Rural Enhancement Act  
4 of 2001”.

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

TITLE I—COMMODITY PROGRAMS

Sec. 101. Definitions.

Subtitle A—Direct and Counter-Cyclical Payments

Sec. 111. Direct and counter-cyclical payments.

Sec. 112. Violations of contracts.

Sec. 113. Planting flexibility.

Subtitle B—Nonrecourse Marketing Assistance Loans and Loan Deficiency  
Payments

Sec. 121. Nonrecourse marketing assistance loans and loan deficiency pay-  
ments.

Sec. 122. Eligible production.

Sec. 123. Loan rates.

Sec. 124. Term of loans.

Sec. 125. Repayment of loans.

Sec. 126. Loan deficiency payments.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

Sec. 131. Milk price support program.

Sec. 132. National dairy program.

Sec. 133. Dairy export incentive and dairy indemnity programs.

Sec. 134. Fluid milk promotion.

Sec. 135. Dairy product mandatory reporting.

Sec. 136. Funding of dairy promotion and research program.

CHAPTER 2—SUGAR

Sec. 141. Sugar program.

Sec. 142. Storage facility loans.

Sec. 143. Flexible marketing allotments for sugar.

CHAPTER 3—PEANUTS

Sec. 151. Peanut program.

Sec. 152. Termination of marketing quotas for peanuts and compensation to  
peanut quota holders.

Subtitle D—Administration

- Sec. 161. Adjustment authority related to Uruguay Round compliance.
- Sec. 162. Suspension of permanent price support authority.
- Sec. 163. Commodity purchases.
- Sec. 164. Hard white wheat incentive payments.
- Sec. 165. Payment limitations.

## TITLE II—CONSERVATION

### Subtitle A—Conservation Security

- Sec. 201. Conservation security program.
- Sec. 202. Funding.
- Sec. 203. Partnerships and cooperation.
- Sec. 204. Administrative requirements for conservation programs.
- Sec. 205. Reform and assessment of conservation programs.
- Sec. 206. Conservation security program regulations.
- Sec. 207. Conforming amendments.

### Subtitle B—Program Extensions

- Sec. 211. Comprehensive conservation enhancement program.
- Sec. 212. Conservation reserve program.
- Sec. 213. Wetlands reserve program.
- Sec. 214. Environmental quality incentives program.
- Sec. 215. Resource conservation and development program.
- Sec. 216. Wildlife habitat incentive program.
- Sec. 217. Farmland protection program.
- Sec. 218. Grassland reserve program.
- Sec. 219. State technical committees.
- Sec. 220. Use of symbols, slogans, and logos.

## TITLE III—TRADE

### Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

- Sec. 301. United States policy.
- Sec. 302. Provision of agricultural commodities.
- Sec. 303. Generation and use of currencies by private voluntary organizations  
and cooperatives.
- Sec. 304. Levels of assistance.
- Sec. 305. Food Aid Consultative Group.
- Sec. 306. Maximum level of expenditures.
- Sec. 307. Administration.
- Sec. 308. Assistance for stockpiling and rapid transportation, delivery, and dis-  
tribution of shelf-stable prepackaged foods.
- Sec. 309. Sale procedure.
- Sec. 310. Prepositioning.
- Sec. 311. Expiration date.
- Sec. 312. Micronutrient fortification program.
- Sec. 313. Farmer-to-farmer program.

### Subtitle B—Agricultural Trade Act of 1978

- Sec. 321. Export credit guarantee program.
- Sec. 322. Market access program.
- Sec. 323. Export enhancement program.

- Sec. 324. Foreign market development cooperator program.
- Sec. 325. Food for progress and education programs.
- Sec. 326. Exporter assistance initiative.

#### Subtitle C—Miscellaneous Agricultural Trade Provisions

- Sec. 331. Bill Emerson Humanitarian Trust.
- Sec. 332. Emerging markets.
- Sec. 333. Biotechnology and agricultural trade program.
- Sec. 334. Surplus commodities for developing or friendly countries.
- Sec. 335. Agricultural trade with Cuba.
- Sec. 336. Sense of Congress concerning agricultural trade.

### TITLE IV—NUTRITION PROGRAMS

- Sec. 401. Short title.

#### Subtitle A—Food Stamp Program

- Sec. 411. Encouragement of payment of child support.
- Sec. 412. Simplified definition of income.
- Sec. 413. Increase in benefits to households with children.
- Sec. 414. Simplified determination of housing costs.
- Sec. 415. Simplified utility allowance.
- Sec. 416. Simplified procedure for determination of earned income.
- Sec. 417. Simplified determination of deductions.
- Sec. 418. Simplified definition of resources.
- Sec. 419. Alternative issuance systems in disasters.
- Sec. 420. State option to reduce reporting requirements.
- Sec. 421. Benefits for adults without dependents.
- Sec. 422. Preservation of access to electronic benefits.
- Sec. 423. Cost neutrality for electronic benefit transfer systems.
- Sec. 424. Alternative procedures for residents of certain group facilities.
- Sec. 425. Availability of food stamp program applications on the Internet.
- Sec. 426. Simplified determinations of continuing eligibility.
- Sec. 427. Clearinghouse for successful nutrition education efforts.
- Sec. 428. Transitional food stamps for families moving from welfare.
- Sec. 429. Delivery to retailers of notices of adverse action.
- Sec. 430. Reform of quality control system.
- Sec. 431. Improvement of calculation of State performance measures.
- Sec. 432. Bonuses for States that demonstrate high performance.
- Sec. 433. Employment and training program.
- Sec. 434. Reauthorization of food stamp program and food distribution program on Indian reservations.
- Sec. 435. Coordination of program information efforts.
- Sec. 436. Expanded grant authority.
- Sec. 437. Access and outreach pilot projects.
- Sec. 438. Consolidated block grants and administrative funds.
- Sec. 439. Assistance for community food projects.
- Sec. 440. Availability of commodities for the emergency food assistance program.
- Sec. 441. Innovative programs for addressing common community problems.
- Sec. 442. Report on use of electronic benefit transfer systems.
- Sec. 443. Vitamin and mineral supplements.

#### Subtitle B—Miscellaneous Provisions

- Sec. 451. Reauthorization of commodity programs.
- Sec. 452. Partial restoration of benefits to legal immigrants.
- Sec. 453. Commodities for school lunch programs.
- Sec. 454. Eligibility for free and reduced price meals.
- Sec. 455. Eligibility for assistance under the special supplemental nutrition program for women, infants, and children.
- Sec. 456. Seniors farmers' market nutrition program.
- Sec. 457. Fruit and vegetable pilot program.
- Sec. 458. Congressional Hunger Fellows Program.
- Sec. 459. Nutrition information and awareness pilot program.
- Sec. 460. Effective date.

## TITLE V—CREDIT

### Subtitle A—Farm Ownership Loans

- Sec. 501. Direct loans.
- Sec. 502. Financing of bridge loans.
- Sec. 503. Limitations on amount of farm ownership loans.
- Sec. 504. Joint financing arrangements.
- Sec. 505. Guarantee percentage for beginning farmers and ranchers.
- Sec. 506. Guarantee of loans made under State beginning farmer or rancher programs.
- Sec. 507. Down payment loan program.
- Sec. 508. Beginning farmer and rancher contract land sales program.

### Subtitle B—Operating Loans

- Sec. 511. Direct loans.
- Sec. 512. Amount of guarantee of loans for tribal farm operations; waiver of limitations for tribal farm operations and other farm operations.

### Subtitle C—Administrative Provisions

- Sec. 521. Eligibility of limited liability companies for farm ownership loans, farm operating loans, and emergency loans.
- Sec. 522. Debt settlement.
- Sec. 523. Temporary authority to enter into contracts; private collection agencies.
- Sec. 524. Interest rate options for loans in servicing.
- Sec. 525. Annual review of borrowers.
- Sec. 526. Simplified loan applications.
- Sec. 527. Inventory property.
- Sec. 528. Definitions.
- Sec. 529. Loan authorization levels.
- Sec. 530. Interest rate reduction program.
- Sec. 531. Options for satisfaction of obligation to pay recapture amount for shared appreciation agreements.
- Sec. 532. Waiver of borrower training certification requirement.
- Sec. 533. Annual review of borrowers.

### Subtitle D—Farm Credit

- Sec. 541. Repeal of burdensome approval requirements.
- Sec. 542. Banks for cooperatives.
- Sec. 543. Insurance Corporation premiums.

Sec. 544. Board of Directors of the Federal Agricultural Mortgage Corporation.

#### Subtitle E—General Provisions

Sec. 551. Inapplicability of finality rule.

Sec. 552. Technical amendments.

Sec. 553. Effective date.

### TITLE VI—RURAL DEVELOPMENT

#### Subtitle A—Empowerment of Rural America

Sec. 601. National Rural Cooperative and Business Equity Fund.

Sec. 602. Rural business investment program.

Sec. 603. Full funding of pending rural development loan and grant applications.

Sec. 604. Rural Endowment Program.

Sec. 605. Enhancement of access to broadband service in rural areas.

Sec. 606. Value-added agricultural product market development grants.

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#### Subtitle B—National Rural Development Partnership

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#### Subtitle C—Consolidated Farm and Rural Development Act

Sec. 621. Water or waste disposal grants.

Sec. 622. Rural business opportunity grants.

Sec. 623. Rural water and wastewater circuit rider program.

Sec. 624. Multijurisdictional regional planning organizations.

Sec. 625. Certified nonprofit organizations sharing expertise.

Sec. 626. Loan guarantees for certain rural development loans.

Sec. 627. Rural firefighters and emergency personnel grant program.

Sec. 628. Emergency community water assistance grant program.

Sec. 629. Water and waste facility grants for Native American tribes.

Sec. 630. Water systems for rural and native villages in Alaska.

Sec. 631. Rural cooperative development grants.

Sec. 632. Grants to broadcasting systems.

Sec. 633. Business and industry loan modifications.

Sec. 634. Value-added intermediary relending program.

Sec. 635. Use of rural development loans and grants for other purposes.

Sec. 636. Simplified application forms for loan guarantees.

Sec. 637. Definition of rural and rural area.

Sec. 638. Rural entrepreneurs and microenterprise assistance program.

Sec. 639. Rural seniors.

Sec. 640. Children's day care facilities.

Sec. 641. Rural telework.

Sec. 642. Historic barn preservation.

Sec. 643. Grants for emergency weather radio transmitters.

Sec. 644. Bioenergy and biochemical projects.

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#### Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

- Sec. 651. Alternative Agricultural Research and Commercialization Corporation.
- Sec. 652. Telemedicine and distance learning services in rural areas.

#### Subtitle E—Rural Electrification Act of 1936

- Sec. 661. Bioenergy and biochemical projects.
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### TITLE VII—AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION AND RELATED MATTERS

#### Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

- Sec. 701. Definitions.
- Sec. 702. National Agricultural Research, Extension, Education, and Economics Advisory Board.
- Sec. 703. Grants and fellowships for food and agricultural sciences education.
- Sec. 704. Competitive research facilities grant program.
- Sec. 705. Grants for research on the production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.
- Sec. 706. Policy research centers.
- Sec. 707. Human nutrition intervention and health promotion research program.
- Sec. 708. Pilot research program to combine medical and agricultural research.
- Sec. 709. Nutrition education program.
- Sec. 710. Animal health and disease research programs.
- Sec. 711. Research on national or regional problems.
- Sec. 712. Education grants programs for Hispanic-serving institutions.
- Sec. 713. Competitive grants for international agricultural science and education programs.
- Sec. 714. Indirect costs.
- Sec. 715. Research equipment grants.
- Sec. 716. Agricultural research programs.
- Sec. 717. Extension education.
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- Sec. 719. Joint requests for proposals.
- Sec. 720. Supplemental and alternative crops.
- Sec. 721. Aquaculture.
- Sec. 722. Rangeland research.
- Sec. 723. Biosecurity planning and response programs.

#### Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

- Sec. 731. National genetic resources program.
- Sec. 732. Biotechnology risk assessment research.
- Sec. 733. High-priority research and extension initiatives.
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- Sec. 743. Precision agriculture.
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- Sec. 751. Carryover.
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- Sec. 753. Compliance with multistate and integration requirements.

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- Sec. 755. Equity in Educational Land-Grant Status Act of 1994.
- Sec. 756. Eligibility for integrated grants program.

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- Sec. 775. Distance education grants program for insular area land-grant institutions.
- Sec. 776. Matching requirements for research and extension formula funds for insular area land-grant institutions.

Subtitle E—Other Laws

- Sec. 781. Critical agricultural materials.
- Sec. 782. Research facilities.
- Sec. 783. Federal agricultural research facilities.
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- Sec. 785. Risk management education for beginning farmers and ranchers.
- Sec. 786. Aquaculture.

#### Subtitle F—New Authorities

- Sec. 791. Definitions.
- Sec. 792. Regulatory and inspection research.
- Sec. 793. Emergency research transfer authority.
- Sec. 794. Review of Agricultural Research Service.
- Sec. 795. Technology transfer for rural development.
- Sec. 796. Beginning farmer and rancher development program.
- Sec. 797. Sense of Congress regarding doubling of funding for agricultural research.
- Sec. 798. Rural policy research.
- Sec. 798A. Priority for farmers and ranchers participating in conservation programs.
- Sec. 798B. Organic production and market data initiatives.
- Sec. 798C. Organically produced product research and education.
- Sec. 798D. International organic research collaboration.

### TITLE VIII—FORESTRY

- Sec. 801. Office of International Forestry.
- Sec. 802. McIntire-Stennis cooperative forestry research program.
- Sec. 803. Sustainable forestry outreach initiative; renewable resources extension activities.
- Sec. 804. Forestry incentives program.
- Sec. 805. Sustainable forestry cooperative program.
- Sec. 806. Sustainable forest management program.
- Sec. 807. Forest fire research centers.
- Sec. 808. Wildfire prevention and hazardous fuel purchase program.
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- Sec. 810. Watershed forestry assistance program.
- Sec. 811. General provisions.
- Sec. 812. State forest stewardship coordinating committees.

### TITLE IX—ENERGY

- Sec. 901. Findings.
- Sec. 902. Consolidated Farm and Rural Development Act.
- Sec. 903. Biomass Research and Development Act of 2000.
- Sec. 904. Rural Electrification Act of 1936.
- Sec. 905. Carbon sequestration demonstration program.
- Sec. 906. Sense of Congress concerning national renewable fuels standard.
- Sec. 907. Sense of Congress concerning the bioenergy program of the Department of Agriculture.

### TITLE X—MISCELLANEOUS

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- Sec. 1001. Country of origin labeling.
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Sec. 1024. Penalties and foreign commerce provisions of the Animal Welfare Act.

Sec. 1025. Prohibition on interstate movement of animals for animal fighting.

Sec. 1026. Outreach and assistance for socially disadvantaged farmers and ranchers.

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Sec. 1041. Regulations.

Sec. 1042. Effect of amendments.

# 1                   **TITLE I—COMMODITY** 2   **PROGRAMS**

## 3   **SEC. 101. DEFINITIONS.**

4           Section 102 of the Federal Agriculture Improvement  
5 and Reform Act of 1996 (7 U.S.C. 7202) is amended to  
6 read as follows:

## 7   **“SEC. 102. DEFINITIONS.**

8           “In this title:

9                   “(1) AGRICULTURAL ACT OF 1949.—Except in  
10           section 171, the term ‘Agricultural Act of 1949’  
11           means the Agricultural Act of 1949 (7 U.S.C. 1421  
12           et seq.), as in effect prior to the suspensions under  
13           section 171(b)(1).

1           “(2) CONSIDERED PLANTED.—The term ‘con-  
2       sidered planted’ means any acreage on the farm  
3       that—

4           “(A) producers on a farm were prevented  
5       from planting to a crop because of drought,  
6       flood, or other natural disaster, or other condi-  
7       tion beyond the control of the eligible owners  
8       and producers on the farm, as determined by  
9       the Secretary; and

10          “(B) was not planted to another contract  
11       commodity (other than a contract commodity  
12       produced under an established practice of dou-  
13       ble cropping).

14          “(3) CONTRACT.—The term ‘contract’ means a  
15       contract entered into under subtitle B.

16          “(4) CONTRACT ACREAGE.—The term ‘contract  
17       acreage’ means the contract acreage determined  
18       under section 111(f).

19          “(5) CONTRACT COMMODITY.—The term ‘con-  
20       tract commodity’ means wheat, corn, grain sorghum,  
21       barley, oats, upland cotton, rice, and oilseeds.

22          “(6) CONTRACT PAYMENT.—The term ‘contract  
23       payment’ means a payment made under subtitle B  
24       pursuant to a contract.

1           “(7) DEPARTMENT.—The term ‘Department’  
2 means the Department of Agriculture.

3           “(8) EXTRA LONG STAPLE COTTON.—The term  
4 ‘extra long staple cotton’ means cotton that—

5               “(A) is produced from pure strain varieties  
6 of the Barbados species or any hybrid there-  
7 of, or other similar types of extra long staple  
8 cotton, designated by the Secretary, having  
9 characteristics needed for various end uses for  
10 which United States upland cotton is not suit-  
11 able and grown in irrigated cotton-growing re-  
12 gions of the United States designated by the  
13 Secretary or other areas designated by the Sec-  
14 retary as suitable for the production of the vari-  
15 eties or types; and

16               “(B) is ginned on a roller-type gin or, if  
17 authorized by the Secretary, ginned on another  
18 type gin for experimental purposes.

19           “(9) LOAN COMMODITY.—The term ‘loan com-  
20 modity’ means wheat, corn, grain sorghum, barley,  
21 oats, upland cotton, extra long staple cotton, rice,  
22 oilseeds, wool, mohair, honey, dry peas, lentils, and  
23 chickpeas.

24           “(10) OILSEED.—The term ‘oilseed’ means a  
25 crop of soybeans, sunflower seed, rapeseed, canola,

1 safflower, flaxseed, mustard seed, and, if designated  
2 by the Secretary, other oilseeds.

3 “(11) PAYMENT YIELD.—The term ‘payment  
4 yield’ means a payment yield determined under sec-  
5 tion 111(g).

6 “(12) PRODUCER.—

7 “(A) IN GENERAL.—The term ‘producer’  
8 means an owner, operator, landlord, tenant, or  
9 sharecropper that—

10 “(i) shares in the risk of producing a  
11 crop; and

12 “(ii) is entitled to share in the crop  
13 available for marketing from the farm, or  
14 would have shared had the crop been pro-  
15 duced.

16 “(B) HYBRID SEED.—In determining  
17 whether a grower of hybrid seed is a producer,  
18 the Secretary shall not take into consideration  
19 the existence of a hybrid seed contract.

20 “(13) SECRETARY.—The term ‘Secretary’  
21 means the Secretary of Agriculture.

22 “(14) STATE.—The term ‘State’ means—

23 “(A) a State;

24 “(B) the District of Columbia;

1                   “(C) the Commonwealth of Puerto Rico;  
2                   and

3                   “(D) any other territory or possession of  
4                   the United States.

5                   “(15) UNITED STATES.—The term ‘United  
6                   States’, when used in a geographical sense, means  
7                   all of the States.’”.

## 8                   **Subtitle A—Direct and Counter-** 9                   **Cyclical Payments**

### 10       **SEC. 111. DIRECT AND COUNTER-CYCLICAL PAYMENTS.**

11           Sections 111 through 114 of the Federal Agriculture  
12   Improvement and Reform Act of 1996 (7 U.S.C. 7211  
13   through 7214) are amended to read as follows:

#### 14       **“SEC. 111. AUTHORIZATION FOR CONTRACTS.**

15           “(a) IN GENERAL.—The Secretary shall offer to  
16   enter into a contract with an eligible owner or producer  
17   described in subsection (b) on a farm containing eligible  
18   cropland under which the eligible owner or producer will  
19   receive direct payments and counter-cyclical payments  
20   under sections 113 and 114, respectively.

#### 21           “(b) ELIGIBLE OWNERS AND PRODUCERS.—

22                   “(1) IN GENERAL.—Subject to paragraphs (2)  
23                   and (3), an owner or producer on a farm shall be  
24                   eligible to enter into a contract.

25                   “(2) TENANTS.—

1           “(A) SHARE-RENT TENANTS.—A producer  
 2           on eligible cropland that is a tenant with a  
 3           share-rent lease of the eligible cropland, regard-  
 4           less of the length of the lease, shall be eligible  
 5           to enter into a contract, if the owner of the eli-  
 6           gible cropland enters into the same contract.

7           “(B) CASH-RENT TENANTS.—

8                   “(i) CONTRACTS WITH LONG-TERM  
 9                   LEASES.—A producer on eligible cropland  
 10                  that cash rents the eligible cropland under  
 11                  a lease expiring on or after the termination  
 12                  of the contract shall be eligible to enter  
 13                  into a contract.

14                   “(ii) CONTRACTS WITH SHORT-TERM  
 15                   LEASES.—

16                   “(I) IN GENERAL.—A producer  
 17                  that cash rents the eligible cropland  
 18                  under a lease expiring before the ter-  
 19                  mination of the contract shall be eligi-  
 20                  ble to enter into a contract.

21                   “(II) OWNER’S CONTRACT INTER-  
 22                  EST.—The owner of the eligible crop-  
 23                  land may also enter into the same  
 24                  contract.

1                   “(III) CONSENT OF OWNER.—If  
2                   the producer elects to enroll less than  
3                   100 percent of the eligible cropland in  
4                   the contract, the consent of the owner  
5                   shall be required for a valid contract.

6                   “(3) CASH-RENT OWNERS.—

7                   “(A) IN GENERAL.—An owner of eligible  
8                   cropland that cash rents the eligible cropland  
9                   under a lease term that expires before the end  
10                  of 2006 crop year shall be eligible to enter into  
11                  a contract if the tenant declines to enter into  
12                  the contract.

13                  “(B) CONTRACT PAYMENTS.—In the case  
14                  of an owner covered by subparagraph (A), the  
15                  Secretary shall not make contract payments to  
16                  the owner under the contract until the lease  
17                  held by the tenant terminates.

18                  “(c) COMPLIANCE WITH CERTAIN REQUIRE-  
19                  MENTS.—Under the terms of a contract, the owner or pro-  
20                  ducer shall agree, in exchange for annual contract  
21                  payments—

22                  “(1) to comply with applicable highly erodible  
23                  land conservation requirements under subtitle B of  
24                  title XII of the Food Security Act of 1985 (16  
25                  U.S.C. 3811 et seq.);



1 “(2) to comply with applicable wetland con-  
 2 servation requirements under subtitle C of title XII  
 3 of that Act (16 U.S.C. 3821 et seq.);

4 “(3) to comply with the planting flexibility re-  
 5 quirements of section 118; and

6 “(4) to use a quantity of land on the farm  
 7 equal to the contract acreage, for an agricultural or  
 8 conserving use or related activity, and not for a non-  
 9 agricultural commercial or industrial use, as deter-  
 10 mined by the Secretary.

11 “(d) PROTECTION OF INTERESTS OF CERTAIN PRO-  
 12 DUCERS.—

13 “(1) TENANTS AND SHARECROPPERS.—In car-  
 14 rying out this subtitle, the Secretary shall provide  
 15 adequate safeguards to protect the interests of ten-  
 16 ants and sharecroppers.

17 “(2) SHARING OF PAYMENTS.—The Secretary  
 18 shall provide for the sharing of contract payments  
 19 among the eligible producers on a farm on a fair and  
 20 equitable basis.

21 “(e) ELIGIBLE CROPLAND.—

22 “(1) IN GENERAL.—Land shall be considered to  
 23 be cropland eligible for coverage under a contract  
 24 only if the land—

1           “(A) has with respect to a contract  
2 commodity—

3           “(i) contract acreage attributable to  
4 the land; and

5           “(ii) a payment yield; or

6           “(B) was subject to a conservation reserve  
7 contract under section 1231 of the Food Secu-  
8 rity Act of 1985 (16 U.S.C. 3831) with a term  
9 that expired, or was voluntarily terminated, on  
10 or after the date of enactment of this para-  
11 graph.

12           “(2) QUANTITY OF ELIGIBLE CROPLAND COV-  
13 ERED BY CONTRACT.—An eligible owner or producer  
14 may enroll as contract acreage under this subtitle all  
15 or a portion of the eligible cropland on the farm.

16           “(3) VOLUNTARY REDUCTION IN CONTRACT  
17 ACREAGE.—An eligible owner or producer that en-  
18 ters into a contract may subsequently reduce the  
19 quantity of contract acreage covered by the contract.

20           “(f) CONTRACT ACREAGE.—

21           “(1) IN GENERAL.—Subject to subsection (h),  
22 for the purpose of making direct payments and  
23 counter-cyclical payments to eligible owners and pro-  
24 ducers on a farm, the Secretary shall provide the eli-  
25 gible owners and producers on the farm with an op-

1       portunity to elect 1 of the following methods as the  
2       method by which the contract acreages for the 2002  
3       through 2006 crops of all contract commodities for  
4       a farm are determined:

5               “(A) The 4-year average of acreage plant-  
6               ed or considered planted to a contract com-  
7               modity for harvest, grazing, haying, silage, or  
8               other similar purposes during each of the 1998  
9               through 2001 crop years.

10              “(B) The total of—

11                      “(i) the contract acreage (as defined  
12                      in section 102 (as in effect before the  
13                      amendment made by section 101 of the  
14                      Agriculture, Conservation, and Rural En-  
15                      hancement Act of 2001)) that would have  
16                      been used by the Secretary to calculate the  
17                      payment for fiscal year 2002 under such  
18                      section 102 for the contract commodity on  
19                      the farm; and

20                      “(ii) the 4-year average determined  
21                      under subparagraph (A) for each oilseed  
22                      produced on the farm.

23               “(C) In the case of land described in sec-  
24               tion 112(a)(3), land with eligible base, as deter-  
25               mined by the Secretary.

1           “(2) PREVENTION OF EXCESS CONTRACT ACRE-  
2       AGES.—

3           “(A) REQUIRED REDUCTION.—If the total  
4       of the contract acreages for a farm, together  
5       with the acreage described in subparagraph (C),  
6       exceeds the actual cropland acreage of the  
7       farm, the Secretary shall reduce the quantity of  
8       contract acreages for 1 or more contract com-  
9       modities for the farm or peanut acres as nec-  
10      essary so that the total of the contract acreages  
11      and acreage described in subparagraph (C) does  
12      not exceed the actual cropland acreage of the  
13      farm.

14          “(B) SELECTION OF ACRES.—The Sec-  
15      retary shall give the eligible owners and pro-  
16      ducers on the farm the opportunity to select the  
17      contract acreages or peanut acres against which  
18      the reduction will be made.

19          “(C) OTHER ACREAGE.—For purposes of  
20      subparagraph (A), the Secretary shall include—

21           “(i) any peanut acres for the farm  
22           under chapter 3 of subtitle D;

23           “(ii) any acreage on the farm enrolled  
24           in the conservation reserve program or  
25           wetlands reserve program under chapter 1

of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.); and

“(iii) any other acreage on the farm enrolled in a voluntary Federal conservation program under which production of any agricultural commodity is prohibited.

“(D) DOUBLE-CROPPED ACREAGE.—In applying subparagraph (A), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

“(g) PAYMENT YIELDS.—

“(1) IN GENERAL.—Subject to paragraph (2) and subsection (h), an eligible owner or producer that has entered into a contract under this subtitle may make a 1-time election to have the payment yield for a payment for each of the 2002 through 2006 crops of all contract commodities for a farm be equal to—

“(A) an amount that is the greater of—

“(i) the average of the yield per harvested acre for the crop of the contract commodity for the farm for the 1998 through 2001 crop years, excluding—

1                   “(I) any crop year for which the  
2                   producers on the farm did not plant  
3                   the contract commodity; and

4                   “(II) at the option of the pro-  
5                   ducers on the farm, 1 additional crop  
6                   year; or

7                   “(ii) the farm program payment yield  
8                   described in subparagraph (B); or

9                   “(B) the farm program payment yield es-  
10                  tablished for the 1995 crop of a contract com-  
11                  modity under section 505 of the Agricultural  
12                  Act of 1949 (7 U.S.C. 1465), as adjusted by  
13                  the Secretary to account for any additional  
14                  yield payments made with respect to that crop  
15                  under section 505(b)(2) of that Act.

16                  “(2) ASSIGNED YIELDS.—In the case of a farm  
17                  for which yield records are unavailable for a contract  
18                  commodity (including land of a farm that is devoted  
19                  to an oilseed under a former conservation reserve  
20                  contract described in section 112(a)(3)), the Sec-  
21                  retary shall establish an appropriate payment yield  
22                  for the contract commodity on the farm taking in  
23                  consideration the payment yields applicable to the  
24                  contract commodity under paragraph (1) for similar

1 farms in the area, taking into consideration the yield  
 2 election for the farm under subsection (h).

3 “(h) ELIGIBLE OWNER AND PRODUCER ELECTION  
 4 OPTIONS.—

5 “(1) IN GENERAL.—In making elections under  
 6 subsections (f) and (g), eligible owners and pro-  
 7 ducers on a farm shall elect to have—

8 “(A)(i) contract acreage for the farm de-  
 9 termined under subsection (f)(1)(A); and

10 “(ii) payment yields determined under sub-  
 11 section (g)(1)(A); or

12 “(B)(i) contract acreage for the farm de-  
 13 termined under subsection (f)(1)(B); and

14 “(ii) payment yields determined under—

15 “(I) in the case of contract commod-  
 16 ities other than oilseeds, subsection  
 17 (g)(1)(B); and

18 “(II) in the case of oilseeds, sub-  
 19 section (g)(1)(A).

20 “(2) SINGLE ELECTION; TIME FOR ELEC-  
 21 TION.—

22 “(A) SINGLE ELECTION.—The eligible  
 23 owners and producers on a farm shall have 1  
 24 opportunity to make the election described in  
 25 paragraph (1).

1           “(B) TIME FOR ELECTION.—Subject to  
 2           section 112(a)(3), not later than 180 days after  
 3           the date of enactment of this subsection, the el-  
 4           igible owners and producers on a farm shall no-  
 5           tify the Secretary of the election made by the  
 6           eligible owners and producers on the farm  
 7           under paragraph (1).

8           “(3) EFFECT OF FAILURE TO MAKE ELEC-  
 9           TION.—If the producers on a farm fail to make the  
 10          election under paragraph (1), or fail to timely notify  
 11          the Secretary of the selected option as required by  
 12          paragraph (2), the eligible owners and producers on  
 13          the farm shall be deemed to have made the election  
 14          described in paragraph (1)(B) for the purpose of de-  
 15          termining the contract acreages for all contract com-  
 16          modities on the farm.

17          “(4) APPLICATION OF ELECTION TO ALL CON-  
 18          TRACT COMMODITIES.—The election made under  
 19          paragraph (1) or deemed to be made under para-  
 20          graph (3) with respect to a farm shall apply to all  
 21          of the contract commodities produced on the farm.

22 **“SEC. 112. ELEMENTS OF CONTRACTS.**

23          “(a) TIME FOR CONTRACTING.—

24               “(1) COMMENCEMENT.—To the extent prac-  
 25          ticable, the Secretary shall commence entering into



1 contracts not later than 45 days after the date of  
2 enactment of the Agriculture, Conservation, and  
3 Rural Enhancement Act of 2001.

4 “(2) DEADLINE.—Except as provided in para-  
5 graph (3), the Secretary may not enter into a con-  
6 tract after the date that is 180 days after the date  
7 of enactment of that Act.

8 “(3) CONSERVATION RESERVE LAND.—

9 “(A) IN GENERAL.—At the beginning of  
10 each fiscal year, the Secretary shall allow an eli-  
11 gible owner or producer on a farm covered by  
12 a conservation reserve contract entered into  
13 under section 1231 of the Food Security Act of  
14 1985 (16 U.S.C. 3831) that terminated after  
15 the date specified in paragraph (2) to enter into  
16 or expand a contract to cover the eligible crop-  
17 land of the farm that was subject to the former  
18 conservation reserve contract.

19 “(B) ELECTION.—For the fiscal year and  
20 crop year for which a contract acreage adjust-  
21 ment under subparagraph (A) is first made, the  
22 eligible owners and producers on the farm shall  
23 elect to receive—

24 “(i) direct payments and counter-cy-  
25 clical payments under sections 113 and

1                   114, respectively, with respect to the acre-  
 2                   age added to the farm under this para-  
 3                   graph; or

4                   “(ii) a prorated payment under the  
 5                   conservation reserve contract.

6           “(b) DURATION OF CONTRACT.—

7                   “(1) BEGINNING DATE.—The term of a con-  
 8                   tract shall begin with—

9                   “(A) the 2002 crop of a contract com-  
 10                  modity; or

11                  “(B) in the case of acreage that was sub-  
 12                  ject to a conservation reserve contract described  
 13                  in subsection (a)(3), the date the contract was  
 14                  entered into or expanded to cover the acreage.

15                  “(2) ENDING DATE.—Subject to sections 116  
 16                  and 117, the term of a contract shall extend through  
 17                  the 2006 crop, unless earlier terminated by the eligi-  
 18                  ble owners or producers on a farm.

19   **“SEC. 113. DIRECT PAYMENTS.**

20                  “(a) IN GENERAL.—For each of the 2002 through  
 21   2006 fiscal years, the Secretary shall make direct pay-  
 22   ments available to eligible owners and producers on a farm  
 23   that have entered into a contract to receive payments  
 24   under this section.

1       “(b) PAYMENT AMOUNT.—The amount of a direct  
 2 payment to be paid to the eligible owners and producers  
 3 on a farm for a contract commodity for a fiscal year under  
 4 this section shall be obtained by multiplying—

5           “(1) the payment rate for the contract com-  
 6 modity specified in subsection (c);

7           “(2) the contract acreage attributable to the  
 8 contract commodity for the farm; and

9           “(3) the payment yield for the contract com-  
 10 modity for the farm.

11       “(c) PAYMENT RATE.—The payment rates used to  
 12 make direct payments with respect to contract commod-  
 13 ities for a fiscal year under this section are as follows:

14           “(1) WHEAT.—In the case of wheat:

15           “(A) For each of fiscal years 2002 and  
 16 2003, \$0.450 per bushel.

17           “(B) For each of fiscal years 2004 and  
 18 2005, \$0.225 per bushel.

19           “(C) For fiscal year 2006, \$0.113 per  
 20 bushel.

21       “(2) CORN.—In the case of corn:

22           “(A) For each of fiscal years 2002 and  
 23 2003, \$0.270 per bushel.

24           “(B) For each of fiscal years 2004 and  
 25 2005, \$0.135 per bushel.

1           “(C) For fiscal year 2006, \$0.068 per  
2           bushel.

3           “(3) GRAIN SORGHUM.—In the case of grain  
4           sorghum:

5           “(A) For the 2002 fiscal year, \$0.310 per  
6           bushel.

7           “(B) For the 2003 fiscal year, \$0.270 per  
8           bushel.

9           “(C) For each of fiscal years 2004 and  
10          2005, \$0.135 per bushel.

11          “(D) For fiscal year 2006, \$0.068 per  
12          bushel.

13          “(4) BARLEY.—In the case of barley:

14          “(A) For each of fiscal years 2002 and  
15          2003, \$0.200 per bushel.

16          “(B) For each of fiscal years 2004 and  
17          2005, \$0.100 per bushel.

18          “(C) For fiscal year 2006, \$0.050 per  
19          bushel.

20          “(5) OATS.—In the case of oats:

21          “(A) For each of fiscal years 2002 and  
22          2003, \$0.050 per bushel.

23          “(B) For each of fiscal years 2004 and  
24          2005, \$0.025 per bushel.

1           “(C) For fiscal year 2006, \$0.013 per  
2           bushel.

3           “(6) UPLAND COTTON.—In the case of upland  
4           cotton:

5           “(A) For each of fiscal years 2002 and  
6           2003, \$0.130 per pound.

7           “(B) For each of fiscal years 2004 and  
8           2005, \$0.065 per pound.

9           “(C) For fiscal year 2006, \$0.0325 per  
10          pound.

11          “(7) RICE.—In the case of rice:

12          “(A) For each of fiscal years 2002 and  
13          2003, \$2.450 per hundredweight.

14          “(B) For each of fiscal years 2004 and  
15          2005, \$1.225 per hundredweight.

16          “(C) For fiscal year 2006, \$0.6125 per  
17          hundredweight.

18          “(8) SOYBEANS.—In the case of soybeans:

19          “(A) For each of fiscal years 2002 and  
20          2003, \$0.550 per bushel.

21          “(B) For each of fiscal years 2004 and  
22          2005, \$0.275 per bushel.

23          “(C) For fiscal year 2006, \$0.138 per  
24          bushel.

1           “(9) OILSEEDS (OTHER THAN SOYBEANS).—In  
2           the case of oilseeds (other than soybeans):

3                   “(A) For each of fiscal years 2002 and  
4                   2003, \$0.010 per pound.

5                   “(B) For each of fiscal years 2004 and  
6                   2005, \$0.005 per pound.

7                   “(C) For fiscal year 2006, \$0.0025 per  
8                   pound.

9           “(d) TIME FOR PAYMENTS.—

10                   “(1) INITIAL PAYMENT.—At the option of the  
11                   eligible owners and producers on a farm, the Sec-  
12                   retary shall pay 50 percent of the direct payment for  
13                   a crop of a contract commodity for the eligible own-  
14                   ers and producers on the farm on or after December  
15                   1 of the fiscal year, as determined by the Secretary.

16                   “(2) FINAL PAYMENT.—The Secretary shall  
17                   pay the final amount of the direct payment that is  
18                   payable to the eligible owners and producers on a  
19                   farm for a contract commodity under subsection (a)  
20                   (less the amount of any initial payment made to the  
21                   producers on the farm of the contract commodity  
22                   under paragraph (1)) not later than September 30  
23                   of the fiscal year, as determined by the Secretary.

1 **“SEC. 114. COUNTER-CYCLICAL PAYMENTS.**

2       “(a) IN GENERAL.—For each of the 2002 through  
3 2006 crop years, the Secretary shall make counter-cyclical  
4 payments to eligible owners and producers on a farm of  
5 each contract commodity that have entered into a contract  
6 to receive payments under this section.

7       “(b) PAYMENT AMOUNT.—The amount of the pay-  
8 ments made to eligible owners and producers on a farm  
9 for a crop of a contract commodity under this section shall  
10 equal the amount obtained by multiplying—

11               “(1) the payment rate for the contract com-  
12 modity specified in subsection (c);

13               “(2) the contract acreage attributable to the  
14 contract commodity for the farm; and

15               “(3) the payment yield for the contract com-  
16 modity for the farm.

17       “(c) PAYMENT RATES.—

18               “(1) IN GENERAL.—The payment rate for a  
19 crop of a contract commodity under subsection  
20 (b)(1) shall equal the difference between—

21                       “(A) the income protection price for the  
22 contract commodity established under para-  
23 graph (2); and

24                       “(B) the total of—

25                               “(i) the higher of—

1                   “(I) the average price of the con-  
 2                   tract commodity during the first 5  
 3                   months of the marketing year of the  
 4                   contract commodity, as determined by  
 5                   the Secretary; and

6                   “(II) the loan rate for the crop of  
 7                   the contract commodity under section  
 8                   132; and

9                   “(ii) the direct payment for the con-  
 10                  tract commodity under section 113 for the  
 11                  fiscal year that precedes the date of a pay-  
 12                  ment under this section.

13               “(2) INCOME PROTECTION PRICES.—The in-  
 14               come protection prices for contract commodities  
 15               under paragraph (1)(A) are as follows:

16               “(A) Wheat, \$3.45 per bushel.

17               “(B) Corn, \$2.35 per bushel.

18               “(C) Grain sorghum, \$2.35 per bushel.

19               “(D) Barley, \$2.20 per bushel.

20               “(E) Oats, \$1.55 per bushel.

21               “(F) Upland cotton, \$0.680 per pound.

22               “(G) Rice, \$9.30 per hundredweight.

23               “(H) Soybeans, \$5.75 per bushel.

24               “(I) Oilseeds (other than soybeans),  
 25               \$0.105 per pound.



1       “(d) TIME FOR PAYMENT.—The Secretary shall  
 2 make counter-cyclical payments for each of the 2002  
 3 through 2006 crop years not later than 190 days after  
 4 the beginning of marketing year for the crop of the con-  
 5 tract commodity.”.

6 **SEC. 112. VIOLATIONS OF CONTRACTS.**

7       Section 116 of the Federal Agriculture Improvement  
 8 and Reform Act of 1996 (7 U.S.C. 7216) is amended—

9               (1) in the first sentence of subsection (a)—

10                       (A) by striking “subsection (b)” and in-  
 11                       serting “subsections (b) and (e)”; and

12                       (B) by striking “section 111(a)” and in-  
 13                       serting “this subtitle”;

14               (2) in subsection (b), by striking “If” and in-  
 15               serting “Except as provided in subsection (e), if”;  
 16               and

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

18       “(e) PLANTING FLEXIBILITY.—In the case of a first  
 19 violation of section 118(b) by an eligible owner or producer  
 20 that has entered into a contract and that acted in good  
 21 faith, in lieu of terminating the contract under subsection  
 22 (a), the Secretary shall require a refund or reduce a future  
 23 contract payment under subsection (b) in an amount that  
 24 does not exceed twice the amount otherwise payable under

1 the contract on the number of acres involved in the viola-  
2 tion.”.

3 **SEC. 113. PLANTING FLEXIBILITY.**

4 Section 118(b) of the Federal Agriculture Improve-  
5 ment and Reform Act of 1996 (7 U.S.C. 7218(b)) is  
6 amended—

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

9 “(1) LIMITATIONS.—The planting of the fol-  
10 lowing agricultural commodities shall be prohibited  
11 on contract acreage:

12 “(A) Fruits.

13 “(B) Vegetables (other than lentils, mung  
14 beans, dry peas, and chickpeas).

15 “(C) In the case of the 2003 and subse-  
16 quent crops of an agricultural commodity, wild  
17 rice.”; and

18 (2) in paragraph (2)(C), by striking “1991  
19 through 1995” and inserting “1996 through 2001”.

1 **Subtitle B—Nonrecourse Mar-**  
 2 **keting Assistance Loans and**  
 3 **Loan Deficiency Payments**

4 **SEC. 121. NONRECOURSE MARKETING ASSISTANCE LOANS**  
 5 **AND LOAN DEFICIENCY PAYMENTS.**

6 (a) IN GENERAL.—Sections 131(a) and 137 of the  
 7 Federal Agriculture Improvement and Reform Act of 1996  
 8 (7 U.S.C. 7231(a), 7237) are amended by striking “2002”  
 9 each place it appears and inserting “2006”.

10 (b) UPLAND COTTON.—Sections 134(e)(1), 136, and  
 11 136A(a) of the Federal Agriculture Improvement and Re-  
 12 form Act of 1996 (7 U.S.C. 7234(e)(1), 7236, 7236a(a))  
 13 are amended by striking “2003” each place it appears and  
 14 inserting “2007”.

15 **SEC. 122. ELIGIBLE PRODUCTION.**

16 Section 131 of the Federal Agriculture Improvement  
 17 and Reform Act of 1996 (7 U.S.C. 7231) is amended by  
 18 striking subsection (b) and inserting the following:

19 “(b) ELIGIBLE PRODUCTION.—The producers on a  
 20 farm shall be eligible for a marketing loan under sub-  
 21 section (a) for any quantity of a loan commodity produced  
 22 on the farm.”.

1 **SEC. 123. LOAN RATES.**

2 (a) IN GENERAL.—Section 132 of the Federal Agri-  
 3 culture Improvement and Reform Act of 1996 (7 U.S.C.  
 4 7232) is amended to read as follows:

5 **“SEC. 132. LOAN RATES.**

6 “(a) IN GENERAL.—Subject to subsection (b), the  
 7 loan rate for a marketing assistance loan under section  
 8 131 for a loan commodity shall be—

9 “(1) in the case of wheat, \$3.00 per bushel;

10 “(2) in the case of corn, \$2.08 per bushel;

11 “(3) in the case of grain sorghum, \$2.08 per  
 12 bushel;

13 “(4) in the case of barley, \$2.00 per bushel;

14 “(5) in the case of oats, \$1.50 per bushel;

15 “(6) in the case of upland cotton, \$0.55 per  
 16 pound;

17 “(7) in the case of extra long staple cotton,  
 18 \$0.7965 per pound;

19 “(8) in the case of rice, \$6.85 per hundred-  
 20 weight;

21 “(9) in the case of soybeans, \$5.20 per bushel;

22 “(10) in the case of oilseeds (other than soy-  
 23 beans), \$0.095 per pound;

24 “(11) in the case of graded wool, \$1.00 per  
 25 pound;

1           “(12) in the case of nongraded wool, \$.40 per  
2 pound;

3           “(13) in the case of mohair, \$2.00 per pound;

4           “(14) in the case of honey, \$.60 per pound;

5           “(15) in the case of dry peas, \$6.78 per hun-  
6 dredweight;

7           “(16) in the case of lentils, \$12.79 per hun-  
8 dredweight;

9           “(17) in the case of large chickpeas, \$17.44 per  
10 hundredweight; and

11           “(18) in the case of small chickpeas, \$8.10 per  
12 hundredweight.

13           “(b) ADJUSTMENTS.—

14           “(1) IN GENERAL.—The Secretary may make  
15 appropriate adjustments in the loan rates for any  
16 loan commodity for differences in grade, type, qual-  
17 ity, location, and other factors.

18           “(2) MANNER.—The adjustments under this  
19 subsection shall, to the maximum extent practicable,  
20 be made in such manner that the average loan rate  
21 for the loan commodity will, on the basis of the an-  
22 ticipated incidence of the factors described in para-  
23 graph (1), be equal to the loan rate provided under  
24 this section.”.

1 (b) CONFORMING AMENDMENT.—Section 162 of the  
 2 Federal Agriculture Improvement and Reform Act of 1996  
 3 (7 U.S.C. 7282) is repealed.

4 **SEC. 124. TERM OF LOANS.**

5 Section 133 of the Federal Agriculture Improvement  
 6 and Reform Act of 1996 (7 U.S.C. 7233) is amended to  
 7 read as follows:

8 **“SEC. 133. TERM OF LOANS.**

9 “In the case of each loan commodity, a marketing  
 10 loan under section 131 shall have a term of 9 months be-  
 11 ginning on the first day of the first month after the month  
 12 in which the loan is made.”.

13 **SEC. 125. REPAYMENT OF LOANS.**

14 Section 134(a) of the Federal Agriculture Improve-  
 15 ment and Reform Act of 1996 (7 U.S.C. 7234(a)) is  
 16 amended—

17 (1) by striking “wheat, corn, grain sorghum,  
 18 barley, oats, and oilseeds” and inserting “a loan  
 19 commodity (other than upland cotton, rice, and  
 20 extra long staple cotton)”; and

21 (2) in paragraph (2)—

22 (A) in subparagraph (C), by striking  
 23 “and” at the end;

24 (B) in subparagraph (D), by striking the  
 25 period and inserting “; and”; and

1 (C) by adding at the end the following:

2 “(E) minimize discrepancies in marketing  
3 loan benefits across State boundaries and  
4 across county boundaries.”.

5 **SEC. 126. LOAN DEFICIENCY PAYMENTS.**

6 Section 135 of the Federal Agriculture Improvement  
7 and Reform Act of 1996 (7 U.S.C. 7235) is amended—

8 (1) by striking subsection (a) and inserting the  
9 following:

10 “(a) IN GENERAL.—The Secretary may make loan  
11 deficiency payments available to producers on a farm that,  
12 although eligible to obtain a marketing assistance loan  
13 under section 131 with respect to a loan commodity, agree  
14 to forgo obtaining the loan for the loan commodity in re-  
15 turn for payments under this section.”; and

16 (2) by striking subsections (e) and (f) and in-  
17 serting the following:

18 “(e) BENEFICIAL INTEREST.—

19 “(1) IN GENERAL.—A producer shall be eligible  
20 for a payment for a loan commodity under this sec-  
21 tion only if the producer has a beneficial interest in  
22 the loan commodity, as determined by the Secretary.

23 “(2) APPLICATION.—The Secretary shall make  
24 a payment under this section to the producers on a

1 farm with respect to a quantity of a loan commodity  
 2 as of the earlier of—

3 “(A) the date on which the producers on  
 4 the farm marketed or otherwise lost beneficial  
 5 interest in the loan commodity, as determined  
 6 by the Secretary; or

7 “(B) the date the producers on the farm  
 8 request the payment.”.

## 9 **Subtitle C—Other Commodities**

### 10 **CHAPTER 1—DAIRY**

#### 11 **SEC. 131. MILK PRICE SUPPORT PROGRAM.**

12 (a) IN GENERAL.—Section 141 of the Federal Agri-  
 13 culture Improvement and Reform Act of 1996 (7 U.S.C.  
 14 7251) is amended—

15 (1) in subsections (b)(4) and (h), by striking  
 16 “2001” each place it appears and inserting “2006”;  
 17 and

18 (2) in the first sentence of subsection (d)(1), by  
 19 striking “may” and inserting “shall”.

20 (b) EFFECTIVE DATE.—The amendments made by  
 21 subsection (a) take effect on January 1, 2002.

#### 22 **SEC. 132. NATIONAL DAIRY PROGRAM.**

23 Section 142 of the Federal Agriculture Improvement  
 24 and Reform Act of 1996 (7 U.S.C. 7252) is amended to  
 25 read as follows:



1 **“SEC. 142. NATIONAL DAIRY PROGRAM.**

2       “(a) PURPOSE.—The purpose of this section is to es-  
3 tablish a program that will stabilize the production, price,  
4 and marketing of milk and other dairy products in the  
5 United States which is critical to the welfare of the United  
6 States.

7       “(b) DEFINITIONS.—In this section:

8               “(1) CLASS I, II, III, AND IV MILK.—The terms  
9       ‘Class I milk’, ‘Class II milk’, ‘Class III milk’, and  
10       ‘Class IV milk’ mean milk (including milk compo-  
11       nents) classified as Class I, II, III, or IV milk, re-  
12       spectively, under a Federal milk marketing order.

13               “(2) ELIGIBLE PRODUCTION.—The term ‘eligi-  
14       ble production’ means, with respect to each producer  
15       that operates a dairy farming operation, the lesser  
16       of—

17                       “(A) the quantity of milk sold by the dairy  
18       farming operation under any Federal milk mar-  
19       keting order during the applicable month; or

20                       “(B) 500,000 pounds of milk per month.

21               “(3) FEDERAL MILK MARKETING ORDER.—The  
22       term ‘Federal milk marketing order’ means an order  
23       issued under section 8c of the Agricultural Adjust-  
24       ment Act (7 U.S.C. 608c), reenacted with amend-  
25       ments by the Agricultural Marketing Agreement Act  
26       of 1937.

1           “(4) MARKETING AREA.—The term ‘marketing  
2           area’ means a marketing area defined under a Fed-  
3           eral milk marketing order.

4           “(5) PRODUCER.—The term ‘producer’ means  
5           an individual or entity that directly or indirectly (as  
6           determined by the Secretary)—

7                   “(A) shares in the risk of producing milk;  
8                   and

9                   “(B) makes contributions (including land,  
10                  labor, management, equipment, or capital) to  
11                  the dairy farming operation of the individual or  
12                  entity that are at least commensurate with the  
13                  individual or entity’s share of the proceeds of  
14                  the operation.

15           “(6) SECRETARY.—The term ‘Secretary’ means  
16           the Secretary of Agriculture.

17           “(c) MINIMUM PRICE.—Effective beginning January  
18   1, 2002, the Secretary shall amend Federal milk mar-  
19   keting orders to establish a minimum price per hundred-  
20   weight for Class I milk that is not less than the sum of—

21                   “(1) the adjusted Class I milk differential speci-  
22                  fied in section 1000.52 of title 7, Code of Federal  
23                  Regulations (or a successor regulation); and

24                   “(2) the greater of—

1 “(A) the advanced Class III milk price (as  
 2 determined under section 1000.50(q)(4)(i) of  
 3 title 7, Code of Federal Regulations (or a suc-  
 4 cessor regulation));

5 “(B) the advanced Class IV milk price (as  
 6 determined under section 1000.50(q)(4)(ii) of  
 7 title 7, Code of Federal Regulations (or a suc-  
 8 cessor regulation)); or

9 “(C) \$14.25.

10 “(d) NATIONAL POOLING.—Notwithstanding any  
 11 other provision of law, the Secretary—

12 “(1) shall provide for the uniform national pool-  
 13 ing among producers of milk under all Federal milk  
 14 marketing orders of all funds that are equal to the  
 15 difference between—

16 “(A) the price of Class I milk as deter-  
 17 mined under this section; and

18 “(B) the price of Class I milk that would  
 19 be determined if this section were not in effect;

20 “(2) subject to subsection (e), shall provide for  
 21 the distribution of amounts described in paragraph  
 22 (1) to all producers covered by Federal milk mar-  
 23 keting orders, based on eligible production under  
 24 Federal milk marketing orders, at a uniform rate  
 25 per hundredweight; and

1           “(3) may make such modifications in the oper-  
 2           ation of Federal milk marketing orders as are nec-  
 3           essary to carry out this section.

4           “(e) ADMINISTRATIVE AND FOOD ASSISTANCE  
 5 COSTS.—The Secretary shall use amounts described in  
 6 subsection (d)(1) to provide compensation to—

7           “(1) the Secretary for—

8                   “(A) administrative costs incurred by the  
 9                   Secretary in carrying out subsections (c) and  
 10                  (d); and

11                   “(B) the increased costs incurred by the  
 12                   Secretary of any milk and milk products pro-  
 13                   vided under any food assistance program ad-  
 14                   ministered by the Secretary that results from  
 15                   carrying out subsections (c) and (d);

16           “(2) each State for the increased costs incurred  
 17           by the State of any milk and milk products provided  
 18           under the special supplemental nutrition program  
 19           for women, infants, and children established by sec-  
 20           tion 17 of the Child Nutrition Act of 1966 (42  
 21           U.S.C. 1786) that results from carrying out sub-  
 22           sections (c) and (d); and

23           “(3) the Commodity Credit Corporation for any  
 24           additional costs for a fiscal year to carry out section  
 25           141 as a result of increased production of milk in

1 a marketing area that results from carrying out sub-  
 2 sections (c) and (d).

3 “(f) COUNTER-CYCLICAL PAYMENTS FROM SEC-  
 4 RETARY TO PRODUCERS.—

5 “(1) IN GENERAL.—Subject to paragraph (3),  
 6 if the average price for Class III milk during a  
 7 month is less than \$14.25 per hundredweight, the  
 8 Secretary shall use the funds of the Commodity  
 9 Credit Corporation in such amounts as may be nec-  
 10 essary to make a payment to each producer for eligi-  
 11 ble production of milk in an amount determined by  
 12 multiplying—

13 “(A) the payment rate determined under  
 14 paragraph (2); by

15 “(B) the quantity of Class II, Class III,  
 16 and Class IV milk produced by the producer  
 17 during the month, as determined by the Sec-  
 18 retary.

19 “(2) PAYMENT RATE.—The payment rate for a  
 20 payment made to a producer for a month under  
 21 paragraph (1)(A) shall equal 25 percent of the dif-  
 22 ference between—

23 “(A) \$14.25 per hundredweight; and

1           “(B) the average price for Class III milk  
 2           during the month, as determined by the Sec-  
 3           retary.

4           “(3) MAXIMUM AMOUNT OF PAYMENTS.—The  
 5           total amount of payments made to producers for a  
 6           fiscal year under this subsection shall not exceed  
 7           \$300,000,000.”.

8   **SEC. 133. DAIRY EXPORT INCENTIVE AND DAIRY INDEM-**  
 9           **NITY PROGRAMS.**

10       (a) DAIRY EXPORT INCENTIVE PROGRAM.—Section  
 11   153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–  
 12   14(a)) is amended by striking “2002” and inserting  
 13   “2006”.

14       (b) DAIRY INDEMNITY PROGRAM.—Section 3 of Pub-  
 15   lic Law 90–484 (7 U.S.C. 450*l*) is amended by striking  
 16   “1995” and inserting “2006”.

17   **SEC. 134. FLUID MILK PROMOTION.**

18       (a) DEFINITION OF FLUID MILK PRODUCT.—Section  
 19   1999C of the Fluid Milk Promotion Act of 1990 (7 U.S.C.  
 20   6402) is amended by striking paragraph (3) and inserting  
 21   the following:

22           “(3) FLUID MILK PRODUCT.—The term ‘fluid  
 23       milk product’ has the meaning given the term in—

1           “(A) section 1000.15 of title 7, Code of  
2           Federal Regulations, subject to such amend-  
3           ments as may be made by the Secretary; or

4           “(B) any successor regulation.”.

5           (b) DEFINITION OF FLUID MILK PROCESSOR.—Sec-  
6           tion 1999C(4) of the Fluid Milk Promotion Act of 1990  
7           (7 U.S.C. 6402(4)) is amended by striking “500,000” and  
8           inserting “3,000,000”.

9           (c) ELIMINATION OF ORDER TERMINATION DATE.—  
10          Section 1999O of the Fluid Milk Promotion Act of 1990  
11          (7 U.S.C. 6414) is amended—

12                 (1) by striking subsection (a); and

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

15       **SEC. 135. DAIRY PRODUCT MANDATORY REPORTING.**

16          Section 272(1) of the Agricultural Marketing Act of  
17          1946 (7 U.S.C. 1637a(1)) is amended—

18                 (1) by striking “means manufactured dairy  
19                 products” and inserting “means—

20                         “(A) manufactured dairy products”;

21                 (2) by striking the period at the end and insert-  
22                 ing “; and”; and

23                 (3) by adding at the end the following:

24                         “(B) substantially identical products des-  
25                         ignated by the Secretary.”.

1 **SEC. 136. FUNDING OF DAIRY PROMOTION AND RESEARCH**  
 2 **PROGRAM.**

3 (a) DEFINITIONS.—Section 111 of the Dairy Produc-  
 4 tion Stabilization Act of 1983 (7 U.S.C. 4502) is  
 5 amended—

6 (1) in subsection (k), by striking “and” at the  
 7 end;

8 (2) in subsection (l), by striking the period at  
 9 the end and inserting a semicolon; and

10 (3) by adding at the end the following:

11 “(m) the term ‘imported dairy product’ means  
 12 any dairy product that is imported into the United  
 13 States, including a dairy product imported into the  
 14 United States in the form of—

15 “(1) milk, cream, and fresh and dried  
 16 dairy products;

17 “(2) butter and butterfat mixtures;

18 “(3) cheese; and

19 “(4) casein and mixtures;

20 “(n) the term ‘importer’ means a person that  
 21 imports an imported dairy product into the United  
 22 States; and

23 “(o) the term ‘Customs’ means the United  
 24 States Customs Service.”.



1 (b) REPRESENTATION OF IMPORTERS ON BOARD.—  
 2 Section 113(b) of the Dairy Production Stabilization Act  
 3 of 1983 (7 U.S.C. 4504(b)) is amended—

4 (1) by inserting “NATIONAL DAIRY PROMOTION  
 5 AND RESEARCH BOARD.—” after “(b)”;

6 (2) by designating the first through ninth sen-  
 7 tences as paragraphs (1) through (5) and para-  
 8 graphs (7) through (10), respectively, and indenting  
 9 the paragraphs appropriately;

10 (3) in paragraph (2) (as so designated), by  
 11 striking “Members” and inserting “Except as pro-  
 12 vided in paragraph (6), the members”; and

13 (4) by inserting after paragraph (5) (as so des-  
 14 ignated) the following:

15 “(6) IMPORTERS.—

16 “(A) REPRESENTATION.—The Secretary  
 17 shall appoint not more than 2 members who  
 18 represent importers of dairy products and are  
 19 subject to assessments under the order, to re-  
 20 flect the proportion of domestic production and  
 21 imports supplying the United States market, as  
 22 determined by the Secretary on the basis of the  
 23 average volume of domestic production of dairy  
 24 products in proportion to the average volume of

1 imports of dairy products in the United States  
 2 during the immediately preceding 3 years.

3 “(B) ADDITIONAL MEMBERS; NOMINA-  
 4 TIONS.—The members appointed under this  
 5 paragraph—

6 “(i) shall be in addition to the total  
 7 number of members appointed under para-  
 8 graph (2); and

9 “(ii) shall be appointed from nomina-  
 10 tions submitted by importers under such  
 11 procedures as the Secretary determines to  
 12 be appropriate.”.

13 (c) IMPORTER ASSESSMENT.—Section 113(g) of the  
 14 Dairy Production Stabilization Act of 1983 (7 U.S.C.  
 15 4504(g)) is amended—

16 (1) by inserting “ASSESSMENTS.—” after  
 17 “(g)”;

18 (2) by designating the first through fifth sen-  
 19 tences as paragraphs (1) through (5), respectively,  
 20 and indenting appropriately; and

21 (3) by adding at the end the following:

22 “(6) IMPORTERS.—

23 “(A) IN GENERAL.—The order shall pro-  
 24 vide that each importer of imported dairy prod-

1           ucts shall pay an assessment to the Board in  
2           the manner prescribed by the order.

3           “(B) TIME FOR PAYMENT.—

4                 “(i) IN GENERAL.—The assessment  
5           on imported dairy products shall be—

6                 “(I) paid by the importer to Cus-  
7           toms at the time of the entry of the  
8           products into the United States; and

9                 “(II) remitted by Customs to the  
10          Board.

11                “(ii) TIME OF ENTRY.—For purposes  
12          of this subparagraph, entry of the products  
13          into the United States shall be considered  
14          to have occurred when a dairy product is  
15          released from custody of Customs and in-  
16          troduced into the stream of commerce  
17          within the United States.

18                “(iii) IMPORTERS.—For purposes of  
19          this subparagraph, an importer includes—

20                 “(I) a person that holds title to a  
21          dairy product produced outside the  
22          United States immediately on release  
23          by Customs; and

24                 “(II) a person that acts on behalf  
25          of other persons, as an agent, broker,

1 or consignee, to secure the release of  
2 a dairy product from Customs and in-  
3 troduce the released dairy product  
4 into the stream of commerce.

5 “(C) RATE.—The rate of assessment on  
6 imported dairy products shall be determined in  
7 the same manner as the rate of assessment per  
8 hundredweight or the equivalent of milk.

9 “(D) VALUE OF PRODUCTS.—For the pur-  
10 pose of determining the assessment on imported  
11 dairy products under subparagraph (C), the  
12 value to be placed on imported dairy products  
13 shall be established by the Secretary in a fair  
14 and equitable manner.

15 “(E) USE OF ASSESSMENTS ON IMPORTED  
16 DAIRY PRODUCTS.—Assessments collected on  
17 imported dairy products shall not be used for  
18 foreign market promotion of United States  
19 dairy products.”.

20 (d) RECORDS.—Section 113(k) of the Dairy Produc-  
21 tion Stabilization Act of 1983 (7 U.S.C. 4504(k)) is  
22 amended in the first sentence by striking “person receiv-  
23 ing” and inserting “importer of imported dairy products,  
24 each person receiving”.

1 (e) IMPORTER ELIGIBILITY TO VOTE IN REF-  
 2 ERENDUM.—Section 116(b) of the Dairy Promotion Sta-  
 3 bilization Act of 1983 (7 U.S.C. 4507(b)) is amended—

4 (1) in the first sentence, by inserting “and im-  
 5 porters” after “producers” each place it appears;  
 6 and

7 (2) in the second sentence, by inserting after  
 8 “commercial use” the following: “and importers vot-  
 9 ing in the referendum (that have been engaged in  
 10 the importation of dairy products into the United  
 11 States during the applicable period, as determined  
 12 by the Secretary)”.

13 (f) CONFORMING AMENDMENTS.—Section 110(b) of  
 14 the Dairy Production Stabilization Act of 1983 (7 U.S.C.  
 15 4501(b)) is amended—

16 (1) in the first sentence—

17 (A) by inserting after “commercial use”  
 18 the following: “and on imported dairy prod-  
 19 ucts”; and

20 (B) by striking “products produced in the  
 21 United States.” and inserting “products.”; and

22 (2) in the second sentence, by inserting after  
 23 “produce milk” the following: “or the right of any  
 24 person to import dairy products”.

## CHAPTER 2—SUGAR

### SEC. 141. SUGAR PROGRAM.

(a) LOAN RATE ADJUSTMENTS.—Section 156(c) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(c)) is amended—

(1) by striking “REDUCTION IN LOAN RATES” and inserting “LOAN RATE ADJUSTMENTS”; and

(2) in paragraph (1)—

(A) by striking “REDUCTION REQUIRED” and inserting “IN GENERAL”; and

(B) by striking “shall” and inserting “may”.

(b) LOAN TYPE; PROCESSOR ASSURANCES.—Section 156(e) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(e)) is amended—

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

“(2) PROCESSOR ASSURANCES.—

“(A) IN GENERAL.—The Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for the sugar beets

1 and sugarcane delivered by producers to the  
2 processor.

3 “(B) MINIMUM PAYMENTS.—

4 “(i) IN GENERAL.—Subject to clause  
5 (ii), the Secretary may establish appro-  
6 priate minimum payments for purposes of  
7 this paragraph.

8 “(ii) LIMITATION.—In the case of  
9 sugar beets, the minimum payment estab-  
10 lished under clause (i) shall not exceed the  
11 rate of payment provided for under the ap-  
12 plicable contract between a sugar beet pro-  
13 ducer and a sugar beet processor.

14 “(C) BANKRUPTCY OR INSOLVENCY OF  
15 PROCESSORS.—

16 “(i) IN GENERAL.—The Secretary  
17 shall use funds of the Commodity Credit  
18 Corporation to pay a producer of sugar  
19 beets or sugarcane loan benefits described  
20 in clause (ii) if—

21 “(I) a processor that has entered  
22 into a contract with the producer has  
23 filed for bankruptcy protection or is  
24 otherwise insolvent;

1 “(II) the assurances under sub-  
2 paragraph (A) are not adequate to en-  
3 sure compliance with subparagraph  
4 (A), as determined by the Secretary;

5 “(III) the producer demands pay-  
6 ments of loan benefits required under  
7 this section from the processor; and

8 “(IV) the Secretary determines  
9 that the processor is unable to provide  
10 the loan benefits required under this  
11 section.

12 “(ii) AMOUNT.—The amount of loan  
13 benefits provided to a producer under  
14 clause (i) shall be equal to—

15 “(I) the maximum amount of  
16 loan benefits the producer would have  
17 been entitled to receive under this sec-  
18 tion during the 30-day period begin-  
19 ning on the final settlement date pro-  
20 vided for in the contract between the  
21 producer and processor; less

22 “(II) any such benefits received  
23 by the producer from the processor.



1 “(iii) ADMINISTRATION.—On payment  
 2 to a producer under clause (i), the Sec-  
 3 retary shall—

4 “(I) be subrogated to all claims  
 5 of the producer against the processor  
 6 and other persons responsible for non-  
 7 payment; and

8 “(II) have authority to pursue  
 9 such claims as are necessary to re-  
 10 cover the benefits not paid to the pro-  
 11 ducer by the processor.”; and

12 (2) by adding at the end the following:

13 “(3) ADMINISTRATION.—The Secretary may  
 14 not impose or enforce any prenotification or similar  
 15 administrative requirement that has the effect of  
 16 preventing a processor from electing to forfeit the  
 17 loan collateral on the maturity of the loan.”.

18 (c) TERMINATION OF MARKETING ASSESSMENT.—  
 19 Effective October 1, 2001, section 156 of the Federal Ag-  
 20 riculture Improvement and Reform Act of 1996 (7 U.S.C.  
 21 7272) is amended by striking subsection (f).

22 (d) TERMINATION OF FORFEITURE PENALTY.—Sec-  
 23 tion 156 of the Federal Agriculture Improvement and Re-  
 24 form Act of 1996 (7 U.S.C. 7272) is amended by striking  
 25 subsection (g).

1 (e) IN-PROCESS SUGAR.—Section 156 of the Federal  
 2 Agriculture Improvement and Reform Act of 1996 (7  
 3 U.S.C. 7272) (as amended by subsections (c) and (d)) is  
 4 amended by inserting after subsection (e) the following:

5 “(f) LOANS FOR IN-PROCESS SUGAR.—

6 “(1) DEFINITION OF IN-PROCESS SUGARS AND  
 7 SYRUPS.—In this subsection, the term ‘in-process  
 8 sugars and syrups’ does not include raw sugar, liq-  
 9 uid sugar, invert sugar, invert syrup, or other fin-  
 10 ished product that is otherwise eligible for a loan  
 11 under subsection (a) or (b).

12 “(2) AVAILABILITY.—The Secretary shall make  
 13 nonrecourse loans available to processors of a crop  
 14 of domestically grown sugarcane and sugar beets for  
 15 in-process sugars and syrups derived from the crop.

16 “(3) LOAN RATE.—The loan rate shall be equal  
 17 to 80 percent of the loan rate applicable to raw cane  
 18 sugar or refined beet sugar, as determined by the  
 19 Secretary on the basis of the source material for the  
 20 in-process sugars and syrups.

21 “(4) FURTHER PROCESSING ON FORFEITURE.—

22 “(A) IN GENERAL.—As a condition of the  
 23 forfeiture of in-process sugars and syrups serv-  
 24 ing as collateral for a loan under paragraph (2),  
 25 the processor shall, within such reasonable time

period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b).

“(B) TRANSFER TO CORPORATION.—Once the in-process sugars and syrups are fully processed into raw cane sugar or refined beet sugar, the processor shall transfer the sugar to the Commodity Credit Corporation.

“(C) PAYMENT TO PROCESSOR.—On transfer of the sugar, the Secretary shall make a payment to the processor in an amount equal to the amount obtained by multiplying—

“(i) the difference between—

“(I) the loan rate for raw cane sugar or refined beet sugar, as appropriate; and

“(II) the loan rate the processor received under paragraph (3); by

“(ii) the quantity of sugar transferred to the Secretary.

“(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph

1 (4), but instead further processes the in-process sug-  
 2 ars and syrups into raw cane sugar or refined beet  
 3 sugar and repays the loan on the in-process sugars  
 4 and syrups, the processor may obtain a loan under  
 5 subsection (a) or (b) for the raw cane sugar or re-  
 6 fined beet sugar, as appropriate.”.

7 (f) ADMINISTRATION OF PROGRAM.—Section 156 of  
 8 the Federal Agriculture Improvement and Reform Act of  
 9 1996 (7 U.S.C. 7272) (as amended by subsection (e)) is  
 10 amended by inserting after subsection (f) the following:

11 “(g) AVOIDING FORFEITURES; CORPORATION INVEN-  
 12 TORY DISPOSITION.—

13 “(1) IN GENERAL.—Subject to subsection  
 14 (e)(3), to the maximum extent practicable, the Sec-  
 15 retary shall operate the program established under  
 16 this section at no cost to the Federal Government by  
 17 avoiding the forfeiture of sugar to the Commodity  
 18 Credit Corporation.

19 “(2) INVENTORY DISPOSITION.—

20 “(A) IN GENERAL.—To carry out para-  
 21 graph (1), the Commodity Credit Corporation  
 22 may accept bids to obtain raw cane sugar or re-  
 23 fined beet sugar in the inventory of the Com-  
 24 modity Credit Corporation from (or otherwise  
 25 make available such commodities, on appro-

1           priate terms and conditions, to) processors of  
 2           sugarcane and processors of sugar beets (acting  
 3           in conjunction with the producers of the sugar-  
 4           cane or sugar beets processed by the proc-  
 5           essors) in return for the reduction of production  
 6           of raw cane sugar or refined beet sugar, as ap-  
 7           propriate.

8           “(B) ADDITIONAL AUTHORITY.—The au-  
 9           thority provided under this paragraph is in ad-  
 10          dition to any authority of the Commodity Credit  
 11          Corporation under any other law.”.

12          (g) INFORMATION REPORTING.—Section 156(h) of  
 13          the Federal Agriculture Improvement and Reform Act of  
 14          1996 (7 U.S.C. 7272(h)) is amended—

15               (1) by redesignating paragraphs (2) and (3) as  
 16          paragraphs (4) and (5), respectively;

17               (2) by inserting after paragraph (1) the fol-  
 18          lowing:

19               “(2) DUTY OF PRODUCERS TO REPORT.—

20               “(A) PROPORTIONATE SHARE STATES.—As  
 21               a condition of a loan made to a processor for  
 22               the benefit of a producer, the Secretary shall  
 23               require each producer of sugarcane located in a  
 24               State (other than the Commonwealth of Puerto  
 25               Rico) in which there are in excess of 250 pro-

ducers of sugarcane to report, in the manner prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

“(B) OTHER STATES.—The Secretary may require each producer of sugarcane or sugar beets not covered by paragraph (1) to report, in a manner prescribed by the Secretary, the yields of, and acres planted to, sugarcane or sugar beets, respectively, of the producer.

“(3) DUTY OF IMPORTERS TO REPORT.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall require an importer of sugars, syrups, or molasses to be used for human consumption or to be used for the extraction of sugar for human consumption to report, in the manner prescribed by the Secretary, the quantities of the products imported by the importer and the sugar content or equivalent of the products.

“(B) TARIFF-RATE QUOTAS.—Subparagraph (A) shall not apply to sugars, syrups, or molasses that are within the quantities of tariff-rate quotas that are subject to the lower rate of duties.”; and

1           (3) in paragraph (5) (as redesignated by para-  
 2       graph (1)), by striking “paragraph (1)” and insert-  
 3       ing “this subsection”.

4       (h) CROPS.—Section 156(i) of the Federal Agri-  
 5       culture Improvement and Reform Act of 1996 (7 U.S.C.  
 6       7251(i)) is amended—

7           (1) by striking “(other than subsection (f))”;  
 8       and

9           (2) by striking “2002” and inserting “2006”.

10       (i) INTEREST RATE.—Section 163 of the Federal Ag-  
 11       riculture Improvement and Reform Act of 1996 (7 U.S.C.  
 12       7283) is amended—

13           (1) by inserting “(a) IN GENERAL.—” before  
 14       “Notwithstanding”; and

15           (2) by adding at the end the following:

16       “(b) SUGAR.—For purposes of this section, raw cane  
 17       sugar, refined beet sugar, and in-process sugar eligible for  
 18       a loan under section 156 shall not be considered an agri-  
 19       cultural commodity.”.

20       **SEC. 142. STORAGE FACILITY LOANS.**

21       Chapter 2 of subtitle D of the Federal Agriculture  
 22       Improvement and Reform Act of 1996 (7 U.S.C. 7271 et  
 23       seq.) is amended by adding at the end the following:

1   **“SEC. 157. STORAGE FACILITY LOANS.**

2           “(a) IN GENERAL.—Notwithstanding any other pro-  
3 vision of law and as soon as practicable after the date of  
4 enactment of this section, the Commodity Credit Corpora-  
5 tion shall amend part 1436 of title 7, Code of Federal  
6 Regulations, to establish a sugar storage facility loan pro-  
7 gram to provide financing for processors of domestically-  
8 produced sugarcane and sugar beets to construct or up-  
9 grade storage and handling facilities for raw sugars and  
10 refined sugars.

11          “(b) ELIGIBLE PROCESSORS.—A storage facility loan  
12 shall be made available to any processor of domestically  
13 produced sugarcane or sugar beets that (as determined by  
14 the Secretary)—

15               “(1) has a satisfactory credit history;

16               “(2) has a need for increased storage capacity,  
17 taking into account the effects of marketing allot-  
18 ments; and

19               “(3) demonstrates an ability to repay the loan.

20          “(c) TERM OF LOANS.—A storage facility loan  
21 shall—

22               “(1) have a minimum term of 7 years; and

23               “(2) be in such amounts and on such terms and  
24 conditions (including terms and conditions relating  
25 to downpayments, collateral, and eligible facilities)



1 as are normal, customary, and appropriate for the  
 2 size and commercial nature of the borrower.”.

3 **SEC. 143. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.**

4 (a) INFORMATION REPORTING.—Section 359a of the  
 5 Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa)  
 6 is repealed.

7 (b) ESTIMATES.—Section 359b of the Agricultural  
 8 Adjustment Act of 1938 (7 U.S.C. 1359bb) is amended—

9 (1) in the section heading—

10 (A) by inserting “**FLEXIBLE**” before  
 11 “**MARKETING**”; and

12 (B) by striking “**AND CRYSTALLINE**  
 13 **FRUCTOSE**”;

14 (2) in subsection (a)—

15 (A) in paragraph (1)—

16 (i) by striking “Before” and inserting  
 17 “Not later than August 1 before”;

18 (ii) by striking “1992 through 1998”  
 19 and inserting “2002 through 2006”;

20 (iii) in subparagraph (A), by striking  
 21 “(other than sugar” and all that follows  
 22 through “stocks”;

23 (iv) by redesignating subparagraphs  
 24 (B) and (C) as subparagraphs (C) and  
 25 (E), respectively;

1 (v) by inserting after subparagraph

2 (A) the following:

3 “(B) the quantity of sugar that would pro-

4 vide for reasonable carryover stocks;”;

5 (vi) in subparagraph (C) (as so redes-

6 ignated)—

7 (I) by striking “or” and all that

8 follows through “beets”; and

9 (II) by striking “and” following

10 the semicolon;

11 (vii) by inserting after subparagraph

12 (C) (as so redesignated) the following:

13 “(D) the quantity of sugar that will be

14 available from the domestic processing of sugar-

15 cane and sugar beets; and”; and

16 (viii) in subparagraph (E) (as so re-

17 designated)—

18 (I) by striking “quantity of

19 sugar” and inserting “quantity of

20 sugars, syrups, and molasses”;

21 (II) by inserting “human” after

22 “imported for” the first place it ap-

23 pears;

24 (III) by inserting after “con-

25 sumption” the first place it appears

1 the following: “or to be used for the  
2 extraction of sugar for human con-  
3 sumption”;

4 (IV) by striking “year” and in-  
5 serting “year, whether such articles  
6 are under a tariff-rate quota or are in  
7 excess or outside of a tariff-rate  
8 quota”; and

9 (V) by striking “(other than  
10 sugar” and all that follows through  
11 “carry-in stocks”;

12 (B) by redesignating paragraph (2) as  
13 paragraph (3);

14 (C) by inserting after paragraph (1) the  
15 following:

16 “(2) EXCLUSION.—The estimates under this  
17 subsection shall not apply to sugar imported for the  
18 production of polyhydric alcohol or to any sugar re-  
19 fined and reexported in refined form or in products  
20 containing sugar.”; and

21 (D) in paragraph (3) (as so redesign-  
22 ated)—

23 (i) in the paragraph heading, by strik-  
24 ing “QUARTERLY REESTIMATES” and in-  
25 serting “REESTIMATES”; and

1 (ii) by inserting “as necessary, but”  
 2 after “a fiscal year”;

3 (3) in subsection (b)—

4 (A) by striking paragraph (1) and insert-  
 5 ing the following:

6 “(1) IN GENERAL.—By the beginning of each  
 7 fiscal year, the Secretary shall establish for that fis-  
 8 cal year appropriate allotments under section 359c  
 9 for the marketing by processors of sugar processed  
 10 from sugar beets and from domestically-produced  
 11 sugarcane at a level that the Secretary estimates will  
 12 result in no forfeitures of sugar to the Commodity  
 13 Credit Corporation under the loan program for  
 14 sugar established under section 156 of the Federal  
 15 Agriculture Improvement and Reform Act of 1996  
 16 (7 U.S.C. 7251).”; and

17 (B) in paragraph (2), by striking “or crys-  
 18 talline fructose”;

19 (4) by striking subsection (c);

20 (5) by redesignating subsection (d) as sub-  
 21 section (c); and

22 (6) in subsection (c) (as so redesignated)—

23 (A) by striking paragraph (2);

24 (B) by redesignating paragraphs (3) and

25 (4) as paragraphs (2) and (3), respectively; and

1 (C) in paragraph (2) (as so redesignated)—

3 (i) by striking “or manufacturer” and  
4 all that follows through “(2)”; and

5 (ii) by striking “or crystalline fructose”.  
6

7 (c) ESTABLISHMENT.—Section 359c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359cc) is  
8 amended—  
9

10 (1) in the section heading, by inserting “**FLEXI-**  
11 **BLE**” after “**OF**”;

12 (2) in subsection (a), by inserting “flexible”  
13 after “establish”;

14 (3) in subsection (b)—

15 (A) in paragraph (1)(A), by striking  
16 “1,250,000” and inserting “1,532,000”; and

17 (B) in paragraph (2), by striking “to the  
18 maximum extent practicable”;

19 (4) by striking subsection (c) and inserting the  
20 following:

21 “(c) MARKETING ALLOTMENT FOR SUGAR DERIVED  
22 FROM SUGAR BEETS AND SUGAR DERIVED FROM SUGAR-  
23 CANE.—The overall allotment quantity for the fiscal year  
24 shall be allotted between—

1           “(1) sugar derived from sugar beets by estab-  
 2           lishing a marketing allotment for a fiscal year at a  
 3           quantity equal to the product of multiplying the  
 4           overall allotment quantity for the fiscal year by  
 5           54.35 percent; and

6           “(2) sugar derived from sugarcane by estab-  
 7           lishing a marketing allotment for a fiscal year at a  
 8           quantity equal to the product of multiplying the  
 9           overall allotment quantity for the fiscal year by  
 10          45.65 percent.”;

11          (5) by striking subsection (d) and inserting the  
 12          following:

13          “(d) FILLING CANE SUGAR AND BEET SUGAR AL-  
 14          LOTMENTS.—

15               “(1) CANE SUGAR.—Each marketing allotment  
 16               for cane sugar established under this section may  
 17               only be filled with sugar processed from domestically  
 18               grown sugarcane.

19               “(2) BEET SUGAR.—Each marketing allotment  
 20               for beet sugar established under this section may  
 21               only be filled with sugar domestically processed from  
 22               sugar beets.”;

23          (6) by striking subsection (e);

24          (7) by redesignating subsection (f) as sub-  
 25          section (e);

1 (8) in subsection (e) (as so redesignated)—

2 (A) by striking “The allotment” and in-  
3 serting the following:

4 “(1) IN GENERAL.—The allotment”;

5 (B) in paragraph (1) (as so redesign-  
6 nated)—

7 (i) by striking “the 5” and inserting  
8 “the”;

9 (ii) by inserting after “sugarcane is  
10 produced,” the following: “after a hearing  
11 (if requested by the affected sugarcane  
12 processors and growers) and on such no-  
13 tice as the Secretary by regulation may  
14 prescribe,”; and

15 (iii) by striking “on the basis of past  
16 marketings” and all that follows through  
17 “allotments” and inserting “as provided in  
18 this subsection and section  
19 359d(a)(2)(A)(iv)”;

20 (C) by inserting after paragraph (1) (as so  
21 designated) the following:

22 “(2) OFFSHORE ALLOTMENT.—

23 “(A) COLLECTIVELY.—Prior to the allot-  
24 ment of sugar derived from sugarcane to any

1           other State, 325,000 short tons, raw value shall  
2           be allotted to the offshore States.

3           “(B) INDIVIDUALLY.—The collective off-  
4           shore State allotment provided for under sub-  
5           paragraph (A) shall be further allotted among  
6           the offshore States in which sugarcane is pro-  
7           duced, after a hearing (if requested by the af-  
8           fected sugarcane processors and growers) and  
9           on such notice as the Secretary by regulation  
10          may prescribe, in a fair and equitable manner  
11          on the basis of—

12               “(i) past marketings of sugar, based  
13               on the average of the 2 highest years of  
14               production of raw cane sugar from the  
15               1996 through 2000 crops;

16               “(ii) the ability of processors to mar-  
17               ket the sugar covered under the allotments  
18               for the crop year; and

19               “(iii) past processings of sugar from  
20               sugarcane based on the 3-year average of  
21               the 1998 through 2000 crop years.

22          “(3) MAINLAND ALLOTMENT.—The allotment  
23          for sugar derived from sugarcane, less the amount  
24          provided for under paragraph (2), shall be allotted  
25          among the mainland States in the United States in



1       which sugarcane is produced, after a hearing (if re-  
 2       quested by the affected sugarcane processors and  
 3       growers) and on such notice as the Secretary by reg-  
 4       ulation may prescribe, in a fair and equitable man-  
 5       ner on the basis of—

6               “(A) past marketings of sugar, based on  
 7               the average of the 2 highest years of production  
 8               of raw cane sugar from the 1996 through 2000  
 9               crops;

10              “(B) the ability of processors to market  
 11              the sugar covered under the allotments for the  
 12              crop year; and

13              “(C) past processings of sugar from sugar-  
 14              cane, based on the 3 crop years with the great-  
 15              est processings (in the mainland States collec-  
 16              tively) during the 1991 through 2000 crop  
 17              years.”;

18              (9) by inserting after subsection (e) (as so re-  
 19              designated) the following:

20              “(f) FILLING CANE SUGAR ALLOTMENTS.—Except  
 21              as provided in section 359e, a State cane sugar allotment  
 22              established under subsection (e) for a fiscal year may be  
 23              filled only with sugar processed from sugarcane grown in  
 24              the State covered by the allotment.”;

25              (10) in subsection (g)—

1 (A) in paragraph (1), by striking  
 2 “359b(a)(2)—” and all that follows through the  
 3 comma at the end of subparagraph (C) and in-  
 4 serting “359b(a)(3), adjust upward or down-  
 5 ward marketing allotments in a fair and equi-  
 6 table manner”;

7 (B) in paragraph (2), by striking  
 8 “359f(b)” and inserting “359f(c)”; and

9 (C) in paragraph (3)—

10 (i) in the paragraph heading, by strik-  
 11 ing “REDUCTIONS” and inserting “CARRY-  
 12 OVER OF REDUCTIONS”;

13 (ii) by inserting after “this subsection,  
 14 if” the following: “at the time of the reduc-  
 15 tion”;

16 (iii) by striking “price support” and  
 17 inserting “nonrecourse”;

18 (iv) by striking “206” and all that fol-  
 19 lows through “the allotment” and inserting  
 20 “156 of the Federal Agriculture Improve-  
 21 ment and Reform Act of 1996 (7 U.S.C.  
 22 7251),”; and

23 (v) by striking “, if any,”; and

24 (11) by striking subsection (h) and inserting  
 25 the following:

1       “(h) SUSPENSION OF ALLOTMENTS.—Whenever the  
 2 Secretary estimates or reestimates under section 359b(a),  
 3 or has reason to believe, that imports of sugars, syrups  
 4 or molasses for human consumption or to be used for the  
 5 extraction of sugar for human consumption, whether  
 6 under a tariff-rate quota or in excess or outside of a tariff-  
 7 rate quota, will exceed 1,532,000 short tons (raw value  
 8 equivalent), and that the imports would lead to a reduction  
 9 of the overall allotment quantity, the Secretary shall sus-  
 10 pend the marketing allotments established under this sec-  
 11 tion until such time as the imports have been restricted,  
 12 eliminated, or reduced to or below the level of 1,532,000  
 13 short tons (raw value equivalent).”.

14       (d) ALLOCATION.—Section 359d(a)(2) of the Agricul-  
 15 tural Adjustment Act of 1938 (7 U.S.C. 1359dd(a)(2)) is  
 16 amended—

17               (1) in subparagraph (A)—

18                       (A) by striking “The Secretary” and in-  
 19 serting the following:

20                               “(i) IN GENERAL.—The Secretary”;

21                       (B) in the first sentence of clause (i) (as  
 22 so designated)—

23                               (i) by striking “interested parties”  
 24 and inserting “the affected sugarcane proc-  
 25 essors and growers”; and

1                   (ii) by striking “by taking” and all  
 2                   that follows through “allotment allocated.”  
 3                   and inserting “under this subparagraph.”;  
 4                   and

5                   (C) by inserting after clause (i) the fol-  
 6                   lowing:

7                   “(ii)           MULTIPLE           PROCESSOR  
 8                   STATES.—Except as provided in clauses  
 9                   (iii) and (iv), the Secretary shall allocate  
 10                  the allotment for cane sugar among mul-  
 11                  tiple cane sugar processors in a single  
 12                  State based on—

13                         “(I) past marketings of sugar,  
 14                         based on the average of the 2 highest  
 15                         years of production of raw cane sugar  
 16                         from among the 1996 through 2000  
 17                         crops;

18                         “(II) the ability of processors to  
 19                         market sugar covered by that portion  
 20                         of the allotment allocated for the crop  
 21                         year; and

22                         “(III) past processings of sugar  
 23                         from sugarcane, based on the average  
 24                         of the 3 highest years of production

1                   during the 1996 through 2000 crop  
2                   years.

3                   “(iii) TALISMAN PROCESSING FACIL-  
4                   ITY.—In the case of allotments under  
5                   clause (ii) attributable to the operations of  
6                   the Talisman processing facility before the  
7                   date of enactment of this clause, the Sec-  
8                   retary shall allocate the allotment among  
9                   processors in the State under clause (i) in  
10                  accordance with the agreements of March  
11                  25 and 26, 1999, between the affected  
12                  processors and the Secretary of the Inte-  
13                  rior.

14                  “(iv)       PROPORTIONATE       SHARE  
15                  STATES.—In the case of States subject to  
16                  section 359f(c), the Secretary shall allocate  
17                  the allotment for cane sugar among mul-  
18                  tiple cane sugar processors in a single  
19                  state based on—

20                       “(I) past marketings of sugar,  
21                       based on the average of the 2 highest  
22                       years of production of raw cane sugar  
23                       from among the 1997 through 2001  
24                       crop years;

1           “(II) the ability of processors to  
2           market sugar covered by that portion  
3           of the allotments allocated for the  
4           crop year; and

5           “(III) past processings of sugar  
6           from sugarcane, based on the average  
7           of the 2 highest crop years of crop  
8           production during the 1997 through  
9           2001 crop years.

10          “(v) NEW ENTRANTS.—

11               “(I) IN GENERAL.—Notwith-  
12               standing clauses (ii) and (iv), the Sec-  
13               retary, on application of any processor  
14               that begins processing sugarcane on  
15               or after the date of enactment of this  
16               clause, and after a hearing (if re-  
17               quested by the affected sugarcane  
18               processors and growers) and on such  
19               notice as the Secretary by regulation  
20               may prescribe, may provide the proc-  
21               essor with an allocation that provides  
22               a fair, efficient and equitable distribu-  
23               tion of the allocations from the allot-  
24               ment for the State in which the proc-  
25               essor is located.

1 “(II) PROPORTIONATE SHARE  
 2 STATES.—In the case of proportionate  
 3 share States, the Secretary shall es-  
 4 tablish proportionate shares in a  
 5 quantity sufficient to produce the sug-  
 6 arcane required to satisfy the alloca-  
 7 tions.

8 “(III) LIMITATION.—The allot-  
 9 ment for a new processor under this  
 10 clause shall not exceed 50,000 short  
 11 tons (raw value).

12 “(vi) TRANSFER OF OWNERSHIP.—  
 13 Except as otherwise provided in section  
 14 359f(c)(8), if a sugarcane processor is sold  
 15 or otherwise transferred to another owner  
 16 or closed as part of an affiliated corporate  
 17 group processing consolidation, the Sec-  
 18 retary shall transfer the allotment alloca-  
 19 tion for the processor to the purchaser,  
 20 new owner, or successor in interest, as ap-  
 21 plicable, of the processor.”; and

22 (2) in subparagraph (B)—

23 (A) in the first sentence, by striking “The  
 24 Secretary” and inserting the following:

25 “(i) IN GENERAL.—The Secretary”;

1 (B) in clause (i) (as so designated)—

2 (i) by striking “interested parties”  
3 and inserting “the affected sugar beet  
4 processors and growers”; and

5 (ii) by striking “processing capacity”  
6 and all that follows through “allotment al-  
7 located.” and inserting the following: “the  
8 marketings of sugar processed from sugar  
9 beets of any or all of the 1996 through  
10 2000 crops, and such other factors as the  
11 Secretary may consider appropriate after  
12 consultation with the affected sugar beet  
13 processors and growers.”; and

14 (C) by adding at the end the following:

15 “(ii) NEW PROCESSORS.—In the case  
16 of any processor that has started proc-  
17 essing sugar beets after January 1, 1996,  
18 the Secretary shall provide the processor  
19 with an allocation that provides a fair, effi-  
20 cient and equitable distribution of the allo-  
21 cations.”.

22 (e) REASSIGNMENT.—Section 359e(b) of the Agricul-  
23 tural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is  
24 amended—

25 (1) in paragraph (1)—



1 (A) in subparagraph (B), by striking the  
2 “and” after the semicolon;

3 (B) by redesignating subparagraph (C) as  
4 subparagraph (D);

5 (C) by inserting after subparagraph (B)  
6 the following:

7 “(C) if after the reassignments, the deficit  
8 cannot be completely eliminated, the Secretary  
9 shall reassign the estimated quantity of the def-  
10 icit to the sale of any inventories of sugar held  
11 by the Commodity Credit Corporation; and”;  
12 and

13 (D) in subparagraph (D) (as so redesign-  
14 ated), by inserting “and sales” after “re-  
15 assignments”; and

16 (2) in paragraph (2)—

17 (A) in subparagraph (A), by striking the  
18 “and” after the semicolon;

19 (B) in subparagraph (B), by striking “re-  
20 assign the remainder to imports.” and inserting  
21 “use the estimated quantity of the deficit for  
22 the sale of any inventories of sugar held by the  
23 Commodity Credit Corporation; and”; and

24 (C) by inserting after subparagraph (B)  
25 the following:

1           “(C) if after the reassignments and sales,  
 2           the deficit cannot be completely eliminated, the  
 3           Secretary shall reassign the remainder to im-  
 4           ports.”.

5           (f) PRODUCER PROVISIONS.—Section 359f of the Ag-  
 6           ricultural Adjustment Act of 1938 (7 U.S.C. 1359ff) is  
 7           amended—

8           (1) in subsection (a)—

9           (A) by striking “Whenever” and inserting  
 10          the following:

11          “(1) IN GENERAL.—If”;

12          (B) in the second sentence, by striking  
 13          “processor’s allocation” and inserting “alloca-  
 14          tion to the processor”;

15          (C) by striking “Any dispute” and insert-  
 16          ing the following:

17          “(2) ARBITRATION.—

18                 “(A) IN GENERAL.—Any dispute”; and

19                 (D) by adding at the end the following:

20                 “(B) PERIOD.—The arbitration shall, to  
 21          the maximum extent practicable, be—

22                         “(i) commenced not more than 45  
 23                         days after the request; and

24                         “(ii) completed not more than 60 days  
 25                         after the request.”;

1           (2) by redesignating subsection (b) as sub-  
2       section (c);

3           (3) by inserting after subsection (a) the fol-  
4       lowing:

5       “(b) SUGAR BEET PROCESSING FACILITY CLO-  
6       SURES.—

7           “(1) IN GENERAL.—If a sugar beet processing  
8       facility is closed and the sugar beet growers that  
9       previously delivered beets to the facility elect to de-  
10      liver their beets to another processing company, the  
11      growers may petition the Secretary to modify alloca-  
12      tions under this part to allow the delivery.

13          “(2) INCREASED ALLOCATION FOR PROCESSING  
14      COMPANY.—The Secretary may increase the alloca-  
15      tion to the processing company to which the growers  
16      elect to deliver their sugar beets, with the approval  
17      of the processing company, to a level that does not  
18      exceed the processing capacity of the processing  
19      company, to accommodate the change in deliveries.

20          “(3) DECREASED ALLOCATION FOR CLOSED  
21      COMPANY.—The increased allocation shall be de-  
22      ducted from the allocation to the company that  
23      owned the processing facility that has been closed  
24      and the remaining allocation shall be unaffected.

1           “(4) TIMING.—The determinations of the Sec-  
 2       retary on the issues raised by the petition shall be  
 3       made within 60 days after the filing of the peti-  
 4       tion.”; and

5           (4) in subsection (c) (as so redesignated)—

6               (A) in paragraph (3)(A), by striking “the  
 7       preceding 5 years” and inserting “the 2 highest  
 8       years from among the 1999, 2000, and 2001  
 9       crop years”;

10            (B) in paragraph (4)(A), by striking  
 11       “each” and all that follows through “in effect”  
 12       and inserting “the 2 highest of the 1999, 2000,  
 13       and 2001 crop years”; and

14            (C) by inserting after paragraph (7) the  
 15       following:

16       “(8) PROCESSING FACILITY CLOSURES.—

17               “(A) IN GENERAL.—If a sugarcane proc-  
 18       essing facility subject to this subsection is  
 19       closed and the sugarcane growers that delivered  
 20       sugarcane to the facility prior to closure elect to  
 21       deliver their sugarcane to another processing  
 22       company, the growers may petition the Sec-  
 23       retary to modify allocations under this part to  
 24       allow the delivery.

1           “(B) INCREASED ALLOCATION FOR PROC-  
 2           ESSING COMPANY.—The Secretary may increase  
 3           the allocation to the processing company to  
 4           which the growers elect to deliver the sugar-  
 5           cane, with the approval of the processing com-  
 6           pany, to a level that does not exceed the proc-  
 7           essing capacity of the processing company, to  
 8           accommodate the change in deliveries.

9           “(C) DECREASED ALLOCATION FOR  
 10          CLOSED COMPANY.—The increased allocation  
 11          shall be deducted from the allocation to the  
 12          company that owned the processing facility that  
 13          has been closed and the remaining allocation  
 14          shall be unaffected.

15          “(D) TIMING.—The determinations of the  
 16          Secretary on the issues raised by the petition  
 17          shall be made within 60 days after the filing of  
 18          the petition.”.

19          (g) CONFORMING AMENDMENTS.—

20               (1) Part VII of subtitle B of title III of the Ag-  
 21          ricultural Adjustment Act of 1938 (7 U.S.C. 359aa  
 22          et seq.) is amended by striking the part heading and  
 23          inserting the following:

1   **“PART VII—FLEXIBLE MARKETING ALLOTMENTS**  
 2                                   **FOR SUGAR”.**

3                   (2) Part VII of subtitle B of title III of the Ag-  
 4           ricultural Adjustment Act of 1938 is amended by in-  
 5           serting before section 359a (7 U.S.C. 1359aa) the  
 6           following:

7   **“SEC. 359. DEFINITIONS.**

8           “In this part:

9                   “(1) MAINLAND STATE.—The term ‘mainland  
 10          State’ means a State other than an offshore State.

11                   “(2) OFFSHORE STATE.—The term ‘offshore  
 12          State’ means a sugarcane producing State located  
 13          outside of the continental United States.

14                   “(3) STATE.—Notwithstanding section 301, the  
 15          term ‘State’ means—

16                                   “(A) a State;

17                                   “(B) the District of Columbia; and

18                                   “(C) the Commonwealth of Puerto Rico.

19                   “(4) UNITED STATES.—The term ‘United  
 20          States’, when used in a geographical sense, means  
 21          all of the States.”.

22                   (3) Section 359g of the Agricultural Adjust-  
 23          ment Act of 1938 (7 U.S.C. 1359gg) is amended—

24                                   (A) by striking “359f” each place it ap-  
 25                                   pears and inserting “359f(c)”;

1 (B) in the first sentence of subsection (b),  
 2 by striking “3 consecutive” and inserting “5  
 3 consecutive”; and

4 (C) in subsection (c), by inserting “or ad-  
 5 justed” after “share established”.

6 (4) Section 359j of the Agricultural Adjustment  
 7 Act of 1938 (7 U.S.C. 1359jj) is amended by strik-  
 8 ing subsection (c).

### 9 **CHAPTER 3—PEANUTS**

#### 10 **SEC. 151. PEANUT PROGRAM.**

11 (a) IN GENERAL.—Subtitle D of the Federal Agri-  
 12 culture Improvement and Reform Act of 1996 (7 U.S.C.  
 13 7251 et seq.) is amended by adding at the end the fol-  
 14 lowing:

### 15 **“CHAPTER 3—PEANUTS**

#### 16 **“SEC. 158A. DEFINITIONS.**

17 “In this chapter:

18 “(1) COUNTER-CYCLICAL PAYMENT.—The term  
 19 ‘counter-cyclical payment’ means a payment made to  
 20 peanut producers on a farm under section 158D.

21 “(2) DIRECT PAYMENT.—The term ‘direct pay-  
 22 ment’ means a payment made to peanut producers  
 23 on a farm under section 158C.

24 “(3) EFFECTIVE PRICE.—The term ‘effective  
 25 price’ means the price calculated by the Secretary

1 under section 158D for peanuts to determine wheth-  
2 er counter-cyclical payments are required to be made  
3 under section 158D for a crop year.

4 “(4) HISTORICAL PEANUT PRODUCERS ON A  
5 FARM.—The term ‘historical peanut producers on a  
6 farm’ means the peanut producers on a farm in the  
7 United States that produced or were prevented from  
8 planting peanuts during any of the 1998 through  
9 2001 crop years.

10 “(5) INCOME PROTECTION PRICE.—The term  
11 ‘income protection price’ means the price per ton of  
12 peanuts used to determine the payment rate for  
13 counter-cyclical payments.

14 “(6) PAYMENT ACRES.—The term ‘payment  
15 acres’ means 85 percent of the peanut acres on a  
16 farm, as established under section 158B, on which  
17 direct payments and counter-cyclical payments are  
18 made.

19 “(7) PEANUT ACRES.—The term ‘peanut acres’  
20 means the number of acres assigned to a particular  
21 farm for historical peanut producers on a farm pur-  
22 suant to section 158B(b).

23 “(8) PAYMENT YIELD.—The term ‘payment  
24 yield’ means the yield assigned to a farm by histor-



1 ical peanut producers on the farm pursuant to sec-  
 2 tion 158B(b).

3 “(9) PEANUT PRODUCER.—The term ‘peanut  
 4 producer’ means an owner, operator, landlord, ten-  
 5 ant, or sharecropper that—

6 “(A) shares in the risk of producing a crop  
 7 of peanuts in the United States; and

8 “(B) is entitled to share in the crop avail-  
 9 able for marketing from the farm or would have  
 10 shared in the crop had the crop been produced.

11 **“SEC. 158B. PAYMENT YIELDS, PEANUT ACRES, AND PAY-**  
 12 **MENT ACRES FOR FARMS.**

13 “(a) PAYMENT YIELDS AND PAYMENT ACRES.—

14 “(1) AVERAGE YIELD.—

15 “(A) IN GENERAL.—The Secretary shall  
 16 determine, for each historical peanut producer,  
 17 the average yield for peanuts on all farms of  
 18 the historical peanut producer for the 1998  
 19 through 2001 crop years, excluding any crop  
 20 year during which the producers did not  
 21 produce peanuts.

22 “(B) ASSIGNED YIELDS.—If, for any of  
 23 the crop years referred to in subparagraph (A)  
 24 in which peanuts were planted on a farm by the  
 25 historical peanut producer, the historical peanut

1 producer has satisfied the eligibility criteria es-  
 2 tablished to carry out section 1102 of the Agri-  
 3 culture, Rural Development, Food and Drug  
 4 Administration, and Related Agencies Appro-  
 5 priations Act, 1999 (7 U.S.C. 1421 note; Public  
 6 Law 105–277), the Secretary shall assign to  
 7 the historical peanut producer a yield for the  
 8 farm for the crop year equal to 65 percent of  
 9 the average yield for peanuts for the previous 5  
 10 crop years.

11 “(2) ACREAGE AVERAGE.—Except as provided  
 12 in paragraph (3), the Secretary shall determine, for  
 13 the historical peanut producer, the 4-year average  
 14 of—

15 “(A) acreage planted to peanuts on all  
 16 farms for harvest during the 1998 through  
 17 2001 crop years; and

18 “(B) any acreage that was prevented from  
 19 being planting to peanuts during the crop years  
 20 because of drought, flood, or other natural dis-  
 21 aster, or other condition beyond the control of  
 22 the historical peanut producer, as determined  
 23 by the Secretary.

24 “(3) SELECTION BY PRODUCER.—If a county in  
 25 which a historical peanut producer described in

paragraph (2) is located is declared a disaster area during 1 or more of the 4 crop years described in paragraph (2), for purposes of determining the 4-year average acreage for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 of the crop years during which a disaster is declared—

“(A) the State average of acreage actually planted to peanuts; or

“(B) the average of acreage for the historical peanut producer determined by the Secretary under paragraph (2).

“(4) TIME FOR DETERMINATIONS; FACTORS.—

“(A) TIMING.—The Secretary shall make the determinations required by this subsection not later than 90 days after the date of enactment of this section.

“(B) FACTORS.—In making the determinations, the Secretary shall take into account changes in the number and identity of historical peanut producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when a historical peanut producer is no

1           longer living or an entity composed of historical  
2           peanut producers has been dissolved.

3       “(b) ASSIGNMENT OF YIELD AND ACRES TO  
4 FARMS.—

5           “(1) ASSIGNMENT BY HISTORICAL PEANUT  
6 PRODUCERS.—The Secretary shall provide each his-  
7 torical peanut producer with an opportunity to as-  
8 sign the average peanut yield and average acreage  
9 determined under subsection (a) for the historical  
10 peanut producer to cropland on a farm.

11          “(2) PAYMENT YIELD.—The average of all of  
12 the yields assigned by historical peanut producers to  
13 a farm shall be considered to be the payment yield  
14 for the farm for the purpose of making direct pay-  
15 ments and counter-cyclical payments under this  
16 chapter.

17          “(3) PEANUT ACRES.—Subject to subsection  
18 (e), the total number of acres assigned by historical  
19 peanut producers to a farm shall be considered to be  
20 the peanut acres for the farm for the purpose of  
21 making direct payments and counter-cyclical pay-  
22 ments under this chapter.

23       “(c) ELECTION.—Not later than 180 days after the  
24 date of enactment of this section, a historical peanut pro-

1 ducer shall notify the Secretary of the assignments de-  
 2 scribed in subsection (b).

3 “(d) PAYMENT ACRES.—The payment acres for pea-  
 4 nuts on a farm shall be equal to 85 percent of the peanut  
 5 acres assigned to the farm.

6 “(e) PREVENTION OF EXCESS PEANUT ACRES.—

7 “(1) REQUIRED REDUCTION.—If the total of  
 8 the peanut acres for a farm, together with the acre-  
 9 age described in paragraph (3), exceeds the actual  
 10 cropland acreage of the farm, the Secretary shall re-  
 11 duce the quantity of peanut acres for the farm or  
 12 contract acreage for 1 or more covered commodities  
 13 for the farm as necessary so that the total of the  
 14 peanut acres and acreage described in paragraph (3)  
 15 does not exceed the actual cropland acreage of the  
 16 farm.

17 “(2) SELECTION OF ACRES.—The Secretary  
 18 shall give the peanut producers on the farm the op-  
 19 portunity to select the peanut acres or contract acre-  
 20 age against which the reduction will be made.

21 “(3) OTHER ACREAGE.—For purposes of para-  
 22 graph (1), the Secretary shall include—

23 “(A) any contract acreage for the farm  
 24 under subtitle B;

1           “(B) any acreage on the farm enrolled in  
 2           the conservation reserve program or wetlands  
 3           reserve program under chapter 1 of subtitle D  
 4           of title XII of the Food Security Act of 1985  
 5           (16 U.S.C. 3830 et seq.); and

6           “(C) any other acreage on the farm en-  
 7           rolled in a conservation program for which pay-  
 8           ments are made in exchange for not producing  
 9           an agricultural commodity on the acreage.

10          “(3) DOUBLE-CROPPED ACREAGE.—In applying  
 11          paragraph (1), the Secretary shall take into account  
 12          additional acreage as a result of an established dou-  
 13          ble-cropping history on a farm, as determined by the  
 14          Secretary.

15      **“SEC. 158C. DIRECT PAYMENTS FOR PEANUTS.**

16          “(a) IN GENERAL.—For each of the 2002 through  
 17          2006 fiscal years, the Secretary shall make direct pay-  
 18          ments to peanut producers on a farm with peanut acres  
 19          under section 158B and a payment yield for peanuts  
 20          under section 158B.

21          “(b) PAYMENT RATE.—The payment rate used to  
 22          make direct payments with respect to peanuts for a fiscal  
 23          year shall be equal to \$0.018 per pound.

24          “(c) PAYMENT AMOUNT.—The amount of the direct  
 25          payment to be paid to the peanut producers on a farm

1 for peanuts for a fiscal year shall be equal to the product  
 2 obtained by multiplying—

3 “(1) the payment rate specified in subsection  
 4 (b);

5 “(2) the payment acres on the farm; by

6 “(3) the payment yield for the farm.

7 “(d) TIME FOR PAYMENT.—

8 “(1) IN GENERAL.—The Secretary shall make  
 9 direct payments—

10 “(A) in the case of the 2002 fiscal year,  
 11 during the period beginning December 1, 2001,  
 12 and ending September 30, 2002; and

13 “(B) in the case of each of the 2003  
 14 through 2006 fiscal years, not later than Sep-  
 15 tember 30 of the fiscal year.

16 “(2) ADVANCE PAYMENTS.—

17 “(A) IN GENERAL.—At the option of the  
 18 peanut producers on a farm, the Secretary shall  
 19 pay 50 percent of the direct payment for a fis-  
 20 cal year for the producers on the farm on a  
 21 date selected by the peanut producers on the  
 22 farm.

23 “(B) SELECTED DATE.—The selected date  
 24 for a fiscal year shall be on or after December  
 25 1 of the fiscal year.

1           “(C) SUBSEQUENT FISCAL YEARS.—The  
 2           peanut producers on a farm may change the se-  
 3           lected date for a subsequent fiscal year by pro-  
 4           viding advance notice to the Secretary.

5           “(3) REPAYMENT OF ADVANCE PAYMENTS.—If  
 6           any peanut producer on a farm that receives an ad-  
 7           vance direct payment for a fiscal year ceases to be  
 8           eligible for a direct payment before the date the di-  
 9           rect payment would have been made by the Sec-  
 10          retary under paragraph (1), the peanut producer  
 11          shall be responsible for repaying the Secretary the  
 12          full amount of the advance payment.

13   **“SEC. 158D. COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.**

14          “(a) IN GENERAL.—For each of the 2002 through  
 15          2006 crops of peanuts, the Secretary shall make counter-  
 16          cyclical payments with respect to peanuts if the Secretary  
 17          determines that the effective price for peanuts is less than  
 18          the income protection price for peanuts.

19          “(b) EFFECTIVE PRICE.—For purposes of subsection  
 20          (a), the effective price for peanuts is equal to the total  
 21          of—

22                 “(1) the greater of—

23                         “(A) the national average market price re-  
 24                         ceived by peanut producers during the 12-



1 month marketing year for peanuts, as deter-  
 2 mined by the Secretary; or

3 “(B) the national average loan rate for a  
 4 marketing assistance loan for peanuts under  
 5 section 158G in effect for the 12-month mar-  
 6 keting year for peanuts under this chapter; and

7 “(2) the payment rate in effect for peanuts  
 8 under section 158C for the purpose of making direct  
 9 payments with respect to peanuts.

10 “(c) INCOME PROTECTION PRICE.—For purposes of  
 11 subsection (a), the income protection price for peanuts  
 12 shall be equal to \$520 per ton.

13 “(d) PAYMENT AMOUNT.—The amount of the  
 14 counter-cyclical payment to be paid to the peanut pro-  
 15 ducers on a farm for a crop year shall be equal to the  
 16 product obtained by multiplying—

17 “(1) the payment rate specified in subsection  
 18 (e);

19 “(2) the payment acres on the farm; by

20 “(3) the payment yield for the farm.

21 “(e) PAYMENT RATE.—The payment rate used to  
 22 make counter-cyclical payments with respect to peanuts  
 23 for a crop year shall be equal to the difference between—

24 “(1) the income protection price for peanuts;  
 25 and

1           “(2) the effective price determined under sub-  
2           section (b) for peanuts.

3           “(f) TIME FOR PAYMENTS.—

4           “(1) IN GENERAL.—The Secretary shall make  
5           counter-cyclical payments to peanut producers on a  
6           farm under this section for a crop of peanuts as  
7           soon as practicable after determining under sub-  
8           section (a) that the payments are required for the  
9           crop year.

10          “(2) PARTIAL PAYMENT.—

11           “(A) IN GENERAL.—At the option of the  
12           Secretary, the peanut producers on a farm may  
13           elect to receive up to 40 percent of the pro-  
14           jected counter-cyclical payment to be made  
15           under this section for a crop of peanuts on com-  
16           pletion of the first 6 months of the marketing  
17           year for the crop, as determined by the Sec-  
18           retary.

19           “(B) REPAYMENT.—The peanut producers  
20           on a farm shall repay to the Secretary the  
21           amount, if any, by which the payment received  
22           by producers on the farm (including any partial  
23           payments) exceeds the counter-cyclical payment  
24           the producers on the farm are eligible for under  
25           this section.

1 **“SEC. 158E. PRODUCER AGREEMENTS.**

2 “(a) COMPLIANCE WITH CERTAIN REQUIRE-  
3 MENTS.—

4 “(1) REQUIREMENTS.—Before the peanut pro-  
5 ducers on a farm may receive direct payments or  
6 counter-cyclical payments with respect to the farm,  
7 the peanut producers on the farm shall agree during  
8 the fiscal year or crop year, respectively, for which  
9 the payments are received, in exchange for the  
10 payments—

11 “(A) to comply with applicable highly erod-  
12 ible land conservation requirements under sub-  
13 title B of title XII of the Food Security Act of  
14 1985 (16 U.S.C. 3811 et seq.);

15 “(B) to comply with applicable wetland  
16 conservation requirements under subtitle C of  
17 title XII of that Act (16 U.S.C. 3821 et seq.);

18 “(C) to comply with the planting flexibility  
19 requirements of section 158F; and

20 “(D) to use a quantity of the land on the  
21 farm equal to the peanut acres, for an agricul-  
22 tural or conserving use, and not for a non-  
23 agricultural commercial or industrial use, as de-  
24 termined by the Secretary.

25 “(2) COMPLIANCE.—The Secretary may pro-  
26 mulgate such regulations as the Secretary considers

1       necessary to ensure peanut producer compliance  
2       with paragraph (1).

3       “(b) FORECLOSURE.—

4               “(1) IN GENERAL.—The Secretary shall not re-  
5       quire the peanut producers on a farm to repay a di-  
6       rect payment or counter-cyclical payment if a fore-  
7       closure has occurred with respect to the farm and  
8       the Secretary determines that forgiving the repay-  
9       ment is appropriate to provide fair and equitable  
10      treatment.

11      “(2) COMPLIANCE WITH REQUIREMENTS.—

12              “(A) IN GENERAL.—This subsection shall  
13      not void the responsibilities of the peanut pro-  
14      ducers on a farm under subsection (a) if the  
15      peanut producers on the farm continue or re-  
16      sume operation, or control, of the farm.

17              “(B) APPLICABLE REQUIREMENTS.—On  
18      the resumption of operation or control over the  
19      farm by the peanut producers on the farm, the  
20      requirements of subsection (a) in effect on the  
21      date of the foreclosure shall apply.

22      “(c) TRANSFER OR CHANGE OF INTEREST IN  
23      FARM.—

24              “(1) TERMINATION.—Except as provided in  
25      paragraph (5), a transfer of (or change in) the inter-

1       est of the peanut producers on a farm in peanut  
2       acres for which direct payments or counter-cyclical  
3       payments are made shall result in the termination of  
4       the payments with respect to the peanut acres, un-  
5       less the transferee or owner of the acreage agrees to  
6       assume all obligations under subsection (a).

7               “(2) EFFECTIVE DATE.—The termination takes  
8       effect on the date of the transfer or change.

9               “(3) TRANSFER OF PAYMENT BASE AND  
10       YIELD.—The Secretary shall not impose any restric-  
11       tion on the transfer of the peanut acres or payment  
12       yield of a farm as part of a transfer or change de-  
13       scribed in paragraph (1).

14               “(4) MODIFICATION.—At the request of the  
15       transferee or owner, the Secretary may modify the  
16       requirements of subsection (a) if the modifications  
17       are consistent with the purposes of subsection (a), as  
18       determined by the Secretary.

19               “(5) EXCEPTION.—If a peanut producer enti-  
20       tled to a direct payment or counter-cyclical payment  
21       dies, becomes incompetent, or is otherwise unable to  
22       receive the payment, the Secretary shall make the  
23       payment, in accordance with regulations promul-  
24       gated by the Secretary.

1       “(d) ACREAGE REPORTS.—As a condition on the re-  
 2 ceipt of any benefits under this chapter, the Secretary  
 3 shall require the peanut producers on a farm to submit  
 4 to the Secretary acreage reports for the farm.

5       “(e) TENANTS AND SHARECROPPERS.—In carrying  
 6 out this chapter, the Secretary shall provide adequate  
 7 safeguards to protect the interests of tenants and share-  
 8 croppers.

9       “(f) SHARING OF PAYMENTS.—The Secretary shall  
 10 provide for the sharing of direct payments and counter-  
 11 cyclical payments among the peanut producers on a farm  
 12 on a fair and equitable basis.

13 **“SEC. 158F. PLANTING FLEXIBILITY.**

14       “(a) PERMITTED CROPS.—Subject to subsection (b),  
 15 any commodity or crop may be planted on peanut acres  
 16 on a farm.

17       “(b) LIMITATIONS AND EXCEPTIONS REGARDING  
 18 CERTAIN COMMODITIES.—

19               “(1) LIMITATIONS.—The planting of the fol-  
 20 lowing agricultural commodities shall be prohibited  
 21 on peanut acres:

22                       “(A) Fruits.

23                       “(B) Vegetables (other than lentils, mung  
 24 beans, and dry peas).

1           “(C) In the case of the 2003 and subse-  
2           quent crops of an agricultural commodity, wild  
3           rice.

4           “(2) EXCEPTIONS.—Paragraph (1) shall not  
5           limit the planting of an agricultural commodity spec-  
6           ified in paragraph (1)—

7                   “(A) in any region in which there is a his-  
8                   tory of double-cropping of peanuts with agricul-  
9                   tural commodities specified in paragraph (1), as  
10                  determined by the Secretary, in which case the  
11                  double-cropping shall be permitted;

12                  “(B) on a farm that the Secretary deter-  
13                  mines has a history of planting agricultural  
14                  commodities specified in paragraph (1) on pea-  
15                  nut acres, except that direct payments and  
16                  counter-cyclical payments shall be reduced by  
17                  an acre for each acre planted to the agricultural  
18                  commodity; or

19                  “(C) by the peanut producers on a farm  
20                  that the Secretary determines has an estab-  
21                  lished planting history of a specific agricultural  
22                  commodity specified in paragraph (1), except  
23                  that—

24                          “(i) the quantity planted may not ex-  
25                          ceed the average annual planting history of

the agricultural commodity by the peanut producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

“(ii) direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agricultural commodity.

**“SEC. 158G. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.**

“(a) NONRECOURSE LOANS AVAILABLE.—

“(1) AVAILABILITY.—For each of the 2002 through 2006 crops of peanuts, the Secretary shall make available to peanut producers on a farm non-recourse marketing assistance loans for peanuts produced on the farm.

“(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

“(3) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance



1        loan under this section for any quantity of peanuts  
2        produced on the farm.

3            “(4) TREATMENT OF CERTAIN COMMINGLED  
4        COMMODITIES.—In carrying out this section, the  
5        Secretary shall make loans to peanut producers on  
6        a farm that would be eligible to obtain a marketing  
7        assistance loan but for the fact the peanuts owned  
8        by the peanut producers on the farm are commin-  
9        gled with other peanuts of other producers in facili-  
10       ties unlicensed for the storage of agricultural com-  
11       modities by the Secretary or a State licensing au-  
12       thority, if the peanut producers on a farm obtaining  
13       the loan agree to immediately redeem the loan col-  
14       lateral in accordance with section 158E.

15           “(5) OPTIONS FOR OBTAINING LOAN.—A mar-  
16        keting assistance loan under this subsection, and  
17        loan deficiency payments under subsection (e), may  
18        be obtained at the option of the peanut producers on  
19        a farm through—

20                “(A) a designated marketing association of  
21                peanut producers that is approved by the Sec-  
22                retary;

23                “(B) the Farm Service Agency; or

24                “(C) a loan servicing agent approved by  
25                the Secretary.

1       “(b) LOAN RATE.—The loan rate for a marketing as-  
 2       sistance loan for peanuts under subsection (a) shall be  
 3       equal to \$400 per ton.

4       “(c) TERM OF LOAN.—

5               “(1) IN GENERAL.—A marketing assistance  
 6       loan for peanuts under subsection (a) shall have a  
 7       term of 9 months beginning on the first day of the  
 8       first month after the month in which the loan is  
 9       made.

10              “(2) EXTENSIONS PROHIBITED.—The Secretary  
 11       may not extend the term of a marketing assistance  
 12       loan for peanuts under subsection (a).

13       “(d) REPAYMENT RATE.—The Secretary shall permit  
 14       peanut producers on a farm to repay a marketing assist-  
 15       ance loan for peanuts under subsection (a) at a rate that  
 16       is the lesser of—

17              “(1) the loan rate established for peanuts under  
 18       subsection (b), plus interest (as determined by the  
 19       Secretary); or

20              “(2) a rate that the Secretary determines will—

21                      “(A) minimize potential loan forfeitures;

22                      “(B) minimize the accumulation of stocks  
 23       of peanuts by the Federal Government;

24                      “(C) minimize the cost incurred by the  
 25       Federal Government in storing peanuts; and

1           “(D) allow peanuts produced in the United  
2           States to be marketed freely and competitively,  
3           both domestically and internationally.

4           “(e) LOAN DEFICIENCY PAYMENTS.—

5           “(1) AVAILABILITY.—The Secretary may make  
6           loan deficiency payments available to the peanut  
7           producers on a farm that, although eligible to obtain  
8           a marketing assistance loan for peanuts under sub-  
9           section (a), agree to forgo obtaining the loan for the  
10          peanuts in return for payments under this sub-  
11          section.

12          “(2) AMOUNT.—A loan deficiency payment  
13          under this subsection shall be obtained by  
14          multiplying—

15               “(A) the loan payment rate determined  
16               under paragraph (3) for peanuts; by

17               “(B) the quantity of the peanuts produced  
18               by the peanut producers on the farm, excluding  
19               any quantity for which the producers on the  
20               farm obtain a loan under subsection (a).

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

24               “(A) the loan rate established under sub-  
25               section (b); exceeds

1           “(B) the rate at which a loan may be re-  
2           paid under subsection (d).

3           “(4) TIME FOR PAYMENT.—The Secretary shall  
4           make a payment under this subsection to the peanut  
5           producers on a farm with respect to a quantity of  
6           peanuts as of the earlier of—

7                   “(A) the date on which the peanut pro-  
8                   ducers on the farm marketed or otherwise lost  
9                   beneficial interest in the peanuts, as determined  
10                  by the Secretary; or

11                   “(B) the date the peanut producers on the  
12                  farm request the payment.

13           “(f) COMPLIANCE WITH CONSERVATION REQUIRE-  
14           MENTS.—As a condition of the receipt of a marketing as-  
15           sistance loan under subsection (a), the peanut producers  
16           on a farm shall comply during the term of the loan with—

17                   “(1) applicable highly erodible land conserva-  
18                   tion requirements under subtitle B of title XII of the  
19                   Food Security Act of 1985 (16 U.S.C. 3811 et seq.);  
20                  and

21                   “(2) applicable wetland conservation require-  
22                   ments under subtitle C of title XII of that Act (16  
23                   U.S.C. 3821 et seq.).

24           “(g) REIMBURSABLE AGREEMENTS AND PAYMENT  
25           OF EXPENSES.—To the maximum extent practicable, the

1 Secretary shall implement any reimbursable agreements or  
2 provide for the payment of expenses under this chapter  
3 in a manner that is consistent with the implementation  
4 of the agreements or payment of the expenses for other  
5 commodities.

6 **“SEC. 158H. QUALITY IMPROVEMENT.**

7 “(a) OFFICIAL INSPECTION.—

8 “(1) MANDATORY INSPECTION.—All peanuts  
9 placed under a marketing assistance loan under sec-  
10 tion 158G shall be officially inspected and graded by  
11 a Federal or State inspector.

12 “(2) OPTIONAL INSPECTION.—Peanuts not  
13 placed under a marketing assistance loan may be  
14 graded at the option of the peanut producers on a  
15 farm.

16 “(b) TERMINATION OF PEANUT ADMINISTRATIVE  
17 COMMITTEE.—The Peanut Administrative Committee es-  
18 tablished under Marketing Agreement No. 1436, which  
19 regulates the quality of domestically produced peanuts  
20 under the Agricultural Adjustment Act (7 U.S.C. 601 et  
21 seq.), reenacted with amendments by the Agricultural  
22 Marketing Agreement Act of 1937, is terminated.

23 “(c) ESTABLISHMENT OF PEANUT STANDARDS  
24 BOARD.—

1           “(1) IN GENERAL.—The Secretary shall estab-  
 2           lish a Peanut Standards Board for the purpose of  
 3           assisting in the establishment of quality standards  
 4           with respect to peanuts.

5           “(2) COMPOSITION.—The Secretary shall ap-  
 6           point members to the Board that, to the maximum  
 7           extent practicable, reflect all regions and segments  
 8           of the peanut industry.

9           “(3) DUTIES.—The Board shall assist the Sec-  
 10          retary in establishing quality standards for peanuts.

11          “(d) CROPS.—This section shall apply beginning with  
 12          the 2002 crop of peanuts.”.

13          (b) CONFORMING AMENDMENTS.—

14                 (1) The chapter heading of chapter 2 of subtitle  
 15                 D of the Federal Agriculture Improvement and Re-  
 16                 form Act of 1996 (7 U.S.C. prec. 7271) is amended  
 17                 by striking “**PEANUTS AND**”.

18                 (2) Section 155 of the Federal Agriculture Im-  
 19                 provement and Reform Act of 1996 (7 U.S.C. 7271)  
 20                 is repealed.

21   **SEC. 152. TERMINATION OF MARKETING QUOTAS FOR PEA-**  
 22                         **NUTS AND COMPENSATION TO PEANUT**  
 23                         **QUOTA HOLDERS.**

24                 (a) REPEAL OF MARKETING QUOTAS FOR PEA-  
 25                 NUTS.—Effective beginning with the 2002 crop of pea-

1 nuts, part VI of subtitle B of title III of the Agricultural  
 2 Adjustment Act of 1938 (7 U.S.C. 1357 et seq.) is re-  
 3 pealed.

4 (b) COMPENSATION OF QUOTA HOLDERS.—

5 (1) DEFINITIONS.—In this subsection:

6 (A) PEANUT QUOTA HOLDER.—

7 (i) IN GENERAL.—The term “peanut  
 8 quota holder” means a person or entity  
 9 that owns a farm that—

10 (I) held a peanut quota estab-  
 11 lished for the farm for the 2001 crop  
 12 of peanuts under part VI of subtitle B  
 13 of title III of the Agricultural Adjust-  
 14 ment Act of 1938 (7 U.S.C. 1357 et  
 15 seq.) (as in effect before the amend-  
 16 ment made by subsection (a));

17 (II) if there was not such a quota  
 18 established for the farm for the 2001  
 19 crop of peanuts, would be eligible to  
 20 have such a quota established for the  
 21 farm for the 2002 crop of peanuts, in  
 22 the absence of the amendment made  
 23 by subsection (a); or

24 (III) is otherwise a farm that  
 25 was eligible for such a quota as of the

1 effective date of the amendments  
2 made by this section.

3 (ii) SEED OR EXPERIMENTAL PUR-  
4 POSES.—The Secretary shall apply the def-  
5 inition of “peanut quota holder” without  
6 regard to temporary leases, transfers, or  
7 quotas for seed or experimental purposes.

8 (B) SECRETARY.—The term “Secretary”  
9 means the Secretary of Agriculture.

10 (2) CONTRACTS.—The Secretary shall offer to  
11 enter into a contract with peanut quota holders for  
12 the purpose of providing compensation for the lost  
13 value of quota as a result of the repeal of the mar-  
14 keting quota program for peanuts under the amend-  
15 ment made by subsection (a).

16 (3) PAYMENT PERIOD.—Under a contract, the  
17 Secretary shall make payments to an eligible peanut  
18 quota holder for each of fiscal years 2002 through  
19 2006.

20 (4) TIME FOR PAYMENT.—The payments re-  
21 quired under the contracts shall be provided in 5  
22 equal installments not later than September 30 of  
23 each of fiscal years 2002 through 2006.

24 (5) PAYMENT AMOUNT.—The amount of the  
25 payment for a fiscal year to a peanut quota holder



1 under a contract shall be equal to the product ob-  
2 tained by multiplying—

3 (A) \$0.10 per pound; by

4 (B) the actual farm poundage quota (ex-  
5 cluding any quantity for seed and experimental  
6 peanuts) established for the farm of a peanut  
7 quota holder under section 358–1(b) of the Ag-  
8 ricultural Adjustment Act of 1938 (7 U.S.C.  
9 1358–1(b)) (as in effect prior to the amend-  
10 ment made by subsection (a)) for the 2001  
11 marketing year.

12 (6) ASSIGNMENT OF PAYMENTS.—

13 (A) IN GENERAL.—The provisions of sec-  
14 tion 8(g) of the Soil Conservation and Domestic  
15 Allotment Act (16 U.S.C. 590h(g)), relating to  
16 assignment of payments, shall apply to the pay-  
17 ments made to peanut quota holders under the  
18 contracts.

19 (B) NOTICE.—The peanut quota holder  
20 making the assignment, or the assignee, shall  
21 provide the Secretary with notice, in such man-  
22 ner as the Secretary may require, of any assign-  
23 ment made under this subsection.

24 (c) CONFORMING AMENDMENTS.—

1           (1) ADMINISTRATIVE PROVISIONS.—Section 361  
2       of the Agricultural Adjustment Act of 1938 (7  
3       U.S.C. 1361) is amended by striking “peanuts,”.

4           (2) ADJUSTMENT OF QUOTAS.—Section 371 of  
5       the Agricultural Adjustment Act of 1938 (7 U.S.C.  
6       1371) is amended—

7           (A) in the first sentence of subsection (a),  
8       by striking “peanuts,”; and

9           (B) in the first sentence of subsection (b),  
10      by striking “peanuts”.

11          (3) REPORTS AND RECORDS.—Section 373 of  
12      the Agricultural Adjustment Act of 1938 (7 U.S.C.  
13      1373) is amended—

14          (A) in the first sentence of subsection  
15      (a)—

16           (i) by striking “peanuts,” each place  
17      it appears;

18           (ii) by inserting “and” after “from  
19      producers,”; and

20           (iii) by striking “for producers, all”  
21      and all that follows through the period at  
22      the end of the sentence and inserting “for  
23      producers.”; and

24          (B) in subsection (b), by striking “pea-  
25      nuts,”.

1           (4) EMINENT DOMAIN.—Section 378(c) of the  
 2       Agricultural Adjustment Act of 1938 (7 U.S.C.  
 3       1378(c)) is amended in the first sentence—

4                   (A) by striking “cotton,” and inserting  
 5                   “cotton and”; and

6                   (B) by striking “and peanuts,”.

7       (d) CROPS.—This section and the amendments made  
 8       by this section apply beginning with the 2002 crop of pea-  
 9       nuts.

## 10           **Subtitle D—Administration**

### 11       **SEC. 161. ADJUSTMENT AUTHORITY RELATED TO URUGUAY**

#### 12                   **ROUND COMPLIANCE.**

13       Section 161 of the Federal Agriculture Improvement  
 14       and Reform Act of 1996 (7 U.S.C. 7281) is amended by  
 15       adding at the end the following:

16       “(e) ADJUSTMENT AUTHORITY RELATED TO URU-  
 17       GUAY ROUND COMPLIANCE.—If the Secretary determines  
 18       that expenditures under subtitles A through D that are  
 19       subject to the total allowable domestic support levels under  
 20       the Uruguay Round Agreements (as defined in section 2  
 21       of the Uruguay Round Agreements Act (19 U.S.C. 3501)),  
 22       as in effect on the date of enactment of this subsection,  
 23       will exceed the allowable levels for any applicable reporting  
 24       period, the Secretary may make adjustments in the  
 25       amount of the expenditures to ensure that the expendi-

1 tures do not exceed, but are not less than, the allowable  
2 levels.”.

3 **SEC. 162. SUSPENSION OF PERMANENT PRICE SUPPORT**

4 **AUTHORITY.**

5 Section 171 of the Federal Agriculture Improvement  
6 and Reform Act of 1996 (7 U.S.C. 7301) is amended—

7 (1) by striking “2002” each place it appears  
8 and inserting “2006”; and

9 (2) in subsection (a)(1)—

10 (A) by striking subparagraph (E); and

11 (B) by redesignating subparagraphs (F)  
12 through (I) as subparagraphs (E) through (H),  
13 respectively.

14 **SEC. 163. COMMODITY PURCHASES.**

15 Section 191 of the Federal Agriculture Improvement  
16 and Reform Act of 1996 (7 U.S.C. 7331 et seq.) is amend-  
17 ed to read as follows:

18 **“SEC. 191. COMMODITY PURCHASES.**

19 “(a) IN GENERAL.—To purchase agricultural com-  
20 modities under this section, the Secretary shall use funds  
21 of the Commodity Credit Corporation in an amount equal  
22 to—

23 “(1) for each of fiscal years 2002 and 2003,  
24 \$130,000,000, of which not less than \$100,000,000  
25 shall be used for the purchase of specialty crops;

1           “(2) for fiscal year 2004, \$150,000,000, of  
2           which not less than \$120,000,000 shall be used for  
3           the purchase of specialty crops;

4           “(3) for fiscal year 2005, \$170,000,000, of  
5           which not less than \$140,000,000 shall be used for  
6           the purchase of specialty crops;

7           “(4) for fiscal year 2006, \$200,000,000, of  
8           which not less than \$170,000,000 shall be used for  
9           the purchase of specialty crops; and

10          “(5) for fiscal year 2007, \$0.

11          “(b) OTHER PURCHASES.—The Secretary shall en-  
12          sure that purchases of agricultural commodities under this  
13          section are in addition to purchases by the Secretary  
14          under any other law.

15          “(c) PURCHASES BY DEPARTMENT OF DEFENSE FOR  
16          SCHOOL LUNCH PROGRAM.—The Secretary shall provide  
17          not less than \$50,000,000 for each fiscal year of the funds  
18          made available under subsection (a) to the Secretary of  
19          Defense to purchase fresh fruits and vegetables for dis-  
20          tribution to schools and service institutions in accordance  
21          with section 6(a) of the Richard B. Russell National  
22          School Lunch Act (42 U.S.C. 1755(a)) in a manner pre-  
23          scribed by the Secretary of Agriculture.

24          “(d) PURCHASES FOR EMERGENCY FOOD ASSIST-  
25          ANCE PROGRAM.—The Secretary shall use not less than

1 \$40,000,000 for each fiscal year of the funds made avail-  
 2 able under subsection (a) to purchase agricultural com-  
 3 modities for distribution under the Emergency Food As-  
 4 sistance Act of 1983 (7 U.S.C. 7501 et seq.).”.

5 **SEC. 164. HARD WHITE WHEAT INCENTIVE PAYMENTS.**

6 Section 193 of the Federal Agriculture Improvement  
 7 and Reform Act of 1996 (7 U.S.C. 1508) is amended to  
 8 read as follows:

9 **“SEC. 193. HARD WHITE WHEAT INCENTIVE PAYMENTS.**

10 “(a) IN GENERAL.—For the period of crop years  
 11 2003 through 2005, the Secretary shall use \$40,000,000  
 12 of funds of the Commodity Credit Corporation to provide  
 13 incentive payments to producers of hard white wheat to  
 14 ensure that hard white wheat, produced on a total of not  
 15 more than 2,000,000 acres, meets minimum quality stand-  
 16 ards established by the Secretary.

17 “(b) APPLICATION.—The amounts payable to pro-  
 18 ducers in the form of payments under this section shall  
 19 be determined through the submission of bids by pro-  
 20 ducers in such manner as the Secretary may prescribe.

21 “(c) DEMAND FOR WHEAT.—To be eligible to obtain  
 22 a payment under this section, a producer shall dem-  
 23 onstrate to the Secretary the availability of buyers and  
 24 end-users for the wheat that is the covered by the pay-  
 25 ment.”.

1 **SEC. 165. PAYMENT LIMITATIONS.**

2 Section 1001 of the Food Security Act of 1985 (7  
3 U.S.C. 1308) is amended by striking paragraphs (1)  
4 through (4) and inserting the following:

5 “(1) LIMITATION ON DIRECT AND COUNTER-CY-  
6 CLICAL PAYMENTS.—The total amount of direct pay-  
7 ments and counter-cyclical payments to a person  
8 during any fiscal year may not exceed \$100,000,  
9 with a separate limitation for—

10 “(A) all contract commodities; and

11 “(B) peanuts.

12 “(2) LIMITATION ON MARKETING LOAN GAINS  
13 AND LOAN DEFICIENCY PAYMENTS.—The total  
14 amount of the payments specified in paragraph (3)  
15 that a person shall be entitled to receive under title  
16 I of the Federal Agriculture Improvement and Re-  
17 form Act of 1996 (7 U.S.C. 7201 et seq.) for 1 or  
18 more loan commodities during any crop year may  
19 not exceed \$150,000, with a separate limitation  
20 for—

21 “(A) all contract commodities;

22 “(B) wool and mohair;

23 “(C) honey; and

24 “(D) peanuts.

1           “(3) DESCRIPTION OF PAYMENTS SUBJECT TO  
2           LIMITATION.—The payments referred to in para-  
3           graph (2) are the following:

4                   “(A) Any gain realized by a producer from  
5                   repaying a marketing assistance loan under sec-  
6                   tion 131 or 158G(a) of the Federal Agriculture  
7                   Improvement and Reform Act of 1996 for a  
8                   crop of any loan commodity or peanuts, respec-  
9                   tively, at a lower level than the original loan  
10                  rate established for the loan commodity or pea-  
11                  nuts under section 132 or 158G(d) of that Act,  
12                  respectively.

13                  “(B) Any loan deficiency payment received  
14                  for a loan commodity or peanuts under section  
15                  135 or 158G(e) of that Act, respectively.

16           “(4) DEFINITIONS.—In paragraphs (1) through  
17           (3):

18                   “(A) CONTRACT COMMODITY.—The term  
19                   ‘contract commodity’ has the meaning given the  
20                   term in section 102 of the Federal Agriculture  
21                   Improvement and Reform Act of 1996 (7  
22                   U.S.C. 7202).

23                   “(B) COUNTER-CYCLICAL PAYMENT.—The  
24                   term ‘counter-cyclical payment’ means a pay-



1           ment made under section 114 or 158D of that  
2           Act.

3           “(C) DIRECT PAYMENT.—The term ‘direct  
4           payment’ means a payment made under section  
5           113 or 158C of that Act.

6           “(D) LOAN COMMODITY.—The term ‘loan  
7           commodity’ has the meaning given the term in  
8           section 102 of that Act.”.

## 9           **TITLE II—CONSERVATION**

### 10          **Subtitle A—Conservation Security**

#### 11          **SEC. 201. CONSERVATION SECURITY PROGRAM.**

12           Subtitle D of title XII of the Food Security Act of  
13   1985 (16 U.S.C. 3830 et seq.) is amended by inserting  
14   after chapter 1 the following:

#### 15          **“CHAPTER 2—CONSERVATION SECURITY**

#### 16                   **AND FARMLAND PROTECTION**

#### 17                  **“Subchapter A—Conservation Security**

#### 18                               **Program**

#### 19          **“SEC. 1238. DEFINITIONS.**

20           “In this subchapter:

21           “(1) BASE PAYMENT.—The term ‘base pay-  
22           ment’ means the amount paid to an producer under  
23           a conservation security contract that is equal to the  
24           total of the amounts described in clauses (i) and (ii)

1 of subparagraphs (C), (D), or (E) of section  
2 1238C(b)(1), as appropriate.

3 “(2) BEGINNING FARMER OR RANCHER.—The  
4 term ‘beginning farmer or rancher’ has the meaning  
5 provided under section 343(a) of the Consolidated  
6 Farm and Rural Development Act (7 U.S.C.  
7 1999(a)).

8 “(3) BONUS AMOUNT.—The term ‘bonus  
9 amount’ means the amount paid to a producer under  
10 a conservation security contract that is equal to the  
11 total of the amounts described in clauses (iii) and  
12 (iv) of subparagraph (C), and of clause (iii) of sub-  
13 paragraph (D) or (E), of section 1238C(b)(1), as  
14 appropriate.

15 “(4) CONSERVATION PRACTICE.—The term  
16 ‘conservation practice’ means a land-based farming  
17 technique that—

18 “(A) requires planning, implementation,  
19 management, and maintenance; and

20 “(B) promotes 1 or more of the purposes  
21 described in section 1238A(a).

22 “(5) CONSERVATION SECURITY CONTRACT.—  
23 The term ‘conservation security contract’ means a  
24 contract described in section 1238A(e).

1           “(6) CONSERVATION SECURITY PLAN.—The  
2           term ‘conservation security plan’ means a plan de-  
3           scribed in section 1238A(c).

4           “(7) CONSERVATION SECURITY PROGRAM.—The  
5           term ‘conservation security program’ means the pro-  
6           gram established under section 1238A(a).

7           “(8) CONTINUOUS SIGNUP.—The term ‘contin-  
8           uous signup’, with respect to land, means land en-  
9           rolled in a program described in section  
10          1231(b)(6)(A) on which conservation practices are  
11          carried out.

12          “(9) INDIAN TRIBE.—The term ‘Indian tribe’  
13          has the meaning given the term in section 4 of the  
14          Indian Self-Determination and Education Assistance  
15          Act (25 U.S.C. 450b).

16          “(10) NUTRIENT MANAGEMENT.—The term  
17          ‘nutrient management’ means management of the  
18          quantity, source, placement, form, and timing of the  
19          land application of nutrients and other additions to  
20          soil on land enrolled in the conservation security  
21          program—

22                 “(A) to achieve or maintain adequate soil  
23                 fertility for agricultural production;

24                 “(B) to minimize the potential for loss of  
25                 environmental quality, including soil, water, fish

1 and wildlife habitat, and air and water quality;  
 2 or

3 “(C) to reduce energy consumption.

4 “(11) PRODUCER.—The term ‘producer’ has  
 5 the meaning given the term in section 102 of the  
 6 Agricultural Market Transition Act (7 U.S.C. 7202).

7 “(12) RESOURCE OF CONCERN.—The term ‘re-  
 8 source of concern’ means a conservation priority of  
 9 a State and locality under section 1238A(c)(3).

10 “(13) RESOURCE-CONSERVING CROP.—The  
 11 term ‘resource-conserving crop’ means—

12 “(A) a perennial grass;

13 “(B) a legume grown for use as—

14 “(i) forage;

15 “(ii) seed for planting; or

16 “(iii) green manure;

17 “(C) a legume-grass mixture;

18 “(D) a small grain grown in combination  
 19 with a grass or legume, whether interseeded or  
 20 planted in succession; and

21 “(E) such other plantings, including trees  
 22 and annual grasses, as the Secretary considers  
 23 appropriate for a particular area.

1           “(14) RESOURCE-CONSERVING CROP ROTA-  
2           TION.—The term ‘resource-conserving crop rotation’  
3           means a crop rotation that—

4                   “(A) includes at least 1 resource-con-  
5           serving crop;

6                   “(B) reduces erosion;

7                   “(C) improves soil fertility and tilth; and

8                   “(D) interrupts pest cycles.

9           “(15) RESOURCE MANAGEMENT SYSTEM.—The  
10          term ‘resource management system’ means a system  
11          of conservation practices and management relating  
12          to land or water use that is designed to prevent re-  
13          source degradation and permit sustained use of land  
14          and water, as defined in accordance with the tech-  
15          nical guide of the Natural Resources Conservation  
16          Service.

17          “(16) SECRETARY.—The term ‘Secretary’  
18          means the Secretary of Agriculture, acting through  
19          the Natural Resources Conservation Service.

20          “(17) TIER I CONSERVATION PRACTICE.—The  
21          term ‘Tier I conservation practice’ means a con-  
22          servation practice described in section  
23          1238A(d)(4)(A)(ii).

24          “(18) TIER I CONSERVATION SECURITY CON-  
25          TRACT.—The term ‘Tier I conservation security con-

1       tract’ means a contract described in section  
2       1238A(d)(4)(A).

3           “(19) TIER II CONSERVATION PRACTICE.—The  
4       term ‘Tier II conservation practice’ means a con-  
5       servation practice described in section  
6       1238A(d)(4)(B)(ii).

7           “(20) TIER II CONSERVATION SECURITY CON-  
8       TRACT.—The term ‘Tier II conservation security  
9       contract’ means a contract described in section  
10       1238A(d)(4)(B).

11          “(21) TIER III CONSERVATION PRACTICE.—The  
12       term ‘Tier III conservation practice’ means a con-  
13       servation practice described in section  
14       1238A(d)(4)(C)(ii).

15          “(22) TIER III CONSERVATION SECURITY CON-  
16       TRACT.—The term ‘Tier III conservation security  
17       contract’ means a contract described in section  
18       1238A(d)(4)(C).

19   **“SEC. 1238A. CONSERVATION SECURITY PROGRAM.**

20       “(a) IN GENERAL.—For each of fiscal years 2003  
21   through 2006, the Secretary shall establish a conservation  
22   security program to assist owners and operators of agri-  
23   cultural operations to promote, as is applicable for each  
24   operation—

- 1           “(1) conservation of soil, water, energy, and  
2           other related resources;
- 3           “(2) soil quality protection and improvement;
- 4           “(3) water quality protection and improvement;
- 5           “(4) air quality protection and improvement;
- 6           “(5) soil, plant, or animal health and well-  
7           being;
- 8           “(6) diversity of flora and fauna;
- 9           “(7) on-farm conservation and regeneration of  
10          biological resources, including plant and animal  
11          germplasm;
- 12          “(8) wetland restoration, conservation, and en-  
13          hancement;
- 14          “(9) wildlife habitat management, with special  
15          emphasis on species identified by any natural herit-  
16          age program of the applicable State;
- 17          “(10) reduction of greenhouse gas emissions  
18          and enhancement of carbon sequestration;
- 19          “(11) environmentally sound management of  
20          invasive species;
- 21          “(12) enhancement of conservation technology  
22          and resource management practices approved by the  
23          Secretary; or
- 24          “(13) any similar conservation purpose (as de-  
25          termined by the Secretary).

1 “(b) ELIGIBILITY.—

2 “(1) ELIGIBLE OWNERS AND OPERATORS.—To  
3 be eligible to participate in the conservation security  
4 program (other than to receive technical assistance  
5 under section 1238C(g) for the development of con-  
6 servation security contracts), a producer shall—

7 “(A) develop and submit to the Secretary,  
8 and obtain the approval of the Secretary of, a  
9 conservation security plan that meets the re-  
10 quirements of subsection (c)(1); and

11 “(B) enter into a conservation security  
12 contract with the Secretary to carry out the  
13 conservation security plan.

14 “(2) ELIGIBLE LAND.—

15 “(A) IN GENERAL.—Except as provided in  
16 subparagraph (C)(iii), private agricultural land  
17 (including cropland, grassland, prairie land,  
18 pasture land, and rangeland) and land under  
19 the jurisdiction of an Indian tribe shall be eligi-  
20 ble for enrollment in the conservation security  
21 program.

22 “(B) FORESTED LAND.—Private forested  
23 land shall be eligible for enrollment in the con-  
24 servation security program if the forested land  
25 is part of the agricultural land described in sub-



paragraph (A), including land that is used  
for—

“(i) alley cropping;

“(ii) forest farming;

“(iii) forest buffers;

“(iv) windbreaks;

“(v) silvopasture systems; and

“(vi) such other integrated agro-  
forestry uses as the Secretary may deter-  
mine to be appropriate.

“(C) EXCLUSIONS.—

“(i) CONSERVATION RESERVE PRO-  
GRAM.—Land enrolled in the conservation  
reserve program under subchapter B of  
chapter 1 shall not be eligible for enroll-  
ment in the conservation security program  
except for land described in section  
1231(b)(6).

“(ii) WETLANDS RESERVE PRO-  
GRAM.—Land enrolled in the wetlands re-  
serve program established under sub-  
chapter C of chapter 1 shall not be eligible  
for enrollment in the conservation security  
program.

1 “(iii) CONVERSION TO CROPLAND.—

2 Land that is used for crop production after  
 3 the date of enactment of this subchapter  
 4 that had not been in crop production for at  
 5 least 3 of the 10 years preceding that date  
 6 (except for land enrolled in the conserva-  
 7 tion reserve program under subchapter B  
 8 of chapter 1) shall not be eligible for en-  
 9 rollment in the conservation security pro-  
 10 gram.

11 “(3) SUSTAINABLE ECONOMIC USES.—The Sec-  
 12 retary shall permit a producer to implement, with  
 13 respect to eligible land covered by a conservation se-  
 14 curity plan, sustainable economic uses (including  
 15 Tier II conservation practices) that—

16 “(A) maintain the agricultural nature of  
 17 the land; and

18 “(B) are consistent with the natural re-  
 19 source and environmental benefits of the con-  
 20 servation security plan.

21 “(c) CONSERVATION SECURITY PLANS.—

22 “(1) IN GENERAL.—A conservation security  
 23 plan shall—

1           “(A) identify the resources and designated  
2 land to be conserved under the conservation se-  
3 curity plan;

4           “(B) describe—

5               “(i) the tier of conservation security  
6 contracts, and the particular conservation  
7 practices, to be implemented, maintained,  
8 or improved, in accordance with subsection  
9 (d) on the land covered by the conservation  
10 security contract for the specified term;  
11 and

12               “(ii) as appropriate for the land cov-  
13 ered by the conservation security contract,  
14 at least, the minimum number and scope  
15 of conservation practices described in  
16 clause (i) that are required to be carried  
17 out on the land before the producer is eli-  
18 gible to receive—

19                   “(I) a base payment; and

20                   “(II) a bonus amount;

21           “(C) contain a schedule for the implemen-  
22 tation, maintenance, or improvement of the con-  
23 servation practices described in the conservation  
24 security plan during the term of the conserva-  
25 tion security contract;

1           “(D) meet the highly erodible land and  
2           wetland conservation requirements of subtitles  
3           B and C; and

4           “(E) identify, and authorize the implemen-  
5           tation of, sustainable economic uses described  
6           in subsection (b)(3).

7           “(2) COMPREHENSIVE PLANNING.—The Sec-  
8           retary shall encourage owners and operators that  
9           enter into conservation security contracts—

10           “(A) to undertake a comprehensive exam-  
11           ination of the opportunities for conserving nat-  
12           ural resources and improving the profitability,  
13           environmental health, and quality of life in rela-  
14           tion to their entire agricultural operation;

15           “(B) to develop a long-term strategy for  
16           implementing, monitoring, and evaluating con-  
17           servation practices and environmental results in  
18           the entire agricultural operation;

19           “(C) to participate in other Federal, State,  
20           local, or private conservation programs;

21           “(D) to maintain the agricultural integrity  
22           of the land; and

23           “(E) to adopt innovative conservation tech-  
24           nologies and management practices.

1           “(3) STATE AND LOCAL CONSERVATION PRIOR-  
2 ITIES.—

3           “(A) IN GENERAL.—To the maximum ex-  
4 tent practicable and in a manner consistent  
5 with the conservation security program, each  
6 conservation security plan shall address, at  
7 least, the conservation priorities of the State  
8 and locality in which the agricultural operation  
9 is located.

10           “(B) ADMINISTRATION.—The conservation  
11 priorities of the State and locality in which the  
12 agricultural operation is located shall be—

13           “(i) determined by the State conserva-  
14 tionist, in consultation with the State tech-  
15 nical committee established under subtitle  
16 G and the local subcommittee of the State  
17 technical committee; and

18           “(ii) approved by the Secretary.

19           “(4) SUBMISSION OF PLAN.—

20           “(A) IN GENERAL.—During the develop-  
21 ment of a conservation security plan by a pro-  
22 ducer, at the request of the producer, the Sec-  
23 retary shall supply to the producer a statement  
24 of the minimum number, type, and scope of

1 conservation practices described in paragraph  
2 (1)(B)(ii).

3 “(B) APPROVAL FOR BASE PAYMENTS.—If  
4 a conservation security plan submitted to the  
5 Secretary contains, at least, the conservation  
6 practices referred to in paragraph (1)(B)(ii)—

7 “(i) the Secretary shall approve the  
8 conservation security plan; and

9 “(ii) the producer of the conservation  
10 security plan, on approval of and compli-  
11 ance with the plan, as determined by the  
12 Secretary, shall be eligible to receive a base  
13 payment.

14 “(C) APPROVAL FOR BONUS AMOUNTS.—If  
15 a conservation security plan submitted to the  
16 Secretary contains a proposal for the implemen-  
17 tation, maintenance, or improvement of a con-  
18 servation practice that qualifies for a bonus  
19 amount under section 1238C(b)(1)(C)(iii), the  
20 Secretary may increase the base payment of the  
21 producer by such bonus amount as the Sec-  
22 retary determines is appropriate.

23 “(d) CONSERVATION CONTRACTS AND PRACTICES.—

24 “(1) IN GENERAL.—

1           “(A) ESTABLISHMENT OF TIERS.—The  
 2           Secretary shall establish 3 tiers of conservation  
 3           contracts under which a payment under this  
 4           subchapter may be received.

5           “(B) ELIGIBLE CONSERVATION PRAC-  
 6           TICES.—

7                   “(i) IN GENERAL.—The Secretary  
 8           shall make eligible for payment under a  
 9           conservation security contract land man-  
 10          agement, vegetative, and structural prac-  
 11          tices that—

12                           “(I) are necessary to achieve the  
 13                           purposes of the conservation security  
 14                           plan; and

15                           “(II) primarily provide for, and  
 16                           have as a primary purpose, resource  
 17                           protection and environmental improve-  
 18                           ment.

19           “(ii) DETERMINATION.—

20                   “(I) IN GENERAL.—Subject to  
 21           subclause (II), in determining the eli-  
 22           gibility of a practice described in  
 23           clause (i), the Secretary shall require,  
 24           to the maximum extent practicable,  
 25           the lowest cost alternatives be used to

1 fulfill the purposes of the conservation  
 2 security plan, as determined by the  
 3 Secretary.

4 “(II) INNOVATIVE TECH-  
 5 NOLOGIES.—Subclause (I) shall not  
 6 apply, to the maximum extent prac-  
 7 ticable, to the adoption of innovative  
 8 technologies.

9 “(2) ON-FARM RESEARCH AND DEMONSTRA-  
 10 TION.—With respect to land enrolled in the con-  
 11 servation security program that will be maintained  
 12 using a Tier II conservation practice or a Tier III  
 13 conservation practice, the Secretary may approve a  
 14 conservation security plan that includes on-farm con-  
 15 servation research and demonstration activities,  
 16 including—

17 “(A) total farm planning;

18 “(B) total resource management;

19 “(C) integrated farming systems;

20 “(D) germplasm conservation and regen-  
 21 eration;

22 “(E) greenhouse gas reduction and carbon  
 23 sequestration;

24 “(F) agroecological restoration and wildlife  
 25 habitat restoration;



1 “(G) agroforestry;

2 “(H) invasive species control;

3 “(I) energy conservation and management;

4 “(J) farm and environmental results moni-  
5 toring and evaluation; or

6 “(K) participation in research projects re-  
7 lating to water conservation and management  
8 through—

9 “(i) recycling or reuse of water; or

10 “(ii) more efficient irrigation of farm-  
11 land.

12 “(3) USE OF HANDBOOK AND GUIDES.—

13 “(A) IN GENERAL.—In determining eligible  
14 conservation practices under the conservation  
15 security program, the Secretary shall use the  
16 National Handbook of Conservation Practices  
17 of the Natural Resources Conservation Service.

18 “(B) CONSERVATION PRACTICE STAND-  
19 ARDS.—To the maximum extent practicable, the  
20 Secretary shall establish guidance standards for  
21 implementation of eligible conservation prac-  
22 tices that shall include measurable goals for en-  
23 hancing and preventing degradation of re-  
24 sources.

25 “(C) ADJUSTMENTS.—

1           “(i) IN GENERAL.—After providing  
2           notice and an opportunity for public par-  
3           ticipation, the Secretary shall make such  
4           adjustments to the National Handbook of  
5           Conservation Practices, and the field office  
6           technical guides, of the Natural Resources  
7           Conservation Service as are necessary to  
8           carry out this chapter.

9           “(ii) EFFECT ON PLAN.—If the Sec-  
10          retary makes an adjustment to a practice  
11          under clause (i), the Secretary may require  
12          an adjustment to a conservation security  
13          plan in effect as of the date of the adjust-  
14          ment if the Secretary determines that the  
15          plan, without the adjustment, would sig-  
16          nificantly interfere with achieving the pur-  
17          poses of the conservation security program.

18          “(D) PILOT TESTING.—

19          “(i) IN GENERAL.—Under any of the  
20          3 tiers of conservation practices established  
21          under paragraph (4), the Secretary may  
22          approve requests by a producer for pilot  
23          testing of new technologies and innovative  
24          conservation practices and systems.

1 “(ii) INCORPORATION INTO STAND-  
2 ARDS.—

3 “(I) IN GENERAL.—After evalua-  
4 tion by the Secretary and provision of  
5 notice and an opportunity for public  
6 participation, the Secretary may, as  
7 expeditiously as practicable, approve  
8 new technologies and innovative con-  
9 servation practices and systems.

10 “(II) INCORPORATION.—If the  
11 Secretary approves a new technology  
12 or innovative conservation practice  
13 under subclause (I), the Secretary  
14 shall, as expeditiously as practicable,  
15 incorporate the technology or practice  
16 into the standards for implementation  
17 of conservation practices established  
18 under paragraph (3).

19 “(4) TIERS.—Subject to paragraph (5), to  
20 carry out this subsection, the Secretary shall estab-  
21 lish the following 3 tiers of conservation contracts:

22 “(A) TIER I CONSERVATION CONTRACTS.—

23 “(i) IN GENERAL.—A conservation se-  
24 curity plan for land enrolled in the con-  
25 servation security program under a Tier I

1 conservation security contract shall be  
2 maintained using Tier I conservation prac-  
3 tices and shall, at a minimum—

4 “(I) if applicable, address at least  
5 1 resource of concern to the particular  
6 agricultural operation;

7 “(II) apply to the total agricul-  
8 tural operation or to a particular unit  
9 of the agricultural operation;

10 “(III) cover—

11 “(aa) conservation practices  
12 that are being implemented as of  
13 the date on which the conserva-  
14 tion security contract is entered  
15 into; and

16 “(bb) conservation practices  
17 that are implemented after the  
18 date on which the conservation  
19 security contract is entered into;  
20 and

21 “(IV) meet applicable standards  
22 for implementation of conservation  
23 practices established under paragraph  
24 (3).

- 1                   “(ii) CONSERVATION PRACTICES.—  
2                   Tier I conservation practices shall consist  
3                   of, as appropriate for the agricultural oper-  
4                   ation of a producer, 1 or more of the fol-  
5                   lowing basic conservation activities:
- 6                               “(I) Soil conservation, quality,  
7                               and residue management.
- 8                               “(II) Invasive species manage-  
9                               ment.
- 10                              “(III) Fish and wildlife habitat  
11                              management, with special emphasis  
12                              on species identified by any natural  
13                              heritage program of the applicable  
14                              State or the appropriate State agency.
- 15                              “(IV) Fish and wildlife conserva-  
16                              tion and enhancement.
- 17                              “(V) Air quality management.
- 18                              “(VI) Energy conservation meas-  
19                              ures.
- 20                              “(VII) Biological resource con-  
21                              servation and regeneration.
- 22                              “(VIII) Animal health manage-  
23                              ment.

1 “(IX) Plant and animal  
2 germplasm conservation, evaluation,  
3 and development.

4 “(X) Contour farming.

5 “(XI) Strip cropping.

6 “(XII) Cover cropping.

7 “(XIII) Sediment dams.

8 “(XIV) Nutrient management.

9 “(XV) Integrated pest manage-  
10 ment.

11 “(XVI) Irrigation, water con-  
12 servation, and water quality manage-  
13 ment.

14 “(XVII) Grazing pasture and  
15 rangeland management.

16 “(XVIII) Any other conservation  
17 practice that the Secretary determines  
18 to be appropriate and comparable to  
19 other conservation practices described  
20 in this clause.

21 “(iii) TIER II CONSERVATION CON-  
22 TRACTS.—A conservation security plan for  
23 land enrolled in the conservation security  
24 program that will be maintained using Tier

1 I conservation contracts may include Tier  
2 II conservation practices.

3 “(B) TIER II CONSERVATION PRACTICES.—

4 “(i) IN GENERAL.—A conservation se-  
5 curity plan for land enrolled in the con-  
6 servation security program under a Tier II  
7 conservation security contract shall be  
8 maintained using Tier II conservation  
9 practices and shall, at a minimum—

10 “(I) address at least 1 resource  
11 of concern, as specified in the con-  
12 servation security plan covering the  
13 total agricultural operation;

14 “(II) cover—

15 “(aa) conservation practices  
16 that are being implemented as of  
17 the date on which the conserva-  
18 tion security contract is entered  
19 into; and

20 “(bb) conservation practices  
21 that are implemented after the  
22 date on which the conservation  
23 security contract is entered into;  
24 and

1 “(III) meet applicable resource  
2 management system criteria for 1 or  
3 more resources of concern of the agri-  
4 cultural operation, as specified in the  
5 conservation security contract.

6 “(ii) CONSERVATION PRACTICES.—  
7 Tier II conservation practices shall consist  
8 of, as appropriate for the agricultural oper-  
9 ation of a producer, any of the Tier I con-  
10 servation practices and 1 or more of the  
11 following land use adjustment or protection  
12 practices:

13 “(I) Resource-conserving crop ro-  
14 tations.

15 “(II) Controlled, rotational graz-  
16 ing.

17 “(III) Conversion of portions of  
18 cropland from a soil-depleting use to a  
19 soil-conserving use, including produc-  
20 tion of cover crops.

21 “(IV) Partial field conservation  
22 practices (including windbreaks, grass  
23 waterways, shelter belts, filter strips,  
24 riparian buffers, wetland buffers, con-  
25 tour buffer strips, living snow fences,



1 crosswind trap strips, field borders,  
 2 grass terraces, wildlife corridors, and  
 3 critical area planting appropriate to  
 4 the agricultural operation).

5 “(V) Fish and wildlife habitat  
 6 conservation and restoration.

7 “(VI) Native grassland and prai-  
 8 rie protection and restoration.

9 “(VII) Wetland protection and  
 10 restoration.

11 “(VIII) Agroforestry practices  
 12 and systems.

13 “(IX) Any other conservation  
 14 practice involving modification of the  
 15 use of land that the Secretary deter-  
 16 mines to be appropriate and com-  
 17 parable to other conservation practices  
 18 described in this clause.

19 “(C) TIER III CONSERVATION CON-  
 20 TRACTS.—

21 “(i) IN GENERAL.—A conservation se-  
 22 curity plan for land enrolled in the con-  
 23 servation security program under a Tier  
 24 III conservation security contract shall be

maintained using Tier III conservation contracts and shall, at a minimum—

“(I) address all applicable resources of concern in the total agricultural operation;

“(II) cover—

“(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

“(bb) conservation practices that are implemented after the date on which the conservation security contract is entered into; and

“(III) meet applicable resource management system criteria for 1 or more resources of concern of the agricultural operation, as specified in the conservation security contract.

“(ii) CONSERVATION PRACTICES.— Tier III conservation practices shall consist of, as appropriate for the agricultural operation of a producer (in addition to appro-

1           priate Tier I conservation practices and  
 2           Tier II conservation practices), develop-  
 3           ment, implementation, and maintenance of  
 4           a conservation security plan that, over the  
 5           term of the conservation security  
 6           contract—

7                       “(I) integrates all necessary con-  
 8                       servation practices to foster environ-  
 9                       mental enhancement and the long-  
 10                      term sustainability of the natural re-  
 11                      source base of an agricultural oper-  
 12                      ation; and

13                     “(II) improves profitability and  
 14                     sustainability associated with the agri-  
 15                     cultural operation.

16           “(5) MINIMUM REQUIREMENTS.—The minimum  
 17           requirements for each tier of conservation practices  
 18           described in paragraph (4) shall be—

19                     “(i) determined by the State conserva-  
 20                     tionist, in consultation with the State tech-  
 21                     nical committee established under subtitle  
 22                     G and the local subcommittee of the State  
 23                     technical committee; and

24                     “(ii) approved by the Secretary.

25           “(e) CONSERVATION SECURITY CONTRACTS.—

1 “(1) CONTRACTS.—

2 “(A) IN GENERAL.—On approval of a con-  
3 servation security plan of a producer, the Sec-  
4 retary shall enter into a conservation security  
5 contract with the producer to enroll the land  
6 covered by the conservation security plan in the  
7 conservation security program.

8 “(B) REQUIRED COMPONENTS.—A con-  
9 servation security contract shall specifically de-  
10 scribe the practices that are required under  
11 subsection (c)(1)(B).

12 “(2) TERM.—Subject to paragraphs (3) and  
13 (4)—

14 “(A) a conservation security contract for  
15 land enrolled in the conservation security pro-  
16 gram of a producer that will be maintained  
17 using 1 or more Tier I conservation contracts  
18 shall have a term of 5 years; and

19 “(B) a conservation security contract for  
20 land enrolled in the conservation security pro-  
21 gram that will be maintained using a Tier II  
22 conservation contract or Tier III conservation  
23 contract shall have a 5-year to 10-year term, as  
24 determined by the producer.

25 “(3) MODIFICATIONS.—

1 “(A) OPTIONAL MODIFICATIONS.—

2 “(i) IN GENERAL.—An owner or oper-  
 3 ator may apply to the Secretary to modify  
 4 the conservation security plan to effectuate  
 5 the purposes of the conservation security  
 6 program.

7 “(ii) APPROVAL BY THE SEC-  
 8 RETARY.—To be effective, any modification  
 9 under clause (i)—

10 “(I) shall be approved by the  
 11 Secretary; and

12 “(II) shall authorize the Sec-  
 13 retary to redetermine, if necessary,  
 14 the amount and timing of the pay-  
 15 ments under the conservation security  
 16 contract and subsections (a) and (b)  
 17 of section 1238C.

18 “(B) OTHER MODIFICATIONS.—

19 “(i) IN GENERAL.—The Secretary  
 20 may, in writing, require a producer to  
 21 modify a conservation security contract be-  
 22 fore the expiration of the conservation se-  
 23 curity contract if—

24 “(I) the Secretary determines  
 25 that a change made to the type, size,

1 management, or other aspect of the  
2 agricultural operation of the producer  
3 would, without the modification of the  
4 contract, significantly interfere with  
5 achieving the purposes of the con-  
6 servation security program; or

7 “(II) the Secretary makes a  
8 change to the National Handbook of  
9 Conservation Practices of the Natural  
10 Resource Conservation Service under  
11 subsection (d)(3)(C).

12 “(ii) PAYMENTS.—The Secretary may  
13 adjust the amount and timing of the pay-  
14 ment schedule under the conservation secu-  
15 rity contract to reflect any modifications  
16 made under this subparagraph.

17 “(iii) DEADLINE.—The Secretary may  
18 terminate a conservation security contract  
19 if a modification required under this sub-  
20 paragraph is not submitted to the Sec-  
21 retary in the form of an amended con-  
22 servation security contract by the date that  
23 is 90 days after the date on which the Sec-  
24 retary issues a written request for the  
25 modification.

1 “(iv) TERMINATION.—a producer that  
2 is required to modify a conservation secu-  
3 rity contract under this subparagraph may,  
4 in lieu of modifying the contract—

5 “(I) terminate the conservation  
6 security contract; and

7 “(II) retain payments received  
8 under the conservation security con-  
9 tract, if the producer fully complied  
10 with the terms and conditions of the  
11 conservation security contract before  
12 termination of the contract.

13 “(4) RENEWAL.—

14 “(A) IN GENERAL.—At the option of a  
15 producer, the conservation security contract of  
16 the producer may be renewed, for a term de-  
17 scribed in subparagraph (B), if—

18 “(i) the producer agrees to any modi-  
19 fication of the applicable conservation secu-  
20 rity contract that the Secretary determines  
21 to be necessary to achieve the purposes of  
22 the conservation security program;

23 “(ii) the Secretary determines that  
24 the producer has complied with the terms  
25 and conditions of the conservation security

1 contract, including the conservation secu-  
2 rity plan; and

3 “(iii) in the case of a Tier I conserva-  
4 tion security contract, the producer agrees  
5 to increase the conservation practices on  
6 land enrolled in the conservation security  
7 program by—

8 “(I) adopting new conservation  
9 practices; or

10 “(II) expanding existing practices  
11 to meet the resource management sys-  
12 tems criteria.

13 “(B) TERMS OF RENEWAL.—Under sub-  
14 paragraph (A)—

15 “(i) a conservation security contract  
16 for land enrolled in the conservation secu-  
17 rity program that will be maintained using  
18 Tier I conservation contracts may be re-  
19 newed for 5-year terms;

20 “(ii) in the case of a Tier II conserva-  
21 tion security contract or a Tier III con-  
22 servation security contract, the contract  
23 shall be renewed for 5-year to 10-year  
24 terms, at the option of the producer; and



1                   “(iii) participation in the conservation  
2                   security program prior to the renewal of  
3                   the conservation security contract shall not  
4                   bar renewal more than once.

5           “(f) NONCOMPLIANCE DUE TO CIRCUMSTANCES BE-  
6 YOND THE CONTROL OF PRODUCERS.—The Secretary  
7 shall include in the conservation security contract a provi-  
8 sion, and may modify a conservation security contract  
9 under subsection (e)(3)(B), to ensure that a producer shall  
10 not be considered in violation of a conservation security  
11 contract for failure to comply with the conservation secu-  
12 rity contract due to circumstances beyond the control of  
13 the producer, including a disaster or related condition, as  
14 determined by the Secretary.

15 **“SEC. 1238B. DUTIES OF PRODUCERS.**

16           “Under a conservation security contract, a producer  
17 shall agree, during the term of the conservation security  
18 contract—

19                   “(1) to implement the applicable conservation  
20                   security plan approved by the Secretary;

21                   “(2) to maintain, and make available to the  
22                   Secretary at such times as the Secretary may re-  
23                   quest, appropriate records showing the effective and  
24                   timely implementation of the conservation security  
25                   plan;

1           “(3) not to engage in any activity that would  
2       interfere with the purposes of the conservation secu-  
3       rity plan; and

4           “(4) on the violation of a term or condition of  
5       the conservation security contract—

6           “(A) if the Secretary determines that the  
7       violation warrants termination of the conserva-  
8       tion security contract—

9           “(i) to forfeit all rights to receive pay-  
10       ments under the conservation security con-  
11       tract; and

12           “(ii) to refund to the Secretary all or  
13       a portion of the payments received by the  
14       producer under the conservation security  
15       contract, including any advance payment  
16       and interest on the payments, as deter-  
17       mined by the Secretary; or

18           “(B) if the Secretary determines that the  
19       violation does not warrant termination of the  
20       conservation security contract, to refund to the  
21       Secretary, or accept adjustments to, the pay-  
22       ments provided to the producer, as the Sec-  
23       retary determines to be appropriate.

1 **“SEC. 1238C. DUTIES OF THE SECRETARY.**

2       “(a) ADVANCE PAYMENT.—At the time at which a  
3 producer enters into a conservation security contract, the  
4 Secretary shall, at the option of the producer, make an  
5 advance payment to the producer in an amount not to  
6 exceed—

7               “(1) in the case of a Tier I conservation secu-  
8 rity contract, the greater of—

9                       “(A) \$1,000; or

10                      “(B) 20 percent of the value of the annual  
11 payment under the contract, as determined by  
12 the Secretary;

13               “(2) in the case of a Tier II conservation secu-  
14 rity contract, the greater of—

15                      “(A) \$2,000; or

16                      “(B) 20 percent of the value of the annual  
17 payment under the contract, as determined by  
18 the Secretary; and

19               “(3) in the case of a Tier III conservation secu-  
20 rity contract, the greater of—

21                      “(A) \$3,000; or

22                      “(B) 20 percent of the value of the annual  
23 payment under the contract, as determined by  
24 the Secretary.

25       “(b) ANNUAL PAYMENTS.—

1           “(1) CRITERIA FOR DETERMINING AMOUNT OF  
2       PAYMENTS.—

3           “(A) BASE RATE.—In this paragraph, the  
4       term ‘base rate’ means the average county rent-  
5       al rate for the specific land use during the 2001  
6       crop year, or another appropriate average coun-  
7       ty rate for the 2001 crop year, that ensures re-  
8       gional equity, as determined by the Secretary.

9           “(B) PAYMENTS.—A payment for a con-  
10      servation practice under this paragraph shall be  
11      determined in accordance with subparagraphs  
12      (C) through (F).

13          “(C) TIER I CONSERVATION CONTRACTS.—  
14      The payment for a Tier I conservation security  
15      contract shall be comprised of the total of the  
16      following amounts:

17           “(i) An amount equal to 6 percent of  
18       the base rate for land covered by the con-  
19       tract.

20           “(ii) An amount equal to the following  
21       costs of practices covered by the conserva-  
22       tion security contract, based on the aver-  
23       age county costs for such practices for the  
24       2001 crop year, as determined by the Sec-  
25       retary:

1 “(I) 100 percent of the cost of—

2 “(aa) the adoption of new  
3 management practices; and

4 “(bb) the maintenance of  
5 new and existing management  
6 practices.

7 “(II) 100 percent of the cost of  
8 maintenance of existing land-based  
9 structural practices approved by the  
10 Secretary.

11 “(III)(aa) 75 percent (or, in the  
12 case of a limited resource producer  
13 (as determined by the Secretary) or a  
14 beginning farmer or rancher, 90 per-  
15 cent) of the cost of adoption of new  
16 land-based structural practices; or

17 “(bb) 75 percent (or, in the case  
18 of a limited resource producer (as de-  
19 termined by the Secretary) or a begin-  
20 ning farmer or rancher, 90 percent) of  
21 the cost of the adoption of a struc-  
22 tural practice for which a similar  
23 structural practice under the environ-  
24 mental quality incentives program es-  
25 tablished under chapter 4 would re-

1           quire maintenance, if the producer  
2           agrees to provide, without reimburse-  
3           ment, substantially equivalent mainte-  
4           nance.

5           “(iii) A bonus amount determined by  
6           the Secretary for implementing or adopting  
7           1 or more of the following practices:

8                   “(I) A practice adopted or main-  
9                   tained that maximizes the purposes of  
10                  the conservation security program be-  
11                  yond the minimum requirements of  
12                  the practices adopted or maintained.

13                  “(II) A practice adopted or main-  
14                  tained to address eligible resource and  
15                  conservation concerns beyond those  
16                  identified as State or local conserva-  
17                  tion priorities.

18                  “(III) A practice adopted or  
19                  maintained to address national pri-  
20                  ority concerns, as determined by the  
21                  Secretary.

22                  “(IV) Participation by the pro-  
23                  ducer in a conservation research, dem-  
24                  onstration, or pilot project.

1                   “(V) Participation by the pro-  
2                   ducer in a watershed or regional re-  
3                   source conservation plan that involves  
4                   at least 75 percent of producers in a  
5                   targeted area.

6                   “(VI) Recordkeeping, monitoring,  
7                   and evaluation carried out by the pro-  
8                   ducer that furthers the purposes of  
9                   the conservation security program.

10                  “(iv) A bonus amount determined by  
11                  the Secretary that reflects the status of a  
12                  producer as a beginning farmer or rancher.

13                  “(D) TIER II CONSERVATION CON-  
14                  TRACTS.—The payment for a Tier II conserva-  
15                  tion security contract shall be comprised of the  
16                  total of the following amounts:

17                         “(i) An amount equal to 11 percent of  
18                         the base rate for land covered by the con-  
19                         servation security contract.

20                         “(ii) An amount equal to the cost of  
21                         practices covered by the conservation secu-  
22                         rity contract, based on the average county  
23                         costs for practices for the 2001 crop year,  
24                         described in subparagraph (C)(ii).

1           “(iii) A bonus amount determined by  
 2           the Secretary in accordance with clauses  
 3           (iii) and (iv) of subparagraph (C), except  
 4           that the bonus amount under this clause  
 5           may include any amount for the adoption  
 6           or maintenance by the producer of any  
 7           practice that exceeds resource management  
 8           system standards.

9           “(E) TIER III CONSERVATION CON-  
 10          TRACTS.—The payment for a Tier III conserva-  
 11          tion security contract shall be comprised of the  
 12          total of the following amounts:

13               “(i) An amount equal to 20 percent of  
 14               the base rate for land covered by the con-  
 15               servation security contract.

16               “(ii) An amount equal to the cost of  
 17               practices covered by the conservation secu-  
 18               rity contract, based on the average county  
 19               costs for practices for the 2001 crop year,  
 20               described in subparagraph (C)(ii).

21               “(iii) A bonus amount determined by  
 22               the Secretary in accordance with subpara-  
 23               graph (D)(iii).

24           “(F) EXCLUSION OF COSTS FOR PUR-  
 25          CHASE OR MAINTENANCE OF EQUIPMENT OR



1           NON-LAND BASED STRUCTURES.—A payment  
 2           under this subchapter shall not include any  
 3           amount for the purchase or maintenance of  
 4           equipment or a non-land based structure.

5           “(2) TIME OF PAYMENT.—The Secretary shall  
 6           provide payments under a conservation security con-  
 7           tract as soon as practicable after October 1 of each  
 8           fiscal year.

9           “(3) LIMITATION ON PAYMENTS.—

10           “(A) IN GENERAL.—Subject to paragraphs  
 11           (1), (2), (4), and (5), the Secretary shall, in  
 12           amounts and for a term specified in a conserva-  
 13           tion security contract and taking into account  
 14           any advance payments, make an annual pay-  
 15           ment, directly or indirectly, to the individual or  
 16           entity covered by the conservation security con-  
 17           tract in an amount not to exceed—

18           “(i) in the case of a Tier I conserva-  
 19           tion security contract, \$20,000;

20           “(ii) in the case of a Tier II conserva-  
 21           tion security contract, \$35,000; or

22           “(iii) in the case of a Tier III con-  
 23           servation security contract, \$50,000.

24           “(B) LIMITATION ON NONBONUS PAY-  
 25           MENTS.—In applying the payment limitation

1 under each of clauses (i), (ii), and (iii) of sub-  
2 paragraph (A), an individual or entity may not  
3 receive, directly or indirectly, payments de-  
4 scribed in clauses (i) and (ii) of paragraph  
5 (1)(C), (1)(D), or (1)(E), as appropriate, in an  
6 amount that exceeds 75 percent of the applica-  
7 ble payment limitation.

8 “(C) OTHER USDA PAYMENTS.—If a pro-  
9 ducer has the same practices on the same land  
10 enrolled in the conservation security program  
11 and 1 or more other conservation programs ad-  
12 ministered by the Secretary, the Secretary shall  
13 include all payments from the conservation se-  
14 curity program and the other conservation pro-  
15 grams, other than payments for conservation  
16 easements, in applying the annual payment lim-  
17 itations under this paragraph.

18 “(D) NON-USDA PAYMENTS.—

19 “(i) IN GENERAL.—A payment de-  
20 scribed in clause (ii) shall not be consid-  
21 ered an annual payment for purposes of  
22 the annual payment limitations under this  
23 paragraph.

24 “(ii) PAYMENT.—A payment referred  
25 to in clause (i) is a payment that—

1                   “(I) is for the same practice on  
 2                   the same land enrolled in the con-  
 3                   servation security program; and

4                   “(II) is received from a Federal  
 5                   program that is not administered by  
 6                   the Secretary, or that is administered  
 7                   by any State, local, or private agricul-  
 8                   tural agency or organization.

9                   “(E) COMMENSURATE SHARE.—To be eli-  
 10                  gible to receive a payment under this chapter,  
 11                  an individual or entity shall make contributions  
 12                  (including contributions of land, labor, manage-  
 13                  ment, equipment, or capital) to the operation of  
 14                  the farm that are at least commensurate with  
 15                  the share of the proceeds of the operation of the  
 16                  individual or entity.

17                  “(4) LAND ENROLLED IN OTHER CONSERVA-  
 18                  TION PROGRAMS.—Notwithstanding any other provi-  
 19                  sion of law, if a producer has land enrolled in an-  
 20                  other conservation program administered by the Sec-  
 21                  retary and has applied to enroll the same land in the  
 22                  conservation security program, the producer may  
 23                  elect to—

24                  “(A) convert the contract under the other  
 25                  conservation program to a conservation security

1 contract, without penalty, except that this sub-  
 2 paragraph shall not apply to a contract entered  
 3 into under—

4 “(i) the conservation reserve program  
 5 under subchapter B of chapter 1; or

6 “(ii) the wetlands reserve program  
 7 under subchapter C of chapter 1; or

8 “(B) have each annual payment to the pro-  
 9 ducer under this subsection reduced to reflect  
 10 payment for practices the producer receives  
 11 under the other conservation program, except  
 12 that the annual payment under this subsection  
 13 shall not be reduced by the amount of any in-  
 14 centive received under a program referred to in  
 15 section 1231(b)(6) for qualified practices that  
 16 enhance or extend the conservation benefit  
 17 achieved under the other conservation program.

18 “(5) WASTE STORAGE OR TREATMENT FACILI-  
 19 TIES.—A payment to a producer under this sub-  
 20 chapter shall not be provided for the purpose of con-  
 21 struction or maintenance of animal waste storage or  
 22 treatment facilities or associated waste transport or  
 23 transfer devices for animal feeding operations.

24 “(c) MINIMUM PRACTICE REQUIREMENT.—In deter-  
 25 mining a payment under subsection (a) or (b) for an

1 owner, operator, or producer that receives a payment  
 2 under another program administered by the Secretary that  
 3 is contingent on complying with requirements under sub-  
 4 title B or C of title XII of the Food Security Act of 1985  
 5 (16 U.S.C. 3811 et seq.) relating to the use of highly erod-  
 6 ible land or wetland, a payment under this chapter for  
 7 1 or more practices on land subject to those requirements  
 8 shall be for practices that exceed minimum requirements  
 9 for the owner, operator, or producer under those subtitles,  
 10 as determined by the Secretary.

11 “(d) REGULATIONS.—

12 “(1) IN GENERAL.—The Secretary shall pro-  
 13 mulgate regulations that—

14 “(A) provide for adequate safeguards to  
 15 protect the interests of tenants and share-  
 16 croppers, including provision for sharing pay-  
 17 ments, on a fair and equitable basis; and

18 “(B) prescribe such other rules as the Sec-  
 19 retary determines to be necessary to ensure a  
 20 fair and reasonable application of the limita-  
 21 tions established under subsections (a) and (b).

22 “(2) PENALTIES FOR SCHEMES OR DEVICES.—

23 “(A) IN GENERAL.—If the Secretary deter-  
 24 mines that an individual or entity has adopted  
 25 a scheme or device to evade, or that has the

1 purpose of evading, the regulations promulgated  
 2 under paragraph (1), the individual or entity  
 3 shall be ineligible to participate in the conserva-  
 4 tion security program for—

5 “(i) the year for which the scheme or  
 6 device was adopted; and

7 “(ii) each of the following 5 years.

8 “(B) FRAUD.—If the Secretary determines  
 9 that fraud was committed in connection with  
 10 the scheme or device, the individual or entity  
 11 shall be ineligible to participate in the conserva-  
 12 tion security program for—

13 “(i) the year for which the scheme or  
 14 device was adopted; and

15 “(ii) each of the following 10 years.

16 “(e) TERMINATION.—

17 “(1) IN GENERAL.—Subject to section 1238B,  
 18 the Secretary shall allow a producer to terminate the  
 19 conservation security contract.

20 “(2) PAYMENTS.—the producer may retain any  
 21 or all payments received under a terminated con-  
 22 servation security contract if—

23 “(A) the producer is in full compliance  
 24 with the terms and conditions (including any  
 25 maintenance requirements) of the conservation

1 security contract as of the date of the termi-  
 2 nation; and

3 “(B) the Secretary determines that termi-  
 4 nation of the contract will not defeat the pur-  
 5 poses of the conservation security plan of the  
 6 producer.

7 “(f) TRANSFER OR CHANGE OF INTEREST IN LAND  
 8 SUBJECT TO CONSERVATION SECURITY CONTRACT.—

9 “(1) IN GENERAL.—Except as provided in para-  
 10 graph (2), the transfer, or change in the interest, of  
 11 a producer in land subject to a conservation security  
 12 contract shall result in the termination of the con-  
 13 servation security contract.

14 “(2) TRANSFER OF DUTIES AND RIGHTS.—  
 15 Paragraph (1) shall not apply if, not later than 60  
 16 days after the date of the transfer or change in the  
 17 interest in land, the transferee of the land provides  
 18 written notice to the Secretary that all duties and  
 19 rights under the conservation security contract have  
 20 been transferred to the transferee.

21 “(g) TECHNICAL ASSISTANCE.—

22 “(1) IN GENERAL.—For each of fiscal years  
 23 2003 through 2006, the Secretary shall provide  
 24 technical assistance to producers for the develop-  
 25 ment and implementation of conservation security

1 contracts, in an amount not to exceed 20 percent of  
 2 amounts expended for the fiscal year.

3 “(2) COORDINATION BY THE SECRETARY.—The  
 4 Secretary shall provide overall technical coordination  
 5 and leadership for the conservation security pro-  
 6 gram, including final approval of all conservation se-  
 7 curity plans.

8 “(h) CONSERVATION SECURITY PILOT PROGRAM.—

9 “(1) IN GENERAL.—Effective October 1, 2004,  
 10 the Secretary, in cooperation with appropriate State  
 11 agencies, may establish a pilot program to dem-  
 12 onstrate and evaluate the implementation of a con-  
 13 servation security program by a State described in  
 14 paragraph (2).

15 “(2) ELIGIBLE STATE.—The State referred to  
 16 in paragraph (1) shall be a State selected by the  
 17 Secretary—

18 “(A) in consultation with—

19 “(i) the Committee on Agriculture of  
 20 the House of Representatives; and

21 “(ii) the Committee on Agriculture,  
 22 Nutrition, and Forestry of the Senate; and

23 “(B) after taking into consideration—

24 “(i) the percentage of private land in  
 25 agricultural production in the State; and



1 “(ii) infrastructure in the State that  
 2 is available to implement the pilot program  
 3 under paragraph (1).”.

4 **SEC. 202. FUNDING.**

5 Section 1241 of the Food Security Act of 1985 (16  
 6 U.S.C. 3841) is amended by adding at the end the fol-  
 7 lowing:

8 “(c) CONSERVATION SECURITY PROGRAM.—Of the  
 9 funds of the Commodity Credit Corporation, the Corpora-  
 10 tion shall make available for each of fiscal years 2002  
 11 through 2006 such sums as are necessary to carry out  
 12 subchapter A of chapter 2 (including the provision of tech-  
 13 nical assistance).”.

14 **SEC. 203. PARTNERSHIPS AND COOPERATION.**

15 Section 1243 of the Food Security Act of 1985 (16  
 16 U.S.C. 3843) is amended by adding at the end the fol-  
 17 lowing:

18 “(f) PARTNERSHIPS AND COOPERATION.—

19 “(1) IN GENERAL.—In carrying out any pro-  
 20 gram under subtitle D, the Secretary may designate  
 21 special projects, as recommended by the State Con-  
 22 servationist, after consultation with the State tech-  
 23 nical committee, to enhance technical and financial  
 24 assistance provided to owners, operators, and pro-

1       ducers to address environmental issues affected by  
2       agricultural production with respect to—

3               “(A) meeting the purposes of—

4                       “(i) the Federal Water Pollution Con-  
5                       trol Act (33 U.S.C. 1251 et seq.) or com-  
6                       parable State laws in impaired or threat-  
7                       ened watersheds;

8                       “(ii) the Safe Drinking Water Act (42  
9                       U.S.C. 300f et seq.) or comparable State  
10                      laws in watersheds providing water for  
11                      drinking water supplies; or

12                     “(iii) the Clean Air Act (42 U.S.C.  
13                     7401 et seq.) or comparable State laws; or

14               “(B) watersheds of special significance or  
15       other geographic areas of environmental sensi-  
16       tivity, such as wetland, including State or  
17       multi-State projects—

18                     “(i) to facilitate surface and ground  
19                     water conservation;

20                     “(ii) to protect water quality;

21                     “(iii) to protect endangered or threat-  
22                     ened species or habitat, such as conserva-  
23                     tion corridors;

24                     “(iv) to improve methods of irrigation;

1 “(v) to convert acreage from irrigated  
2 production; or

3 “(vi) to reduce nutrient loads of wa-  
4 tersheds.”.

5 “(2) INCENTIVES.—To realize the purposes of  
6 the special projects under paragraph (1), the Sec-  
7 retary may provide incentives to owners, operators,  
8 and producers participating in the special projects to  
9 encourage partnerships and sharing of technical and  
10 financial resources among owners, operators, and  
11 producers and among owners, operators, and pro-  
12 ducers and governmental and nongovernmental orga-  
13 nizations.

14 “(3) FLEXIBILITY.—

15 “(A) IN GENERAL.—The Secretary may  
16 enter into agreements with States (including  
17 State agencies and units of local government)  
18 and nongovernmental organizations to allow  
19 greater flexibility to adjust the application of  
20 eligibility criteria, approved practices, innova-  
21 tive conservation practices, and other elements  
22 of the programs under this title to better reflect  
23 unique local circumstances and purposes in a  
24 manner that is consistent with—

1 “(i) environmental enhancement and  
2 long-term sustainability of the natural re-  
3 source base; and

4 “(ii) the purposes of this title.

5 “(B) PLAN.—Each party to an agreement  
6 under subparagraph (A) shall submit to the  
7 Secretary, for approval by the Secretary, a spe-  
8 cial project area or priority area program plan  
9 for each program to be carried out by the party  
10 that includes—

11 “(i) a description of the proposed ad-  
12 justments to program implementation (in-  
13 cluding a description of how those adjust-  
14 ments will accelerate the achievement of  
15 environmental benefits);

16 “(ii) an analysis of the contribution  
17 those adjustments will make to the effec-  
18 tiveness of programs in achieving the pur-  
19 poses of the special project or priority area  
20 program;

21 “(iii) a timetable for reevaluating the  
22 need for or performance of the proposed  
23 adjustments;

24 “(iv) a description of non-Federal pro-  
25 grams and resources that will contribute to

1 achieving the purposes of the special  
2 project or priority area program; and

3 “(v) a plan for regular monitoring,  
4 evaluation, and reporting of progress to-  
5 ward the purposes of the special project or  
6 priority area program.

7 “(4) FUNDING FOR SPECIAL PROJECTS.—The  
8 Secretary may carry out special projects, the pur-  
9 poses of which are to encourage—

10 “(A) producers to cooperate in the installa-  
11 tion and maintenance of conservation systems  
12 that affect multiple agricultural operations;

13 “(B) the sharing of information and tech-  
14 nical and financial resources;

15 “(C) cumulative environmental benefits  
16 across operations of producers; and

17 “(D) the development and demonstration  
18 of innovative conservation methods.

19 “(5) FUNDING.—

20 “(A) IN GENERAL.—Subject to subpara-  
21 graph (B), the Secretary shall use 5 percent of  
22 the funds made available for each fiscal year  
23 under section 1241(b) to carry out activities  
24 that are authorized under the environmental

1           quality incentives program established under  
2           chapter 4 of subtitle D.

3           “(B) UNUSED FUNDING.—Any funds made  
4           available for a fiscal year under subparagraph  
5           (A) that are not obligated by June 1 of the fis-  
6           cal year may be used to carry out other activi-  
7           ties under the environmental quality incentives  
8           program during the fiscal year in which the  
9           funding becomes available.”.

10 **SEC. 204. ADMINISTRATIVE REQUIREMENTS FOR CON-**  
11 **SERVATION PROGRAMS.**

12       Subtitle E of title XII of the Food Security Act of  
13 1985 (16 U.S.C. 3841 et seq.) is amended by adding at  
14 the end the following:

15 **“SEC. 1244. ADMINISTRATIVE REQUIREMENTS FOR CON-**  
16 **SERVATION PROGRAMS.**

17       “(a) GOOD FAITH RELIANCE.—

18           “(1) IN GENERAL.—Notwithstanding any other  
19       provision of law, except as provided in paragraph  
20       (4), the Secretary shall provide equitable relief to an  
21       owner, operator, or producer that has entered into a  
22       contract under a conservation program administered  
23       by the Secretary, and that is subsequently deter-  
24       mined to be in violation of the contract, if the owner,  
25       operator, or producer, in attempting to comply with

1 the terms of the contract and enrollment  
2 requirements—

3 “(A) took actions in good faith reliance on  
4 the action or advice of an employee of the Sec-  
5 retary; and

6 “(B) had no knowledge that the actions  
7 taken were in violation of the contract.

8 “(2) TYPES OF RELIEF.—The Secretary shall—

9 “(A) to the extent the Secretary deter-  
10 mines that an owner, operator, or producer has  
11 been injured by good faith reliance described in  
12 paragraph (1), allow the owner, operator, or  
13 producer—

14 “(i) to retain payments received under  
15 the contract;

16 “(ii) to continue to receive payments  
17 under the contract;

18 “(iii) to keep all or part of the land  
19 covered by the contract enrolled in the ap-  
20 plicable program;

21 “(iv) to reenroll all or part of the land  
22 covered by the contract in the applicable  
23 program; or

1 “(v) to receive any other equitable re-  
2 lief the Secretary considers appropriate;  
3 and

4 “(B) require the owner, operator, or pro-  
5 ducer to take such actions as are necessary to  
6 remedy any failure to comply with the contract.

7 “(3) RELATIONSHIP TO OTHER LAW.—The au-  
8 thority to provide relief under this subsection shall  
9 be in addition to any other authority provided in this  
10 or any other Act.

11 “(4) EXCEPTIONS.—This section shall not  
12 apply to—

13 “(A) any pattern of conduct in which an  
14 employee of the Secretary takes actions or pro-  
15 vides advice with respect to an owner, operator,  
16 or producer that the employee and the owner,  
17 operator, or producer know are inconsistent  
18 with applicable law (including regulations); or

19 “(B) an owner, operator, or producer takes  
20 any action, independent of any advice or au-  
21 thorization provided by an employee of the Sec-  
22 retary, that the owner, operator, or producer  
23 knows or should have known to be inconsistent  
24 with applicable law (including regulations).



1           “(5) APPLICABILITY OF RELIEF.—Relief under  
2           this section shall be available for contracts in effect  
3           on or after the date of enactment of this section.

4           “(b) EDUCATION, OUTREACH, MONITORING, AND  
5 EVALUATION.—In carrying out any conservation program  
6 administered by the Secretary, the Secretary—

7           “(1) shall provide education, outreach, training,  
8           monitoring, evaluation, technical assistance, and re-  
9           lated services to agricultural producers (socially dis-  
10          advantaged agricultural producers, beginning farm-  
11          ers and ranchers, Indian tribes (as those terms are  
12          defined in section 1238), and limited resource agri-  
13          cultural producers);

14          “(2) may enter into contracts with States (in-  
15          cluding State agencies and units of local govern-  
16          ment), private nonprofit, community-based organiza-  
17          tions, and educational institutions with dem-  
18          onstrated experience in providing the services de-  
19          scribed in paragraph (1), to provide those services;  
20          and

21          “(3) shall use such sums as are necessary from  
22          funds of the Commodity Credit Corporation to carry  
23          out activities described in paragraphs (1) and (2).

24          “(c) BEGINNING FARMERS AND RANCHERS AND IN-  
25 DIAN TRIBES.—In carrying out any conservation program

1 administered by the Secretary, the Secretary may provide  
2 to beginning farmers and ranchers and Indian tribes (as  
3 those terms are defined in section 1238) and limited re-  
4 source agricultural producers incentives to participate in  
5 the conservation program to—

6 “(1) foster new farming opportunities; and

7 “(2) enhance environmental stewardship over  
8 the long term.

9 “(d) PROGRAM EVALUATION.—The Secretary shall  
10 maintain data concerning conservation security plans, con-  
11 servation practices planned or implemented, environ-  
12 mental outcomes, economic costs, and related matters  
13 under conservation programs administered by the Sec-  
14 retary.

15 “(e) MEDIATION AND INFORMAL HEARINGS.—If the  
16 Secretary makes a decision under a conservation program  
17 administered by the Secretary that is adverse to an owner,  
18 operator, or producer, at the request of the owner, oper-  
19 ator, or producer, the Secretary shall provide the owner,  
20 operator, or producer with mediation services or an infor-  
21 mal hearing on the decision.

22 “(f) TECHNICAL ASSISTANCE.—

23 “(1) IN GENERAL.—Under any conservation  
24 program administered by the Secretary, subject to  
25 paragraph (2), technical assistance provided by per-

1        sons certified under paragraph (3) (including farm-  
2        ers and ranchers) may include—

3                “(A) conservation planning;

4                “(B) design, installation, and certification  
5        of conservation practices;

6                “(C) conservation training for producers;  
7        and

8                “(D) such other conservation activities as  
9        the Secretary determines to be appropriate.

10       “(2) OUTSIDE ASSISTANCE.—

11               “(A) IN GENERAL.—The Secretary may  
12       contract directly with qualified persons not em-  
13       ployed by the Department to provide conserva-  
14       tion technical assistance.

15               “(B) PAYMENT BY SECRETARY.—Subject  
16       to subparagraph (C), the Secretary may provide  
17       a payment to an owner, operator, or producer  
18       enrolled in a conservation program adminis-  
19       tered by the Secretary if the owner, operator, or  
20       producer elects to obtain technical assistance  
21       from a person certified to provide technical as-  
22       sistance under this subsection.

23               “(C) NONPRIVATE PROVIDERS.—In deter-  
24       mining whether to provide a payment under  
25       subparagraph (B) to a nonprivate provider, the

1 Secretary shall provide a payment if the provi-  
 2 sion of the payment would result in an increase  
 3 in the total amount of technical assistance  
 4 available to producers, as determined by the  
 5 Secretary.

6 “(3) CERTIFICATION OF PROVIDERS OF TECH-  
 7 NICAL ASSISTANCE.—

8 “(A) PROCEDURES.—

9 “(i) IN GENERAL.—The Secretary  
 10 shall establish procedures for certifying  
 11 persons not employed by the Department  
 12 to provide technical assistance in planning,  
 13 designing, or certifying activities to partici-  
 14 pate in any conservation program adminis-  
 15 tered by the Secretary to agricultural pro-  
 16 ducers and landowners participating, or  
 17 seeking to participate, in conservation pro-  
 18 grams administered by the Secretary.

19 “(ii) NON-FEDERAL ASSISTANCE.—

20 The Secretary may request the services of,  
 21 and enter into a cooperative agreement  
 22 with, a State water quality agency, State  
 23 fish and wildlife agency, State forestry  
 24 agency, or any other governmental or non-  
 25 governmental organization or person con-

1           sidered appropriate to assist in providing  
2           the technical assistance necessary to de-  
3           velop and implement conservation plans  
4           under this title.

5           “(B) STANDARDS.—The Secretary shall  
6           establish standards for the conduct of—

7                   “(i) the certification process con-  
8                   ducted by the Secretary; and

9                   “(ii) periodic recertification by the  
10                  Secretary of providers.

11          “(C) CERTIFICATION REQUIRED.—

12                  “(i) IN GENERAL.—A provider may  
13                  not provide to any producer technical as-  
14                  sistance described in paragraph (3)(A)(i)  
15                  unless the provider is certified by the Sec-  
16                  retary.

17                  “(ii) WAIVER.—The Secretary may  
18                  exempt a provider from any requirement of  
19                  this subparagraph if the Secretary deter-  
20                  mines that the provider has been certified  
21                  or recertified to provide technical assist-  
22                  ance through a program the standards of  
23                  which meet or exceed standards established  
24                  by the Secretary under subparagraph (B).

25          “(D) FEE.—

1           “(i) IN GENERAL.—In exchange for  
2           certification or recertification, a provider  
3           shall pay a fee to the Secretary in an  
4           amount determined by the Secretary.

5           “(ii) ACCOUNT.—A fee paid to the  
6           Secretary under clause (i) shall be—

7                   “(I) credited to the account in  
8                   the Treasury that incurs costs relat-  
9                   ing to implementing this subsection;  
10                  and

11                  “(II) made available to the Sec-  
12                  retary for use for conservation pro-  
13                  grams administered by the Secretary,  
14                  without further appropriation, until  
15                  expended.

16           “(iii) WAIVER.—The Secretary may  
17           waive any requirement of any provider to  
18           pay a fee under this subparagraph if the  
19           provider qualifies for a waiver under sub-  
20           paragraph (C)(ii).

21           “(E) OTHER REQUIREMENTS.—The Sec-  
22           retary may establish such other requirements as  
23           the Secretary determines are necessary to carry  
24           out this subsection.

1       “(g) PRIVACY OF PERSONAL INFORMATION RELAT-  
 2   ING TO NATURAL RESOURCES CONSERVATION PRO-  
 3   GRAMS.—

4               “(1) INFORMATION RECEIVED FOR TECHNICAL  
 5       AND FINANCIAL ASSISTANCE.—

6               “(A) IN GENERAL.—In accordance with  
 7       section 1770 and section 552(b)(3) of title 5,  
 8       United States Code, except as provided in sub-  
 9       paragraph (C) and paragraph (3), information  
 10      described in subparagraph (B)—

11               “(i) shall not be considered to be pub-  
 12      lic information; and

13               “(ii) shall not be released to any per-  
 14      son or Federal, State, local agency or In-  
 15      dian tribe (as defined in section 1238) out-  
 16      side the Department of Agriculture.

17               “(B) INFORMATION.—The information re-  
 18      ferred to in subparagraph (A) is information—

19               “(i) provided to, or developed by, the  
 20      Secretary (including a contractor of the  
 21      Secretary) for the purpose of providing  
 22      technical or financial assistance to an  
 23      owner, operator, or producer with respect  
 24      to any natural resources conservation pro-  
 25      gram administered by the Natural Re-

sources Conservation Service or the Farm  
Service Agency; and

“(ii) that is proprietary to the agricul-  
tural operation or land that is a part of an  
agricultural operation of the owner, oper-  
ator, or producer.

“(C) EXCEPTION.—Information compiled  
by the Secretary, such as a list of owners, oper-  
ators, or producers that have received payments  
from the Secretary and the amounts received,  
shall be—

“(i) considered to be public informa-  
tion; and

“(ii) may be released to any—

“(I) person;

“(II) Indian tribe (as defined in  
section 1238); or

“(III) Federal, State, local agen-  
cy outside the Department of Agri-  
culture.

“(2) INVENTORY, MONITORING, AND SITE SPE-  
CIFIC INFORMATION.—Except as provided in para-  
graph (3) and notwithstanding any other provision  
of law, in order to maintain the personal privacy,  
confidentiality, and cooperation of owners, operators,



1 and producers, and to maintain the integrity of sam-  
2 ple sites, the specific geographic locations of data  
3 gathering sites of the National Resources Inventory  
4 of the Department of Agriculture, and the informa-  
5 tion generated by those sites—

6 “(A) shall not be considered to be public  
7 information; and

8 “(B) shall not be released to any person or  
9 Federal, State, local, or tribal agency outside  
10 the Department.

11 “(3) EXCEPTIONS.—

12 “(A) RELEASE AND DISCLOSURE FOR EN-  
13 FORCEMENT.—The Secretary may release or  
14 disclose to the Attorney General information  
15 covered by paragraph (1) or (2) to the extent  
16 necessary to enforce the natural resources con-  
17 servation programs referred to in paragraph  
18 (1).

19 “(B) DISCLOSURE TO COOPERATING PER-  
20 SONS AND AGENCIES.—

21 “(i) IN GENERAL.—The Secretary  
22 may release or disclose information covered  
23 by paragraph (1) or (2) to a person or  
24 Federal, State, local, or tribal agency  
25 working in cooperation with the Secretary

1 in providing technical and financial assist-  
2 ance described in paragraph (1) or col-  
3 lecting information from National Re-  
4 sources Inventory data gathering sites.

5 “(ii) USE OF INFORMATION.—The  
6 person or Federal, State, local, or tribal  
7 agency that receives information described  
8 in clause (i) may release the information  
9 only for the purpose of assisting the  
10 Secretary—

11 “(I) in providing the requested  
12 technical or financial assistance; or

13 “(II) in collecting information  
14 from National Resources Inventory  
15 data gathering sites.

16 “(C) STATISTICAL AND AGGREGATE IN-  
17 FORMATION.—Information covered by para-  
18 graph (1) or (2) may be disclosed to the public  
19 if the information has been transformed into a  
20 statistical or aggregate form that does not allow  
21 the identification of any—

22 “(i) individual owner, operator, or  
23 producer; or

24 “(ii) specific data gathering site.

1                   “(D) CONSENT OF OWNER, OPERATOR, OR  
2                   PRODUCER.—

3                   “(i) IN GENERAL.—An owner, oper-  
4                   ator, or producer may consent to the dis-  
5                   closure of information described in para-  
6                   graph (1) or (2).

7                   “(ii) CONDITION OF OTHER PRO-  
8                   GRAMS.—The participation of the owner,  
9                   operator, or producer in, and the receipt of  
10                  any benefit by the owner, operator, or pro-  
11                  ducer under, this title or any other pro-  
12                  gram administered by the Secretary may  
13                  not be conditioned on the owner, operator,  
14                  or producer providing consent under this  
15                  paragraph.

16                  “(4) VIOLATIONS; PENALTIES.—Section  
17                  1770(c) shall apply with respect to the release of in-  
18                  formation collected in any manner or for any pur-  
19                  pose prohibited by this subsection.

20                  “(h) INDIAN TRIBES.—In carrying out any conserva-  
21                  tion program administered by the Secretary on land under  
22                  the jurisdiction of an Indian tribe (as defined in section  
23                  1238), the Secretary shall cooperate with the tribal gov-  
24                  ernment of the Indian tribe to ensure, to the maximum

1 extent practicable, that the program is administered in a  
2 fair and equitable manner.”.

3 **SEC. 205. REFORM AND ASSESSMENT OF CONSERVATION**  
4 **PROGRAMS.**

5 (a) IN GENERAL.—The Secretary of Agriculture shall  
6 develop a plan for—

7 (1) coordinating conservation programs admin-  
8 istered by the Secretary that are targeted at agricul-  
9 tural land to—

10 (A) eliminate redundancy; and

11 (B) improve delivery;

12 (2) to the maximum extent practicable—

13 (A) designing forms that are applicable to  
14 all conservation programs administered by the  
15 Secretary;

16 (B) reducing and consolidating paperwork  
17 requirements for the programs;

18 (C) developing universal classification sys-  
19 tems for all information obtained on the forms  
20 that can be used by other agencies of the De-  
21 partment of Agriculture;

22 (D) ensuring that the information and  
23 classification systems developed under this  
24 paragraph can be shared with other agencies of

1 the Department through computer technologies  
2 used by agencies; and

3 (E) developing 1 format for a conservation  
4 plan that can be applied to all conservation pro-  
5 grams targeted at agricultural land; and

6 (3) to the maximum extent practicable, improv-  
7 ing the delivery of conservation programs to Indian  
8 tribes (as defined in section 4 of the Indian Self-De-  
9 termination and Education Assistance Act (25  
10 U.S.C. 450b)), including programs for the delivery  
11 of conservation programs to Indian tribes under  
12 plans carried out in conjunction with the Secretary  
13 of the Interior.

14 (b) REPORT.—Not later than 180 days after the date  
15 of enactment of this Act, the Secretary of Agriculture shall  
16 submit to the Committee on Agriculture of the House of  
17 Representatives and the Committee on Agriculture, Nutri-  
18 tion, and Forestry of the Senate a report that describes  
19 the plan developed under subsection (a), including any rec-  
20 ommendations for implementation of the plan.

21 (c) NATIONAL CONSERVATION PLAN.—

22 (1) IN GENERAL.—Not later than 180 days  
23 after the date of enactment of this Act, the Sec-  
24 retary of Agriculture shall submit to the Committee  
25 on Agriculture of the House of Representatives and

1 the Committee on Agriculture, Nutrition, and For-  
2 estry of the Senate a plan and estimated budget for  
3 implementing the appraisal of the soil, water, and  
4 related resources of the United States contained in  
5 the national conservation program under sections 5  
6 and 6 of the Soil and Water Resources Conservation  
7 Act of 1977 (16 U.S.C. 2004, 2005) as the primary  
8 vehicle for managing conservation on agricultural  
9 land in the United States.

10 (2) REPORT ON IMPLEMENTATION.—Not later  
11 than April 30, 2005, the Secretary shall submit to  
12 the Committee on Agriculture of the House of Rep-  
13 resentatives and Committee on Agriculture, Nutri-  
14 tion, and Forestry of the Senate a report that—

15 (A) describes the status of the implementa-  
16 tion of the plan described in paragraph (1);

17 (B) contains an evaluation of the scope,  
18 quality, and outcomes of the conservation prac-  
19 tices carried out under the plan; and

20 (C) makes recommendations for achieving  
21 specific and quantifiable improvements for the  
22 purposes of programs covered by the plan.

1 **SEC. 206. CONSERVATION SECURITY PROGRAM REGULA-**  
 2 **TIONS.**

3 Beginning on the date of enactment of this Act, the  
 4 Secretary of Agriculture may promulgate regulations and  
 5 carry out other actions relating to the implementation of  
 6 the conservation security program under subchapter A of  
 7 chapter 2 of subtitle D of title XII of the Food Security  
 8 Act of 1985 (as added by section 201).

9 **SEC. 207. CONFORMING AMENDMENTS.**

10 (a) Chapter 1 of subtitle D of title XII of the Food  
 11 Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended  
 12 in the chapter heading by striking “**ENVIRON-**  
 13 **MENTAL CONSERVATION ACREAGE RE-**  
 14 **SERVE PROGRAM**” and inserting “**COM-**  
 15 **PREHENSIVE CONSERVATION ENHANCE-**  
 16 **MENT PROGRAM**”.

17 (b) Section 1230 of the Food Security Act of 1985  
 18 (16 U.S.C. 3830) is amended—

19 (1) in the section heading, by striking “**ENVI-**  
 20 **RONMENTAL CONSERVATION ACREAGE RE-**  
 21 **SERVE PROGRAM**” and inserting “**COMPREHEN-**  
 22 **SIVE CONSERVATION ENHANCEMENT PRO-**  
 23 **GRAM**”;

24 (2) in subsection (a)(1), by striking “an envi-  
 25 ronmental conservation acreage reserve program”

1 and inserting “a comprehensive conservation en-  
 2 hancement program”; and

3 (3) by striking “ECARP” each place it appears  
 4 and inserting “CCEP”.

5 (c) Section 1230A of the Food Security Act of 1985  
 6 (16 U.S.C. 3830a) is repealed.

7 (d) Section 1243 of the Food Security Act of 1985  
 8 (16 U.S.C. 3843) is amended by striking the section head-  
 9 ing and inserting the following:

10 **“SEC. 1243. ADMINISTRATION OF CCEP.”.**

## 11 **Subtitle B—Program Extensions**

### 12 **SEC. 211. COMPREHENSIVE CONSERVATION ENHANCE-** 13 **MENT PROGRAM.**

14 (a) IN GENERAL.—Section 1230(a)(1) of the Food  
 15 Security Act of 1985 (16 U.S.C. 3830(a)(1)) is amended  
 16 by striking “2002” and inserting “2006”.

17 (b) PRIORITY.—Section 1230(c) of the Food Security  
 18 Act of 1985 (16 U.S.C. 3830(c)) is amended by adding  
 19 at the end the following:

20 “(4) PRIORITY.—In designating conservation  
 21 priority areas under paragraph (1), the Secretary  
 22 shall give priority to areas in which designated land  
 23 would facilitate the most rapid completion of  
 24 projects that—



1                   “(A) are ongoing as of the date of the ap-  
2                   plication; and

3                   “(B) meet the purposes of a program es-  
4                   tablished under this title.”.

5           (c) FUNDING.—Section 1241(a) of the Food Security  
6 Act of 1985 (16 U.S.C. 3841(a)) is amended—

7                   (1) by striking “2002” and inserting “2006”;

8                   (2) by inserting “(including the provision of  
9                   technical assistance)” after “the programs”; and

10                  (3) in paragraph (2), by striking “subchapter  
11                  C” and inserting “subchapters C and D”.

12 **SEC. 212. CONSERVATION RESERVE PROGRAM.**

13           (a) REAUTHORIZATION.—

14                   (1) IN GENERAL.—Section 1231 of the Food  
15                   Security Act of 1985 (16 U.S.C. 3831) is amended  
16                   in subsections (a), (b)(3), and (d), by striking  
17                   “2002” each place it appears and inserting “2006”.

18                   (2) DUTIES OF OWNERS AND OPERATORS.—  
19                   Section 1232(c) of the Food Security Act of 1985  
20                   (16 U.S.C. 3832(c)) is amended by striking “2002”  
21                   and inserting “2006”.

22           (b) CONSERVATION PRIORITY AREAS.—

23                   (1) ELIGIBILITY.—Section 1231(b) of the Food  
24                   Security Act of 1985 (16 U.S.C. 3831(b)) is  
25                   amended—

1 (A) by striking paragraph (1) and insert-  
2 ing the following:

3 “(1) highly erodible cropland that—

4 “(A)(i) if permitted to remain untreated  
5 could substantially reduce the production capa-  
6 bility for future generations; or

7 “(ii) cannot be farmed in accordance with  
8 a conservation plan that complies with the re-  
9 quirements of subtitle B; and

10 “(B) the Secretary determines had a crop-  
11 ping history or was considered to be planted for  
12 3 of the 6 years preceding the date of enact-  
13 ment of the Agriculture, Conservation, and  
14 Rural Enhancement Act of 2001 (except for  
15 land enrolled in the conservation reserve pro-  
16 gram as of that date);” and

17 (B) by adding at the end the following:

18 “(5) the portion of land in a field not enrolled  
19 in the conservation reserve in a case in which more  
20 than 50 percent of the land in the field is enrolled  
21 as a buffer under a program described in section  
22 1234(i)(1), if the land is enrolled as part of the buff-  
23 er; and

24 “(6) land (including land that is not cropland)  
25 enrolled through continuous signup—

1           “(A) to establish conservation buffers as  
2           part of the program described in a notice issued  
3           on March 24, 1998 (63 Fed. Reg. 14109) or a  
4           successor program; or

5           “(B) into the conservation reserve en-  
6           hancement program described in a notice issued  
7           on May 27, 1998 (63 Fed. Reg. 28965) or a  
8           successor program.”.

9           (2) CRP PRIORITY AREAS.—Section 1231(f) of  
10          the Food Security Act of 1985 (16 U.S.C. 3831(f))  
11          is amended by adding at the end the following:

12           “(5) PRIORITY.—In designating conservation  
13          priority areas under paragraph (1), the Secretary  
14          shall give priority to areas in which designated land  
15          would facilitate the most rapid completion of  
16          projects that—

17           “(A) are ongoing as of the date of the ap-  
18          plication; and

19           “(B) meet the purposes of the program es-  
20          tablished under this subchapter.”.

21          (c) MAXIMUM ENROLLMENT.—Section 1231(d) of  
22          the Food Security Act of 1985 (16 U.S.C. 3831(d)) is  
23          amended by striking “36,400,000” and inserting  
24          “40,000,000”.

1 (d) DURATION OF CONTRACTS; HARDWOOD  
 2 TREES.—Section 1231(e)(2) of the Food Security Act of  
 3 1985 (16 U.S.C. 3831(e)(2)) is amended—

4 (1) by striking “In the” and inserting the fol-  
 5 lowing:

6 “(A) IN GENERAL.—In the”;

7 (2) by striking “The Secretary” and inserting  
 8 the following:

9 “(B) EXISTING HARDWOOD TREE CON-  
 10 TRACTS.—The Secretary”; and

11 “(3) by adding at the end the following:

12 “(C) EXTENSION OF HARDWOOD TREE  
 13 CONTRACTS.—

14 “(i) IN GENERAL.—In the case of  
 15 land devoted to hardwood trees under a  
 16 contract entered into under this subchapter  
 17 before the date of enactment of this sub-  
 18 paragraph, the Secretary may extend the  
 19 contract for a term of not more than 15  
 20 years.

21 “(ii) RENTAL PAYMENTS.—The  
 22 amount of a rental payment for a contract  
 23 extended under clause (i)—

24 “(I) shall be determined by the  
 25 Secretary; but

1 “(II) shall not exceed 50 percent  
 2 of the rental payment that was appli-  
 3 cable to the contract before the con-  
 4 tract was extended.”.

5 (e) PILOT PROGRAM FOR ENROLLMENT OF WET-  
 6 LAND AND BUFFER ACREAGE IN CONSERVATION RE-  
 7 SERVE.—Section 1231(h) of the Food Security Act of  
 8 1985 (16 U.S.C. 3831(h)) is amended—

9 (1) in the subsection heading, by striking  
 10 “PILOT”;

11 (2) in paragraph (1), by striking “During the  
 12 2001 and 2002 calendar years, the Secretary shall  
 13 carry out a pilot program” and inserting “During  
 14 the 2002 through 2006 calendar years, the Sec-  
 15 retary shall carry out a program”;

16 (3) in paragraph (2), by striking “pilot”; and

17 (4) in paragraph (3)(D)(i), by striking “5 con-  
 18 tiguous acres.” and inserting “10 contiguous acres,  
 19 of which—

20 “(I) not more than 5 acres shall  
 21 be eligible for payment; and

22 “(II) all acres (including acres  
 23 that are ineligible for payment) shall  
 24 be covered by the conservation con-  
 25 tract.”.

1 (f) VEGETATIVE COVER; HAYING AND GRAZING;  
 2 WIND TURBINES.—Section 1232(a) of the Food Security  
 3 Act of 1985 (16 U.S.C. 3832(a)) is amended—

4 (1) in paragraph (4)—

5 (A) in subparagraph (A), by striking  
 6 “and” at the end;

7 (B) in subparagraph (B), by inserting  
 8 “and” after the semicolon at the end; and

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

10 “(C) in the case of marginal pasture land,  
 11 an owner or operator shall not be required to  
 12 plant trees if native prairie grass may be re-  
 13 tained or restored;”;

14 (2) in paragraph (7)—

15 (A) by striking “except that the Sec-  
 16 retary—” and inserting “except that—”;

17 (B) in subparagraph (A)—

18 (i) by striking “(A) may” and insert-  
 19 ing “(A) the Secretary may”; and

20 (ii) by striking “and” at the end;

21 (C) in subparagraph (B)—

22 (i) by striking “(B) shall” and insert-  
 23 ing “(B) the Secretary shall”; and

24 (ii) by striking the period at the end  
 25 and inserting a semicolon;

1 (D) in subparagraph (C), by striking the  
2 period at the end and inserting “; and”; and

3 (E) by adding at the end the following:

4 “(D) for maintenance purposes, the Sec-  
5 retary shall permit harvesting or grazing or  
6 other commercial uses of forage, in a manner  
7 that is consistent with the purposes of this sub-  
8 chapter and a conservation plan approved by  
9 the Secretary, on acres enrolled—

10 “(i) to establish conservation buffers  
11 as part of the program described in a no-  
12 tice issued on March 24, 1998 (63 Fed.  
13 Reg. 14109) or a successor program; and

14 “(ii) into the conservation reserve en-  
15 hancement program described in a notice  
16 issued on May 27, 1998 (63 Fed. Reg.  
17 28965) or a successor program.”;

18 (3) in paragraph (9), by striking “and” at the  
19 end;

20 (4) by redesignating paragraph (10) as para-  
21 graph (11); and

22 (5) by inserting after paragraph (9) the fol-  
23 lowing:

1           “(10) with respect to any contract entered into  
2           after the date of enactment of the Agriculture, Con-  
3           servation, and Rural Enhancement Act of 2001—

4                   “(A) not to produce a crop for the dura-  
5                   tion of the contract on any other highly erodible  
6                   land that the owner or operator owns unless the  
7                   highly erodible land—

8                           “(i) has a history of being used to  
9                           produce a crop other than a forage crop,  
10                          as determined by the Secretary; or

11                           “(ii) is being used as a homestead or  
12                          building site at the time of purchase; and

13                          “(B) on a violation of a contract described  
14                          in subparagraph (A), to be subject to the re-  
15                          quirements of paragraph (5); and”.

16           (g) WIND TURBINES.—Section 1232 of the Food Se-  
17           curity Act of 1985 (8906 U.S.C. 3832) is amended by  
18           adding at the end the following:

19                   “(f) WIND TURBINES.—

20                           “(1) IN GENERAL.—Subject to paragraph (2),  
21                          the Secretary may permit an owner or operator of  
22                          land that is enrolled in the conservation reserve pro-  
23                          gram, but that is not enrolled under continuous  
24                          signup (as described in section 1231(b)(6)), to in-  
25                          stall wind turbines on the land.



1           “(2) NUMBER; LOCATION.—The Secretary shall  
2           determine the number and location of wind turbines  
3           that may be installed on a tract of land under para-  
4           graph (1), taking into account—

5                   “(A) the location, size, and other physical  
6                   characteristics of the land;

7                   “(B) the extent to which the land contains  
8                   wildlife and wildlife habitat; and

9                   “(C) the purposes of the conservation re-  
10                  serve program.

11           “(3) PAYMENT LIMITATION.—Notwithstanding  
12           the amount of a rental payment limited by section  
13           1234(c)(2) and specified in a contract entered into  
14           under this chapter, the Secretary shall reduce the  
15           amount of the rental payment paid to an owner or  
16           operator of land on which 1 or more wind turbines  
17           are installed under this subsection by an amount de-  
18           termined by the Secretary to be commensurate with  
19           the value of the reduction of benefit gained by en-  
20           rollment of the land in the conservation reserve pro-  
21           gram.”.

22           (h) ADDITIONAL ELIGIBLE PRACTICES.—Section  
23           1234 of the Food Security Act of 1985 (16 U.S.C. 3834)  
24           is amended by adding at the end the following:

25           “(i) PAYMENTS.—

1           “(1) IN GENERAL.—Subject to paragraph (2),  
 2           the Secretary shall provide signing and practice in-  
 3           centive payments under the conservation reserve pro-  
 4           gram to owners and operators that implement a  
 5           practice under—

6                   “(A) the program to establish conservation  
 7           buffers described in a notice issued on March  
 8           24, 1998 (63 Fed. Reg. 14109) or a successor  
 9           program; or

10                   “(B) the conservation reserve enhancement  
 11           program described in a notice issued on May  
 12           27, 1998 (63 Fed. Reg. 28965) or a successor  
 13           program.

14           “(2) OTHER PRACTICES.—The Secretary shall  
 15           administer paragraph (1) in a manner that does not  
 16           reduce the amount of payments made by the Sec-  
 17           retary for other practices under the conservation re-  
 18           serve program.”.

19           (i) COUNTY PARTICIPATION.—Section 1243(b)(1) of  
 20           the Food Security Act of 1985 (16 U.S.C. 3843(b)(1))  
 21           is amended by striking “The Secretary” and inserting  
 22           “Except for land enrolled under continuous signup (as de-  
 23           scribed in section 1231(b)(6)), the Secretary”.

24           (j) STUDY ON ECONOMIC EFFECTS.—Not later than  
 25           270 days after the date of enactment of this Act, the Sec-

1   retary of Agriculture shall submit to the Committee on  
 2   Agriculture of the House of Representatives and the Com-  
 3   mittee on Agriculture, Nutrition, and Forestry of the Sen-  
 4   ate a report that describes the economic effects on rural  
 5   communities resulting from the conservation reserve pro-  
 6   gram established under subchapter B of chapter 1 of sub-  
 7   title D of title XII of the Food Security Act of 1985 (16  
 8   U.S.C. 3831 et seq.).

9   **SEC. 213. WETLANDS RESERVE PROGRAM.**

10       (a) TECHNICAL ASSISTANCE.—Section 1237(a) of  
 11   the Food Security Act of 1985 (16 U.S.C. 3837(a)) is  
 12   amended by inserting “(including the provision of tech-  
 13   nical assistance)” before the period at the end.

14       (b) MAXIMUM ENROLLMENT.—Section 1237(b) of  
 15   the Food Security Act of 1985 (16 U.S.C. 3837(b)) is  
 16   amended by striking paragraph (1) and inserting the fol-  
 17   lowing:

18               “(1) MAXIMUM ENROLLMENT.—

19                       “(A) IN GENERAL.—The total number of  
 20           acres enrolled in the wetlands reserve program  
 21           shall not exceed 2,225,000 acres, of which, to  
 22           the maximum extent practicable subject to sub-  
 23           paragraph (B), the Secretary shall enroll  
 24           250,000 acres in each calendar year.

1                   “(B) WETLANDS RESERVE ENHANCEMENT  
2                   ACREAGE.—Of the acreage enrolled under sub-  
3                   paragraph (A) for a calendar year, not more  
4                   than 25,000 acres may be enrolled in the wet-  
5                   lands reserve enhancement program described  
6                   in subsection (h).”.

7           (c) REAUTHORIZATION.—Section 1237(c) of the  
8   Food Security Act of 1985 (16 U.S.C. 3837(c)) is amend-  
9   ed by striking “2002” and inserting “2006”.

10          (d) WETLANDS RESERVE ENHANCEMENT PRO-  
11   GRAM.—Section 1237 of the Food Security Act of 1985  
12   (16 U.S.C. 3837) is amended by adding at the end the  
13   following:

14          “(h) WETLANDS RESERVE ENHANCEMENT PRO-  
15   GRAM.—

16               “(1) IN GENERAL.—The Secretary may enter  
17               into cooperative agreements with State or local gov-  
18               ernments, and with private organizations, to develop,  
19               on land that is enrolled, or is eligible to be enrolled,  
20               in the wetland reserve established under this sub-  
21               chapter, wetland restoration activities in watershed  
22               areas.

23               “(2) PURPOSE.—The purpose of the agree-  
24               ments shall be to address critical environmental  
25               issues.”.

1 (e) MONITORING AND MAINTENANCE.—Section  
 2 1237C(a)(2) of the Food Security Act of 1985 (16 U.S.C.  
 3 3837c(a)(2)) is amended by striking “assistance” and in-  
 4 serting “assistance (including monitoring and mainte-  
 5 nance)”.

6 **SEC. 214. ENVIRONMENTAL QUALITY INCENTIVES PRO-**  
 7 **GRAM.**

8 (a) IN GENERAL.—Chapter 4 of subtitle D of title  
 9 XII of the Food Security Act of 1985 (16 U.S.C. 3839aa  
 10 et seq.) is amended to read as follows:

11 **“SEC. 1240. PURPOSES.**

12 “The purposes of the environmental quality incen-  
 13 tives program established by this chapter are to promote  
 14 agricultural production and environmental quality as com-  
 15 patible national goals, and to maximize environmental  
 16 benefits per dollar expended, by—

17 “(1) assisting producers in complying with—

18 “(A) this title;

19 “(B) the Federal Water Pollution Control  
 20 Act (33 U.S.C. 1251 et seq.);

21 “(C) the Safe Drinking Water Act (42  
 22 U.S.C. 300f et seq.);

23 “(D) the Clean Air Act (42 U.S.C. 7401 et  
 24 seq.); and

1           “(E) other Federal, State, and local envi-  
2           ronmental laws (including regulations);

3           “(2) avoiding, to the maximum extent prac-  
4           ticable, the need for resource and regulatory pro-  
5           grams by assisting producers in protecting soil,  
6           water, air, and related natural resources and meet-  
7           ing environmental quality criteria established by  
8           Federal, State, and local agencies;

9           “(3) providing flexible technical and financial  
10          assistance to producers to install and maintain con-  
11          servation systems that enhance soil, water, related  
12          natural resources (including grazing land and wet-  
13          land), and wildlife while sustaining production of  
14          food and fiber;

15          “(4) assisting producers to make beneficial, cost  
16          effective changes to cropping systems, grazing man-  
17          agement, nutrient management associated with live-  
18          stock, pest or irrigation management, or other prac-  
19          tices on agricultural land;

20          “(5) facilitating partnerships and joint efforts  
21          among producers and governmental and nongovern-  
22          mental organizations; and

23          “(6) consolidating and streamlining conserva-  
24          tion planning and regulatory compliance processes to

1       reduce administrative burdens on producers and the  
2       cost of achieving environmental goals.

3   **“SEC. 1240A. DEFINITIONS.**

4       “In this chapter:

5           “(1) BEGINNING FARMER OR RANCHER.—The  
6       term ‘beginning farmer or rancher’ has the meaning  
7       provided under section 343(a) of the Consolidated  
8       Farm and Rural Development Act (7 U.S.C.  
9       1999(a)).

10          “(2) COMPREHENSIVE NUTRIENT MANAGE-  
11       MENT.—

12           “(A) IN GENERAL.—The term ‘comprehen-  
13       sive nutrient management’ means any combina-  
14       tion of structural practices, land management  
15       practices, and management activities associated  
16       with crop or livestock production described in  
17       subparagraph (B) that collectively ensure that  
18       the purposes of crop or livestock production and  
19       preservation of natural resources (especially the  
20       preservation and enhancement of water quality)  
21       are compatible.

22           “(B) ELEMENTS.—For the purpose of sub-  
23       paragraph (A), structural practices, land man-  
24       agement practices, and management activities  
25       associated with livestock production are—

1 “(i) manure and wastewater handling  
2 and storage;

3 “(ii) manure processing, composting,  
4 or digestion for purposes of capturing  
5 emissions, concentrating nutrients for  
6 transport, destroying pathogens or other-  
7 wise improving the environmental safety  
8 and beneficial uses of manure;

9 “(iii) land treatment practices;

10 “(iv) nutrient management;

11 “(v) recordkeeping;

12 “(vi) feed management; and

13 “(vii) other waste utilization options.

14 “(C) PRACTICE.—

15 “(i) PLANNING.—The development of  
16 a comprehensive nutrient management  
17 plan shall be a practice that is eligible for  
18 incentive payments and technical assist-  
19 ance under this chapter.

20 “(ii) IMPLEMENTATION.—The imple-  
21 mentation of a comprehensive nutrient  
22 plan shall be accomplished through struc-  
23 tural and land management practices iden-  
24 tified in the plan.



1           “(3) ELIGIBLE LAND.—The term ‘eligible land’  
2       means agricultural land (including cropland, grass-  
3       land, rangeland, pasture, private nonindustrial forest  
4       land, and other land on which crops or livestock are  
5       produced), including agricultural land that the Sec-  
6       retary determines poses a serious threat to soil,  
7       water, or related resources by reason of the soil  
8       types, terrain, climatic, soil, topographic, flood, or  
9       saline characteristics, or other factors or natural  
10      hazards.

11           “(4) INNOVATIVE TECHNOLOGY.—The term ‘in-  
12      novative technology’ means a new conservation tech-  
13      nology that, as determined by the Secretary—

14                   “(A) maximizes environmental benefits;

15                   “(B) complements agricultural production;

16                   and

17                   “(C) may be adopted in a practical man-  
18      ner.

19           “(5) LAND MANAGEMENT PRACTICE.—The  
20      term ‘land management practice’ means a site-spe-  
21      cific nutrient or manure management, integrated  
22      pest management, irrigation management, tillage or  
23      residue management, grazing management, air qual-  
24      ity management, or other land management practice  
25      carried out on eligible land that the Secretary deter-

1 mines is needed to protect from degradation, in the  
2 most cost-effective manner, water, soil, or related re-  
3 sources.

4 “(6) LIVESTOCK.—The term ‘livestock’ means  
5 dairy cattle, beef cattle, laying hens, broilers, tur-  
6 keys, swine, sheep, and such other animals as are  
7 determined by the Secretary.

8 “(7) MAXIMIZE ENVIRONMENTAL BENEFITS  
9 PER DOLLAR EXPENDED.—

10 “(A) IN GENERAL.—The term ‘maximize  
11 environmental benefits per dollar expended’  
12 means to maximize environmental benefits to  
13 the extent the Secretary determines is prac-  
14 ticable and appropriate, taking into account the  
15 amount of funding made available to carry out  
16 this chapter.

17 “(B) LIMITATION.—The term ‘maximize  
18 environmental benefits per dollar expended’  
19 does not require the Secretary—

20 “(i) to require the adoption of the  
21 least cost practice or technical assistance;  
22 or

23 “(ii) to require the development of a  
24 plan under section 1240E as part of an

1 application for payments or technical as-  
2 sistance.

3 “(8) PRACTICE.—The term ‘practice’ means 1  
4 or more structural practices, land management prac-  
5 tices, and comprehensive nutrient management plan-  
6 ning practices.

7 “(9) PRODUCER.—The term ‘producer’ has the  
8 meaning given the term in section 102 of the Agri-  
9 cultural Market Transition Act (7 U.S.C. 7202).

10 “(10) STRUCTURAL PRACTICE.—The term  
11 ‘structural practice’ means—

12 “(A) the establishment on eligible land of  
13 a site-specific animal waste management facil-  
14 ity, terrace, grassed waterway, contour grass  
15 strip, filterstrip, tailwater pit, permanent wild-  
16 life habitat, constructed wetland, or other struc-  
17 tural practice that the Secretary determines is  
18 needed to protect, in the most cost-effective  
19 manner, water, soil, or related resources from  
20 degradation; and

21 “(B) the capping of abandoned wells on el-  
22 igible land.

1 **“SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION OF**  
2 **ENVIRONMENTAL QUALITY INCENTIVES PRO-**  
3 **GRAM.**

4 “(a) ESTABLISHMENT.—

5 “(1) IN GENERAL.—During each of the 2002  
6 through 2006 fiscal years, the Secretary shall pro-  
7 vide technical assistance, cost-share payments, and  
8 incentive payments to producers, that enter into con-  
9 tracts with the Secretary, through an environmental  
10 quality incentives program in accordance with this  
11 chapter.

12 “(2) ELIGIBLE PRACTICES.—

13 “(A) STRUCTURAL PRACTICES.—A pro-  
14 ducer that implements a structural practice  
15 shall be eligible for any combination of technical  
16 assistance, cost-share payments, and education.

17 “(B) LAND MANAGEMENT PRACTICES.—A  
18 producer that performs a land management  
19 practice shall be eligible for any combination of  
20 technical assistance, incentive payments, and  
21 education.

22 “(C) COMPREHENSIVE NUTRIENT MANAGE-  
23 MENT PLANNING.—A producer that develops a  
24 comprehensive nutrient management plan shall  
25 be eligible for any combination of technical as-  
26 sistance, incentive payments, and education.

1           “(3) EDUCATION.—The Secretary may provide  
 2           conservation education at national, State, and local  
 3           levels consistent with the purposes of the environ-  
 4           mental quality incentives program to—

5                   “(A) any producer that is eligible for as-  
 6                   sistance under this chapter; or

7                   “(B) any producer that is engaged in the  
 8                   production of an agricultural commodity.

9           “(b) APPLICATION AND TERM.—With respect to  
 10          practices implemented under this chapter—

11                   “(1) a contract between a producer and the  
 12          Secretary may—

13                   “(A) apply to 1 or more structural prac-  
 14                   tices, land management practices, and com-  
 15                   prehensive nutrient management planning prac-  
 16                   tices; and

17                   “(B) have a term of not less than 3, nor  
 18                   more than 10, years, as determined appropriate  
 19                   by the Secretary, depending on the practice or  
 20                   practices that are the basis of the contract; and

21                   “(2) a producer may not enter into more than  
 22          1 contract for structural practices involving livestock  
 23          nutrient management during the period of fiscal  
 24          years 2002 through 2006.

25          “(c) APPLICATION AND EVALUATION.—

1           “(1) IN GENERAL.—The Secretary shall estab-  
2       lish an application and evaluation process for award-  
3       ing technical assistance, cost-share payments, and  
4       incentive payments to a producer in exchange for the  
5       performance of 1 or more practices that maximizes  
6       environmental benefits per dollar expended.

7           “(2) COMPARABLE ENVIRONMENTAL VALUE.—

8               “(A) IN GENERAL.—The Secretary shall  
9       establish a process for selecting applications for  
10      technical assistance, cost-share payments, and  
11      incentive payments when there are numerous  
12      applications for assistance for practices that  
13      would provide substantially the same level of  
14      environmental benefits.

15           “(B) CRITERIA.—The process under sub-  
16      paragraph (A) shall be based on—

17               “(i) a reasonable estimate of the pro-  
18      jected cost of the proposals described in  
19      the applications; and

20               “(ii) the priorities established under  
21      this chapter and other factors that maxi-  
22      mize environmental benefits per dollar ex-  
23      pended.

24           “(3) CONSENT OF OWNER.—If the producer  
25      making an offer to implement a structural practice

1 is a tenant of the land involved in agricultural pro-  
2 duction, for the offer to be acceptable, the producer  
3 shall obtain the consent of the owner of the land  
4 with respect to the offer.

5 “(4) BIDDING DOWN.—If the Secretary deter-  
6 mines that the environmental values of 2 or more  
7 applications for technical assistance, cost-share pay-  
8 ments, or incentive payments are comparable, the  
9 Secretary shall not assign a higher priority to the  
10 application only because it would present the least  
11 cost to the program established under this chapter.

12 “(d) COST-SHARE PAYMENTS.—

13 “(1) IN GENERAL.—Except as provided in para-  
14 graph (2), the cost-share payments provided to a  
15 producer proposing to implement 1 or more practices  
16 under the program shall be not more than 75 per-  
17 cent of the cost of the practice, as determined by the  
18 Secretary.

19 “(2) EXCEPTIONS.—

20 “(A) LIMITED RESOURCE AND BEGINNING  
21 FARMERS.—The Secretary may increase the  
22 amount provided to a producer under para-  
23 graph (1) to not more than 90 percent if the  
24 producer is a limited resource or beginning

1 farmer or rancher, as determined by the Sec-  
2 retary.

3 “(B) COST-SHARE ASSISTANCE FROM  
4 OTHER SOURCES.—Any cost-share payments re-  
5 ceived by a producer from a State or private or-  
6 ganization or person for the implementation of  
7 1 or more practices shall be in addition to the  
8 payments provided to the producer under para-  
9 graph (1).

10 “(3) OTHER PAYMENTS.—A producer shall not  
11 be eligible for cost-share payments for practices on  
12 eligible land under this chapter if the producer re-  
13 ceives cost-share payments or other benefits for the  
14 same practice on the same land under chapter 1 and  
15 this chapter.

16 “(e) INCENTIVE PAYMENTS.—The Secretary shall  
17 make incentive payments in an amount and at a rate de-  
18 termined by the Secretary to be necessary to encourage  
19 a producer to perform 1 or more practices.

20 “(f) TECHNICAL ASSISTANCE.—

21 “(1) IN GENERAL.—The Secretary shall allo-  
22 cate funding under this chapter for the provision of  
23 technical assistance according to the purpose and  
24 projected cost for which the technical assistance is  
25 provided for a fiscal year.



1           “(2) AMOUNT.—The allocated amount may  
2 vary according to—

3                   “(A) the type of expertise required;

4                   “(B) the quantity of time involved; and

5                   “(C) other factors as determined appro-  
6 priate by the Secretary.

7           “(3) LIMITATION.—Funding for technical as-  
8 sistance under this chapter shall not exceed the pro-  
9 jected cost to the Secretary of the technical assist-  
10 ance provided for a fiscal year.

11           “(4) OTHER AUTHORITIES.—The receipt of  
12 technical assistance under this chapter shall not af-  
13 fect the eligibility of the producer to receive tech-  
14 nical assistance under other authorities of law avail-  
15 able to the Secretary.

16           “(5) INCENTIVE PAYMENTS FOR TECHNICAL AS-  
17 SISTANCE.—

18                   “(A) IN GENERAL.—A producer that is eli-  
19 gible to receive technical assistance for a prac-  
20 tice involving the development of a comprehen-  
21 sive nutrient management plan may obtain an  
22 incentive payment that can be used to obtain  
23 technical assistance associated with the develop-  
24 ment of any component of the comprehensive  
25 nutrient management plan.

1           “(B) PURPOSE.—The purpose of the pay-  
2           ment shall be to provide a producer the option  
3           of obtaining technical assistance for developing  
4           any component of a comprehensive nutrient  
5           management plan from a private person.

6           “(C) PAYMENT.—The incentive payment  
7           shall be—

8                   “(i) in addition to cost-share or incen-  
9                   tive payments that a producer would other-  
10                  wise receive for structural practices and  
11                  land management practices;

12                  “(ii) used only to procure technical as-  
13                  sistance from a private person that is nec-  
14                  essary to develop any component of a com-  
15                  prehensive nutrient management plan; and

16                  “(iii) in an amount determined appro-  
17                  priate by the Secretary, taking into  
18                  account—

19                          “(I) the extent and complexity of  
20                          the technical assistance provided;

21                          “(II) the costs that the Secretary  
22                          would have incurred in providing the  
23                          technical assistance; and

1                   “(III) the costs incurred by the  
2                   private provider in providing the tech-  
3                   nical assistance.

4                   “(D) ELIGIBLE PRACTICES.—The Sec-  
5                   retary may determine, on a case by case basis,  
6                   whether the development of a comprehensive  
7                   nutrient management plan is eligible for an in-  
8                   centive payment under this paragraph.

9                   “(E) CERTIFICATION BY SECRETARY.—

10                   “(i) IN GENERAL.—Only private per-  
11                   sons that have been certified by the Sec-  
12                   retary under section 1244(f)(3) shall be el-  
13                   igible to provide technical assistance under  
14                   this subsection.

15                   “(ii) QUALITY ASSURANCE.—The Sec-  
16                   retary shall ensure that certified private  
17                   providers are capable of providing technical  
18                   assistance regarding comprehensive nutri-  
19                   ent management in a manner that meets  
20                   the specifications and guidelines of the  
21                   Secretary and that meets the needs of pro-  
22                   ducers under the environmental quality in-  
23                   centives program.

24                   “(F) ADVANCE PAYMENT.—On the deter-  
25                   mination of the Secretary that the proposed

comprehensive nutrient management of a producer is eligible for an incentive payment, the producer may receive a partial advance of the incentive payment in order to procure the services of a certified private provider.

“(G) FINAL PAYMENT.—The final installment of the incentive payment shall be payable to a producer on presentation to the Secretary of documentation that is satisfactory to the Secretary and that demonstrates—

“(i) completion of the technical assistance; and

“(ii) the actual cost of the technical assistance.

“(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

“(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

“(A) the producer agrees to the modification or termination; and

“(B) the Secretary determines that the modification or termination is in the public interest.

1           “(2) INVOLUNTARY TERMINATION.—The Sec-  
 2           retary may terminate a contract under this chapter  
 3           if the Secretary determines that the producer vio-  
 4           lated the contract.

5   **“SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.**

6           “(a) IN GENERAL.—In evaluating applications for  
 7           technical assistance, cost-share payments, and incentive  
 8           payments, the Secretary shall accord a higher priority to  
 9           assistance and payments that—

10           “(1) maximize environmental benefits per dollar  
 11           expended; and

12           “(2)(A) address national conservation priorities,  
 13           including—

14           “(i) meeting Federal, State, and local envi-  
 15           ronmental purposes focused on protecting air  
 16           and water quality;

17           “(ii) comprehensive nutrient management;

18           “(iii) water quality, particularly in im-  
 19           paired watersheds;

20           “(iv) soil erosion; or

21           “(v) air quality;

22           “(B) are provided in conservation priority areas  
 23           established under section 1230(c);

24           “(C) are provided in special projects under sec-  
 25           tion 1243(f)(4) with respect to which State or local

1 governments have provided, or will provide, financial  
 2 or technical assistance to producers for the same  
 3 conservation or environmental purposes; or

4 “(D) an innovative technology in connection  
 5 with a structural practice or land management prac-  
 6 tice.

7 **“SEC. 1240D. DUTIES OF PRODUCERS.**

8 “To receive technical assistance, cost-share pay-  
 9 ments, or incentive payments under this chapter, a pro-  
 10 ducer shall agree—

11 “(1) to implement an environmental quality in-  
 12 centives program plan that describes conservation  
 13 and environmental purposes to be achieved through  
 14 1 or more practices that are approved by the Sec-  
 15 retary;

16 “(2) not to conduct any practices on the farm  
 17 or ranch that would tend to defeat the purposes of  
 18 this chapter;

19 “(3) on the violation of a term or condition of  
 20 the contract at any time the producer has control of  
 21 the land—

22 “(A) if the Secretary determines that the  
 23 violation warrants termination of the contract—

24 “(i) to forfeit all rights to receive pay-  
 25 ments under the contract; and

1                   “(ii) to refund to the Secretary all or  
2                   a portion of the payments received by the  
3                   owner or operator under the contract, in-  
4                   cluding any interest on the payments, as  
5                   determined by the Secretary; or

6                   “(B) if the Secretary determines that the  
7                   violation does not warrant termination of the  
8                   contract, to refund to the Secretary, or accept  
9                   adjustments to, the payments provided to the  
10                  owner or operator, as the Secretary determines  
11                  to be appropriate;

12                  “(4) on the transfer of the right and interest of  
13                  the producer in land subject to the contract, unless  
14                  the transferee of the right and interest agrees with  
15                  the Secretary to assume all obligations of the con-  
16                  tract, to refund all cost-share payments and incen-  
17                  tive payments received under this chapter, as deter-  
18                  mined by the Secretary;

19                  “(5) to supply information as required by the  
20                  Secretary to determine compliance with the environ-  
21                  mental quality incentives program plan and require-  
22                  ments of the program; and

23                  “(6) to comply with such additional provisions  
24                  as the Secretary determines are necessary to carry

1 out the environmental quality incentives program  
2 plan.

3 **“SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PRO-**  
4 **GRAM PLAN.**

5 “(a) IN GENERAL.—To be eligible to receive technical  
6 assistance, cost-share payments, or incentive payments  
7 under the environmental quality incentives program, a  
8 producer of a livestock or agricultural operation shall sub-  
9 mit to the Secretary for approval a plan of operations that  
10 specifies practices covered under this chapter, and is based  
11 on such terms and conditions, as the Secretary considers  
12 necessary to carry out the program, including a descrip-  
13 tion of the practices to be implemented and the purposes  
14 to be met by the implementation of the plan.

15 “(b) AVOIDANCE OF DUPLICATION.—The Secretary  
16 shall, to the maximum extent practicable, eliminate dupli-  
17 cation of planning activities under the environmental qual-  
18 ity incentives program and comparable conservation pro-  
19 grams.

20 **“SEC. 1240F. DUTIES OF THE SECRETARY.**

21 “To the extent appropriate, the Secretary shall assist  
22 a producer in achieving the conservation and environ-  
23 mental goals of an environmental quality incentives pro-  
24 gram plan by—



1           “(1) providing technical assistance in devel-  
2           oping and implementing the plan;

3           “(2) providing technical assistance, cost-share  
4           payments, or incentive payments for developing and  
5           implementing 1 or more practices, as appropriate;

6           “(3) providing the producer with information,  
7           education, and training to aid in implementation of  
8           the plan; and

9           “(4) encouraging the producer to obtain tech-  
10          nical assistance, cost-share payments, or grants from  
11          other Federal, State, local, or private sources.

12   **“SEC. 1240G. LIMITATION ON PAYMENTS.**

13          “(a) IN GENERAL.—An individual or entity may not  
14          receive, directly or indirectly, payments under this chapter  
15          that exceed—

16               “(1) \$50,000 for any fiscal year; or

17               “(2) \$150,000 for any multiyear contract.

18          “(b) VERIFICATION.—The Secretary shall identify in-  
19          dividuals and entities that are eligible for a payment under  
20          this chapter using social security numbers and taxpayer  
21          identification numbers, respectively.

22   **“SEC. 1240H. CONSERVATION INNOVATION GRANTS.**

23          “(a) IN GENERAL.—From funds made available to  
24          carry out this chapter, for each of the 2003 through 2006  
25          fiscal years, the Secretary shall use not more than

1 \$100,000,000 for each fiscal year to pay the cost of com-  
2 petitive grants that are intended to stimulate innovative  
3 approaches to leveraging Federal investment in environ-  
4 mental enhancement and protection, in conjunction with  
5 agricultural production, through the environmental quality  
6 incentives program.

7 “(b) USE.—The Secretary may award grants under  
8 this section to governmental and nongovernmental organi-  
9 zations and persons, on a competitive basis, to carry out  
10 projects that—

11 “(1) involve producers that are eligible for pay-  
12 ments or technical assistance under this chapter;

13 “(2) implement innovative projects, such as—

14 “(A) market systems for pollution reduc-  
15 tion;

16 “(B) promoting agricultural best manage-  
17 ment practices, including the storing of carbon  
18 in the soil; and

19 “(C) protection of source water for human  
20 consumption; and

21 “(3) leverage funds made available to carry out  
22 this chapter with matching funds provided by State  
23 and local governments and private organizations to  
24 promote environmental enhancement and protection  
25 in conjunction with agricultural production.

1       “(c) COST SHARE.—The amount of a grant made  
2 under this section to carry out a project shall not exceed  
3 50 percent of the cost of the project.

4       “(d) UNUSED FUNDING.—Any funds made available  
5 for a fiscal year under this section that are not obligated  
6 by June 1 of the fiscal year may be used to carry out  
7 other activities under this chapter during the fiscal year  
8 in which the funding becomes available.”.

9       (b) FUNDING.—Section 1241 of the Food Security  
10 Act of 1985 (16 U.S.C. 3841) is amended by striking sub-  
11 section (b) and inserting the following:

12       “(b) ENVIRONMENTAL QUALITY INCENTIVES PRO-  
13 GRAM.—

14               “(1) IN GENERAL.—Of the funds of the Com-  
15 modity Credit Corporation, the Secretary shall make  
16 available to provide technical assistance, cost-share  
17 payments, incentive payments, bonus payments,  
18 grants, and education under the environmental qual-  
19 ity incentives program under chapter 4 of subtitle  
20 D—

21                       “(A) \$500,000,000 for fiscal year 2002;

22                       “(B) \$1,050,000,000 for fiscal year 2003;

23                       “(C) \$1,200,000,000 for fiscal year 2004;

24                       “(D) \$1,200,000,000 for fiscal year 2005;

25                       and

1                   “(E) \$1,250,000,000 for fiscal year 2006.

2                   “(2) OBLIGATION OF FUNDS.—

3                   “(A) IN GENERAL.—If a contract under  
4                   the environmental quality incentives program  
5                   under chapter 4 of subtitle D is terminated, or  
6                   work under the contract is completed, prior to  
7                   the end of the term of the contract and funds  
8                   obligated for the contract have not been ex-  
9                   pended, the unexpended funds may be used to  
10                  carry out any other contract under the program  
11                  during the same fiscal year in which the origi-  
12                  nal contract was terminated.

13                  “(B) ADDITIONAL USES OF FUNDS.—  
14                  Funding for contracts that terminate under the  
15                  program administered under subchapter B of  
16                  chapter 1 may be transferred to, and used to  
17                  carry out, the program under chapter 4 of sub-  
18                  title D.”.

19                  (c) REIMBURSEMENTS.—Section 11 of the Com-  
20                  modity Credit Corporation Charter Act (15 U.S.C. 714i)  
21                  is amended in the last sentence by inserting “but exclud-  
22                  ing transfers and allotments for conservation technical as-  
23                  sistance” after “activities”.

1 **SEC. 215. RESOURCE CONSERVATION AND DEVELOPMENT**  
2 **PROGRAM.**

3 Subtitle H of title XV of the Agriculture and Food  
4 Act of 1981 (16 U.S.C. 3451 et seq.) is amended to read  
5 as follows:

6 **“Subtitle H—Resource Conserva-**  
7 **tion and Development Program**

8 **“SEC. 1528. DEFINITIONS.**

9 “In this subtitle:

10 “(1) AREA PLAN.—The term ‘area plan’ means  
11 a resource conservation and use plan that is devel-  
12 oped by a council for a designated area of a State  
13 or States through a planning process and that in-  
14 cludes 1 or more of the following elements:

15 “(A) A land conservation element, the pur-  
16 pose of which is to control erosion and sedi-  
17 mentation.

18 “(B) A water management element that  
19 provides 1 or more clear environmental or con-  
20 servation benefits, the purpose of which is to  
21 provide for—

22 “(i) the conservation, use, and quality  
23 of water, including irrigation and rural  
24 water supplies;

25 “(ii) the mitigation of floods and high  
26 water tables;

1                   “(iii) the repair and improvement of  
2                   reservoirs;

3                   “(iv) the improvement of agricultural  
4                   water management; and

5                   “(v) the improvement of water qual-  
6                   ity.

7                   “(C) A community development element,  
8                   the purpose of which is to improve—

9                   “(i) the development of resources-  
10                  based industries;

11                  “(ii) the protection of rural industries  
12                  from natural resource hazards;

13                  “(iii) the development of adequate  
14                  rural water and waste disposal systems;

15                  “(iv) the improvement of recreation  
16                  facilities;

17                  “(v) the improvement in the quality of  
18                  rural housing;

19                  “(vi) the provision of adequate health  
20                  and education facilities;

21                  “(vii) the satisfaction of essential  
22                  transportation and communication needs;  
23                  and

24                  “(viii) the promotion of food security,  
25                  economic development, and education.

1           “(D) A land management element, the  
2           purpose of which is—

3                   “(i) energy conservation;

4                   “(ii) the protection of agricultural  
5           land, as appropriate, from conversion to  
6           other uses;

7                   “(iii) farmland protection; and

8                   “(iv) the protection of fish and wild-  
9           life habitats.

10           “(2) BOARD.—The term ‘Board’ means the Re-  
11           source Conservation and Development Policy Advi-  
12           sory Board established under section 1533(a).

13           “(3) COUNCIL.—The term ‘council’ means a  
14           nonprofit entity (including an affiliate of the entity)  
15           operating in a State that is—

16                   “(A) established by volunteers or rep-  
17           resentatives of States, local units of govern-  
18           ment, Indian tribes, or local nonprofit organiza-  
19           tions to carry out an area plan in a designated  
20           area; and

21                   “(B) designated by the chief executive offi-  
22           cer or legislature of the State to receive tech-  
23           nical assistance and financial assistance under  
24           this subtitle.

1           “(4) DESIGNATED AREA.—The term ‘des-  
2           ignated area’ means a geographic area designated by  
3           the Secretary to receive technical assistance and fi-  
4           nancial assistance under this subtitle.

5           “(5) FINANCIAL ASSISTANCE.—The term ‘fi-  
6           nancial assistance’ means a grant or loan provided  
7           by the Secretary (or the Secretary and other Federal  
8           agencies) to, or a cooperative agreement entered into  
9           by the Secretary (or the Secretary and other Federal  
10          agencies) with, a council, or association of councils,  
11          to carry out an area plan in a designated area, in-  
12          cluding assistance provided for planning, analysis,  
13          feasibility studies, training, education, and other ac-  
14          tivities necessary to carry out the area plan.

15          “(6) INDIAN TRIBE.—The term ‘Indian tribe’  
16          has the meaning given the term by section 4 of the  
17          Indian Self-Determination and Education Assistance  
18          Act (25 U.S.C. 450b).

19          “(7) LOCAL UNIT OF GOVERNMENT.—The term  
20          ‘local unit of government’ means—

21                 “(A) any county, city, town, township, par-  
22                 ish, village, or other general-purpose subdivision  
23                 of a State; and

24                 “(B) any local or regional special district  
25                 or other limited political subdivision of a State,



1 including any soil conservation district, school  
 2 district, park authority, and water or sanitary  
 3 district.

4 “(8) NONPROFIT ORGANIZATION.—The term  
 5 ‘nonprofit organization’ means any organization that  
 6 is—

7 “(A) described in section 501(c) of the In-  
 8 ternal Revenue Code of 1986; and

9 “(B) exempt from taxation under section  
 10 501(a) of the Internal Revenue Code of 1986.

11 “(9) PLANNING PROCESS.—The term ‘planning  
 12 process’ means actions taken by a council to develop  
 13 and carry out an effective area plan in a designated  
 14 area, including development of the area plan, goals,  
 15 purposes, policies, implementation activities, evalua-  
 16 tions and reviews, and the opportunity for public  
 17 participation in the actions.

18 “(10) PROJECT.—The term ‘project’ means a  
 19 project that is carried out by a council to achieve  
 20 any of the elements of an area plan.

21 “(11) SECRETARY.—The term ‘Secretary’  
 22 means the Secretary of Agriculture.

23 “(12) STATE.—The term ‘State’ means—

24 “(A) any State;

25 “(B) the District of Columbia; or

1           “(C) any territory or possession of the  
2           United States.

3           “(13) TECHNICAL ASSISTANCE.—The term  
4           ‘technical assistance’ means any service provided by  
5           the Secretary or agent of the Secretary, including—

6           “(A) inventorying, evaluating, planning,  
7           designing, supervising, laying out, and inspect-  
8           ing projects;

9           “(B) providing maps, reports, and other  
10          documents associated with the services pro-  
11          vided;

12          “(C) providing assistance for the long-term  
13          implementation of area plans; and

14          “(D) providing services of an agency of the  
15          Department of Agriculture to assist councils in  
16          developing and carrying out area plans.

17 **“SEC. 1529. RESOURCE CONSERVATION AND DEVELOP-**  
18 **MENT PROGRAM.**

19          “The Secretary shall establish a resource conserva-  
20          tion and development program under which the Secretary  
21          shall provide technical assistance and financial assistance  
22          to councils to develop and carry out area plans and  
23          projects in designated areas—

24          “(1) to conserve and improve the use of land,  
25          develop natural resources, and improve and enhance

1 the social, economic, and environmental conditions in  
2 primarily rural areas of the United States; and

3 “(2) to encourage and improve the capability of  
4 State, units of government, Indian tribes, nonprofit  
5 organizations, and councils to carry out the purposes  
6 described in paragraph (1).

7 **“SEC. 1530. SELECTION OF DESIGNATED AREAS.**

8 “The Secretary shall select designated areas for as-  
9 sistance under this subtitle on the basis of the elements  
10 of area plans.

11 **“SEC. 1531. POWERS OF THE SECRETARY.**

12 “In carrying out this subtitle, the Secretary may—

13 “(1) provide technical assistance to any council  
14 to assist in developing and implementing an area  
15 plan for a designated area;

16 “(2) cooperate with other departments and  
17 agencies of the Federal Government, States, local  
18 units of government, local Indian tribes, and local  
19 nonprofit organizations in conducting surveys and  
20 inventories, disseminating information, and devel-  
21 oping area plans;

22 “(3) assist in carrying out an area plan ap-  
23 proved by the Secretary for any designated area by  
24 providing technical assistance and financial assist-  
25 ance to any council; and

1           “(4) enter into agreements with councils in ac-  
2           cordance with section 1532.

3   **“SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.**

4           “(a) ELIGIBILITY.—Technical assistance and finan-  
5           cial assistance may be provided by the Secretary under  
6           this subtitle to any council to assist in carrying out a  
7           project specified in an area plan approved by the Secretary  
8           only if—

9           “(1) the council agrees in writing—

10                  “(A) to carry out the project; and

11                  “(B) to finance or arrange for financing of  
12                  any portion of the cost of carrying out the  
13                  project for which financial assistance is not pro-  
14                  vided by the Secretary under this subtitle;

15           “(2) the project is included in an area plan and  
16           is approved by the council;

17           “(3) the Secretary determines that assistance is  
18           necessary to carry out the area plan;

19           “(4) the project provided for in the area plan  
20           is consistent with any comprehensive plan for the  
21           area;

22           “(5) the cost of the land or an interest in the  
23           land acquired or to be acquired under the plan by  
24           any State, local unit of government, Indian tribe, or  
25           local nonprofit organization is borne by the State,

1 local unit of government, Indian tribe, or local non-  
2 profit organization, respectively; and

3 “(6) the State, local unit of government, Indian  
4 tribe, or local nonprofit organization participating in  
5 the area plan agrees to maintain and operate the  
6 project.

7 “(b) LOANS.—

8 “(1) IN GENERAL.—Subject to paragraphs (2)  
9 and (3), a loan made under this subtitle shall be  
10 made on such terms and conditions as the Secretary  
11 may prescribe.

12 “(2) TERM.—A loan for a project made under  
13 this subtitle shall have a term of not more than 30  
14 years after the date of completion of the project.

15 “(3) INTEREST RATE.—A loan made under this  
16 subtitle shall bear interest at the average rate of in-  
17 terest paid by the United States on obligations of a  
18 comparable term, as determined by the Secretary of  
19 the Treasury.

20 “(c) APPROVAL BY SECRETARY.—Technical assist-  
21 ance and financial assistance under this subtitle may not  
22 be made available to a council to carry out an area plan  
23 unless the area plan has been submitted to and approved  
24 by the Secretary.

1       “(d) WITHDRAWAL.—The Secretary may withdraw  
 2 technical assistance and financial assistance with respect  
 3 to any area plan if the Secretary determines that the as-  
 4 sistance is no longer necessary or that sufficient progress  
 5 has not been made toward developing or implementing the  
 6 elements of the area plan.

7       “(e) USE OF OTHER ENTITIES AND PERSONS.—A  
 8 council may use another person or entity to assist in devel-  
 9 oping and implementing an area plan and otherwise car-  
 10 rying out this subtitle.

11   **“SEC. 1533. RESOURCE CONSERVATION AND DEVELOP-**  
 12                   **MENT POLICY ADVISORY BOARD.**

13       “(a) ESTABLISHMENT.—The Secretary shall estab-  
 14 lish within the Department of Agriculture a Resource Con-  
 15 servation and Development Policy Advisory Board.

16       “(b) COMPOSITION.—

17               “(1) IN GENERAL.—The Board shall be com-  
 18 posed of at least 7 employees of the Department of  
 19 Agriculture selected by the Secretary.

20               “(2) CHAIRPERSON.—A member of the Board  
 21 shall be designated by the Secretary to serve as  
 22 chairperson of the Board.

23       “(c) DUTIES.—The Board shall advise the Secretary  
 24 regarding the administration of this subtitle, including the  
 25 formulation of policies for carrying out this subtitle.

1 **“SEC. 1534. EVALUATION OF PROGRAM.**

2 “(a) IN GENERAL.—The Secretary, in consultation  
3 with councils, shall evaluate the program established  
4 under this subtitle to determine whether the program is  
5 effectively meeting the needs of, and the purposes identi-  
6 fied by, States, units of government, Indian tribes, non-  
7 profit organizations, and councils participating in, or  
8 served by, the program.

9 “(b) REPORT.—Not later than June 30, 2005, the  
10 Secretary shall submit to the Committee on Agriculture  
11 of the House of Representatives and the Committee on  
12 Agriculture, Nutrition, and Forestry of the Senate a re-  
13 port describing the results of the evaluation, together with  
14 any recommendations of the Secretary for continuing, ter-  
15 minating, or modifying the program.

16 **“SEC. 1535. LIMITATION ON ASSISTANCE.**

17 “In carrying out this subtitle, the Secretary shall pro-  
18 vide technical assistance and financial assistance with re-  
19 spect to not more than 450 active designated areas.

20 **“SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SEC-**  
21 **RETARY.**

22 “The authority of the Secretary under this subtitle  
23 to assist councils in the development and implementation  
24 of area plans shall be supplemental to, and not in lieu  
25 of, any authority of the Secretary under any other provi-  
26 sion of law.

1 **“SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) IN GENERAL.—There are authorized to be such  
3 sums as are necessary to carry out this subtitle.

4 “(b) LOANS.—The Secretary shall not use more than  
5 \$15,000,000 of any funds made available for a fiscal year  
6 to make loans under this subtitle.

7 “(c) AVAILABILITY.—Funds appropriated to carry  
8 out this subtitle shall remain available until expended.”.

9 **SEC. 216. WILDLIFE HABITAT INCENTIVE PROGRAM.**

10 (a) IN GENERAL.—Chapter 5 of subtitle D of title  
11 XII of the Food Security Act of 1985 (16 U.S.C. 3839bb  
12 et seq.) is amended to read as follows:

13 **“CHAPTER 5—OTHER CONSERVATION**  
14 **PROGRAMS**

15 **“SEC. 1240M. WILDLIFE HABITAT INCENTIVE PROGRAM.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) ENDANGERED SPECIES.—The term ‘en-  
18 dangered species’ has the meaning given the term in  
19 section 3 of the Endangered Species Act of 1973 (16  
20 U.S.C. 1532).

21 “(2) PROGRAM.—The term ‘program’ means  
22 the wildlife habitat incentive program established  
23 under subsection (b).

24 “(3) THREATENED SPECIES.—The term  
25 ‘threatened species’ has the meaning given the term



1 in section 3 of the Endangered Species Act of 1973  
2 (16 U.S.C. 1532).

3 “(b) ESTABLISHMENT.—In consultation with the  
4 State technical committees established under section 1261  
5 of the Food Security Act of 1985 (16 U.S.C. 3861), the  
6 Secretary shall establish the wildlife habitat incentive pro-  
7 gram.

8 “(c) COST-SHARE PAYMENTS.—

9 “(1) IN GENERAL.—Under the program, the  
10 Secretary shall make cost-share payments to owners  
11 of eligible land to develop wildlife habitat approved  
12 by the Secretary.

13 “(2) ENDANGERED AND THREATENED SPE-  
14 CIES.—Of the funds made available to carry out this  
15 subsection, the Secretary shall use at least 15 per-  
16 cent to make cost-share payments to carry out  
17 projects and activities relating to endangered species  
18 and threatened species.

19 “(d) PILOT PROGRAM FOR ESSENTIAL PLANT AND  
20 ANIMAL HABITAT.—Under the program, the Secretary  
21 may establish procedures to use not more than 15 percent  
22 of funds made available to acquire and enroll eligible land  
23 for periods of at least 15 years to protect essential (as  
24 determined by the Secretary) plant and animal habitat.

1       “(e) FUNDING.—Of the funds of the Commodity  
2 Credit Corporation, the Secretary shall use to carry out  
3 this section (including the provision of technical assist-  
4 ance)—

5               “(1) \$50,000,000 for fiscal year 2002;

6               “(2) \$100,000,000 for each of fiscal years 2003  
7 and 2004; and

8               “(3) \$125,000,000 for each of fiscal years 2005  
9 and 2006.

10 **“SEC. 1240N. WATERSHED RISK REDUCTION.**

11       “(a) IN GENERAL.—The Secretary, acting through  
12 the Natural Resources Conservation Service (referred to  
13 in this section as the ‘Secretary’), in cooperation with  
14 landowners and land users, may carry out such projects  
15 and activities (including the purchase of floodplain ease-  
16 ments for runoff retardation and soil erosion prevention)  
17 as the Secretary determines to be necessary to safeguard  
18 lives and property from floods, drought, and the products  
19 of erosion on any watershed in any case in which fire,  
20 flood, or any other natural occurrence has caused, is caus-  
21 ing, or may cause a sudden impairment of that watershed.

22       “(b) PRIORITY.—In carrying out this section, the  
23 Secretary shall give priority to any project or activity de-  
24 scribed in subsection (a) that is carried out on a floodplain  
25 adjacent to a major river, as determined by the Secretary.

1       “(c) PROHIBITION ON DUPLICATIVE FUNDS.—No  
2 project or activity under subsection (a) that is carried out  
3 using funds made available under this section may be car-  
4 ried out using funds made available under any Federal  
5 disaster relief program administered by the Secretary re-  
6 lating to floods.

7       “(d) FUNDING.—There is authorized to be appro-  
8 priated to carry out this section \$15,000,000 for each of  
9 fiscal years 2002 through 2006.

10 **“SEC. 12400. GREAT LAKES BASIN PROGRAM FOR SOIL**  
11 **EROSION AND SEDIMENT CONTROL.**

12       “(a) IN GENERAL.—The Secretary, in consultation  
13 with the Great Lakes Commission created by Article IV  
14 of the Great Lakes Basin Compact (82 Stat. 415) and  
15 in cooperation with the Administrator of the Environ-  
16 mental Protection Agency and the Secretary of the Army,  
17 may carry out the Great Lakes basin program for soil ero-  
18 sion and sediment control (referred to in this section as  
19 the ‘program’).

20       “(b) ASSISTANCE.—In carrying out the program, the  
21 Secretary may—

22               “(1) provide project demonstration grants, pro-  
23 vide technical assistance, and carry out information  
24 and education programs to improve water quality in

1 the Great Lakes basin by reducing soil erosion and  
2 improving sediment control; and

3 “(2) provide a priority for projects and activi-  
4 ties that directly reduce soil erosion or improve sedi-  
5 ment control.

6 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
7 is authorized to be appropriated to carry out this section  
8 \$5,000,000 for each of fiscal years 2002 through 2006.

9 **“SEC. 1240P. CONSERVATION OF PRIVATE GRAZING LAND.**

10 “(a) FINDINGS.—Congress finds that—

11 “(1) private grazing land constitutes nearly 1/2  
12 of the non-Federal land of the United States and is  
13 basic to the environmental, social, and economic sta-  
14 bility of rural communities;

15 “(2) private grazing land contains a complex  
16 set of interactions among soil, water, air, plants, and  
17 animals;

18 “(3) grazing land constitutes the single largest  
19 watershed cover type in the United States and con-  
20 tributes significantly to the quality and quantity of  
21 water available for all of the many uses of the land;

22 “(4) private grazing land constitutes the most  
23 extensive wildlife habitat in the United States;

24 “(5) private grazing land can provide opportu-  
25 nities for improved nutrient management from land

1 application of animal manures and other by-product  
2 nutrient resources;

3 “(6) owners and managers of private grazing  
4 land need to continue to recognize conservation  
5 problems when the problems arise and receive sound  
6 technical assistance to improve or conserve grazing  
7 land resources to meet ecological and economic de-  
8 mands;

9 “(7) new science and technology must contin-  
10 ually be made available in a practical manner so  
11 owners and managers of private grazing land may  
12 make informed decisions concerning vital grazing  
13 land resources;

14 “(8) agencies of the Department with private  
15 grazing land responsibilities are the agencies that  
16 have the expertise and experience to provide tech-  
17 nical assistance, education, and research to owners  
18 and managers of private grazing land for the long-  
19 term productivity and ecological health of grazing  
20 land;

21 “(9) although competing demands on private  
22 grazing land resources are greater than ever before,  
23 assistance to private owners and managers of private  
24 grazing land is limited and does not meet the de-

1 mand and basic need for adequately sustaining or  
2 enhancing the private grazing land resources; and

3 “(10) private grazing land can be enhanced to  
4 provide many benefits to all citizens of the United  
5 States through voluntary cooperation among owners  
6 and managers of the land, local conservation dis-  
7 tricts, and the agencies of the Department respon-  
8 sible for providing assistance to owners and man-  
9 agers of land and to conservation districts.

10 “(b) PURPOSE.—The purpose of this section is to au-  
11 thorize the Secretary to provide a coordinated technical,  
12 educational, and related assistance program to conserve  
13 and enhance private grazing land resources and provide  
14 related benefits to all citizens of the United States by—

15 “(1) establishing a coordinated and cooperative  
16 Federal, State, and local grazing conservation pro-  
17 gram for management of private grazing land;

18 “(2) strengthening technical, educational, and  
19 related assistance programs that provide assistance  
20 to owners and managers of private grazing land;

21 “(3) conserving and improving wildlife habitat  
22 on private grazing land;

23 “(4) conserving and improving fish habitat and  
24 aquatic systems through grazing land conservation  
25 treatment;

1 “(5) protecting and improving water quality;

2 “(6) improving the dependability and consist-  
3 ency of water supplies;

4 “(7) identifying and managing weed, noxious  
5 weed, and brush encroachment problems on private  
6 grazing land; and

7 “(8) integrating conservation planning and  
8 management decisions by owners and managers of  
9 private grazing land, on a voluntary basis.

10 “(c) DEFINITION OF PRIVATE GRAZING LAND.—In  
11 this section, the term ‘private grazing land land’ means  
12 rangeland, pastureland, grazed forest land, hay land, and  
13 any other non-federally owned land that is—

14 “(1) private;

15 “(2) owned by a State; or

16 “(3) under the jurisdiction of an Indian tribe .

17 “(d) PRIVATE GRAZING LAND CONSERVATION AS-  
18 SISTANCE.—

19 “(1) IN GENERAL.—Subject to the availability  
20 of appropriations for this section, the Secretary shall  
21 establish a voluntary program to provide technical,  
22 educational, and related assistance to owners and  
23 managers of private grazing land and public agen-  
24 cies, through local conservation districts, to enable  
25 the landowners, managers, and public agencies to

1 voluntarily carry out activities that are consistent  
2 with this section, including—

3 “(A) maintaining and improving private  
4 grazing land and the multiple values and uses  
5 that depend on private grazing land;

6 “(B) implementing grazing land manage-  
7 ment technologies;

8 “(C) managing resources on private graz-  
9 ing land, including—

10 “(i) planning, managing, and treating  
11 private grazing land resources;

12 “(ii) ensuring the long-term sustain-  
13 ability of private grazing land resources;

14 “(iii) harvesting, processing, and mar-  
15 keting private grazing land resources; and

16 “(iv) identifying and managing weed,  
17 noxious weed, and brush encroachment  
18 problems;

19 “(D) protecting and improving the quality  
20 and quantity of water yields from private graz-  
21 ing land;

22 “(E) maintaining and improving wildlife  
23 and fish habitat on private grazing land;

24 “(F) enhancing recreational opportunities  
25 on private grazing land;



1           “(G) maintaining and improving the aes-  
2           thetic character of private grazing land; and

3           “(H) identifying the opportunities and en-  
4           couraging the diversification of private grazing  
5           land enterprises.

6           “(2) PROGRAM ELEMENTS.—

7           “(A) FUNDING.—Funds may be used to  
8           carry out this section only if the funds are pro-  
9           vided through a specific line-item in the annual  
10          appropriations for the Natural Resources Con-  
11          servaion Service.

12          “(B) TECHNICAL ASSISTANCE AND EDU-  
13          CATION.—Personnel of the Department of Agri-  
14          culture trained in pasture and range manage-  
15          ment shall be made available under the pro-  
16          gram to deliver and coordinate technical assist-  
17          ance and education to owners and managers of  
18          private grazing land, at the request of the own-  
19          ers and managers.

20          “(e) GRAZING TECHNICAL ASSISTANCE SELF-  
21          HELP.—

22          “(1) FINDINGS.—Congress finds that—

23               “(A) there is a severe lack of technical as-  
24               sistance for farmers and ranchers that graze  
25               livestock;

1           “(B) Federal budgetary constraints pre-  
2           clude any significant expansion, and may force  
3           a reduction of, levels of technical support; and

4           “(C) farmers and ranchers have a history  
5           of cooperatively working together to address  
6           common needs in the promotion of their prod-  
7           ucts and in the drainage of wet areas through  
8           drainage districts.

9           “(2) ESTABLISHMENT OF GRAZING DEM-  
10          ONSTRATION DISTRICTS.—In accordance with para-  
11          graph (2), the Secretary may establish 2 grazing  
12          management demonstration districts on the rec-  
13          ommendation of the grazing land conservation initia-  
14          tive steering committee.

15          “(3) PROCEDURE.—

16               “(A) PROPOSAL.—Within a reasonable  
17               time after the submission of a proposal of an  
18               organization of farmers or ranchers engaged in  
19               grazing in a district, subject to subparagraphs  
20               (B) through (F), the Secretary establish a graz-  
21               ing management district in accordance with the  
22               proposal.

23               “(B) FUNDING.—The terms and condi-  
24               tions of the funding and operation of the graz-  
25               ing management district shall be proposed by

1 the farmers and ranchers engaged in grazing in  
2 the district.

3 “(C) APPROVAL.—The Secretary shall ap-  
4 prove the proposal if the Secretary determines  
5 that the proposal—

6 “(i) is reasonable;

7 “(ii) will promote sound grazing prac-  
8 tices; and

9 “(iii) contains provisions similar to  
10 the provisions contained in the beef pro-  
11 motion and research order issued under  
12 section 4 of the Beef Research and Infor-  
13 mation Act (7 U.S.C. 2903) in effect on  
14 April 4, 1996.

15 “(D) AREA INCLUDED.—The area pro-  
16 posed to be included in a grazing management  
17 district shall be determined by the Secretary on  
18 the basis of the proposal submitted by farmers  
19 or ranchers under subparagraph (A).

20 “(E) AUTHORIZATION.—The Secretary  
21 may use authority under the Agricultural Ad-  
22 justment Act (7 U.S.C. 601 et seq.), reenacted  
23 with amendments by the Agricultural Mar-  
24 keting Agreement Act of 1937, to operate, on

1 a demonstration basis, a grazing management  
2 district.

3 “(F) ACTIVITIES.—The activities of a  
4 grazing management district shall be scientif-  
5 ically sound activities, as determined by the  
6 Secretary in consultation with a technical advi-  
7 sory committee composed of farmers, ranchers,  
8 and technical experts.

9 “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
10 is authorized to be appropriated to carry out this section  
11 \$60,000,000 for each of fiscal years 2002 through 2006.”.

12 (b) CONFORMING AMENDMENT.—Section 386 of the  
13 Federal Agriculture Improvement and Reform Act of 1996  
14 (16 U.S.C. 2005b) is repealed.

15 **SEC. 217. FARMLAND PROTECTION PROGRAM.**

16 (a) IN GENERAL.—Chapter 2 of the Food Security  
17 Act of 1985 (as added by section 201) is amended by add-  
18 ing at the end the following:

19 **“Subchapter B—Farmland Protection**  
20 **Program**

21 **“SEC. 1238H. DEFINITIONS.**

22 “In this subchapter:

23 “(1) ELIGIBLE LAND.—

24 “(A) IN GENERAL.—The term ‘eligible  
25 land’ means land on a farm or ranch that—

1 “(i)(I) has prime, unique, or other  
2 productive soil; or

3 “(II) contains historical or archae-  
4 ological resources; and

5 “(ii) is subject to a pending offer for  
6 purchase from—

7 “(I) any agency of any State or  
8 local government or an Indian tribe  
9 (including a farmland protection  
10 board or land resource council estab-  
11 lished under State law); or

12 “(II) any organization that—

13 “(aa) is organized for, and  
14 at all times since the formation  
15 of the organization, has been op-  
16 erated principally for, 1 or more  
17 of the conservation purposes  
18 specified in clause (i), (ii), or (iii)  
19 of section 170(h)(4)(A) of the In-  
20 ternal Revenue Code of 1986;

21 “(bb) is an organization de-  
22 scribed in section 501(c)(3) of  
23 that Code that is exempt from  
24 taxation under section 501(a) of  
25 that Code; or

1 “(cc) is described in section  
 2 509(a)(3), and is controlled by  
 3 an organization described in sec-  
 4 tion 509(a)(2), of that Code.

5 “(B) INCLUSIONS.—The term ‘eligible  
 6 land’ includes—

7 “(i) cropland;

8 “(ii) rangeland;

9 “(iii) grassland;

10 “(iv) pasture land; and

11 “(v) forest land that is part of an ag-  
 12 ricultural operation, as determined by the  
 13 Secretary.

14 “(2) INDIAN TRIBE.—The term ‘Indian tribe’  
 15 has the meaning given the term in section 4 of the  
 16 Indian Self-Determination and Education Assistance  
 17 Act (25 U.S.C. 450b).

18 “(3) PROGRAM.—The term ‘program’ means  
 19 the farmland protection program established under  
 20 section 1238I(a).

21 **“SEC. 1238I. FARMLAND PROTECTION.**

22 “(a) IN GENERAL.—The Secretary shall establish  
 23 and carry out a farmland protection program under which  
 24 the Secretary shall purchase conservation easements or

1 other interests in eligible land for the purpose of pro-  
 2 tecting topsoil by limiting nonagricultural uses of the land.

3 “(b) CONSERVATION PLAN.—Any highly erodible  
 4 cropland for which a conservation easement or other inter-  
 5 est is purchased under this subchapter shall be subject to  
 6 the requirements of a conservation plan that requires, at  
 7 the option of the Secretary, the conversion of the cropland  
 8 to less intensive uses.

9 **“SEC. 1238J. MARKET VIABILITY PROGRAM.**

10 “For each year for which funds are made available  
 11 to carry out this subchapter, the Secretary may use not  
 12 more than \$10,000,000 to provide matching market viabil-  
 13 ity grants and technical assistance to farm and ranch op-  
 14 erators that participate in the program.”.

15 (b) FUNDING.—Section 1241 of the Food Security  
 16 Act of 1985 (16 U.S.C. 3841) (as amended by section  
 17 202) is amended by adding at the end the following:

18 “(d) FARMLAND PROTECTION PROGRAM.—

19 “(1) IN GENERAL.—Of the funds of the Com-  
 20 modity Credit Corporation, the Secretary shall use  
 21 to carry out subchapter B of chapter 2 (including  
 22 the provision of technical assistance)—

23 “(A) \$150,000,000 for fiscal year 2002;

24 “(B) \$200,000,000 for each of fiscal years  
 25 2003 and 2004;

1           “(C) \$225,000,000 for fiscal year 2005;

2           and

3           “(D) \$250,000,000 for fiscal year 2006.

4           “(2) COST SHARING.—

5           “(A) FARMLAND PROTECTION.—

6                   “(i) IN GENERAL.—The share of the  
7                   cost of purchasing a conservation easement  
8                   or other interest described in section  
9                   1238I(a) provided under this subsection  
10                  shall not exceed 50 percent.

11                   “(ii) STATE AND LOCAL CONTRIBU-  
12                  TIONS.—In a case in which a State or local  
13                  government purchases an easement under  
14                  section 1238I(a), not more than 25 percent  
15                  of the share of the cost of the easement  
16                  contributed by the State or local govern-  
17                  ment may be provided—

18                           “(I) by a private landowner; or

19                           “(II) in the form of in-kind goods  
20                           or services.

21                   “(B) MARKET VIABILITY CONTRIBU-  
22                  TIONS.—As a condition of receiving a grant  
23                  under section 1238J(a), a grantee shall provide  
24                  funds in an amount equal to the amount of the  
25                  grant.”.



1 (c) CONFORMING AMENDMENT.—

2 (1) IN GENERAL.—Section 388 of the Federal  
3 Agriculture Improvement and Reform Act of 1996  
4 (16 U.S.C. 3830 note) is repealed.

5 (2) EFFECT ON CONTRACTS.—The amendment  
6 made by paragraph (1) shall have no effect on any  
7 contract entered into under section 388 of the Fed-  
8 eral Agriculture Improvement and Reform Act of  
9 1996 (16 U.S.C. 3830 note) that is in effect as of  
10 the date of enactment of this Act.

11 **SEC. 218. GRASSLAND RESERVE PROGRAM.**

12 Chapter 2 of the Food Security Act of 1985 (as  
13 amended by section 218) is amended by adding at the end  
14 the following:

15 **“Subchapter D—Grassland Reserve Program**

16 **“SEC. 1238N. GRASSLAND RESERVE PROGRAM.**

17 “(a) ESTABLISHMENT.—The Secretary, acting  
18 through the Natural Resource Conservation Service, shall  
19 establish a grassland reserve program (referred to in this  
20 subchapter as the ‘program’) to assist owners in restoring  
21 and protecting eligible land described in subsection (c).

22 “(b) ENROLLMENT CONDITIONS.—

23 “(1) IN GENERAL.—The Secretary shall enroll  
24 in the program, from willing owners, not less than—

1           “(A) 100 contiguous acres of land west of  
2           the 98th meridian; or

3           “(B) 40 contiguous acres of land east of  
4           the 98th meridian.

5           “(2) MAXIMUM ENROLLMENT.—The total num-  
6           ber of acres enrolled in the program shall not exceed  
7           2,000,000 acres, of which not more than 500,000  
8           acres shall be reserved for enrollment of tracts of  
9           native grassland of 40 acres or less.

10          “(3) METHODS OF ENROLLMENT.—The Sec-  
11          retary shall enroll land in the program through—

12               “(A) permanent easements or 30-year  
13               easements;

14               “(B) in a State that imposes a maximum  
15               duration for such an easement, an easement for  
16               the maximum duration allowed under State law;  
17               or

18               “(C) a 30-year rental agreement.

19          “(c) ELIGIBLE LAND.—Land shall be eligible to be  
20          enrolled in the program if the Secretary determines that  
21          the land is private land that is—

22               “(1) natural grassland (including prairie and  
23               land that contains shrubs or forb) that is indigenous  
24               to the locality;

25               “(2) land that—

1           “(A) is located in an area that has been  
2           historically dominated by natural grassland;  
3           and

4           “(B) has potential to serve as habitat for  
5           animal or plant populations of significant eco-  
6           logical value if the land is restored to a natural  
7           condition; or

8           “(3) land that is incidental to land described in  
9           paragraph (1) or (2), if the incidental land is deter-  
10          mined by the Secretary to be necessary for the effi-  
11          cient administration of an easement.

12   **“SEC. 12380. EASEMENTS AND AGREEMENTS.**

13          “(a) IN GENERAL.—To be eligible to enroll land in  
14          the program, the owner of the land shall enter into an  
15          agreement with the Secretary—

16               “(1) to grant an easement that applies to the  
17               land to the Secretary;

18               “(2) to create and record an appropriate deed  
19               restriction in accordance with applicable State law to  
20               reflect the easement;

21               “(3) to provide a written statement of consent  
22               to the easement signed by persons holding a security  
23               interest or any vested interest in the land;

1           “(4) to provide proof of unencumbered title to  
2           the underlying fee interest in the land that is the  
3           subject of the easement; and

4           “(5) to comply with the terms of the easement  
5           and restoration agreement.

6           “(b) TERMS OF EASEMENT.—An easement under  
7           subsection (a) shall—

8           “(1) permit—

9                   “(A) grazing on the land in a manner that  
10                  is consistent with maintaining the viability of  
11                  natural grass, shrub, forb, and wildlife species  
12                  indigenous to that locality;

13                  “(B) haying (including haying for seed  
14                  production) or mowing, except during the nest-  
15                  ing and brood-rearing seasons for birds in the  
16                  area that are in significant decline, as deter-  
17                  mined by the Natural Resources Conservation  
18                  Service State conservationist, or are protected  
19                  Federal or State law; and

20                  “(C) fire rehabilitation, construction of fire  
21                  breaks, and fences (including placement of the  
22                  posts necessary for fences);

23           “(2) prohibit—

24                   “(A) the production of row crops, fruit  
25                  trees, vineyards, or any other agricultural com-

1           modify that requires breaking the soil surface;  
2           and

3           “(B) except as permitted under paragraph  
4           (1)(C), the conduct of any other activities that  
5           would disturb the surface of the land covered by  
6           the easement, including—

7                   “(i) plowing; and

8                   “(ii) disking; and

9           “(3) include such additional provisions as the  
10          Secretary determines are appropriate to carry out  
11          this subchapter or to facilitate the administration of  
12          this subchapter.

13          “(c) EVALUATION AND RANKING OF EASEMENT AP-  
14          PLICATIONS.—

15               “(1) IN GENERAL.—The Secretary, in conjunc-  
16          tion with State technical committees, shall establish  
17          criteria to evaluate and rank applications for ease-  
18          ments under this subchapter.

19               “(2) CRITERIA.—In establishing the criteria,  
20          the Secretary shall emphasize support for grazing  
21          operations, plant and animal biodiversity, and grass-  
22          land and land containing shrubs or forb under the  
23          greatest threat of conversion.

24          “(d) RESTORATION AGREEMENTS.—

1           “(1) IN GENERAL.—The Secretary shall pre-  
 2       scribe the terms by which grassland and shrubland  
 3       subject to an easement under an agreement entered  
 4       into under the program shall be restored.

5           “(2) REQUIREMENTS.—The restoration agree-  
 6       ment shall describe the respective duties of the  
 7       owner and the Secretary (including paying the share  
 8       of the cost of restoration provided by the Secretary  
 9       and the provision of technical assistance).

10       “(e) VIOLATIONS.—

11           “(1) IN GENERAL.—On the violation of the  
 12       terms or conditions of an easement or restoration  
 13       agreement entered into under this section—

14           “(A) the easement shall remain in force;  
 15       and

16           “(B) the Secretary may require the owner  
 17       to refund all or part of any payments received  
 18       by the owner under this subchapter, with inter-  
 19       est on the payments as determined appropriate  
 20       by the Secretary.

21       “(2) PERIODIC INSPECTIONS.—

22           “(A) IN GENERAL.—After providing notice  
 23       to the owner, the Secretary shall conduct peri-  
 24       odic inspections of land subject to easements  
 25       under this subchapter to ensure compliance

1 with the terms of the easement and restoration  
2 agreement.

3 “(B) LIMITATION.—The Secretary may  
4 not prohibit the owner, or a representative of  
5 the owner, from being present during a periodic  
6 inspection.

7 **“SEC. 1238P. DUTIES OF SECRETARY.**

8 “(a) IN GENERAL.—In return for the granting of an  
9 easement by an owner under this subchapter, the Sec-  
10 retary shall, in accordance with this section—

11 “(1) make easement payments;

12 “(2) pay a share of the cost of restoration; and

13 “(3) provide technical assistance to the owner.

14 “(b) PAYMENT SCHEDULE.—

15 “(1) EASEMENT PAYMENTS.—

16 “(A) AMOUNT.—In return for the granting  
17 of an easement by an owner under this sub-  
18 chapter, the Secretary shall make easement  
19 payments to the owner in an amount equal to—

20 “(i) in the case of a permanent ease-  
21 ment, the fair market value of the land  
22 less the grazing value of the land encum-  
23 bered by the easement; and

24 “(ii) in the case of a 30-year easement  
25 or an easement for the maximum duration

1           allowed under applicable State law, 30 per-  
2           cent of the fair market value of the land  
3           less the grazing value of the land for the  
4           period during which the land is encum-  
5           bered by the easement.

6           “(B) SCHEDULE.—Easement payments  
7           may be provided in not less than 1 payment nor  
8           more than 10 annual payments of equal or un-  
9           equal amount, as agreed to by the Secretary  
10          and the owner.

11          “(2) RENTAL AGREEMENT PAYMENTS.—

12           “(A) AMOUNT.—If an owner enters into a  
13           30-year rental agreement authorized under sec-  
14           tion 1238N(b)(3)(C), the Secretary shall make  
15           30 annual rental payments to the owner in an  
16           amount that equals, to the maximum extent  
17           practicable, the 30-year easement payment  
18           amount under paragraph (1)(A)(ii).

19           “(B) ASSESSMENT.—Not less than once  
20           every 5 years throughout the 30-year rental pe-  
21           riod, the Secretary shall assess whether the  
22           value of the rental payments under subpara-  
23           graph (A) equals, to the maximum extent prac-  
24           ticable, the total amount of 30-year easement  
25           payments as of the date of the assessment.



1           “(C) ADJUSTMENT.—If on completion of  
2           the assessment under subparagraph (B), the  
3           Secretary determines that the rental payments  
4           do not equal, to the maximum extent prac-  
5           ticable, the value of payments under a 30-year  
6           easement, the Secretary shall adjust the  
7           amount of the remaining payments to equal, to  
8           the maximum extent practicable, the value of a  
9           30-year easement over the entire 30-year rental  
10          period.

11          “(c) COST OF RESTORATION.—The Secretary shall  
12          make payments to the owner of not more than 75 percent  
13          of the cost of carrying out measures and practices nec-  
14          essary to restore grassland and shrubland functions and  
15          values.

16          “(d) TECHNICAL ASSISTANCE.—The Secretary shall  
17          provide owners with technical assistance to execute ease-  
18          ment documents and restore the grassland and shrubland.

19          “(e) PAYMENTS TO OTHERS.—If an owner that is en-  
20          titled to a payment under this subchapter dies, becomes  
21          incompetent, is otherwise unable to receive the payment,  
22          or is succeeded by another person who renders or com-  
23          pletes the required performance, the Secretary shall make  
24          the payment, in accordance with regulations promulgated  
25          by the Secretary and without regard to any other provision

1 of law, in such manner as the Secretary determines is fair  
 2 and reasonable in light of all the circumstances.

3 “(f) OTHER PAYMENTS.—Easement payments re-  
 4 ceived by an owner under this subchapter shall be in addi-  
 5 tion to, and not affect, the total amount of payments that  
 6 the owner is otherwise eligible to receive under other Fed-  
 7 eral laws.

8 “(g) REGULATIONS.—Not later than 180 days after  
 9 the date of enactment of this subchapter, the Secretary  
 10 shall promulgate such regulations as are necessary to  
 11 carry out this subchapter.”.

12 (b) FUNDING.—Section 1241 of the Food Security  
 13 Act of 1985 (16 U.S.C. 3841) (as amended by section  
 14 217(b)) is amended by adding at the end the following:

15 “(e) GRASSLAND RESERVE PROGRAM.—The Sec-  
 16 retary shall use such sums of the Commodity Credit Cor-  
 17 poration as are necessary to carry out subchapter D of  
 18 chapter 2 (including the provision of technical assist-  
 19 ance).”.

20 **SEC. 219. STATE TECHNICAL COMMITTEES.**

21 Subtitle G of title XII of the Food Security Act of  
 22 1985 (16 U.S.C. 3861 et seq.) is amended to read as fol-  
 23 lows:

1           **“Subtitle G—State Technical**  
2                           **Committees**

3   **“SEC. 1261. ESTABLISHMENT.**

4           “(a) IN GENERAL.—The Secretary shall establish in  
5 each State a technical committee to assist the Secretary  
6 in the technical considerations relating to implementation  
7 of any private land conservation program administered by  
8 the Secretary.

9           “(b) STANDARDS.—Not later than 180 days after the  
10 date of enactment of the Agriculture, Conservation, and  
11 Rural Enhancement Act of 2001, the Secretary shall de-  
12 velop standards to be used by each State technical com-  
13 mittee in the development of technical guidelines under  
14 section 1262(b) for the implementation of the conservation  
15 programs under this title.

16           “(c) COMPOSITION.—Each State technical committee  
17 established under subsection (a) shall be composed of pro-  
18 fessional resource managers that represent a variety of  
19 disciplines in the soil, water, wetland, forest, and wildlife  
20 sciences, including representatives from among—

21                   “(1) the Natural Resources Conservation Serv-  
22 ice (a representative of which shall serve as Chair of  
23 the Committee);

24                   “(2) the Farm Service Agency;

25                   “(3) the Forest Service;

1 “(4) the Extension Service;

2 “(5) the Fish and Wildlife Service;

3 “(6) such State departments and agencies as  
4 the Secretary determines to be appropriate,  
5 including—

6 “(A) a State fish and wildlife agency;

7 “(B) a State forester or equivalent State  
8 official;

9 “(C) a State water resources agency;

10 “(D) a State department of agriculture;

11 “(E) a State soil conservation agency;

12 “(F) a State association of soil and water  
13 conservation districts; and

14 “(G) land grant colleges and universities;

15 “(7) other individuals or agency personnel with  
16 expertise in soil, water, wetland, and wildlife or for-  
17 est management as the Secretary determines to be  
18 appropriate;

19 “(8) agricultural producers with demonstrable  
20 conservation expertise;

21 “(9) nonprofit organizations with demonstrable  
22 conservation or forestry expertise;

23 “(10) persons knowledgeable about conservation  
24 or forestry techniques; and

25 “(11) agribusinesses.

1 **“SEC. 1262. RESPONSIBILITIES.**

2 “(a) INFORMATION.—

3 “(1) PROVISION.—

4 “(A) IN GENERAL.—Each State technical  
5 committee established under section 1261 shall  
6 meet regularly to provide information, analyses,  
7 and recommendations to the Secretary.

8 “(B) MANNER; FORM.—Information, anal-  
9 yses, and recommendations described in sub-  
10 paragraph (A) shall—

11 “(i) be provided in writing, in a man-  
12 ner that assists the Secretary in deter-  
13 mining matters of fact, technical merit, or  
14 scientific question; and

15 “(ii) reflect the best professional in-  
16 formation and judgment of the committee.

17 “(2) COORDINATION.—The Secretary shall co-  
18 ordinate activities conducted under this section with  
19 activities conducted under section 1628 of the Food,  
20 Agriculture, Conservation, and Trade Act of 1990 (7  
21 U.S.C. 5831).

22 “(3) PUBLIC PARTICIPATION.—Each State  
23 technical committee shall—

24 “(A) provide public notice of, and permit  
25 public attendance at, meetings considering

1 issues of concern related to any program under  
2 this title; and

3 “(B) distribute meeting minutes to each  
4 person attending a meeting described in sub-  
5 paragraph (A).

6 “(4) COMMUNICATION.—Each State conserva-  
7 tionist shall communicate regularly with members of  
8 the State technical committee concerning status of  
9 action on recommendations of the committee.

10 “(b) OTHER DUTIES.—Each State technical com-  
11 mittee shall provide assistance and offer recommendations  
12 with respect to the technical aspects of—

13 “(1) wetland protection, restoration, and miti-  
14 gation requirements;

15 “(2) criteria to be used in evaluating bids for  
16 enrollment of environmentally-sensitive land in the  
17 conservation reserve program established under sub-  
18 chapter B of chapter 1;

19 “(3) guidelines for haying or grazing and the  
20 control of weeds to protect nesting wildlife on des-  
21 ignated acreage relating to—

22 “(A) highly erodible land conservation  
23 under subtitle B;

24 “(B) wetland conservation under subtitle  
25 C; or

1                   “(C) other conservation requirements

2                   “(4) addressing common weed and pest prob-  
3                   lems and programs to control weeds and pests found  
4                   on acreage enrolled in the conservation reserve pro-  
5                   gram;

6                   “(5) guidelines for planting perennial cover for  
7                   water quality and wildlife habitat improvement on  
8                   designated land;

9                   “(6) establishing criteria and priorities for  
10                  State initiatives under the environmental quality in-  
11                  centives program under chapter 4 of subtitle D;

12                  “(7) establishing State and local conservation  
13                  priorities under the conservation security program  
14                  under subchapter A of chapter 2 of subtitle D;

15                  “(8) establishing and maintaining natural re-  
16                  source indicators and conservation program moni-  
17                  toring and evaluation systems;

18                  “(9) developing conservation program education  
19                  and outreach activities;

20                  “(10) evaluating innovative practices and sys-  
21                  tems under consideration for inclusion in the field  
22                  office technical guides; and

23                  “(11) other matters, as determined to be appro-  
24                  priate by the Secretary.

25                  “(c) AUTHORITY.—

1           “(1) IN GENERAL.—Each State technical com-  
2       mittee established under section 1261 shall—

3                   “(A) serve in an advisory capacity; and

4                   “(B) have no implementation or enforce-  
5       ment authority.

6           “(2) CONSIDERATION BY SECRETARY.—In car-  
7       rying out any program under this title, the Secretary  
8       shall give strong consideration to the recommenda-  
9       tions of a State technical committee (including fac-  
10      tual, technical, or scientific findings and rec-  
11      ommendations relating to areas in which the State  
12      technical committee bears responsibility).

13       “(d) FACA REQUIREMENTS.—A State technical  
14      committee established under section 1261 shall be exempt  
15      from the Federal Advisory Committee Act (5 U.S.C.  
16      App.).

17       “(e) ADVISORY SUBCOMMITTEES.—

18           “(1) IN GENERAL.—Any State or local work  
19      group, task force, or other advisory body authorized  
20      by any Federal law (including a regulation) to advise  
21      the Secretary on issues that are within the areas of  
22      responsibility of a State technical committee estab-  
23      lished under section 1261 shall be considered to be  
24      a subcommittee of the State technical committee.



1           “(2) COMPOSITION.—A person eligible to serve  
2           on a State technical committee under section  
3           1261(c) shall also be eligible to serve on 1 or more  
4           subcommittees of a State technical committee.

5           “(3) LOCAL WORKING GROUPS.—A local work-  
6           ing group shall be considered to be a subcommittee  
7           of a State technical committee established under sec-  
8           tion 1261.”.

9   **SEC. 220. USE OF SYMBOLS, SLOGANS, AND LOGOS.**

10          Section 356 of the Federal Agriculture Improvement  
11   Act of 1996 (16 U.S.C. 5801 et seq.) is amended—

12           (1) in subsection (c)—

13                   (A) by redesignating paragraphs (4)  
14                   through (7) as paragraphs (5) through (8), re-  
15                   spectively; and

16                   (B) by inserting after paragraph (3) the  
17                   following:

18                   “(4) on the written approval of the Secretary,  
19                   to use, license, or transfer symbols, slogans, and  
20                   logos of the Department;”; and

21           (2) in subsection (d), by adding at the end the  
22           following:

23                   “(3) USE OF SYMBOLS, SLOGANS, AND  
24                   LOGOS.—

“(A) IN GENERAL.—The Secretary may authorize the Foundation to use, license, or transfer symbols, slogans, and logos of the Department.

“(B) INCOME.—

“(i) IN GENERAL.—All revenue received by the Foundation from the use, licensing, or transfer of symbols, slogans, and logos of the Department shall be transferred to the Secretary.

“(ii) CONSERVATION OPERATIONS.—The Secretary shall transfer all revenue received under clause (i) to the account within the Natural Resources Conservation Service that is used to carry out conservation operations.”.

## **TITLE III—TRADE**

### **Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes**

#### **SEC. 301. UNITED STATES POLICY.**

Section 2(2) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691(2)) is amended by inserting before the semicolon at the end the following: “and conflict prevention”.

1 **SEC. 302. PROVISION OF AGRICULTURAL COMMODITIES.**

2 Section 202 of the Agricultural Trade Development  
3 and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

4 (1) in subsection (b), by adding at the end the  
5 following:

6 “(3) PROGRAM DIVERSITY.—The Administrator  
7 shall—

8 “(A) encourage eligible organizations to  
9 propose and implement program plans to ad-  
10 dress 1 or more aspects of the program under  
11 section 201; and

12 “(B) consider proposals that incorporate a  
13 variety of program objectives and strategic  
14 plans based on the identification by eligible or-  
15 ganizations of appropriate activities to assist  
16 development in foreign countries.”;

17 (2) in subsection (e)(1), by striking “not less  
18 than \$10,000,000, and not more than \$28,000,000,”  
19 and inserting “not less than 5 percent nor more  
20 than 10 percent of the funds”; and

21 (3) by adding at the end the following:

22 “(h) CERTIFIED INSTITUTIONAL PARTNERS.—

23 “(1) IN GENERAL.—The Administrator or the  
24 Secretary, as applicable, shall promulgate regula-  
25 tions and issue guidelines to permit private vol-

1       untary organizations and cooperatives to be certified  
2       as institutional partners.

3               “(2) REQUIREMENTS.—To become a certified  
4       institutional partner, a private voluntary organiza-  
5       tion or cooperative shall submit to the Administrator  
6       a certification of organizational capacity that  
7       describes—

8               “(A) the financial, programmatic, com-  
9       modity management, and auditing abilities and  
10       practices of the organization or cooperative; and

11              “(B) the capacity of the organization or  
12       cooperative to carry out projects in particular  
13       countries.

14              “(3) MULTI-COUNTRY PROPOSALS.—A certified  
15       institutional partner shall be eligible to—

16              “(A) submit a single proposal for 1 or  
17       more countries that are the same as, or similar  
18       to, those countries in which the certified institu-  
19       tional partner has already demonstrated organi-  
20       zational capacity;

21              “(B) receive expedited review and approval  
22       of the proposal; and

23              “(C) receive commodities and assistance  
24       under this section for use in 1 or more coun-  
25       tries.”.

1 **SEC. 303. GENERATION AND USE OF CURRENCIES BY PRI-**  
 2 **VATE VOLUNTARY ORGANIZATIONS AND CO-**  
 3 **OPERATIVES.**

4 Section 203 of the Agricultural Trade Development  
 5 and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

6 (1) in the section heading, by striking “**FOR-**  
 7 **EIGN**”;

8 (2) in subsection (a), by striking “the recipient  
 9 country, or in a country” and inserting “1 or more  
 10 recipient countries, or 1 or more countries”;

11 (3) in subsection (b)—

12 (A) by striking “in recipient countries, or  
 13 in countries” and inserting “1 or more recipient  
 14 countries, or in 1 or more countries”; and

15 (B) by striking “foreign currency”;

16 (4) in subsection (c)—

17 (A) by striking “foreign currency”; and

18 (B) by striking “the recipient country, or  
 19 in a country” and inserting “1 or more recipi-  
 20 ent countries, or in 1 or more countries”; and

21 (5) in subsection (d)—

22 (A) by striking “Foreign currencies” and  
 23 inserting “Proceeds”;

24 (B) in paragraph (2)—

25 (i) by striking “income generating”  
 26 and inserting “income-generating”; and

1 (ii) by striking “the recipient country  
 2 or within a country” and inserting “1 or  
 3 more recipient countries or within 1 or  
 4 more countries”; and

5 (C) in paragraph (3)—

6 (i) by inserting a comma after “in-  
 7 vested”; and

8 (ii) by inserting a comma after  
 9 “used”.

10 **SEC. 304. LEVELS OF ASSISTANCE.**

11 Section 204 of the Agricultural Trade Development  
 12 and Assistance Act of 1954 (7 U.S.C. 1724) is amended—

13 (1) in subsection (a)—

14 (A) in paragraph (1), by striking “that for  
 15 each of fiscal years 1996 through 2002 is not  
 16 less than 2,025,000 metric tons.” and inserting  
 17 “that is not less than—

18 “(A) 2,100,000 metric tons for fiscal year  
 19 2002;

20 “(B) 2,200,000 metric tons for fiscal year  
 21 2003;

22 “(C) 2,300,000 metric tons for fiscal year  
 23 2004;

24 “(D) 2,400,000 metric tons for fiscal year  
 25 2005; and

1                   “(E) 2,500,000 metric tons for fiscal year  
2                   2006.”; and

3                   (B) in paragraph (2), by striking “1996  
4                   through 2002” and inserting “2002 through  
5                   2006”; and

6                   (2) in subsection (b)(1), by inserting “(includ-  
7                   ing crude degummed soybean oil)” after “bagged  
8                   commodities”.

9   **SEC. 305. FOOD AID CONSULTATIVE GROUP.**

10           Section 205 of the Agricultural Trade Development  
11   and Assistance Act of 1954 (7 U.S.C. 1725) is amended—

12                   (1) in subsection (a), by inserting “, policies,  
13                   guidelines,” after “regulations”;

14                   (2) in subsection (d), by inserting “policies,”  
15                   after “regulations,” each place it appears; and

16                   (3) in subsection (f), by striking “2002” and  
17                   inserting “2006”.

18   **SEC. 306. MAXIMUM LEVEL OF EXPENDITURES.**

19           Section 206(a) of the Agricultural Trade Develop-  
20   ment and Assistance Act of 1954 (7 U.S.C. 1726(a)) is  
21   amended by striking “\$1,000,000,000” and inserting  
22   “\$2,000,000,000”.

1 **SEC. 307. ADMINISTRATION.**

2 Section 207 of the Agricultural Trade Development  
3 and Assistance Act of 1954 (7 U.S.C. 1726a) is  
4 amended—

5 (1) in subsection (a)—

6 (A) by redesignating paragraph (2) as  
7 paragraph (3); and

8 (B) by striking paragraph (1) and insert-  
9 ing the following:

10 “(1) RECIPIENT COUNTRIES.—A proposal to  
11 enter into a nonemergency food assistance agree-  
12 ment under this title shall identify the recipient  
13 country or countries that are the subject of the  
14 agreement.

15 “(2) TIMING.—Not later than 120 days after  
16 the date of submission to the Administrator of a  
17 proposal submitted by an eligible organization under  
18 this title, the Administrator shall determine whether  
19 to accept the proposal.”;

20 (2) in subsection (b), by striking “guideline”  
21 each place it appears and inserting “guideline or pol-  
22 icy determination”;

23 (3) in subsection (d), by striking “a United  
24 States field mission” and inserting “an eligible orga-  
25 nization with an approved program under this title”;  
26 and



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

2 “(e) TIMELY APPROVAL.—

3 “(1) IN GENERAL.—The Administrator shall fi-  
4 nalize program agreements and resource requests for  
5 programs under this section before the beginning of  
6 each fiscal year.

7 “(2) REPORT.—Not later than December 1 of  
8 each year, the Administrator shall submit to the  
9 Committee on Agriculture and the Committee on  
10 International Relations of the House of Representa-  
11 tives and the Committee on Agriculture, Nutrition,  
12 and Forestry of the Senate a report that contains—

13 “(A) a list of programs, countries, and  
14 commodities approved to date for assistance  
15 under this section; and

16 “(B) a statement of the total amount of  
17 funds approved to date for transportation and  
18 administrative costs under this section.

19 “(f) DIRECT DELIVERY.—In addition to practices in  
20 effect on the date of enactment of this subsection, the Sec-  
21 retary may approve an agreement that provides for direct  
22 delivery of agricultural commodities to milling or proc-  
23 essing facilities more than 50 percent of the interest in  
24 which is owned by United States citizens in foreign coun-  
25 tries, with the proceeds of transactions transferred in cash

1 to eligible organizations described in section 202(d) to  
2 carry out approved projects.”.

3 **SEC. 308. ASSISTANCE FOR STOCKPILING AND RAPID**  
4 **TRANSPORTATION, DELIVERY, AND DIS-**  
5 **TRIBUTION OF SHELF-STABLE PRE-**  
6 **PACKAGED FOODS.**

7 Section 208(f) of the Agricultural Trade Develop-  
8 ment and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is  
9 amended by striking “and 2002” and inserting “through  
10 2006”.

11 **SEC. 309. SALE PROCEDURE.**

12 Section 403 of the Agricultural Trade Development  
13 and Assistance Act of 1954 (7 U.S.C. 1733) is amended  
14 by adding at the end the following:

15 “(1) SALE PROCEDURE.—

16 “(1) IN GENERAL.—Subsection (b) shall apply  
17 to sales of commodities in recipient countries to gen-  
18 erate proceeds to carry out projects under—

19 “(A) section 416(b) of the Agricultural Act  
20 of 1949 (7 U.S.C. 1431(b)); and

21 “(B) title VIII of the Agricultural Trade  
22 Act of 1978.

23 “(2) CURRENCIES.—Sales of commodities de-  
24 scribed in paragraph (1) may be in United States  
25 dollars or in a different currency.

1           “(3) SALE PRICE.—Sales of commodities de-  
 2       scribed in paragraph (1) shall be made at a reason-  
 3       able market price in the economy where the com-  
 4       modity is to be sold, as determined by the Secretary  
 5       or the Administrator, as appropriate.”.

6   **SEC. 310. PREPOSITIONING.**

7       Section 407(c)(4) of the Agricultural Trade Develop-  
 8       ment and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4))  
 9       is amended by striking “and 2002” and inserting  
 10      “through 2006”.

11   **SEC. 311. EXPIRATION DATE.**

12      Section 408 of the Agricultural Trade Development  
 13      and Assistance Act of 1954 (7 U.S.C. 1736b) is amended  
 14      by striking “2002” and inserting “2006”.

15   **SEC. 312. MICRONUTRIENT FORTIFICATION PROGRAM.**

16      Section 415 of the Agricultural Trade Development  
 17      and Assistance Act of 1954 (7 U.S.C. 1736g–2) is  
 18      amended—

19           (1) in subsection (a)—

20               (A) in the first sentence, by striking “a  
 21               micronutrient fortification pilot program” and  
 22               inserting “micronutrient fortification pro-  
 23               grams”; and

24               (B) in the second sentence—

1 (i) by striking “the program” and in-  
 2 serting “a program”;

3 (ii) in paragraph (1), by striking  
 4 “and” at the end;

5 (iii) in paragraph (2)—

6 (I) by striking “whole”; and

7 (II) by striking the period at the  
 8 end and inserting “; and”; and

9 (iv) by adding at the end the fol-  
 10 lowing:

11 “(3) encourage technologies and systems for the  
 12 improved quality and safety of fortified grains and  
 13 other commodities that are readily transferable to  
 14 developing countries.”;

15 (2) in the first sentence of subsection (c)—

16 (A) by striking “the pilot program, whole”  
 17 and inserting “a program,”;

18 (B) by striking “the pilot program may”  
 19 and inserting “a program may”; and

20 (C) by striking “including” and inserting  
 21 “such as”; and

22 (3) in subsection (d), by striking “2002” and  
 23 inserting “2006”.

1 **SEC. 313. FARMER-TO-FARMER PROGRAM.**

2 Section 501(c) of the Agricultural Trade Develop-  
3 ment and Assistance Act of 1954 (7 U.S.C. 1737(c)) is  
4 amended—

5 (1) by striking “0.4” and inserting “0.5,”; and

6 (2) by striking “2002” and inserting “2006”.

7 **Subtitle B—Agricultural Trade Act**  
8 **of 1978**

9 **SEC. 321. EXPORT CREDIT GUARANTEE PROGRAM.**

10 (a) TERM OF SUPPLIER CREDIT PROGRAM.—Section  
11 202(a)(2) of the Agricultural Trade Act of 1978 (7 U.S.C.  
12 5622(a)(2)) is amended by striking “180” and inserting  
13 “360”.

14 (b) PROCESSED AND HIGH-VALUE PRODUCTS.—Sec-  
15 tion 202(k)(1) of the Agricultural Trade Act of 1978 (7  
16 U.S.C. 5622(k)(1)) is amended by striking “, 2001, and  
17 2002” and inserting “through 2006”.

18 (c) REPORT.—Section 202 of the Agricultural Trade  
19 Act of 1978 (7 U.S.C. 5622) is amended by adding at  
20 the end the following:

21 “(l) REPORT ON AGRICULTURAL EXPORT CREDIT  
22 PROGRAMS.—

23 “(1) IN GENERAL.—Not later than 1 year after  
24 the date of enactment of this subsection, and annu-  
25 ally thereafter, the Secretary shall submit to the  
26 Committee on Agriculture and the Committee on

1 International Relations of the House of Representa-  
 2 tives and the Committee on Agriculture, Nutrition  
 3 and Forestry of the Senate a report on the status  
 4 of multilateral negotiations regarding agricultural  
 5 export credit programs at the World Trade Organi-  
 6 zation and the Organization of Economic Coopera-  
 7 tion and Development in fulfillment of Article 10.2  
 8 of the Agreement on Agriculture (as described in  
 9 section 101(d)(2) of the Uruguay Round Agree-  
 10 ments Act (19 U.S.C. 3511(d)(2))).

11 “(2) CLASSIFIED INFORMATION.—The report  
 12 under paragraph (1) shall be submitted in unclassi-  
 13 fied form, but may contain a classified annex.”.

14 (d) REAUTHORIZATION.—Section 211(b)(1) of the  
 15 Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is  
 16 amended by striking “2002” and inserting “2006”.

17 **SEC. 322. MARKET ACCESS PROGRAM.**

18 (a) IN GENERAL.—Section 211(c) of the Agricultural  
 19 Trade Act of 1978 (7 U.S.C. 5641(c)) is amended—

20 (1) by redesignating paragraphs (1) and (2) as  
 21 subparagraphs (A) and (B), respectively, and indent-  
 22 ing appropriately;

23 (2) by striking “The Commodity” and inserting  
 24 the following:

25 “(1) IN GENERAL.—The Commodity”;

(3) by striking subparagraph (A) (as so redesignated) and inserting the following:

“(A) in addition to any funds that may be specifically appropriated to implement a market access program, not more than \$100,000,000 for fiscal year 2002, \$120,000,000 for fiscal year 2003, \$140,000,000 for fiscal year 2004, \$160,000,000 for fiscal year 2005, and \$190,000,000 for fiscal year 2006, of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation, except that this paragraph shall not apply to section 203(h); and”;

(4) by adding at the end the following:

“(2) PROGRAM PRIORITIES.—Of funds made available under paragraph (1)(A) in excess of \$90,000,000 for any fiscal year, priority shall be given to proposals—

“(A) made by eligible trade organizations that have never participated in the market access program under this title; or

“(B) for market access programs in emerging markets.”.

(b) UNITED STATES QUALITY EXPORT INITIATIVE.—

1 (1) FINDINGS.—Congress finds that—

2 (A) the market access program established  
3 under section 203 of the Agricultural Trade Act  
4 of 1978 (7 U.S.C. 5623) and foreign market  
5 development cooperator program established  
6 under title VII of that Act (7 U.S.C. 7251 et  
7 seq.) target generic and value-added agricul-  
8 tural products, with little emphasis on the high  
9 quality of United States agricultural products;  
10 and

11 (B) new promotional tools are needed to  
12 enable United States agricultural products to  
13 compete in higher margin, international mar-  
14 kets on the basis of quality.

15 (2) INITIATIVE.—Section 203 of the Agricul-  
16 tural Trade Act of 1978 (7 U.S.C. 5623) is amend-  
17 ed by adding at the end the following:

18 “(h) UNITED STATES QUALITY EXPORT INITIA-  
19 TIVE.—

20 “(1) IN GENERAL.—Subject to the availability  
21 of appropriations, using the authorities under this  
22 section, the Secretary shall establish a program  
23 under which, on a competitive basis, using practical  
24 and objective criteria, several agricultural products  
25 are selected to carry the ‘U.S. Quality’ seal.



1           “(2) PROMOTIONAL ACTIVITIES.—Agricultural  
2           products selected under paragraph (1) shall be pro-  
3           moted using the ‘U.S. Quality’ seal at trade fairs in  
4           key markets through electronic and print media.

5           “(3) AUTHORIZATION OF APPROPRIATIONS.—  
6           There are authorized to be appropriated such sums  
7           as are necessary to carry out this subsection.”.

8   **SEC. 323. EXPORT ENHANCEMENT PROGRAM.**

9           (a) IN GENERAL.—Section 301(e)(1)(G) of the Agri-  
10          cultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is  
11          amended by striking “fiscal year 2002” and inserting  
12          “each of fiscal years 2002 through 2006”.

13          (b) UNFAIR TRADE PRACTICES.—Section 102(5)(A)  
14          of the Agricultural Trade Act of 1978 (7 U.S.C.  
15          5602(5)(A)) is amended—

16               (1) in clause (i), by striking “or” at the end;

17               (2) in clause (ii), by striking the period at the  
18          end and inserting “, including, in the case of a state  
19          trading enterprise engaged in the export of an agri-  
20          cultural commodity, pricing practices that are not  
21          consistent with sound commercial practices con-  
22          ducted in the ordinary course of trade; or”; and

23               (3) by adding at the end the following:

24                       “(iii) changes United States export  
25                       terms of trade through a deliberate change

1                   in the dollar exchange rate of a competing  
2                   exporter.”.

3 **SEC. 324. FOREIGN MARKET DEVELOPMENT COOPERATOR**  
4 **PROGRAM.**

5       Section 703 of the Agricultural Trade Act of 1978  
6 (7 U.S.C. 5723) is amended to read as follows:

7 **“SEC. 703. FUNDING.**

8       “(a) IN GENERAL.—To carry out this title, the Sec-  
9 retary shall use funds of the Commodity Credit Corpora-  
10 tion, or commodities of the Commodity Credit Corporation  
11 of a comparable value, in the following amounts:

12               “(1) For fiscal year 2002, \$37,500,000.

13               “(2) For fiscal year 2003, \$40,000,000.

14               “(3) For fiscal year 2004 and each subsequent  
15 fiscal year, \$42,500,000.

16       “(b) PROGRAM PRIORITIES.—Of funds or commod-  
17 ities provided under subsection (a) in excess of  
18 \$35,000,000 for any fiscal year, priority shall be given to  
19 proposals—

20               “(1) made by eligible trade organizations that  
21 have never participated in the program established  
22 under this title; or

23               “(2) for programs established under this title in  
24 emerging markets.”.

1 **SEC. 325. FOOD FOR PROGRESS AND EDUCATION PRO-**  
 2 **GRAMS.**

3 (a) IN GENERAL.—The Agricultural Trade Act of  
 4 1978 (7 U.S.C. 5601 et seq.) is amended by adding at  
 5 the end the following:

6 **“TITLE VIII—FOOD FOR**  
 7 **PROGRESS AND EDUCATION**  
 8 **PROGRAMS**

9 **“SEC. 801. DEFINITIONS.**

10 “In this title:

11 “(1) COOPERATIVE.—The term ‘cooperative’  
 12 means a private sector organization the members of  
 13 which—

14 “(A) own and control the organization;

15 “(B) share in the profits of the organiza-  
 16 tion; and

17 “(C) are provided services (such as busi-  
 18 ness services and outreach in cooperative devel-  
 19 opment) by the organization.

20 “(2) CORPORATION.—The term ‘Corporation’  
 21 means the Commodity Credit Corporation.

22 “(3) DEVELOPING COUNTRY.—The term ‘devel-  
 23 oping country’ means a foreign country that has—

24 “(A) a shortage of foreign exchange earn-  
 25 ings; and

1           “(B) difficulty meeting all of the food  
2           needs of the country through commercial chan-  
3           nels and domestic production.

4           “(4) ELIGIBLE COMMODITY.—The term ‘eligible  
5           commodity’ means an agricultural commodity (in-  
6           cluding vitamins and minerals) acquired by the Sec-  
7           retary or the Corporation for disposition in a pro-  
8           gram authorized under this title through—

9           “(A) commercial purchases; or

10          “(B) inventories of the Corporation.

11          “(5) ELIGIBLE ORGANIZATION.—The term ‘eli-  
12          gible organization’ means a private voluntary organi-  
13          zation, cooperative, nongovernmental organization,  
14          or foreign country, as determined by the Secretary.

15          “(6) EMERGING AGRICULTURAL COUNTRY.—  
16          The term ‘emerging agricultural country’ means a  
17          foreign country that—

18          “(A) is an emerging democracy; and

19          “(B) has made a commitment to introduce  
20          or expand free enterprise elements in the agri-  
21          cultural economy of the country.

22          “(7) FOOD SECURITY.—The term ‘food secu-  
23          rity’ means access by all people at all times to suffi-  
24          cient food and nutrition for a healthy and productive  
25          life.

1 “(8) NONGOVERNMENTAL ORGANIZATION.—

2 “(A) IN GENERAL.—The term ‘nongovern-  
3 mental organization’ means an organization  
4 that operates on a local level to solve develop-  
5 ment problems in a foreign country in which  
6 the organization is located.

7 “(B) EXCLUSION.—The term ‘nongovern-  
8 mental organization’ does not include an orga-  
9 nization that is primarily an agency or instru-  
10 mentality of the government of a foreign coun-  
11 try.

12 “(9) PRIVATE VOLUNTARY ORGANIZATION.—  
13 The term ‘private voluntary organization’ means a  
14 nonprofit, nongovernmental organization that—

15 “(A) receives—

16 “(i) funds from private sources; and

17 “(ii) voluntary contributions of funds,  
18 staff time, or in-kind support from the  
19 public;

20 “(B) is engaged in or is planning to en-  
21 gage in nonreligious voluntary, charitable, or  
22 development assistance activities; and

23 “(C) in the case of an organization that is  
24 organized under the laws of the United States  
25 or a State, is an organization described in sec-

1           tion 501(c)(3) of the Internal Revenue Code of  
 2           1986 that is exempt from taxation under sec-  
 3           tion 501(a) of that Code.

4           “(10) PROGRAM.—The term ‘program’ means a  
 5           food or nutrition assistance or development initiative  
 6           proposed by an eligible organization and approved by  
 7           the Secretary under this title.

8           “(11) RECIPIENT COUNTRY.—The term ‘recipi-  
 9           ent country’ means an emerging agricultural country  
 10          that receives assistance under a program.

11   **“SEC. 802. FOOD FOR PROGRESS AND EDUCATION PRO-**  
 12          **GRAMS.**

13          “(a) IN GENERAL.—To provide agricultural commod-  
 14          ities to support the introduction or expansion of free trade  
 15          enterprises in national economies in recipient countries,  
 16          and to provide food or nutrition assistance in recipient  
 17          countries, the Secretary shall establish food for progress  
 18          and education programs under which the Secretary may  
 19          enter into agreements (including multiyear agreements  
 20          and for programs in more than 1 country) with—

21               “(1) the governments of emerging agricultural  
 22          countries;

23               “(2) private voluntary organizations;

24               “(3) nonprofit agricultural organizations and  
 25          cooperatives;

1           “(4) nongovernmental organizations; and

2           “(5) other private entities.

3           “(b) CONSIDERATIONS.—In determining whether to  
4 enter into an agreement to establish a program under sub-  
5 section (a), the Secretary shall take into consideration  
6 whether an emerging agricultural country is committed to  
7 carrying out, or is carrying out, policies that promote—

8           “(1) economic freedom;

9           “(2) private production of food commodities for  
10 domestic consumption; and

11           “(3) the creation and expansion of efficient do-  
12 mestic markets for the purchase and sale of those  
13 commodities.

14           “(c) INTERNATIONAL FOOD FOR EDUCATION AND  
15 NUTRITION PROGRAM.—

16           “(1) IN GENERAL.—In cooperation with other  
17 countries, the Secretary shall establish an initiative  
18 within the food for progress and education programs  
19 under this title to be known as the ‘International  
20 Food for Education and Nutrition Program’,  
21 through which the Secretary may provide to eligible  
22 organizations agricultural commodities and technical  
23 and nutritional assistance in connection with edu-  
24 cation programs to improve food security and en-  
25 hance educational opportunities for preschool age

1 and primary school age children in recipient coun-  
2 tries.

3 “(2) AGREEMENTS.—In carrying out this sub-  
4 section, the Secretary—

5 “(A) shall administer the programs under  
6 this subsection in manner that is consistent  
7 with this title; and

8 “(B) may enter into agreements with eligi-  
9 ble organizations—

10 “(i) to purchase, acquire, and donate  
11 eligible commodities to eligible organiza-  
12 tions to carry out agreements in recipient  
13 countries; and

14 “(ii) to provide technical and nutri-  
15 tional assistance to carry out agreements  
16 in recipient countries.

17 “(3) OTHER DONOR COUNTRIES.—The Sec-  
18 retary shall encourage other donor countries, directly  
19 or through eligible organizations—

20 “(A) to donate goods and funds to recipi-  
21 ent countries; and

22 “(B) to provide technical and nutritional  
23 assistance to recipient countries.

24 “(4) PRIVATE SECTOR.—The President and the  
25 Secretary are urged to encourage the support and



1 active involvement of the private sector, foundations,  
2 and other individuals and organizations in programs  
3 and activities assisted under this subsection.

4 “(5) GRADUATION.—An agreement with an eli-  
5 gible organization under this subsection shall include  
6 provisions—

7 “(A)(i) to sustain the benefits to the edu-  
8 cation, enrollment, and attendance of children  
9 in schools in the targeted communities when the  
10 provision of commodities and assistance to a re-  
11 cipient country under the program under this  
12 subsection terminates; and

13 “(ii) to estimate the period of time re-  
14 quired until the recipient country or eligible or-  
15 ganization is able to provide sufficient assist-  
16 ance without additional assistance under this  
17 subsection; or

18 “(B) to provide other long-term benefits to  
19 targeted populations of the recipient country.

20 “(6) ANNUAL REPORT.—The Secretary shall  
21 submit to the Committee on Agriculture of the  
22 House of Representatives and the Committee on Ag-  
23 riculture, Nutrition, and Forestry of the Senate an  
24 annual report that describes—

1           “(A) the results of the implementation of  
2           this subsection during the year covered by the  
3           report, including the impact on the enrollment,  
4           attendance, and performance of children in  
5           preschools and primary schools targeted under  
6           the program under this subsection; and

7           “(B) the level of commitments by, and the  
8           potential for obtaining additional goods and as-  
9           sistance from, other countries for subsequent  
10          years.

11       “(d) TERMS.—

12           “(1) IN GENERAL.—The Secretary may provide  
13       agricultural commodities under this title on—

14           “(A) a grant basis; or

15           “(B) subject to paragraph (2), credit  
16       terms.

17           “(2) CREDIT TERMS.—Payment for agricultural  
18       commodities made available under this title that are  
19       purchased on credit terms shall be made on the  
20       same basis as payments made under section 103 of  
21       the Agricultural Trade Development and Assistance  
22       Act of 1954 (7 U.S.C. 1703).

23           “(3) NO EFFECT ON DOMESTIC PROGRAMS.—  
24       The Secretary shall not make an agricultural com-  
25       modity available for disposition under this section in

1       any amount that will reduce the amount of the com-  
2       modity that is traditionally made available through  
3       donations to domestic feeding programs or agencies,  
4       as determined by the Secretary.

5       “(e) REPORTS.—Each eligible organization that en-  
6       ters into an agreement under this title shall submit to the  
7       Secretary, at such time as the Secretary may request, a  
8       report containing such information as the Secretary may  
9       request relating to the use of agricultural commodities and  
10      funds provided to the eligible organization under this title.

11      “(f) COORDINATION.—To ensure that the provision  
12      of commodities under this section is coordinated with and  
13      complements other foreign assistance provided by the  
14      United States, assistance under this section shall be co-  
15      ordinated through the mechanism designated by the Presi-  
16      dent to coordinate assistance under the Agricultural Trade  
17      Development and Assistance Act of 1954 (7 U.S.C. 1691  
18      et seq.).

19      “(g) QUALITY ASSURANCE.—

20              “(1) IN GENERAL.—The Secretary shall ensure,  
21      to the maximum extent practicable, that each eligi-  
22      ble organization participating in 1 or more programs  
23      under this section—

24                      “(A) uses eligible commodities made avail-  
25                      able under this title—

1 “(i) in an effective manner;

2 “(ii) in the areas of greatest need;

3 and

4 “(iii) in a manner that promotes the  
5 purposes of this title;

6 “(B) in using eligible commodities, as-  
7 sesses and takes into account the needs of re-  
8 cipient countries and the target populations of  
9 the recipient countries;

10 “(C) works with recipient countries, and  
11 indigenous institutions or groups in recipient  
12 countries, to design and carry out mutually ac-  
13 ceptable programs authorized in subsection  
14 (h)(2)(C)(i);

15 “(D) monitors and reports on the distribu-  
16 tion or sale of eligible commodities provided  
17 under this title using methods that, as deter-  
18 mined by the Secretary, facilitate accurate and  
19 timely reporting;

20 “(E) periodically evaluates the effective-  
21 ness of the program of the eligible organization,  
22 including, as applicable, an evaluation of wheth-  
23 er the development or food and nutrition pur-  
24 poses of the program can be sustained in a re-  
25 cipient country if the assistance provided to the

1 recipient country is reduced and eventually ter-  
 2 minated; and

3 “(F) considers means of improving the op-  
 4 eration of the program of the eligible organiza-  
 5 tion.

6 “(2) CERTIFIED INSTITUTIONAL PARTNERS.—

7 “(A) IN GENERAL.—The Secretary shall  
 8 promulgate regulations and guidelines to permit  
 9 private voluntary organizations and cooperatives  
 10 to be certified as institutional partners.

11 “(B) REQUIREMENTS.—To become a cer-  
 12 tified institutional partner, a private voluntary  
 13 organization or cooperative shall submit to the  
 14 Secretary a certification of organizational ca-  
 15 pacity that describes—

16 “(i) the financial, programmatic, com-  
 17 modity management, and auditing abilities  
 18 and practices of the organization or coop-  
 19 erative; and

20 “(ii) the capacity of the organization  
 21 or cooperative to carry out projects in par-  
 22 ticular countries.

23 “(C) MULTICOUNTRY PROPOSALS.—A cer-  
 24 tified institutional partner shall be eligible to—

1 “(i) submit a single proposal for 1 or  
 2 more countries that are the same as, or  
 3 similar to, those countries in which the cer-  
 4 tified institutional partner has already  
 5 demonstrated organizational capacity;

6 “(ii) receive expedited review and ap-  
 7 proval of the proposal; and

8 “(iii) request commodities and assist-  
 9 ance under this section for use in 1 or  
 10 more countries.

11 “(D) MULTIYEAR AGREEMENTS.—In car-  
 12 rying out this title, on request and subject to  
 13 the availability of commodities, the Secretary is  
 14 encouraged to approve agreements that provide  
 15 for commodities to be made available for dis-  
 16 tribution on a multiyear basis, if the agree-  
 17 ments otherwise meet the requirements of this  
 18 title.

19 “(h) TRANSSHIPMENT AND RESALE.—

20 “(1) IN GENERAL.—The transshipment or re-  
 21 sale of an eligible commodity to a country other than  
 22 a recipient country shall be prohibited unless the  
 23 transshipment or resale is approved by the Sec-  
 24 retary.

25 “(2) MONETIZATION.—

1           “(A) IN GENERAL.—Subject to subpara-  
 2           graphs (B) through (D), an eligible commodity  
 3           provided under this section may be sold for for-  
 4           eign currency or United States dollars or  
 5           bartered, with the approval of the Secretary.

6           “(B) SALE OR BARTER OF FOOD ASSIST-  
 7           ANCE.—The sale or barter of eligible commod-  
 8           ities under this title may be conducted only  
 9           within (as determined by the Secretary)—

10           “(i) a recipient country or country  
 11           nearby to the recipient country; or

12           “(ii) another country, if—

13           “(I) the sale or barter within the  
 14           recipient country or nearby country is  
 15           not practicable; and

16           “(II) the sale or barter within  
 17           countries other than the recipient  
 18           country or nearby country will not  
 19           disrupt commercial markets for the  
 20           agricultural commodity involved.

21           “(C) HUMANITARIAN OR DEVELOPMENT  
 22           PURPOSES.—The Secretary may authorize the  
 23           use of proceeds or exchanges to reimburse,  
 24           within a recipient country or other country in

1 the same region, the costs incurred by an eligi-  
2 ble organization for—

3 “(i)(I) programs targeted at hunger  
4 and malnutrition; or

5 “(II) development programs involving  
6 food security or education;

7 “(ii) transportation, storage, and dis-  
8 tribution of eligible commodities provided  
9 under this title; and

10 “(iii) administration, sales, moni-  
11 toring, and technical assistance.

12 “(D) EXCEPTION.—The Secretary shall  
13 not approve the use of proceeds described in  
14 subparagraph (C) to fund any administrative  
15 expenses of a foreign government.

16 “(E) PRIVATE SECTOR ENHANCEMENT.—  
17 As appropriate, the Secretary may provide eligi-  
18 ble commodities under this title in a manner  
19 that uses commodity transactions as a means of  
20 developing in the recipient countries a competi-  
21 tive private sector that can provide for the im-  
22 portation, transportation, storage, marketing,  
23 and distribution of commodities.

24 “(i) DISPLACEMENT OF COMMERCIAL SALES.—In  
25 carrying out this title, the Secretary shall, to the max-



1 imum extent practicable consistent with the purposes of  
2 this title, avoid—

3 “(1) displacing any commercial export sale of  
4 United States agricultural commodities that would  
5 otherwise be made;

6 “(2) disrupting world prices of agricultural  
7 commodities; or

8 “(3) disrupting normal patterns of commercial  
9 trade of agricultural commodities with foreign coun-  
10 tries.

11 “(j) DEADLINE FOR PROGRAM ANNOUNCEMENTS.—

12 “(1) IN GENERAL.—Before the beginning of the  
13 applicable fiscal year, the Secretary shall, to the  
14 maximum extent practicable—

15 “(A) make all determinations concerning  
16 program agreements and resource requests for  
17 programs under this title; and

18 “(B) announce those determinations.

19 “(2) REPORT.—Not later than November 1 of  
20 the applicable fiscal year, the Secretary shall submit  
21 to the Committee on Agriculture of the House of  
22 Representatives and the Committee on Agriculture,  
23 Nutrition, and Forestry of the Senate a list of pro-  
24 grams, countries, and commodities, and the total

1 amount of funds for transportation and administra-  
2 tive costs, approved to date under this title.

3 “(k) MILITARY DISTRIBUTION OF ASSISTANCE.—

4 “(1) IN GENERAL.—The Secretary shall ensure,  
5 to the maximum extent practicable, that agricultural  
6 commodities made available under this title are pro-  
7 vided without regard to—

8 “(A) the political affiliation, geographic lo-  
9 cation, ethnic, tribal, or religious identity of the  
10 recipient; or

11 “(B) any other extraneous factors, as de-  
12 termined by the Secretary.

13 “(2) PROHIBITION ON HANDLING OF COMMOD-  
14 ITIES BY THE MILITARY.—

15 “(A) IN GENERAL.—Except as provided in  
16 subparagraph (B), the Secretary shall not enter  
17 into an agreement under this title to provide  
18 agricultural commodities if the agreement re-  
19 quires or permits the distribution, handling, or  
20 allocation of agricultural commodities by the  
21 military forces of any foreign government or in-  
22 surgent group.

23 “(B) EXCEPTION.—The Secretary may au-  
24 thorize the distribution, handling, or allocation

1 of commodities by the military forces of a coun-  
2 try in exceptional circumstances in which—

3 “(i) nonmilitary channels are not  
4 available for distribution, handling, or allo-  
5 cation;

6 “(ii) the distribution, handling, or al-  
7 location is consistent with paragraph (1);  
8 and

9 “(iii) the Secretary determines that  
10 the distribution, handling, or allocation is  
11 necessary to meet the emergency health,  
12 safety, or nutritional requirements of the  
13 population of a recipient country.

14 “(3) ENCOURAGEMENT OF SAFE PASSAGE.—In  
15 entering into an agreement under this title that in-  
16 volves 1 or more areas within a recipient country  
17 that is experiencing protracted warfare or civil un-  
18 rest, the Secretary shall, to the maximum extent  
19 practicable, encourage all parties to the conflict to—

20 “(A) permit safe passage of the commod-  
21 ities and other relief supplies; and

22 “(B) establish safe zones for—

23 “(i) medical and humanitarian treat-  
24 ment; and

25 “(ii) evacuation of injured persons.

1       “(l) LEVEL OF ASSISTANCE.—The cost of commod-  
2 ities made available under this title, and the expenses in-  
3 curred in connection with the provision of those commod-  
4 ities shall be in addition to the level of assistance provided  
5 under the Agricultural Trade Development and Assistance  
6 Act of 1954 (7 U.S.C. 1691 et seq.).

7       “(m) COMMODITY CREDIT CORPORATION.—

8           “(1) IN GENERAL.—Subject to paragraphs (6)  
9 through (8), the Secretary may use the funds, facili-  
10 ties, and authorities of the Corporation to carry out  
11 this title.

12           “(2) MINIMUM TONNAGE.—Subject to para-  
13 graphs (5) and (7)(B), not less than 400,000 metric  
14 tons of commodities may be provided under this title  
15 for each of fiscal years 2002 through 2006.

16           “(3) AUTHORIZATION OF APPROPRIATIONS.—In  
17 addition to tonnage authorized under paragraph (2),  
18 there are authorized to be appropriated such sums  
19 as are necessary to carry out this title.

20           “(4) TITLE I FUNDS.—In addition to tonnage  
21 and funds authorized under paragraphs (2), (3), and  
22 (7)(B), the Corporation may use funds appropriated  
23 to carry out title I of the Agricultural Trade Devel-  
24 opment and Assistance Act of 1954 (7 U.S.C. 1701

1 et seq.)) in carrying out this section with respect to  
2 commodities made available under this title.

3 “(5) INTERNATIONAL FOOD FOR EDUCATION  
4 AND NUTRITION PROGRAM.—

5 “(A) IN GENERAL.—Of the funds that  
6 would be available to carry out paragraph (2),  
7 the Secretary may use not more than  
8 \$200,000,000 for each fiscal year to carry out  
9 the initiative established under subsection (c).

10 “(B) REALLOCATION.—Tons not allocated  
11 under subsection (c) by June 30 of each fiscal  
12 year shall be made available for proposals sub-  
13 mitted under the food for progress and edu-  
14 cation programs under subsection (a).

15 “(6) LIMITATION ON PURCHASES OF COMMOD-  
16 ITIES.—The Corporation may purchase agricultural  
17 commodities for disposition under this title only if  
18 Corporation inventories are insufficient to satisfy  
19 commitments made in agreements entered into  
20 under this title.

21 “(7) ELIGIBLE COSTS AND EXPENSES.—

22 “(A) IN GENERAL.—Subject to subpara-  
23 graph (B), with respect to an eligible com-  
24 modity made available under this title, the Cor-  
25 poration may pay—

1 “(i) the costs of acquiring the eligible  
2 commodity;

3 “(ii) the costs associated with pack-  
4 aging, enriching, preserving, and fortifying  
5 of the eligible commodity;

6 “(iii) the processing, transportation,  
7 handling, and other incidental costs in-  
8 curred before the date on which the com-  
9 modity is delivered free on board vessels in  
10 United States ports;

11 “(iv) the vessel freight charges from  
12 United States ports or designated Cana-  
13 dian transshipment ports, as determined  
14 by the Secretary, to designated ports of  
15 entry abroad;

16 “(v) the costs associated with trans-  
17 porting the eligible commodity from United  
18 States ports to designated points of entry  
19 abroad in a case in which—

20 “(I) a recipient country is land-  
21 locked;

22 “(II) ports of a recipient country  
23 cannot be used effectively because of  
24 natural or other disturbances;

1 “(III) carriers to a specific coun-  
2 try are unavailable; or

3 “(IV) substantial savings in costs  
4 or time may be gained by the use of  
5 points of entry other than ports;

6 “(vi) the transportation and associ-  
7 ated distribution costs incurred in moving  
8 the commodity (including repositioned  
9 commodities) from designated points of  
10 entry or ports of entry abroad to storage  
11 and distribution sites;

12 “(vii) in the case of an activity under  
13 subsection (c), the internal transportation,  
14 storage, and handling costs incurred in  
15 moving the eligible commodity, if the Sec-  
16 retary determines that payment of the  
17 costs is appropriate and that the recipient  
18 country is a low income, net food-import-  
19 ing country that—

20 “(I) meets the poverty criteria  
21 established by the International Bank  
22 for Reconstruction and Development  
23 for Civil Works Preference; and

24 “(II) has a national government  
25 that is committed to or is working to-

1                   ward, through a national action plan,  
 2                   the World Declaration on Education  
 3                   for All convened in 1990 in Jomtien,  
 4                   Thailand, and the followup Dakar  
 5                   Framework for Action of the World  
 6                   Education Forum in 2000;

7                   “(viii) the charges for general average  
 8                   contributions arising out of the ocean  
 9                   transport of commodities transferred; and

10                  “(ix) the costs, in addition to costs  
 11                  authorized by clauses (i) through (viii), of  
 12                  providing—

13                         “(I) assistance in the administra-  
 14                         tion, sale, and monitoring of food as-  
 15                         sistance activities under this title; and

16                         “(II) technical assistance for  
 17                         monetization programs.

18                  “(B) FUNDING.—Except for costs de-  
 19                  scribed in subparagraph (A)(i), not more than  
 20                  \$80,000,000 of funds that would be made avail-  
 21                  able to carry out paragraph (2) may be used to  
 22                  cover costs under this paragraph unless author-  
 23                  ized in advance in an appropriation Act.

24                  “(8) PAYMENT OF ADMINISTRATIVE COSTS.—

25                  An eligible organization that receives payment for



1 administrative costs through monetization of the eli-  
2 gible commodity under subsection (h)(2) shall not be  
3 eligible to receive payment for the same administra-  
4 tive costs through direct payments under paragraph  
5 (7)(A)(ix)(I).”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 416(b)(7)(D)(iii) of the Agricultural  
8 Act of 1949 (7 U.S.C. 1431(b)(7)(D)(iii)) is amend-  
9 ed by striking “the Food for Progress Act of 1985”  
10 and inserting “title VIII of the Agricultural Trade  
11 Act of 1978”.

12 (2) The Act of August 19, 1958 (7 U.S.C. 1431  
13 note; Public Law 85–683) is amended by striking  
14 “the Food for Progress Act of 1985” and inserting  
15 “title VIII of the Agricultural Trade Act of 1978”.

16 (3) Section 1110 of the Food Security Act of  
17 1985 (7 U.S.C. 1736o) is repealed.

18 **SEC. 326. EXPORTER ASSISTANCE INITIATIVE.**

19 (a) FINDINGS.—Congress find that—

20 (1) information in the possession of Federal  
21 agencies other than the Department of Agriculture  
22 that is necessary for the export of agricultural com-  
23 modities and products is available only from multiple  
24 disparate sources; and

1           (2) because exporters often need access to in-  
2           formation quickly, exporters lack the time to search  
3           multiple sources to access necessary information,  
4           and exporters often are unaware of where the nec-  
5           essary information can be located.

6           (b) INITIATIVE.—Title I of the Agricultural Trade  
7           Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding  
8           at the end the following:

9           **“SEC. 107. EXPORTER ASSISTANCE INITIATIVE.**

10          “(a) IN GENERAL.—In order to create a single source  
11          of information for exports of United States agricultural  
12          commodities, the Secretary shall develop a website on the  
13          Internet that collates onto a single website all information  
14          from all agencies of the Federal Government that is rel-  
15          evant to the export of United States agricultural commod-  
16          ities.

17          “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
18          are authorized to be appropriated to carry out subsection  
19          (a)—

20                 “(1) \$1,000,000 for each of fiscal years 2002  
21                 through 2004; and

22                 “(2) \$500,000 for each of fiscal years 2005 and  
23                 2006.”.

1           **Subtitle C—Miscellaneous**  
2           **Agricultural Trade Provisions**

3   **SEC. 331. BILL EMERSON HUMANITARIAN TRUST.**

4           Section 302 of the Bill Emerson Humanitarian Trust  
5 Act (7 U.S.C. 1736f–1) is amended by striking “2002”  
6 each place it appears in subsection (b)(2)(B)(i) and para-  
7 graphs (1) and (2) of subsection (h) and inserting “2006”.

8   **SEC. 332. EMERGING MARKETS.**

9           Section 1542 of the Food, Agriculture, Conservation,  
10 and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law  
11 101–624) is amended by striking “2002” each place it ap-  
12 pears in subsections (a) and (d)(1)(A)(i) and inserting  
13 “2006”.

14   **SEC. 333. BIOTECHNOLOGY AND AGRICULTURAL TRADE**  
15           **PROGRAM.**

16           Section 1542 of the Food, Agriculture, Conservation,  
17 and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law  
18 101–624) is amended by adding at the end the following:

19           “(g) BIOTECHNOLOGY AND AGRICULTURAL TRADE  
20 PROGRAM.—

21           “(1) IN GENERAL.—The Secretary of Agri-  
22 culture shall establish a program to enhance foreign  
23 acceptance of agricultural biotechnology and United  
24 States agricultural products developed through bio-  
25 technology.

1           “(2) FOCUS.—The program shall address the  
2 continuing and increasing market access, regulatory,  
3 and marketing issues relating to export commerce of  
4 United States agricultural biotechnology products.

5           “(3) EDUCATION AND OUTREACH.—

6           “(A) FOREIGN MARKETS.—Support for  
7 United States agricultural market development  
8 organizations to carry out education and other  
9 outreach efforts concerning biotechnology shall  
10 target such educational initiatives directed  
11 toward—

12           “(i) producers, buyers, consumers,  
13 and media in foreign markets through ini-  
14 tiatives in foreign markets; and

15           “(ii) government officials, scientists,  
16 and trade officials from foreign countries  
17 through exchange programs.

18           “(B) FUNDING FOR EDUCATION AND OUT-  
19 REACH.—Funding for activities under subpara-  
20 graph (A) may be—

21           “(i) used through—

22           “(I) the emerging markets pro-  
23 gram under this section; or

24           “(II) the Cochran Fellowship  
25 Program under section 1543; or

1 “(ii) applied directly to foreign market  
2 development cooperators through the for-  
3 eign market development cooperator pro-  
4 gram established under section 702.

5 “(4) RAPID RESPONSE.—

6 “(A) IN GENERAL.—The Secretary shall  
7 assist exporters of United States agricultural  
8 commodities in cases in which the exporters are  
9 harmed by unwarranted and arbitrary barriers  
10 to trade due to—

11 “(i) marketing of biotechnology prod-  
12 ucts;

13 “(ii) food safety;

14 “(iii) disease; or

15 “(iv) other sanitary or phytosanitary  
16 concerns.

17 “(B) AUTHORIZATION OF APPROPRIA-  
18 TIONS.—There is authorized to be appropriated  
19 to carry out this paragraph \$1,000,000 for each  
20 of fiscal years 2002 through 2006.

21 “(5) FUNDING.—

22 “(A) COMMODITY CREDIT CORPORATION.—  
23 The Secretary shall use the funds, facilities,  
24 and authorities of the Commodity Credit Cor-

1           poration to carry out this subsection (other  
2           than paragraph (4)).

3           “(B) FUNDING AMOUNT.—Of the funds of  
4           the Commodity Credit Corporation, the Sec-  
5           retary shall make available to carry out this  
6           subsection (other than paragraph (4))  
7           \$15,000,000 for each of fiscal years 2002  
8           through 2006.”.

9   **SEC. 334. SURPLUS COMMODITIES FOR DEVELOPING OR**  
10           **FRIENDLY COUNTRIES.**

11           (a) USE OF CURRENCIES.—Section 416(b)(7)(D) of  
12   the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is  
13   amended—

14           (1) in clauses (i) and (iii), by striking “foreign  
15   currency” each place it appears;

16           (2) in clause (ii)—

17                   (A) in the first sentence, by striking “For-  
18   eign currencies” and inserting “Proceeds”; and

19                   (B) in the second sentence, by striking  
20   “foreign currency”; and

21           (3) in clause (iv)—

22                   (A) by striking “Foreign currency pro-  
23   ceeds” and inserting “Proceeds”; and

24                   (B) by striking “; or” and all that follows  
25   and inserting a period.

1 (b) IMPLEMENTATION OF AGREEMENTS.—Section  
 2 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C.  
 3 1431(b)(8)) is amended by striking “(8)(A)” and all that  
 4 follows through “(B) The Secretary” and inserting the fol-  
 5 lowing:

6 “(8) ADMINISTRATIVE PROVISIONS.—

7 “(A) DIRECT DELIVERY.—In addition to  
 8 practices in effect on the date of enactment of  
 9 this subparagraph, the Secretary may approve  
 10 an agreement that provides for direct delivery  
 11 of eligible commodities to milling or processing  
 12 facilities more than 50 percent of the interest  
 13 in which is owned by United States citizens in  
 14 recipient countries, with the proceeds of trans-  
 15 actions transferred in cash to eligible organiza-  
 16 tions to carry out approved projects.

17 “(B) REGULATIONS.—The Secretary”.

18 (c) CERTIFIED INSTITUTIONAL PARTNERS.—Section  
 19 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is  
 20 amended by adding at the end the following:

21 “(c) CERTIFIED INSTITUTIONAL PARTNERS.—

22 “(1) IN GENERAL.—The Secretary shall pro-  
 23 mulgate regulations and guidelines to permit private  
 24 voluntary organizations and cooperatives to be cer-  
 25 tified as institutional partners.

1           “(2) REQUIREMENTS.—To become a certified  
2           institutional partner, a private voluntary organiza-  
3           tion or cooperative shall submit to the Secretary a  
4           certification of organizational capacity that  
5           describes—

6                   “(A) the financial, programmatic, com-  
7                   modity management, and auditing abilities and  
8                   practices of the organization or cooperative; and

9                   “(B) the capacity of the organization or  
10                  cooperative to carry out projects in particular  
11                  countries.

12           “(3) MULTI-COUNTRY PROPOSALS.—A certified  
13           institutional partner shall be eligible to—

14                   “(A) submit a single proposal for 1 or  
15                   more countries that are the same as, or similar  
16                   to, those countries in which the certified institu-  
17                   tional partner has already demonstrated organi-  
18                   zational capacity;

19                   “(B) receive expedited review and approval  
20                   of the proposal; and

21                   “(C) request commodities and assistance  
22                   under this section for use in 1 or more coun-  
23                   tries.”.



1 **SEC. 335. AGRICULTURAL TRADE WITH CUBA.**

2 (a) IN GENERAL.—Section 908 of the Agriculture,  
3 Rural Development, Food and Drug Administration and  
4 Related Agencies Appropriations Act, 2001 (22 U.S.C.  
5 7207), is amended by striking subsection (b).

6 (b) CONFORMING AMENDMENTS.—Section 908(a) of  
7 the Agriculture, Rural Development, Food and Drug Ad-  
8 ministration and Related Agencies Appropriations Act,  
9 2001 (22 U.S.C. 7207(a)) (as amended by subsection (a)),  
10 is amended—

11 (1) by striking “(a)” and all that follows  
12 through “Notwithstanding” and inserting the fol-  
13 lowing:

14 “(a) IN GENERAL.—Notwithstanding”;

15 (2) by striking “(2) RULE OF CONSTRUC-  
16 TION.—Nothing in paragraph (1)” and inserting the  
17 following:

18 “(b) RULE OF CONSTRUCTION.—Nothing in sub-  
19 section (a)”;

20 (3) by striking “(3) WAIVER.—The President  
21 may waive the application of paragraph (1)” and in-  
22 serting the following:

23 “(c) WAIVER.—The President may waive the applica-  
24 tion of subsection (a)”.

1 **SEC. 336. SENSE OF CONGRESS CONCERNING AGRICUL-**  
2 **TURAL TRADE.**

3 (a) AGRICULTURE TRADE NEGOTIATING OBJEC-  
4 TIVES.—It is the sense of Congress that the principal ne-  
5 gotiating objective of the United States with respect to  
6 agricultural trade in all multilateral, regional, and bilat-  
7 eral negotiations is to obtain competitive opportunities for  
8 the export of United States agricultural commodities in  
9 foreign markets substantially equivalent to the competitive  
10 opportunities afforded foreign exports in United States  
11 markets and to achieve fairer and more open conditions  
12 of agricultural trade in bulk and value-added commodities  
13 by—

14 (1) reducing or eliminating, by a date certain,  
15 tariffs or other charges that decrease market oppor-  
16 tunities for the export of United States agricultural  
17 commodities, giving priority to United States agri-  
18 cultural commodities that are subject to significantly  
19 higher tariffs or subsidy regimes of major producing  
20 countries;

21 (2) immediately eliminating all export subsidies  
22 on agricultural commodities worldwide while main-  
23 taining bona fide food aid and preserving United  
24 States agricultural market development and export  
25 credit programs that allow the United States to  
26 compete with other foreign export promotion efforts;

1           (3) leveling the playing field for United States  
 2           agricultural producers by disciplining domestic sup-  
 3           ports such that no other country can provide greater  
 4           support, measured as a percentage of total agricul-  
 5           tural production value, than the United States does  
 6           while preserving existing green box category to sup-  
 7           port conservation activities, family farms, and rural  
 8           communities;

9           (4) developing, strengthening, and clarifying  
 10          rules and effective dispute settlement mechanisms to  
 11          eliminate practices that unfairly decrease United  
 12          States market access opportunities for United States  
 13          agricultural commodities or distort agricultural mar-  
 14          kets to the detriment of the United States,  
 15          including—

16                (A) unfair or trade-distorting activities of  
 17                state trading enterprises and other administra-  
 18                tive mechanisms, with emphasis on—

19                   (i) requiring price transparency in the  
 20                   operation of state trading enterprises and  
 21                   such other mechanisms; and

22                   (ii) ending discriminatory pricing  
 23                   practices for agricultural commodities that  
 24                   amount to de facto export subsidies so that  
 25                   the enterprises or other mechanisms do not

1 (except in cases of bona fide food aid) sell  
2 agricultural commodities in foreign mar-  
3 kets at prices below domestic market prices  
4 or prices below the full costs of acquiring  
5 and delivering agricultural commodities to  
6 the foreign markets;

7 (B) unjustified trade restrictions or com-  
8 mercial requirements affecting new agricultural  
9 technologies, including biotechnology;

10 (C) unjustified sanitary or phytosanitary  
11 restrictions, including restrictions that are not  
12 based on scientific principles, in contravention  
13 of the Agreement on the Application of Sani-  
14 tary and Phytosanitary Measures (as described  
15 in section 101(d)(3) of the Uruguay Round  
16 Agreements Act (19 U.S.C. 3511(d)(3)));

17 (D) other unjustified technical barriers to  
18 agricultural trade; and

19 (E) restrictive and nontransparent rules in  
20 the administration of tariff rate quotas;

21 (5) improving import relief mechanisms to rec-  
22 ognize the unique characteristics of perishable agri-  
23 cultural commodities;

1           (6) taking into account whether a party to ne-  
2       negotiations with respect to trading in an agricultural  
3       commodity has—

4           (A) failed to adhere to the provisions of an  
5       existing bilateral trade agreement with the  
6       United States;

7           (B) circumvented obligations under a mul-  
8       tilateral trade agreement to which the United  
9       States is a signatory; or

10          (C) manipulated its currency value to the  
11       detriment of United States agricultural pro-  
12       ducers or exporters; and

13          (7) otherwise ensuring that countries that ac-  
14       cede to the World Trade Organization—

15          (A) have made meaningful market liberal-  
16       ization commitments in agriculture; and

17          (B) make progress in fulfilling those com-  
18       mitments over time.

19       (b) PRIORITY FOR AGRICULTURE TRADE.—It is the  
20       sense of Congress that—

21          (1) reaching a successful agreement on agri-  
22       culture should be the top priority of United States  
23       negotiators in World Trade Organization talks; and

24          (2) if the primary export competitors of the  
25       United States fail to reduce their trade distorting

1 domestic supports and eliminate export subsidies in  
2 accordance with the negotiating objectives expressed  
3 in this section, the United States should take steps  
4 to increase the leverage of United States negotiators  
5 and level the playing field for United States pro-  
6 ducers, within existing World Trade Organization  
7 commitments.

8 (c) CONSULTATION WITH CONGRESSIONAL COMMIT-  
9 TEES.—It is the sense of Congress that—

10 (1) before the United States Trade Representa-  
11 tive negotiates a trade agreement that would reduce  
12 tariffs on agricultural commodities or require a  
13 change in United States agricultural law, the United  
14 States Trade Representative should consult with the  
15 Committee on Agriculture and the Committee on  
16 Ways and Means of the House of Representatives  
17 and the Committee on Agriculture, Nutrition, and  
18 Forestry and the Committee on Finance of the Sen-  
19 ate;

20 (2) not less than 48 hours before initialing an  
21 agreement relating to agricultural trade negotiated  
22 under the auspices of the World Trade Organization,  
23 the United States Trade Representative should con-  
24 sult closely with the committees referred to in para-  
25 graph (1) regarding—

1 (A) the details of the agreement;

2 (B) the potential impact of the agreement  
3 on United States agricultural producers; and

4 (C) any changes in United States law nec-  
5 essary to implement the agreement; and

6 (3) any agreement or other understanding  
7 (whether verbal or in writing) that relates to agricul-  
8 tural trade that is not disclosed to Congress before  
9 legislation implementing a trade agreement is intro-  
10 duced in either the Senate or the House of Rep-  
11 resentatives should not be considered to be part of  
12 the agreement approved by Congress and should  
13 have no force and effect under United States law or  
14 in any dispute settlement body.

## 15 **TITLE IV—NUTRITION** 16 **PROGRAMS**

### 17 **SEC. 401. SHORT TITLE.**

18 This title may be cited as the “Food Stamp Reau-  
19 thorization Act of 2001”.

## 20 **Subtitle A—Food Stamp Program**

### 21 **SEC. 411. ENCOURAGEMENT OF PAYMENT OF CHILD SUP-** 22 **PORT.**

23 (a) EXCLUSION.—Section 5(d)(6) of the Food Stamp  
24 Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding  
25 at the end the following: “and child support payments

1 made by a household member to or for an individual who  
 2 is not a member of the household if the household member  
 3 is legally obligated to make the payments,”.

4 (b) SIMPLIFIED PROCEDURE.—Section 5 of the Food  
 5 Stamp Act of 1977 (7 U.S.C. 2014) is amended—

6 (1) in subsection (e), by striking paragraph (4)  
 7 and inserting the following:

8 “(4) DEDUCTION FOR CHILD SUPPORT PAY-  
 9 MENTS.—

10 “(A) IN GENERAL.—In lieu of providing an  
 11 exclusion for legally obligated child support pay-  
 12 ments made by a household member under sub-  
 13 section (d)(6), a State agency may elect to pro-  
 14 vide a deduction for the amount of the pay-  
 15 ments.

16 “(B) ORDER OF DETERMINING DEDUC-  
 17 TIONS.—A deduction under this paragraph shall  
 18 be determined before the computation of the ex-  
 19 cess shelter expense deduction under paragraph  
 20 (6).”; and

21 (2) by adding at the end the following:

22 “(n) STATE OPTIONS TO SIMPLIFY DETERMINATION  
 23 OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD  
 24 MEMBERS.—



1           “(1) IN GENERAL.—Regardless of whether a  
2       State agency elects to provide a deduction under  
3       subsection (e)(4), the Secretary shall establish sim-  
4       plified procedures to allow State agencies, at the op-  
5       tion of the State agencies, to determine the amount  
6       of the legally obligated child support payments  
7       made, including procedures to allow the State agen-  
8       cy to rely on information from the agency respon-  
9       sible for implementing the program under part D of  
10      title IV of the Social Security Act (42 U.S.C. 661  
11      et seq.) concerning payments made in prior months  
12      in lieu of obtaining current information from the  
13      household.

14           “(2) DURATION OF DETERMINATION OF  
15      AMOUNT OF SUPPORT PAYMENTS.—If a State agen-  
16      cy makes a determination of the amount of support  
17      payments of a household under paragraph (1), the  
18      State agency may provide that the amount of the ex-  
19      clusion or deduction for the household shall not  
20      change until the eligibility of the household is next  
21      redetermined under section 11(e)(4).”.

22   **SEC. 412. SIMPLIFIED DEFINITION OF INCOME.**

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

1           (1) by striking “and (15)” and inserting  
2           “(15)”; and

3           (2) by inserting before the period at the end the  
4           following: “, (16) at the option of the State agency,  
5           any educational loans on which payment is deferred,  
6           grants, scholarships, fellowships, veterans’ edu-  
7           cational benefits, and the like (other than loans,  
8           grants, scholarships, fellowships, veterans’ edu-  
9           cational benefits, and the like excluded under para-  
10          graph (3)), to the extent that they are required to  
11          be excluded under title XIX of the Social Security  
12          Act (42 U.S.C. 1396 et seq.), (17) at the option of  
13          the State agency, any State complementary assist-  
14          ance program payments that are excluded for the  
15          purpose of determining eligibility for medical assist-  
16          ance under section 1931 of the Social Security Act  
17          (42 U.S.C. 1396u–1), and (18) at the option of the  
18          State agency, any types of income that the State  
19          agency does not consider when determining eligi-  
20          bility for (A) cash assistance under a program fund-  
21          ed under part A of title IV of the Social Security  
22          Act (42 U.S.C. 601 et seq.) or the amount of such  
23          assistance, or (B) medical assistance under section  
24          1931 of the Social Security Act (42 U.S.C. 1396u–  
25          1), except that this paragraph does not authorize a

1 State agency to exclude wages or salaries, benefits  
 2 under title I, II, IV, X, XIV, or XVI of the Social  
 3 Security Act (42 U.S.C. 1381 et seq.), regular pay-  
 4 ments from a government source (such as unemploy-  
 5 ment benefits and general assistance), worker's com-  
 6 pensation, child support payments made to a house-  
 7 hold member by an individual who is legally obli-  
 8 gated to make the payments, or such other types of  
 9 income the consideration of which the Secretary de-  
 10 termines by regulation to be essential to equitable  
 11 determinations of eligibility and benefit levels”.

12 **SEC. 413. INCREASE IN BENEFITS TO HOUSEHOLDS WITH**  
 13 **CHILDREN.**

14 Section 5(e) of the Food Stamp Act of 1977 (7  
 15 U.S.C. 2014(e)) is amended by striking paragraph (1) and  
 16 inserting the following:

17 “(1) STANDARD DEDUCTION.—

18 “(A) IN GENERAL.—Subject to the other  
 19 provisions of this paragraph, the Secretary shall  
 20 allow for each household a standard deduction  
 21 that is equal to the greater of—

22 “(i) the applicable percentage speci-  
 23 fied in subparagraph (D) of the applicable  
 24 income standard of eligibility established  
 25 under subsection (c)(1); or

1 “(ii) the minimum deduction specified  
2 in subparagraph (E).

3 “(B) GUAM.—The Secretary shall allow for  
4 each household in Guam a standard deduction  
5 that is—

6 “(i) equal to the applicable percentage  
7 specified in subparagraph (D) of twice the  
8 income standard of eligibility established  
9 under subsection (c)(1) for the 48 contig-  
10 uous States and the District of Columbia;  
11 but

12 “(ii) not less than the minimum de-  
13 duction for Guam specified in subpara-  
14 graph (E).

15 “(C) HOUSEHOLDS OF 6 OR MORE MEM-  
16 BERS.—The income standard of eligibility es-  
17 tablished under subsection (c)(1) for a house-  
18 hold of 6 members shall be used to calculate the  
19 standard deduction for each household of 6 or  
20 more members.

21 “(D) APPLICABLE PERCENTAGE.—For the  
22 purpose of subparagraph (A), the applicable  
23 percentage shall be—

24 “(i) 8 percent for each of fiscal years  
25 2002 through 2007;

1 “(ii) 8.25 percent for fiscal year 2008;

2 “(iii) 8.5 percent for each of fiscal  
3 years 2009 and 2010; and

4 “(iv) 9 percent for fiscal year 2011  
5 and each fiscal year thereafter.

6 “(E) MINIMUM DEDUCTION.—The min-  
7 imum deduction shall be \$134, \$229, \$189,  
8 \$269, and \$118 for the 48 contiguous States  
9 and the District of Columbia, Alaska, Hawaii,  
10 Guam, and the Virgin Islands of the United  
11 States, respectively.”.

12 **SEC. 414. SIMPLIFIED DETERMINATION OF HOUSING**  
13 **COSTS.**

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

16 (1) in subparagraph (A)—

17 (A) by striking “A household” and insert-  
18 ing the following:

19 “(i) IN GENERAL.—A household”; and

20 (B) by adding at the end the following:

21 “(ii) INCLUSION OF CERTAIN PAY-  
22 MENTS.—In determining the shelter ex-  
23 penses of a household under this para-  
24 graph, the State agency shall include any  
25 required payment to the landlord of the

1 household without regard to whether the  
 2 required payment is designated to pay spe-  
 3 cific charges.”; and

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

5 “(D) HOMELESS HOUSEHOLDS.—

6 “(i) ALTERNATIVE DEDUCTION.—In  
 7 lieu of the deduction provided under sub-  
 8 paragraph (A), a State agency may elect to  
 9 allow a household in which all members are  
 10 homeless individuals, but that is not receiv-  
 11 ing free shelter throughout the month, to  
 12 receive a deduction of \$143 per month.

13 “(ii) INELIGIBILITY.—The State agen-  
 14 cy may make a household with extremely  
 15 low shelter costs ineligible for the alter-  
 16 native deduction under clause (i).”.

17 (b) CONFORMING AMENDMENTS.—Section 5 of the  
 18 Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

19 (1) in subsection (e)—

20 (A) by striking paragraph (5); and

21 (B) by redesignating paragraphs (6) and  
 22 (7) as paragraphs (5) and (6), respectively; and

23 (2) in subsection (k)(4)(B), by striking “sub-  
 24 section (e)(7)” and inserting “subsection (e)(6)”.

1 **SEC. 415. SIMPLIFIED UTILITY ALLOWANCE.**

2 Section 5(e)(6)(C)(iii) of the Food Stamp Act of  
3 1977 (as amended by section 414(b)(1)(B)) is amended—

4 (1) in subclause (I)(bb), by inserting “(without  
5 regard to subclause (III))” after “Secretary finds”;  
6 and

7 (2) by adding at the end the following:

8 “(III) INAPPLICABILITY OF CER-  
9 TAIN RESTRICTIONS.—Clauses (ii)(II)  
10 and (ii)(III) shall not apply in the  
11 case of a State agency that has made  
12 the use of a standard utility allowance  
13 mandatory under subclause (I).”.

14 **SEC. 416. SIMPLIFIED PROCEDURE FOR DETERMINATION**  
15 **OF EARNED INCOME.**

16 Section 5(f)(1) of the Food Stamp Act of 1977 (7  
17 U.S.C. 2014(f)(1)) is amended by adding at the end the  
18 following:

19 “(C) SIMPLIFIED DETERMINATION OF  
20 EARNED INCOME.—

21 “(i) IN GENERAL.—A State agency  
22 may elect to determine monthly earned in-  
23 come by multiplying weekly income by 4  
24 and biweekly income by 2.

25 “(ii) ADJUSTMENT OF EARNED IN-  
26 COME DEDUCTION.—A State agency that

1 makes an election described in clause (i)  
 2 shall adjust the earned income deduction  
 3 under subsection (e)(2)(B) to the extent  
 4 necessary to prevent the election from re-  
 5 sulting in increased costs to the food  
 6 stamp program, as determined consistent  
 7 with standards promulgated by the Sec-  
 8 retary.”.

9 **SEC. 417. SIMPLIFIED DETERMINATION OF DEDUCTIONS.**

10 Section 5(f)(1) of the Food Stamp Act of 1977 (7  
 11 U.S.C. 2014(f)(1)) (as amended by section 416) is amend-  
 12 ed by adding at the end the following:

13 “(D) SIMPLIFIED DETERMINATION OF DE-  
 14 Ductions.—

15 “(i) IN GENERAL.—Except as pro-  
 16 vided in clause (ii), for the purposes of  
 17 subsection (e), a State agency may elect to  
 18 disregard until the next redetermination of  
 19 eligibility under section 11(e)(4) 1 or more  
 20 types of changes in the circumstances of a  
 21 household that affect the amount of deduc-  
 22 tions the household may claim under sub-  
 23 section (e).



1 “(ii) CHANGES THAT MAY NOT BE  
2 DISREGARDED.—Under clause (i), a State  
3 agency may not disregard—

4 “(I) any reported change of resi-  
5 dence; or

6 “(II) under standards prescribed  
7 by the Secretary, any change in  
8 earned income.”.

9 **SEC. 418. SIMPLIFIED DEFINITION OF RESOURCES.**

10 Section 5(g) of the Food Stamp Act of 1977 (7  
11 U.S.C. 2014(g)) is amended by adding at the end the fol-  
12 lowing:

13 “(6) EXCLUSION OF TYPES OF FINANCIAL RE-  
14 SOURCES NOT CONSIDERED UNDER CERTAIN OTHER  
15 FEDERAL PROGRAMS.—

16 “(A) IN GENERAL.—Subject to subpara-  
17 graph (B), the Secretary shall promulgate regu-  
18 lations under which a State agency may, at the  
19 option of the State agency, exclude from finan-  
20 cial resources under this subsection any types  
21 of financial resources that the State agency  
22 does not consider when determining eligibility  
23 for—

24 “(i) cash assistance under a program  
25 funded under part A of title IV of the So-

1                   cial Security Act (42 U.S.C. 601 et seq.);

2                   or

3                   “(ii) medical assistance under section

4                   1931 of the Social Security Act (42 U.S.C.

5                   1396u–1).

6                   “(B) LIMITATIONS.—Subparagraph (A)

7                   does not authorize a State agency to exclude—

8                   “(i) cash;

9                   “(ii) licensed vehicles;

10                  “(iii) amounts in any account in a fi-

11                  nancial institution that are readily avail-

12                  able to the household; or

13                  “(iv) any other similar type of re-

14                  source the inclusion in financial resources

15                  of which the Secretary determines by regu-

16                  lation to be essential to equitable deter-

17                  minations of eligibility under the food

18                  stamp program, except to the extent that

19                  any of those types of resources are ex-

20                  cluded under another paragraph of this

21                  subsection.”.

22 **SEC. 419. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.**

23                  Section 5(h)(3)(B) of the Food Stamp Act of 1977

24                  (7 U.S.C. 2014(h)(3)(B)) is amended—

1 (1) in the first sentence, by inserting “issuance  
2 methods and” after “shall adjust”; and

3 (2) in the second sentence, by inserting “, any  
4 conditions that make reliance on electronic benefit  
5 transfer systems described in section 7(i) impracti-  
6 cable,” after “personnel”.

7 **SEC. 420. STATE OPTION TO REDUCE REPORTING REQUIRE-**  
8 **MENTS.**

9 Section 6(c)(1) of the Food Stamp Act of 1977 (7  
10 U.S.C. 2015(c)(1)) is amended—

11 (1) in subparagraph (B), by striking “on a  
12 monthly basis”; and

13 (2) by adding at the end the following:

14 “(D) FREQUENCY OF REPORTING.—

15 “(i) IN GENERAL.—Except as pro-  
16 vided in subparagraphs (A) and (C), a  
17 State agency may require households that  
18 report on a periodic basis to submit  
19 reports—

20 “(I) not less often than once each  
21 6 months; but

22 “(II) not more often than once  
23 each month.

24 “(ii) REPORTING BY HOUSEHOLDS  
25 WITH EXCESS INCOME.—A household re-

quired to report less often than once each  
 3 months shall, notwithstanding subparagraph  
 graph (B), report in a manner prescribed  
 by the Secretary if the income of the  
 household for any month exceeds the  
 standard established under section  
 5(c)(2).”.

**SEC. 421. BENEFITS FOR ADULTS WITHOUT DEPENDENTS.**

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

(1) in paragraph (1)—

(A) in subparagraph (B), by striking  
 “and” at the end;

(B) in subparagraph (C)—

(i) by striking “subsection (d)(4),”  
 and inserting “subsection (d)(4)”; and

(ii) by striking the period at the end  
 and inserting “; and”; and

(C) by adding at the end the following:

“(D) a job search program or job search  
 training program if—

“(i) the program meets standards es-  
 tablished by the Secretary to ensure that  
 the participant is continuously and actively

1 seeking employment in the private sector;

2 and

3 “(ii) no position is currently available  
4 for the participant in an employment or  
5 training program that meets the require-  
6 ments of subparagraph (C).”;

7 (2) in paragraph (2)—

8 (A) by striking “36-month” and inserting  
9 “24-month”; and

10 (B) by striking “3” and inserting “6”;

11 (3) by striking paragraph (5) and inserting the  
12 following:

13 “(5) ELIGIBILITY OF INDIVIDUALS WHILE  
14 MEETING WORK REQUIREMENT.—Notwithstanding  
15 paragraph (2), an individual who would otherwise be  
16 ineligible under that paragraph shall be eligible to  
17 participate in the food stamp program during any  
18 period in which the individual meets the work re-  
19 quirement of subparagraph (A), (B), or (C) of that  
20 paragraph.”; and

21 (4) in paragraph (6)(A)(ii)—

22 (A) in subclause (III), by adding “and” at  
23 the end;

24 (B) in subclause (IV)—

1 (i) by striking “3” and inserting “6”;

2 and

3 (ii) by striking “; and” and inserting

4 a period; and

5 (C) by striking subclause (V).

6 (b) IMPLEMENTATION OF AMENDMENTS.—For the  
7 purpose of implementing the amendments made by sub-  
8 section (a), a State agency shall disregard any period dur-  
9 ing which an individual received food stamp benefits be-  
10 fore the effective date of this title.

11 **SEC. 422. PRESERVATION OF ACCESS TO ELECTRONIC BEN-**  
12 **EFITS.**

13 (a) IN GENERAL.—Section 7(i)(1) of the Food Stamp  
14 Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding  
15 at the end the following:

16 “(E) ACCESS TO EBT SYSTEMS.—

17 “(i) IN GENERAL.—No benefits shall  
18 be taken off-line or otherwise made inac-  
19 cessible because of inactivity until at least  
20 180 days have elapsed since a household  
21 last accessed the account of the household.

22 “(ii) NOTICE TO HOUSEHOLD.—In a  
23 case in which benefits are taken off-line or  
24 otherwise made inaccessible, the household  
25 shall be sent a notice that—

1 “(I) explains how to reactivate  
2 the benefits; and

3 “(II) offers assistance if the  
4 household is having difficulty access-  
5 ing the benefits of the household.”.

6 (b) APPLICABILITY.—The amendment made by sub-  
7 section (a) shall apply with respect to each State agency  
8 beginning on the date on which the State agency, after  
9 the date of enactment of this Act, enters into a contract  
10 to operate an electronic benefit transfer system.

11 **SEC. 423. COST NEUTRALITY FOR ELECTRONIC BENEFIT**  
12 **TRANSFER SYSTEMS.**

13 Section 7(i)(2) of the Food Stamp Act of 1977 (7  
14 U.S.C. 2016(i)(2)) is amended—

15 (1) by striking subparagraph (A); and  
16 (2) by redesignating subparagraphs (B)  
17 through (I) as subparagraphs (A) through (H), re-  
18 spectively.

19 **SEC. 424. ALTERNATIVE PROCEDURES FOR RESIDENTS OF**  
20 **CERTAIN GROUP FACILITIES.**

21 (a) IN GENERAL.—Section 8 of the Food Stamp Act  
22 of 1977 (7 U.S.C. 2017) is amended by adding at the end  
23 the following:

24 “(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF  
25 CERTAIN GROUP FACILITIES.—

1           “(1) IN GENERAL.—At the option of the State  
2           agency, allotments for residents of facilities de-  
3           scribed in subparagraph (B), (C), (D), or (E) of sec-  
4           tion 3(i)(5) may be determined and issued under  
5           this subsection in lieu of subsection (a).

6           “(2) AMOUNT OF ALLOTMENT.—The allotment  
7           for each eligible resident described in paragraph (1)  
8           shall be calculated in accordance with standardized  
9           procedures established by the Secretary that take  
10          into account the allotments typically received by resi-  
11          dents of facilities described in paragraph (1).

12          “(3) ISSUANCE OF ALLOTMENT.—

13               “(A) IN GENERAL.—The State agency  
14               shall issue an allotment determined under this  
15               subsection to the administration of a facility de-  
16               scribed in paragraph (1) as the authorized rep-  
17               resentative of the residents of the facility.

18               “(B) ADJUSTMENT.—The Secretary shall  
19               establish procedures to ensure that a facility de-  
20               scribed in paragraph (1) does not receive a  
21               greater proportion of a resident’s monthly allot-  
22               ment than the proportion of the month during  
23               which the resident lived in the facility.

24          “(4) DEPARTURES OF COVERED RESIDENTS.—



1           “(A) NOTIFICATION.—Any facility de-  
2           scribed in paragraph (1) that receives an allot-  
3           ment for a resident under this subsection  
4           shall—

5                   “(i) notify the State agency promptly  
6                   on the departure of the resident; and

7                   “(ii) notify the resident, before the de-  
8                   parture of the resident, that the resident—

9                           “(I) is eligible for continued ben-  
10                           efits under the food stamp program;  
11                           and

12                           “(II) should contact the State  
13                           agency concerning continuation of the  
14                           benefits.

15           “(B) ISSUANCE TO DEPARTED RESI-  
16           DENTS.—On receiving a notification under sub-  
17           paragraph (A)(i) concerning the departure of a  
18           resident, the State agency—

19                   “(i) shall promptly issue the departed  
20                   resident an allotment for the days of the  
21                   month after the departure of the resident  
22                   (calculated in a manner prescribed by the  
23                   Secretary) unless the departed resident re-  
24                   applies to participate in the food stamp  
25                   program; and

1           “(ii) may issue an allotment for the  
 2           month following the month of the depar-  
 3           ture (but not any subsequent month) based  
 4           on this subsection unless the departed resi-  
 5           dent reapplies to participate in the food  
 6           stamp program.

7           “(C) STATE OPTION.—The State agency  
 8           may elect not to issue an allotment under sub-  
 9           paragraph (B)(i) if the State agency lacks suffi-  
 10          cient information on the location of the de-  
 11          parted resident to provide the allotment.

12          “(D) EFFECT OF REAPPLICATION.—If the  
 13          departed resident reapplies to participate in the  
 14          food stamp program, the allotment of the de-  
 15          parted resident shall be determined without re-  
 16          gard to this subsection.”.

17          (b) CONFORMING AMENDMENTS.—

18                 (1) Section 3(i) of the Food Stamp Act of 1977  
 19                 (7 U.S.C. 2012(i)) is amended—

20                         (A) by striking “(i) ‘Household’ means (1)  
 21                         an” and inserting the following:

22                         “(i)(1) ‘Household’ means—

23                                 “(A) an”;

1 (B) in the first sentence, by striking “oth-  
2 ers, or (2) a group” and inserting the following:

3 “others; or

4 “(B) a group”;

5 (C) in the second sentence, by striking  
6 “Spouses” and inserting the following:

7 “(2) Spouses”;

8 (D) in the third sentence, by striking  
9 “Notwithstanding” and inserting the following:

10 “(3) Notwithstanding”;

11 (E) in paragraph (3) (as designated by  
12 subparagraph (D)), by striking “the preceding  
13 sentences” and inserting “paragraphs (1) and  
14 (2)”;

15 (F) in the fourth sentence, by striking “In  
16 no event” and inserting the following:

17 “(4) In no event”;

18 (G) in the fifth sentence, by striking “For  
19 the purposes of this subsection, residents” and  
20 inserting the following:

21 “(5) For the purposes of this subsection, the fol-  
22 lowing persons shall not be considered to be residents of  
23 institutions and shall be considered to be individual house-  
24 holds:

25 “(A) Residents”; and

1 (H) in paragraph (5) (as designated by  
2 subparagraph (G))—

3 (i) by striking “Act, or are individ-  
4 uals” and inserting the following: “Act.  
5 “(B) Individuals”;

6 (ii) by striking “such section, tem-  
7 porary” and inserting the following: “that  
8 section.

9 “(C) Temporary”;

10 (iii) by striking “children, residents”  
11 and inserting the following: “children.

12 “(D) Residents”;

13 (iv) by striking “coupons, and nar-  
14 cotics” and inserting the following: “cou-  
15 pons.

16 “(E) Narcotics”; and

17 (v) by striking “shall not” and all  
18 that follows and inserting a period.

19 (2) Section 5(a) of the Food Stamp Act of  
20 1977 (7 U.S.C. 2014(a)) is amended by striking  
21 “the third sentence of section 3(i)” each place it ap-  
22 pears and inserting “section 3(i)(4)”.

23 (3) Section 8(e)(1) of the Food Stamp Act of  
24 1977 (7 U.S.C. 2017(e)(1)) is amended by striking

1 “the last sentence of section 3(i)” and inserting  
 2 “section 3(i)(5)”.

3 (4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food  
 4 Stamp Act of 1977 (7 U.S.C.  
 5 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking  
 6 “the last 2 sentences of section 3(i)” and inserting  
 7 “paragraphs (4) and (5) of section 3(i)”.

8 **SEC. 425. AVAILABILITY OF FOOD STAMP PROGRAM APPLI-**  
 9 **CATIONS ON THE INTERNET.**

10 Section 11(e)(2)(B)(ii) of the Food Stamp Act of  
 11 1977 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—

12 (1) by inserting “(I)” after “(ii)”;

13 (2) in subclause (I) (as designated by para-  
 14 graph (1)), by adding “and” at the end; and

15 (3) by adding at the end the following:

16 “(II) if the State agency maintains a  
 17 website for the State agency, shall make the ap-  
 18 plication available on the website in each lan-  
 19 guage in which the State agency makes a print-  
 20 ed application available;”.

21 **SEC. 426. SIMPLIFIED DETERMINATIONS OF CONTINUING**  
 22 **ELIGIBILITY.**

23 (a) IN GENERAL.—Section 11(e) of the Food Stamp  
 24 Act of 1977 (7 U.S.C. 2020(e)) is amended—

1           (1) by striking paragraph (4) and inserting the  
2 following:

3           “(4)(A) that the State agency shall periodically  
4 require each household to cooperate in a redeter-  
5 mination of the eligibility of the household.

6           “(B) A redetermination under subparagraph  
7 (A) shall—

8                 “(i) be based on information supplied by  
9 the household; and

10                “(ii) conform to standards established by  
11 the Secretary.

12           “(C) The interval between redeterminations of  
13 eligibility under subparagraph (A) shall not exceed  
14 the eligibility review period;” and

15           (2) in paragraph (10)—

16                 (A) by striking “within the household’s  
17 certification period”; and

18                 (B) by striking “or until” and all that fol-  
19 lows through “occurs earlier”.

20           (b) CONFORMING AMENDMENTS.—

21           (1) Section 3(c) of the Food Stamp Act of 1977  
22 (7 U.S.C. 2012(c)) is amended—

23                 (A) by striking “Certification period” and  
24 inserting “Eligibility review period”; and

1 (B) by striking “certification period” each  
2 place it appears and inserting “eligibility review  
3 period”.

4 (2) Section 5 of the Food Stamp Act of 1977  
5 (7 U.S.C. 2014) is amended—

6 (A) in subsection (d)(2), by striking “in  
7 the certification period which” and inserting  
8 “that”; and

9 (B) in subsection (e) (as amended by sec-  
10 tion 414(b)(1)(B))—

11 (i) in paragraph (5)(B)(ii)—

12 (I) in subclause (II), by striking  
13 “certification period” and inserting  
14 “eligibility review period”; and

15 (II) in subclause (III), by strik-  
16 ing “has been anticipated for the cer-  
17 tification period” and inserting “was  
18 anticipated when the household ap-  
19 plied or at the most recent redeter-  
20 mination of eligibility for the house-  
21 hold”; and

22 (ii) in paragraph (6)(C)(iii)(II), by  
23 striking “the end of a certification period”  
24 and inserting “each redetermination of the  
25 eligibility of the household”.

1           (3) Section 6 of the Food Stamp Act of 1977  
2       (7 U.S.C. 2015) is amended—

3           (A) in subsection (c)(1)(C)(iv), by striking  
4       “certification period” each place it appears and  
5       inserting “interval between required redeter-  
6       minations of eligibility”; and

7           (B) in subsection (d)(1)(D)(v)(II), by  
8       striking “a certification period” and inserting  
9       “an eligibility review period”.

10          (4) Section 8(c) of the Food Stamp Act of 1977  
11       (7 U.S.C. 2017(c)) is amended—

12          (A) in the second sentence of paragraph  
13       (1), by striking “within a certification period”;  
14       and

15          (B) in paragraph (2)(B), by striking “expi-  
16       ration of” and all that follows through “during  
17       a certification period,” and inserting “termi-  
18       nation of benefits to the household,”.

19          (5) Section 11(e)(16) of the Food Stamp Act of  
20       1977 (7 U.S.C. 2020(e)(16)) is amended by striking  
21       “the certification or recertification” and inserting  
22       “determining the eligibility”.



1 **SEC. 427. CLEARINGHOUSE FOR SUCCESSFUL NUTRITION**  
 2 **EDUCATION EFFORTS.**

3 Section 11(f) of the Food Stamp Act of 1977 (7  
 4 U.S.C. 2020(f)) is amended by striking paragraph (2) and  
 5 inserting the following:

6 “(2) NUTRITION EDUCATION CLEARING-  
 7 HOUSE.—The Secretary shall—

8 “(A) request State agencies to submit to  
 9 the Secretary descriptions of successful nutri-  
 10 tion education programs designed for use in the  
 11 food stamp program and other nutrition assist-  
 12 ance programs;

13 “(B) make the descriptions submitted  
 14 under subparagraph (A) available on the  
 15 website of the Department of Agriculture; and

16 “(C) inform State agencies of the avail-  
 17 ability of the descriptions on the website.”.

18 **SEC. 428. TRANSITIONAL FOOD STAMPS FOR FAMILIES**  
 19 **MOVING FROM WELFARE.**

20 (a) IN GENERAL.—Section 11 of the Food Stamp Act  
 21 of 1977 (7 U.S.C. 2020) is amended by adding at the end  
 22 the following:

23 “(s) TRANSITIONAL BENEFITS OPTION.—

24 “(1) IN GENERAL.—A State agency may pro-  
 25 vide transitional food stamp benefits to a household  
 26 that ceases to receive cash assistance under a State

1 program funded under part A of title IV of the So-  
2 cial Security Act (42 U.S.C. 601 et seq.).

3 “(2) TRANSITIONAL BENEFITS PERIOD.—Under  
4 paragraph (1), a household may continue to receive  
5 food stamp benefits for a period of not more than  
6 6 months after the date on which cash assistance is  
7 terminated.

8 “(3) AMOUNT OF BENEFITS.—During the tran-  
9 sitional benefits period under paragraph (2), a  
10 household shall receive an amount of food stamp  
11 benefits equal to the allotment received in the month  
12 immediately preceding the date on which cash assist-  
13 ance was terminated, adjusted for—

14 “(A) the change in household income as a  
15 result of the termination of cash assistance; and

16 “(B) any changes in circumstances that  
17 may result in an increase in the food stamp al-  
18 lotment of the household and that the house-  
19 hold elects to report.

20 “(4) DETERMINATION OF FUTURE ELIGI-  
21 BILITY.—In the final month of the transitional bene-  
22 fits period under paragraph (2), the State agency  
23 may—

24 “(A) require the household to cooperate in  
25 a redetermination of eligibility; and

1           “(B) initiate a new eligibility review period  
 2           for the household without regard to whether the  
 3           preceding eligibility review period has expired.

4           “(5) LIMITATION.—A household shall not be el-  
 5           igible for transitional benefits under this subsection  
 6           if the household—

7           “(A) loses eligibility under section 6;

8           “(B) is sanctioned for a failure to perform  
 9           an action required by Federal, State, or local  
 10          law relating to a cash assistance program de-  
 11          scribed in paragraph (1); or

12          “(C) is a member of any other category of  
 13          households designated by the State agency as  
 14          ineligible for transitional benefits.”.

15          (b) CONFORMING AMENDMENTS.—

16          (1) Section 3(c) of the Food Stamp Act of 1977  
 17          (7 U.S.C. 2012(c)) is amended by adding at the end  
 18          the following: “The limits specified in this section  
 19          may be extended until the end of any transitional  
 20          benefit period established under section 11(s).”.

21          (2) Section 6(c) of the Food Stamp Act of 1977  
 22          (7 U.S.C. 2015(c)) is amended by striking “No  
 23          household” and inserting “Except in a case in which  
 24          a household is receiving transitional benefits during

1 the transitional benefits period under section 11(s),  
 2 no household”.

3 **SEC. 429. DELIVERY TO RETAILERS OF NOTICES OF AD-**  
 4 **VERSE ACTION.**

5 Section 14(a) of the Food Stamp Act of 1977 (7  
 6 U.S.C. 2023(a)) is amended by striking paragraph (2) and  
 7 inserting the following:

8 “(2) DELIVERY OF NOTICES.—A notice under  
 9 paragraph (1) shall be delivered by any form of de-  
 10 livery that the Secretary determines will provide evi-  
 11 dence of the delivery.”.

12 **SEC. 430. REFORM OF QUALITY CONTROL SYSTEM.**

13 (a) IN GENERAL.—Section 16(c) of the Food Stamp  
 14 Act of 1977 (7 U.S.C. 2025(c)) is amended—

15 (1) in paragraph (1)—

16 (A) by striking “enhances payment accu-  
 17 racy” and all that follows through “(A) the Sec-  
 18 retary” and inserting the following: “enhances  
 19 payment accuracy and that has the following  
 20 elements:

21 “(A) ENHANCED ADMINISTRATIVE FUND-  
 22 ING.—With respect to fiscal year 2001, the Sec-  
 23 retary”;

24 (B) in subparagraph (A)—

1 (i) by striking “one percentage point  
2 to a maximum of 60” and inserting “ $\frac{1}{2}$  of  
3 1 percentage point to a maximum of 55”;  
4 and

5 (ii) by striking the semicolon at the  
6 end and inserting a period; and

7 (C) by striking subparagraph (B) and all  
8 that follows and inserting the following:

9 “(B) INVESTIGATION AND INITIAL SANC-  
10 TIONS.—

11 “(i) INVESTIGATION.—Except as pro-  
12 vided under subparagraph (C), for any fis-  
13 cal year in which the Secretary determines  
14 that a 95 percent statistical probability ex-  
15 ists that the payment error rate of a State  
16 agency exceeds the national performance  
17 measure for payment error rates an-  
18 nounced under paragraph (6) by more  
19 than 1 percentage point, other than for  
20 good cause shown, the Secretary shall in-  
21 vestigate the administration by the State  
22 agency of the food stamp program unless  
23 the Secretary determines that sufficient in-  
24 formation is already available to review the  
25 administration by the State agency.

1           “(ii) INITIAL SANCTIONS.—If an in-  
2           vestigation under clause (i) results in a de-  
3           termination that the State agency has been  
4           seriously negligent (as determined under  
5           standards promulgated by the Secretary),  
6           the State agency shall pay the Secretary  
7           an amount that reflects the extent of such  
8           negligence (as determined under standards  
9           promulgated by the Secretary), not to ex-  
10          ceed 5 percent of the amount provided to  
11          the State agency under subsection (a) for  
12          the fiscal year.

13          “(C) ADDITIONAL SANCTIONS.—If, for any  
14          fiscal year, the Secretary determines that a 95  
15          percent statistical probability exists that the  
16          payment error rate of a State agency exceeds  
17          the national performance measure for payment  
18          error rates announced under paragraph (6) by  
19          more than 1 percentage point, other than for  
20          good cause shown, and that the State agency  
21          was sanctioned under this paragraph or was the  
22          subject of an investigation or review under sub-  
23          paragraph (B)(i) for each of the 2 immediately  
24          preceding fiscal years, the State agency shall

1 pay to the Secretary an amount equal to the  
2 product obtained by multiplying—

3 “(i) the value of all allotments issued  
4 by the State agency in the fiscal year;

5 “(ii) the lesser of—

6 “(I) the ratio that—

7 “(aa) the amount by which  
8 the payment error rate of the  
9 State agency for the fiscal year  
10 exceeds by more than 1 percent-  
11 age point the national perform-  
12 ance measure for the fiscal year;  
13 bears to

14 “(bb) 10 percent; or

15 “(II) 1; and

16 “(iii) the amount by which the pay-  
17 ment error rate of the State agency for the  
18 fiscal year exceeds by more than 1 percent-  
19 age point the national performance meas-  
20 ure for the fiscal year.

21 “(D) CORRECTIVE ACTION PLANS.—The  
22 Secretary shall foster management improve-  
23 ments by the States by requiring State agencies  
24 to develop and implement corrective action  
25 plans to reduce payment errors.”;

1           (2) in paragraph (2)(A), by inserting before the  
2           semicolon the following: “, as adjusted downward as  
3           appropriate under paragraph (10)”;

4           (3) in paragraph (4), by striking “(4)” and all  
5           that follows through the end of the first sentence  
6           and inserting the following:

7           “(4) REPORTING REQUIREMENTS.—The Sec-  
8           retary may require a State agency to report any fac-  
9           tors that the Secretary considers necessary to deter-  
10          mine a State agency’s payment error rate, enhanced  
11          administrative funding, claim for payment error  
12          under paragraph (1), or performance under the per-  
13          formance measures under paragraph (11).”;

14          (4) in paragraph (5), by striking “(5)” and all  
15          that follows through the end of the second sentence  
16          and inserting the following:

17          “(5) PROCEDURES.—To facilitate the imple-  
18          mentation of this subsection, each State agency shall  
19          expeditiously submit to the Secretary data con-  
20          cerning the operations of the State agency in each  
21          fiscal year sufficient for the Secretary to establish  
22          the payment error rate for the State agency for the  
23          fiscal year, to comply with paragraph (10), and to  
24          determine the amount of enhanced administrative  
25          funding under paragraph (1)(A), high performance



1       bonus payments under paragraph (11), or claims  
2       under subparagraph (B) or (C) of paragraph (1).”;  
3       (5) in paragraph (6)—

4               (A) in the first and third sentences, by  
5       striking “paragraph (5)” each place it appears  
6       and inserting “paragraph (8)”; and

7               (B) in the first sentence, by inserting  
8       “(but determined without regard to paragraph  
9       (10))” before “times that”; and  
10       (6) by adding at the end the following:

11       “(10) ADJUSTMENTS OF PAYMENT ERROR  
12       RATE.—

13               “(A) FISCAL YEAR 2002.—

14                       “(i) ADJUSTMENT FOR HIGHER PER-  
15       CENTAGE OF HOUSEHOLDS WITH EARNED  
16       INCOME.—Subject to subparagraph (B),  
17       with respect to fiscal year 2002, in apply-  
18       ing paragraph (1), the Secretary shall ad-  
19       just the payment error rate determined  
20       under paragraph (2)(A) as necessary to  
21       take into account any increases in errors  
22       that result from the State agency’s serving  
23       a higher percentage of households with  
24       earned income than the lesser of—

1                   “(I) the percentage of households  
2                   with earned income that receive food  
3                   stamps in all States; or

4                   “(II) the percentage of house-  
5                   holds with earned income that re-  
6                   ceived food stamps in the State in fis-  
7                   cal year 1992.

8                   “(ii) ADJUSTMENT FOR HIGHER PER-  
9                   CENTAGE OF HOUSEHOLDS WITH NONCIT-  
10                  IZEN MEMBERS.—Subject to subparagraph  
11                  (B), with respect to fiscal year 2002, in  
12                  applying paragraph (1), the Secretary shall  
13                  adjust the payment error rate determined  
14                  under paragraph (2)(A) as necessary to  
15                  take into account any increases in errors  
16                  that result from the State agency’s serving  
17                  a higher percentage of households with 1  
18                  or more members who are not United  
19                  States citizens than the lesser of—

20                   “(I) the percentage of households  
21                   with 1 or more members who are not  
22                   United States citizens that receive  
23                   food stamps in all States; or

24                   “(II) the percentage of house-  
25                   holds with 1 or more members who

1 are not United States citizens that re-  
2 ceived food stamps in the State in fis-  
3 cal year 1998.

4 “(B) EXPANDED APPLICABILITY TO STATE  
5 AGENCIES SUBJECT TO SANCTIONS.—In the  
6 case of a State agency subject to sanctions for  
7 fiscal year 2001 or any fiscal year thereafter  
8 under paragraph (1), the adjustments described  
9 in subparagraph (A) shall apply to the State  
10 agency for the fiscal year.

11 “(C) ADDITIONAL ADJUSTMENTS.—For  
12 fiscal year 2003 and each fiscal year thereafter,  
13 the Secretary may make such additional adjust-  
14 ments to the payment error rate determined  
15 under paragraph (2)(A) as the Secretary deter-  
16 mines to be consistent with achieving the pur-  
17 poses of this Act.”.

18 (b) APPLICABILITY.—Except as otherwise provided in  
19 the amendments made by subsection (a), the amendments  
20 made by subsection (a) shall apply to fiscal year 2001 and  
21 each fiscal year thereafter.

22 **SEC. 431. IMPROVEMENT OF CALCULATION OF STATE PER-**  
23 **FORMANCE MEASURES.**

24 (a) IN GENERAL.—Section 16(c)(8) of the Food  
25 Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

1           (1) in subparagraph (B), by striking “180 days  
2           after the end of the fiscal year” and inserting “the  
3           first May 31 after the end of the fiscal year referred  
4           to in subparagraph (A)”;

5           (2) in subparagraph (C), by striking “30 days  
6           thereafter” and inserting “the first June 30 after  
7           the end of the fiscal year referred to in subpara-  
8           graph (A)”.

9           (b) EFFECTIVE DATE.—The amendments made by  
10          this section take effect on the date of enactment of this  
11          Act.

12       **SEC. 432. BONUSES FOR STATES THAT DEMONSTRATE HIGH**  
13                               **PERFORMANCE.**

14          (a) IN GENERAL.—Section 16(c) of the Food Stamp  
15          Act of 1977 (7 U.S.C. 2025(c)) (as amended by section  
16          430(a)(6)) is amended by adding at the end the following:

17               “(11) HIGH PERFORMANCE BONUS PAY-  
18          MENTS.—

19               “(A) IN GENERAL.—The Secretary shall—

20                       “(i) with respect to fiscal year 2002  
21                       and each fiscal year thereafter, measure  
22                       the performance of each State agency with  
23                       respect to each of the performance meas-  
24                       ures specified in subparagraph (B); and

1           “(ii) in fiscal year 2003 and each fis-  
2           cal year thereafter, subject to subpara-  
3           graphs (C) and (D), make high perform-  
4           ance bonus payments to the State agencies  
5           with the highest or most improved per-  
6           formance with respect to those perform-  
7           ance measures.

8           “(B) PERFORMANCE MEASURES.—The  
9           performance measures specified in this subpara-  
10          graph are—

11           “(i) the ratio, expressed as a percent-  
12          age, that—

13           “(I) the number of households in  
14          the State that—

15           “(aa) receive food stamps;

16           “(bb) have incomes less than  
17          130 percent of the poverty line  
18          (as defined in section 673 of the  
19          Community Services Block Grant  
20          Act (42 U.S.C. 9902));

21           “(cc) have annual earnings  
22          equal to at least 1000 times the  
23          Federal minimum hourly rate  
24          under the Fair Labor Standards

1 Act of 1938 (29 U.S.C. 201 et  
2 seq.); and

3 “(dd) have children under  
4 age 18; bears to

5 “(II) the number of households  
6 in the State that meet the criteria  
7 specified in items (bb) through (dd) of  
8 subclause (I); and

9 “(ii) 4 additional performance meas-  
10 ures, established by the Secretary in con-  
11 sultation with the National Governors As-  
12 sociation, the American Public Human  
13 Services Association, and the National  
14 Conference of State Legislatures not later  
15 than 180 days after the date of enactment  
16 of this paragraph, of which not less than  
17 1 performance measure shall relate to pro-  
18 vision of timely and appropriate services to  
19 applicants for and recipients of food stamp  
20 benefits.

21 “(C) HIGH PERFORMANCE BONUS PAY-  
22 MENTS.—

23 “(i) DEFINITION OF CASELOAD.—In  
24 this subparagraph, the term ‘caseload’ has

1 the meaning given the term in section  
2 6(o)(6)(A).

3 “(ii) AMOUNT OF PAYMENTS.—

4 “(I) IN GENERAL.—In fiscal year  
5 2003 and each fiscal year thereafter,  
6 the Secretary shall—

7 “(aa) make 1 high perform-  
8 ance bonus payment of  
9 \$6,000,000 for each of the 5 per-  
10 formance measures under sub-  
11 paragraph (B); and

12 “(bb) allocate the high per-  
13 formance bonus payment with re-  
14 spect to each performance meas-  
15 ure in accordance with subclauses  
16 (II) and (III).

17 “(II) PAYMENTS FOR PERFORM-  
18 ANCE MEASURES.—In fiscal year  
19 2003 and each fiscal year thereafter,  
20 the Secretary shall allocate, in accord-  
21 ance with subclause (III), the high  
22 performance bonus payment made for  
23 each performance measure under sub-  
24 paragraph (B) among the 6 State

1 agencies with, as determined by the  
2 Secretary by regulation—

3 “(aa) the greatest improve-  
4 ment in the level of performance  
5 with respect to the performance  
6 measure between the 2 most re-  
7 cent years for which the Sec-  
8 retary determines that reliable  
9 data are available;

10 “(bb) the highest perform-  
11 ance in the performance measure  
12 for the most recent year for  
13 which the Secretary determines  
14 that reliable data are available;  
15 or

16 “(cc) a combination of the  
17 greatest improvement described  
18 in item (aa) and the highest per-  
19 formance described in item (bb).

20 “(III) ALLOCATION AMONG  
21 STATE AGENCIES ELIGIBLE FOR PAY-  
22 MENTS.—A high performance bonus  
23 payment under subclause (II) made  
24 for a performance measure shall be al-  
25 located among the 6 State agencies el-



1                   igible for the payment in the ratio  
2                   that—

3                   “(aa) the caseload of each of  
4                   the 6 State agencies eligible for  
5                   the payment; bears to

6                   “(bb) the caseloads of the 6  
7                   State agencies eligible for the  
8                   payment.

9                   “(D) PROHIBITION ON RECEIPT OF HIGH  
10                  PERFORMANCE BONUS PAYMENTS BY STATE  
11                  AGENCIES SUBJECT TO SANCTIONS.—If, for any  
12                  fiscal year, a State agency is subject to a sanc-  
13                  tion under paragraph (1), the State agency  
14                  shall not be eligible for a high performance  
15                  bonus payment for the fiscal year.

16                  “(E) PAYMENTS NOT SUBJECT TO JUDI-  
17                  CIAL REVIEW.—A determination by the Sec-  
18                  retary whether, and in what amount, to make  
19                  a high performance bonus payment under this  
20                  paragraph shall not be subject to judicial re-  
21                  view.”.

22                  (b) APPLICABILITY.—The amendment made by sub-  
23                  section (a) takes effect on the date of enactment of this  
24                  Act.

1 **SEC. 433. EMPLOYMENT AND TRAINING PROGRAM.**

2 (a) LEVELS OF FUNDING.—Section 16(h)(1) of the  
3 Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is  
4 amended—

5 (1) in subparagraph (A)—

6 (A) by striking “, to remain available until  
7 expended,”; and

8 (B) by striking clause (vii) and inserting  
9 the following:

10 “(vii) for each of fiscal years 2002  
11 through 2006, \$90,000,000, to remain  
12 available until expended.”;

13 (2) by striking subparagraph (B) and inserting  
14 the following:

15 “(B) ALLOCATION.—Funds made available  
16 under subparagraph (A) shall be made available  
17 to and reallocated among State agencies under  
18 a reasonable formula that—

19 “(i) is determined and adjusted by the  
20 Secretary; and

21 “(ii) takes into account the number of  
22 individuals who are not exempt from the  
23 work requirement under section 6(o).”;  
24 and

25 (3) by striking subparagraphs (E) through (G)  
26 and inserting the following:

1           “(E) ADDITIONAL ALLOCATIONS FOR  
2 STATES THAT ENSURE AVAILABILITY OF WORK  
3 OPPORTUNITIES.—

4           “(i) IN GENERAL.—In addition to the  
5 allocations under subparagraph (A), from  
6 funds made available under section  
7 18(a)(1), the Secretary shall allocate not  
8 more than \$25,000,000 for each of fiscal  
9 years 2002 through 2006 to reimburse a  
10 State agency that is eligible under clause  
11 (ii) for the costs incurred in serving food  
12 stamp recipients who—

13           “(I) are not eligible for an excep-  
14 tion under section 6(o)(3); and

15           “(II) are placed in and comply  
16 with a program described in subpara-  
17 graph (B) or (C) of section 6(o)(2).

18           “(ii) ELIGIBILITY.—To be eligible for  
19 an additional allocation under clause (i), a  
20 State agency shall—

21           “(I) exhaust the allocation to the  
22 State agency under subparagraph (A)  
23 (including any reallocation that has  
24 been made available under subpara-  
25 graph (C)); and

1                   “(II) make and comply with a  
 2                   commitment to offer a position in a  
 3                   program described in subparagraph  
 4                   (B) or (C) of section 6(o)(2) to each  
 5                   applicant or recipient who—

6                   “(aa) is in the last month of  
 7                   the 6-month period described in  
 8                   section 6(o)(2);

9                   “(bb) is not eligible for an  
 10                  exception under section 6(o)(3);

11                  “(cc) is not eligible for a  
 12                  waiver under section 6(o)(4); and

13                  “(dd) is not eligible for an  
 14                  exemption under section  
 15                  6(o)(6).”.

16           (b) RESCISSION OF CARRYOVER FUNDS.—Notwith-  
 17   standing any other provision of law, funds provided under  
 18   section 16(h)(1)(A) of the Food Stamp Act of 1977 (7  
 19   U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal  
 20   year 2002 shall cease to be available on the date of enact-  
 21   ment of this Act, unless obligated by a State agency before  
 22   that date.

23           (c) PARTICIPANT EXPENSES.—Section  
 24   6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C.

1 2015(d)(4)(I)(i)(I)) is amended by striking “\$25 per  
2 month” and inserting “\$50 per month”.

3 (d) FEDERAL REIMBURSEMENT.—Section 16(h)(3)  
4 of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3))  
5 is amended by striking “\$25” and inserting “\$50”.

6 (e) EFFECTIVE DATE.—The amendments made by  
7 this section take effect on the date of enactment of this  
8 Act.

9 **SEC. 434. REAUTHORIZATION OF FOOD STAMP PROGRAM**  
10 **AND FOOD DISTRIBUTION PROGRAM ON IN-**  
11 **DIAN RESERVATIONS.**

12 (a) REDUCTIONS IN PAYMENTS FOR ADMINISTRA-  
13 TIVE COSTS.—Section 16(k)(3) of the Food Stamp Act  
14 of 1977 (7 U.S.C. 2025(k)(3)) is amended—

15 (1) in the first sentence of subparagraph (A),  
16 by striking “2002” and inserting “2006”; and

17 (2) in subparagraph (B)(ii), by striking “2002”  
18 and inserting “2006”.

19 (b) CASH PAYMENT PILOT PROJECTS.—Section  
20 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C.  
21 2026(b)(1)(B)(vi)) is amended by striking “2002” and in-  
22 serting “2006”.

23 (c) GRANTS TO IMPROVE FOOD STAMP PARTICIPA-  
24 TION.—Section 17(i)(1)(A) of the Food Stamp Act of

1 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sen-  
2 tence by striking “2002” and inserting “2006”.

3 (d) AUTHORIZATION OF APPROPRIATIONS.—Section  
4 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.  
5 2027(a)(1)) is amended in the first sentence by striking  
6 “2002” and inserting “2006”.

7 **SEC. 435. COORDINATION OF PROGRAM INFORMATION EF-**  
8 **FORTS.**

9 Section 16(k)(5) of the Food Stamp Act of 1977 (7  
10 U.S.C. 2025(k)(5)) is amended—

11 (1) in subparagraph (A), by striking “No  
12 funds” and inserting “Except as provided in sub-  
13 paragraph (C), no funds”; and

14 (2) by adding at the end the following:

15 “(C) FOOD STAMP INFORMATIONAL AC-  
16 TIVITIES.—Subparagraph (A) shall not apply to  
17 any funds or expenditures described in clause  
18 (i) or (ii) of subparagraph (B) used to pay the  
19 costs of any activity that is eligible for reim-  
20 bursement under subsection (a)(4).”.

21 **SEC. 436. EXPANDED GRANT AUTHORITY.**

22 Section 17(a)(1) of the Food Stamp Act of 1977 (7  
23 U.S.C. 2026(a)(1)) is amended—

24 (1) by striking “, by way of making contracts  
25 with or grants to public or private organizations or

1 agencies,” and inserting “enter into contracts with  
 2 or make grants to public or private organizations or  
 3 agencies under this section to”; and

4 (2) by adding at the end the following: “The  
 5 waiver authority of the Secretary under subsection  
 6 (b) shall extend to all contracts and grants under  
 7 this section.”.

8 **SEC. 437. ACCESS AND OUTREACH PILOT PROJECTS.**

9 Section 17 of the Food Stamp Act of 1977 (7 U.S.C.  
 10 2026) is amended by striking subsection (h) and inserting  
 11 the following:

12 “(h) ACCESS AND OUTREACH PILOT PROJECTS.—

13 “(1) IN GENERAL.—The Secretary shall make  
 14 grants to State agencies and other entities to pay  
 15 the Federal share of the eligible costs of projects to  
 16 improve—

17 “(A) access by eligible individuals to bene-  
 18 fits under the food stamp program; or

19 “(B) outreach to individuals eligible for  
 20 those benefits.

21 “(2) FEDERAL SHARE.—The Federal share  
 22 shall be 75 percent.

23 “(3) TYPES OF PROJECTS.—To be eligible for a  
 24 grant under this subsection, a project may consist  
 25 of—

1           “(A) establishing a single site at which in-  
2           dividuals may apply for—

3                   “(i) benefits under the food stamp  
4                   program; and

5                   “(ii)(I) supplemental security income  
6                   benefits under title XVI of the Social Secu-  
7                   rity Act (42 U.S.C. 1381 et seq.);

8                   “(II) benefits under the medicaid pro-  
9                   gram under title XIX of the Social Secu-  
10                  rity Act (42 U.S.C. 1396 et seq.);

11                  “(III) benefits under the State chil-  
12                  dren’s health insurance program under  
13                  title XXI of the Social Security Act (42  
14                  U.S.C. 1397aa et seq.);

15                  “(IV) benefits under the special sup-  
16                  plemental nutrition program for women,  
17                  infants, and children under section 17 of  
18                  the Child Nutrition Act of 1966 (42  
19                  U.S.C. 1786); or

20                  “(V) benefits under such other pro-  
21                  grams as the Secretary determines to be  
22                  appropriate;

23                  “(B) developing forms that allow an indi-  
24                  vidual to apply for more than 1 of the programs  
25                  referred to in subparagraph (A);



1           “(C) dispatching State agency personnel to  
2           conduct outreach and enroll individuals in the  
3           food stamp program and other programs in  
4           nontraditional venues (such as shopping malls,  
5           schools, community centers, county fairs, clin-  
6           ics, food banks, and job training centers);

7           “(D) developing systems to enable in-  
8           creased participation in the provision of benefits  
9           under the food stamp program through farm-  
10          ers’ markets, roadside stands, and other com-  
11          munity-supported agriculture programs, includ-  
12          ing wireless electronic benefit transfer systems  
13          and other systems appropriate to open-air set-  
14          tings where farmers and other vendors sell di-  
15          rectly to consumers;

16          “(E) allowing individuals to submit appli-  
17          cations for the food stamp program by means  
18          of the telephone or the Internet, in particular  
19          individuals who live in rural areas, elderly indi-  
20          viduals, and individuals with disabilities;

21          “(F) encouraging consumption of fruit and  
22          vegetables by developing a cost-effective system  
23          for providing discounts for purchases of fruit  
24          and vegetables made through use of electronic  
25          benefit transfer cards;

1           “(G) reducing barriers to participation by  
2 individuals, with emphasis on working families,  
3 eligible immigrants, elderly individuals, and in-  
4 dividuals with disabilities;

5           “(H) developing training materials, guide-  
6 books, and other resources to improve access  
7 and outreach;

8           “(I) conforming verification practices  
9 under the food stamp program with verification  
10 practices under other assistance programs; and

11           “(J) such other activities as the Secretary  
12 determines to be appropriate.

13           “(4) SELECTION.—

14           “(A) IN GENERAL.—The Secretary shall  
15 develop criteria for selecting recipients of grants  
16 under this subsection that include the consider-  
17 ation of—

18           “(i) the demonstrated record of a  
19 State agency or other entity in serving low-  
20 income individuals;

21           “(ii) the ability of a State agency or  
22 other entity to reach hard-to-serve popu-  
23 lations;

1 “(iii) the level of innovative proposals  
 2 in the application of a State agency or  
 3 other entity for a grant; and

4 “(iv) the development of partnerships  
 5 between public and private sector entities  
 6 and linkages with the community.

7 “(B) PREFERENCE.—In selecting recipi-  
 8 ents of grants under paragraph (1), the Sec-  
 9 retary shall provide a preference to any appli-  
 10 cant that consists of a partnership between a  
 11 State and a private entity, such as—

12 “(i) a food bank;

13 “(ii) a community-based organization;

14 “(iii) a public school;

15 “(iv) a publicly-funded health clinic;

16 “(v) a publicly-funded day care center;

17 and

18 “(vi) a nonprofit health or welfare  
 19 agency.

20 “(C) GEOGRAPHICAL DISTRIBUTION OF  
 21 RECIPIENTS.—

22 “(i) IN GENERAL.—Subject to clause  
 23 (ii), the Secretary shall select, from all eli-  
 24 gible applications received, at least 1 re-

1            cipient to receive a grant under this sub-  
2            section from—

3            “(I) each region of the Depart-  
4            ment of Agriculture administering the  
5            food stamp program; and

6            “(II) each additional rural or  
7            urban area that the Secretary deter-  
8            mines to be appropriate.

9            “(ii) EXCEPTION.—The Secretary  
10           shall not be required to select grant recipi-  
11           ents under clause (i) to the extent that the  
12           Secretary determines that an insufficient  
13           number of eligible grant applications has  
14           been received.

15           “(5) PROJECT EVALUATIONS.—

16           “(A) IN GENERAL.—The Secretary shall  
17           conduct evaluations of projects funded by  
18           grants under this subsection.

19           “(B) LIMITATION.—Not more than 10 per-  
20           cent of funds made available to carry out this  
21           subsection shall be used for project evaluations  
22           described in subparagraph (A).

23           “(6) MAINTENANCE OF EFFORT.—A State  
24           agency or other entity shall provide assurances to  
25           the Secretary that funds provided to the State agen-

1       cy or other entity under this subsection will be used  
 2       only to supplement, not to supplant, the amount of  
 3       Federal, State, and local funds otherwise expended  
 4       to carry out access and outreach activities in the  
 5       State under this Act.

6               “(7) FUNDING.—There is authorized to be ap-  
 7       propriated to carry out this subsection \$3,000,000  
 8       for the period of fiscal years 2003 through 2005.”.

9   **SEC. 438. CONSOLIDATED BLOCK GRANTS AND ADMINIS-**  
 10               **TRATIVE FUNDS.**

11       (a) CONSOLIDATED FUNDING.—Section 19(a)(1) of  
 12       the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is  
 13       amended—

14               (1) in subparagraph (A)—

15                       (A) by striking “the Commonwealth of  
 16               Puerto Rico” and inserting “governmental enti-  
 17               ties specified in subparagraph (D)”;

18                       (B) in clause (ii), by striking “and” at the  
 19               end; and

20                       (C) by striking clause (iii) and all that fol-  
 21               lows and inserting the following:

22                       “(iii) for fiscal year 2002, \$1,356,000,000; and

23                       “(iv) for each of fiscal years 2003 through  
 24               2006, the amount provided in clause (iii), as ad-  
 25               justed by the percentage by which the thrifty food

1        plan has been adjusted under section 3(o)(4) be-  
 2        tween June 30, 2001, and June 30 of the imme-  
 3        diately preceding fiscal year;  
 4        to pay the expenditures for nutrition assistance programs  
 5        for needy persons as described in subparagraphs (B) and  
 6        (C).”;

7                (2) in subparagraph (B)—

8                        (A) by striking “(B) The” and inserting  
 9        the following:

10                      “(B) MAXIMUM PAYMENTS TO COMMON-  
 11        WEALTH OF PUERTO RICO.—

12                      “(i) IN GENERAL.—The”;

13                      (B) by inserting “of Puerto Rico” after  
 14        “Commonwealth” each place it appears; and

15                      (C) by adding at the end the following:

16                      “(ii) EXCEPTION FOR EXPENDITURES  
 17        FOR CERTAIN SYSTEMS.—Notwithstanding  
 18        subparagraph (A) and clause (i), the Com-  
 19        monwealth of Puerto Rico may spend not  
 20        more than \$6,000,000 of the amount re-  
 21        quired to be paid to the Commonwealth for  
 22        fiscal year 2002 under subparagraph (A)  
 23        to pay 100 percent of the costs of—

24                      “(I) upgrading and modernizing  
 25        the electronic data processing system

1 used to carry out nutrition assistance  
2 programs for needy persons;

3 “(II) implementing systems to  
4 simplify the determination of eligi-  
5 bility to receive that nutrition assist-  
6 ance; and

7 “(III) operating systems to de-  
8 liver benefits through electronic ben-  
9 efit transfers.”; and

10 (3) by adding at the end the following:

11 “(C) AMERICAN SAMOA.—For each fiscal  
12 year, the Secretary shall reserve 0.4 percent of  
13 the funds made available under subparagraph  
14 (A) for payment to American Samoa to pay 100  
15 percent of the expenditures for a nutrition as-  
16 sistance program extended under section 601(c)  
17 of Public Law 96–597 (48 U.S.C. 1469d(c)).

18 “(D) GOVERNMENTAL ENTITY.—A govern-  
19 mental entity specified in this subparagraph  
20 is—

21 “(i) the Commonwealth of Puerto  
22 Rico; and

23 “(ii) for fiscal year 2003 and each fis-  
24 cal year thereafter, American Samoa.”.

1 (b) CONFORMING AMENDMENT.—Section 24 of the  
2 Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

3 (c) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as provided in para-  
5 graph (2), the amendments made by this section  
6 take effect on October 1, 2002.

7 (2) EXCEPTION FOR EXPENDITURES FOR CER-  
8 TAIN SYSTEMS.—The amendments made by sub-  
9 section (a)(2) take effect on the date of enactment  
10 of this Act.

11 **SEC. 439. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

12 Section 25 of the Food Stamp Act of 1977 (7 U.S.C.  
13 2034) is amended—

14 (1) in subsection (b)(2)(B), by striking “2002”  
15 and inserting “2006”;

16 (2) in subsection (d)—

17 (A) in paragraph (3), by striking “or” at  
18 the end; and

19 (B) by striking paragraph (4) and insert-  
20 ing the following:

21 “(4) encourage long-term planning activities,  
22 and multisystem, interagency approaches with multi-  
23 stakeholder collaborations, that build the long-term  
24 capacity of communities to address the food and ag-



1       riculture problems of the communities, such as food  
2       policy councils and food planning associations; or

3           “(5) meet, as soon as practicable, specific  
4       neighborhood, local, or State food and agriculture  
5       needs, including needs for—

6           “(A) infrastructure improvement and de-  
7       velopment;

8           “(B) planning for long-term solutions; or

9           “(C) the creation of innovative marketing  
10       activities that mutually benefit farmers and  
11       low-income consumers.”; and

12       (3) in subsection (e)(1), by striking “50” and  
13       inserting “75”.

14   **SEC. 440. AVAILABILITY OF COMMODITIES FOR THE EMER-**  
15       **GENCY FOOD ASSISTANCE PROGRAM.**

16       (a) IN GENERAL.—Section 27 of the Food Stamp Act  
17       of 1977 (7 U.S.C. 2036) is amended—

18       (1) in subsection (a)—

19           (A) by striking “1997 through 2002” and  
20       inserting “2002 through 2006”; and

21           (B) by striking “\$100,000,000” and in-  
22       serting “\$110,000,000”; and

23       (2) by adding at the end the following:

24       “(c) USE OF FUNDS FOR RELATED COSTS.—

1           “(1) IN GENERAL.—For each of fiscal years  
2       2002 through 2006, the Secretary shall use  
3       \$10,000,000 of the funds made available under sub-  
4       section (a) to pay the direct and indirect costs of  
5       States relating to the processing, storing, trans-  
6       porting, and distributing to eligible recipient agen-  
7       cies of—

8           “(A) commodities purchased by the Sec-  
9       retary under subsection (a); and

10          “(B) commodities acquired from other  
11       sources, including commodities acquired by  
12       gleaning (as defined in section 111(a) of the  
13       Hunger Prevention Act of 1988 (7 U.S.C. 612c  
14       note; Public Law 100–435)).

15          “(2) ALLOCATION OF FUNDS.—The amount re-  
16       quired to be used in accordance with paragraph (1)  
17       shall be allocated in accordance with section 204(a)  
18       of the Emergency Food Assistance Act of 1983 (7  
19       U.S.C. 7508(a)).”.

20       (b) EFFECTIVE DATE.—The amendments made by  
21       this section take effect on the date of enactment of this  
22       Act.

1 **SEC. 441. INNOVATIVE PROGRAMS FOR ADDRESSING COM-**  
 2 **MON COMMUNITY PROBLEMS.**

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. 28. INNOVATIVE PROGRAMS FOR ADDRESSING COM-**  
 6 **MON COMMUNITY PROBLEMS.**

7 “(a) IN GENERAL.—The Secretary shall offer to  
 8 enter into a contract with a nongovernmental organization  
 9 described in subsection (b) to coordinate with Federal  
 10 agencies, States, political subdivisions, and nongovern-  
 11 mental organizations (referred to in this section as ‘tar-  
 12 geted entities’) to develop, and recommend to the targeted  
 13 entities, innovative programs for addressing common com-  
 14 munity problems, including loss of farms, rural poverty,  
 15 welfare dependency, hunger, the need for job training, ju-  
 16 venile crime prevention, and the need for self-sufficiency  
 17 by individuals and communities.

18 “(b) NONGOVERNMENTAL ORGANIZATION.—The  
 19 nongovernmental organization referred to in subsection  
 20 (a)—

21 “(1) shall be selected on a competitive basis;  
 22 and

23 “(2) as a condition of entering into the  
 24 contract—

1           “(A) shall be experienced in working with  
2           targeted entities, and in organizing workshops  
3           that demonstrate programs to targeted entities;

4           “(B) shall be experienced in identifying  
5           programs that effectively address problems de-  
6           scribed in subsection (a) that can be imple-  
7           mented by other targeted entities;

8           “(C) shall agree—

9                   “(i) to contribute in-kind resources to-  
10                  ward the establishment and maintenance  
11                  of programs described in subsection (a);  
12                  and

13                   “(ii) to provide to targeted entities,  
14                  free of charge, information on the pro-  
15                  grams;

16           “(D) shall be experienced in, and capable  
17           of, receiving information from, and commu-  
18           nicating with, targeted entities throughout the  
19           United States; and

20           “(E) shall be experienced in operating a  
21           national information clearinghouse that ad-  
22           dresses 1 or more of the problems described in  
23           subsection (a).

1       “(c) AUDITS.—The Secretary shall establish auditing  
2 procedures and otherwise ensure the effective use of funds  
3 made available under this section.

4       “(d) FUNDING.—

5           “(1) IN GENERAL.—Not later than 30 days  
6 after the date of enactment of this section, and on  
7 October 1, 2002, out of any funds in the Treasury  
8 not otherwise appropriated, the Secretary of the  
9 Treasury shall transfer to the Secretary of Agri-  
10 culture to carry out this section \$200,000, to remain  
11 available until expended.

12           “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
13 retary shall be entitled to receive, shall accept, and  
14 shall use to carry out this section the funds trans-  
15 ferred under paragraph (1), without further appro-  
16 priation.”.

17 **SEC. 442. REPORT ON USE OF ELECTRONIC BENEFIT**  
18 **TRANSFER SYSTEMS.**

19       Not later than 1 year after the date of enactment  
20 of this Act, the Secretary of Agriculture shall submit to  
21 Congress a report on—

22           (1) difficulties relating to use of electronic ben-  
23 efit transfer systems in issuance of food stamp bene-  
24 fits under the Food Stamp Act of 1977 (7 U.S.C.  
25 2011 et seq.);

1           (2) the extent to which there exists fraud, and  
2           the types of fraud that exist, in use of the electronic  
3           benefit transfer systems; and

4           (3) the efforts being made by the Secretary of  
5           Agriculture, retailers, electronic benefit transfer sys-  
6           tem contractors, and States to address the problems  
7           described in paragraphs (1) and (2).

8   **SEC. 443. VITAMIN AND MINERAL SUPPLEMENTS.**

9           (a) IN GENERAL.—Section 3(g)(1) of the Food  
10          Stamp Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by  
11          striking “or food product” and inserting “, food product,  
12          or dietary supplement that provides exclusively 1 or more  
13          vitamins or minerals”.

14          (b) IMPACT STUDY.—

15               (1) IN GENERAL.—Not later than April 1,  
16          2003, the Secretary of Agriculture shall enter into  
17          a contract with a scientific research organization to  
18          study and develop a report on the technical issues,  
19          economic impacts, and health effects associated with  
20          allowing individuals to use benefits under the Food  
21          Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to pur-  
22          chase dietary supplements that provide exclusively 1  
23          or more vitamins or minerals (referred to in this  
24          subsection as “vitamin-mineral supplements”).

1           (2) REQUIRED ELEMENTS.—At a minimum, the  
2 study shall examine—

3           (A) the extent to which problems arise in  
4 the purchase of vitamin-mineral supplements  
5 with electronic benefit transfer cards;

6           (B) the extent of any difficulties in distin-  
7 guishing vitamin-mineral supplements from  
8 herbal and botanical supplements for which  
9 food stamp benefits may not be used;

10          (C) whether participants in the food stamp  
11 program spend more on vitamin-mineral supple-  
12 ments than nonparticipants;

13          (D) to what extent vitamin-mineral supple-  
14 ments are substituted for other foods purchased  
15 with use of food stamp benefits;

16          (E) the proportion of the average food  
17 stamp allotment that is being used to purchase  
18 vitamin-mineral supplements; and

19          (F) the extent to which the quality of the  
20 diets of participants in the food stamp program  
21 has changed as a result of allowing participants  
22 to use food stamp benefits to purchase vitamin-  
23 mineral supplements.

24          (3) REPORT.—The report required under para-  
25 graph (1) shall be submitted to the Secretary of Ag-

1       riculture not later than 2 years after the date on  
 2       which the contract referred to in that paragraph is  
 3       entered into.

4               (4) AUTHORIZATION OF APPROPRIATIONS.—  
 5       There is authorized to be appropriated \$3,000,000  
 6       to carry out this subsection.

## 7                   **Subtitle B—Miscellaneous** 8                   **Provisions**

### 9   **SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.**

10       (a) COMMODITY DISTRIBUTION PROGRAM.—Section  
 11   4(a) of the Agriculture and Consumer Protection Act of  
 12   1973 (7 U.S.C. 612c note; Public Law 93–86) is amended  
 13   in the first sentence by striking “2002” and inserting  
 14   “2006”.

15       (b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—  
 16   Section 5 of the Agriculture and Consumer Protection Act  
 17   of 1973 (7 U.S.C. 612c note; Public Law 93–86) is  
 18   amended—

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

21       “(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

22               “(1) IN GENERAL.—In carrying out the pro-  
 23   gram under section 4 (referred to in this section as  
 24   the ‘commodity supplemental food program’), for  
 25   each of fiscal years 2003 through 2006, the Sec-



1       retary shall provide to each State agency from funds  
 2       made available to carry out that section (including  
 3       any such funds remaining available from the pre-  
 4       ceding fiscal year), a grant per assigned caseload  
 5       slot for administrative costs incurred by the State  
 6       agency and local agencies in the State in operating  
 7       the commodity supplemental food program.

8               “(2) AMOUNT OF GRANTS.—For each of fiscal  
 9       years 2003 through 2006, the amount of each grant  
 10      per caseload slot shall be equal to \$50, adjusted by  
 11      the percentage change between—

12               “(A) the value of the State and local gov-  
 13      ernment price index, as published by the Bu-  
 14      reau of Economic Analysis of the Department  
 15      of Commerce, for the 12-month period ending  
 16      June 30 of the second preceding fiscal year;  
 17      and

18               “(B) the value of that index for the 12-  
 19      month period ending June 30 of the preceding  
 20      fiscal year.”; and

21               (2) in subsection (d)(2), by striking “2002”  
 22      each place it appears and inserting “2006”.

23               (c) DISTRIBUTION OF SURPLUS COMMODITIES TO  
 24      SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A)  
 25      of the Agriculture and Food Act of 1981 (7 U.S.C.

1 1431e(2)(A)) is amended in the first sentence by striking  
2 “2002” and inserting “2006”.

3 (d) EMERGENCY FOOD ASSISTANCE.—Section  
4 204(a)(1) of the Emergency Food Assistance Act of 1983  
5 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

6 (1) by striking “2002” and inserting “2006”;

7 (2) by striking “administrative”; and

8 (3) by inserting “storage,” after “processing,”.

9 **SEC. 452. PARTIAL RESTORATION OF BENEFITS TO LEGAL**  
10 **IMMIGRANTS.**

11 (a) RESTORATION OF BENEFITS TO ALL QUALIFIED  
12 ALIEN CHILDREN.—

13 (1) IN GENERAL.—Section 402(a)(2)(J) of the  
14 Personal Responsibility and Work Opportunity Rec-  
15 onciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is  
16 amended by striking “who” and all that follows  
17 through “is under” and inserting “who is under”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) Section 403(c)(2) of the Personal Re-  
20 sponsibility and Work Opportunity Reconcili-  
21 ation Act of 1996 (8 U.S.C. 1613(c)(2)) is  
22 amended by adding at the end the following:

23 “(L) Assistance or benefits under the Food  
24 Stamp Act of 1977 (7 U.S.C. 2011 et seq.).”.

1 (B) Section 421(d) of the Personal Re-  
 2 sponsibility and Work Opportunity Reconcili-  
 3 ation Act of 1996 (8 U.S.C. 1631(d)) is amend-  
 4 ed by adding at the end the following:

5 “(3) This section shall not apply to assistance  
 6 or benefits under the Food Stamp Act of 1977 (7  
 7 U.S.C. 2011 et seq.) to the extent that a qualified  
 8 alien is eligible under section 402(a)(2)(J).”.

9 (C) Section 5(i)(2)(E) of the Food Stamp  
 10 Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amend-  
 11 ed by inserting before the period at the end the  
 12 following: “, or to any alien who is under 18  
 13 years of age”.

14 (3) APPLICABILITY.—The amendments made  
 15 by this subsection shall apply to fiscal year 2004  
 16 and each fiscal year thereafter.

17 (b) WORK REQUIREMENT FOR LEGAL IMMI-  
 18 GRANTS.—

19 (1) WORKING IMMIGRANT FAMILIES.—Section  
 20 402(a)(2)(B)(ii)(I) of the Personal Responsibility  
 21 and Work Opportunity Reconciliation Act of 1996 (8  
 22 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking  
 23 “40” and inserting “40 (or 16, in the case of the  
 24 specified Federal program described in paragraph  
 25 (3)(B))”.

1 (2) CONFORMING AMENDMENTS.—

2 (A) Section 213A(a)(3)(A) of the Immigra-  
 3 tion and Nationality Act (8 U.S.C.  
 4 1183a(a)(3)(A)) is amended by striking “40”  
 5 and inserting “40 (or 16, in the case of the  
 6 specified Federal program described in section  
 7 402(a)(3)(B) of the Personal Responsibility and  
 8 Work Opportunity Reconciliation Act of 1996  
 9 (8 U.S.C. 1612(a)(3)(B)))”.

10 (B) Section 421(b)(2)(A) of the Personal  
 11 Responsibility and Work Opportunity Reconcili-  
 12 ation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is  
 13 amended by striking “40” and inserting “40  
 14 (or 16, in the case of the specified Federal pro-  
 15 gram described in section 402(a)(3)(B))”.

16 (c) RESTORATION OF BENEFITS TO REFUGEES AND  
 17 ASYLEES.—Section 402(a)(2) of the Personal Responsi-  
 18 bility and Work Opportunity Reconciliation Act of 1996  
 19 (8 U.S.C. 1612(a)(2)) is amended—

20 (1) in subparagraph (A), by striking “programs  
 21 described in paragraph (3)” and inserting “program  
 22 described in paragraph (3)(A)”; and

23 (2) by adding at the end the following:

24 “(L) FOOD STAMP EXCEPTION FOR REFU-  
 25 GEES AND ASYLEES.—With respect to eligibility

1           for benefits for the specified Federal program  
 2           described in paragraph (3)(B), paragraph (1)  
 3           shall not apply to an alien with respect to which  
 4           an action described in subparagraph (A) was  
 5           taken and was not revoked.”.

6           (d) RESTORATION OF BENEFITS TO DISABLED  
 7 ALIENS.—Section 402(a)(2)(F) of the Personal Responsi-  
 8 bility and Work Opportunity Reconciliation Act of 1996  
 9 (8 U.S.C. 1612(a)(2)(F)) is amended by striking “(i)  
 10 was” and all that follows through “(II) in the case” and  
 11 inserting the following:

12                           “(i) in the case of the specified Fed-  
 13                           eral program described in paragraph  
 14                           (3)(A)—

15                                   “(I) was lawfully residing in the  
 16                                   United States on August 22, 1996;  
 17                                   and

18                                   “(II) is blind or disabled, as de-  
 19                                   fined in paragraph (2) or (3) of sec-  
 20                                   tion 1614(a) of the Social Security  
 21                                   Act (42 U.S.C. 1382c(a)); and

22                                   “(ii) in the case”.

23 **SEC. 453. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.**

24           (a) IN GENERAL.—Section 6(e)(1)(B) of the Richard  
 25 B. Russell National School Lunch Act (42 U.S.C.

1 1755(e)(1)(B)) is amended by striking “2001” and insert-  
 2 ing “2003”.

3 (b) EFFECTIVE DATE.—The amendment made by  
 4 this section takes effect on the date of enactment of this  
 5 Act.

6 **SEC. 454. ELIGIBILITY FOR FREE AND REDUCED PRICE**  
 7 **MEALS.**

8 (a) IN GENERAL.—Section 9(b) of the Richard B.  
 9 Russell National School Lunch Act (42 U.S.C. 1758(b))  
 10 is amended by adding at the end the following:

11 “(7) EXCLUSION OF CERTAIN MILITARY HOUS-  
 12 ING ALLOWANCES.—For each of fiscal years 2002  
 13 and 2003, the amount of a basic allowance provided  
 14 under section 403 of title 37, United States Code,  
 15 on behalf of a member of a uniformed service for  
 16 housing that is acquired or constructed under sub-  
 17 chapter IV of chapter 169 of title 10, United States  
 18 Code, or any related provision of law, shall not be  
 19 considered to be income for the purpose of deter-  
 20 mining the eligibility of a child who is a member of  
 21 the household of the member of a uniformed service  
 22 for free or reduced price lunches under this Act.”.

23 (b) EFFECTIVE DATE.—The amendment made by  
 24 this section takes effect on the date of enactment of this  
 25 Act.

1 **SEC. 455. ELIGIBILITY FOR ASSISTANCE UNDER THE SPE-**  
2 **CIAL SUPPLEMENTAL NUTRITION PROGRAM**  
3 **FOR WOMEN, INFANTS, AND CHILDREN.**

4 (a) IN GENERAL.—Section 17(d)(2)(B)(i) of the  
5 Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i))  
6 is amended—

7 (1) by striking “basic allowance for housing”  
8 and inserting the following: “basic allowance—

9 “(I) for housing”;

10 (2) by striking “and” at the end and inserting  
11 “or”; and

12 (3) by adding at the end the following:

13 “(II) provided under section 403  
14 of title 37, United States Code, for  
15 housing that is acquired or con-  
16 structed under subchapter IV of chap-  
17 ter 169 of title 10, United States  
18 Code, or any related provision of law;  
19 and”.

20 (b) EFFECTIVE DATE.—The amendments made by  
21 this section take effect on the date of enactment of this  
22 Act.

1 **SEC. 456. SENIORS FARMERS' MARKET NUTRITION PRO-**  
2 **GRAM.**

3 (a) ESTABLISHMENT.—The Secretary of Agriculture  
4 shall carry out and expand a seniors farmers' market nu-  
5 trition program.

6 (b) PROGRAM PURPOSES.—The purposes of the sen-  
7 iors farmers' market nutrition program are—

8 (1) to provide to low-income seniors resources  
9 in the form of fresh, nutritious, unprepared, locally  
10 grown fruits, vegetables, and herbs from farmers'  
11 markets, roadside stands, and community-supported  
12 agriculture programs;

13 (2) to increase domestic consumption of agricul-  
14 tural commodities by expanding or assisting in the  
15 expansion of domestic farmers' markets, roadside  
16 stands, and community-supported agriculture pro-  
17 grams; and

18 (3) to develop or aid in the development of new  
19 farmers' markets, roadside stands, and community-  
20 supported agriculture programs.

21 (c) REGULATIONS.—The Secretary of Agriculture  
22 may promulgate such regulations as the Secretary con-  
23 sider necessary to carry out the seniors farmers' market  
24 nutrition program under this section.

25 (d) FUNDING.—



1           (1) IN GENERAL.—Not later than 30 days after  
2           the date of enactment of this Act, and on October  
3           1, 2002, and each October 1 thereafter through Oc-  
4           tober 1, 2005, out of any funds in the Treasury not  
5           otherwise appropriated, the Secretary of the Treas-  
6           ury shall transfer to the Secretary of Agriculture to  
7           carry out this section \$15,000,000.

8           (2) RECEIPT AND ACCEPTANCE.—The Sec-  
9           retary of Agriculture shall be entitled to receive,  
10          shall accept, and shall use to carry out this section  
11          the funds transferred under paragraph (1), without  
12          further appropriation.

13 **SEC. 457. FRUIT AND VEGETABLE PILOT PROGRAM.**

14          (a) IN GENERAL.—In the school year beginning July  
15          2002, the Secretary of Agriculture shall use funds made  
16          available under section 32 of the Act of August 24, 1935  
17          (7 U.S.C. 612c), to conduct a pilot program to make avail-  
18          able to students, in 25 elementary or secondary schools  
19          in each of 4 States, and in elementary or secondary  
20          schools on 1 Indian reservation, free fruits and vegetables  
21          throughout the school day in—

- 22                  (1) a cafeteria;
- 23                  (2) a student lounge; or
- 24                  (3) another designated room of the school.

1 (b) PUBLICITY.—A school that participates in the  
2 pilot program shall widely publicize within the school the  
3 availability of free fruits and vegetables under the pilot  
4 program.

5 (c) EVALUATION OF PILOT PROGRAM.—

6 (1) IN GENERAL.—The Secretary of Agriculture  
7 shall conduct an evaluation of the results of the pilot  
8 program to determine—

9 (A) whether students took advantage of  
10 the pilot program;

11 (B) whether interest in the pilot program  
12 increased or lessened over time; and

13 (C) what effect, if any, the pilot program  
14 had on vending machine sales.

15 (2) FUNDING.—The Secretary shall use  
16 \$200,000 of the funds described in subsection (a) to  
17 carry out the evaluation under this subsection.

18 **SEC. 458. CONGRESSIONAL HUNGER FELLOWS PROGRAM.**

19 (a) SHORT TITLE.—This section may be cited as the  
20 “Congressional Hunger Fellows Act of 2001”.

21 (b) FINDINGS.—Congress finds that—

22 (1) there are—

23 (A) a critical need for compassionate indi-  
24 viduals who are committed to assisting people  
25 who suffer from hunger; and

1 (B) a need for those individuals to initiate  
2 and administer solutions to the hunger problem;

3 (2) Bill Emerson, the distinguished late Rep-  
4 resentative from the 8th District of Missouri,  
5 demonstrated—

6 (A) his commitment to solving the problem  
7 of hunger in a bipartisan manner;

8 (B) his commitment to public service; and

9 (C) his great affection for the institution  
10 and the ideals of Congress;

11 (3) George T. (Mickey) Leland, the distin-  
12 guished late Representative from the 18th District  
13 of Texas, demonstrated—

14 (A) his compassion for individuals in need;

15 (B) his high regard for public service; and

16 (C) his lively exercise of political talents;

17 (4) the special concern that Mr. Emerson and  
18 Mr. Leland demonstrated during their lives for the  
19 hungry and poor was an inspiration for others to  
20 work toward the goals of equality and justice for all;  
21 and

22 (5) since those 2 outstanding leaders main-  
23 tained a special bond of friendship regardless of po-  
24 litical affiliation and worked together to encourage  
25 future leaders to recognize and provide service to

1 others, it is especially appropriate to honor the mem-  
 2 ory of Mr. Emerson and Mr. Leland by establishing  
 3 a fellowship program to develop and train the future  
 4 leaders of the United States to pursue careers in hu-  
 5 manitarian service.

6 (c) DEFINITIONS.—In this section:

7 (1) APPROPRIATE CONGRESSIONAL COMMIT-  
 8 TEES.—The term “appropriate congressional com-  
 9 mittees” means—

10 (A) the Committee on Agriculture and the  
 11 Committee on International Relations of the  
 12 House of Representatives; and

13 (B) the Committee on Agriculture, Nutri-  
 14 tion, and Forestry and the Committee on For-  
 15 eign Relations of the Senate.

16 (2) BOARD.—The term “Board” means the  
 17 Board of Trustees of the Program.

18 (3) FUND.—The term “Fund” means the Con-  
 19 gressional Hunger Fellows Trust Fund established  
 20 by subsection (g).

21 (4) PROGRAM.—The term “Program” means  
 22 the Congressional Hunger Fellows Program estab-  
 23 lished by subsection (d).

24 (d) ESTABLISHMENT.—There is established as an  
 25 independent entity of the legislative branch of the United

1 States Government an entity to be known as the “Con-  
2 gressional Hunger Fellows Program”.

3 (e) BOARD OF TRUSTEES.—

4 (1) IN GENERAL.—The Program shall be sub-  
5 ject to the supervision and direction of a Board of  
6 Trustees.

7 (2) MEMBERS OF THE BOARD.—

8 (A) APPOINTMENT.—

9 (i) IN GENERAL.—The Board shall be  
10 composed of 6 voting members appointed  
11 under clause (ii) and 1 nonvoting ex-officio  
12 member designated by clause (iii).

13 (ii) VOTING MEMBERS.—The voting  
14 members of the Board shall be the fol-  
15 lowing:

16 (I) 2 members appointed by the  
17 Speaker of the House of Representa-  
18 tives.

19 (II) 1 member appointed by the  
20 minority leader of the House of Rep-  
21 resentatives.

22 (III) 2 members appointed by the  
23 majority leader of the Senate.

24 (IV) 1 member appointed by the  
25 minority leader of the Senate.

1 (iii) NONVOTING MEMBER.—The Ex-  
 2 ecutive Director of the Program shall serve  
 3 as a nonvoting ex-officio member of the  
 4 Board.

5 (B) TERMS.—

6 (i) IN GENERAL.—Each member of  
 7 the Board shall serve for a term of 4  
 8 years.

9 (ii) INCOMPLETE TERM.—If a member  
 10 of the Board does not serve the full term  
 11 of the member, the individual appointed to  
 12 fill the resulting vacancy shall be appointed  
 13 for the remainder of the term of the prede-  
 14 cessor of the individual.

15 (C) VACANCY.—A vacancy on the Board—

16 (i) shall not affect the powers of the  
 17 Board; and

18 (ii) shall be filled in the same manner  
 19 as the original appointment was made.

20 (D) CHAIRPERSON.—As the first order of  
 21 business of the first meeting of the Board, the  
 22 members shall elect a Chairperson.

23 (E) COMPENSATION.—

24 (i) IN GENERAL.—Subject to clause

25 (ii), a member of the Board shall not re-

1           ceive compensation for service on the  
2           Board.

3           (ii) TRAVEL.—A member of the  
4           Board shall be allowed travel expenses, in-  
5           cluding per diem in lieu of subsistence, at  
6           rates authorized for an employee of an  
7           agency under subchapter I of chapter 57 of  
8           title 5, United States Code, while away  
9           from the home or regular place of business  
10          of the member in the performance of the  
11          duties of the Board.

12          (3) DUTIES.—

13           (A) BYLAWS.—

14           (i) ESTABLISHMENT.—The Board  
15           shall establish such bylaws and other regu-  
16           lations as are appropriate to enable the  
17           Board to carry out this section, including  
18           the duties described in this paragraph.

19           (ii) CONTENTS.—Bylaws and other  
20           regulations established under clause (i)  
21           shall include provisions—

22                   (I) for appropriate fiscal control,  
23                   accountability for funds, and oper-  
24                   ating principles;

1 (II) to prevent any conflict of in-  
2 terest, or the appearance of any con-  
3 flict of interest, in—

4 (aa) the procurement and  
5 employment actions taken by the  
6 Board or by any officer or em-  
7 ployee of the Board; and

8 (bb) the selection and place-  
9 ment of individuals in the fellow-  
10 ships developed under the Pro-  
11 gram;

12 (III) for the resolution of a tie  
13 vote of the members of the Board;  
14 and

15 (IV) for authorization of travel  
16 for members of the Board.

17 (iii) SUBMISSION TO CONGRESS.—Not  
18 later than 90 days after the date of the  
19 first meeting of the Board, the Chair-  
20 person of the Board shall submit to the ap-  
21 propriate congressional committees a copy  
22 of the bylaws established by the Board.

23 (B) BUDGET.—For each fiscal year in  
24 which the Program is in operation—



1 (i) the Board shall determine a budget  
2 for the Program for the fiscal year; and

3 (ii) all spending by the Program shall  
4 be in accordance with the budget unless a  
5 change is approved by the Board.

6 (C) PROCESS FOR SELECTION AND PLACE-  
7 MENT OF FELLOWS.—The Board shall review  
8 and approve the process established by the Ex-  
9 ecutive Director for the selection and placement  
10 of individuals in the fellowships developed under  
11 the Program.

12 (D) ALLOCATION OF FUNDS TO FELLOW-  
13 SHIPS.—The Board shall determine—

14 (i) the priority of the programs to be  
15 carried out under this section; and

16 (ii) the amount of funds to be allo-  
17 cated for the fellowships established under  
18 subsection (f)(3)(A).

19 (f) PURPOSES; AUTHORITY OF PROGRAM.—

20 (1) PURPOSES.—The purposes of the Program  
21 are—

22 (A) to encourage future leaders of the  
23 United States to pursue careers in humani-  
24 tarian service;

1 (B) to recognize the needs of people who  
2 are hungry and poor;

3 (C) to provide assistance and compassion  
4 for people in need;

5 (D) to increase awareness of the impor-  
6 tance of public service; and

7 (E) to provide training and development  
8 opportunities for the leaders through placement  
9 in programs operated by appropriate entities.

10 (2) AUTHORITY.—The Program may develop  
11 fellowships to carry out the purposes of the Pro-  
12 gram, including the fellowships described in para-  
13 graph (3).

14 (3) FELLOWSHIPS.—

15 (A) IN GENERAL.—The Program shall es-  
16 tablish and carry out the Bill Emerson Hunger  
17 Fellowship and the Mickey Leland Hunger Fel-  
18 lowship.

19 (B) CURRICULUM.—

20 (i) IN GENERAL.—The fellowships es-  
21 tablished under subparagraph (A) shall  
22 provide experience and training to develop  
23 the skills and understanding necessary to  
24 improve the humanitarian conditions and

1 the lives of individuals who suffer from  
2 hunger, including—

3 (I) training in direct service to  
4 the hungry in conjunction with com-  
5 munity-based organizations through a  
6 program of field placement; and

7 (II) experience in policy develop-  
8 ment through placement in a govern-  
9 mental entity or nonprofit organiza-  
10 tion.

11 (ii) FOCUS.—

12 (I) BILL EMERSON HUNGER FEL-  
13 LOWSHIP.—The Bill Emerson Hunger  
14 Fellowship shall address hunger and  
15 other humanitarian needs in the  
16 United States.

17 (II) MICKEY LELAND HUNGER  
18 FELLOWSHIP.—The Mickey Leland  
19 Hunger Fellowship shall address  
20 international hunger and other hu-  
21 manitarian needs.

22 (iii) WORK PLAN.—To carry out  
23 clause (i) and to assist in the evaluation of  
24 the fellowships under paragraph (4), the  
25 Program shall, for each fellow, approve a

1 work plan that identifies the target objec-  
2 tives for the fellow in the fellowship, in-  
3 cluding the specific duties and responsibil-  
4 ities relating to the objectives.

5 (C) PERIOD OF FELLOWSHIP.—

6 (i) EMERSON FELLOWSHIP.—A Bill  
7 Emerson Hunger Fellowship awarded  
8 under this paragraph shall be for a period  
9 of not more than 1 year.

10 (ii) LELAND FELLOWSHIP.—A Mickey  
11 Leland Hunger Fellowship awarded under  
12 this paragraph shall be for a period of not  
13 more than 2 years, of which not less than  
14 1 year shall be dedicated to fulfilling the  
15 requirement of subparagraph (B)(i)(I).

16 (D) SELECTION OF FELLOWS.—

17 (i) IN GENERAL.—A fellowship shall  
18 be awarded through a nationwide competi-  
19 tion established by the Program.

20 (ii) QUALIFICATION.—A successful  
21 applicant shall be an individual who has  
22 demonstrated—

23 (I) an intent to pursue a career  
24 in humanitarian service and out-  
25 standing potential for such a career;

1 (II) leadership potential or lead-  
2 ership experience;

3 (III) diverse life experience;

4 (IV) proficient writing and  
5 speaking skills;

6 (V) an ability to live in poor or  
7 diverse communities; and

8 (VI) such other attributes as the  
9 Board determines to be appropriate.

10 (iii) AMOUNT OF AWARD.—

11 (I) IN GENERAL.—Each indi-  
12 vidual awarded a fellowship under this  
13 paragraph shall receive a living allow-  
14 ance and, subject to subclause (II), an  
15 end-of-service award as determined by  
16 the Program.

17 (II) REQUIREMENT FOR SUC-  
18 CESSFUL COMPLETION OF FELLOW-  
19 SHIP.—Each individual awarded a fel-  
20 lowship under this paragraph shall be  
21 entitled to receive an end-of-service  
22 award at an appropriate rate for each  
23 month of satisfactory service as deter-  
24 mined by the Executive Director.

1 (iv) RECOGNITION OF FELLOWSHIP  
2 AWARD.—

3 (I) EMERSON FELLOW.—An indi-  
4 vidual awarded a Bill Emerson Hun-  
5 ger Fellowship shall be known as an  
6 “Emerson Fellow”.

7 (II) LELAND FELLOW.—An indi-  
8 vidual awarded a Mickey Leland Hun-  
9 ger Fellowship shall be known as a  
10 “Leland Fellow”.

11 (4) EVALUATIONS.—

12 (A) IN GENERAL.—The Program shall con-  
13 duct periodic evaluations of the Bill Emerson  
14 and Mickey Leland Hunger Fellowships.

15 (B) REQUIRED ELEMENTS.—Each evalua-  
16 tion shall include—

17 (i) an assessment of the successful  
18 completion of the work plan of each fellow;

19 (ii) an assessment of the impact of  
20 the fellowship on the fellows;

21 (iii) an assessment of the accomplish-  
22 ment of the purposes of the Program; and

23 (iv) an assessment of the impact of  
24 each fellow on the community.

25 (g) TRUST FUND.—

1           (1) ESTABLISHMENT.—There is established in  
2           the Treasury of the United States a fund to be  
3           known as the “Congressional Hunger Fellows Trust  
4           Fund”, consisting of—

5                   (A) amounts appropriated to the Fund  
6                   under subsection (k);

7                   (B) any amounts earned on investment of  
8                   amounts in the Fund under paragraph (2); and

9                   (C) amounts received under subsection  
10                  (i)(3)(A).

11          (2) INVESTMENT OF AMOUNTS.—

12                  (A) IN GENERAL.—

13                          (i) AUTHORITY TO INVEST.—The Sec-  
14                          retary of the Treasury shall invest such  
15                          portion of the Fund as is not, in the judg-  
16                          ment of the Secretary of the Treasury, re-  
17                          quired to meet current withdrawals.

18                          (ii) TYPES OF INVESTMENTS.—Each  
19                          investment may be made only in an inter-  
20                          est-bearing obligation of the United States  
21                          or an obligation guaranteed as to principal  
22                          and interest by the United States that, as  
23                          determined by the Secretary of the Treas-  
24                          ury in consultation with the Board, has a  
25                          maturity suitable for the Fund.

1 (B) ACQUISITION OF OBLIGATIONS.—For  
2 the purpose of investments under subparagraph  
3 (A), obligations may be acquired—

4 (i) on original issue at the issue price;

5 or

6 (ii) by purchase of outstanding obliga-  
7 tions at the market price.

8 (C) SALE OF OBLIGATIONS.—Any obliga-  
9 tion acquired by the Fund may be sold by the  
10 Secretary of the Treasury at the market price.

11 (D) CREDITS TO FUND.—The interest on,  
12 and the proceeds from the sale or redemption  
13 of, any obligations held in the Fund shall be  
14 credited to and form a part of the Fund.

15 (3) TRANSFERS OF AMOUNTS.—

16 (A) IN GENERAL.—The amounts required  
17 to be transferred to the Fund under this sub-  
18 section shall be transferred at least monthly  
19 from the general fund of the Treasury to the  
20 Fund on the basis of estimates made by the  
21 Secretary of the Treasury.

22 (B) ADJUSTMENTS.—Proper adjustment  
23 shall be made in amounts subsequently trans-  
24 ferred to the extent prior estimates were in ex-



1           cess of or less than the amounts required to be  
2           transferred.

3       (h) EXPENDITURES; AUDITS.—

4           (1) IN GENERAL.—The Secretary of the Treas-  
5       ury shall transfer to the Program from the amounts  
6       described in subsections (g)(2)(D) and (i)(3)(A)  
7       such sums as the Board determines to be necessary  
8       to enable the Program to carry out this section.

9           (2) LIMITATION.—The Secretary may not  
10      transfer to the Program the amounts appropriated  
11      to the Fund under subsection (k).

12          (3) USE OF FUNDS.—Funds transferred to the  
13      Program under paragraph (1) shall be used—

14           (A) to provide a living allowance for the  
15      fellows;

16           (B) to defray the costs of transportation of  
17      the fellows to the fellowship placement sites;

18           (C) to defray the costs of appropriate in-  
19      surance of the fellows, the Program, and the  
20      Board;

21           (D) to defray the costs of preservice and  
22      midservice education and training of fellows;

23           (E) to pay staff described in subsection (i);

24           (F) to make end-of-service awards under  
25      subsection (f)(3)(D)(iii)(II); and

1 (G) for such other purposes as the Board  
2 determines to be appropriate to carry out the  
3 Program.

4 (4) AUDIT BY COMPTROLLER GENERAL.—

5 (A) IN GENERAL.—The Comptroller Gen-  
6 eral of the United States shall conduct an an-  
7 nual audit of the accounts of the Program.

8 (B) BOOKS.—The Program shall make  
9 available to the Comptroller General all books,  
10 accounts, financial records, reports, files, and  
11 other papers, things, or property belonging to  
12 or in use by the Program and necessary to fa-  
13 cilitate the audit.

14 (C) REPORT TO CONGRESS.—The Comp-  
15 troller General shall submit to the appropriate  
16 congressional committees a copy of the results  
17 of each audit under subparagraph (A).

18 (i) STAFF; POWERS OF PROGRAM.—

19 (1) EXECUTIVE DIRECTOR.—

20 (A) IN GENERAL.—The Board shall ap-  
21 point an Executive Director of the Program  
22 who shall—

23 (i) administer the Program; and

1                   (ii) carry out such other functions  
2                   consistent with this section as the Board  
3                   shall prescribe.

4                   (B) RESTRICTION.—The Executive Direc-  
5                   tor may not serve as Chairperson of the Board.

6                   (C) COMPENSATION.—The Executive Di-  
7                   rector shall be paid at a rate not to exceed the  
8                   rate payable for level V of the Executive Sched-  
9                   ule under section 5316 of title 5, United States  
10                  Code.

11                  (2) STAFF.—

12                   (A) IN GENERAL.—With the approval of a  
13                   majority of the Board, the Executive Director  
14                   may appoint and fix the pay of such additional  
15                   personnel as the Executive Director considers  
16                   necessary to carry out this section.

17                   (B) COMPENSATION.—An individual ap-  
18                   pointed under subparagraph (A) shall be paid  
19                   at a rate not to exceed the rate payable for level  
20                   GS–15 of the General Schedule.

21                  (3) POWERS.—

22                   (A) GIFTS.—

23                   (i) IN GENERAL.—The Program may  
24                   solicit, accept, use, and dispose of gifts, be-  
25                   quests, or devises of services or property,

1 both real and personal, for the purpose of  
2 aiding or facilitating the work of the Pro-  
3 gram.

4 (ii) USE OF GIFTS.—Gifts, bequests,  
5 or devises of money and proceeds from  
6 sales of other property received as gifts,  
7 bequests, or devises shall—

8 (I) be deposited in the Fund; and

9 (II) be available for disbursement

10 on order of the Board.

11 (B) PROCUREMENT OF TEMPORARY AND  
12 INTERMITTENT SERVICES.—To carry out this  
13 section, the Program may procure temporary  
14 and intermittent services in accordance with  
15 section 3109(b) of title 5, United States Code,  
16 at rates for individuals that do not exceed the  
17 daily equivalent of the annual rate of basic pay  
18 payable for level GS–15 of the General Sched-  
19 ule.

20 (C) CONTRACT AUTHORITY.—To carry out  
21 this section, the Program may, with the ap-  
22 proval of a majority of the members of the  
23 Board, contract with and compensate Govern-  
24 ment and private agencies or persons without

1           regard to section 3709 of the Revised Statutes  
2           (41 U.S.C. 5).

3           (D) OTHER NECESSARY EXPENDITURES.—

4           (i) IN GENERAL.—Subject to clause  
5           (ii), the Program may make such other ex-  
6           penditures as the Program considers nec-  
7           essary to carry out this section.

8           (ii) PROHIBITION.—The Program may  
9           not expend funds to develop new or ex-  
10          panded projects at which fellows may be  
11          placed.

12       (j) REPORT.—Not later than December 31 of each  
13   year, the Board shall submit to the appropriate congres-  
14   sional committees a report on the activities of the Program  
15   carried out during the preceding fiscal year that  
16   includes—

17       (1) an analysis of the evaluations conducted  
18       under subsection (f)(4) during the fiscal year; and

19       (2) a statement of—

20           (A) the total amount of funds attributable  
21           to gifts received by the Program in the fiscal  
22           year under subsection (i)(3)(A); and

23           (B) the total amount of funds described in  
24           subparagraph (A) that were expended to carry  
25           out the Program in the fiscal year.

1 (k) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$18,000,000.

4 (l) EFFECTIVE DATE.—This section takes effect on  
5 October 1, 2002.

6 **SEC. 459. NUTRITION INFORMATION AND AWARENESS**  
7 **PILOT PROGRAM.**

8 (a) ESTABLISHMENT.—The Secretary of Agriculture  
9 may establish, in not more than 15 States, a pilot program  
10 to increase the domestic consumption of fresh fruits and  
11 vegetables.

12 (b) PURPOSE.—The purpose of the program shall be  
13 to provide funds to States to assist eligible public and pri-  
14 vate sector entities with cost-share assistance to carry out  
15 demonstration projects—

16 (1) to increase fruit and vegetable consumption;  
17 and

18 (2) to convey related health promotion mes-  
19 sages.

20 (c) PRIORITY.—To the maximum extent practicable,  
21 the Secretary shall—

22 (1) establish the program in States in which the  
23 production of fruits or vegetables is a significant in-  
24 dustry, as determined by the Secretary; and

1           (2) base the program on strategic initiatives,  
2     including—

3                 (A) health promotion and education inter-  
4     ventions;

5                 (B) public service and paid advertising or  
6     marketing activities;

7                 (C) health promotion campaigns relating to  
8     locally grown fruits and vegetables; and

9                 (D) social marketing campaigns.

10       (d) PARTICIPANT ELIGIBILITY.—In selecting States  
11   to participate in the program, the Secretary shall take into  
12   consideration, with respect to projects and activities pro-  
13   posed to be carried out by the State under the program—

14                 (1) experience in carrying out similar projects  
15   or activities;

16                 (2) innovation; and

17                 (3) the ability of the State—

18                         (A) to conduct marketing campaigns for,  
19                         promote, and track increases in levels of,  
20                         produce consumption; and

21                         (B) to optimize the availability of produce  
22                         through distribution of produce.

23       (e) FEDERAL SHARE.—The Federal share of the cost  
24   of any project or activity carried out using funds provided  
25   under this section shall be 50 percent.

1 (f) USE OF FUNDS.—Funds made available to carry  
 2 out this section shall not be made available to any foreign  
 3 for-profit corporation.

4 (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
 5 authorized to be appropriated to carry out this section  
 6 \$25,000,000 for each of fiscal years 2002 through 2006.

7 **SEC. 460. EFFECTIVE DATE.**

8 Except as otherwise provided in this title, the amend-  
 9 ments made by this title take effect on September 1, 2002,  
 10 except that a State agency may, at the option of the State  
 11 agency, elect not to implement any or all of the amend-  
 12 ments until October 1, 2002.

13 **TITLE V—CREDIT**  
 14 **Subtitle A—Farm Ownership Loans**

15 **SEC. 501. DIRECT LOANS.**

16 Section 302(b)(1) of the Consolidated Farm and  
 17 Rural Development Act (7 U.S.C. 1922(b)(1)) is amended  
 18 by striking “operated” and inserting “participated in the  
 19 business operations of”.

20 **SEC. 502. FINANCING OF BRIDGE LOANS.**

21 Section 303(a)(1) of the Consolidated Farm and  
 22 Rural Development Act (7 U.S.C. 1923(a)(1)) is  
 23 amended—

24 (1) in subparagraph (C), by striking “or” at  
 25 the end;



1 (2) in subparagraph (D), by striking the period  
 2 at the end and inserting “; or”; and

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

4 “(E) refinancing, during a fiscal year, a  
 5 short-term, temporary bridge loan made by a  
 6 commercial or cooperative lender to a beginning  
 7 farmer or rancher for the acquisition of land for  
 8 a farm or ranch, if—

9 “(i) the Secretary approved an appli-  
 10 cation for a direct farm ownership loan to  
 11 the beginning farmer or rancher for acqui-  
 12 sition of the land; and

13 “(ii) funds for direct farm ownership  
 14 loans under section 346(b) were not avail-  
 15 able at the time at which the application  
 16 was approved.”.

17 **SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP**  
 18 **LOANS.**

19 Section 305 of the Consolidated Farm and Rural De-  
 20 velopment Act (7 U.S.C. 1925) is amended by striking  
 21 subsection (a) and inserting the following:

22 “(a) IN GENERAL.—The Secretary shall not make or  
 23 insure a loan under section 302, 303, 304, 310D, or 310E  
 24 that would cause the unpaid indebtedness under those sec-  
 25 tions of any 1 borrower to exceed the lesser of—

1 “(1) the value of the farm or other security; or

2 “(2)(A) in the case of a loan made by the

3 Secretary—

4 “(i) to a beginning farmer or rancher,

5 \$250,000, as adjusted (beginning with fiscal

6 year 2003) by the inflation percentage applica-

7 ble to the fiscal year in which the loan is made;

8 or

9 “(ii) to a borrower other than a beginning

10 farmer or rancher, \$200,000; or

11 “(B) in the case of a loan guaranteed by the

12 Secretary, \$700,000, as—

13 “(i) adjusted (beginning with fiscal year

14 2000) by the inflation percentage applicable to

15 the fiscal year in which the loan is guaranteed;

16 and

17 “(ii) reduced by the amount of any unpaid

18 indebtedness of the borrower on loans under

19 subtitle B that are guaranteed by the Sec-

20 retary.”.

21 **SEC. 504. JOINT FINANCING ARRANGEMENTS.**

22 Section 307(a)(3)(D) of the Consolidated Farm and

23 Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is

24 amended—

25 (1) by striking “If” and inserting the following:

1 “(i) IN GENERAL.—Subject to clause  
 2 (ii), if”; and

3 (2) by adding at the end the following:

4 “(ii) BEGINNING FARMERS AND  
 5 RANCHERS.—The interest rate charged a  
 6 beginning farmer or rancher for a loan de-  
 7 scribed in clause (i) shall be 50 basis  
 8 points less than the rate charged farmers  
 9 and ranchers that are not beginning farm-  
 10 ers or ranchers.”.

11 **SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING**  
 12 **FARMERS AND RANCHERS.**

13 Section 309(h)(6) of the Consolidated Farm and  
 14 Rural Development Act (7 U.S.C. 1929(h)(6)) is amended  
 15 by striking “GUARANTEED UP” and all that follows  
 16 through “more than” and inserting “GUARANTEED AT 95  
 17 PERCENT.—The Secretary shall guarantee”.

18 **SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BE-**  
 19 **GINNING FARMER OR RANCHER PROGRAMS.**

20 Section 309 of the Consolidated Farm and Rural De-  
 21 velopment Act (7 U.S.C. 1929) is amended by adding at  
 22 the end the following:

23 “(j) GUARANTEE OF LOANS MADE UNDER STATE  
 24 BEGINNING FARMER OR RANCHER PROGRAMS.—The Sec-  
 25 retary may guarantee under this title a loan made under

1 a State beginning farmer or rancher program, including  
 2 a loan financed by the net proceeds of a qualified small  
 3 issue agricultural bond for land or property described in  
 4 section 144(a)(12)(B)(ii) of the Internal Revenue Code of  
 5 1986.”.

6 **SEC. 507. DOWN PAYMENT LOAN PROGRAM.**

7 Section 310E of the Consolidated Farm and Rural  
 8 Development Act (7 U.S.C. 1935) is amended—

9 (1) in subsection (b)—

10 (A) in paragraph (1), by striking “30 per-  
 11 cent” and inserting “40 percent”; and

12 (B) in paragraph (3), by striking “10  
 13 years” and inserting “20 years”; and

14 (2) in subsection (c)(3)(B), by striking “10-  
 15 year” and inserting “20-year”.

16 **SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT**  
 17 **LAND SALES PROGRAM.**

18 Subtitle A of the Consolidated Farm and Rural De-  
 19 velopment Act (7 U.S.C. 1922 et seq.) is amended by add-  
 20 ing at the end the following:

21 **“SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT**  
 22 **LAND SALES PROGRAM.**

23 “(a) IN GENERAL.—Not later than October 1, 2002,  
 24 the Secretary shall carry out a pilot program in not fewer  
 25 than 10 geographically dispersed States, as determined by

1 the Secretary, to guarantee up to 5 loans per State in each  
 2 of fiscal years 2003 through 2006 made by a private seller  
 3 of a farm or ranch to a qualified beginning farmer or  
 4 rancher on a contract land sale basis, if the loan meets  
 5 applicable underwriting criteria and a commercial lending  
 6 institution agrees to serve as escrow agent.

7 “(b) DATE OF COMMENCEMENT OF PROGRAM.—The  
 8 Secretary shall commence the pilot program on making  
 9 a determination that guarantees of contract land sales  
 10 present a risk that is comparable with the risk presented  
 11 in the case of guarantees to commercial lenders.”.

## 12 **Subtitle B—Operating Loans**

### 13 **SEC. 511. DIRECT LOANS.**

14 Section 311(c)(1)(A) of the Consolidated Farm and  
 15 Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is  
 16 amended by striking “who has not” and all that follows  
 17 through “5 years”.

### 18 **SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL** 19 **FARM OPERATIONS; WAIVER OF LIMITATIONS** 20 **FOR TRIBAL OPERATIONS AND OTHER OPER-** 21 **ATIONS.**

22 (a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL  
 23 OPERATIONS.—Section 309(h) of the Consolidated Farm  
 24 and Rural Development Act (7 U.S.C. 1929(h)) is  
 25 amended—

1 (1) in paragraph (4), by striking “paragraphs  
2 (5) and (6)” and inserting “paragraphs (5), (6), and  
3 (7)”; and

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

5 “(7) AMOUNT OF GUARANTEE OF LOANS FOR  
6 TRIBAL OPERATIONS.—In the case of an operating  
7 loan made to a farmer or rancher who is a member  
8 of an Indian tribe and whose farm or ranch is within  
9 an Indian reservation (as defined in section  
10 335(e)(1)(A)(ii)), the Secretary shall guarantee 95  
11 percent of the loan.”.

12 (b) WAIVER OF LIMITATIONS.—Section 311(c) of the  
13 Consolidated Farm and Rural Development Act (7 U.S.C.  
14 1941(c)) is amended—

15 (1) in paragraph (1), by striking “paragraph  
16 (3)” and inserting “paragraphs (3) and (4)”; and

17 (2) by adding at the end the following:

18 “(4) WAIVERS.—

19 “(A) TRIBAL FARM AND RANCH OPER-  
20 ATIONS.—The Secretary shall waive the limita-  
21 tion under paragraph (1)(C) or (3) for a direct  
22 loan made under this subtitle to a farmer or  
23 rancher who is a member of an Indian tribe and  
24 whose farm or ranch is within an Indian res-  
25 ervation (as defined in section 335(e)(1)(A)(ii))

1 if the Secretary determines that commercial  
2 credit is not generally available for such farm  
3 or ranch operations.

4 “(B) OTHER FARM AND RANCH OPER-  
5 ATIONS.—On a case-by-case determination not  
6 subject to administrative appeal, the Secretary  
7 may grant a borrower a waiver, 1 time only for  
8 a period of 2 years, of the limitation under  
9 paragraph (1)(C) or (3) for a direct operating  
10 loan if the borrower demonstrates to the satis-  
11 faction of the Secretary that—

12 “(i) the borrower has a viable farm or  
13 ranch operation;

14 “(ii) the borrower applied for commer-  
15 cial credit from at least 2 commercial lend-  
16 ers;

17 “(iii) the borrower was unable to ob-  
18 tain a commercial loan (including a loan  
19 guaranteed by the Secretary); and

20 “(iv) the borrower successfully has  
21 completed, or will complete within 1 year,  
22 borrower training under section 359 (from  
23 which requirement the Secretary shall not  
24 grant a waiver under section 359(f)).”.

## **Subtitle C—Administrative Provisions**

### **SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPER- ATING LOANS, AND EMERGENCY LOANS.**

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by striking “and joint operations” each place it appears and inserting “joint operations, and limited liability companies”.

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking “or joint operations” each place it appears and inserting “joint operations, or limited liability companies”.

### **SEC. 522. DEBT SETTLEMENT.**

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended by striking “carried out—” and all that follows through “(B) after” and inserting “carried out after”.



1 **SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CON-**  
 2 **TRACTS; PRIVATE COLLECTION AGENCIES.**

3 (a) IN GENERAL.—Section 331 of the Consolidated  
 4 Farm and Rural Development Act (7 U.S.C. 1981) is  
 5 amended by striking subsections (d) and (e).

6 (b) APPLICATION.—The amendment made by sub-  
 7 section (a) shall not apply to a contract entered into before  
 8 the effective date of this Act.

9 **SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERV-**  
 10 **ICING.**

11 Section 331B of the Consolidated Farm and Rural  
 12 Development Act (7 U.S.C. 1981b) is amended—

13 (1) by striking “lower of (1) the” and inserting  
 14 the following: “lowest of—

15 “(1) the”; and

16 (2) by striking “original loan or (2) the” and  
 17 inserting the following: “original loan;

18 “(2) the rate being charged by the Secretary  
 19 for loans, other than guaranteed loans, of the same  
 20 type at the time at which the borrower applies for  
 21 a deferral, consolidation, rescheduling, or re-  
 22 amortization; or

23 “(3) the”.

1 **SEC. 525. ANNUAL REVIEW OF BORROWERS.**

2 Section 333 of the Consolidated Farm and Rural De-  
3 velopment Act (7 U.S.C. 1983) is amended by striking  
4 paragraph (2) and inserting the following:

5 “(2) except with respect to a loan under section  
6 306, 310B, or 314—

7 “(A) an annual review of the credit history  
8 and business operation of the borrower; and

9 “(B) an annual review of the continued eli-  
10 gibility of the borrower for the loan;”.

11 **SEC. 526. SIMPLIFIED LOAN APPLICATIONS.**

12 Section 333A(g)(1) of the Consolidated Farm and  
13 Rural Development Act (7 U.S.C. 1983a(g)(1)) is amend-  
14 ed by striking “of loans the principal amount of which  
15 is \$50,000 or less” and inserting “of farmer program  
16 loans the principal amount of which is \$100,000 or less”.

17 **SEC. 527. INVENTORY PROPERTY.**

18 Section 335(c) of the Consolidated Farm and Rural  
19 Development Act (7 U.S.C. 1985(c)) is amended—

20 (1) in paragraph (1)—

21 (A) in subparagraph (B)—

22 (i) in clause (i), by striking “75 days”  
23 and inserting “135 days”; and

24 (ii) by adding at the end the fol-  
25 lowing:

1 “(iv) COMBINING AND DIVIDING OF  
 2 PROPERTY.—To the maximum extent prac-  
 3 ticable, the Secretary shall maximize the  
 4 opportunity for beginning farmers and  
 5 ranchers to purchase real property ac-  
 6 quired by the Secretary under this title by  
 7 combining or dividing inventory parcels of  
 8 the property in such manner as the Sec-  
 9 retary determines to be appropriate.”; and  
 10 (B) in subparagraph (C)—

11 (i) by striking “75 days” and insert-  
 12 ing “135 days”; and

13 (ii) by striking “75-day period” and  
 14 inserting “135-day period”;

15 (2) by striking paragraph (2) and inserting the  
 16 following:

17 “(2) PREVIOUS LEASE.—In the case of real  
 18 property acquired before April 4, 1996, that the Sec-  
 19 retary leased before April 4, 1996, not later than 60  
 20 days after the lease expires, the Secretary shall offer  
 21 to sell the property in accordance with paragraph  
 22 (1).”; and

23 (3) in paragraph (3)—

(A) in subparagraph (A), by striking “subparagraph (B)” and inserting “subparagraphs (B) and (C)”; and

(B) by adding at the end the following:

“(C) OFFER TO SELL OR GRANT FOR FARMLAND PRESERVATION.—For the purpose of farmland preservation, the Secretary shall—

“(i) in consultation with the State Conservationist of each State in which inventory property is located, identify each parcel of inventory property in the State that should be preserved for agricultural use; and

“(ii) offer to sell or grant an easement, restriction, development right, or similar legal right to each parcel identified under clause (i) to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights to the property owned by the United States.”.

**SEC. 528. DEFINITIONS.**

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—

Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is

1 amended by striking “25 percent” and inserting “30 per-  
2 cent”.

3 (b) DEBT FORGIVENESS.—Section 343(a)(12) of the  
4 Consolidated Farm and Rural Development Act (7 U.S.C.  
5 1991(a)(12)) is amended by striking subparagraph (B)  
6 and inserting the following:

7 “(B) EXCEPTIONS.—The term ‘debt for-  
8 giveness’ does not include—

9 “(i) consolidation, rescheduling, re-  
10 amortization, or deferral of a loan; or

11 “(ii) any write-down provided as part  
12 of a resolution of a discrimination com-  
13 plaint against the Secretary.”.

14 **SEC. 529. LOAN AUTHORIZATION LEVELS.**

15 Section 346 of the Consolidated Farm and Rural De-  
16 velopment Act (7 U.S.C. 1994) is amended—

17 (1) in subsection (b)—

18 (A) by striking paragraph (1) and insert-  
19 ing the following:

20 “(1) IN GENERAL.—The Secretary may make  
21 or guarantee loans under subtitles A and B from the  
22 Agricultural Credit Insurance Fund provided for in  
23 section 309 for not more than \$3,750,000,000 for  
24 each of fiscal years 2002 through 2006, of which,  
25 for each fiscal year—

1           “(A) \$750,000,000 shall be for direct  
2           loans, of which—

3                   “(i) \$200,000,000 shall be for farm  
4                   ownership loans under subtitle A; and

5                   “(ii) \$550,000,000 shall be for oper-  
6                   ating loans under subtitle B; and

7           “(B) \$3,000,000,000 shall be for guaran-  
8           teed loans, of which—

9                   “(i) \$1,000,000,000 shall be for guar-  
10                  antees of farm ownership loans under sub-  
11                  title A; and

12                  “(ii) \$2,000,000,000 shall be for  
13                  guarantees of operating loans under sub-  
14                  title B.”; and

15           (B) in paragraph (2)(A)(ii), by striking  
16           “farmers and ranchers” and all that follows  
17           and inserting “farmers and ranchers 35 percent  
18           for each of fiscal years 2002 through 2006.”;  
19           and

20           (2) in subsection (c), by striking the last sen-  
21           tence.

22   **SEC. 530. INTEREST RATE REDUCTION PROGRAM.**

23           Section 351 of the Consolidated Farm and Rural De-  
24           velopment Act (7 U.S.C. 1999) is amended—

25           (1) in subsection (a)—

1 (A) by striking “PROGRAM.—” and all that  
 2 follows through “The Secretary” and inserting  
 3 “PROGRAM.—The Secretary”; and

4 (B) by striking paragraph (2);  
 5 (2) by striking subsection (c) and inserting the  
 6 following:

7 “(c) AMOUNT OF INTEREST RATE REDUCTION.—

8 “(1) IN GENERAL.—In return for a contract en-  
 9 tered into by a lender under subsection (b) for the  
 10 reduction of the interest rate paid on a loan, the  
 11 Secretary shall make payments to the lender in an  
 12 amount equal to not more than 100 percent of the  
 13 cost of reducing the annual rate of interest payable  
 14 on the loan, except that such payments shall not ex-  
 15 ceed the cost of reducing the rate by more than—

16 “(A) in the case of a borrower other than  
 17 a beginning farmer or rancher, 3 percent; and

18 “(B) in the case of a beginning farmer or  
 19 rancher, 4 percent.

20 “(2) BEGINNING FARMERS AND RANCHERS.—

21 The percentage reduction of the interest rate for  
 22 which payments are authorized to be made for a be-  
 23 ginning farmer or rancher under paragraph (1) shall  
 24 be 1 percent more than the percentage reduction for

1 farmers and ranchers that are not beginning farmers  
2 or ranchers.”; and

3 (3) in subsection (e), by striking paragraph (2)  
4 and inserting the following:

5 “(2) MAXIMUM AMOUNT OF FUNDS.—

6 “(A) IN GENERAL.—The total amount of  
7 funds used by the Secretary to carry out this  
8 section for a fiscal year shall not exceed  
9 \$750,000,000.

10 “(B) BEGINNING FARMERS AND RANCH-  
11 ERS.—

12 “(i) IN GENERAL.—The Secretary  
13 shall reserve not less than 25 percent of  
14 the funds used by the Secretary under sub-  
15 paragraph (A) to make payments for guar-  
16 anteed loans made to beginning farmers  
17 and ranchers.

18 “(ii) DURATION OF RESERVATION OF  
19 FUNDS.—Funds reserved for beginning  
20 farmers or ranchers under clause (i) for a  
21 fiscal year shall be reserved only until  
22 April 1 of the fiscal year.”.



1 **SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO**  
 2 **PAY RECAPTURE AMOUNT FOR SHARED AP-**  
 3 **PRECIATION AGREEMENTS.**

4 (a) IN GENERAL.—Section 353(e)(7) of the Consoli-  
 5 dated Farm and Rural Development Act (7 U.S.C.  
 6 2001(e)(7)) is amended—

7 (1) in subparagraph (C), by redesignating  
 8 clauses (i) and (ii) as subclauses (I) and (II), respec-  
 9 tively, and adjusting the margins appropriately;

10 (2) by redesignating subparagraphs (A) through  
 11 (C) as clauses (i) through (iii), respectively, and ad-  
 12 justing the margins appropriately;

13 (3) by striking the paragraph heading and in-  
 14 serting the following:

15 “(7) OPTIONS FOR SATISFACTION OF OBLIGA-  
 16 TION TO PAY RECAPTURE AMOUNT.—

17 “(A) IN GENERAL.—As an alternative to  
 18 repaying the full recapture amount at the end  
 19 of the term of the shared appreciation agree-  
 20 ment (as determined by the Secretary in ac-  
 21 cordance with this subsection), a borrower may  
 22 satisfy the obligation to pay the amount of re-  
 23 capture by—

24 “(i) financing the recapture payment  
 25 in accordance with subparagraph (B); or

1           “(ii) granting the Secretary an agri-  
 2           cultural use protection and conservation  
 3           easement on the property subject to the  
 4           shared appreciation agreement in accord-  
 5           ance with subparagraph (C).

6           “(B) FINANCING OF RECAPTURE PAY-  
 7           MENT.—”; and

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

9           “(C) AGRICULTURAL USE PROTECTION  
 10          AND CONSERVATION EASEMENT.—

11           “(i) IN GENERAL.—Subject to clause  
 12           (iii), the Secretary shall accept an agricul-  
 13           tural use protection and conservation ease-  
 14           ment from the borrower for all of the real  
 15           security property subject to the shared ap-  
 16           preciation agreement in lieu of payment of  
 17           the recapture amount.

18           “(ii) TERM.—The term of an ease-  
 19           ment accepted by the Secretary under this  
 20           subparagraph shall be 25 years.

21           “(iii) CONDITIONS.—The easement  
 22           shall require that the property subject to  
 23           the easement shall continue to be used or  
 24           conserved for agricultural and conservation  
 25           uses in accordance with sound farming and

1 conservation practices, as determined by  
2 the Secretary.

3 “(iv) REPLACEMENT OF METHOD OF  
4 SATISFYING OBLIGATION.—A borrower  
5 that has begun financing of a recapture  
6 payment under subparagraph (B) may re-  
7 place that financing with an agricultural  
8 use protection and conservation easement  
9 under this subparagraph.”.

10 (b) APPLICABILITY.—The amendments made by sub-  
11 section (a) shall apply to a shared appreciation agreement  
12 entered into under section 353(e) of the Consolidated  
13 Farm and Rural Development Act (7 U.S.C. 2001(e))  
14 that—

15 (1) matures on or after the date of enactment  
16 of this Act; or

17 (2) matured before the date of enactment of  
18 this Act, if—

19 (A) the recapture amount was reamortized  
20 under section 353(e)(7) of the Consolidated  
21 Farm and Rural Development Act (7 U.S.C.  
22 2001(e)(7)) (as in effect on the day before the  
23 date of enactment of this Act); or

24 (B)(i) the recapture amount had not been  
25 paid before the date of enactment of this Act

1           because of circumstances beyond the control of  
2           the borrower; and

3                   (ii) the borrower acted in good faith (as  
4           determined by the Secretary) in attempting to  
5           repay the recapture amount.

6 **SEC. 532. WAIVER OF BORROWER TRAINING CERTIFI-**  
7 **CATION REQUIREMENT.**

8           Section 359 of the Consolidated Farm and Rural De-  
9   velopment Act (7 U.S.C. 2006a) is amended by striking  
10 subsection (f) and inserting the following:

11       “(f) WAIVERS.—

12               “(1) IN GENERAL.—The Secretary may waive  
13   the requirements of this section for an individual  
14   borrower if the Secretary determines that the bor-  
15   rower demonstrates adequate knowledge in areas de-  
16   scribed in this section.

17               “(2) CRITERIA.—The Secretary shall establish  
18   criteria providing for the application of paragraph  
19   (1) consistently in all counties nationwide.”.

20 **SEC. 533. ANNUAL REVIEW OF BORROWERS.**

21       Section 360(d)(1) of the Consolidated Farm and  
22   Rural Development Act (7 U.S.C. 2006b(d)(1)) is amend-  
23   ed by striking “biannual” and inserting “annual”.

## **Subtitle D—Farm Credit**

### **SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.**

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking “3.1(11)(B)(iv)” and inserting “3.1(11)(B)(iii)”; and

(2) by striking subsection (c).

### **SEC. 542. BANKS FOR COOPERATIVES.**

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking “farm supplies” each place it appears and inserting “agricultural supplies”; and

(2) by adding at the end the following:

“(4) DEFINITION OF AGRICULTURAL SUPPLY.—

In this subsection, the term ‘agricultural supply’ includes—

1 “(A) a farm supply; and

2 “(B)(i) agriculture-related processing  
3 equipment;

4 “(ii) agriculture-related machinery; and

5 “(iii) other capital goods related to the  
6 storage or handling of agricultural commodities  
7 or products.”.

8 **SEC. 543. INSURANCE CORPORATION PREMIUMS.**

9 (a) REDUCTION IN PREMIUMS FOR GSE-GUARAN-  
10 TEED LOANS.—

11 (1) IN GENERAL.—Section 5.55 of the Farm  
12 Credit Act of 1971 (12 U.S.C. 2277a–4) is  
13 amended—

14 (A) in subsection (a)—

15 (i) in paragraph (1)—

16 (I) in subparagraph (A), by strik-  
17 ing “government-guaranteed loans  
18 provided for in subparagraph (C)”  
19 and inserting “loans provided for in  
20 subparagraphs (C) and (D)”;

21 (II) in subparagraph (B), by  
22 striking “and” at the end;

23 (III) in subparagraph (C), by  
24 striking the period at the end and in-  
25 serting “; and”; and

1 (IV) by adding at the end the fol-  
2 lowing:

3 “(D) the annual average principal out-  
4 standing for such year on the guaranteed por-  
5 tions of Government Sponsored Enterprise-  
6 guaranteed loans made by the bank that are in  
7 accrual status, multiplied by a factor, not to ex-  
8 ceed 0.0015, determined by the Corporation at  
9 the sole discretion of the Corporation.”; and

10 (ii) by adding at the end the fol-  
11 lowing:

12 “(4) DEFINITION OF GOVERNMENT SPONSORED  
13 ENTERPRISE-GUARANTEED LOAN.—In this section  
14 and sections 1.12(b) and 5.56(a), the term ‘Govern-  
15 ment Sponsored Enterprise-guaranteed loan’ means  
16 a loan or credit, or portion of a loan or credit, that  
17 is guaranteed by an entity that is chartered by Con-  
18 gress to serve a public purpose and the debt obliga-  
19 tions of which are not explicitly guaranteed by the  
20 United States, including the Federal National Mort-  
21 gage Association, the Federal Home Loan Mortgage  
22 Corporation, the Federal Home Loan Bank System,  
23 and the Federal Agricultural Mortgage Corporation,  
24 but not including any other institution of the Farm  
25 Credit System.”; and

1 (B) in subsection (e)(4)(B), by striking  
 2 “government-guaranteed loans described in sub-  
 3 section (a)(1)(C)” and inserting “loans de-  
 4 scribed in subparagraph (C) or (D) of sub-  
 5 section (a)(1)”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 1.12(b) of the Farm Credit  
 8 Act of 1971 (12 U.S.C. 2020(b)) is amended—

9 (i) in paragraph (1), by inserting  
 10 “and Government Sponsored Enterprise-  
 11 guaranteed loans (as defined in section  
 12 5.55(a)(4)) provided for in paragraph (4)”  
 13 after “government-guaranteed loans (as  
 14 defined in section 5.55(a)(3)) provided for  
 15 in paragraph (3)”;

16 (ii) in paragraph (2), by striking  
 17 “and” at the end;

18 (iii) in paragraph (3), by striking the  
 19 period at the end and inserting “; and”;  
 20 and

21 (iv) by adding at the end the fol-  
 22 lowing:

23 “(4) the annual average principal outstanding  
 24 for such year on the guaranteed portions of Govern-  
 25 ment Sponsored Enterprise-guaranteed loans (as so



1 defined) made by the association, or by the other fi-  
 2 nancing institution and funded by or discounted with  
 3 the Farm Credit Bank, that are in accrual status,  
 4 multiplied by a factor, not to exceed 0.0015, deter-  
 5 mined by the Corporation for the purpose of setting  
 6 the premium for such guaranteed portions of loans  
 7 under section 5.55(a)(1)(D).”.

8 (B) Section 5.56(a) of the Farm Credit  
 9 Act of 1971 (12 U.S.C. 2277a-5(a)) is  
 10 amended—

11 (i) in paragraph (1), by inserting  
 12 “and Government Sponsored Enterprise-  
 13 guaranteed loans (as defined in section  
 14 5.55(a)(4))” after “government-guaranteed  
 15 loans”;

16 (ii) by redesignating paragraphs (4)  
 17 and (5) as paragraphs (5) and (6), respec-  
 18 tively; and

19 (iii) by inserting after paragraph (3)  
 20 the following:

21 “(4) the annual average principal outstanding  
 22 on the guaranteed portions of Government Spon-  
 23 sored Enterprise-guaranteed loans (as defined in  
 24 section 5.55(a)(4)) that are in accrual status;”.

1 (b) EFFECTIVE DATE.—The amendments made by  
 2 subsection (a) take effect on the date on which Farm  
 3 Credit System Insurance Corporation premiums are due  
 4 from insured Farm Credit System banks under section  
 5 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–  
 6 4) for calendar year 2001.

7 **SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRI-**  
 8 **CULTURAL MORTGAGE CORPORATION.**

9 Section 8.2(b) of the Farm Credit Act of 1971 (12  
 10 U.S.C. 2279aa–2(b)) is amended—

11 (1) in paragraph (2)—

12 (A) by striking “15” and inserting “17”;

13 (B) in subparagraph (A), by striking  
 14 “common stock” and all that follows and insert-  
 15 ing “Class A voting common stock;”;

16 (C) in subparagraph (B), by striking  
 17 “common stock” and all that follows and insert-  
 18 ing “Class B voting common stock;”;

19 (D) by redesignating subparagraph (C) as  
 20 subparagraph (D); and

21 (E) by inserting after subparagraph (B)  
 22 the following:

23 “(C) 2 members shall be elected by holders  
 24 of Class A voting common stock and Class B  
 25 voting common stock, 1 of whom shall be the

1 chief executive officer of the Corporation and 1  
 2 of whom shall be another executive officer of  
 3 the Corporation; and”;

4 (2) in paragraph (3), by striking “(2)(C)” and  
 5 inserting “(2)(D)”;

6 (3) in paragraph (4)—

7 (A) in subparagraph (A), by striking “(A)  
 8 or (B)” and inserting “(A), (B), or (C)”;

9 (B) in subparagraph (B), by striking  
 10 “(2)(C)” and inserting “(2)(D)”;

11 (4) in paragraph (5)(A)—

12 (A) by inserting “executive officers of the  
 13 Corporation or” after “from among persons  
 14 who are”; and

15 (B) by striking “such a representative”  
 16 and inserting “such an executive officer or rep-  
 17 resentative”;

18 (5) in paragraph (6)(B), by striking “(A) and  
 19 (B)” and inserting “(A), (B), and (C)”;

20 (6) in paragraph (7), by striking “8 members”  
 21 and inserting “Nine members”;

22 (7) in paragraph (8)—

23 (A) in the paragraph heading, by inserting  
 24 “OR EXECUTIVE OFFICERS OF THE CORPORA-  
 25 TION” after “EMPLOYEES”; and

1 (B) by inserting “or executive officers of  
 2 the Corporation” after “United States”; and  
 3 (8) by striking paragraph (9) and inserting the  
 4 following:

5 “(9) CHAIRPERSON.—

6 “(A) ELECTION.—The permanent board  
 7 shall annually elect a chairperson from among  
 8 the members of the permanent board.

9 “(B) TERM.—The term of the chairperson  
 10 shall coincide with the term served by elected  
 11 members of the permanent board under para-  
 12 graph (6)(B).”.

## 13 **Subtitle E—General Provisions**

### 14 **SEC. 551. INAPPLICABILITY OF FINALITY RULE.**

15 Section 281(a)(1) of the Department of Agriculture  
 16 Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is  
 17 amended—

18 (1) by striking “This subsection” and inserting  
 19 the following:

20 “(A) IN GENERAL.—Except as provided in  
 21 subparagraph (B), this subsection”; and

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

23 “(B) AGRICULTURAL CREDIT DECI-  
 24 SIONS.—This subsection shall not apply with  
 25 respect to an agricultural credit decision made

1           by such a State, county, or area committee, or  
2           employee of such a committee, under the Con-  
3           solidated Farm and Rural Development Act (7  
4           U.S.C. 1921 et seq.).”.

5   **SEC. 552. TECHNICAL AMENDMENTS.**

6           (a) Section 321(a) of the Consolidated Farm and  
7   Rural Development Act (7 U.S.C. 1961(a)) is amended  
8   by striking “Disaster Relief and Emergency Assistance  
9   Act” each place it appears and inserting “Robert T. Staf-  
10   ford Disaster Relief and Emergency Assistance Act (42  
11   U.S.C. 5121 et seq.)”.

12          (b) Section 336(b) of the Consolidated Farm and  
13   Rural Development Act (7 U.S.C. 1986(b)) is amended  
14   in the second sentence by striking “provided for in section  
15   332 of this title”.

16          (c) Section 359(c)(1) of the Consolidated Farm and  
17   Rural Development Act (7 U.S.C. 2006a(c)(1)) is amend-  
18   ed by striking “established pursuant to section 332,”.

19          (d) Section 360(a) of the Consolidated Farm and  
20   Rural Development Act (7 U.S.C. 2006b(a)) is amended  
21   by striking “established pursuant to section 332”.

22   **SEC. 553. EFFECTIVE DATE.**

23          (a) IN GENERAL.—Except as provided in subsection  
24   (b) and section 543(b), this title and the amendments  
25   made by this title take effect on October 1, 2001.

1 (b) BOARD OF DIRECTORS OF THE FEDERAL AGRI-  
 2 CULTURAL MORTGAGE CORPORATION.—The amendments  
 3 made by section 544 take effect on the date of enactment  
 4 of this Act.

5 **TITLE VI—RURAL**  
 6 **DEVELOPMENT**  
 7 **Subtitle A—Empowerment of Rural**  
 8 **America**

9 **SEC. 601. NATIONAL RURAL COOPERATIVE AND BUSINESS**  
 10 **EQUITY FUND.**

11 The Consolidated Farm and Rural Development Act  
 12 (7 U.S.C. 1921 et seq.) is amended by adding at the end  
 13 the following:

14 **“Subtitle G—National Rural Coop-**  
 15 **erative and Business Equity**  
 16 **Fund**

17 **“SEC. 383A. SHORT TITLE.**

18 “This subtitle may be cited as the ‘National Rural  
 19 Cooperative and Business Equity Fund Act’.

20 **“SEC. 383B. PURPOSE.**

21 “The purpose of this subtitle is to revitalize rural  
 22 communities and enhance farm income through sustain-  
 23 able rural business development by providing Federal  
 24 funds and credit enhancements to a private equity fund

1 in order to encourage investments by institutional and  
2 noninstitutional investors for the benefit of rural America.

3 **“SEC. 383C. DEFINITIONS.**

4 “In this subtitle:

5 “(1) AUTHORIZED PRIVATE INVESTOR.—The  
6 term ‘authorized private investor’ means an indi-  
7 vidual, legal entity, or affiliate or subsidiary of an  
8 individual or legal entity that—

9 “(A) is eligible to receive a loan guarantee  
10 under this title;

11 “(B) is eligible to receive a loan guarantee  
12 under the Rural Electrification Act of 1936 (7  
13 U.S.C. 901 et seq.);

14 “(C) is created under the National Con-  
15 sumer Cooperative Bank Act (12 U.S.C. 3011  
16 et seq.);

17 “(D) is an insured depository institution  
18 subject to section 383E(b)(2);

19 “(E) is a Farm Credit System institution  
20 described in section 1.2(a) of the Farm Credit  
21 Act of 1971 (12 U.S.C. 2002(a)); or

22 “(F) is determined by the Board to be an  
23 appropriate investor in the Fund.

1           “(2) BOARD.—The term ‘Board’ means the  
2           board of directors of the Fund established under  
3           section 383G.

4           “(3) FUND.—The term ‘Fund’ means the Na-  
5           tional Rural Cooperative and Business Equity Fund  
6           established under section 383D.

7           “(4) GROUP OF SIMILAR AUTHORIZED PRIVATE  
8           INVESTORS.—The term ‘group of similar investors’  
9           means any 1 of the following:

10           “(A) Insured depository institutions with  
11           total assets of more than \$250,000,000.

12           “(B) Insured depository institutions with  
13           total assets equal to or less than \$250,000,000.

14           “(C) Farm Credit System institutions de-  
15           scribed in section 1.2(a) of the Farm Credit Act  
16           of 1971 (12 U.S.C. 2002(a)).

17           “(D) Cooperative financial institutions  
18           (other than Farm Credit System institutions).

19           “(E) Private investors, other than those  
20           described in subparagraphs (A) through (D),  
21           authorized by the Secretary.

22           “(F) Other nonprofit organizations, includ-  
23           ing credit unions.

24           “(5) INSURED DEPOSITORY INSTITUTION.—The  
25           term ‘insured depository institution’ means any bank



1 or savings association the deposits of which are in-  
 2 sured under the Federal Deposit Insurance Act (12  
 3 U.S.C. 1811 et seq.).

4 “(6) RURAL BUSINESS.—The term ‘rural busi-  
 5 ness’ means a rural cooperative, a value-added agri-  
 6 cultural enterprise, or any other business located or  
 7 locating in a rural area.

8 **“SEC. 383D. ESTABLISHMENT.**

9 “(a) AUTHORITY.—

10 “(1) IN GENERAL.—On certification by the Sec-  
 11 retary that, to the maximum extent practicable, the  
 12 parties proposing to establish a fund provide a broad  
 13 representation of all of the groups of similar author-  
 14 ized private investors described in subparagraphs  
 15 (A) through (F) of section 383C(4), the parties may  
 16 establish a non-Federal entity under State law to  
 17 purchase shares of, and manage a fund to be known  
 18 as the ‘National Rural Cooperative and Business  
 19 Equity Fund’, to generate and provide equity capital  
 20 to rural businesses.

21 “(2) OWNERSHIP.—

22 “(A) IN GENERAL.—To the maximum ex-  
 23 tent practicable, equity ownership of the Fund  
 24 shall be distributed among authorized private  
 25 investors representing all of the groups of simi-

1           lar authorized private investors described in  
 2           subparagraphs (A) through (F) of section  
 3           383C(4).

4           “(B) EXCLUSION OF GROUPS.—No group  
 5           of authorized private investors shall be excluded  
 6           from equity ownership of the Fund during any  
 7           period during which the Fund is in existence if  
 8           an authorized private investor representative of  
 9           the group is able and willing to invest in the  
 10          Fund.

11          “(b) PURPOSES.—The purposes of the Fund shall  
 12          be—

13               “(1) to strengthen the economy of rural areas;

14               “(2) to further sustainable rural business devel-  
 15          opment;

16               “(3) to encourage—

17                       “(A) start-up rural businesses;

18                       “(B) increased opportunities for small and  
 19          minority-owned rural businesses; and

20               “(C) the formation of new rural busi-  
 21          nesses;

22               “(4) to enhance rural employment opportuni-  
 23          ties;

1           “(5) to provide equity capital to rural busi-  
 2           nesses, many of which have difficulty obtaining eq-  
 3           uity capital; and

4           “(6) to leverage non-Federal funds for rural  
 5           businesses.

6           “(c) ARTICLES OF INCORPORATION AND BYLAWS.—  
 7           The articles of incorporation and bylaws of the Fund shall  
 8           set forth purposes of the Fund that are consistent with  
 9           the purposes described in subsection (b).

10   **“SEC. 383E. INVESTMENT IN THE FUND.**

11           “(a) IN GENERAL.—Of the funds made available  
 12           under section 383H, the Secretary shall—

13           “(1) subject to subsection (b)(1), make avail-  
 14           able to the Fund \$150,000,000;

15           “(2) subject to subsection (c), guarantee 50  
 16           percent of each investment made by an authorized  
 17           private investor in the Fund; and

18           “(3) subject to subsection (d), guarantee the re-  
 19           payment of principal of, and accrued interest on, de-  
 20           bentures issued by the Fund to authorized private  
 21           investors.

22           “(b) PRIVATE INVESTMENT.—

23           “(1) MATCHING REQUIREMENT.—Under sub-  
 24           section (a)(1), the Secretary shall make an amount  
 25           available to the Fund only after an equal amount

1 has been invested in the Fund by authorized private  
2 investors in accordance with this subtitle and the  
3 terms and conditions set forth in the bylaws of the  
4 Fund.

5 “(2) INSURED DEPOSITORY INSTITUTIONS.—

6 “(A) IN GENERAL.—Subject to subpara-  
7 graphs (B) and (C)—

8 “(i) an insured depository institution  
9 may be an authorized private investor in  
10 the Fund; and

11 “(ii) an investment in the Fund may  
12 be considered to be part of the record of  
13 an institution in meeting the credit needs  
14 of the community in which the institution  
15 is located under any applicable Federal  
16 law.

17 “(B) INVESTMENT LIMIT.—The total in-  
18 vestment in the Fund of an insured depository  
19 institution shall not exceed 5 percent of the  
20 capital and surplus of the institution.

21 “(C) REGULATORY AUTHORITY.—An ap-  
22 propriate Federal banking agency may, by regu-  
23 lation or order, impose on any insured deposi-  
24 tory institution investing in the Fund, any safe-  
25 guard, limitation, or condition (including an in-

1 vestment limit that is lower than the investment  
2 limit under subparagraph (B)) that the Federal  
3 banking agency considers to be appropriate to  
4 ensure that the institution operates—

5 “(i) in a financially sound manner;

6 and

7 “(ii) in compliance with all applicable

8 law.

9 “(c) GUARANTEE OF PRIVATE INVESTMENTS.—

10 “(1) IN GENERAL.—The Secretary shall guar-  
11 antee, under terms and conditions determined by the  
12 Secretary, 50 percent of any loss of the principal of  
13 an investment made in the Fund by an authorized  
14 private investor.

15 “(2) MAXIMUM TOTAL GUARANTEE.—The ag-  
16 gregate potential liability of the Secretary with re-  
17 spect to all guarantees under paragraph (1) shall  
18 not apply to more than \$300,000,000 in private in-  
19 vestments in the Fund.

20 “(3) REDEMPTION OF GUARANTEE.—

21 “(A) DATE.—An authorized private inves-  
22 tor in the Fund may redeem a guarantee under  
23 paragraph (1), with respect to the total invest-  
24 ments in the Fund and the total losses of the

1 authorized private investor as of the date of  
2 redemption—

3 “(i) on the date that is 5 years after  
4 the date of the initial investment by the  
5 authorized private investor; or

6 “(ii) annually thereafter.

7 “(B) EFFECT OF REDEMPTION.—On re-  
8 demption of a guarantee under subparagraph  
9 (A)—

10 “(i) the shares in the Fund of the au-  
11 thorized private investor shall be redeemed;  
12 and

13 “(ii) the authorized private investor  
14 shall be prohibited from making any future  
15 investment in the Fund.

16 “(d) DEBT SECURITIES.—

17 “(1) IN GENERAL.—The Fund may, at the dis-  
18 cretion of the Board, generate additional capital  
19 through—

20 “(A) the issuance of debt securities; and

21 “(B) other means determined to be appro-  
22 priate by the Board.

23 “(2) GUARANTEE OF DEBT BY SECRETARY.—

24 “(A) IN GENERAL.—The Secretary shall  
25 guarantee 100 percent of the principal of, and

1 accrued interest on, debentures issued by the  
2 Fund that are approved by the Secretary.

3 “(B) MAXIMUM DEBT GUARANTEED BY  
4 SECRETARY.—The outstanding value of debentures issued by the Fund and guaranteed by  
5 the Secretary shall not exceed the lesser of—  
6

7 “(i) the amount equal to twice the  
8 value of the assets held by the Fund; or

9 “(ii) \$500,000,000.

10 “(C) RECAPTURE OF GUARANTEE PAY-  
11 MENTS.—If the Secretary makes a payment on  
12 a debt security issued by the Fund as a result  
13 of a guarantee of the Secretary under this para-  
14 graph, the Secretary shall have priority over  
15 other creditors for repayment of the debt secu-  
16 rity.

17 “(3) AUTHORIZED PRIVATE INVESTORS.—An  
18 authorized private investor may purchase debt secu-  
19 rities issued by the Fund.

20 **“SEC. 383F. INVESTMENTS AND OTHER ACTIVITIES OF THE**  
21 **FUND.**

22 “(a) INVESTMENTS.—

23 “(1) IN GENERAL.—

24 “(A) TYPES.—Subject to subparagraphs  
25 (B) and (C), the Fund may—

1 “(i) make equity investments in a  
2 rural business that meets—

3 “(I) the requirements of para-  
4 graph (6); and

5 “(II) such other requirements as  
6 the Board may establish; and

7 “(ii) extend credit to the rural busi-  
8 ness in—

9 “(I) the form of mezzanine debt  
10 or subordinated debt; or

11 “(II) any other form of quasi-eq-  
12 uity.

13 “(B) LIMITATIONS ON INVESTMENTS.—

14 “(i) TOTAL INVESTMENTS BY A SIN-  
15 GLE RURAL BUSINESS.—Subject to clause  
16 (ii), investment by the Fund in a single  
17 rural business shall not exceed the greater  
18 of—

19 “(I) an amount equal to 7 per-  
20 cent of the capital of the Fund; or

21 “(II) \$2,000,000.

22 “(ii) WAIVER.—The Secretary may  
23 waive the limitation in clause (i) in any  
24 case in which an investment exceeding the  
25 limits specified in clause (i) is necessary to



1 preserve prior investments in the rural  
2 business.

3 “(iii) TOTAL NONEQUITY INVEST-  
4 MENTS.—Except in the case of a project to  
5 assist a rural cooperative, the total amount  
6 of nonequity investments described in sub-  
7 paragraph (A)(ii) that may be provided by  
8 the Fund shall not exceed 20 percent of  
9 the total investments of the Fund in the  
10 project.

11 “(C) LIMITATION.—Notwithstanding sub-  
12 paragraph (B), the amount of any investment  
13 by the Fund in a rural business shall not ex-  
14 ceed the aggregate amount invested in like se-  
15 curities by other private entities in that rural  
16 business.

17 “(2) PROCEDURES.—The Fund shall implement  
18 procedures to ensure that—

19 “(A) the financing arrangements of the  
20 Fund meet the Fund’s primary focus of pro-  
21 viding equity capital; and

22 “(B) the Fund does not compete with con-  
23 ventional sources of credit.

24 “(3) DIVERSITY OF PROJECTS.—The Fund—

1           “(A) shall seek to make equity investments  
2           in a variety of viable projects, with a significant  
3           share of investments—

4                   “(i) in smaller enterprises (as defined  
5                   in section 384A) in rural communities of  
6                   diverse sizes; and

7                   “(ii) in cooperative and noncoopera-  
8                   tive enterprises; and

9           “(B) shall be managed in a manner that  
10          diversifies the risks to the Fund among a vari-  
11          ety of projects.

12          “(4) LIMITATION ON RURAL BUSINESSES AS-  
13          SISTED.—The Fund shall not invest in any rural  
14          business that is primarily retail in nature (as deter-  
15          mined by the Board), other than a purchasing coop-  
16          erative.

17          “(5) INTEREST RATE LIMITATIONS.—Returns  
18          on investments in and by the Fund and returns on  
19          the extension of credit by participants in projects as-  
20          sisted by the Fund, shall not be subject to any State  
21          or Federal law establishing a maximum allowable in-  
22          terest rate.

23          “(6) REQUIREMENTS FOR RECIPIENTS.—

24                   “(A) OTHER INVESTMENTS.—Any recipi-  
25          ent of amounts from the Fund shall make or

1           obtain a significant investment from a source of  
2           capital other than the Fund.

3           “(B) SPONSORSHIP.—To be considered for  
4           an equity investment from the Fund, a rural  
5           business investment project shall be sponsored  
6           by a regional, State, or local sponsoring or en-  
7           dorsing organization such as—

8                     “(i) a financial institution;

9                     “(ii) a development organization; or

10                    “(iii) any other established entity en-  
11                   gaging or assisting in rural business devel-  
12                   opment, including a rural cooperative.

13           “(b) TECHNICAL ASSISTANCE.—The Fund, under  
14           terms and conditions established by the Board, shall use  
15           not less than 2 percent of capital provided by the Federal  
16           Government to provide technical assistance to rural busi-  
17           nesses seeking an equity investment from the Fund.

18           “(c) ANNUAL AUDIT.—

19                    “(1) IN GENERAL.—The Board shall authorize  
20                   an annual audit of the financial statements of the  
21                   Fund by a nationally recognized auditing firm using  
22                   generally accepted accounting principles.

23                    “(2) AVAILABILITY OF AUDIT RESULTS.—The  
24                   results of the audit required by paragraph (1) shall  
25                   be made available to investors in the Fund.

1       “(d) ANNUAL REPORT.—The Board shall prepare  
2 and make available to the public an annual report that—

3               “(1) describes the projects funded with amounts  
4 from the Fund;

5               “(2) specifies the recipients of amounts from  
6 the Fund;

7               “(3) specifies the coinvestors in all projects that  
8 receive amounts from the Fund; and

9               “(4) meets the reporting requirements, if any,  
10 of the State under the law of which the Fund is es-  
11 tablished.

12       “(e) OTHER AUTHORITIES.—

13               “(1) IN GENERAL.—The Board may exercise  
14 such other authorities as are necessary to carry out  
15 this subtitle.

16               “(2) OVERSIGHT.—The Secretary shall enter in  
17 to a contract with the Administrator of the Small  
18 Business Administration under which the Adminis-  
19 trator of the Small Business Administration shall be  
20 responsible for the routine duties of the Secretary in  
21 regard to the Fund.

22 **“SEC. 383G. GOVERNANCE OF THE FUND.**

23       “(a) IN GENERAL.—The Fund shall be governed by  
24 a board of directors that represents all of the authorized

1 private investors in the Fund and the Federal Government  
 2 and that consists of—

3 “(1) a designee of the Secretary;

4 “(2) 2 members who are appointed by the Sec-  
 5 retary and are not Federal employees, including—

6 “(A) 1 member with expertise in venture  
 7 capital investment; and

8 “(B) 1 member with expertise in coopera-  
 9 tive development;

10 “(3) 8 members who are elected by the author-  
 11 ized private investors with investments in the Fund;  
 12 and

13 “(4) 1 member who is appointed by the Board  
 14 and who is a community banker from an insured de-  
 15 pository institution that has—

16 “(A) total assets equal to or less than  
 17 \$250,000,000; and

18 “(B) an investment in the Fund.

19 “(b) LIMITATION ON VOTING CONTROL.—No indi-  
 20 vidual investor or group of authorized investors may con-  
 21 trol more than 25 percent of the votes on the Board.

22 **“SEC. 383H. AUTHORIZATION OF APPROPRIATIONS.**

23 “There are authorized to be appropriated such sums  
 24 as are necessary to carry out this subtitle.”.

1 **SEC. 602. RURAL BUSINESS INVESTMENT PROGRAM.**

2 The Consolidated Farm and Rural Development Act  
3 (as amended by section 601) is amended by adding at the  
4 end the following:

5 **“Subtitle H—Rural Business**  
6 **Investment Program**

7 **“SEC. 384A. DEFINITIONS.**

8 “In this subtitle:

9 “(1) ARTICLES.—The term ‘articles’ means ar-  
10 ticles of incorporation for an incorporated body or  
11 the functional equivalent or other similar documents  
12 specified by the Secretary for other business entities.

13 “(2) DEVELOPMENTAL VENTURE CAPITAL.—  
14 The term ‘developmental venture capital’ means cap-  
15 ital in the form of equity capital investments in  
16 Rural Business Investment Companies with an ob-  
17 jective of fostering economic development in rural  
18 areas.

19 “(3) EMPLOYEE WELFARE BENEFIT PLAN;  
20 PENSION PLAN.—

21 “(A) IN GENERAL.—The terms ‘employee  
22 welfare benefit plan’ and ‘pension plan’ have  
23 the meanings given the terms in section 3 of  
24 the Employee Retirement Income Security Act  
25 of 1974 (29 U.S.C. 1002).

1           “(B) INCLUSIONS.—The terms ‘employee  
2           welfare benefit plan’ and ‘pension plan’  
3           include—

4                   “(i) public and private pension or re-  
5                   tirement plans subject to this subtitle; and

6                   “(ii) similar plans not covered by this  
7                   subtitle that have been established and  
8                   that are maintained by the Federal Gov-  
9                   ernment or any State (including by a polit-  
10                  ical subdivision, agency, or instrumentality  
11                  of the Federal Government or a State) for  
12                  the benefit of employees.

13           “(4) EQUITY CAPITAL.—The term ‘equity cap-  
14           ital’ means common or preferred stock or a similar  
15           instrument, including subordinated debt with equity  
16           features.

17           “(5) LEVERAGE.—The term ‘leverage’  
18           includes—

19                   “(A) debentures purchased or guaranteed  
20                   by the Secretary;

21                   “(B) participating securities purchased or  
22                   guaranteed by the Secretary; and

23                   “(C) preferred securities outstanding as of  
24                   the date of enactment of this subtitle.

1           “(6) LICENSE.—The term ‘license’ means a li-  
2           cense issued by the Secretary as provided in section  
3           384D(c).

4           “(7) LIMITED LIABILITY COMPANY.—The term  
5           ‘limited liability company’ means a business entity  
6           that is organized and operating in accordance with  
7           a State limited liability company law approved by  
8           the Secretary.

9           “(8) MEMBER.—The term ‘member’ means,  
10          with respect to a Rural Business Investment Com-  
11          pany that is a limited liability company, a holder of  
12          an ownership interest or a person otherwise admit-  
13          ted to membership in the limited liability company.

14          “(9) OPERATIONAL ASSISTANCE.—The term  
15          ‘operational assistance’ means management, mar-  
16          keting, and other technical assistance that assists a  
17          rural business concern with business development.

18          “(10) PARTICIPATION AGREEMENT.—The term  
19          ‘participation agreement’ means an agreement, be-  
20          tween the Secretary and a Rural Business Invest-  
21          ment Company granted final approval under section  
22          384D(d), that requires the Rural Business Invest-  
23          ment Company to make investments in smaller en-  
24          terprises in rural areas.

25          “(11) PRIVATE CAPITAL.—



1           “(A) IN GENERAL.—The term ‘private cap-  
2           ital’ means the total of—

3                   “(i) the paid-in capital and paid-in  
4                   surplus of a corporate Rural Business In-  
5                   vestment Company, the contributed capital  
6                   of the partners of a partnership Rural  
7                   Business Investment Company, or the eq-  
8                   uity investment of the members of a lim-  
9                   ited liability company Rural Business In-  
10                  vestment Company; and

11                   “(ii) unfunded binding commitments,  
12                   from investors that meet criteria estab-  
13                   lished by the Secretary to contribute cap-  
14                   ital to the Rural Business Investment  
15                   Company, except that unfunded commit-  
16                   ments may be counted as private capital  
17                   for purposes of approval by the Secretary  
18                   of any request for leverage, but leverage  
19                   shall not be funded based on the commit-  
20                   ments.

21           “(B) EXCLUSIONS.—The term ‘private  
22           capital’ does not include—

23                   “(i) any funds borrowed by a Rural  
24                   Business Investment Company from any  
25                   source;

1           “(ii) any funds obtained through the  
2           issuance of leverage; or

3           “(iii) any funds obtained directly or  
4           indirectly from the Federal Government or  
5           any State (including by a political subdivi-  
6           sion, agency, or instrumentality of the  
7           Federal Government or a State), except  
8           for—

9                   “(I) 50 percent of funds from the  
10                  National Rural Cooperative and Busi-  
11                  ness Equity Fund;

12                  “(II) funds obtained from the  
13                  business revenues (excluding any gov-  
14                  ernmental appropriation) of any feder-  
15                  ally chartered or government-spon-  
16                  sored enterprise established prior to  
17                  the date of enactment of this subtitle;

18                  “(III) funds invested by an em-  
19                  ployee welfare benefit plan or pension  
20                  plan; and

21                  “(IV) any qualified nonprivate  
22                  funds (if the investors of the qualified  
23                  nonprivate funds do not control, di-  
24                  rectly or indirectly, the management,  
25                  board of directors, general partners,

1 or members of the Rural Business In-  
2 vestment Company).

3 “(12) QUALIFIED NONPRIVATE FUNDS.—The  
4 term ‘qualified nonprivate funds’ means any—

5 “(A) funds directly or indirectly invested in  
6 any applicant or Rural Business Investment  
7 Company on or before the date of enactment of  
8 this subtitle, by any Federal agency, other than  
9 the Department of Agriculture, under a provi-  
10 sion of law explicitly mandating the inclusion of  
11 those funds in the definition of the term ‘pri-  
12 vate capital’; and

13 “(B) funds invested in any applicant or  
14 Rural Business Investment Company by 1 or  
15 more entities of any State (including by a polit-  
16 ical subdivision, agency, or instrumentality of  
17 the State and including any guarantee extended  
18 by those entities) in an aggregate amount that  
19 does not exceed 33 percent of the private cap-  
20 ital of the applicant or Rural Business Invest-  
21 ment Company.

22 “(13) RURAL BUSINESS CONCERN.—The term  
23 ‘rural business concern’ means—

24 “(A) a public, private, or cooperative for-  
25 profit or nonprofit organization;

1           “(B) a for-profit or nonprofit business con-  
 2           trolled by an Indian tribe on a Federal or State  
 3           reservation or other federally recognized Indian  
 4           tribal group; or

5           “(C) any other person or entity;  
 6           that primarily operates in a rural area, as deter-  
 7           mined by the Secretary.

8           “(14) RURAL BUSINESS INVESTMENT COM-  
 9           PANY.—The term ‘Rural Business Investment Com-  
 10          pany’ means a company that—

11           “(A) has been granted final approval by  
 12           the Secretary under section 384D(d); and

13           “(B) has entered into a participation  
 14           agreement with the Secretary.

15           “(15) SMALLER ENTERPRISE.—The term  
 16           ‘smaller enterprise’ means any rural business con-  
 17           cern that, together with its affiliates—

18           “(A) has—

19           “(i) a net financial worth of not more  
 20           than \$6,000,000, as of the date on which  
 21           assistance is provided under this subtitle to  
 22           the rural business concern; and

23           “(ii) an average net income for the 2-  
 24           year period preceding the date on which  
 25           assistance is provided under this subtitle to

1 the rural business concern, of not more  
2 than \$2,000,000, after Federal income  
3 taxes (excluding any carryover losses) ex-  
4 cept that, for purposes of this clause, if the  
5 rural business concern is not required by  
6 law to pay Federal income taxes at the en-  
7 terprise level, but is required to pass in-  
8 come through to the shareholders, part-  
9 ners, beneficiaries, or other equitable own-  
10 ers of the business concern, the net income  
11 of the business concern shall be determined  
12 by allowing a deduction in an amount  
13 equal to the total of—

14 “(I) if the rural business concern  
15 is not required by law to pay State  
16 (and local, if any) income taxes at the  
17 enterprise level, the net income (deter-  
18 mined without regard to this clause),  
19 multiplied by the marginal State in-  
20 come tax rate (or by the combined  
21 State and local income tax rates, as  
22 applicable) that would have applied if  
23 the business concern were a corpora-  
24 tion; and

1                   “(II) the net income (so deter-  
2                   mined) less any deduction for State  
3                   (and local) income taxes calculated  
4                   under subclause (I), multiplied by the  
5                   marginal Federal income tax rate that  
6                   would have applied if the rural busi-  
7                   ness concern were a corporation; or

8                   “(B) satisfies the standard industrial clas-  
9                   sification size standards established by the Ad-  
10                  ministrators of the Small Business Administra-  
11                  tion for the industry in which the rural business  
12                  concern is primarily engaged.

13   **“SEC. 384B. PURPOSES.**

14                  “The purposes of the Rural Business Investment  
15   Program established under this subtitle are—

16                  “(1) to promote economic development and the  
17                  creation of wealth and job opportunities in rural  
18                  areas and among individuals living in those areas by  
19                  encouraging developmental venture capital invest-  
20                  ments in smaller enterprises primarily located in  
21                  rural areas; and

22                  “(2) to establish a developmental venture cap-  
23                  ital program, with the mission of addressing the  
24                  unmet equity investment needs of small enterprises

1 located in rural areas, by authorizing the  
2 Secretary—

3 “(A) to enter into participation agreements  
4 with Rural Business Investment Companies;

5 “(B) to guarantee debentures of Rural  
6 Business Investment Companies to enable each  
7 Rural Business Investment Company to make  
8 developmental venture capital investments in  
9 smaller enterprises in rural areas; and

10 “(C) to make grants to Rural Business In-  
11 vestment Companies, and to other entities, for  
12 the purpose of providing operational assistance  
13 to smaller enterprises financed, or expected to  
14 be financed, by Rural Business Investment  
15 Companies.

16 **“SEC. 384C. ESTABLISHMENT.**

17 “In accordance with this subtitle, the Secretary shall  
18 establish a Rural Business Investment Program, under  
19 which the Secretary may—

20 “(1) enter into participation agreements with  
21 companies granted final approval under section  
22 384D(d) for the purposes set forth in section 384B;

23 “(2) guarantee the debentures issued by Rural  
24 Business Investment Companies as provided in sec-  
25 tion 384E; and

1           “(3) make grants to Rural Business Investment  
2       Companies, and to other entities, under section  
3       384H.

4       **“SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT**  
5               **COMPANIES.**

6           “(a) ELIGIBILITY.—A company shall be eligible to  
7       apply to participate, as a Rural Business Investment Com-  
8       pany, in the program established under this subtitle if—

9           “(1) the company is a newly formed for-profit  
10       entity or a newly formed for-profit subsidiary of  
11       such an entity;

12           “(2) the company has a management team with  
13       experience in community development financing or  
14       relevant venture capital financing; and

15           “(3) the company will invest in enterprises that  
16       will create wealth and job opportunities in rural  
17       areas, with an emphasis on smaller businesses.

18           “(b) APPLICATION.—To participate, as a Rural Busi-  
19       ness Investment Company, in the program established  
20       under this subtitle, a company meeting the eligibility re-  
21       quirements of subsection (a) shall submit an application  
22       to the Secretary that includes—

23           “(1) a business plan describing how the com-  
24       pany intends to make successful developmental ven-  
25       ture capital investments in identified rural areas;



1           “(2) information regarding the community de-  
2           velopment finance or relevant venture capital quali-  
3           fications and general reputation of the management  
4           of the company;

5           “(3) a description of how the company intends  
6           to work with community organizations and to seek  
7           to address the unmet capital needs of the commu-  
8           nities served;

9           “(4) a proposal describing how the company in-  
10          tends to use the grant funds provided under this  
11          subtitle to provide operational assistance to smaller  
12          enterprises financed by the company, including in-  
13          formation regarding whether the company intends to  
14          use licensed professionals, when necessary, on the  
15          staff of the company or from an outside entity;

16          “(5) with respect to binding commitments to be  
17          made to the company under this subtitle, an esti-  
18          mate of the ratio of cash to in-kind contributions;

19          “(6) a description of the criteria to be used to  
20          evaluate whether and to what extent the company  
21          meets the purposes of the program established under  
22          this subtitle;

23          “(7) information regarding the management  
24          and financial strength of any parent firm, affiliated

1 firm, or any other firm essential to the success of  
2 the business plan of the company; and

3 “(8) such other information as the Secretary  
4 may require.

5 “(c) ISSUANCE OF LICENSE.—

6 “(1) SUBMISSION OF APPLICATION.—Each ap-  
7 plicant for a license to operate as a Rural Business  
8 Investment Company under this subtitle shall submit  
9 to the Secretary an application, in a form and in-  
10 cluding such documentation as may be prescribed by  
11 the Secretary.

12 “(2) PROCEDURES.—

13 “(A) STATUS.—Not later than 90 days  
14 after the initial receipt by the Secretary of an  
15 application under this subsection, the Secretary  
16 shall provide the applicant with a written report  
17 describing the status of the application and any  
18 requirements remaining for completion of the  
19 application.

20 “(B) APPROVAL OR DISAPPROVAL.—With-  
21 in a reasonable time after receiving a completed  
22 application submitted in accordance with this  
23 subsection and in accordance with such require-  
24 ments as the Secretary may prescribe by regu-  
25 lation, the Secretary shall—

1 “(i) approve the application and issue  
2 a license for the operation to the applicant,  
3 if the requirements of this section are sat-  
4 isfied; or

5 “(ii) disapprove the application and  
6 notify the applicant in writing of the dis-  
7 approval.

8 “(3) MATTERS CONSIDERED.—In reviewing and  
9 processing any application under this subsection, the  
10 Secretary—

11 “(A) shall determine whether—

12 “(i) the applicant meets the require-  
13 ments of subsection (d); and

14 “(ii) the management of the applicant  
15 is qualified and has the knowledge, experi-  
16 ence, and capability necessary to comply  
17 with this subtitle;

18 “(B) shall take into consideration—

19 “(i) the need for and availability of fi-  
20 nancing for rural business concerns in the  
21 geographic area in which the applicant is  
22 to commence business;

23 “(ii) the general business reputation  
24 of the owners and management of the ap-  
25 plicant; and

1                   “(iii) the probability of successful op-  
 2                   erations of the applicant, including ade-  
 3                   quate profitability and financial soundness;  
 4                   and

5                   “(C) shall not take into consideration any  
 6                   projected shortage or unavailability of grant  
 7                   funds or leverage.

8           “(d) APPROVAL; DESIGNATION.—The Secretary may  
 9   approve an applicant to operate as a Rural Business In-  
 10  vestment Company under this subtitle and designate the  
 11  applicant as a Rural Business Investment Company, if—

12                   “(1) the Secretary determines that the applica-  
 13                   tion satisfies the requirements of subsection (b);

14                   “(2) the area in which the Rural Business In-  
 15                   vestment Company is to conduct its operations, and  
 16                   establishment of branch offices or agencies (if au-  
 17                   thorized by the articles), are approved by the Sec-  
 18                   retary; and

19                   “(3) the applicant enters into a participation  
 20                   agreement with the Secretary.

21   **“SEC. 384E. DEBENTURES.**

22                   “(a) IN GENERAL.—The Secretary may guarantee  
 23   the timely payment of principal and interest, as scheduled,  
 24   on debentures issued by any Rural Business Investment  
 25   Company.

1       “(b) TERMS AND CONDITIONS.—The Secretary may  
 2 make guarantees under this section on such terms and  
 3 conditions as the Secretary considers appropriate, except  
 4 that the term of any debenture guaranteed under this sec-  
 5 tion shall not exceed 15 years.

6       “(c) FULL FAITH AND CREDIT OF THE UNITED  
 7 STATES.—Section 381H(i) shall apply to any guarantee  
 8 under this section.

9       “(d) MAXIMUM GUARANTEE.—Under this section,  
 10 the Secretary may—

11           “(1) guarantee the debentures issued by a  
 12 Rural Business Investment Company only to the ex-  
 13 tent that the total face amount of outstanding guar-  
 14 anteed debentures of the Rural Business Investment  
 15 Company does not exceed 300 percent of the private  
 16 capital of the Rural Business Investment Company,  
 17 as determined by the Secretary; and

18           “(2) provide for the use of discounted debentures.  
 19

20       **“SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFI-**  
 21                               **CATES.**

22       “(a) ISSUANCE.—The Secretary may issue trust cer-  
 23 tificates representing ownership of all or a fractional part  
 24 of debentures issued by a Rural Business Investment  
 25 Company and guaranteed by the Secretary under this sub-

1 title, if the certificates are based on and backed by a trust  
2 or pool approved by the Secretary and composed solely of  
3 guaranteed debentures.

4 “(b) GUARANTEE.—

5 “(1) IN GENERAL.—The Secretary may, under  
6 such terms and conditions as the Secretary considers  
7 appropriate, guarantee the timely payment of the  
8 principal of and interest on trust certificates issued  
9 by the Secretary or agents of the Secretary for pur-  
10 poses of this section.

11 “(2) LIMITATION.—Each guarantee under this  
12 subsection shall be limited to the extent of principal  
13 and interest on the guaranteed debentures that com-  
14 pose the trust or pool.

15 “(3) PREPAYMENT OR DEFAULT.—

16 “(A) IN GENERAL.—In the event a deben-  
17 ture in a trust or pool is prepaid, or in the  
18 event of default of such a debenture, the guar-  
19 antee of timely payment of principal and inter-  
20 est on the trust certificates shall be reduced in  
21 proportion to the amount of principal and inter-  
22 est the prepaid debenture represents in the  
23 trust or pool.

24 “(B) INTEREST.—Interest on prepaid or  
25 defaulted debentures shall accrue and be guar-

1           anted by the Secretary only through the date  
2           of payment of the guarantee.

3           “(C) REDEMPTION.—At any time during  
4           its term, a trust certificate may be called for re-  
5           demption due to prepayment or default of all  
6           debentures.

7           “(c) FULL FAITH AND CREDIT OF THE UNITED  
8   STATES.—Section 381H(i) shall apply to any guarantee  
9   of a trust certificate issued by the Secretary under this  
10   section.

11          “(d) SUBROGATION AND OWNERSHIP RIGHTS.—

12           “(1) SUBROGATION.—If the Secretary pays a  
13           claim under a guarantee issued under this section,  
14           the claim shall be subrogated fully to the rights sat-  
15           isfied by the payment.

16           “(2) OWNERSHIP RIGHTS.—No Federal, State,  
17           or local law shall preclude or limit the exercise by  
18           the Secretary of the ownership rights of the Sec-  
19           retary in a debenture residing in a trust or pool  
20           against which 1 or more trust certificates are issued  
21           under this section.

22          “(e) MANAGEMENT AND ADMINISTRATION.—

23           “(1) REGISTRATION.—The Secretary shall pro-  
24           vide for a central registration of all trust certificates  
25           issued under this section.

1           “(2) CREATION OF POOLS.—The Secretary  
2       may—

3           “(A) maintain such commercial bank ac-  
4       counts or investments in obligations of the  
5       United States as may be necessary to facilitate  
6       the creation of trusts or pools backed by deben-  
7       tures guaranteed under this subtitle; and

8           “(B) issue trust certificates to facilitate  
9       the creation of those trusts or pools.

10          “(3) FIDELITY BOND OR INSURANCE REQUIRE-  
11       MENT.—Any agent performing functions on behalf  
12       of the Secretary under this paragraph shall provide  
13       a fidelity bond or insurance in such amount as the  
14       Secretary considers to be necessary to fully protect  
15       the interests of the United States.

16          “(4) REGULATION OF BROKERS AND DEAL-  
17       ERS.—The Secretary may regulate brokers and deal-  
18       ers in trust certificates issued under this section.

19          “(5) ELECTRONIC REGISTRATION.—Nothing in  
20       this subsection prohibits the use of a book-entry or  
21       other electronic form of registration for trust certifi-  
22       cates issued under this section.



1 **“SEC. 384G. FEES.**

2 “(a) IN GENERAL.—The Secretary may charge such  
3 fees as the Secretary considers appropriate with respect  
4 to any guarantee or grant issued under this subtitle.

5 “(b) TRUST CERTIFICATE.—Notwithstanding sub-  
6 section (a), the Secretary shall not collect a fee for any  
7 guarantee of a trust certificate under section 384F, except  
8 that any agent of the Secretary may collect a fee approved  
9 by the Secretary for the functions described in section  
10 384F(e)(2).

11 “(c) LICENSE.—

12 “(1) IN GENERAL.—The Secretary may pre-  
13 scribe fees to be paid by each applicant for a license  
14 to operate as a Rural Business Investment Company  
15 under this subtitle.

16 “(2) USE OF AMOUNTS.—Fees collected under  
17 this subsection—

18 “(A) shall be deposited in the account for  
19 salaries and expenses of the Secretary; and

20 “(B) are authorized to be appropriated  
21 solely to cover the costs of licensing examina-  
22 tions.

23 **“SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.**

24 “(a) IN GENERAL.—

25 “(1) AUTHORITY.—In accordance with this sec-  
26 tion, the Secretary may make grants to Rural Busi-

1       ness Investment Companies and to other entities, as  
2       authorized by this subtitle, to provide operational as-  
3       sistance to smaller enterprises financed, or expected  
4       to be financed, by the entities.

5           “(2) TERMS.—Grants made under this sub-  
6       section shall be made over a multiyear period (not  
7       to exceed 10 years) under such other terms as the  
8       Secretary may require.

9           “(3) USE OF FUNDS.—The proceeds of a grant  
10      made under this paragraph may be used by the  
11      Rural Business Investment Company receiving the  
12      grant only to—

13           “(A) provide operational assistance in con-  
14      nection with an equity investment (made with  
15      capital raised after the effective date of this  
16      subtitle) in a business located in a rural area;  
17      or

18           “(B) pay operational expenses of the Rural  
19      Business Investment Company.

20           “(4) SUBMISSION OF PLANS.—A Rural Busi-  
21      ness Investment Company shall be eligible for a  
22      grant under this section only if the Rural Business  
23      Investment Company submits to the Secretary, in  
24      such form and manner as the Secretary may require,  
25      a plan for use of the grant.

1 “(5) GRANT AMOUNT.—

2 “(A) RURAL BUSINESS INVESTMENT COM-  
3 PANIES.—The amount of a grant made under  
4 this subsection to a Rural Business Investment  
5 Company shall be equal to the lesser of—

6 “(i) 50 percent of the amount of re-  
7 sources (in cash or in kind) raised by the  
8 Rural Business Investment Company; or

9 “(ii) \$1,000,000.

10 “(B) OTHER ENTITIES.—The amount of a  
11 grant made under this subsection to any entity  
12 other than a Rural Business Investment Com-  
13 pany shall be equal to the resources (in cash or  
14 in kind) raised by the entity in accordance with  
15 the requirements applicable to Rural Business  
16 Investment Companies under this subtitle.

17 “(b) SUPPLEMENTAL GRANTS.—

18 “(1) IN GENERAL.—The Secretary may make  
19 supplemental grants to Rural Business Investment  
20 Companies and to other entities, as authorized by  
21 this subtitle under such terms as the Secretary may  
22 require, to provide additional operational assistance  
23 to smaller enterprises financed, or expected to be fi-  
24 nanced, by the Rural Business Investment Compa-  
25 nies and other entities.

1           “(2) MATCHING REQUIREMENT.—The Sec-  
 2       retary may require, as a condition of any supple-  
 3       mental grant made under this subsection, that the  
 4       Rural Business Investment Company or entity re-  
 5       ceiving the grant provide from resources (in cash or  
 6       in kind), other than resources provided by the Sec-  
 7       retary, a matching contribution equal to the amount  
 8       of the supplemental grant.

9       **“SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.**

10       “(a) ORGANIZATION.—For the purpose of this sub-  
 11      title, a Rural Business Investment Company shall—

12           “(1) be an incorporated body, a limited liability  
 13       company, or a limited partnership organized and  
 14       chartered or otherwise existing under State law sole-  
 15       ly for the purpose of performing the functions and  
 16       conducting the activities authorized by this subtitle;

17           “(2)(A) if incorporated, have succession for a  
 18       period of not less than 30 years unless earlier dis-  
 19       solved by the shareholders of the Rural Business In-  
 20       vestment Company; and

21           “(B) if a limited partnership or a limited liabil-  
 22       ity company, have succession for a period of not less  
 23       than 10 years; and

24           “(3) possess the powers reasonably necessary to  
 25       perform the functions and conduct the activities.

1       “(b) ARTICLES.—The articles of any Rural Business  
2 Investment Company—

3               “(1) shall specify in general terms—

4                       “(A) the purposes for which the Rural  
5 Business Investment Company is formed;

6                       “(B) the name of the Rural Business In-  
7 vestment Company;

8                       “(C) the area or areas in which the oper-  
9 ations of the Rural Business Investment Com-  
10 pany are to be carried out;

11                      “(D) the place where the principal office of  
12 the Rural Business Investment Company is to  
13 be located; and

14                      “(E) the amount and classes of the shares  
15 of capital stock of the Rural Business Invest-  
16 ment Company;

17               “(2) may contain any other provisions con-  
18 sistent with this subtitle that the Rural Business In-  
19 vestment Company may determine appropriate to  
20 adopt for the regulation of the business of the Rural  
21 Business Investment Company and the conduct of  
22 the affairs of the Rural Business Investment Com-  
23 pany; and

24               “(3) shall be subject to the approval of the Sec-  
25 retary.

1 “(c) CAPITAL REQUIREMENTS.—

2 “(1) IN GENERAL.—Except as provided in para-  
3 graph (2), the private capital of each Rural Business  
4 Investment Company shall be not less than—

5 “(A) \$5,000,000; or

6 “(B) \$10,000,000, with respect to each  
7 Rural Business Investment Company author-  
8 ized or seeking authority to issue participating  
9 securities to be purchased or guaranteed by the  
10 Secretary under this subtitle.

11 “(2) EXCEPTION.—The Secretary may, in the  
12 discretion of the Secretary and based on a showing  
13 of special circumstances and good cause, permit the  
14 private capital of a Rural Business Investment Com-  
15 pany described in paragraph (1)(B) to be less than  
16 \$10,000,000, but not less than \$5,000,000, if the  
17 Secretary determines that the action would not cre-  
18 ate or otherwise contribute to an unreasonable risk  
19 of default or loss to the Federal Government.

20 “(3) ADEQUACY.—In addition to the require-  
21 ments of paragraph (1), the Secretary shall—

22 “(A) determine whether the private capital  
23 of each Rural Business Investment Company is  
24 adequate to ensure a reasonable prospect that  
25 the Rural Business Investment Company will be

1           operated soundly and profitably, and managed  
2           actively and prudently in accordance with the  
3           articles of the Rural Business Investment Com-  
4           pany;

5           “(B) determine that the Rural Business  
6           Investment Company will be able to comply  
7           with the requirements of this subtitle; and

8           “(C) require that at least 75 percent of the  
9           capital of each Rural Business Investment  
10          Company is invested in rural business concerns.

11          “(d) DIVERSIFICATION OF OWNERSHIP.—The  
12       Secretary shall ensure that the management of each  
13       Rural Business Investment Company licensed after the  
14       date of enactment of this subtitle is sufficiently diversi-  
15       fied from and unaffiliated with the ownership of the  
16       Rural Business Investment Company so as to ensure  
17       independence and objectivity in the financial management  
18       and oversight of the investments and operations of the  
19       Rural Business Investment Company.

20       **“SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.**

21          “(a) IN GENERAL.—Except as otherwise provided in  
22       this section and notwithstanding any other provision of  
23       law, the following banks, associations, and institutions  
24       may invest in any Rural Business Investment Company

1 or in any entity established to invest solely in Rural Busi-  
 2 ness Investment Companies:

3 “(1) Any national bank.

4 “(2) Any member bank of the Federal Reserve  
 5 System.

6 “(3) Any Federal savings association.

7 “(4) Any Farm Credit System institution de-  
 8 scribed in section 1.2(a) of the Farm Credit Act of  
 9 1971 (12 U.S.C. 2002(a)).

10 “(5) Any insured bank that is not a member of  
 11 the Federal Reserve System, to the extent permitted  
 12 under applicable State law.

13 “(b) LIMITATION.—No bank, association, or institu-  
 14 tion described in subsection (a) may make investments de-  
 15 scribed in subsection (a) that are greater than 5 percent  
 16 of the capital and surplus of the bank, association, or in-  
 17 stitution.

18 “(c) LIMITATION ON RURAL BUSINESS INVESTMENT  
 19 COMPANIES CONTROLLED BY FARM CREDIT SYSTEM IN-  
 20 STITUTIONS.—If a Farm Credit System institution de-  
 21 scribed in section 1.2(a) of the Farm Credit Act of 1971  
 22 (12 U.S.C. 2002(a)) holds more than 30 percent of the  
 23 voting shares of a Rural Business Investment Company,  
 24 either alone or in conjunction with other System institu-  
 25 tions (or affiliates), the Rural Business Investment Com-



1 pany shall not provide equity investments in, or provide  
2 other financial assistance to, entities that are not other-  
3 wise eligible to receive financing from the Farm Credit  
4 System under that Act (12 U.S.C. 2001 et seq.).

5 **“SEC. 384K. REPORTING REQUIREMENT.**

6 “Each Rural Business Investment Company that  
7 participates in the program established under this subtitle  
8 shall provide to the Secretary such information as the Sec-  
9 retary may require, including—

10 “(1) information relating to the measurement  
11 criteria that the Rural Business Investment Com-  
12 pany proposed in the program application of the  
13 Rural Business Investment Company; and

14 “(2) in each case in which the Rural Business  
15 Investment Company under this subtitle makes an  
16 investment in, or a loan or grant to, a business that  
17 is not located in a rural area, a report on the num-  
18 ber and percentage of employees of the business who  
19 reside in those areas.

20 **“SEC. 384L. EXAMINATIONS.**

21 “(a) IN GENERAL.—Each Rural Business Investment  
22 Company that participates in the program established  
23 under this subtitle shall be subject to examinations made  
24 at the direction of the Secretary in accordance with this  
25 section.

1       “(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—

2   An examination under this section may be conducted with  
3   the assistance of a private sector entity that has the quali-  
4   fications and the expertise necessary to conduct such an  
5   examination.

6       “(c) COSTS.—

7           “(1) IN GENERAL.—The Secretary may assess  
8   the cost of an examination under this section, in-  
9   cluding compensation of the examiners, against the  
10   Rural Business Investment Company examined.

11          “(2) PAYMENT.—Any Rural Business Invest-  
12   ment Company against which the Secretary assesses  
13   costs under this paragraph shall pay the costs.

14       “(d) DEPOSIT OF FUNDS.—Funds collected under  
15   this section shall—

16           “(1) be deposited in the account that incurred  
17   the costs for carrying out this section;

18           “(2) be made available to the Secretary to carry  
19   out this section, without further appropriation; and

20           “(3) remain available until expended.

21   **“SEC. 384M. INJUNCTIONS AND OTHER ORDERS.**

22       “(a) IN GENERAL.—

23           “(1) APPLICATION BY SECRETARY.—Whenever,  
24   in the judgment of the Secretary, a Rural Business  
25   Investment Company or any other person has en-

1 gaged or is about to engage in any act or practice  
2 that constitutes or will constitute a violation of a  
3 provision of this subtitle (including any rule, regula-  
4 tion, order, or participation agreement under this  
5 subtitle), the Secretary may apply to the appropriate  
6 district court of the United States for an order en-  
7 joining the act or practice, or for an order enforcing  
8 compliance with the provision, rule, regulation,  
9 order, or participation agreement.

10 “(2) JURISDICTION; RELIEF.—The court shall  
11 have jurisdiction over the action and, on a showing  
12 by the Secretary that the Rural Business Investment  
13 Company or other person has engaged or is about to  
14 engage in an act or practice described in paragraph  
15 (1), a permanent or temporary injunction, restrain-  
16 ing order, or other order, shall be granted without  
17 bond.

18 “(b) JURISDICTION.—

19 “(1) IN GENERAL.—In any proceeding under  
20 subsection (a), the court as a court of equity may,  
21 to such extent as the court considers necessary, take  
22 exclusive jurisdiction over the Rural Business Invest-  
23 ment Company and the assets of the Rural Business  
24 Investment Company, wherever located.

1           “(2) TRUSTEE OR RECEIVER.—The court shall  
 2           have jurisdiction in any proceeding described in  
 3           paragraph (1) to appoint a trustee or receiver to  
 4           hold or administer the assets.

5           “(c) SECRETARY AS TRUSTEE OR RECEIVER.—

6           “(1) AUTHORITY.—The Secretary may act as  
 7           trustee or receiver of a Rural Business Investment  
 8           Company.

9           “(2) APPOINTMENT.—On the request of the  
 10          Secretary, the court shall appoint the Secretary to  
 11          act as a trustee or receiver of a Rural Business In-  
 12          vestment Company unless the court considers the  
 13          appointment inequitable or otherwise inappropriate  
 14          by reason of any special circumstances involved.

15   **“SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLI-**  
 16                           **ANCE.**

17          “(a) IN GENERAL.—With respect to any Rural Busi-  
 18          ness Investment Company that violates or fails to comply  
 19          with this subtitle (including any rule, regulation, order,  
 20          or participation agreement under this subtitle), the Sec-  
 21          retary may, in accordance with this section—

22               “(1) void the participation agreement between  
 23               the Secretary and the Rural Business Investment  
 24               Company; and

1 “(2) cause the Rural Business Investment Com-  
 2 pany to forfeit all of the rights and privileges derived  
 3 by the Rural Business Investment Company under  
 4 this subtitle.

5 “(b) ADJUDICATION OF NONCOMPLIANCE.—

6 “(1) IN GENERAL.—Before the Secretary may  
 7 cause a Rural Business Investment Company to for-  
 8 feit rights or privileges under subsection (a), a court  
 9 of the United States of competent jurisdiction must  
 10 find that the Rural Business Investment Company  
 11 committed a violation, or failed to comply, in a cause  
 12 of action brought for that purpose in the district,  
 13 territory, or other place subject to the jurisdiction of  
 14 the United States, in which the principal office of  
 15 the Rural Business Investment Company is located.

16 “(2) PARTIES AUTHORIZED TO FILE CAUSES OF  
 17 ACTION.—Each cause of action brought by the  
 18 United States under this subsection shall be brought  
 19 by the Secretary or by the Attorney General.

20 **“SEC. 3840. UNLAWFUL ACTS AND OMISSIONS; BREACH OF**  
 21 **FIDUCIARY DUTY.**

22 “(a) PARTIES DEEMED TO COMMIT A VIOLATION.—  
 23 Whenever any Rural Business Investment Company vio-  
 24 lates this subtitle (including any rule, regulation, order,  
 25 or participation agreement under this subtitle), by reason

1 of the failure of the Rural Business Investment Company  
2 to comply with this subtitle or by reason of its engaging  
3 in any act or practice that constitutes or will constitute  
4 a violation of this subtitle, the violation shall also be  
5 deemed to be a violation and an unlawful act committed  
6 by any person that, directly or indirectly, authorizes, or-  
7 ders, participates in, causes, brings about, counsels, aids,  
8 or abets in the commission of any acts, practices, or trans-  
9 actions that constitute or will constitute, in whole or in  
10 part, the violation.

11 “(b) FIDUCIARY DUTIES.—It shall be unlawful for  
12 any officer, director, employee, agent, or other participant  
13 in the management or conduct of the affairs of a Rural  
14 Business Investment Company to engage in any act or  
15 practice, or to omit any act or practice, in breach of the  
16 fiduciary duty of the officer, director, employee, agent, or  
17 participant if, as a result of the act or practice, the Rural  
18 Business Investment Company suffers or is in imminent  
19 danger of suffering financial loss or other damage.

20 “(c) UNLAWFUL ACTS.—Except with the written con-  
21 sent of the Secretary, it shall be unlawful—

22 “(1) for any person to take office as an officer,  
23 director, or employee of any Rural Business Invest-  
24 ment Company, or to become an agent or partici-  
25 pant in the conduct of the affairs or management of

1       a Rural Business Investment Company, if the  
2       person—

3               “(A) has been convicted of a felony, or any  
4               other criminal offense involving dishonesty or  
5               breach of trust; or

6               “(B) has been found civilly liable in dam-  
7               ages, or has been permanently or temporarily  
8               enjoined by an order, judgment, or decree of a  
9               court of competent jurisdiction, by reason of  
10              any act or practice involving fraud, or breach of  
11              trust; and

12             “(2) for any person to continue to serve in any  
13       of the capacities described in paragraph (1), if—

14               “(A) the person is convicted of a felony, or  
15               any other criminal offense involving dishonesty  
16               or breach of trust; or

17               “(B) the person is found civilly liable in  
18               damages, or is permanently or temporarily en-  
19               joined by an order, judgment, or decree of a  
20               court of competent jurisdiction, by reason of  
21               any act or practice involving fraud or breach of  
22               trust.

1 **“SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR**  
2 **OFFICERS.**

3 “Using the procedures established by the Secretary  
4 for removing or suspending a director or an officer of a  
5 Rural Business Investment Company, the Secretary may  
6 remove or suspend any director or officer of any Rural  
7 Business Investment Company.

8 **“SEC. 384Q. CONTRACTING OF FUNCTIONS.**

9 “Notwithstanding any other provision of law, the Sec-  
10 retary shall enter into an interagency agreement with the  
11 Administrator of the Small Business Administration to  
12 carry out, on behalf of the Secretary, the day-to-day man-  
13 agement and operation of the program authorized by this  
14 subtitle.

15 **“SEC. 384R. REGULATIONS.**

16 “The Secretary may promulgate such regulations as  
17 the Secretary considers necessary to carry out this sub-  
18 title.

19 **“SEC. 384S. FUNDING.**

20 “(a) IN GENERAL.—Not later than 30 days after the  
21 date of enactment of this Act, out of any funds in the  
22 Treasury not otherwise appropriated, the Secretary of the  
23 Treasury shall transfer to the Secretary of Agriculture—

24 “(1) such sums as may be necessary for the  
25 cost of guaranteeing \$350,000,000 of debentures  
26 under this subtitle; and



1           “(2) \$50,000,000 to make grants under this  
2 subtitle.

3           “(b) RECEIPT AND ACCEPTANCE.—The Secretary  
4 shall be entitled to receive, shall accept, and shall use to  
5 carry out this section the funds transferred under sub-  
6 section (a), without further appropriation.

7           “(c) AVAILABILITY OF FUNDS.—Funds transferred  
8 under subsection (a) shall remain available until ex-  
9 pended.”.

10 **SEC. 603. FULL FUNDING OF PENDING RURAL DEVELOP-**  
11 **MENT LOAN AND GRANT APPLICATIONS.**

12           (a) DEFINITION OF APPLICATION.—In this section,  
13 the term “application” does not include an application for  
14 a loan, loan guarantee, or grant that, as of the date of  
15 enactment of this Act, is in the preapplication phase of  
16 consideration under regulations of the Secretary of Agri-  
17 culture in effect on the date of enactment of this Act.

18           (b) ACCOUNT.—There is established in the Treasury  
19 of the United States an account to be known as the “Rural  
20 America Infrastructure Development Account” (referred  
21 to in this section as the “Account”) to fund rural develop-  
22 ment loans, loan guarantees, and grants described in sub-  
23 section (d) that are pending on the date of enactment of  
24 this Act.

25           (c) FUNDING.—

1           (1) IN GENERAL.—Not later than 30 days after  
2           the date of enactment of this Act, out of any funds  
3           in the Treasury not otherwise appropriated, the Sec-  
4           retary of the Treasury shall transfer to the Sec-  
5           retary of Agriculture such sums as are necessary to  
6           carry out this section, to remain available until ex-  
7           pended.

8           (2) RECEIPT AND ACCEPTANCE.—The Sec-  
9           retary shall be entitled to receive, shall accept, and  
10          shall use to carry out this section the funds trans-  
11          ferred under paragraph (1), without further appro-  
12          priation.

13          (d) USE OF FUNDS.—

14               (1) ELIGIBLE PROGRAMS.—Subject to para-  
15               graph (2), the Secretary shall use the funds in the  
16               Account to provide funds for applications that are  
17               pending on the date of enactment of this Act for—

18                       (A) community facility direct loans under  
19                       section 306(a)(1) of the Consolidated Farm and  
20                       Rural Development Act (7 U.S.C. 1926(a)(1));

21                       (B) community facility grants under para-  
22                       graph (19), (20), or (21) of section 306(a) of  
23                       that Act (7 U.S.C. 1926(a));

1 (C) water or waste disposal grants or di-  
2 rect loans under paragraph (1) or (2) of section  
3 306(a) of that Act (7 U.S.C. 1926(a));

4 (D) rural water or wastewater technical as-  
5 sistance and training grants under section  
6 306(a)(14) of that Act (7 U.S.C. 1926(a)(14));

7 (E) emergency community water assistance  
8 grants under section 306A of that Act (7  
9 U.S.C. 1926a);

10 (F) business and industry guaranteed  
11 loans authorized under section 310B(a)(1)(A)  
12 of that Act (7 U.S.C. 1932(a)(1)(A)); and

13 (G) solid waste management grants under  
14 section 310B(b) of that Act (7 U.S.C. 1932(b)).

15 (2) LIMITATIONS.—

16 (A) APPROPRIATED AMOUNTS.—Funds in  
17 the Account shall be available to the Secretary  
18 to provide funds for pending applications for  
19 loans, loan guarantees, and grants described in  
20 paragraph (1) only to the extent that funds for  
21 the loans, loan guarantees, and grants appro-  
22 priated in the annual appropriations Act for fis-  
23 cal year 2002 have been exhausted.

24 (B) PROGRAM REQUIREMENTS.—The Sec-  
25 retary may use the Account to provide funds

1           for a pending application for a loan, loan guar-  
 2           antee, or grant described in paragraph (1) only  
 3           if the Secretary processes, reviews, and ap-  
 4           proves the application in accordance with regu-  
 5           lations in effect on the date of enactment of  
 6           this Act.

7 **SEC. 604. RURAL ENDOWMENT PROGRAM.**

8           (a) IN GENERAL.—The Consolidated Farm and  
 9 Rural Development Act (7 U.S.C. 1921 et seq.) (as  
 10 amended by section 602) is amended by adding at the end  
 11 the following:

12           **“Subtitle I—Rural Endowment**  
 13                                   **Program**

14 **“SEC. 385A. PURPOSE.**

15           “The purpose of this subtitle is to provide rural com-  
 16 munities with technical and financial assistance to imple-  
 17 ment comprehensive community development strategies to  
 18 reduce the economic and social distress resulting from pov-  
 19 erty, high unemployment, outmigration, plant closings, ag-  
 20 ricultural downturn, declines in the natural resource-based  
 21 economy, or environmental degradation.

22 **“SEC. 385B. DEFINITIONS.**

23           “In this subtitle:

24                   “(1) COMPREHENSIVE COMMUNITY DEVELOP-  
 25           MENT STRATEGY.—The term ‘comprehensive com-

1 munity development strategy’ means a community  
2 development strategy described in section 385C(e).

3 “(2) ELIGIBLE RURAL AREA.—

4 “(A) IN GENERAL.—The term ‘eligible  
5 rural area’ means an area with a population of  
6 25,000 inhabitants or less, as determined by  
7 the Secretary using the most recent decennial  
8 census.

9 “(B) EXCLUSIONS.—The term ‘eligible  
10 rural area’ does not include—

11 “(i) any area designated by the Sec-  
12 retary as a rural empowerment zone or  
13 rural enterprise community; or

14 “(ii) an urbanized area immediately  
15 adjacent to an incorporated city or town  
16 with a population of more than 25,000 in-  
17 habitants.

18 “(3) ENDOWMENT FUND.—The term ‘endow-  
19 ment fund’ means a long-term fund that an ap-  
20 proved program entity is required to establish under  
21 section 385C(f)(3).

22 “(4) PERFORMANCE-BASED BENCHMARKS.—

23 The term ‘performance-based benchmarks’ means a  
24 set of annualized goals and tasks established by a  
25 recipient of a grant under the Program, in collabora-

tion with the Secretary, for the purpose of measuring performance in meeting the comprehensive community development strategy of the recipient.

“(5) PROGRAM.—The term ‘Program’ means the Rural Endowment Program established under section 385C(a).

“(6) PROGRAM ENTITY.—The term ‘program entity’ means—

“(A) a private nonprofit community-based development organization;

“(B) a unit of local government (including a multijurisdictional unit of local government);

“(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

“(D) a consortium comprised of an organization described in subparagraph (A) and a unit of local government; or

“(E) a consortium of entities specified in subparagraphs (A) through (D);

that serves an eligible rural area.

“(7) PROGRAM-RELATED INVESTMENT.—The term ‘program-related investment’ means—

“(A) a loan, loan guarantee, grant, payment of a technical fee, or other expenditure

provided for an affordable housing, community facility, small business, environmental improvement, or other community development project that is part of a comprehensive community development strategy; and

“(B) support services relating to a project described in subparagraph (A).

**“SEC. 385C. RURAL ENDOWMENT PROGRAM.**

“(a) ESTABLISHMENT.—

“(1) IN GENERAL.—The Secretary may establish a program, to be known as the ‘Rural Endowment Program’, to provide approved program entities with assistance in developing and implementing comprehensive community development strategies for eligible rural areas.

“(2) PURPOSES.—The purposes of the Program are—

“(A) to enhance the ability of an eligible rural area to engage in comprehensive community development;

“(B) to leverage private and public resources for the benefit of community development efforts in eligible rural areas;

“(C) to make available staff of Federal agencies to directly assist the community devel-

1           opment efforts of an approved program entity  
2           or eligible rural area; and

3           “(D) to strengthen the asset base of an eli-  
4           gible rural area to further long-term, ongoing  
5           community development.

6           “(b) APPLICATIONS.—

7           “(1) IN GENERAL.—To receive an endowment  
8           grant under the Program, the eligible entity shall  
9           submit an application at such time, in such form,  
10          and containing such information as the Secretary  
11          may require.

12          “(2) REGIONAL APPLICATIONS.—

13               “(A) IN GENERAL.—Where appropriate,  
14               the Secretary shall encourage regional applica-  
15               tions from program entities serving more than  
16               1 eligible rural area.

17               “(B) CRITERIA FOR APPLICATIONS.—To  
18               be eligible for an endowment grant for a re-  
19               gional application, the program entities that  
20               submit the application shall demonstrate that—

21                       “(i) a comprehensive community de-  
22                       velopment strategy for the eligible rural  
23                       areas is best accomplished through a re-  
24                       gional approach; and



1                   “(ii) the combined population of the  
 2                   eligible rural areas covered by the com-  
 3                   prehensive community development strat-  
 4                   egy is 75,000 inhabitants or less.

5                   “(C) AMOUNT OF ENDOWMENT GRANTS.—  
 6                   For the purpose of subsection (f)(2), 2 or more  
 7                   program entities that submit a regional applica-  
 8                   tion shall be considered to be a single program  
 9                   entity.

10                  “(3) PREFERENCE.—The Secretary shall give  
 11                  preference to a joint application submitted by a pri-  
 12                  vate, nonprofit community development corporation  
 13                  and a unit of local government.

14                  “(c) ENTITY APPROVAL.—The Secretary shall ap-  
 15                  prove a program entity to receive grants under the Pro-  
 16                  gram, if the program entity meets criteria established by  
 17                  the Secretary, including the following:

18                   “(1) DISTRESSED RURAL AREA.—The program  
 19                   entity shall serve a rural area that suffers from eco-  
 20                   nomic or social distress resulting from poverty, high  
 21                   unemployment, outmigration, plant closings, agricul-  
 22                   tural downturn, declines in the natural resource-  
 23                   based economy, or environmental degradation.

24                   “(2) CAPACITY TO IMPLEMENT STRATEGY.—  
 25                  The program entity shall demonstrate the capacity

1 to implement a comprehensive community develop-  
2 ment strategy.

3 “(3) GOALS.—The goals described in the appli-  
4 cation submitted under subsection (b) shall be con-  
5 sistent with this section.

6 “(4) PARTICIPATION PROCESS.—The program  
7 entity shall demonstrate the ability to convene and  
8 maintain a multi-stakeholder, community-based par-  
9 ticipation process.

10 “(d) PLANNING GRANTS TO CONDITIONALLY AP-  
11 PROVED PROGRAM ENTITIES.—

12 “(1) IN GENERAL.—The Secretary may award  
13 supplemental grants to approved program entities to  
14 assist the approved program entities in the develop-  
15 ment of a comprehensive community development  
16 strategy under subsection (e).

17 “(2) ELIGIBILITY FOR SUPPLEMENTAL  
18 GRANTS.—In determining whether to award a sup-  
19 plemental grant to an approved program entity, the  
20 Secretary shall consider the economic need of the  
21 approved program entity.

22 “(3) LIMITATIONS ON AMOUNT OF GRANTS.—  
23 Under this subsection, an approved program entity  
24 may receive a supplemental grant in an amount of  
25 not more than \$100,000.

1 “(e) ENDOWMENT GRANT AWARD.—

2 “(1) IN GENERAL.—To be eligible for an en-  
3 dowment grant under the Program, an approved  
4 program entity shall develop, and obtain the ap-  
5 proval of the Secretary for, a comprehensive commu-  
6 nity development strategy that—

7 “(A) is designed to reduce economic or so-  
8 cial distress resulting from poverty, high unem-  
9 ployment, outmigration, plant closings, agricul-  
10 tural downturn, declines in the natural re-  
11 source-based economy, or environmental deg-  
12 radation;

13 “(B) addresses a broad range of the devel-  
14 opment needs of a community, including eco-  
15 nomic, social, and environmental needs, for a  
16 period of not less than 10 years;

17 “(C) is developed with input from a broad  
18 array of local governments and business, civic,  
19 and community organizations;

20 “(D) specifies measurable performance-  
21 based outcomes for all activities; and

22 “(E) includes a financial plan for achieving  
23 the outcomes and activities of the comprehen-  
24 sive community development strategy that iden-  
25 tifies sources for, or a plan to meet, the re-

1           requirement for a non-Federal share under sub-  
2           section (f)(4)(B).

3           “(2) FINAL APPROVAL.—

4                 “(A) IN GENERAL.—An approved program  
5           entity shall receive final approval if the Sec-  
6           retary determines that—

7                     “(i) the comprehensive community de-  
8                     velopment strategy of the approved pro-  
9                     gram entity meets the requirements of this  
10                    section;

11                   “(ii) the management and organiza-  
12                   tional structure of the approved program  
13                   entity is sufficient to oversee fund and de-  
14                   velopment activities;

15                   “(iii) the approved program entity has  
16                   established an endowment fund; and

17                   “(iv) the approved program entity will  
18                   be able to provide the non-Federal share  
19                   required under subsection (f)(4)(B).

20           “(B) CONDITIONS.—As part of the final  
21           approval, the approved program entity shall  
22           agree to—

23                   “(i) achieve, to the maximum extent  
24                   practicable, performance-based bench-  
25                   marks; and

1                   “(ii) comply with the terms of the  
2                   comprehensive community development  
3                   strategy for a period of not less than 10  
4                   years.

5           “(f) ENDOWMENT GRANTS.—

6                   “(1) IN GENERAL.—Under the Program, the  
7                   Secretary may make endowment grants to approved  
8                   program entities with final approval to implement an  
9                   approved comprehensive community development  
10                  strategy.

11                  “(2) AMOUNT OF GRANTS.—An endowment  
12                  grant to an approved program entity shall be in an  
13                  amount of not more than \$6,000,000, as determined  
14                  by the Secretary based on—

15                       “(A) the size of the population of the eligi-  
16                       ble rural area for which the endowment grant  
17                       is to be used;

18                       “(B) the size of the eligible rural area for  
19                       which the endowment grant is to be used;

20                       “(C) the extent of the comprehensive com-  
21                       munity development strategy to be implemented  
22                       using the endowment grant award; and

23                       “(D) the extent to which the community  
24                       suffers from economic or social distress result-  
25                       ing from—

- 1 “(i) poverty;
- 2 “(ii) high unemployment;
- 3 “(iii) outmigration;
- 4 “(iv) plant closings;
- 5 “(v) agricultural downturn;
- 6 “(vi) declines in the natural resource-
- 7 based economy; or
- 8 “(vii) environmental degradation.
- 9 “(3) ENDOWMENT FUNDS.—
- 10 “(A) ESTABLISHMENT.—On notification
- 11 from the Secretary that the program entity has
- 12 been approved under subsection (c), the ap-
- 13 proved program entity shall establish an endow-
- 14 ment fund.
- 15 “(B) FUNDING OF ENDOWMENT.—Federal
- 16 funds provided in the form of an endowment
- 17 grant under the Program shall—
- 18 “(i) be deposited in the endowment
- 19 fund;
- 20 “(ii) be the sole property of the ap-
- 21 proved program entity;
- 22 “(iii) be used in a manner consistent
- 23 with this subtitle; and

1 “(iv) be subject to oversight by the  
2 Secretary for a period of not more than 10  
3 years.

4 “(C) INTEREST.—Interest earned on Fed-  
5 eral funds in the endowment fund shall be—

6 “(i) retained by the grantee; and

7 “(ii) treated as Federal funds are  
8 treated under subparagraph (B).

9 “(D) LIMITATION.—The Secretary shall  
10 promulgate regulations on matching funds and  
11 returns on program-related investments only to  
12 the extent that such funds or proceeds are used  
13 in a manner consistent with this subtitle.

14 “(4) CONDITIONS.—

15 “(A) DISBURSEMENT.—

16 “(i) IN GENERAL.—Each endowment  
17 grant award shall be disbursed during a  
18 period not to exceed 5 years beginning dur-  
19 ing the fiscal year containing the date of  
20 final approval of the approved program en-  
21 tity under subsection (e)(3).

22 “(ii) MANNER OF DISBURSEMENT.—  
23 Subject to subparagraph (B), the Sec-  
24 retary may disburse a grant award in 1

1 lump sum or in incremental disbursements  
 2 made each fiscal year.

3 “(iii) INCREMENTAL DISBURSE-  
 4 MENTS.—If the Secretary elects to make  
 5 incremental disbursements, for each fiscal  
 6 year after the initial disbursement, the  
 7 Secretary shall make a disbursement under  
 8 clause (i) only if the approved program  
 9 entity—

10 “(I) has met the performance-  
 11 based benchmarks of the approved  
 12 program entity for the preceding fiscal  
 13 year; and

14 “(II) has provided the non-Fed-  
 15 eral share required for the preceding  
 16 fiscal year under subparagraph (B).

17 “(iv) ADVANCE DISBURSEMENTS.—  
 18 The Secretary may make disbursements  
 19 under this paragraph notwithstanding any  
 20 provision of law limiting grant disburse-  
 21 ments to amounts necessary to cover ex-  
 22 pected expenses on a term basis.

23 “(B) NON-FEDERAL SHARE.—

24 “(i) IN GENERAL.—Except as pro-  
 25 vided in clause (ii), for each disbursement



1 under subparagraph (A), the Secretary  
2 shall require the approved program entity  
3 to provide a non-Federal share in an  
4 amount equal to 50 percent of the amount  
5 of funds received by the approved program  
6 entity under the disbursement.

7 “(ii) LOWER NON-FEDERAL SHARE.—  
8 In the case of an approved program entity  
9 that serves a small, poor rural area (as de-  
10 termined by the Secretary), the Secretary  
11 may—

12 “(I) reduce the non-Federal  
13 share to not less than 20 percent; and

14 “(II) allow the non-Federal share  
15 to be provided in the form of in-kind  
16 contributions.

17 “(iii) BINDING COMMITMENTS;  
18 PLAN.—For the purpose of meeting the  
19 non-Federal share requirement with re-  
20 spect to the first disbursement of an en-  
21 dowment grant award to the approved pro-  
22 gram entity under the Program, an ap-  
23 proved program entity shall—

24 “(I) have, at a minimum, binding  
25 commitments to provide the non-Fed-

1           eral share required with respect to the  
2           first disbursement of the endowment  
3           grant award; and

4                   “(II) if the Secretary is making  
5           incremental disbursements of a grant,  
6           develop a viable plan for providing the  
7           remaining amount of the required  
8           non-Federal share.

9           “(C) LIMITATIONS.—

10                   “(i) IN GENERAL.—Subject to clause  
11           (ii), of each disbursement, an approved  
12           program entity shall use—

13                           “(I) not more than 10 percent  
14           for administrative costs of carrying  
15           out program-related investments;

16                           “(II) not more than 20 percent  
17           for the purpose of maintaining a loss  
18           reserve account; and

19                           “(III) the remainder for pro-  
20           gram-related investments contained in  
21           the comprehensive community devel-  
22           opment strategy.

23                   “(ii) LOSS RESERVE ACCOUNT.—If all  
24           disbursed funds available under a grant  
25           are expended in accordance with clause (i)

1           and the grant recipient has no expected  
2           losses to cover for a fiscal year, the recipi-  
3           ent may use funds in the loss reserve ac-  
4           count described in clause (i)(II) for pro-  
5           gram-related investments described in  
6           clause (i)(III) for which no reserve for  
7           losses is required.

8           “(g) FEDERAL AGENCY ASSISTANCE.—Under the  
9   Program, the Secretary shall provide and coordinate tech-  
10   nical assistance for grant recipients by designated field  
11   staff of Federal agencies.

12          “(h) PRIVATE TECHNICAL ASSISTANCE.—

13               “(1) IN GENERAL.—Under the Program, the  
14   Secretary may make grants to qualified inter-  
15   mediaries to provide technical assistance and capac-  
16   ity building to approved program entities under the  
17   Program.

18               “(2) DUTIES.—A qualified intermediary that  
19   receives a grant under this subsection shall—

20                   “(A) provide assistance to approved pro-  
21                   gram entities in developing, coordinating, and  
22                   overseeing investment strategy;

23                   “(B) provide technical assistance in all as-  
24                   pects of planning, developing, and managing the  
25                   Program; and

1           “(C) facilitate Federal and private sector  
2 involvement in rural community development.

3           “(3) ELIGIBILITY.—To be considered a quali-  
4 fied intermediary under this subsection, an inter-  
5 mediary shall—

6           “(A) be a private, nonprofit community de-  
7 velopment organization;

8           “(B) have expertise in Federal or private  
9 rural community development policy or pro-  
10 grams; and

11           “(C) have experience in providing technical  
12 assistance, planning, and capacity building as-  
13 sistance to rural communities and nonprofit en-  
14 tities in eligible rural areas.

15           “(4) MAXIMUM AMOUNT OF GRANTS.—A quali-  
16 fied intermediary may receive a grant under this  
17 subsection of not more than \$100,000.

18           “(5) FUNDING.—Of the amounts made avail-  
19 able under section 385D, the Secretary may use to  
20 carry out this subsection not more than \$2,000,000  
21 for each of not more than 2 fiscal years.

22 **“SEC. 385D. FUNDING.**

23           “(a) FISCAL YEARS 2002 AND 2003.—

24           “(1) IN GENERAL.—Not later than 30 days  
25 after the date of enactment of this subtitle, out of

1 any funds in the Treasury not otherwise appro-  
2 priated, the Secretary of the Treasury shall transfer  
3 to the Secretary of Agriculture to carry out this sub-  
4 title \$82,000,000 for the period of fiscal years 2002  
5 and 2003, to remain available until expended.

6 “(2) SCHEDULE FOR OBLIGATIONS.—Of the  
7 amounts made available under paragraph (1)—

8 “(A) not more than \$5,000,000 shall be  
9 obligated to carry out section 385C(d);

10 “(B) not less than \$75,000,000 shall be  
11 obligated to carry out section 385C(f); and

12 “(C) not less than \$2,000,000 shall be ob-  
13 ligated to carry out section 385C(h).

14 “(3) RECEIPT AND ACCEPTANCE.—The Sec-  
15 retary shall be entitled to receive, shall accept, and  
16 shall use to carry out this subtitle the funds trans-  
17 ferred under paragraph (1), without further appro-  
18 priation.

19 “(b) FISCAL YEARS 2004 THROUGH 2006.—There  
20 are authorized to be appropriated such sums as are nec-  
21 essary to carry out this subtitle for each of fiscal years  
22 2004 through 2006.”.

1 **SEC. 605. ENHANCEMENT OF ACCESS TO BROADBAND**  
 2 **SERVICE IN RURAL AREAS.**

3 The Rural Electrification Act of 1936 (7 U.S.C. 901  
 4 et seq.) is amended by adding at the end the following:

5 **“TITLE VI—RURAL BROADBAND**  
 6 **ACCESS**

7 **“SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS**  
 8 **SERVICES IN RURAL AREAS.**

9 “(a) PURPOSE.—The purpose of this section is to  
 10 provide grants, loans, and loan guarantees to provide  
 11 funds for the costs of the construction, improvement, and  
 12 acquisition of facilities and equipment for broadband serv-  
 13 ice in eligible rural communities.

14 “(b) DEFINITIONS.—In this section:

15 “(1) BROADBAND SERVICE.—The term  
 16 ‘broadband service’ means any technology identified  
 17 by the Secretary as having the capacity to transmit  
 18 data to enable a subscriber to the service to origi-  
 19 nate and receive high-quality voice, data, graphics,  
 20 or video.

21 “(2) ELIGIBLE RURAL COMMUNITY.—The term  
 22 ‘eligible rural community’ means any incorporated or  
 23 unincorporated place that—

24 “(A) has not more than 20,000 inhab-  
 25 itants, based on the most recent available popu-

1           lation statistics of the Bureau of the Census;  
2           and

3                   “(B) is not located in an area designated  
4           as a standard metropolitan statistical area.

5       “(c) GRANTS.—The Secretary shall make grants to  
6 eligible entities described in subsection (e) to provide  
7 funds for the construction, improvement, or acquisition of  
8 facilities and equipment for the provision of broadband  
9 service in eligible rural communities.

10       “(d) LOANS AND LOAN GUARANTEES.—The Sec-  
11 retary shall make or guarantee loans to eligible entities  
12 described in subsection (e) to provide funds for the con-  
13 struction, improvement, or acquisition of facilities and  
14 equipment for the provision of broadband service in eligi-  
15 ble rural communities.

16       “(e) ELIGIBLE ENTITIES.—To be eligible to obtain  
17 a grant under this section, an entity must—

18                   “(1) be eligible to obtain a loan or loan guar-  
19 antee to furnish, improve, or extend a rural tele-  
20 communications service under this Act; and

21                   “(2) submit to the Secretary a proposal for a  
22 project that meets the requirements of this section.

23       “(f) BROADBAND SERVICE.—The Secretary shall,  
24 from time to time as advances in technology warrant, re-  
25 view and recommend modifications of rate-of-data trans-

1 mission criteria for purposes of the identification of  
2 broadband service technologies under subsection (b)(1).

3 “(g) TECHNOLOGICAL NEUTRALITY.—For purposes  
4 of determining whether or not to make a grant, loan, or  
5 loan guarantee for a project under this section, the Sec-  
6 retary shall not take into consideration the type of tech-  
7 nology proposed to be used under the project.

8 “(h) TERMS AND CONDITIONS FOR LOANS AND LOAN  
9 GUARANTEES.—A loan or loan guarantee under sub-  
10 section (d) shall—

11 “(1) be made available in accordance with the  
12 requirements of the Federal Credit Reform Act of  
13 1990 (2 U.S.C. 661 et seq.);

14 “(2) bear interest at an annual rate of, as de-  
15 termined by the Secretary—

16 “(A) 4 percent per annum; or

17 “(B) the current applicable market rate;

18 and

19 “(3) have a term not to exceed the useful life  
20 of the assets constructed, improved, or acquired with  
21 the proceeds of the loan or extension of credit.

22 “(i) USE OF LOAN PROCEEDS TO REFINANCE LOANS  
23 FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwith-  
24 standing any other provision of this Act, the proceeds of  
25 any loan made by the Secretary under this Act may be



1 used by the recipient of the loan for the purpose of refi-  
2 nancing an outstanding obligation of the recipient on an-  
3 other telecommunications loan made under this Act if the  
4 use of the proceeds for that purpose will further the con-  
5 struction, improvement, or acquisition of facilities and  
6 equipment for the provision of broadband service in eligi-  
7 ble rural communities.

8 “(j) FUNDING.—

9 “(1) IN GENERAL.—Not later than 30 days  
10 after the date of enactment of this Act, and on Octo-  
11 ber 1, 2002, and each October 1 thereafter through  
12 October 1, 2005, out of any funds in the Treasury  
13 not otherwise appropriated, the Secretary of the  
14 Treasury shall transfer to the Secretary of Agri-  
15 culture to carry out this section \$100,000,000, to re-  
16 main available until expended.

17 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
18 retary shall be entitled to receive, shall accept, and  
19 shall use to carry out this section the funds trans-  
20 ferred under paragraph (1), without further appro-  
21 priation.

22 “(3) ALLOCATION OF FUNDS.—

23 “(A) IN GENERAL.—From amounts made  
24 available for each fiscal year under paragraph  
25 (1), the Secretary shall—

1 “(i) establish a national reserve for  
2 grants, loans, and loan guarantees to eligi-  
3 ble entities in States under this section;  
4 and

5 “(ii) allocate amounts in the reserve  
6 to each State for each fiscal year for  
7 grants, loans, and loan guarantees to eligi-  
8 ble entities in the State.

9 “(B) AMOUNT.—The amount of an alloca-  
10 tion made to a State for a fiscal year under  
11 subparagraph (A) shall bear the same ratio to  
12 the amount of allocations made for all States  
13 for the fiscal year as the number of commu-  
14 nities with a population of 2,500 inhabitants or  
15 less in the State bears to the number of com-  
16 munities with a population of 2,500 inhabitants  
17 or less in all States, as determined on the basis  
18 of the last available census.

19 “(C) UNOBLIGATED AMOUNTS.—Any  
20 amounts in the reserve established for a State  
21 for a fiscal year under subparagraph (B) that  
22 are not obligated by April 1 of the fiscal year  
23 shall be available to the Secretary to make  
24 grants, loans, and loan guarantees under this

1 section to eligible entities in any State, as de-  
 2 termined by the Secretary.

3 “(k) TERMINATION OF AUTHORITY.—

4 “(1) IN GENERAL.—No grant, loan, or loan  
 5 guarantee may be made under this section after Sep-  
 6 tember 30, 2006.

7 “(2) EFFECT ON VALIDITY OF GRANT, LOAN,  
 8 OR LOAN GUARANTEE.—Notwithstanding paragraph  
 9 (1), any grant, loan, or loan guarantee made under  
 10 this section before the date specified in paragraph  
 11 (1) shall be valid.”.

12 **SEC. 606. VALUE-ADDED AGRICULTURAL PRODUCT MAR-**  
 13 **KET DEVELOPMENT GRANTS.**

14 Section 231 of the Agricultural Risk Protection Act  
 15 of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is  
 16 amended—

17 (1) by redesignating subsections (b) through (d)  
 18 as subsections (c) through (e), respectively;

19 (2) by striking subsection (a) and inserting the  
 20 following:

21 “(a) DEFINITION OF VALUE-ADDED AGRICULTURAL  
 22 PRODUCT.—The term ‘value-added agricultural product’  
 23 means any agricultural commodity or product that—

24 “(1)(A) has undergone a change in physical  
 25 state; or

1           “(B) was produced in a manner that enhances  
2           the value of the agricultural commodity or product,  
3           as demonstrated through a business plan that shows  
4           the enhanced value, as determined by the Secretary;  
5           and

6           “(2) as a result of the change in physical state  
7           or the manner in which the agricultural commodity  
8           or product was produced—

9           “(A) the customer base for the agricultural  
10          commodity or product has been expanded; and

11          “(B) a greater portion of the revenue de-  
12          rived from the processing of the agricultural  
13          commodity or product is available to the pro-  
14          ducer of the commodity or product.

15          “(b) GRANT PROGRAM.—

16          “(1) PURPOSES.—The purposes of this sub-  
17          section are—

18                 “(A) to increase the share of the food and  
19                 agricultural system profit received by agricul-  
20                 tural producers;

21                 “(B) to increase the number and quality of  
22                 rural self-employment opportunities in agri-  
23                 culture and agriculturally-related businesses  
24                 and the number and quality of jobs in agri-  
25                 culturally-related businesses;

1           “(C) to help maintain a diversity of size in  
2           farms and ranches by stabilizing the number of  
3           small and mid-sized farms;

4           “(D) to increase the diversity of food and  
5           other agricultural products available to con-  
6           sumers, including nontraditional crops and  
7           products and products grown or raised in a  
8           manner that enhances the value of the products  
9           to the public; and

10          “(E) to conserve and enhance the quality  
11          of land, water, and energy resources, wildlife  
12          habitat, and other landscape values and amen-  
13          ities in rural areas.

14          “(2) GRANTS.—From amounts made available  
15          under paragraph (6), the Secretary shall make  
16          award competitive grants—

17                 “(A) to an eligible independent producer  
18                 (as determined by the Secretary) of a value-  
19                 added agricultural product to assist the  
20                 producer—

21                         “(i) to develop a business plan for via-  
22                         ble marketing opportunities for the value-  
23                         added agricultural product; or

1 “(ii) to develop strategies that are in-  
 2 tended to create marketing opportunities  
 3 for the producer; and

4 “(B) to an eligible nonprofit entity (as de-  
 5 termined by the Secretary) to assist the  
 6 entity—

7 “(i) to develop a business plan for via-  
 8 ble marketing opportunities in emerging  
 9 markets for a value-added agricultural  
 10 product; or

11 “(ii) to develop strategies that are in-  
 12 tended to create marketing opportunities  
 13 in emerging markets for the value-added  
 14 agricultural product.

15 “(3) AMOUNT OF GRANT.—

16 “(A) IN GENERAL.—The total amount pro-  
 17 vided under this subsection to a grant recipient  
 18 may not exceed \$500,000.

19 “(B) PRIORITY.—The Secretary shall give  
 20 priority to grant proposals for less than  
 21 \$200,000 submitted under this subsection.

22 “(4) GRANTEE STRATEGIES.—A grantee under  
 23 paragraph (2) shall use the grant—

24 “(A) to develop a business plan or perform  
 25 a feasibility study to establish a viable mar-

1           keting opportunity for a value-added agricul-  
 2           tural product; or

3           “(B) to provide capital to establish alli-  
 4           ances or business ventures that allow the pro-  
 5           ducer of the value-added agricultural product to  
 6           better compete in domestic or international  
 7           markets.

8           “(5) GRANTS FOR MARKETING OR PROCESSING  
 9           CERTIFIED ORGANIC AGRICULTURAL PRODUCTS.—

10           “(A) IN GENERAL.—Out of any amount  
 11           that is made available to the Secretary for a fis-  
 12           cal year under paragraph (2), the Secretary  
 13           shall use not less than 5 percent of the amount  
 14           for grants to assist producers of certified or-  
 15           ganic agricultural products in post-farm mar-  
 16           keting or processing of the products through a  
 17           business or cooperative ventures that—

18           “(i) expand the customer base of the  
 19           certified organic agricultural products; and

20           “(ii) increase the portion of product  
 21           revenue available to the producers.

22           “(B) CERTIFIED ORGANIC AGRICULTURAL  
 23           PRODUCT.—For the purposes of this paragraph,  
 24           a certified organic agricultural product does not  
 25           have to meet the requirements of the definition

1 of ‘value-added agricultural product’ under sub-  
2 section (a).

3 “(C) INSUFFICIENT APPLICATIONS.—If,  
4 for any fiscal year, the Secretary receives an in-  
5 sufficient quantity of applications for grants de-  
6 scribed in subparagraph (A) to use the funds  
7 reserved under subparagraph (A), the Secretary  
8 may use the excess reserved funds to make  
9 grants for any other purpose authorized under  
10 this subsection.

11 “(6) FUNDING.—

12 “(A) IN GENERAL.—Not later than 30  
13 days after the date of enactment of this para-  
14 graph, and on October 1, 2002, and each Octo-  
15 ber 1 thereafter through October 1, 2005, out  
16 of any funds in the Treasury not otherwise ap-  
17 propriated, the Secretary of the Treasury shall  
18 transfer to the Secretary of Agriculture to carry  
19 out this subsection \$75,000,000, to remain  
20 available until expended.

21 “(B) RECEIPT AND ACCEPTANCE.—The  
22 Secretary shall be entitled to receive, shall ac-  
23 cept, and shall use to carry out this subsection  
24 the funds transferred under subparagraph (A),  
25 without further appropriation.”;



1 (3) in subsection (c)(1) (as redesignated)—

2 (A) by striking “subsection (a)(2)” and in-  
3 serting “subsection (b)(2)”;

4 (B) by striking “\$5,000,000” and insert-  
5 ing “7.5 percent”; and

6 (C) by striking “subsection (a)” and in-  
7 serting “subsection (b)”;

8 (4) in subsection (d) (as redesignated), by strik-  
9 ing “subsections (a) and (b)” and inserting “sub-  
10 sections (b) and (c)”.

11 **SEC. 607. NATIONAL RURAL DEVELOPMENT INFORMATION**

12 **CLEARINGHOUSE.**

13 Section 2381 of the Food, Agriculture, Conservation,  
14 and Trade Act of 1990 (7 U.S.C. 3125b) is amended to  
15 read as follows:

16 **“SEC. 2381. NATIONAL RURAL DEVELOPMENT INFORMA-**

17 **TION CLEARINGHOUSE.**

18 “(a) ESTABLISHMENT.—The Secretary shall estab-  
19 lish and maintain, within the rural development mission  
20 area of the Department of Agriculture, a National Rural  
21 Development Information Clearinghouse (referred to in  
22 this section as the ‘Clearinghouse’) to perform the func-  
23 tions specified in subsection (b).

24 “(b) FUNCTIONS.—The Clearinghouse shall collect  
25 information and data from, and disseminate information

1 and data to, any person or public or private entity about  
2 programs and services provided by Federal, State, local,  
3 and tribal agencies, institutions of higher education, and  
4 private, for-profit, and nonprofit organizations and insti-  
5 tutions under which a person or public or private entity  
6 residing or operating in a rural area may be eligible for  
7 any kind of financial, technical, or other assistance, in-  
8 cluding business, venture capital, economic, credit and  
9 community development assistance, health care, job train-  
10 ing, education, and emotional and financial counseling.

11 “(c) MODES OF COLLECTION AND DISSEMINATION  
12 OF INFORMATION.—In addition to other modes for the col-  
13 lection and dissemination of the types of information and  
14 data specified under subsection (b), the Secretary shall en-  
15 sure that the Clearinghouse maintains an Internet website  
16 that provides for dissemination and collection, through  
17 voluntary submission or posting, of the information and  
18 data.

19 “(d) FEDERAL AGENCIES.—On request of the Sec-  
20 retary and to the extent permitted by law, the head of  
21 a Federal agency shall provide to the Clearinghouse such  
22 information as the Secretary may request to enable the  
23 Clearinghouse to carry out this section.

24 “(e) STATE, LOCAL, AND TRIBAL AGENCIES, INSTI-  
25 TUTIONS OF HIGHER EDUCATION, AND NONPROFIT AND

1 FOR-PROFIT ORGANIZATIONS.—The Secretary shall re-  
 2 quest State, local, and tribal agencies, institutions of high-  
 3 er education, and private, for-profit, and nonprofit organi-  
 4 zations and institutions to provide to the Clearinghouse  
 5 information concerning applicable programs or services  
 6 described in subsection (b).

7 “(f) PROMOTION OF CLEARINGHOUSE.—The Sec-  
 8 retary prominently shall promote the existence and avail-  
 9 ability of the Clearinghouse in all activities of the Depart-  
 10 ment of Agriculture relating to rural areas of the United  
 11 States.

12 “(g) FUNDING.—

13 “(1) IN GENERAL.—Subject to paragraph (2),  
 14 the Secretary shall use to operate and maintain the  
 15 Clearinghouse not more than \$600,000 of the funds  
 16 available to the Rural Housing Service, the Rural  
 17 Utilities Service, and the Rural Business-Cooperative  
 18 Service for each fiscal year.

19 “(2) LIMITATION.—Funds available to the  
 20 Rural Housing Service, the Rural Utilities Service,  
 21 and the Rural Business-Cooperative Service for the  
 22 payment of loan costs (as defined in section 502 of  
 23 Federal Credit Reform Act of 1990 (2 U.S.C.  
 24 661a)) shall not be used to operate and maintain the  
 25 Clearinghouse.”.

## **Subtitle B—National Rural Development Partnership**

### **SEC. 611. SHORT TITLE.**

This subtitle may be cited as the “National Rural Development Partnership Act of 2001”.

### **SEC. 612. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.**

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

### **“SEC. 377. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.**

**“(a) DEFINITIONS.—**In this section:

**“(1) AGENCY WITH RURAL RESPONSIBILITIES.—**The term ‘agency with rural responsibilities’ means any executive agency (as defined in section 105 of title 5, United States Code) that—

**“(A) implements Federal law targeted at rural areas, including—**

**“(i) the Act of April 24, 1950 (commonly known as the ‘Granger-Thye Act’) (64 Stat. 82, chapter 9);**

**“(ii) the Intergovernmental Cooperation Act of 1968 (82 Stat. 1098);**

**“(iii) section 41742 of title 49, United States Code;**

1 “(iv) the Rural Development Act of  
2 1972 (86 Stat. 657);

3 “(v) the Rural Development Policy  
4 Act of 1980 (94 Stat. 1171);

5 “(vi) the Rural Electrification Act of  
6 1936 (7 U.S.C. 901 et seq.);

7 “(vii) amendments made to section  
8 334 of the Public Health Service Act (42  
9 U.S.C. 254g) by the Rural Health Clinics  
10 Act of 1983 (97 Stat. 1345); and

11 “(viii) the Rural Housing Amend-  
12 ments of 1983 (97 Stat. 1240) and the  
13 amendments made by the Rural Housing  
14 Amendments of 1983 to title V of the  
15 Housing Act of 1949 (42 U.S.C. 1471 et  
16 seq.); or

17 “(B) administers a program that has a sig-  
18 nificant impact on rural areas, including—

19 “(i) the Appalachian Regional Com-  
20 mission;

21 “(ii) the Department of Agriculture;

22 “(iii) the Department of Commerce;

23 “(iv) the Department of Defense;

24 “(v) the Department of Education;

25 “(vi) the Department of Energy;

- 1           “(vii) the Department of Health and  
2           Human Services;  
3           “(viii) the Department of Housing  
4           and Urban Development;  
5           “(ix) the Department of the Interior;  
6           “(x) the Department of Justice;  
7           “(xi) the Department of Labor;  
8           “(xii) the Department of Transpor-  
9           tation;  
10           “(xiii) the Department of the Treas-  
11           ury;  
12           “(xiv) the Department of Veterans Af-  
13           fairs;  
14           “(xv) the Environmental Protection  
15           Agency;  
16           “(xvi) the Federal Emergency Man-  
17           agement Administration;  
18           “(xvii) the Small Business Adminis-  
19           tration;  
20           “(xviii) the Social Security Adminis-  
21           tration;  
22           “(xix) the Federal Reserve System;  
23           “(xx) the United States Postal Serv-  
24           ice;

1 “(xxi) the Corporation for National  
2 Service;

3 “(xxii) the National Endowment for  
4 the Arts and the National Endowment for  
5 the Humanities; and

6 “(xxiii) other agencies, commissions,  
7 and corporations.

8 “(2) COORDINATING COMMITTEE.—The term  
9 ‘Coordinating Committee’ means the National Rural  
10 Development Coordinating Committee established by  
11 subsection (c).

12 “(3) PARTNERSHIP.—The term ‘Partnership’  
13 means the National Rural Development Partnership  
14 continued by subsection (b).

15 “(4) STATE RURAL DEVELOPMENT COUNCIL.—  
16 The term ‘State rural development council’ means a  
17 State rural development council that meets the re-  
18 quirements of subsection (d).

19 “(b) PARTNERSHIP.—

20 “(1) IN GENERAL.—The Secretary shall con-  
21 tinue the National Rural Development Partnership  
22 composed of—

23 “(A) the Coordinating Committee; and

24 “(B) State rural development councils.

1           “(2) PURPOSES.—The purposes of the Partner-  
2       ship are—

3           “(A) to empower and build the capacity of  
4       States and rural communities within States to  
5       design unique responses to their own special  
6       rural development needs, with local determina-  
7       tions of progress and selection of projects and  
8       activities;

9           “(B) to encourage participants to be flexi-  
10      ble and innovative in establishing new partner-  
11      ships and trying fresh, new approaches to rural  
12      development issues, with responses to rural de-  
13      velopment that use different approaches to fit  
14      different situations; and

15          “(C) to encourage all partners in the Part-  
16      nership (Federal, State, local, and tribal gov-  
17      ernments, the private sector, and nonprofit or-  
18      ganizations) to be fully engaged and share  
19      equally in decisions.

20          “(3) GOVERNING PANEL.—

21          “(A) IN GENERAL.—A panel consisting of  
22      representatives of the Coordinating Committee  
23      and State rural development councils shall be  
24      established to lead and coordinate the strategic



1 operation, policies, and practices of the Part-  
2 nership.

3 “(B) ANNUAL REPORTS.—In conjunction  
4 with the Coordinating Committee and State  
5 rural development councils, the panel shall pre-  
6 pare and submit to Congress an annual report  
7 on the activities of the Partnership.

8 “(4) ROLE OF FEDERAL GOVERNMENT.—The  
9 role of the Federal Government in the Partnership  
10 shall be that of a partner and facilitator, with Fed-  
11 eral agencies authorized—

12 “(A) to cooperate with States to implement  
13 the Partnership;

14 “(B) to provide States with the technical  
15 and administrative support necessary to plan  
16 and implement tailored rural development strat-  
17 egies to meet local needs;

18 “(C) to ensure that the head of each agen-  
19 cy referred to in subsection (a)(1)(B) des-  
20 ignates a senior-level agency official to rep-  
21 resent the agency on the Coordinating Com-  
22 mittee and directs appropriate field staff to par-  
23 ticipate fully with the State rural development  
24 council within the jurisdiction of the field staff;  
25 and

1           “(D) to enter into cooperative agreements  
2           with, and to provide grants and other assistance  
3           to, State rural development councils.

4           “(5) ROLE OF PRIVATE AND NONPROFIT SEC-  
5           TOR ORGANIZATIONS.—Private and nonprofit sector  
6           organizations are encouraged—

7           “(A) to act as full partners in the Partner-  
8           ship and State rural development councils; and

9           “(B) to cooperate with participating gov-  
10          ernment organizations in developing innovative  
11          approaches to the solution of rural development  
12          problems.

13          “(c) NATIONAL RURAL DEVELOPMENT COORDI-  
14          NATING COMMITTEE.—

15          “(1) ESTABLISHMENT.—The Secretary shall es-  
16          tablish a National Rural Development Coordinating  
17          Committee.

18          “(2) COMPOSITION.—The Coordinating Com-  
19          mittee shall be composed of—

20                 “(A) 1 representative of each agency with  
21                 rural responsibilities that elects to participate in  
22                 the Coordinating Committee; and

23                 “(B) representatives, approved by the Sec-  
24                 retary, of—

1 “(i) national associations of State, re-  
2 gional, local, and tribal governments and  
3 intergovernmental and multijurisdictional  
4 agencies and organizations;

5 “(ii) national public interest groups;

6 “(iii) other national nonprofit organi-  
7 zations that elect to participate in the ac-  
8 tivities of the Coordinating Committee; and

9 “(iv) the private sector.

10 “(3) DUTIES.—The Coordinating Committee  
11 shall—

12 “(A) provide support for the work of the  
13 State rural development councils;

14 “(B) facilitate coordination among Federal  
15 programs and activities, and with State, local,  
16 tribal, and private programs and activities, af-  
17 fecting rural development;

18 “(C) enhance the effectiveness, responsive-  
19 ness, and delivery of Federal programs in rural  
20 areas;

21 “(D) gather and provide to Federal au-  
22 thorities information and input for the develop-  
23 ment and implementation of Federal programs  
24 impacting rural economic and community devel-  
25 opment;

1           “(E) notwithstanding any other provision  
 2           of law, review and comment on policies, regula-  
 3           tions, and proposed legislation that affect or  
 4           would affect rural areas;

5           “(F) provide technical assistance to State  
 6           rural development councils for the implementa-  
 7           tion of Federal programs;

8           “(G) notwithstanding any other provision  
 9           of law, develop and facilitate strategies to re-  
 10          duce or eliminate administrative and regulatory  
 11          impediments; and

12          “(H) require each State receiving funds  
 13          under this section to submit an annual report  
 14          on the use of the funds by the State, including  
 15          a description of strategic plans, goals, perform-  
 16          ance measures, and outcomes for the State  
 17          rural development council of the State.

18          “(4) ELECTION NOT TO PARTICIPATE.—An  
 19          agency with rural responsibilities that elects not to  
 20          participate in the Partnership and the Coordinating  
 21          Committee shall submit to Congress a report that  
 22          describes—

23               “(A) how the programmatic responsibilities  
 24               of the Federal agency that target or have an  
 25               impact on rural areas are better achieved with-

1 out participation by the agency in the Partner-  
 2 ship; and

3 “(B) a more effective means of partner-  
 4 ship-building and collaboration to achieve the  
 5 programmatic responsibilities of the agency.

6 “(d) STATE RURAL DEVELOPMENT COUNCILS.—

7 “(1) ESTABLISHMENT.—Notwithstanding chap-  
 8 ter 63 of title 31, United States Code, each State  
 9 may elect to participate in the Partnership by enter-  
 10 ing into an agreement with the Secretary to estab-  
 11 lish a State rural development council.

12 “(2) STATE DIVERSITY.—Each State rural de-  
 13 velopment council shall—

14 “(A) have a nonpartisan membership that  
 15 is broad and representative of the economic, so-  
 16 cial, and political diversity of the State; and

17 “(B) carry out programs and activities in  
 18 a manner that reflects the diversity of the  
 19 State.

20 “(3) DUTIES.—A State rural development  
 21 council shall—

22 “(A) facilitate collaboration among Fed-  
 23 eral, State, local, and tribal governments and  
 24 the private and nonprofit sectors in the plan-  
 25 ning and implementation of programs and poli-

1           cies that target or have an impact on rural  
2           areas of the State;

3           “(B) enhance the effectiveness, responsive-  
4           ness, and delivery of Federal and State pro-  
5           grams in rural areas of the State;

6           “(C) gather and provide to the Coordin-  
7           ating Committee and other appropriate organi-  
8           zations information on the condition of rural  
9           areas in the State;

10          “(D) monitor and report on policies and  
11          programs that address, or fail to address, the  
12          needs of the rural areas of the State;

13          “(E) provide comments to the Coordin-  
14          ating Committee and other appropriate organi-  
15          zations on policies, regulations, and proposed  
16          legislation that affect or would affect the rural  
17          areas of the State;

18          “(F) notwithstanding any other provision  
19          of law, in conjunction with the Coordinating  
20          Committee, facilitate the development of strate-  
21          gies to reduce or eliminate conflicting or dupli-  
22          cative administrative or regulatory requirements  
23          of Federal, State, local, and tribal governments;

24          “(G) use grant or cooperative agreement  
25          funds provided by the Partnership under an

1 agreement entered into under paragraph (1)  
2 to—

3 “(i) retain an Executive Director and  
4 such support staff as are necessary to fa-  
5 cilitate and implement the directives of the  
6 State rural development council; and

7 “(ii) pay expenses associated with car-  
8 rying out subparagraphs (A) through (F);  
9 and

10 “(H)(i) provide to the Coordinating Com-  
11 mittee an annual plan with goals and perform-  
12 ance measures; and

13 “(ii) submit to the Coordinating Com-  
14 mittee an annual report on the progress of the  
15 State rural development council in meeting the  
16 goals and measures.

17 “(4) AUTHORITIES.—A State rural development  
18 council may—

19 “(A) solicit funds to supplement and  
20 match funds provided under paragraph (3)(G);  
21 and

22 “(B) engage in activities, in addition to  
23 those specified in paragraph (3), appropriate to  
24 accomplish the purposes for which the State  
25 rural development council is established.

1           “(5) COMMENTS OR RECOMMENDATIONS.—A  
 2       State rural development council may provide com-  
 3       ments and recommendations to an agency with rural  
 4       responsibilities related to the activities of the State  
 5       rural development council within the State.

6           “(6) ACTIONS OF STATE RURAL DEVELOPMENT  
 7       COUNCIL MEMBERS.—When carrying out a program  
 8       or activity authorized by a State rural development  
 9       council or this subtitle, a member of the council  
 10      shall be regarded as a full-time employee of the Fed-  
 11      eral Government for purposes of chapter 171 of title  
 12      28, United States Code, and the Federal Advisory  
 13      Committee Act (5 U.S.C. App.).

14          “(7) FEDERAL PARTICIPATION IN STATE RURAL  
 15      DEVELOPMENT COUNCILS.—

16           “(A) IN GENERAL.—The State Director  
 17      for Rural Development of a State, other em-  
 18      ployees of the Department of Agriculture, and  
 19      employees of other Federal agencies that elect  
 20      to participate in the Partnership shall fully par-  
 21      ticipate in the governance and operations of  
 22      State rural development councils on an equal  
 23      basis with other members of the State rural de-  
 24      velopment councils.



1           “(B) CONFLICTS.—A Federal employee  
 2           who participates in a State rural development  
 3           council shall not participate in the making of  
 4           any council decision if the agency represented  
 5           by the Federal employee has any financial or  
 6           other interest in the outcome of the decision.

7           “(C) FEDERAL GUIDANCE.—The Office of  
 8           Government Ethics, in consultation with the At-  
 9           torney General, shall issue guidance to all Fed-  
 10          eral employees that participate in State rural  
 11          development councils that describes specific de-  
 12          cisions that—

13                   “(i) would constitute a conflict of in-  
 14                   terest for the Federal employee; and

15                   “(ii) from which the Federal employee  
 16                   must recuse himself or herself.

17          “(e) ADMINISTRATIVE SUPPORT OF THE PARTNER-  
 18          SHIP.—

19           “(1) DETAIL OF EMPLOYEES.—

20                   “(A) IN GENERAL.—In order to provide  
 21                   experience in intergovernmental collaboration,  
 22                   the head of an agency with rural responsibilities  
 23                   that elects to participate in the Partnership  
 24                   may, and is encouraged to, detail an employee  
 25                   of the agency with rural responsibilities to the

1 Partnership without reimbursement for a period  
2 of up to 12 months.

3 “(B) CIVIL SERVICE STATUS.—The detail  
4 shall be without interruption or loss of civil  
5 service status or privilege.

6 “(2) ADDITIONAL SUPPORT.—The Secretary  
7 shall provide for any additional support staff to the  
8 Partnership as the Secretary determines to be nec-  
9 essary to carry out the duties of the Partnership.

10 “(f) FUNDING.—

11 “(1) AUTHORIZATION OF APPROPRIATIONS.—

12 “(A) IN GENERAL.—There are authorized  
13 to be appropriated such sums as are necessary  
14 to carry out this section.

15 “(B) AMOUNT OF FINANCIAL ASSIST-  
16 ANCE.—In providing financial assistance to  
17 State rural development councils, the Secretary  
18 and heads of other Federal agencies shall pro-  
19 vide assistance that, to the maximum extent  
20 practicable, is—

21 “(i) uniform in amount; and

22 “(ii) targeted to newly created State  
23 rural development councils.

24 “(C) FEDERAL SHARE.—The Secretary  
25 shall develop a plan to decrease, over time, the

1 Federal share of the cost of the core operations  
2 of State rural development councils.

3 “(2) FEDERAL AGENCIES.—

4 “(A) IN GENERAL.—Notwithstanding any  
5 other provision of law limiting the ability of an  
6 agency to provide funds to the Partnership with  
7 other agencies, in order to carry out the pur-  
8 poses described in subsection (b)(2), the Part-  
9 nership shall be eligible to receive grants, gifts,  
10 contributions, or technical assistance from, or  
11 enter into contracts with, any Federal agency.

12 “(B) ASSISTANCE.—Federal agencies are  
13 encouraged to use funds made available for pro-  
14 grams that target or have an impact on rural  
15 areas to provide assistance to, and enter into  
16 contracts with, the Partnership, as described in  
17 subparagraph (A).

18 “(3) CONTRIBUTIONS.—The Partnership may  
19 accept private contributions.

20 “(4) FEDERAL FINANCIAL SUPPORT FOR STATE  
21 RURAL DEVELOPMENT COUNCILS.—Notwithstanding  
22 any other provision of law, a Federal agency may  
23 use funds made available under paragraph (1) or (2)  
24 to enter into a cooperative agreement, contract, or  
25 other agreement with a State rural development

1 council to support the core operations of the State  
 2 rural development council, regardless of the legal  
 3 form of organization of the State rural development  
 4 council.

5 “(g) MATCHING REQUIREMENTS FOR STATE RURAL  
 6 DEVELOPMENT COUNCILS.—

7 “(1) IN GENERAL.—Except as provided in para-  
 8 graph (2), a State rural development council shall  
 9 provide matching funds, or in-kind goods or services,  
 10 to support the activities of the State rural develop-  
 11 ment council in an amount that is not less than 33  
 12 percent of the amount of Federal funds received  
 13 under an agreement under subsection (d)(1).

14 “(2) EXCEPTIONS TO MATCHING REQUIREMENT  
 15 FOR CERTAIN FEDERAL FUNDS.—Paragraph (1)  
 16 shall not apply to funds, grants, funds provided  
 17 under contracts or cooperative agreements, gifts,  
 18 contributions, or technical assistance received by a  
 19 State rural development council from a Federal  
 20 agency that are used—

21 “(A) to support 1 or more specific pro-  
 22 gram or project activities; or

23 “(B) to reimburse the State rural develop-  
 24 ment council for services provided to the Fed-  
 25 eral agency providing the funds, grants, funds

1 provided under contracts or cooperative agree-  
 2 ments, gifts, contributions, or technical assist-  
 3 ance.

4 “(h) TERMINATION.—The authority provided under  
 5 this section shall terminate on the date that is 5 years  
 6 after the date of enactment of this section.”.

## 7 **Subtitle C—Consolidated Farm and** 8 **Rural Development Act**

### 9 **SEC. 621. WATER OR WASTE DISPOSAL GRANTS.**

10 Section 306(a)(2) of the Consolidated Farm and  
 11 Rural Development Act (7 U.S.C. 1926(a)(2)) is  
 12 amended—

13 (1) by striking “(2) The” and inserting the fol-  
 14 lowing:

15 “(2) WATER, WASTE DISPOSAL, AND WASTE-  
 16 WATER FACILITY GRANTS.—

17 “(A) AUTHORITY.—

18 “(i) IN GENERAL.—The”;

19 (2) by striking “\$590,000,000” and inserting  
 20 “\$1,500,000,000”;

21 (3) by striking “The amount” and inserting the  
 22 following:

23 “(ii) AMOUNT.—The amount”;

24 (4) by striking “paragraph” and in-  
 25 serting “subparagraph”;

1                   (5) by striking “The Secretary shall”  
2                   and inserting the following:

3                   “(iii) GRANT RATE.—The Secretary  
4                   shall”; and

5                   (6) by adding at the end the fol-  
6                   lowing:

7                   “(B) REVOLVING FUNDS FOR FINANCING  
8                   WATER AND WASTEWATER PROJECTS.—

9                   “(i) IN GENERAL.—The Secretary  
10                  may make grants to qualified private, non-  
11                  profit entities to capitalize revolving funds  
12                  for the purpose of providing loans to eligi-  
13                  ble borrowers for—

14                  “(I) predevelopment costs associ-  
15                  ated with proposed water and waste-  
16                  water projects or with existing water  
17                  and wastewater systems; and

18                  “(II) short-term costs incurred  
19                  for replacement equipment, small-  
20                  scale extension services, or other small  
21                  capital projects that are not part of  
22                  the regular operations and mainte-  
23                  nance activities of existing water and  
24                  wastewater systems.

1           “(ii) ELIGIBLE BORROWERS.—To be  
2 eligible to obtain a loan from a revolving  
3 fund under clause (i), a borrower shall be  
4 eligible to obtain a loan, loan guarantee, or  
5 grant under paragraph (1) or this para-  
6 graph.

7           “(iii) MAXIMUM AMOUNT OF LOANS.—  
8 The amount of a loan made to an eligible  
9 borrower under this subparagraph shall  
10 not exceed—

11           “(I) \$100,000 for costs described  
12 in clause (i)(I); and

13           “(II) \$100,000 for costs de-  
14 scribed in clause (i)(II).

15           “(iv) TERM.—The term of a loan  
16 made to an eligible borrower under this  
17 subparagraph shall not exceed 10 years.

18           “(v) ADMINISTRATION.—The Sec-  
19 retary shall limit the amount of grant  
20 funds that may be used by a grant recipi-  
21 ent for administrative costs incurred under  
22 this subparagraph.

23           “(vi) AUTHORIZATION OF APPROPRIA-  
24 TIONS.—There is authorized to be appro-  
25 priated to carry out this subparagraph

1                   \$30,000,000 for each of fiscal years 2002  
2                   through 2006.”.

3 **SEC. 622. RURAL BUSINESS OPPORTUNITY GRANTS.**

4           Section 306(a)(11)(D) of the Consolidated Farm and  
5 Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is  
6 amended by striking “2002” and inserting “2006”.

7 **SEC. 623. RURAL WATER AND WASTEWATER CIRCUIT RIDER**  
8 **PROGRAM.**

9           Section 306(a) of the Consolidated Farm and Rural  
10 Development Act (7 U.S.C. 1926(a)) is amended by added  
11 at the end the following:

12                   “(22) RURAL WATER AND WASTEWATER CIR-  
13           CUIT RIDER PROGRAM.—

14                   “(A) IN GENERAL.—The Secretary shall  
15           establish a national rural water and wastewater  
16           circuit rider program that is based on the rural  
17           water circuit rider program of the National  
18           Rural Water Association that (as of the date of  
19           enactment of this paragraph) receives funding  
20           from the Secretary, acting through the Rural  
21           Utilities Service.

22                   “(B) RELATIONSHIP TO EXISTING PRO-  
23           GRAM.—The program established under sub-  
24           paragraph (A) shall not affect the authority of  
25           the Secretary to carry out the circuit rider pro-



gram for which funds are made available under the heading “RURAL COMMUNITY ADVANCEMENT PROGRAM” of title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002.

“(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph \$15,000,000 for each of fiscal years 2003 through 2006.”.

**SEC. 624. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.**

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 623) is amended by added at the end the following:

“(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

“(A) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

1           “(B) PRIORITY.—In determining which or-  
2           ganizations will receive a grant under this para-  
3           graph, the Secretary shall provide a priority to  
4           an organization that—

5                   “(i) serves a rural area that, during  
6           the most recent 5-year period—

7                           “(I) had a net out-migration of  
8                           inhabitants, or other population loss,  
9                           from the rural area that equals or ex-  
10                          ceeds 5 percent of the population of  
11                          the rural area; or

12                           “(II) had a median household in-  
13                           come that is less than the nonmetro-  
14                           politan median household income of  
15                           the applicable State; and

16                          “(ii) has a history of providing sub-  
17                          stantive assistance to local governments  
18                          and economic development organizations.

19           “(C) FEDERAL SHARE.—A grant provided  
20           under this paragraph shall be for not more than  
21           75 percent of the cost of providing assistance  
22           described in subparagraph (A).

23           “(D) MAXIMUM AMOUNT OF GRANTS.—  
24           The amount of a grant provided to an organiza-

1           tion under this paragraph shall not exceed  
2           \$100,000.

3           “(E) AUTHORIZATION OF APPROPRIA-  
4           TIONS.—There is authorized to be appropriated  
5           to carry out this paragraph \$30,000,000 for  
6           each of fiscal years 2003 through 2006.”.

7   **SEC. 625. CERTIFIED NONPROFIT ORGANIZATIONS SHAR-**  
8           **ING EXPERTISE.**

9           Section 306(a) of the Consolidated Farm and Rural  
10          Development Act (7 U.S.C. 1926(a)) (as amended by sec-  
11          tion 624) is amended by added at the end the following:

12           “(24) CERTIFIED NONPROFIT ORGANIZATIONS  
13          SHARING EXPERTISE.—

14           “(A) CERTIFIED ORGANIZATIONS.—

15           “(i) IN GENERAL.—To be certified by  
16           the Secretary to provide technical assist-  
17           ance in 1 or more rural development fields,  
18           an organization shall—

19           “(I) be a nonprofit organization  
20           (which may include an institution of  
21           higher education) with experience in  
22           providing technical assistance in the  
23           applicable rural development field;

24           “(II) develop a plan, approved by  
25           the Secretary, describing the manner

1 in which grant funds will be used and  
2 the source of non-Federal funds; and

3 “(III) meet such other criteria as  
4 the Secretary may establish, based on  
5 the needs of eligible entities for the  
6 technical assistance.

7 “(iii) LIST.—The Secretary shall  
8 make available to the public a list of cer-  
9 tified organizations in each area that the  
10 Secretary determines have substantial ex-  
11 perience in providing the assistance de-  
12 scribed in subparagraph (B).

13 “(B) GRANTS.—The Secretary may pro-  
14 vide grants to certified organizations to pay for  
15 costs of providing technical assistance to local  
16 governments and nonprofit entities to improve  
17 the infrastructure, services, and business devel-  
18 opment capabilities of local governments and  
19 local economic development organizations.

20 “(C) AUTHORIZATION OF APPROPRIA-  
21 TIONS.—There is authorized to be appropriated  
22 to carry out this paragraph \$20,000,000 for  
23 each of fiscal years 2003 through 2006.”.

1 **SEC. 626. LOAN GUARANTEES FOR CERTAIN RURAL DEVEL-**  
2 **OPMENT LOANS.**

3 (a) LOAN GUARANTEES FOR WATER, WASTEWATER,  
4 AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Sec-  
5 tion 306(a) of the Consolidated Farm and Rural Develop-  
6 ment Act (7 U.S.C. 1925(a)) (as amended by section 625)  
7 is amended by adding at the end the following:

8 “(25) LOAN GUARANTEES FOR WATER, WASTE-  
9 WATER, AND ESSENTIAL COMMUNITY FACILITIES  
10 LOANS.—

11 “(A) IN GENERAL.—The Secretary may  
12 guarantee under this title a loan made to fi-  
13 nance a community facility or water or waste  
14 facility project, including a loan financed by the  
15 net proceeds of a bond described in section  
16 144(a)(12)(B)(ii) of the Internal Revenue Code  
17 of 1986.

18 “(B) REQUIREMENTS.—To be eligible for a  
19 loan guarantee under subparagraph (A), an in-  
20 dividual or entity offering to purchase the loan  
21 must demonstrate to the Secretary that the per-  
22 son has—

23 “(i) the capabilities and resources nec-  
24 essary to service the loan in a manner that  
25 ensures the continued performance of the  
26 loan, as determined by the Secretary; and

1                   “(ii) the ability to generate capital to  
 2                   provide borrowers of the loan with the ad-  
 3                   ditional credit necessary to properly service  
 4                   the loan.”.

5           (b) LOAN GUARANTEES FOR CERTAIN LOANS.—Sec-  
 6   tion 310B of the Consolidated Farm and Rural Develop-  
 7   ment Act (7 U.S.C. 1932) is amended by adding at the  
 8   end the following:

9           “(h) LOAN GUARANTEE FOR CERTAIN LOANS.—The  
 10   Secretary may guarantee loans made in subsection (a) to  
 11   finance the issuance of bonds for the projects described  
 12   in section 306(a)(25).”.

13   **SEC. 627. RURAL FIREFIGHTERS AND EMERGENCY PER-**  
 14                   **SONNEL GRANT PROGRAM.**

15           Section 306(a) of the Consolidated Farm and Rural  
 16   Development Act (7 U.S.C. 1926(a)) (as amended by sec-  
 17   tion 626(a)) is amended by adding at the end the fol-  
 18   lowing:

19                   “(26) RURAL FIREFIGHTERS AND EMERGENCY  
 20                   MEDICAL PERSONNEL GRANT PROGRAM.—

21                   “(A) IN GENERAL.—The Secretary may  
 22                   make grants to units of general local govern-  
 23                   ment and Indian tribes (as defined in section 4  
 24                   of the Indian Self-Determination and Education  
 25                   Assistance Act (25 U.S.C. 450b)) to pay the

1 cost of training firefighters and emergency  
2 medical personnel in firefighting, emergency  
3 medical practices, and responding to hazardous  
4 materials and bioagents in rural areas.

5 “(B) USE OF FUNDS.—

6 “(i) SCHOLARSHIPS.—

7 “(I) IN GENERAL.—Not less than  
8 60 percent of the amounts made avail-  
9 able for competitively awarded grants  
10 under this paragraph shall be used to  
11 provide grants to fund partial scholar-  
12 ships for training of individuals at  
13 training centers approved by the Sec-  
14 retary.

15 “(II) PRIORITY.—In awarding  
16 grants under this clause, the Sec-  
17 retary shall give priority to grant ap-  
18 plicants with relatively low transpor-  
19 tation costs considering the location of  
20 the grant applicant and the proposed  
21 location of the training.

22 “(ii) GRANTS FOR TRAINING CEN-  
23 TERS.—

24 “(I) EXISTING CENTERS.—

1           “(aa)    IN     GENERAL.—A  
2           grant under subparagraph (A)  
3           may be used to provide financial  
4           assistance to State and regional  
5           centers that provide training for  
6           firefighters and emergency med-  
7           ical personnel for improvements  
8           to the training facility, equip-  
9           ment, curricula, and personnel.

10          “(bb)     LIMITATION.—Not  
11          more than \$2,000,000 shall be  
12          provided to any single training  
13          center for any fiscal year under  
14          this subclause.

15          “(II) ESTABLISHMENT OF NEW  
16          CENTERS.—

17               “(aa)    IN     GENERAL.—A  
18               grant under subparagraph (A)  
19               may be used to provide the Fed-  
20               eral share of the costs of estab-  
21               lishing a regional training center  
22               for firefighters and emergency  
23               medical personnel.

24               “(bb)    FEDERAL    SHARE.—  
25               The amount of a grant under



1                   this subclause for a training cen-  
2                   ter shall not exceed 50 percent of  
3                   the cost of establishing the train-  
4                   ing center.

5                   “(C) FUNDING.—

6                   “(i) IN GENERAL.—Out of any funds  
7                   in the Treasury not otherwise appro-  
8                   priated, the Secretary of the Treasury  
9                   shall transfer to the Secretary of Agri-  
10                  culture to carry out this paragraph—

11                  “(I) not later than 30 days after  
12                  the date of enactment of this Act,  
13                  \$10,000,000; and

14                  “(II) on October 1, 2002, and  
15                  each October 1 thereafter through Oc-  
16                  tober 1, 2005, \$30,000,000.

17                  “(ii) RECEIPT AND ACCEPTANCE.—  
18                  The Secretary shall be entitled to receive,  
19                  shall accept, and shall use to carry out this  
20                  section the funds transferred under clause  
21                  (i), without further appropriation.

22                  “(iii) AVAILABILITY OF FUNDS.—  
23                  Funds transferred under clause (i) shall  
24                  remain available until expended.”.

1 **SEC. 628. EMERGENCY COMMUNITY WATER ASSISTANCE**  
2 **GRANT PROGRAM.**

3 Section 306A(i) of the Consolidated Farm and Rural  
4 Development Act (7 U.S.C. 1926a(i)) is amended by strik-  
5 ing “2002” and inserting “2006”.

6 **SEC. 629. WATER AND WASTE FACILITY GRANTS FOR NA-**  
7 **TIVE AMERICAN TRIBES.**

8 Section 306C of the Consolidated Farm and Rural  
9 Development Act (7 U.S.C. 1926c(e)) is amended by strik-  
10 ing subsection (e) and inserting the following:

11 “(e) AUTHORIZATION OF APPROPRIATIONS.—

12 “(1) IN GENERAL.—Subject to paragraph (2),  
13 there is authorized to be appropriated—

14 “(A) for grants under this section,  
15 \$30,000,000 for each fiscal year;

16 “(B) for loans under this section,  
17 \$30,000,000 for each fiscal year; and

18 “(C) for grants under this section to ben-  
19 efit Indian tribes (as defined in section 4 of the  
20 Indian Self-Determination and Education As-  
21 sistance Act (25 U.S.C. 450b)), \$20,000,000  
22 for each fiscal year.

23 “(2) EXCEPTION.—An entity eligible to receive  
24 funding through a grant made under section 306D  
25 shall not be eligible for a grant from funds made  
26 available under subparagraph (1)(C).”.

1   **SEC. 630. WATER SYSTEMS FOR RURAL AND NATIVE VIL-**  
2                   **LAGES IN ALASKA.**

3           Section 306D(d)(1) of the Consolidated Farm and  
4 Rural Development Act (7 U.S.C. 1926d(d)(1)) is amend-  
5 ed by striking “and 2002” and inserting “through 2006”.

6   **SEC. 631. RURAL COOPERATIVE DEVELOPMENT GRANTS.**

7           Section 310B(e)(9) of the Consolidated Farm and  
8 Rural Development Act (7 U.S.C. 1932(e)(9)) is amended  
9 by striking “2002” and inserting “2006”.

10   **SEC. 632. GRANTS TO BROADCASTING SYSTEMS.**

11          Section 310B(f) of the Consolidated Farm and Rural  
12 Development Act (7 U.S.C. 1932(f)) is amended by adding  
13 at the end the following:

14               “(3) AUTHORIZATION OF APPROPRIATIONS.—

15           There is authorized to be appropriated to carry out  
16 this subsection \$5,000,000 for each of fiscal years  
17 2002 through 2006.”.

18   **SEC. 633. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.**

19          Section 310B of the Consolidated Farm and Rural  
20 Development Act (7 U.S.C. 1932) is amended by striking  
21 subsection (g) and inserting the following:

22               “(g) BUSINESS AND INDUSTRY DIRECT AND GUAR-  
23 ANTEED LOANS.—

24               “(1) LOAN GUARANTEES FOR THE PURCHASE  
25 OF COOPERATIVE STOCK.—

1           “(A) NEW AND EXPANDING COOPERA-  
2 TIVES.—

3           “(i) IN GENERAL.—The Secretary  
4 may guarantee a loan under subsection (a)  
5 to farmers, ranchers, or cooperatives for  
6 the purpose of purchasing start-up capital  
7 stock for the expansion or creation of a co-  
8 operative venture that will process agricul-  
9 tural commodities or otherwise process  
10 value-added agricultural products.

11           “(ii) FINANCIAL CONDITION.—In de-  
12 termining the appropriateness of a loan  
13 guarantee under this subparagraph, the  
14 Secretary—

15           “(I) shall fully review the feasi-  
16 bility and other relevant aspects of the  
17 cooperative venture to be established;

18           “(II) may not require a review of  
19 the financial condition or statements  
20 of any individual farmer or rancher  
21 involved in the cooperative, other than  
22 the applicant for a guarantee under  
23 this subparagraph; and

24           “(III) shall base any guarantee,  
25 to the maximum extent practicable, on

1                   the merits of the cooperative venture  
2                   to be established.

3                   “(iii) COLLATERAL.—As a condition  
4                   of making a loan guarantee under this sub-  
5                   paragraph, the Secretary may not require  
6                   additional collateral by a farmer or ranch-  
7                   er, other than stock purchased or issued  
8                   pursuant to the loan and guarantee of the  
9                   loan.

10                  “(iv) ELIGIBILITY.—To be eligible for  
11                  a loan guarantee under this subparagraph,  
12                  a farmer or rancher must produce the ag-  
13                  ricultural commodity that will be processed  
14                  by the cooperative.

15                  “(v) PROCESSING CONTRACTS DURING  
16                  INITIAL PERIOD.—The cooperative, for  
17                  which a farmer or rancher receives a guar-  
18                  antee to purchase stock under this sub-  
19                  paragraph, may contract for services to  
20                  process agricultural commodities, or other-  
21                  wise process value-added agricultural prod-  
22                  ucts, during the 5-year period beginning on  
23                  the date of the startup of the cooperative  
24                  in order to provide adequate time for the

1           planning and construction of the proc-  
2           essing facility of the cooperative.

3           “(B) EXISTING COOPERATIVES.—The Sec-  
4           retary may guarantee a loan under subsection  
5           (a) to a farmer or rancher to join a cooperative  
6           in order to sell the agricultural commodities or  
7           products produced by the farmer or rancher.

8           “(C) FINANCIAL INFORMATION.—Financial  
9           information required by the Secretary from a  
10          farmer or rancher as a condition of making a  
11          loan guarantee under this paragraph shall be  
12          provided in the manner generally required by  
13          commercial agricultural lenders in the area.

14          “(2) LOANS TO COOPERATIVES.—

15               “(A) IN GENERAL.—The Secretary may  
16               make or guarantee a loan under subsection (a)  
17               to a cooperative that is headquartered in a met-  
18               ropolitan area if the loan is used for a project  
19               or venture described in subsection (a) that is lo-  
20               cated in a rural area.

21               “(B) REFINANCING.—A cooperative orga-  
22               nization owned by farmers or ranchers that is  
23               eligible for a business and industry loan under  
24               made or guaranteed under subsection (a) shall

1           be eligible to refinance an existing loan with a  
2           lender if—

3                   “(i) the cooperative organization—

4                           “(I) is current and performing  
5                           with respect to the existing loan; and

6                           “(II) is not, and has not been, in  
7                           default with respect to the existing  
8                           loan; and

9                           “(ii) there is adequate security or full  
10                          collateral for the refinanced loan.

11                   “(3) BUSINESS AND INDUSTRY LOAN APPRAIS-  
12                   ALS.—The Secretary may require that any appraisal  
13                   made in connection with a business and industry  
14                   loan made or guaranteed under subsection (a) be  
15                   conducted by a specialized appraiser that uses stand-  
16                   ards that are similar to standards used for similar  
17                   purposes in the private sector, as determined by the  
18                   Secretary.

19                   “(4) FEES.—The Secretary may assess a 1-  
20                   time fee for any loan guaranteed under subsection  
21                   (a) in an amount that does not exceed 2 percent of  
22                   the guaranteed principal portion of the loan.”.

1 **SEC. 634. VALUE-ADDED INTERMEDIARY RELENDING PRO-**  
2 **GRAM.**

3 Section 310B of the Consolidated Farm and Rural  
4 Development Act (7 U.S.C. 1932) (as amended by section  
5 626(b)) is amended by adding at the end the following:

6 “(i) VALUE-ADDED INTERMEDIARY RELENDING  
7 PROGRAM.—

8 “(1) IN GENERAL.—In accordance with this  
9 subsection, the Secretary shall make loans under the  
10 terms and conditions of the intermediary relending  
11 program established under section 1323(b)(2)(C) of  
12 the Food Security Act of 1985 (7 U.S.C. 1932 note;  
13 Public Law 99–198).

14 “(2) LOANS.—Using funds made available to  
15 carry out this subsection, the Secretary shall make  
16 loans to eligible intermediaries to make loans to ulti-  
17 mate recipients, under the terms and conditions of  
18 the intermediary relending program, for projects to  
19 establish, enlarge, and operate enterprises that add  
20 value to agricultural commodities and products of  
21 agricultural commodities.

22 “(3) ELIGIBLE INTERMEDIARIES.—Inter-  
23 mediaries that are eligible to receive loans under  
24 paragraph (2) shall include State agencies.

25 “(4) PREFERENCE FOR BIOENERGY  
26 PROJECTS.—In making loans using loan funds made



1       available under paragraph (2), an eligible inter-  
2       mediary shall give preference to bioenergy projects  
3       in accordance with regulations promulgated by the  
4       Secretary.

5           “(5) COMPOSITION OF CAPITAL.—The capital  
6       for a project carried out by an ultimate recipient  
7       and assisted with loan funds made available under  
8       paragraph (2) shall be comprised of—

9           “(A) not more than 15 percent of the total  
10       cost of a project; and

11          “(B) not less than 50 percent of the equity  
12       funds provided by agricultural producers.

13          “(6) LOAN CONDITIONS.—

14          “(A) TERMS OF LOANS.—A loan made to  
15       an intermediary using loan funds made avail-  
16       able under paragraph (2) shall have a term of  
17       not to exceed 30 years.

18          “(B) INTEREST.—The interest rate on  
19       such a loan shall be—

20           “(i) in the case of each of the first 2  
21       years of the loan period, 0 percent; and

22           “(ii) in the case of each of the re-  
23       maining years of the loan period, 2 per-  
24       cent.

1           “(7) LIMITATIONS ON AMOUNT OF LOAN FUNDS  
2       PROVIDED.—

3           “(A) IN GENERAL.—Except as provided in  
4       subparagraph (B), an intermediary or ultimate  
5       recipient shall be eligible to receive not more  
6       than \$2,000,000 of the loan funds made avail-  
7       able under paragraph (2).

8           “(B) STATE AGENCIES.—Subparagraph  
9       (A) shall not apply in the case of a State agen-  
10      cy with respect to loan funds provided to the  
11      State agency as an intermediary.

12          “(8) AUTHORIZATION OF APPROPRIATIONS.—  
13      There is authorized to be appropriated to carry out  
14      this subsection \$15,000,000 for each of fiscal years  
15      2003 through 2006.”.

16 **SEC. 635. USE OF RURAL DEVELOPMENT LOANS AND**  
17 **GRANTS FOR OTHER PURPOSES.**

18      Subtitle A of the Consolidated Farm and Rural De-  
19      velopment Act (7 U.S.C. 1921 et seq.) (as amended by  
20      section 508) is amended by adding at the end the fol-  
21      lowing:

22 **“SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND**  
23 **GRANTS FOR OTHER PURPOSES.**

24      “If, after making a loan or a grant described in sec-  
25      tion 381E(d), the Secretary determines that the cir-

1 cumstances under which the loan or grant was made have  
 2 sufficiently changed to make the project or activity for  
 3 which the loan or grant was made available no longer ap-  
 4 propriate, the Secretary may allow the loan borrower or  
 5 grant recipient to use property (real and personal) pur-  
 6 chased or improved with the loan or grant funds, or pro-  
 7 ceeds from the sale of property (real and personal) pur-  
 8 chased with such funds, for another project or activity that  
 9 (as determined by the Secretary)—

10           “(1) will be carried out in the same area as the  
 11           original project or activity;

12           “(2) meets the criteria for a loan or a grant de-  
 13           scribed in section 381E(d); and

14           “(3) satisfies such additional requirements as  
 15           are established by the Secretary.”.

16 **SEC. 636. SIMPLIFIED APPLICATION FORMS FOR LOAN**  
 17 **GUARANTEES.**

18           Section 333A of the Consolidated Farm and Rural  
 19 Development Act (7 U.S.C. 1983a) (as amended by sec-  
 20 tion 526) is amended by striking subsection (g) and insert-  
 21 ing the following:

22           “(g) SIMPLIFIED APPLICATION FORMS FOR LOAN  
 23 GUARANTEES.—

1           “(1) IN GENERAL.—The Secretary shall provide  
2           to lenders a short, simplified application form for  
3           guarantees under this title of—

4                   “(A) farmer program loans the principal  
5                   amount of which is \$100,000 or less; and

6                   “(B) business and industry guaranteed  
7                   loans under section 310B(a)(1) the principal  
8                   amount of which is—

9                           “(i) in the case of a loan guarantee  
10                           made during fiscal year 2002 or 2003,  
11                           \$400,000 or less; and

12                           “(ii) in the case of a loan guarantee  
13                           made during any subsequent fiscal year—

14                                   “(I) \$400,000 or less; or

15                                   “(II) if the Secretary determines  
16                                   that there is not a significant in-  
17                                   creased risk of a default on the loan,  
18                                   \$600,000 or less.

19           “(2) WATER AND WASTE DISPOSAL GRANTS  
20           AND LOANS.—The Secretary shall develop an appli-  
21           cation process that accelerates, to the maximum ex-  
22           tent practicable, the processing of applications for  
23           water and waste disposal grants or direct or guaran-  
24           teed loans under paragraph (1) or (2) of section

1       306(a) the grant award amount or principal loan  
2       amount, respectively, of which is \$300,000 or less.

3               “(3) ADMINISTRATION.—In developing an ap-  
4       plication under this subsection, the Secretary shall—

5                       “(A) consult with commercial and coopera-  
6       tive lenders; and

7                       “(B) ensure that—

8                               “(i) the form can be completed manu-  
9       ally or electronically, at the option of the  
10      lender;

11                              “(ii) the form minimizes the docu-  
12      mentation required to accompany the form;

13                              “(iii) the cost of completing and proc-  
14      essing the form is minimal; and

15                              “(iv) the form can be completed and  
16      processed in an expeditious manner.”.

17   **SEC. 637. DEFINITION OF RURAL AND RURAL AREA.**

18       (a) IN GENERAL.—Section 343(a) of the Consoli-  
19      dated Farm and Rural Development Act (7 U.S.C.  
20      1991(a)) is amended by adding at the end the following:

21               “(13) RURAL AND RURAL AREA.—

22                       “(A) IN GENERAL.—Except as otherwise  
23      provided in this paragraph, the terms ‘rural’  
24      and ‘rural area’ mean a city, town, or unincor-  
25      porated area that has a population of 50,000

1 inhabitants or less, other than an urbanized  
2 area immediately adjacent to a city, town, or  
3 unincorporated area that has a population in  
4 excess of 50,000 inhabitants.

5 “(B) WATER AND WASTE DISPOSAL  
6 GRANTS AND DIRECT AND GUARANTEED  
7 LOANS.—For the purpose of water and waste  
8 disposal grants and direct and guaranteed loans  
9 provided under paragraphs (1) and (2) of sec-  
10 tion 306(a), the terms ‘rural’ and ‘rural area’  
11 mean a city, town, or unincorporated area that  
12 has a population of no more than 10,000 inhab-  
13 itants.

14 “(C) COMMUNITY FACILITY LOANS AND  
15 GRANTS.—For the purpose of community facil-  
16 ity direct and guaranteed loans and grants  
17 under paragraphs (1), (19), (20), and (21) of  
18 section 306(a), the terms ‘rural’ and ‘rural  
19 area’ mean a city, town, or unincorporated area  
20 that has a population of no more than 50,000  
21 inhabitants.

22 “(D) BUSINESS AND INDUSTRY DIRECT  
23 AND GUARANTEED LOANS.—For the purpose of  
24 business and industry direct and guaranteed  
25 loans under section 310B(a)(1), the terms

1           ‘rural’ and ‘rural area’ mean any area other  
2           than a city or town that has a population of  
3           greater than 50,000 inhabitants and the imme-  
4           diately adjacent urbanized area of such city or  
5           town.

6           “(E) MULTIJURISDICTIONAL REGIONAL  
7           PLANNING ORGANIZATIONS; NATIONAL RURAL  
8           DEVELOPMENT PARTNERSHIP.—In sections  
9           306(a)(23) and 377, the term ‘rural area’  
10          means—

11               “(i) all the territory of a State that is  
12               not within the boundary of any standard  
13               metropolitan statistical area; and

14               “(ii) all territory within any standard  
15               metropolitan statistical area within a cen-  
16               sus tract having a population density of  
17               less than 20 persons per square mile, as  
18               determined by the Secretary according to  
19               the most recent census of the United  
20               States as of any date.

21           “(F) RURAL ENTREPRENEURS AND MICRO-  
22           ENTERPRISE ASSISTANCE PROGRAM; NATIONAL  
23           RURAL COOPERATIVE AND BUSINESS EQUITY  
24           FUND.—In section 378 and subtitle G, the term  
25           ‘rural area’ means an area that is located—

1 “(i) outside a standard metropolitan  
2 statistical area; or

3 “(ii) within a community that has a  
4 population of 50,000 inhabitants or less.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 306(a) of the Consolidated Farm  
7 and Rural Development Act (7 U.S.C. 1926(a)) is  
8 amended by striking paragraph (7).

9 (2) Section 381A of the Consolidated Farm and  
10 Rural Development Act (7 U.S.C. 2009) is  
11 amended—

12 (A) by striking paragraph (1); and

13 (B) by redesignating paragraphs (2) and

14 (3) as paragraphs (1) and (2), respectively.

15 **SEC. 638. RURAL ENTREPRENEURS AND MICROENTER-**  
16 **PRISE ASSISTANCE PROGRAM.**

17 Subtitle D of the Consolidated Farm and Rural De-  
18 velopment Act (as amended by section 612) is amended  
19 by adding at the end the following:

20 **“SEC. 378. RURAL ENTREPRENEURS AND MICROENTER-**  
21 **PRISE ASSISTANCE PROGRAM.**

22 “(a) DEFINITIONS.—In this section:

23 “(1) ECONOMICALLY DISADVANTAGED MICRO-  
24 ENTREPRENEUR.—The term ‘economically disadvan-  
25 tagged microentrepreneur’ means an owner, majority



1 owner, or developer of a microenterprise that has the  
2 ability to compete in the private sector but has been  
3 impaired due to diminished capital and credit oppor-  
4 tunities, as compared to other microentrepreneurs in  
5 the industry.

6 “(2) INDIAN TRIBE.—The term ‘Indian tribe’  
7 has the meaning given the term in section 4 of the  
8 Indian Self-Determination and Education Assistance  
9 Act (25 U.S.C. 450b).

10 “(3) INTERMEDIARY.—The term ‘intermediary’  
11 means a private, nonprofit entity that provides  
12 assistance—

13 “(A) to a microenterprise development or-  
14 ganization; or

15 “(B) for a microenterprise development  
16 program.

17 “(4) LOW-INCOME INDIVIDUAL.—The term  
18 ‘low-income individual’ means an individual with an  
19 income (adjusted for family size) of not more than  
20 the greater of—

21 “(A) 80 percent of median income of an  
22 area; or

23 “(B) 80 percent of the statewide non-  
24 metropolitan area median income.

1           “(5) MICROCREDIT.—The term ‘microcredit’  
2 means a business loan or loan guarantee of not more  
3 than \$35,000 provided to a rural entrepreneur.

4           “(6) MICROENTERPRISE.—The term ‘microenter-  
5 prise’ means a sole proprietorship, joint enterprise,  
6 limited liability company, partnership, corporation,  
7 or cooperative that—

8                 “(A) has 5 or fewer employees; and

9                 “(B) is unable to obtain sufficient credit,  
10 equity, or banking services elsewhere, as deter-  
11 mined by the Secretary.

12           “(7) MICROENTERPRISE DEVELOPMENT ORGA-  
13 NIZATION.—

14                 “(A) IN GENERAL.—The term ‘microenter-  
15 prise development organization’ means a non-  
16 profit entity that provides training and tech-  
17 nical assistance to rural entrepreneurs and ac-  
18 cess to capital or another service described in  
19 subsection (c) to rural entrepreneurs.

20                 “(B) INCLUSIONS.—The term ‘microenter-  
21 prise development organization’ includes an or-  
22 ganization described in subparagraph (A) with  
23 a demonstrated record of delivering services to  
24 economically disadvantaged microentrepreneurs.

1           “(8) MICROENTERPRISE DEVELOPMENT PRO-  
2           GRAM.—The term ‘microenterprise development or-  
3           ganization’ means a program administered by a or-  
4           ganization serving a rural area.

5           “(9) MICROENTREPRENEUR.—The term ‘micro-  
6           entrepreneur’ means the owner, operator, or devel-  
7           oper of a microenterprise.

8           “(10) PROGRAM.—The term ‘program’ means  
9           the rural entrepreneur and microenterprise program  
10          established under subsection (b)(1).

11          “(11) QUALIFIED ORGANIZATION.—The term  
12          ‘qualified organization’ means—

13               “(A) a microenterprise development orga-  
14               nization or microenterprise development pro-  
15               gram that has a demonstrated record of deliv-  
16               ering microenterprise services to rural entre-  
17               preneurs, as demonstrated by the development  
18               of an effective plan of action and the possession  
19               of necessary resources to deliver microenterprise  
20               services to rural entrepreneurs effectively, as  
21               determined by the Secretary;

22               “(B) an intermediary that has a dem-  
23               onstrated record of delivery assistance to micro-  
24               enterprise development organizations or micro-  
25               enterprise development programs;

1           “(C) a microenterprise development orga-  
 2           nization or microenterprise development pro-  
 3           gram that—

4                   “(i) serves rural entrepreneurs; and

5                   “(ii) enters into an agreement with a  
 6           local community, in conjunction with a  
 7           State or local government or Indian tribe,  
 8           to provide assistance described in sub-  
 9           section (c);

10           “(D) an Indian tribe, the tribal govern-  
 11           ment of which certifies to the Secretary that no  
 12           microenterprise development organization or  
 13           microenterprise development program exists  
 14           under the jurisdiction of the Indian tribe; or

15           “(E) a group of 2 or more organizations or  
 16           Indian tribes described in subparagraph (A),  
 17           (B), (C), or (D) that agree to act jointly as a  
 18           qualified organization under this section.

19           “(12) RURAL CAPACITY BUILDING SERVICE.—  
 20           The term ‘rural capacity building service’ means a  
 21           service provided to an organization that—

22                   “(A) is, or is in the process of becoming,  
 23           a microenterprise development organization or  
 24           microenterprise development program; and

1           “(B) serves rural areas for the purpose of  
2           enhancing the ability of the organization to pro-  
3           vide training, technical assistance, and other re-  
4           lated services to rural entrepreneurs.

5           “(13) RURAL ENTREPRENEUR.—The term  
6           ‘rural entrepreneur’ means a microentrepreneur, or  
7           prospective microentrepreneur—

8           “(A) the principal place of business of  
9           which is in a rural area; and

10          “(B) that is unable to obtain sufficient  
11          training, technical assistance, or microcredit  
12          elsewhere, as determined by the Secretary.

13          “(14) SECRETARY.—The term ‘Secretary’  
14          means the Secretary of Agriculture, acting through  
15          the Rural Business-Cooperative Service.

16          “(15) TRAINING AND TECHNICAL ASSIST-  
17          ANCE.—

18          “(A) IN GENERAL.—The term ‘training  
19          and technical assistance’ means assistance pro-  
20          vided to rural entrepreneurs to develop the  
21          skills the rural entrepreneurs need to plan,  
22          market, and manage their own business.

23          “(B) INCLUSIONS.—The term ‘training  
24          and technical assistance’ includes assistance  
25          provided for the purpose of—

1                   “(i) enhancing business planning,  
2                   marketing, management, or financial man-  
3                   agement skills; and

4                   “(ii) obtaining microcredit.

5                   “(16) TRIBAL GOVERNMENT.—The term ‘tribal  
6                   government’ means the governing body of an Indian  
7                   tribe.

8                   “(b) ESTABLISHMENT.—

9                   “(1) IN GENERAL.—From amounts made avail-  
10                  able under subsection (h), the Secretary shall estab-  
11                  lish a rural entrepreneur and microenterprise pro-  
12                  gram.

13                  “(2) PURPOSE.—The purpose of the program  
14                  shall be to provide low- and moderate-income indi-  
15                  viduals with—

16                         “(A) the skills necessary to establish new  
17                         small businesses in rural areas; and

18                         “(B) continuing technical assistance as the  
19                         individuals begin operating the small busi-  
20                         nesses.

21                  “(c) ASSISTANCE.—

22                         “(1) IN GENERAL.—The Secretary may make a  
23                         grant under this section to a qualified organization  
24                         to—

1           “(A) provide training, technical assistance,  
2           or microcredit to a rural entrepreneur;

3           “(B) provide training, operational support,  
4           or a rural capacity building service to a quali-  
5           fied organization to assist the qualified organi-  
6           zation in developing microenterprise training,  
7           technical assistance, and other related services;

8           “(C) assist in researching and developing  
9           the best practices in delivering training, tech-  
10          nical assistance, and microcredit to rural entre-  
11          preneurs; and

12          “(D) to carry out such other projects and  
13          activities as the Secretary determines are con-  
14          sistent with the purposes of this section.

15          “(2) ALLOCATION.—

16          “(A) IN GENERAL.—Subject to subpara-  
17          graphs (B) and (C), of the amount of funds  
18          made available for a fiscal year to make grants  
19          under this section, the Secretary shall ensure  
20          that—

21                  “(i) not less than 75 percent of funds  
22                  are used to carry out activities described in  
23                  paragraph (1)(A); and

24                  “(ii) not more than 25 percent of the  
25                  funds are used to carry out activities de-

1           scribed in subparagraphs (B) through (D)  
2           of paragraph (1).

3           “(B) LIMITATION ON GRANT AMOUNT.—  
4           No single qualified organization may receive  
5           more than 10 percent of the total funds that  
6           are made available for a fiscal year to carry out  
7           this section.

8           “(C) ADMINISTRATIVE EXPENSES.—Not  
9           more than 15 percent of assistance received by  
10          a qualified organization for a fiscal year under  
11          this section may be used for administrative ex-  
12          penses.

13          “(d) SUBGRANTS.—Subject to such regulations as  
14          the Secretary may promulgate, a qualified organization  
15          that receives a grant under this section may use the grant  
16          to provide assistance to other qualified organizations, such  
17          as small or emerging qualified organizations.

18          “(e) LOW-INCOME INDIVIDUALS.—The Secretary  
19          shall ensure that not less than 50 percent of the grants  
20          made under this section is used to benefit low-income indi-  
21          viduals identified by the Secretary, including individuals  
22          residing on Indian reservations.

23          “(f) DIVERSITY.—In making grants under this sec-  
24          tion, the Secretary shall ensure, to the maximum extent



1 practicable, that grant recipients include qualified  
2 organizations—

3 “(1) of varying sizes; and

4 “(2) that serve racially and ethnically diverse  
5 populations.

6 “(g) COST SHARING.—

7 “(1) FEDERAL SHARE.—The Federal share of  
8 the cost of a project carried out using funds from  
9 a grant under this section shall be 75 percent.

10 “(2) FORM OF NON-FEDERAL SHARE.—The  
11 non-Federal share of the cost of a project described  
12 in paragraph (1) may be provided—

13 “(A) in cash (including through fees,  
14 grants (including community development block  
15 grants), and gifts); or

16 “(B) in kind.

17 “(h) FUNDING.—

18 “(1) IN GENERAL.—Not later than 30 days  
19 after the date of enactment of this Act, and on Octo-  
20 ber 1, 2002, and each October 1 thereafter through  
21 October 1, 2005, out of any funds in the Treasury  
22 not otherwise appropriated, the Secretary of the  
23 Treasury shall transfer to the Secretary of Agri-  
24 culture to carry out this section \$10,000,000, to re-  
25 main available until expended.

1           “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 2       retary shall be entitled to receive, shall accept, and  
 3       shall use to carry out this section the funds trans-  
 4       ferred under paragraph (1), without further appro-  
 5       priation.”.

6   **SEC. 639. RURAL SENIORS.**

7       (a) INTERAGENCY COORDINATING COMMITTEE FOR  
 8   RURAL SENIORS.—Subtitle D of the Consolidated Farm  
 9   and Rural Development Act (7 U.S.C. 1981 et seq.) (as  
 10   amended by section 638) is amended by adding at the end  
 11   the following:

12   **“SEC. 379. INTERAGENCY COORDINATING COMMITTEE FOR**  
 13                   **RURAL SENIORS.**

14       “(a) IN GENERAL.—The Secretary shall establish an  
 15   interagency coordinating committee (referred to in this  
 16   section as the ‘Committee’) to examine the special prob-  
 17   lems of rural seniors.

18       “(b) MEMBERSHIP.—The Committee shall be com-  
 19   prised of—

20           “(1) the Undersecretary of Agriculture for  
 21   Rural Development, who shall serve as chairperson  
 22   of the Committee;

23           “(2) 2 representatives of the Secretary of  
 24   Health and Human Services, of whom—

1           “(A) 1 shall have expertise in the field of  
2           health care; and

3           “(B) 1 shall have expertise in the field of  
4           programs under the Older Americans Act of  
5           1965 (42 U.S.C. 3001 et seq.);

6           “(3) 1 representative of the Secretary of Hous-  
7           ing and Urban Development;

8           “(4) 1 representative of the Secretary of Trans-  
9           portation; and

10          “(5) representatives of such other Federal  
11          agencies as the Secretary may designate.

12          “(c) DUTIES.—The Committee shall—

13               “(1) study health care, transportation, tech-  
14               nology, housing, accessibility, and other areas of  
15               need of rural seniors;

16               “(2) identify successful examples of senior care  
17               programs in rural communities that could serve as  
18               models for other rural communities; and

19               “(3) not later than 1 year after the date of en-  
20               actment of this section, submit to the Secretary, the  
21               Committee on Agriculture of the House of Rep-  
22               resentatives, and the Committee on Agriculture, Nu-  
23               trition, and Forestry of the Senate recommendations  
24               for legislative and administrative action.

1 “(d) FUNDING.—Funds available to any Federal  
2 agency may be used to carry out interagency activities  
3 under this section.”.

4 (b) GRANTS FOR PROGRAMS FOR RURAL SENIORS.—  
5 Subtitle D of the Consolidated Farm and Rural Develop-  
6 ment Act (7 U.S.C. 1981 et seq.) (as amended by sub-  
7 section (a)) is amended by adding at the end the following:

8 **“SEC. 379A. GRANTS FOR PROGRAMS FOR RURAL SENIORS.**

9 “(a) IN GENERAL.—The Secretary shall make grants  
10 to nonprofit organizations (including cooperatives) to pay  
11 the Federal share of the cost of programs that—

12 “(1) provide facilities, equipment, and tech-  
13 nology for seniors in a rural area; and

14 “(2) may be replicated in other rural areas.

15 “(b) FEDERAL SHARE.—The Federal share of a  
16 grant under this section shall be not more than 20 percent  
17 of the cost of a program described in subsection (a).

18 “(c) LEVERAGING.—In selecting programs to receive  
19 grants under section, the Secretary shall give priority to  
20 proposals that leverage resources to meet multiple rural  
21 community goals.

22 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
23 is authorized to be appropriated to carry out this section  
24 \$25,000,000 for each of fiscal years 2003 through 2006.”.

1       (c) RESERVATION OF COMMUNITY FACILITIES PRO-  
 2 GRAM FUNDS FOR SENIOR FACILITIES.—Section  
 3 306(a)(19) of the Consolidated Farm and Rural Develop-  
 4 ment Act (7 U.S.C. 1926(a)(19)) is amended by adding  
 5 at the end the following:

6               “(C) RESERVATION OF FUNDS FOR SENIOR  
 7 FACILITIES.—

8               “(i) IN GENERAL.—For each fiscal  
 9 year, not less than 12.5 percent of the  
 10 funds made available to carry out this  
 11 paragraph shall be reserved for grants to  
 12 pay the Federal share of the cost of devel-  
 13 oping and constructing senior facilities, or  
 14 carrying out other projects that mainly  
 15 benefit seniors, in rural areas.

16              “(ii) RELEASE.—Funds reserved  
 17 under clause (i) for a fiscal year shall be  
 18 reserved only until April 1 of the fiscal  
 19 year.”.

20 **SEC. 640. CHILDREN’S DAY CARE FACILITIES.**

21       Section 306(a)(19) of the Consolidated Farm and  
 22 Rural Development Act (7 U.S.C. 1926(a)(19)) (as  
 23 amended by section 639(c)) is amended by adding at the  
 24 end the following:

1                   “(D) RESERVATION OF FUNDS FOR CHIL-  
2                   DREN’S DAY CARE FACILITIES.—

3                   “(i) IN GENERAL.—For each fiscal  
4                   year, not less than 10 percent of the funds  
5                   made available to carry out this paragraph  
6                   shall be reserved for grants to pay the  
7                   Federal share of the cost of developing and  
8                   constructing day care facilities for children  
9                   in rural areas.

10                  “(ii) RELEASE.—Funds reserved  
11                  under clause (i) for a fiscal year shall be  
12                  reserved only until April 1 of the fiscal  
13                  year.”.

14   **SEC. 641. RURAL TELEWORK.**

15           Subtitle D of the Consolidated Farm and Rural De-  
16   velopment Act (7 U.S.C. 1981 et seq.) (as amended by  
17   section 639(b)) is amended by adding at the end the fol-  
18   lowing:

19   **“SEC. 379B. RURAL TELEWORK.**

20           “(a) DEFINITIONS.—In this section:

21                  “(1) ELIGIBLE ORGANIZATION.—The term ‘eli-  
22                  gible organization’ means a nonprofit entity, an edu-  
23                  cational institution, an Indian tribe (as defined in  
24                  section 4 of the Indian Self-Determination and Edu-  
25                  cation Assistance Act (25 U.S.C. 450b)), or any

1 other organization that meets the requirements of  
2 this section and such other requirements as are es-  
3 tablished by the Secretary.

4 “(2) INSTITUTE.—The term ‘institute’ means a  
5 regional rural telework institute established using a  
6 grant under subsection (b).

7 “(3) TELEWORK.—The term ‘telework’ means  
8 the use of telecommunications to perform work func-  
9 tions at a rural work center located outside the place  
10 of business of an employer.

11 “(b) RURAL TELEWORK INSTITUTE.—

12 “(1) IN GENERAL.—The Secretary shall make a  
13 grant to an eligible organization to pay the Federal  
14 share of the cost of establishing and operating a na-  
15 tional rural telework institute to carry out projects  
16 described in paragraph (4).

17 “(2) ELIGIBLE ORGANIZATIONS.—The Sec-  
18 retary shall establish criteria that an organization  
19 shall meet to be eligible to receive a grant under this  
20 subsection.

21 “(3) DEADLINE FOR INITIAL GRANT.—Not  
22 later than 1 year after the date on which funds are  
23 first made available to carry out this subsection, the  
24 Secretary shall make the initial grant under this  
25 subsection.

1           “(4) PROJECTS.—The institute shall use grant  
2 funds obtained under this subsection to carry out a  
3 5-year project—

4           “(A) to serve as a clearinghouse for  
5 telework research and development;

6           “(B) to conduct outreach to rural commu-  
7 nities and rural workers;

8           “(C) to develop and share best practices in  
9 rural telework throughout the United States;

10          “(D) to develop innovative, market-driven  
11 telework projects and joint ventures with the  
12 private sector that employ workers in rural  
13 areas in jobs that promote economic self-suffi-  
14 ciency;

15          “(E) to share information about the design  
16 and implementation of telework arrangements;

17          “(F) to support private sector businesses  
18 that are transitioning to telework;

19          “(G) to support and assist telework  
20 projects and individuals at the State and local  
21 level; and

22          “(H) to perform such other functions as  
23 the Secretary considers appropriate.

24          “(5) NON-FEDERAL SHARE.—



1           “(A) IN GENERAL.—As a condition of re-  
2           ceiving a grant under this subsection, an eligi-  
3           ble organization shall agree to obtain, after the  
4           application of the eligible organization has been  
5           approved and notice of award has been issued,  
6           contributions from non-Federal sources that are  
7           equal to—

8                   “(i) during each of the first, second,  
9                   and third years of a project, 50 percent of  
10                  the amount of the grant; and

11                  “(ii) during each of the fourth and  
12                  fifth years of the project, 100 percent of  
13                  the amount of the grant.

14           “(B) INDIAN TRIBES.—Notwithstanding  
15           subparagraph (A), an Indian tribe may use  
16           Federal funds made available to the tribe for  
17           self-governance to pay the non-Federal con-  
18           tributions required under subparagraph (A).

19           “(C) FORM.—The non-Federal contribu-  
20           tions required under subparagraph (A) may be  
21           in the form of in-kind contributions, including  
22           office equipment, office space, and services.

23           “(c) TELEWORK GRANTS.—

24                   “(1) IN GENERAL.—Subject to paragraphs (2)  
25           through (5), the Secretary shall make grants to eli-

1       gible entities to pay the Federal share of the cost  
2       of—

3               “(A) obtaining equipment and facilities to  
4       establish or expand telework locations in rural  
5       areas; and

6               “(B) operating telework locations in rural  
7       areas.

8               “(2) ELIGIBLE ORGANIZATIONS.—To be eligible  
9       to receive a grant under this subsection, an eligible  
10      entity shall—

11              “(A) be a nonprofit organization or edu-  
12      cational institution in a rural area; and

13              “(B) submit to, and receive the approval  
14      of, the Secretary of an application for the grant  
15      that demonstrates that the eligible entity has  
16      adequate resources and capabilities to establish  
17      or expand a telework location in a rural area.

18              “(3) NON-FEDERAL SHARE.—

19              “(A) IN GENERAL.—As a condition of re-  
20      ceiving a grant under this subsection, an eligi-  
21      ble organization shall agree to obtain, after the  
22      application of the eligible organization has been  
23      approved and notice of award has been issued,  
24      contributions from non-Federal sources that are  
25      equal to 50 percent of the amount of the grant.

1           “(B) INDIAN TRIBES.—Notwithstanding  
 2           subparagraph (A), an Indian tribe may use  
 3           Federal funds made available to the tribe for  
 4           self-governance to pay the non-Federal con-  
 5           tributions required under subparagraph (A).

6           “(C) SOURCES.—The non-Federal con-  
 7           tributions required under subparagraph (A)—

8                   “(i) may be in the form of in-kind  
 9                   contributions, including office equipment,  
 10                  office space, and services; and

11                  “(ii) may not be made from funds  
 12                  made available for community development  
 13                  block grants under title I of the Housing  
 14                  and Community Development Act of 1974  
 15                  (42 U.S.C. 5301 et seq.).

16           “(4) DURATION.—The Secretary may not pro-  
 17           vide a grant under this subsection to establish, ex-  
 18           pand, or operate a telework location in a rural area  
 19           after the date that is 2 years after the establishment  
 20           of the telework location.

21           “(5) MAXIMUM AMOUNT OF GRANT.—The  
 22           amount of a grant provided to an eligible entity  
 23           under this subsection shall not exceed \$500,000.

24           “(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—  
 25   An entity that receives funds under this section shall be

1 subject to the provisions of Federal law (including regula-  
 2 tions), administered by the Secretary of Labor or the  
 3 Equal Employment Opportunity Commission, that govern  
 4 the responsibilities of employers to employees.

5 “(e) REGULATIONS.—Not later than 180 days after  
 6 the date of enactment of this section, the Secretary shall  
 7 promulgate regulations to carry out this section.

8 “(f) AUTHORIZATION OF APPROPRIATION.—There is  
 9 authorized to be appropriated to carry out this section  
 10 \$30,000,000 for each of fiscal years 2002 through 2006,  
 11 of which \$5,000,000 shall be provided to establish an in-  
 12 stitute under subsection (b).”.

13 **SEC. 642. HISTORIC BARN PRESERVATION.**

14 Subtitle D of the Consolidated Farm and Rural De-  
 15 velopment Act (7 U.S.C. 1981 et seq.) (as amended by  
 16 section 641) is amended by adding at the end the fol-  
 17 lowing:

18 **“SEC. 379C. HISTORIC BARN PRESERVATION.**

19 “(a) DEFINITIONS.—In this section:

20 “(1) BARN.—The term ‘barn’ means a building  
 21 (other than a dwelling) on a farm, ranch, or other  
 22 agricultural operation for—

23 “(A) housing animals;

24 “(B) storing or processing crops;

1           “(C) storing and maintaining agricultural  
2           equipment; or

3           “(D) serving an essential or useful purpose  
4           related to agriculture on the adjacent land.

5           “(2) ELIGIBLE APPLICANT.—The term ‘eligible  
6           applicant’ means—

7           “(A) a State department of agriculture (or  
8           a designee);

9           “(B) a national or State nonprofit organi-  
10          zation that—

11           “(i) is exempt from tax under section  
12           501(c)(3) of the Internal Revenue Code of  
13           1986; and

14           “(ii) has experience or expertise, as  
15           determined by the Secretary, in the identi-  
16           fication, evaluation, rehabilitation, preser-  
17           vation, or protection of historic barns; and

18           “(C) a State historic preservation office.

19           “(3) HISTORIC BARN.—The term ‘historic barn’  
20           means a barn that—

21           “(A) is at least 50 years old;

22           “(B) retains sufficient integrity of design,  
23           materials, and construction to clearly identify  
24           the barn as an agricultural building; and

1           “(C) meets the criteria for listing on Na-  
2           tional, State, or local registers or inventories of  
3           historic structures.

4           “(4) SECRETARY.—The term ‘Secretary’ means  
5           the Secretary, acting through the Undersecretary of  
6           Rural Development.

7           “(b) PROGRAM.—The Secretary shall establish a his-  
8           toric barn preservation program—

9           “(1) to assist States in developing a listing of  
10          historic barns;

11          “(2) to collect and disseminate information on  
12          historic barns;

13          “(3) to foster educational programs relating to  
14          the history, construction techniques, rehabilitation,  
15          and contribution to society of historic barns; and

16          “(4) to sponsor and conduct research on—

17                  “(A) the history of barns; and

18                  “(B) best practices to protect and rehabili-  
19          tate historic barns from the effects of decay,  
20          fire, arson, and natural disasters.

21          “(c) GRANTS.—

22                  “(1) IN GENERAL.—The Secretary may make  
23          grants to, or enter into contracts or cooperative  
24          agreements with, eligible applicants to carry out an  
25          eligible project under paragraph (2).

1           “(2) ELIGIBLE PROJECTS.—A grant under this  
2       subsection may be made to an eligible entity for a  
3       project—

4           “(A) to rehabilitate or repair a historic  
5       barn;

6           “(B) to preserve a historic barn through—

7           “(i) the installation of a fire protec-  
8       tion system, including fireproofing or fire  
9       detection system and sprinklers; and

10          “(ii) the installation of a system to  
11       prevent vandalism; and

12          “(C) to identify, document, and conduct  
13       research on a historic barn to develop and  
14       evaluate appropriate techniques or best prac-  
15       tices for protecting historic barns.

16          “(3) REQUIREMENTS.—An eligible applicant  
17       that receives a grant for a project under this sub-  
18       section shall comply with any standards established  
19       by the Secretary of the Interior for historic preserva-  
20       tion projects.

21          “(d) FUNDING.—There is authorized to be appro-  
22       priated to carry out this section, \$25,000,000 for the pe-  
23       riod of fiscal years 2002 through 2006, to remain available  
24       until expended.”.

1 **SEC. 643. GRANTS FOR EMERGENCY WEATHER RADIO**  
2 **TRANSMITTERS.**

3 Subtitle D of the Consolidated Farm and Rural De-  
4 velopment Act (7 U.S.C. 1981 et seq.) (as amended by  
5 section 642)) is amended by adding at the end the fol-  
6 lowing:

7 **“SEC. 379D. GRANTS FOR EMERGENCY WEATHER RADIO**  
8 **TRANSMITTERS.**

9 “(a) IN GENERAL.—The Secretary, acting through  
10 the Administrator of the Rural Utilities Service, may  
11 make grants to public and nonprofit entities for the Fed-  
12 eral share of the cost of acquiring radio transmitters to  
13 increase coverage of rural areas by the emergency weather  
14 radio broadcast system of the National Oceanic and At-  
15 mospheric Administration.

16 “(b) ELIGIBILITY.—To be eligible for a grant under  
17 this section, an applicant shall provide to the Secretary—

18 “(1) a binding commitment from a tower owner  
19 to place the transmitter on a tower; and

20 “(2) a description of how the tower placement  
21 will increase coverage of a rural area by the emer-  
22 gency weather radio broadcast system of the Na-  
23 tional Oceanic and Atmospheric Administration.

24 “(c) FEDERAL SHARE.—A grant provided under this  
25 section shall be not more than 75 percent of the cost of  
26 acquiring a radio transmitter described in subsection (a).



1       “(d) AUTHORIZATION.—There is authorized to be ap-  
 2       propriated to carry out this section \$2,000,000 for each  
 3       of fiscal years 2002 through 2006.”.

4       **SEC. 644. BIOENERGY AND BIOCHEMICAL PROJECTS.**

5       Subtitle D of the Consolidated Farm and Rural De-  
 6       velopment Act (7 U.S.C. 1981 et seq.) (as amended by  
 7       section 643) is amended by adding at the end the fol-  
 8       lowing:

9       **“SEC. 379E. BIOENERGY AND BIOCHEMICAL PROJECTS.**

10       “In carrying out rural development loan, loan guar-  
 11       antee, and grant programs under this title, the Secretary  
 12       shall provide a priority for bioenergy and biochemical  
 13       projects.”.

14       **SEC. 645. DELTA REGIONAL AUTHORITY.**

15       (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
 16       382M(a) of the Consolidated Farm and Rural Develop-  
 17       ment Act (7 U.S.C. 2009aa–12(a)) is amended by striking  
 18       “2002” and inserting “2006”.

19       (b) TERMINATION OF AUTHORITY.—Section 382N of  
 20       the Consolidated Farm and Rural Development Act (7  
 21       U.S.C. 2009aa–13) is amended by striking “2002” and  
 22       inserting “2006”.

1 **SEC. 646. SEARCH GRANTS FOR SMALL COMMUNITIES.**

2 The Consolidated Farm and Rural Development Act  
3 (as amended by section 604) is amended by adding at the  
4 end the following:

5 **“Subtitle J—SEARCH Grants for**  
6 **Small Communities**

7 **“SEC. 386A. DEFINITIONS.**

8 “In this subtitle:

9 “(1) COUNCIL.—The term ‘council’ means an  
10 independent citizens’ council established by section  
11 386B(d).

12 “(2) ENVIRONMENTAL PROJECT.—

13 “(A) IN GENERAL.—The term ‘environ-  
14 mental project’ means a project that—

15 “(i) improves environmental quality;

16 and

17 “(ii) is necessary to comply with an  
18 environmental law (including a regulation).

19 “(B) INCLUSION.—The term ‘environ-  
20 mental project’ includes an initial feasibility  
21 study of a project.

22 “(3) REGION.—The term ‘region’ means a geo-  
23 graphic area of a State, as determined by the Gov-  
24 ernor of the State.

25 “(4) SEARCH GRANT.—The term ‘SEARCH  
26 grant’ means a grant for special environmental as-

1       sistance for the regulation of communities and habi-  
 2       tat awarded under section 386B(e)(3).

3           “(5) SMALL COMMUNITY.—The term ‘small  
 4       community’ means an incorporated or unincor-  
 5       porated rural community with a population of 2,500  
 6       inhabitants or less.

7           “(6) STATE.—The term ‘State’ has the mean-  
 8       ing given the term in section 381A(1).

9       **“SEC. 386B. SEARCH GRANT PROGRAM.**

10       “(a) IN GENERAL.—There is established the  
 11       SEARCH Grant Program.

12       “(b) APPLICATION.—

13           “(1) IN GENERAL.—Not later than October 1 of  
 14       each fiscal year, a State may submit to the Sec-  
 15       retary an application to receive a grant under sub-  
 16       section (c) for the fiscal year.

17           “(2) REQUIREMENTS.—An application under  
 18       paragraph (1) shall contain—

19           “(A) a certification by the State that the  
 20       State has appointed members to the council of  
 21       the State under subsection (c)(2)(C); and

22           “(B) such information as the Secretary  
 23       may reasonably require.

24       “(c) GRANTS TO STATES.—

1           “(1) IN GENERAL.—Not later than 60 days  
2           after the date on which the Office of Management  
3           and Budget apportions any amounts made available  
4           under this subtitle, for each fiscal year after the  
5           date of enactment of this subtitle, the Secretary  
6           shall, on request by a State—

7                   “(A) determine whether any application  
8                   submitted by the State under subsection (b)  
9                   meets the requirements of subsection (b)(2);  
10                  and

11                   “(B) subject to paragraph (2), subsection  
12                   (e)(4)(B)(ii), and section 386D(b), if the Sec-  
13                   retary determines that the application meets  
14                   the requirements of subsection (b)(2), award a  
15                   grant of not to exceed \$1,000,000 to the State,  
16                   to be used by the council of the State to award  
17                   SEARCH grants under subsection (e).

18           “(2) GRANTS TO CERTAIN STATES.—The aggre-  
19           gate amount of grants awarded to States other than  
20           Alaska, Hawaii, or 1 of the 48 contiguous States,  
21           under this subsection shall not exceed \$1,000,000  
22           for any fiscal year.

23           “(d) INDEPENDENT CITIZENS’ COUNCIL.—

1           “(1) ESTABLISHMENT.—There is established in  
 2           each State an independent citizens’ council to carry  
 3           out the duties described in this section.

4           “(2) COMPOSITION.—

5                 “(A) IN GENERAL.—Each council shall be  
 6                 composed of 9 members, appointed by the Gov-  
 7                 ernor of the State.

8                 “(B) REPRESENTATION; RESIDENCE.—  
 9                 Each member of a council shall—

10                         “(i) represent an individual region of  
 11                         the State, as determined by the Governor  
 12                         of the State in which the council is estab-  
 13                         lished;

14                         “(ii) reside in a small community of  
 15                         the State; and

16                         “(iii) be representative of the popu-  
 17                         lations of the State.

18                 “(C) APPOINTMENT.—Before a State re-  
 19                 ceives funds under this subtitle, the State shall  
 20                 appoint members to the council for the fiscal  
 21                 year, except that not more than 1 member shall  
 22                 be an agent, employee, or official of the State  
 23                 government.

24                 “(D) CHAIRPERSON.—Each council shall  
 25                 select a chairperson from among the members

1 of the council, except that a member who is an  
 2 agent, employee, or official of the State govern-  
 3 ment shall not serve as chairperson.

4 “(E) FEDERAL REPRESENTATION.—

5 “(i) IN GENERAL.—An officer, em-  
 6 ployee, or agent of the Federal Govern-  
 7 ment may participate in the activities of  
 8 the council—

9 “(I) in an advisory capacity; and

10 “(II) at the invitation of the  
 11 council.

12 “(ii) RURAL DEVELOPMENT STATE DI-  
 13 RECTORS.—On the request of the council  
 14 of a State, the State Director for Rural  
 15 Development of the State shall provide ad-  
 16 vice and consultation to the council.

17 “(3) SEARCH GRANTS.—

18 “(A) IN GENERAL.—Each council shall re-  
 19 view applications for, and recommend awards  
 20 of, SEARCH grants to small communities that  
 21 meet the eligibility criteria under subsection (c).

22 “(B) RECOMMENDATIONS.—In awarding a  
 23 SEARCH grant, a State—

24 “(i) shall follow the recommendations  
 25 of the council of the State;

1                   “(ii) shall award the funds for any  
2                   recommended environmental project in a  
3                   timely and expeditious manner; and

4                   “(iii) shall not award a SEARCH  
5                   grant to a grantee or project in violation of  
6                   any law of the State (including a regula-  
7                   tion).

8                   “(C) NO MATCHING REQUIREMENT.—A  
9                   small community that receives a SEARCH  
10                  grant under this section shall not be required to  
11                  provide matching funds.

12               “(e) SEARCH GRANTS FOR SMALL COMMU-  
13               NITIES.—

14               “(1) ELIGIBILITY.—A SEARCH grant shall be  
15               awarded under this section only to a small commu-  
16               nity for 1 or more environmental projects for which  
17               the small community—

18               “(A) needs funds to carry out initial feasi-  
19               bility or environmental studies before applying  
20               to traditional funding sources; or

21               “(B) demonstrates, to the satisfaction of  
22               the council, that the small community has been  
23               unable to obtain sufficient funding from tradi-  
24               tional funding sources.

25               “(2) APPLICATION.—

1           “(A) DATE.—The council shall establish  
2 such deadline by which small communities shall  
3 submit applications for grants under this sec-  
4 tion as will permit the council adequate time to  
5 review and make recommendations relating to  
6 the applications.

7           “(B) LOCATION OF APPLICATION.—A  
8 small community shall submit an application  
9 described in subparagraph (A) to the council in  
10 the State in which the small community is lo-  
11 cated.

12           “(C) CONTENT OF APPLICATION.—An ap-  
13 plication described in subparagraph (A) shall  
14 include—

15               “(i) a description of the proposed en-  
16 vironmental project (including an expla-  
17 nation of how the project would assist the  
18 small community in complying with an en-  
19 vironmental law (including a regulation));

20               “(ii) an explanation of why the project  
21 is important to the small community;

22               “(iii) a description of all actions taken  
23 with respect to the project, including a de-  
24 scription of any attempt to secure funding  
25 and a description of demonstrated need for



1 funding for the project, as of the date of  
2 the application; and

3 “(iv) a SEARCH grant application  
4 form provided by the council, completed  
5 and with all required supporting docu-  
6 mentation.

7 “(3) REVIEW AND RECOMMENDATION.—

8 “(A) IN GENERAL.—Except as provided in  
9 subparagraph (B), not later than March 5 of  
10 each fiscal year, each council shall—

11 “(i) review all applications received  
12 under paragraph (2); and

13 “(ii) recommend for award SEARCH  
14 grants to small communities based on—

15 “(I) an evaluation of the eligi-  
16 bility criteria under paragraph (1);  
17 and

18 “(II) the content of the applica-  
19 tion.

20 “(B) EXTENSION OF DEADLINE.—The  
21 State may extend the deadline described in sub-  
22 paragraph (A) by not more than 10 days in a  
23 case in which the receipt of recommendations  
24 from a council under subparagraph (A)(ii) is  
25 delayed because of circumstances beyond the

1 control of the council, as determined by the  
2 State.

3 “(4) UNEXPENDED FUNDS.—

4 “(A) IN GENERAL.—If, for any fiscal year,  
5 any unexpended funds remain after SEARCH  
6 grants are awarded under subsection (d)(3)(B),  
7 the council may repeat the application and re-  
8 view process so that any remaining funds may  
9 be recommended for award, and awarded, not  
10 later than July 30 of the fiscal year.

11 “(B) RETENTION OF FUNDS.—

12 “(i) IN GENERAL.—Any unexpended  
13 funds that are not awarded under sub-  
14 section (d)(3)(B) or subparagraph (A)  
15 shall be retained by the State for award  
16 during the following fiscal year.

17 “(ii) LIMITATION.—A State that accu-  
18 mulates a balance of unexpended funds de-  
19 scribed in clause (i) of more than  
20 \$3,000,000 shall be ineligible to apply for  
21 additional funds for SEARCH grants until  
22 such time as the State expends the portion  
23 of the balance that exceeds \$3,000,000.

1 **“SEC. 386C. REPORT.**

2 “Not later than September 1 of the first fiscal year  
3 for which a SEARCH grant is awarded by a council, and  
4 annually thereafter, the council shall submit to the Sec-  
5 retary a report that—

6 “(1) describes the number of SEARCH grants  
7 awarded during the fiscal year;

8 “(2) identifies each small community that re-  
9 ceived a SEARCH grant during the fiscal year;

10 “(3) describes the project or purpose for which  
11 each SEARCH grant was awarded, including a  
12 statement of the benefit to public health or the envi-  
13 ronment of the environmental project receiving the  
14 grant funds; and

15 “(4) describes the status of each project or por-  
16 tion of a project for which a SEARCH grant was  
17 awarded, including a project or portion of a project  
18 for which a SEARCH grant was awarded for any  
19 fiscal year before the fiscal year in which the report  
20 is submitted.

21 **“SEC. 386D. FUNDING.**

22 “(a) AUTHORIZATION OF APPROPRIATIONS.—There  
23 is authorized to be appropriated to carry out section  
24 386B(c) \$51,000,000, of which not to exceed \$1,000,000  
25 shall be used to make grants under section 386B(c)(2).

1       “(b) ACTUAL APPROPRIATION.—If funds to carry out  
 2 section 386B(c) are made available for a fiscal year in an  
 3 amount that is less than the amount authorized under  
 4 subsection (a) for the fiscal year, the appropriated funds  
 5 shall be divided equally among the 50 States.

6       “(c) UNUSED FUNDS.—If, for any fiscal year, a State  
 7 does not apply, or does not qualify, to receive funds under  
 8 section 386B(b), the funds that would have been made  
 9 available to the State under section 386B(c) on submis-  
 10 sion by the State of a successful application under section  
 11 386B(b) shall be redistributed for award under this sub-  
 12 title among States, the councils of which awarded 1 or  
 13 more SEARCH grants during the preceding fiscal year.

14       “(d) OTHER EXPENSES.—There are authorized to be  
 15 appropriated such sums as are necessary to carry out the  
 16 provisions of this subtitle (other than section 386B(c)).”.

17 **SEC. 647. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**  
 18 **ITY.**

19       The Consolidated Farm and Rural Development Act  
 20 (as amended by section 646) is amended by adding at the  
 21 end the following:

22 **“Subtitle K—Northern Great Plains**  
 23 **Regional Authority**

24 **“SEC. 387A. DEFINITIONS.**

25       “In this subtitle:

1           “(1) **AUTHORITY.**—The term ‘Authority’ means  
2           the Northern Great Plains Regional Authority estab-  
3           lished by section 387B.

4           “(2) **FEDERAL GRANT PROGRAM.**—The term  
5           ‘Federal grant program’ means a Federal grant pro-  
6           gram to provide assistance in—

7                   “(A) acquiring or developing land;

8                   “(B) constructing or equipping a highway,  
9           road, bridge, or facility; or

10                   “(C) carrying out other economic develop-  
11           ment activities.

12           “(3) **REGION.**—The term ‘region’ means the  
13           States of Iowa, Minnesota, Nebraska, North Dakota,  
14           and South Dakota.

15   **“SEC. 387B. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**  
16                   **ITY.**

17           “(a) **ESTABLISHMENT.**—

18                   “(1) **IN GENERAL.**—There is established the  
19           Northern Great Plains Regional Authority.

20                   “(2) **COMPOSITION.**—The Authority shall be  
21           composed of—

22                   “(A) a Federal member, to be appointed  
23           by the President, with the advice and consent  
24           of the Senate; and

1           “(B) the Governor (or a designee of the  
2           Governor) of each State in the region that  
3           elects to participate in the Authority.

4           “(3) COCHAIRPERSONS.—The Authority shall  
5           be headed by—

6           “(A) the Federal member, who shall  
7           serve—

8           “(i) as the Federal cochairperson; and

9           “(ii) as a liaison between the Federal  
10          Government and the Authority; and

11          “(B) a State cochairperson, who—

12          “(i) shall be a Governor of a partici-  
13          pating State in the region; and

14          “(ii) shall be elected by the State  
15          members for a term of not less than 1  
16          year.

17          “(b) ALTERNATE MEMBERS.—

18          “(1) STATE ALTERNATES.—The State member  
19          of a participating State may have a single alternate,  
20          who shall be—

21          “(A) a resident of that State; and

22          “(B) appointed by the Governor of the  
23          State.

1           “(2) ALTERNATE FEDERAL COCHAIRPERSON.—

2           The President shall appoint an alternate Federal co-  
3           chairperson.

4           “(3) QUORUM.—A State alternate shall not be  
5           counted toward the establishment of a quorum of  
6           the Authority in any instance in which a quorum of  
7           the State members is required to be present.

8           “(4) DELEGATION OF POWER.—No power or  
9           responsibility of the Authority specified in para-  
10          graphs (2) and (3) of subsection (c), and no voting  
11          right of any Authority member, shall be delegated to  
12          any person—

13                   “(A) who is not an Authority member; or

14                   “(B) who is not entitled to vote in Author-  
15          ity meetings.

16          “(c) VOTING.—

17           “(1) IN GENERAL.—A decision by the Authority  
18          shall require a majority vote of the Authority (not  
19          including any member representing a State that is  
20          delinquent under subsection (g)(2)(C)) to be effec-  
21          tive.

22           “(2) QUORUM.—A quorum of State members  
23          shall be required to be present for the Authority to  
24          make any policy decision, including—

1           “(A) a modification or revision of an Au-  
2           thority policy decision;

3           “(B) approval of a State or regional devel-  
4           opment plan; and

5           “(C) any allocation of funds among the  
6           States.

7           “(3) PROJECT AND GRANT PROPOSALS.—The  
8           approval of project and grant proposals shall be—

9           “(A) a responsibility of the Authority; and

10          “(B) conducted in accordance with section  
11          387I.

12          “(4) VOTING BY ALTERNATE MEMBERS.—An  
13          alternate member shall vote in the case of the ab-  
14          sence, death, disability, removal, or resignation of  
15          the Federal or State representative for which the al-  
16          ternate member is an alternate.

17          “(d) DUTIES.—The Authority shall—

18               “(1) develop, on a continuing basis, comprehen-  
19               sive and coordinated plans and programs to establish  
20               priorities and approve grants for the economic devel-  
21               opment of the region, giving due consideration to  
22               other Federal, State, and local planning and devel-  
23               opment activities in the region;

24               “(2) not later than 220 days after the date of  
25               enactment of this subtitle, establish priorities in a



1 development plan for the region (including 5-year re-  
2 gional outcome targets);

3 “(3) assess the needs and assets of the region  
4 based on available research, demonstrations, inves-  
5 tigations, assessments, and evaluations of the region  
6 prepared by Federal, State, and local agencies, uni-  
7 versities, local development districts, and other non-  
8 profit groups;

9 “(4) formulate and recommend to the Gov-  
10 ernors and legislatures of States that participate in  
11 the Authority forms of interstate cooperation;

12 “(5) work with State and local agencies in de-  
13 veloping appropriate model legislation;

14 “(6)(A) enhance the capacity of, and provide  
15 support for, local development districts in the region;

16 or

17 “(B) if no local development district exists in  
18 an area in a participating State in the region, foster  
19 the creation of a local development district;

20 “(7) encourage private investment in industrial,  
21 commercial, and other economic development  
22 projects in the region; and

23 “(8) cooperate with and assist State govern-  
24 ments with economic development programs of par-  
25 ticipating States.

1       “(e) ADMINISTRATION.—In carrying out subsection  
2 (d), the Authority may—

3           “(1) hold such hearings, sit and act at such  
4 times and places, take such testimony, receive such  
5 evidence, and print or otherwise reproduce and dis-  
6 tribute a description of the proceedings and reports  
7 on actions by the Authority as the Authority con-  
8 siderers appropriate;

9           “(2) authorize, through the Federal or State co-  
10 chairperson or any other member of the Authority  
11 designated by the Authority, the administration of  
12 oaths if the Authority determines that testimony  
13 should be taken or evidence received under oath;

14           “(3) request from any Federal, State, or local  
15 department or agency such information as may be  
16 available to or procurable by the department or  
17 agency that may be of use to the Authority in car-  
18 rying out duties of the Authority;

19           “(4) adopt, amend, and repeal bylaws and rules  
20 governing the conduct of Authority business and the  
21 performance of Authority duties;

22           “(5) request the head of any Federal depart-  
23 ment or agency to detail to the Authority such per-  
24 sonnel as the Authority requires to carry out duties

1 of the Authority, each such detail to be without loss  
2 of seniority, pay, or other employee status;

3 “(6) request the head of any State department  
4 or agency or local government to detail to the Au-  
5 thority such personnel as the Authority requires to  
6 carry out duties of the Authority, each such detail  
7 to be without loss of seniority, pay, or other em-  
8 ployee status;

9 “(7) provide for coverage of Authority employ-  
10 ees in a suitable retirement and employee benefit  
11 system by—

12 “(A) making arrangements or entering  
13 into contracts with any participating State gov-  
14 ernment; or

15 “(B) otherwise providing retirement and  
16 other employee benefit coverage;

17 “(8) accept, use, and dispose of gifts or dona-  
18 tions of services or real, personal, tangible, or intan-  
19 gible property;

20 “(9) enter into and perform such contracts,  
21 leases, cooperative agreements, or other transactions  
22 as are necessary to carry out Authority duties, in-  
23 cluding any contracts, leases, or cooperative agree-  
24 ments with—

1           “(A) any department, agency, or instru-  
2           mentality of the United States;

3           “(B) any State (including a political sub-  
4           division, agency, or instrumentality of the  
5           State); or

6           “(C) any person, firm, association, or cor-  
7           poration; and

8           “(10) establish and maintain a central office  
9           and field offices at such locations as the Authority  
10          may select.

11          “(f) FEDERAL AGENCY COOPERATION.—A Federal  
12          agency shall—

13               “(1) cooperate with the Authority; and

14               “(2) provide, on request of the Federal cochair-  
15          person, appropriate assistance in carrying out this  
16          subtitle, in accordance with applicable Federal laws  
17          (including regulations).

18          “(g) ADMINISTRATIVE EXPENSES.—

19               “(1) IN GENERAL.—Administrative expenses of  
20          the Authority (except for the expenses of the Fed-  
21          eral cochairperson, including expenses of the alter-  
22          nate and staff of the Federal cochairperson, which  
23          shall be paid solely by the Federal Government)  
24          shall be paid—

1           “(A) by the Federal Government, in an  
2           amount equal to 50 percent of the administra-  
3           tive expenses; and

4           “(B) by the States in the region partici-  
5           pating in the Authority, in an amount equal to  
6           50 percent of the administrative expenses.

7           “(2) STATE SHARE.—

8           “(A) IN GENERAL.—The share of adminis-  
9           trative expenses of the Authority to be paid by  
10          each State shall be determined by the Author-  
11          ity.

12          “(B) NO FEDERAL PARTICIPATION.—The  
13          Federal cochairperson shall not participate or  
14          vote in any decision under subparagraph (A).

15          “(C) DELINQUENT STATES.—If a State is  
16          delinquent in payment of the State’s share of  
17          administrative expenses of the Authority under  
18          this subsection—

19                 “(i) no assistance under this subtitle  
20                 shall be furnished to the State (including  
21                 assistance to a political subdivision or a  
22                 resident of the State); and

23                 “(ii) no member of the Authority from  
24                 the State shall participate or vote in any  
25                 action by the Authority.

1 “(h) COMPENSATION.—

2 “(1) FEDERAL COCHAIRPERSON.—The Federal  
3 cochairperson shall be compensated by the Federal  
4 Government at level III of the Executive Schedule in  
5 subchapter II of chapter 53 of title 5, United States  
6 Code.

7 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—  
8 The alternate Federal cochairperson—

9 “(A) shall be compensated by the Federal  
10 Government at level V of the Executive Sched-  
11 ule described in paragraph (1); and

12 “(B) when not actively serving as an alter-  
13 nate for the Federal cochairperson, shall per-  
14 form such functions and duties as are delegated  
15 by the Federal cochairperson.

16 “(3) STATE MEMBERS AND ALTERNATES.—

17 “(A) IN GENERAL.—A State shall com-  
18 pensate each member and alternate rep-  
19 resenting the State on the Authority at the rate  
20 established by law of the State.

21 “(B) NO ADDITIONAL COMPENSATION.—  
22 No State member or alternate member shall re-  
23 ceive any salary, or any contribution to or sup-  
24 plementation of salary from any source other

1 than the State for services provided by the  
2 member or alternate to the Authority.

3 “(4) DETAILED EMPLOYEES.—

4 “(A) IN GENERAL.—No person detailed to  
5 serve the Authority under subsection (e)(6)  
6 shall receive any salary or any contribution to  
7 or supplementation of salary for services pro-  
8 vided to the Authority from—

9 “(i) any source other than the State,  
10 local, or intergovernmental department or  
11 agency from which the person was detailed;  
12 or

13 “(ii) the Authority.

14 “(B) VIOLATION.—Any person that vio-  
15 lates this paragraph shall be fined not more  
16 than \$5,000, imprisoned not more than 1 year,  
17 or both.

18 “(C) APPLICABLE LAW.—The Federal co-  
19 chairperson, the alternate Federal cochair-  
20 person, and any Federal officer or employee de-  
21 tailed to duty on the Authority under sub-  
22 section (e)(5) shall not be subject to subpara-  
23 graph (A), but shall remain subject to sections  
24 202 through 209 of title 18, United States  
25 Code.

1 “(5) ADDITIONAL PERSONNEL.—

2 “(A) COMPENSATION.—

3 “(i) IN GENERAL.—The Authority  
4 may appoint and fix the compensation of  
5 an executive director and such other per-  
6 sonnel as are necessary to enable the Au-  
7 thority to carry out the duties of the Au-  
8 thority.

9 “(ii) EXCEPTION.—Compensation  
10 under clause (i) shall not exceed the max-  
11 imum rate for the Senior Executive Service  
12 under section 5382 of title 5, United  
13 States Code, including any applicable local-  
14 ity-based comparability payment that may  
15 be authorized under section 5304(h)(2)(C)  
16 of that title.

17 “(B) EXECUTIVE DIRECTOR.—The execu-  
18 tive director shall be responsible for—

19 “(i) the carrying out of the adminis-  
20 trative duties of the Authority;

21 “(ii) direction of the Authority staff;  
22 and

23 “(iii) such other duties as the Author-  
24 ity may assign.



1           “(C) NO FEDERAL EMPLOYEE STATUS.—

2           No member, alternate, officer, or employee of  
3           the Authority (except the Federal cochairperson  
4           of the Authority, the alternate and staff for the  
5           Federal cochairperson, and any Federal em-  
6           ployee detailed to the Authority under sub-  
7           section (e)(5)) shall be considered to be a Fed-  
8           eral employee for any purpose.

9           “(i) CONFLICTS OF INTEREST.—

10           “(1) IN GENERAL.—Except as provided under  
11           paragraph (2), no State member, alternate, officer,  
12           or employee of the Authority shall participate per-  
13           sonally and substantially as a member, alternate, of-  
14           ficer, or employee of the Authority, through decision,  
15           approval, disapproval, recommendation, the ren-  
16           dering of advice, investigation, or otherwise, in any  
17           proceeding, application, request for a ruling or other  
18           determination, contract, claim, controversy, or other  
19           matter in which, to knowledge of the member, alter-  
20           nate, officer, or employee—

21           “(A) the member, alternate, officer, or em-  
22           ployee;

23           “(B) the spouse, minor child, partner, or  
24           organization (other than a State or political  
25           subdivision of the State) of the member, alter-

1           nate, officer, or employee, in which the member,  
 2           alternate, officer, or employee is serving as offi-  
 3           cer, director, trustee, partner, or employee; or

4           “(C) any person or organization with  
 5           whom the member, alternate, officer, or em-  
 6           ployee is negotiating or has any arrangement  
 7           concerning prospective employment;

8           has a financial interest.

9           “(2) DISCLOSURE.—Paragraph (1) shall not  
 10          apply if the State member, alternate, officer, or  
 11          employee—

12           “(A) immediately advises the Authority of  
 13           the nature and circumstances of the proceeding,  
 14           application, request for a ruling or other deter-  
 15           mination, contract, claim, controversy, or other  
 16           particular matter presenting a potential conflict  
 17           of interest;

18           “(B) makes full disclosure of the financial  
 19           interest; and

20           “(C) before the proceeding concerning the  
 21           matter presenting the conflict of interest, re-  
 22           ceives a written determination by the Authority  
 23           that the interest is not so substantial as to be  
 24           likely to affect the integrity of the services that

1           the Authority may expect from the State mem-  
2           ber, alternate, officer, or employee.

3           “(3) VIOLATION.—Any person that violates this  
4           subsection shall be fined not more than \$10,000, im-  
5           prisoned not more than 2 years, or both.

6           “(j) VALIDITY OF CONTRACTS, LOANS, AND  
7           GRANTS.—The Authority may declare void any contract,  
8           loan, or grant of or by the Authority in relation to which  
9           the Authority determines that there has been a violation  
10          of any provision under subsection (h)(4), subsection (i),  
11          or sections 202 through 209 of title 18, United States  
12          Code.

13       **“SEC. 387C. ECONOMIC AND COMMUNITY DEVELOPMENT**  
14               **GRANTS.**

15          “(a) IN GENERAL.—The Authority may approve  
16          grants to States, local governments, and public and non-  
17          profit organizations for projects, approved in accordance  
18          with section 387I—

19               “(1) to develop the transportation and tele-  
20          communication infrastructure of the region for the  
21          purpose of facilitating economic development in the  
22          region (except that grants for this purpose may only  
23          be made to States, local governments, and nonprofit  
24          organizations);

1           “(2) to assist the region in obtaining the job  
2           training, employment-related education, and busi-  
3           ness development (with an emphasis on entrepre-  
4           neurship) that are needed to build and maintain  
5           strong local economies;

6           “(3) to provide assistance to severely distressed  
7           and underdeveloped areas that lack financial re-  
8           sources for improving basic public services;

9           “(4) to provide assistance to severely distressed  
10          and underdeveloped areas that lack financial re-  
11          sources for equipping industrial parks and related  
12          facilities; and

13          “(5) to otherwise achieve the purposes of this  
14          subtitle.

15          “(b) FUNDING.—

16               “(1) IN GENERAL.—Funds for grants under  
17          subsection (a) may be provided—

18                   “(A) entirely from appropriations to carry  
19                  out this section;

20                   “(B) in combination with funds available  
21                  under another Federal or Federal grant pro-  
22                  gram; or

23                   “(C) from any other source.

24               “(2) PRIORITY OF FUNDING.—To best build the  
25          foundations for long-term economic development and

1 to complement other Federal and State resources in  
 2 the region, Federal funds available under this sub-  
 3 title shall be focused on the activities in the fol-  
 4 lowing order or priority:

5 “(A) Basic public infrastructure in dis-  
 6 tressed counties and isolated areas of distress.

7 “(B) Transportation and telecommuni-  
 8 cation infrastructure for the purpose of facili-  
 9 tating economic development in the region.

10 “(C) Business development, with emphasis  
 11 on entrepreneurship.

12 “(D) Job training or employment-related  
 13 education, with emphasis on use of existing  
 14 public educational institutions located in the re-  
 15 gion.

16 “(3) FEDERAL SHARE IN GRANT PROGRAMS.—  
 17 Notwithstanding any provision of law limiting the  
 18 Federal share in any grant program, funds appro-  
 19 priated to carry out this section may be used to in-  
 20 crease a Federal share in a grant program, as the  
 21 Authority determines appropriate.

22 **“SEC. 387D. SUPPLEMENTS TO FEDERAL GRANT PRO-**  
 23 **GRAMS.**

24 “(a) FINDING.—Congress finds that certain States  
 25 and local communities of the region, including local devel-

1 opment districts, may be unable to take maximum advan-  
2 tage of Federal grant programs for which the States and  
3 communities are eligible because—

4 “(1) they lack the economic resources to meet  
5 the required matching share; or

6 “(2) there are insufficient funds available under  
7 the applicable Federal grant law authorizing the  
8 program to meet pressing needs of the region.

9 “(b) FEDERAL GRANT PROGRAM FUNDING.—In ac-  
10 cordance with subsection (c), the Federal cochairperson  
11 may use amounts made available to carry out this subtitle,  
12 without regard to any limitations on areas eligible for as-  
13 sistance or authorizations for appropriation under any  
14 other Act, to fund all or any portion of the basic Federal  
15 contribution to a project or activity under a Federal grant  
16 program in the region in an amount that is above the fixed  
17 maximum portion of the cost of the project otherwise au-  
18 thorized by applicable law, but not to exceed 90 percent  
19 of the costs of the project (except as provided in section  
20 387F(b)).

21 “(c) CERTIFICATION.—

22 “(1) IN GENERAL.—In the case of any program  
23 or project for which all or any portion of the basic  
24 Federal contribution to the project under a Federal  
25 grant program is proposed to be made under this

1 section, no Federal contribution shall be made until  
 2 the Federal official administering the Federal law  
 3 authorizing the contribution certifies that the pro-  
 4 gram or project—

5 “(A) meets the applicable requirements of  
 6 the applicable Federal grant law; and

7 “(B) could be approved for Federal con-  
 8 tribution under the law if funds were available  
 9 under the law for the program or project.

10 “(2) CERTIFICATION BY AUTHORITY.—

11 “(A) IN GENERAL.—The certifications and  
 12 determinations required to be made by the Au-  
 13 thority for approval of projects under this sub-  
 14 title in accordance with section 387I—

15 “(i) shall be controlling; and

16 “(ii) shall be accepted by the Federal  
 17 agencies.

18 “(B) ACCEPTANCE BY FEDERAL COCHAIR-  
 19 PERSON.—Any finding, report, certification, or  
 20 documentation required to be submitted to the  
 21 head of the department, agency, or instrumen-  
 22 tality of the Federal Government responsible for  
 23 the administration of any Federal grant pro-  
 24 gram shall be accepted by the Federal cochair-

1 person with respect to a supplemental grant for  
2 any project under the program.

3 **“SEC. 387E. LOCAL DEVELOPMENT DISTRICTS; CERTIFI-**  
4 **CATION AND ADMINISTRATIVE EXPENSES.**

5 “(a) DEFINITION OF LOCAL DEVELOPMENT DIS-  
6 TRICT.—In this section, the term ‘local development dis-  
7 trict’ means an entity that—

8 “(1) is—

9 “(A) a planning district in existence on the  
10 date of enactment of this subtitle that is recog-  
11 nized by the Economic Development Adminis-  
12 tration of the Department of Commerce; or

13 “(B) where an entity described in subpara-  
14 graph (A) does not exist—

15 “(i) organized and operated in a man-  
16 ner that ensures broad-based community  
17 participation and an effective opportunity  
18 for other nonprofit groups to contribute to  
19 the development and implementation of  
20 programs in the region;

21 “(ii) governed by a policy board with  
22 at least a simple majority of members con-  
23 sisting of elected officials or employees of  
24 a general purpose unit of local government



1 who have been appointed to represent the  
2 government;

3 “(iii) certified to the Authority as hav-  
4 ing a charter or authority that includes the  
5 economic development of counties or parts  
6 of counties or other political subdivisions  
7 within the region—

8 “(I) by the Governor of each  
9 State in which the entity is located; or

10 “(II) by the State officer des-  
11 ignated by the appropriate State law  
12 to make the certification; and

13 “(iv)(I) a nonprofit incorporated body  
14 organized or chartered under the law of  
15 the State in which the entity is located;

16 “(II) a nonprofit agency or instru-  
17 mentality of a State or local government;

18 “(III) a public organization estab-  
19 lished before the date of enactment of this  
20 subtitle under State law for creation of  
21 multi-jurisdictional, area-wide planning or-  
22 ganizations; or

23 “(IV) a nonprofit association or com-  
24 bination of bodies, agencies, and instru-

1           mentalities described in subclauses (I)  
2           through (III); and

3           “(2) has not, as certified by the Federal  
4   cochairperson—

5           “(A) inappropriately used Federal grant  
6   funds from any Federal source; or

7           “(B) appointed an officer who, during the  
8   period in which another entity inappropriately  
9   used Federal grant funds from any Federal  
10   source, was an officer of the other entity.

11       “(b) GRANTS TO LOCAL DEVELOPMENT DIS-  
12   TRICTS.—

13           “(1) IN GENERAL.—The Authority may make  
14   grants for administrative expenses under this sec-  
15   tion.

16           “(2) CONDITIONS FOR GRANTS.—

17           “(A) MAXIMUM AMOUNT.—The amount of  
18   any grant awarded under paragraph (1) shall  
19   not exceed 80 percent of the administrative ex-  
20   penses of the local development district receiv-  
21   ing the grant.

22           “(B) MAXIMUM PERIOD.—No grant de-  
23   scribed in paragraph (1) shall be awarded to a  
24   State agency certified as a local development  
25   district for a period greater than 3 years.

1           “(C) LOCAL SHARE.—The contributions of  
 2           a local development district for administrative  
 3           expenses may be in cash or in kind, fairly evalu-  
 4           ated, including space, equipment, and services.

5           “(c) DUTIES OF LOCAL DEVELOPMENT DIS-  
 6 TRICTS.—A local development district shall—

7           “(1) operate as a lead organization serving  
 8           multicounty areas in the region at the local level;  
 9           and

10          “(2) serve as a liaison between State and local  
 11          governments, nonprofit organizations (including  
 12          community-based groups and educational institu-  
 13          tions), the business community, and citizens that—

14               “(A) are involved in multijurisdictional  
 15               planning;

16               “(B) provide technical assistance to local  
 17               jurisdictions and potential grantees; and

18               “(C) provide leadership and civic develop-  
 19               ment assistance.

20 **“SEC. 387F. DISTRESSED COUNTIES AND AREAS AND NON-**  
 21 **DISTRESSED COUNTIES.**

22          “(a) DESIGNATIONS.—Not later than 90 days after  
 23 the date of enactment of this subtitle, and annually there-  
 24 after, the Authority, in accordance with such criteria as  
 25 the Authority may establish, shall designate—

1           “(1) as distressed counties, counties in the re-  
2           gion that are the most severely and persistently dis-  
3           tressed and underdeveloped and have high rates of  
4           poverty, unemployment, or outmigration;

5           “(2) as nondistressed counties, counties in the  
6           region that are not designated as distressed counties  
7           under paragraph (1); and

8           “(3) as isolated areas of distress, areas located  
9           in nondistressed counties (as designated under para-  
10          graph (2)) that have high rates of poverty, unem-  
11          ployment, or outmigration.

12          “(b) DISTRESSED COUNTIES.—

13           “(1) IN GENERAL.—The Authority shall allo-  
14          cate at least 75 percent of the appropriations made  
15          available under section 387M for programs and  
16          projects designed to serve the needs of distressed  
17          counties and isolated areas of distress in the region.

18           “(2) FUNDING LIMITATIONS.—The funding lim-  
19          itations under section 387D(b) shall not apply to a  
20          project providing transportation or telecommuni-  
21          cation or basic public services to residents of 1 or  
22          more distressed counties or isolated areas of distress  
23          in the region.

24          “(c) NONDISTRESSED COUNTIES.—

1           “(1) IN GENERAL.—Except as provided in this  
2 subsection, no funds shall be provided under this  
3 subtitle for a project located in a county designated  
4 as a nondistressed county under subsection (a)(2).

5           “(2) EXCEPTIONS.—

6                 “(A) IN GENERAL.—The funding prohibi-  
7 tion under paragraph (1) shall not apply to  
8 grants to fund the administrative expenses of  
9 local development districts under section  
10 387E(b).

11                “(B) MULTICOUNTY PROJECTS.—The Au-  
12 thority may waive the application of the fund-  
13 ing prohibition under paragraph (1) to—

14                   “(i) a multicounty project that in-  
15 cludes participation by a nondistressed  
16 county; or

17                   “(ii) any other type of project;  
18 if the Authority determines that the project  
19 could bring significant benefits to areas of the  
20 region outside a nondistressed county.

21                “(C) ISOLATED AREAS OF DISTRESS.—For  
22 a designation of an isolated area of distress for  
23 assistance to be effective, the designation shall  
24 be supported—

1 “(i) by the most recent Federal data  
2 available; or

3 “(ii) if no recent Federal data are  
4 available, by the most recent data available  
5 through the government of the State in  
6 which the isolated area of distress is lo-  
7 cated.

8 “(d) TRANSPORTATION, TELECOMMUNICATION, AND  
9 BASIC PUBLIC INFRASTRUCTURE.—The Authority shall  
10 allocate at least 50 percent of any funds made available  
11 under section 387M for transportation, telecommuni-  
12 cation, and basic public infrastructure projects authorized  
13 under paragraphs (1) and (3) of section 387C(a).

14 **“SEC. 387G. DEVELOPMENT PLANNING PROCESS.**

15 “(a) STATE DEVELOPMENT PLAN.—In accordance  
16 with policies established by the Authority, each State  
17 member shall submit a development plan for the area of  
18 the region represented by the State member.

19 “(b) CONTENT OF PLAN.—A State development plan  
20 submitted under subsection (a) shall reflect the goals, ob-  
21 jectives, and priorities identified in the regional develop-  
22 ment plan developed under section 387B(d)(2).

23 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-  
24 TIES.—In carrying out the development planning process

1 (including the selection of programs and projects for as-  
 2 sistance), a State may—

3 “(1) consult with—

4 “(A) local development districts; and

5 “(B) local units of government; and

6 “(2) take into consideration the goals, objec-  
 7 tives, priorities, and recommendations of the entities  
 8 described in paragraph (1).

9 “(d) PUBLIC PARTICIPATION.—

10 “(1) IN GENERAL.—The Authority and applica-  
 11 ble State and local development districts shall en-  
 12 courage and assist, to the maximum extent prac-  
 13 ticable, public participation in the development, revi-  
 14 sion, and implementation of all plans and programs  
 15 under this subtitle.

16 “(2) REGULATIONS.—The Authority shall de-  
 17 velop guidelines for providing public participation  
 18 described in paragraph (1), including public hear-  
 19 ings.

20 **“SEC. 387H. PROGRAM DEVELOPMENT CRITERIA.**

21 “(a) IN GENERAL.—In considering programs and  
 22 projects to be provided assistance under this subtitle, and  
 23 in establishing a priority ranking of the requests for as-  
 24 sistance provided by the Authority, the Authority shall fol-

1 low procedures that ensure, to the maximum extent prac-  
2 ticable, consideration of—

3 “(1) the relationship of the project or class of  
4 projects to overall regional development;

5 “(2) the per capita income and poverty and un-  
6 employment and outmigration rates in an area;

7 “(3) the financial resources available to the ap-  
8 plicants for assistance seeking to carry out the  
9 project, with emphasis on ensuring that projects are  
10 adequately financed to maximize the probability of  
11 successful economic development;

12 “(4) the importance of the project or class of  
13 projects in relation to other projects or classes of  
14 projects that may be in competition for the same  
15 funds;

16 “(5) the prospects that the project for which as-  
17 sistance is sought will improve, on a continuing rath-  
18 er than a temporary basis, the opportunities for em-  
19 ployment, the average level of income, or the eco-  
20 nomic development of the area served by the project;  
21 and

22 “(6) the extent to which the project design pro-  
23 vides for detailed outcome measurements by which  
24 grant expenditures and the results of the expendi-  
25 tures may be evaluated.



1       “(b) NO RELOCATION ASSISTANCE.—No financial  
2 assistance authorized by this subtitle shall be used to as-  
3 sist a person or entity in relocating from one area to an-  
4 other, except that financial assistance may be used as oth-  
5 erwise authorized by this title to attract businesses from  
6 outside the region to the region.

7       “(c) REDUCTION OF FUNDS.—Funds may be pro-  
8 vided for a program or project in a State under this sub-  
9 title only if the Authority determines that the level of Fed-  
10 eral or State financial assistance provided under a law  
11 other than this subtitle, for the same type of program or  
12 project in the same area of the State within the region,  
13 will not be reduced as a result of funds made available  
14 by this subtitle.

15       **“SEC. 387I. APPROVAL OF DEVELOPMENT PLANS AND**  
16                               **PROJECTS.**

17       “(a) IN GENERAL.—A State or regional development  
18 plan or any multistate subregional plan that is proposed  
19 for development under this subtitle shall be reviewed by  
20 the Authority.

21       “(b) EVALUATION BY STATE MEMBER.—An applica-  
22 tion for a grant or any other assistance for a project under  
23 this subtitle shall be made through and evaluated for ap-  
24 proval by the State member of the Authority representing  
25 the applicant.

1       “(c) CERTIFICATION.—An application for a grant or  
 2 other assistance for a project shall be approved only on  
 3 certification by the State member that the application for  
 4 the project—

5           “(1) describes ways in which the project com-  
 6 plies with any applicable State development plan;

7           “(2) meets applicable criteria under section  
 8 387H;

9           “(3) provides adequate assurance that the pro-  
 10 posed project will be properly administered, oper-  
 11 ated, and maintained; and

12           “(4) otherwise meets the requirements of this  
 13 subtitle.

14       “(d) VOTES FOR DECISIONS.—On certification by a  
 15 State member of the Authority of an application for a  
 16 grant or other assistance for a specific project under this  
 17 section, an affirmative vote of the Authority under section  
 18 387B(c) shall be required for approval of the application.

19 **“SEC. 387J. CONSENT OF STATES.**

20       “Nothing in this subtitle requires any State to engage  
 21 in or accept any program under this subtitle without the  
 22 consent of the State.

23 **“SEC. 387K. RECORDS.**

24       “(a) RECORDS OF THE AUTHORITY.—

1           “(1) IN GENERAL.—The Authority shall main-  
2           tain accurate and complete records of all trans-  
3           actions and activities of the Authority.

4           “(2) AVAILABILITY.—All records of the Author-  
5           ity shall be available for audit and examination by  
6           the Comptroller General of the United States and  
7           the Inspector General of the Department of Agri-  
8           culture (including authorized representatives of the  
9           Comptroller General and the Inspector General of  
10          the Department of Agriculture).

11          “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-  
12          ANCE.—

13           “(1) IN GENERAL.—A recipient of Federal  
14           funds under this subtitle shall, as required by the  
15           Authority, maintain accurate and complete records  
16           of transactions and activities financed with Federal  
17           funds and report on the transactions and activities  
18           to the Authority.

19           “(2) AVAILABILITY.—All records required  
20           under paragraph (1) shall be available for audit by  
21           the Comptroller General of the United States, the  
22           Inspector General of the Department of Agriculture,  
23           and the Authority (including authorized representa-  
24           tives of the Comptroller General, the Inspector Gen-

1       eral of the Department of Agriculture, and the Au-  
2       thority).

3       “(c) ANNUAL AUDIT.—The Inspector General of the  
4       Department of Agriculture shall audit the activities, trans-  
5       actions, and records of the Authority on an annual basis.

6       **“SEC. 387L. ANNUAL REPORT.**

7       “Not later than 180 days after the end of each fiscal  
8       year, the Authority shall submit to the President and to  
9       Congress a report describing the activities carried out  
10      under this subtitle.

11      **“SEC. 387M. AUTHORIZATION OF APPROPRIATIONS.**

12      “(a) IN GENERAL.—There is authorized to be appro-  
13      priated to the Authority to carry out this subtitle  
14      \$30,000,000 for each of fiscal years 2002 through 2006,  
15      to remain available until expended.

16      “(b) ADMINISTRATIVE EXPENSES.—Not more than 5  
17      percent of the amount appropriated under subsection (a)  
18      for a fiscal year shall be used for administrative expenses  
19      of the Authority.

20      “(c) MINIMUM STATE SHARE OF GRANTS.—Notwith-  
21      standing any other provision of this subtitle, for any fiscal  
22      year, the aggregate amount of grants received by a State  
23      and all persons or entities in the State under this subtitle  
24      shall be not less than  $\frac{1}{3}$  of the product obtained by  
25      multiplying—

1 “(1) the aggregate amount of grants under this  
2 subtitle for the fiscal year; and

3 “(2) the ratio that—

4 “(A) the population of the State (as deter-  
5 mined by the Secretary of Commerce based on  
6 the most recent decennial census for which data  
7 are available); bears to

8 “(B) the population of the region (as so  
9 determined).

10 **“SEC. 387N. TERMINATION OF AUTHORITY.**

11 “This subtitle and the authority provided under this  
12 subtitle expire on October 1, 2006.”.

13 **Subtitle D—Food, Agriculture, Con-**  
14 **servation, and Trade Act of 1990**

15 **SEC. 651. ALTERNATIVE AGRICULTURAL RESEARCH AND**  
16 **COMMERCIALIZATION CORPORATION.**

17 (a) REPEAL OF CORPORATION AUTHORIZATION.—  
18 Subtitle G of title XVI of the Food, Agriculture, Conserva-  
19 tion, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is  
20 repealed.

21 (b) DISPOSITION OF ASSETS.—On the date of enact-  
22 ment of this Act—

23 (1) the assets, both tangible and intangible, of  
24 the Alternative Agricultural Research and Commer-  
25 cialization Corporation (referred to in this section as

1 the “Corporation”), including the funds in the Alter-  
2 native Agricultural Research and Commercialization  
3 Revolving Fund as of the date of enactment of this  
4 Act, are transferred to the Secretary of Agriculture;  
5 and

6 (2) notwithstanding the Federal Property and  
7 Administrative Services Act of 1949 (40 U.S.C. 471  
8 et seq.), the Secretary shall have authority to man-  
9 age and dispose of the assets transferred under  
10 paragraph (1) in a manner that, to the maximum  
11 extent practicable, provides the greatest return on  
12 investment.

13 (c) USE OF ASSETS.—

14 (1) IN GENERAL.—Funds transferred under  
15 subsection (b), and any income from assets or pro-  
16 ceeds from the sale of assets transferred under sub-  
17 section (b), shall be deposited into an account in the  
18 Treasury, and shall remain available to the Sec-  
19 retary until expended, without further appropriation,  
20 to pay—

21 (A) any outstanding claims or obligations  
22 of the Corporation; and

23 (B) the costs incurred by the Secretary in  
24 carrying out this section.

1           (2) FINAL DISPOSITION.—On final disposition  
 2       of all assets transferred under subsection (b), any  
 3       funds remaining in the account described in para-  
 4       graph (1) shall be transferred into miscellaneous re-  
 5       ceipts in the Treasury.

6       (d) CONFORMING AMENDMENTS.—

7           (1) The following provisions are repealed:

8               (A) Section 730 of the Federal Agriculture  
 9       Improvement and Reform Act of 1996 (7  
 10      U.S.C. 5902 note; Public Law 104–127).

11            (B) Section 9101(3)(Q) of title 31, United  
 12      States Code.

13           (2) Section 401(c) of the Agricultural Research,  
 14      Education, and Extension Reform Act of 1998 (7  
 15      U.S.C. 7621(c)) is amended by striking paragraph  
 16      (1) and inserting the following:

17               “(1) CRITICAL EMERGING ISSUES.—Subject to  
 18      paragraph (2), the Secretary shall use the funds in  
 19      the Account for research, extension, and education  
 20      grants (referred to in this section as ‘grants’) to ad-  
 21      dress critical emerging agricultural issues related  
 22      to—

23                   “(A) future food production;

24                   “(B) environmental quality and natural re-  
 25      source management; or

1 “(C) farm income.”.

2 (3) Section 793(c)(1)(A)(ii)(II) of the Federal  
3 Agriculture Improvement and Reform Act of 1996  
4 (7 U.S.C. 2204f(c)(1)(A)(ii)(II)) is amended by  
5 striking “subtitle G of title XVI and”.

6 **SEC. 652. TELEMEDICINE AND DISTANCE LEARNING SERV-**  
7 **ICES IN RURAL AREAS.**

8 (a) IN GENERAL.—Section 2335A of the Food, Agri-  
9 culture, Conservation, and Trade Act of 1990 (7 U.S.C.  
10 950aaa–5) is amended by striking “2002” and inserting  
11 “2006”.

12 (b) CONFORMING AMENDMENT.—Section 1(b) of  
13 Public Law 102–551 (7 U.S.C. 950aaa note) is amended  
14 by striking “1997” and inserting “2006”.

15 **Subtitle E—Rural Electrification**  
16 **Act of 1936**

17 **SEC. 661. BIOENERGY AND BIOCHEMICAL PROJECTS.**

18 Title I of the Rural Electrification Act of 1936 (7  
19 U.S.C. 901 et seq.) is amended by adding at the end the  
20 following:

21 **“SEC. 20. BIOENERGY AND BIOCHEMICAL PROJECTS.**

22 “In carrying out rural electric loan, loan guarantee,  
23 and grant programs under this Act, the Secretary shall  
24 provide a priority for bioenergy and biochemical  
25 projects.”.



1 **SEC. 662. GUARANTEES FOR BONDS AND NOTES ISSUED**  
2 **FOR ELECTRIFICATION OR TELEPHONE PUR-**  
3 **POSES.**

4 (a) IN GENERAL.—The Rural Electrification Act of  
5 1936 is amended by inserting after section 313 (7 U.S.C.  
6 940c) the following:

7 **“SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED**  
8 **FOR ELECTRIFICATION OR TELEPHONE PUR-**  
9 **POSES.**

10 “(a) IN GENERAL.—Subject to subsection (b), the  
11 Secretary shall guarantee payments on bonds or notes  
12 issued by cooperative or other lenders organized on a not-  
13 for-profit basis if the proceeds of the bonds or notes are  
14 used for electrification or telephone projects eligible for as-  
15 sistance under this Act, including the refinancing of bonds  
16 or notes issued for such projects.

17 “(b) LIMITATIONS.—

18 “(1) OUTSTANDING LOANS.—A lender shall not  
19 receive a guarantee under this section for a bond or  
20 note if, at the time of the guarantee, the total prin-  
21 cipal amount of such guaranteed bonds or notes out-  
22 standing of the lender would exceed the principal  
23 amount of outstanding loans of the lender for elec-  
24 trification or telephone purposes that have been  
25 made concurrently with loans approved for such pur-  
26 poses under this Act.

1           “(2) GENERATION OF ELECTRICITY.—The Sec-  
2       retary shall not guarantee payment on a bond or  
3       note issued by a lender, the proceeds of which are  
4       used for the generation of electricity.

5           “(3) QUALIFICATIONS.—The Secretary may  
6       deny the request of a lender for the guarantee of a  
7       bond or note under this section if the Secretary de-  
8       termines that—

9           “(A) the lender does not have appropriate  
10      expertise or experience or is otherwise not  
11      qualified to make loans for electrification or  
12      telephone purposes;

13          “(B) the bond or note issued by the lender  
14      is not of reasonable and sufficient quality; or

15          “(C) the lender has not provided sufficient  
16      evidence that the proceeds of the bond or note  
17      are used for eligible projects described in sub-  
18      section (a).

19          “(4) INTEREST RATE REDUCTION.—

20          “(A) IN GENERAL.—Except as provided in  
21      subparagraph (B), a lender may not use any  
22      amount obtained from the reduction in funding  
23      costs as a result of the guarantee of a bond or  
24      note under this section to reduce the interest  
25      rate on a new or outstanding loan.

1           “(B) CONCURRENT LOANS.—A lender may  
2           use any amount described in subparagraph (A)  
3           to reduce the interest rate on a loan if the loan  
4           is—

5                   “(i) made by the lender for electrifica-  
6                   tion or telephone projects that are eligible  
7                   for assistance under this Act; and

8                   “(ii) made concurrently with a loan  
9                   approved by the Secretary under this Act  
10                  for such a project, as provided in section  
11                  307.

12          “(c) FEES.—

13               “(1) IN GENERAL.—A lender that receives a  
14               guarantee issued under this section on a bond or  
15               note shall pay a fee to the Secretary.

16               “(2) AMOUNT.—The amount of an annual fee  
17               paid for the guarantee of a bond or note under this  
18               section shall be equal to 30 basis points of the  
19               amount of the unpaid principal of the bond or note  
20               guaranteed under this section.

21               “(3) PAYMENT.—A lender shall pay the fees re-  
22               quired under this subsection on a semiannual basis.

23               “(4) RURAL ECONOMIC DEVELOPMENT SUB-  
24               ACCOUNT.—Subject to subsection (e)(2), fees col-  
25               lected under this subsection shall be—

1           “(A) deposited into the rural economic de-  
2           velopment subaccount maintained under section  
3           313(b)(2)(A), to remain available until ex-  
4           pended; and

5           “(B) used for the purposes described in  
6           section 313(b)(2)(B).

7           “(d) GUARANTEES.—

8           “(1) IN GENERAL.—A guarantee issued under  
9           this section shall—

10           “(A) be for the full amount of a bond or  
11           note, including the amount of principal, inter-  
12           est, and call premiums;

13           “(B) be fully assignable and transferable;  
14           and

15           “(C) represent the full faith and credit of  
16           the United States.

17           “(2) LIMITATION.—To ensure that the Sec-  
18           retary has the resources necessary to properly exam-  
19           ine the proposed guarantees, the Secretary may limit  
20           the number of guarantees issued under this section  
21           if the number of such guarantees exceeds 5 per year.

22           “(3) DEPARTMENT OPINION.—On the timely  
23           request of an eligible lender, the General Counsel of  
24           the Department of Agriculture shall provide the Sec-  
25           retary with an opinion regarding the validity and au-

1       thority of a guarantee issued to the lender under  
2       this section.

3       “(e) AUTHORIZATION OF APPROPRIATIONS.—

4               “(1) IN GENERAL.—There are authorized to be  
5       appropriated such sums as are necessary to carry  
6       out this section.

7               “(2) FEES.—To the extent that the amount of  
8       funds appropriated for a fiscal year under paragraph  
9       (1) are not sufficient to carry out this section, the  
10      Secretary may use up to  $\frac{1}{3}$  of the fees collected  
11      under subsection (c) for the cost of providing guar-  
12      antees of bonds and notes under this section before  
13      depositing the remainder of the fees into the rural  
14      economic development subaccount maintained under  
15      section 313(b)(2)(A).

16      “(f) TERMINATION.—The authority provided under  
17      this section shall terminate on September 30, 2006.”.

18      (b) ADMINISTRATION OF CUSHION OF CREDIT PAY-  
19      MENTS PROGRAM.—Section 313(b)(2)(B) of the Rural  
20      Electrification Act of 1936 (7 U.S.C. 940c)(b)(2)(B)) is  
21      amended by inserting “, acting through the Rural Utilities  
22      Service,” after “Secretary”.

23      (c) ADMINISTRATION.—

24               (1) REGULATIONS.—Not later than 180 days  
25      after the date of enactment of this Act, the Sec-

1       retary of Agriculture shall promulgate regulations to  
2       carry out the amendments made by this section.

3           (2) IMPLEMENTATION.—Not later than 240  
4       days after the date of enactment of this Act, the  
5       Secretary shall implement the amendment made by  
6       this section.

7   **SEC. 663. EXPANSION OF 911 ACCESS.**

8       Title III of the Rural Electrification Act of 1936 (7  
9   U.S.C. 931 et seq.) is amended by adding the following:

10  **“SEC. 315. EXPANSION OF 911 ACCESS.**

11       “(a) IN GENERAL.—Subject to such terms and condi-  
12   tions as the Secretary may prescribe, the Secretary may  
13   make telephone loans under this title to State or local gov-  
14   ernments, Indian tribes (as defined in section 4 of the In-  
15   dian Self-Determination and Education Assistance Act  
16   (25 U.S.C. 450b)), or other public entities for facilities  
17   and equipment to expand 911 access in underserved rural  
18   areas.

19       “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
20   are authorized to be appropriated such sums as are nec-  
21   essary to carry out this section.”.

1 **TITLE VII—AGRICULTURAL RE-**  
 2 **SEARCH, EDUCATION, AND**  
 3 **EXTENSION AND RELATED**  
 4 **MATTERS**

5 **Subtitle A—National Agricultural**  
 6 **Research, Extension, and Teach-**  
 7 **ing Policy Act of 1977**

8 **SEC. 701. DEFINITIONS.**

9 (a) IN GENERAL.—Section 1404 of the National Ag-  
 10 ricultural Research, Extension, and Teaching Policy Act  
 11 of 1977 (7 U.S.C. 3103) is amended—

12 (1) by redesignating paragraphs (10) through  
 13 (17) as paragraphs (11) through (18), respectively;  
 14 (2) by inserting after paragraph (9) the fol-  
 15 lowing:

16 “(10) INSULAR AREA.—The term ‘insular area’  
 17 means—

18 “(A) the Commonwealth of Puerto Rico;

19 “(B) Guam;

20 “(C) American Samoa;

21 “(D) the Commonwealth of the Northern  
 22 Mariana Islands;

23 “(E) the Federated States of Micronesia;

24 “(F) the Republic of the Marshall Islands;

25 “(G) the Republic of Palau; and

1                   “(H) the Virgin Islands of the United  
2                   States.”; and

3                   (3) by striking paragraph (13) (as so redesign-  
4                   nated) and inserting the following:

5                   “(13) STATE.—The term ‘State’ means—

6                   “(A) a State;

7                   “(B) the District of Columbia; and

8                   “(C) any insular area.”.

9                   (b) EFFECT OF AMENDMENTS.—The amendments  
10                  made by subsection (a) shall not affect any basis for dis-  
11                  tribution of funds by formula (in effect on the date of en-  
12                  actment of this Act) to—

13                  (1) the Federated States of Micronesia;

14                  (2) the Republic of the Marshall Islands; or

15                  (3) the Republic of Palau.

16       **SEC. 702. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**  
17                               **SION, EDUCATION, AND ECONOMICS ADVI-**  
18                               **SORY BOARD.**

19                  Section 1408(h) of the National Agricultural Re-  
20                  search, Extension, and Teaching Policy Act of 1977 (7  
21                  U.S.C. 3123(h)) is amended by striking “2002” and in-  
22                  serting “2006”.



1 **SEC. 703. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRI-**  
2 **CULTURAL SCIENCES EDUCATION.**

3 Section 1417 of the National Agricultural Research,  
4 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
5 3152) is amended—

6 (1) in subsection (a)—

7 (A) by striking “and” after “economics,”;  
8 and

9 (B) by inserting “, and rural economic,  
10 community, and business development” before  
11 the period;

12 (2) in subsection (b)—

13 (A) in paragraph (1), by inserting “, or in  
14 rural economic, community, and business devel-  
15 opment” before the semicolon;

16 (B) in paragraph (2), by inserting “, or in  
17 rural economic, community, and business devel-  
18 opment” before the semicolon;

19 (C) in paragraph (3), by inserting “, or  
20 teaching programs emphasizing rural economic,  
21 community, and business development” before  
22 the semicolon;

23 (D) in paragraph (4), by inserting “, or  
24 programs emphasizing rural economic, commu-  
25 nity, and business development,” after “pro-  
26 grams”; and

1 (E) in paragraph (5), by inserting “, or  
 2 professionals in rural economic, community, and  
 3 business development” before the semicolon;  
 4 (3) in subsection (d)—

5 (A) in paragraph (1), by inserting “, or in  
 6 rural economic, community, and business devel-  
 7 opment,” after “sciences”; and

8 (B) in paragraph (2), by inserting “, or in  
 9 the rural economic, community, and business  
 10 development workforce,” after “workforce”; and  
 11 (4) in subsection (l), by striking “2002” and in-  
 12 serting “2006”.

13 **SEC. 704. COMPETITIVE RESEARCH FACILITIES GRANT**  
 14 **PROGRAM.**

15 The National Agricultural Research, Extension, and  
 16 Teaching Policy Act of 1977 is amended by inserting after  
 17 section 1417 (7 U.S.C. 3152) the following:

18 **“SEC. 1417A. COMPETITIVE RESEARCH FACILITIES GRANT**  
 19 **PROGRAM.**

20 “(a) **AUTHORITY.**—The Secretary may award grants  
 21 to eligible institutions on a competitive basis for the con-  
 22 struction, acquisition, modernization, renovation, alter-  
 23 ation, and remodeling of food and agricultural research  
 24 facilities such as buildings, laboratories, and other capital

1 facilities (including acquisition of fixtures and equipment)  
2 in accordance with this section.

3 “(b) ELIGIBLE INSTITUTIONS.—The following insti-  
4 tutions are eligible to compete for grants under subsection  
5 (a):

6 “(1) A State cooperative institution.

7 “(2) A Hispanic-serving institution.

8 “(c) CRITERIA FOR AWARD.—The Secretary shall  
9 award grants to support the national research purposes  
10 specified in section 1402 in a manner determined by the  
11 Secretary.

12 “(d) MATCHING.—

13 “(1) IN GENERAL.—The Secretary may estab-  
14 lish such matching requirements for grants under  
15 subsection (a) as the Secretary considers appro-  
16 priate.

17 “(2) FORM OF MATCH.—Matching requirements  
18 established by the Secretary may be met with unre-  
19 imbursed indirect costs and in-kind contributions.

20 “(3) EVALUATION PREFERENCE.—The Sec-  
21 retary may include an evaluation preference for  
22 projects for which the applicant proposes funds for  
23 the direct costs of a project to meet the required  
24 match.

1       “(e) TARGETED INSTITUTIONS.—The Secretary may  
2 determine that a portion of funds made available to carry  
3 out this section shall be targeted to particular eligible in-  
4 stitutions to enhance the capacity of the eligible institu-  
5 tions to carry out research.

6       “(f) ADMINISTRATION.—

7           “(1) REGULATIONS.—The Secretary shall pro-  
8 mulgate such regulations as are necessary to carry  
9 out this section.

10          “(2) STATES WITH MORE THAN 1 ELIGIBLE IN-  
11 STITUTION.—In a State having more than 1 eligible  
12 institution, the Secretary shall establish procedures  
13 in accordance with the purposes specified in section  
14 1402 to ensure that the facility proposals of the eli-  
15 gible institutions in the State provide for a coordi-  
16 nated food and agricultural research program among  
17 eligible institutions in the State.

18       “(g) APPLICABILITY OF THE FEDERAL ADVISORY  
19 COMMITTEE ACT.—The Federal Advisory Committee Act  
20 (5 U.S.C. App.) and title XVIII of the Food and Agri-  
21 culture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply  
22 to a panel or board created solely for the purpose of re-  
23 viewing applications or proposals submitted under this  
24 section.

1       “(h) ADVISORY BOARD.—In carrying out this section,  
2 the Secretary shall consult with the Advisory Board.

3       “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated such sums as are nec-  
5 essary to carry out this section for each of fiscal years  
6 2002 through 2006.”.

7   **SEC. 705. GRANTS FOR RESEARCH ON THE PRODUCTION**  
8                   **AND MARKETING OF ALCOHOLS AND INDUS-**  
9                   **TRIAL HYDROCARBONS FROM AGRICUL-**  
10                  **TURAL COMMODITIES AND FOREST PROD-**  
11                  **UCTS.**

12       Section 1419(d) of the National Agricultural Re-  
13 search, Extension, and Teaching Policy Act of 1977 (7  
14 U.S.C. 3154(d)) is amended by striking “2002” and in-  
15 serting “2006”.

16   **SEC. 706. POLICY RESEARCH CENTERS.**

17       Section 1419A of the National Agricultural Research,  
18 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
19 3155) is amended—

20           (1) in subsection (c)(3), by striking “collect and  
21 analyze” and inserting “collect, analyze, and dis-  
22 seminate”; and

23           (2) in subsection (d), by striking “2002” and  
24 inserting “2006”.

1   **SEC. 707. HUMAN NUTRITION INTERVENTION AND HEALTH**  
2                   **PROMOTION RESEARCH PROGRAM.**

3           Section 1424(d) of the National Agricultural Re-  
4 search, Extension, and Teaching Policy Act of 1977 (7  
5 U.S.C. 3174(d)) is amended by striking “2002” and in-  
6 serting “2006”.

7   **SEC. 708. PILOT RESEARCH PROGRAM TO COMBINE MED-**  
8                   **ICAL AND AGRICULTURAL RESEARCH.**

9           Section 1424A(d) of the National Agricultural Re-  
10 search, Extension, and Teaching Policy Act of 1977 (7  
11 U.S.C. 3174a(d)) is amended by striking “2002” and in-  
12 serting “2006”.

13   **SEC. 709. NUTRITION EDUCATION PROGRAM.**

14           Section 1425(c)(3) of the National Agricultural Re-  
15 search, Extension, and Teaching Policy Act of 1977 (7  
16 U.S.C. 3175(c)(3)) is amended by striking “2002” and  
17 inserting “2006”.

18   **SEC. 710. ANIMAL HEALTH AND DISEASE RESEARCH PRO-**  
19                   **GRAMS.**

20           Section 1433(a) of the National Agricultural Re-  
21 search, Extension, and Teaching Policy Act of 1977 (7  
22 U.S.C. 3195(a)) is amended in the first sentence by strik-  
23 ing “2002” and inserting “2006”.

1 **SEC. 711. RESEARCH ON NATIONAL OR REGIONAL PROB-**  
 2 **LEMS.**

3 Section 1434(a) of the National Agricultural Re-  
 4 search, Extension, and Teaching Policy Act of 1977 (7  
 5 U.S.C. 3196(a)) is amended by striking “2002” and in-  
 6 serting “2006”.

7 **SEC. 712. EDUCATION GRANTS PROGRAMS FOR HISPANIC-**  
 8 **SERVING INSTITUTIONS.**

9 Section 1455(c) of the National Agricultural Re-  
 10 search, Extension, and Teaching Policy Act of 1977 (7  
 11 U.S.C. 3241(c)) is amended by striking “2002” and in-  
 12 serting “2006”.

13 **SEC. 713. COMPETITIVE GRANTS FOR INTERNATIONAL AG-**  
 14 **RICULTURAL SCIENCE AND EDUCATION PRO-**  
 15 **GRAMS.**

16 Section 1459A(c) of the National Agricultural Re-  
 17 search, Extension, and Teaching Policy Act of 1977 (7  
 18 U.S.C. 3292b(c)) is amended by striking “2002” and in-  
 19 serting “2006”.

20 **SEC. 714. INDIRECT COSTS.**

21 Section 1462 of the National Agricultural Research,  
 22 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
 23 3310) is amended—

24 (1) by inserting “(a) IN GENERAL.—” before  
 25 “Except”;

1           (2) by striking “19 percent” and all that fol-  
 2           lows and inserting “the negotiated indirect cost rate  
 3           established for an institution by the cognizant Fed-  
 4           eral audit agency for the institution.”; and

5           (3) by adding at the end the following:

6           “(b) EXCEPTION.—Subsection (a) shall not apply to  
 7           a grant awarded competitively under section 9 of the  
 8           Small Business Act (15 U.S.C. 638).”.

9           **SEC. 715. RESEARCH EQUIPMENT GRANTS.**

10          The National Agricultural Research, Extension, and  
 11          Teaching Policy Act of 1977 is amended by inserting after  
 12          section 1462 (7 U.S.C. 3310) the following:

13          **“SEC. 1462A. RESEARCH EQUIPMENT GRANTS.**

14          “(a) IN GENERAL.—The Secretary may make com-  
 15          petitive grants for the acquisition of special purpose sci-  
 16          entific research equipment for use in the food and agricul-  
 17          tural sciences programs of eligible institutions described  
 18          in subsection (b).

19          “(b) ELIGIBLE INSTITUTIONS.—The Secretary may  
 20          make a grant under this section to—

21                  “(1) a college or university; or

22                  “(2) a State cooperative institution.

23          “(c) MAXIMUM AMOUNT.—The amount of a grant  
 24          made to an eligible institution under this section may not  
 25          exceed \$500,000.



1       “(d) PROHIBITION ON CHARGE OF EQUIPMENT AS  
 2 INDIRECT COSTS.—The cost of acquisition or depreciation  
 3 of equipment purchased with a grant under this section  
 4 shall not be—

5               “(1) charged as an indirect cost against another  
 6 Federal grant; or

7               “(2) included as part of the indirect cost pool  
 8 for purposes of calculating the indirect cost rate of  
 9 an eligible institution.

10       “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
 11 is authorized to be appropriated to carry out this section  
 12 \$50,000,000 for each of fiscal years 2002 through 2006.”.

13 **SEC. 716. AGRICULTURAL RESEARCH PROGRAMS.**

14       Section 1463 of the National Agricultural Research,  
 15 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
 16 3311) is amended—

17               (1) in subsection (a), by striking  
 18 “\$850,000,000 for each of the fiscal years 1991  
 19 through 2002” and inserting “\$1,500,000,000 for  
 20 each of fiscal years 2002 through 2006”; and

21               (2) in subsection (b), by striking “2002” and  
 22 inserting “2006”.

23 **SEC. 717. EXTENSION EDUCATION.**

24       Section 1464 of the National Agricultural Research,  
 25 Extension, and Teaching Policy Act of 1977 (7 U.S.C.

1 3312) is amended by striking “\$420,000,000” and all that  
2 follows and inserting the following: “\$500,000,000 for  
3 each of fiscal years 2002 through 2006.”.

4 **SEC. 718. AVAILABILITY OF COMPETITIVE GRANT FUNDS.**

5 The National Agricultural Research, Extension, and  
6 Teaching Policy Act of 1977 is amended by inserting after  
7 section 1469 (7 U.S.C. 3315) the following:

8 **“SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT**  
9 **FUNDS.**

10 “Except as otherwise provided by law, funds made  
11 available to the Secretary to carry out a competitive agri-  
12 cultural research, education, or extension grant program  
13 under this or any other Act shall be available for obliga-  
14 tion for a 2-year period beginning on October 1 of the  
15 fiscal year for which the funds are made available.”.

16 **SEC. 719. JOINT REQUESTS FOR PROPOSALS.**

17 (a) PURPOSES.—The purposes of this section are—

18 (1) to reduce the duplication of administrative  
19 functions relating to grant awards and administra-  
20 tion among Federal agencies conducting similar  
21 types of research, education, and extension pro-  
22 grams;

23 (2) to maximize the use of peer review re-  
24 sources in research, education, and extension pro-  
25 grams; and

1           (3) to reduce the burden on potential recipients  
2           that may offer similar proposals to receive competi-  
3           tive grants under different Federal programs in  
4           overlapping subject areas.

5           (b) **AUTHORITY.**—The National Agricultural Re-  
6           search, Extension, and Teaching Policy Act of 1977 is  
7           amended by inserting after section 1473A (7 U.S.C.  
8           3319a) the following:

9           **“SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.**

10          “(a) **IN GENERAL.**—In carrying out any competitive  
11          agricultural research, education, or extension grant pro-  
12          gram authorized under this or any other Act, the Sec-  
13          retary may cooperate with 1 or more other Federal agen-  
14          cies (including the National Science Foundation) in  
15          issuing joint requests for proposals, awarding grants, and  
16          administering grants, for similar or related research, edu-  
17          cation, or extension projects or activities.

18          “(b) **TRANSFER OF FUNDS.**—

19                 “(1) **SECRETARY.**—The Secretary may transfer  
20          funds to, or receive funds from, a cooperating Fed-  
21          eral agency for the purpose of carrying out the joint  
22          request for proposals, making awards, or admin-  
23          istering grants.

24                 “(2) **COOPERATING AGENCY.**—The cooperating  
25          Federal agency may transfer funds to, or receive

1 funds from, the Secretary for the purpose of car-  
2 rying out the joint request for proposals, making  
3 awards, or administering grants.

4 “(3) LIMITATIONS.—Funds transferred or re-  
5 ceived under this subsection shall be—

6 “(A) used only in accordance with the laws  
7 authorizing the appropriation of the funds; and

8 “(B) made available by grant only to re-  
9 cipients that are eligible to receive the grant  
10 under the laws.

11 “(c) ADMINISTRATION.—

12 “(1) SECRETARY.—The Secretary may delegate  
13 authority to issue requests for proposals, make grant  
14 awards, or administer grants, in whole or in part, to  
15 a cooperating Federal agency.

16 “(2) COOPERATING FEDERAL AGENCY.—The  
17 cooperating Federal agency may delegate to the Sec-  
18 retary authority to issue requests for proposals,  
19 make grant awards, or administer grants, in whole  
20 or in part.

21 “(d) REGULATIONS; RATES.—The Secretary and a  
22 cooperating Federal agency may agree to make applicable  
23 to recipients of grants—

1           “(1) the post-award grant administration regu-  
2           lations and indirect cost rates applicable to recipi-  
3           ents of grants from the Secretary; or

4           “(2) the post-award grant administration regu-  
5           lations and indirect cost rates applicable to recipi-  
6           ents of grants from the cooperating Federal agency.

7           “(e) JOINT PEER REVIEW PANELS.—Subject to sec-  
8           tion 1413B, the Secretary and a cooperating Federal  
9           agency may establish joint peer review panels for the pur-  
10          pose of evaluating grant proposals.”.

11   **SEC. 720. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

12          Section 1473D(a) of the National Agricultural Re-  
13          search, Extension, and Teaching Policy Act of 1977 (7  
14          U.S.C. 3319d(a)) is amended by striking “2002” and in-  
15          serting “2006”.

16   **SEC. 721. AQUACULTURE.**

17          Section 1477 of the National Agricultural Research,  
18          Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
19          3324) is amended in the first sentence by striking “2002”  
20          and inserting “2006”.

21   **SEC. 722. RANGELAND RESEARCH.**

22          Section 1483(a) of the National Agricultural Re-  
23          search, Extension, and Teaching Policy Act of 1977 (7  
24          U.S.C. 3336(a)) is amended by striking “2002” and in-  
25          serting “2006”.

1 **SEC. 723. BIOSECURITY PLANNING AND RESPONSE PRO-**  
 2 **GRAMS.**

3 (a) IN GENERAL.—The National Agricultural Re-  
 4 search, Extension, and Teaching Policy Act of 1977 (7  
 5 U.S.C. 3101 et seq.) is amended by adding at the end  
 6 the following:

7 **“Subtitle N—Biosecurity**  
 8 **“CHAPTER 1—AGRICULTURE**  
 9 **INFRASTRUCTURE SECURITY**

10 **“SEC. 1484. DEFINITIONS.**

11 “In this chapter:

12 “(1) AGRICULTURAL RESEARCH FACILITY.—

13 The term ‘agricultural research facility’ means a  
 14 facility—

15 “(A) at which agricultural research is reg-  
 16 ularly carried out or proposed to be carried out;  
 17 and

18 “(B) that is—

19 “(i)(I) an Agricultural Research Serv-  
 20 ice facility;

21 “(II) a Forest Service facility; or

22 “(III) an Animal and Plant Health  
 23 Inspection Service facility;

24 “(ii) a Federal agricultural facility in  
 25 the process of being planned or being con-  
 26 structed; or

1 “(iii) any other facility under the full  
2 control of the Secretary.

3 “(2) COMMISSION.—The term ‘Commission’  
4 means the Agriculture Infrastructure Security Com-  
5 mission established under section 1486.

6 “(2) FUND.—The term ‘Fund’ means the Agri-  
7 culture Infrastructure Security Fund Account estab-  
8 lished by section 1485.

9 **“SEC. 1485. AGRICULTURE INFRASTRUCTURE SECURITY**  
10 **FUND.**

11 “(a) ESTABLISHMENT.—There is established in the  
12 Treasury of the United States an account, to be known  
13 as the ‘Agriculture Infrastructure Security Fund Ac-  
14 count’, consisting of funds appropriated to, or deposited  
15 into, the Fund under subsection (c).

16 “(b) PURPOSES.—The purposes of the Fund are to  
17 provide funding to protect and strengthen the Federal  
18 food safety and agricultural infrastructure that—

19 “(1) safeguards against animal and plant dis-  
20 eases and pests;

21 “(2) ensures the safety of the food supply; and

22 “(3) ensures sound science in support of food  
23 and agricultural policy.

24 “(c) DEPOSITS INTO FUND.—

1           “(1) IN GENERAL.—There are authorized to be  
2           appropriated to the Fund such sums as are nec-  
3           essary for each of fiscal years 2002 through 2006.

4           “(2) CONTRIBUTIONS AND OTHER PROCEEDS.—  
5           The Secretary shall deposit into the Fund any funds  
6           received—

7                   “(A) as proceeds from the sale of assets  
8                   under subsection (e); or

9                   “(B) as gifts under subsection (f).

10           “(3) AVAILABILITY OF FUNDS.—Amounts in  
11           the Fund shall remain available until expended with-  
12           out further Act of appropriation.

13           “(4) ADDITIONAL FUNDS.—Funds made avail-  
14           able under paragraph (1) shall be in addition to  
15           funds otherwise available to the Secretary to receive  
16           gifts and bequests or dispose of property (real, per-  
17           sonal, or intangible).

18           “(d) EXPENDITURES FROM FUND.—

19                   “(1) IN GENERAL.—Subject to paragraph (2),  
20                   on request by the Secretary, the Secretary of the  
21                   Treasury shall transfer from the Fund to the Sec-  
22                   retary, and the Secretary shall accept and use with-  
23                   out further appropriation, such amounts as the Sec-  
24                   retary determines to be necessary to pay—



1           “(A) the costs of planning, design, develop-  
2           ment, construction, acquisition, modernization,  
3           leasing, and disposal of facilities, equipment,  
4           and technology used by the Department in car-  
5           rying out programs relating to the purposes  
6           specified in subsection (b), notwithstanding the  
7           Federal Property and Administrative Services  
8           Act of 1949 (40 U.S.C. 471 et seq.) or any  
9           other law that prescribes procedures for the  
10          procurement, use, or disposal of property or  
11          services by a Federal agency;

12          “(B) the costs of specialized services relat-  
13          ing to the purposes specified in subsection (b);

14          “(C) the costs of cooperative arrangements  
15          authorized to be entered into (notwithstanding  
16          chapter 63 of title 31, United States Code) with  
17          State, local and tribal governments, and other  
18          public and private entities, to carry out pro-  
19          grams relating to the purposes specified in sub-  
20          section (b); and

21          “(D) administrative costs incurred in car-  
22          rying out subparagraphs (A) through (C).

23          “(2) LIMITATIONS.—

24          “(A) FEDERAL EMPLOYEES.—Amounts in  
25          the Fund shall not be used to create any new

1 full or part-time permanent Federal employee  
2 position.

3 “(B) ADMINISTRATIVE EXPENSES.—Begin-  
4 ning in fiscal year 2003, not more than 1 per-  
5 cent of the amounts in the Fund on October 1  
6 of a fiscal year may be used in the fiscal year  
7 for administrative expenses of the Secretary in  
8 carrying out the activities described in para-  
9 graph (1).

10 “(e) SALE OF ASSETS.—

11 “(1) DISPOSAL AUTHORITY.—Notwithstanding  
12 the Federal Property and Administrative Services  
13 Act of 1949 (40 U.S.C. 471 et seq.), the Secretary  
14 by sale may dispose of all or any part of any right  
15 or title in land (excluding National Forest System  
16 land), facilities, or equipment in the full control of  
17 the Department (including land and facilities at the  
18 Beltsville Agricultural Research Center) used for the  
19 purposes specified in subsection (b).

20 “(2) DISPOSITION OF PROCEEDS.—Proceeds  
21 from any sale conducted by the Secretary under  
22 paragraph (1) shall be deposited into the Fund in  
23 accordance with subsection (c)(2)(A).

24 “(f) GIFTS.—

1           “(1) IN GENERAL.—To carry out the purposes  
2           specified in subsection (b), the Secretary may accept  
3           gifts and bequests of funds, property (real, personal,  
4           and intangible), equipment, services, and other in-  
5           kind contributions from State, local, and tribal gov-  
6           ernments, colleges and universities, individuals, and  
7           other public and private entities.

8           “(2) PROHIBITED SOURCE.—

9                   “(A) IN GENERAL.—For the purposes of  
10           this subsection, the Secretary shall not consider  
11           a State or local government, Indian tribe (as  
12           defined in section 4 of the Indian Self-Deter-  
13           mination and Education Assistance Act (25  
14           U.S.C. 450b)), other public entity, or college or  
15           university, to be a prohibited source under any  
16           Department rule or policy that prohibits the ac-  
17           ceptance of gifts from individuals and entities  
18           that do business with the Department.

19                   “(B) EXCEPTION.—Notwithstanding any  
20           Department rule or policy that prohibits the ac-  
21           ceptance of gifts by the Department from indi-  
22           viduals or private entities that do business with  
23           the Department or that, for any other reason,  
24           are considered to be prohibited sources, the  
25           Secretary may accept gifts under this sub-

1           section if the Secretary determines that it is in  
2           the public interest to accept the gift.

3           “(3) DISPOSITION OF GIFTS.—The Secretary  
4           shall deposit any gift of funds under this subsection  
5           into the Fund in accordance with subsection  
6           (c)(2)(B).

7   **“SEC. 1486. AGRICULTURE INFRASTRUCTURE SECURITY**  
8           **COMMISSION.**

9           “(a) ESTABLISHMENT.—The Secretary shall estab-  
10          lish a commission to be known as the ‘Agriculture Infra-  
11          structure Security Commission’ to carry out the duties de-  
12          scribed in subsection (f).

13          “(b) MEMBERSHIP.—

14               “(1) APPOINTMENT.—

15                   “(A) VOTING MEMBERS.—

16                           “(i) IN GENERAL.—The Commission  
17                           shall be composed of 15 voting members,  
18                           appointed by the Secretary in accordance  
19                           with clause (ii), based on nominations so-  
20                           licited from the public.

21                           “(ii) QUALIFICATIONS.—The Sec-  
22                           retary shall appoint members that—

23                                   “(I) represent a balance of the  
24                                   public and private sectors; and

1 “(II) have combined expertise  
2 in—

3 “(aa) facilities development,  
4 modernization, construction, se-  
5 curity, consolidation, and closure;

6 “(bb) plant diseases and  
7 pests;

8 “(cc) animal diseases and  
9 pests;

10 “(dd) food safety;

11 “(ee) biosecurity;

12 “(ff) the needs of farmers  
13 and ranchers;

14 “(gg) public health;

15 “(hh) State, local, and tribal  
16 government; and

17 “(ii) any other area related  
18 to agriculture infrastructure se-  
19 curity, as determined by the Sec-  
20 retary.

21 “(B) NONVOTING MEMBERS.—The Com-  
22 mission shall be composed of the following non-  
23 voting members:

24 “(i) The Secretary.

1 “(ii) 4 representatives appointed by  
 2 the Secretary of Health and Human Serv-  
 3 ices, 1 each from—

4 “(I) the Public Health Service;

5 “(II) the National Institutes of  
 6 Health;

7 “(III) the Centers for Disease  
 8 Control and Prevention; and

9 “(IV) the Food and Drug Admin-  
 10 istration.

11 “(iii) 1 representative appointed by  
 12 the Attorney General.

13 “(iv) 1 representative appointed by  
 14 the Director of Homeland Security.

15 “(v) Not more than 4 representatives  
 16 of the Department appointed by the Sec-  
 17 retary.

18 “(2) DATE OF APPOINTMENT.—The appoint-  
 19 ment of each member of the Commission shall be  
 20 made not later than 90 days after the date of enact-  
 21 ment of this subtitle.

22 “(c) TERM; VACANCIES.—

23 “(1) TERM.—The term of office of a member of  
 24 the Commission shall be 4 years, except that the  
 25 members initially appointed shall be appointed to

1       serve staggered terms (as determined by the Sec-  
2       retary).

3               “(2) VACANCIES.—A vacancy on the Commis-  
4       sion shall be filled in the same manner as the origi-  
5       nal appointment was made.

6       “(d) MEETINGS.—

7               “(1) IN GENERAL.—The Commission shall meet  
8       at the call of—

9               “(A) the Chairperson;

10              “(B) a majority of the voting members of  
11       the Commission; or

12              “(C) the Secretary.

13       “(2) FEDERAL ADVISORY COMMITTEE ACT.—

14              “(A) IN GENERAL.—The Federal Advisory  
15       Committee Act (5 U.S.C. App.) and title XVIII  
16       of the Food and Agriculture Act of 1977 (7  
17       U.S.C. 2281 et seq.) shall not apply to the  
18       Commission.

19              “(B) OPEN MEETINGS; RECORDS.—Subject  
20       to subparagraph (C)—

21              “(i) a meeting of the Commission  
22       shall be—

23              “(I) publicly announced in ad-  
24       vance; and

25              “(II) open to the public; and

1 “(ii) the Commission shall—

2 “(I) keep detailed minutes of  
3 each meeting and other appropriate  
4 records of the activities of the Com-  
5 mission; and

6 “(II) make the minutes and  
7 records available to the public on re-  
8 quest.

9 “(C) EXCEPTION.—When required in the  
10 interest of national security—

11 “(i) the Chairperson may choose not  
12 to give public notice of a meeting;

13 “(ii) the Chairperson may close all or  
14 a portion of any meeting to the public, and  
15 the minutes of the meeting, or portion of  
16 a meeting, shall not be made available to  
17 the public; and

18 “(iii) by majority vote, the Commis-  
19 sion may redact the minutes of a meeting  
20 that was open to the public.

21 “(e) CHAIRPERSON.—The Secretary shall select a  
22 Chairperson from among the voting members of the Com-  
23 mission.

24 “(f) DUTIES.—

25 “(1) IN GENERAL.—The Commission shall—



1           “(A) advise the Secretary on the uses of  
2           the Fund;

3           “(B) review all agricultural research facili-  
4           ties for—

5                   “(i) research importance; and

6                   “(ii) importance to agriculture infra-  
7           structure security;

8           “(C) identify any agricultural research fa-  
9           cility that should be closed, realigned, consoli-  
10          dated, or modernized to carry out the research  
11          agenda of the Secretary and protect agriculture  
12          infrastructure security;

13          “(D) develop recommendations concerning  
14          agricultural research facilities; and

15          “(E)(i) evaluate the agricultural research  
16          facilities acquisition and modernization system  
17          (including acquisitions by gift, grant, or any  
18          other form of agreement) used by the Depart-  
19          ment; and

20                 “(ii) based on the evaluation, recommend  
21          improvements to the system.

22          “(2) STRATEGIC PLAN.—To assist the Commis-  
23          sion in carrying out the duties described in para-  
24          graph (1), the Commission shall use the 10-year  
25          strategic plan prepared by the Strategic Planning

1 Task Force established under section 4 of the Re-  
2 search Facilities Act (7 U.S.C. 390b).

3 “(3) REPORT.—

4 “(A) IN GENERAL.—Not later than 240  
5 days after the date of enactment of this sub-  
6 title, and each June 1 thereafter, the Commis-  
7 sion shall prepare and submit to the Secretary,  
8 the Committee on Agriculture and the Com-  
9 mittee on Appropriations of the House of Rep-  
10 resentatives, and the Committee on Agriculture,  
11 Nutrition, and Forestry and the Committee on  
12 Appropriations of the Senate, a report on the  
13 findings and recommendations under paragraph  
14 (1).

15 “(B) WRITTEN RESPONSE.—Not later  
16 than 90 days after the date of receipt of a re-  
17 port from the Commission under subparagraph  
18 (A), the Secretary shall provide to the Commis-  
19 sion a written response concerning the manner  
20 and extent to which the Secretary will imple-  
21 ment the recommendations in the report.

22 “(C) PUBLIC AVAILABILITY.—

23 “(i) IN GENERAL.—Subject to clause  
24 (ii), the report submitted by the Commis-  
25 sion, and any response made by the Sec-

1           retary, under this subsection shall be avail-  
2           able to the public.

3           “(ii) EXCEPTION.—

4                 “(I) NATIONAL SECURITY.—The  
5                 Commission or the Secretary may de-  
6                 termine that any report or response,  
7                 or any portion of a report or response,  
8                 shall not be publicly released in the  
9                 interest of national security.

10                “(II) FREEDOM OF INFORMATION  
11                ACT.—On such a determination, the  
12                report or response, a portion of the  
13                report or response, or any records re-  
14                lating to the report or response, shall  
15                not be released under section 552 of  
16                title 5, United States Code.

17           “(g) COMMISSION PERSONNEL MATTERS.—

18                 “(1) COMPENSATION OF MEMBERS.—

19                 “(A) NON-FEDERAL EMPLOYEES.—A vot-  
20                 ing member of the Commission who is not a  
21                 regular full-time employee of the Federal Gov-  
22                 ernment shall, while attending meetings of the  
23                 Commission or otherwise engaged in the busi-  
24                 ness of the Commission (including travel time),  
25                 be entitled to receive compensation at a rate

1 fixed by the Secretary, but not exceeding the  
2 daily equivalent of the annual rate specified at  
3 the time of such service under GS-15 of the  
4 General Schedule established under section  
5 5332 of title 5, United States Code.

6 “(B) TRAVEL EXPENSES.—A voting mem-  
7 ber of the Commission shall be allowed travel  
8 expenses, including per diem in lieu of subsist-  
9 ence, at rates authorized for an employee of an  
10 agency under subchapter I of chapter 57 of title  
11 5, United States Code, while away from the  
12 home or regular place of business of the mem-  
13 ber in the performance of the duties of the  
14 Commission.

15 “(2) STAFF.—The Secretary shall provide the  
16 Commission with any personnel and other resources  
17 as the Secretary determines appropriate.

18 “(h) FUNDING.—

19 “(1) AUTHORIZATION OF APPROPRIATIONS.—  
20 There are authorized to be appropriated to carry out  
21 this section such sums as are necessary for each of  
22 fiscal years 2002 through 2006.

23 “(2) AGRICULTURE INFRASTRUCTURE SECU-  
24 RITY FUND.—For the purpose of establishing the  
25 Commission, the Secretary shall use such sums from

1 the Fund as the Secretary determines to be appro-  
2 priate.

3 **“CHAPTER 2—OTHER BIOSECURITY**  
4 **PROGRAMS**

5 **“SEC. 1487. SPECIAL AUTHORIZATION FOR BIOSECURITY**  
6 **PLANNING AND RESPONSE.**

7 “(a) AUTHORIZATION OF APPROPRIATIONS.—In ad-  
8 dition to amounts for agricultural research, extension, and  
9 education under this Act, there are authorized to be ap-  
10 propriated for agricultural research, education, and exten-  
11 sion activities for biosecurity planning and response such  
12 sums as are necessary for each of fiscal years 2002  
13 through 2006.

14 “(b) USE OF FUNDS.—Using any authority available  
15 to the Secretary, the Secretary shall use funds made avail-  
16 able under this section to carry out agricultural research,  
17 education, and extension activities (including through  
18 competitive grants) necessary—

19 “(1) to reduce the vulnerability of the United  
20 States food and agricultural system to chemical or  
21 biological attack;

22 “(2) to continue joint research initiatives be-  
23 tween the Agricultural Research Service, univer-  
24 sities, and industry on counterbioterrorism efforts  
25 (including continued funding of a consortium in ex-

1       istence on the date of enactment of this subtitle of  
 2       which the Agricultural Research Service and univer-  
 3       sities are members);

4           “(3) to make competitive grants to universities  
 5       and qualified research institutions for research on  
 6       counterbioterrorism; and

7           “(4) to counter or otherwise respond to chem-  
 8       ical or biological attack.

9   **“SEC. 1488. AGRICULTURE BIOTERRORISM RESEARCH FA-**  
 10       **CILITIES.**

11       “(a) DEFINITIONS.—In this section:

12           “(1) CONSTRUCTION.—The term ‘construction’  
 13       includes—

14           “(A) the construction of new buildings;  
 15       and

16           “(B) the expansion, renovation, remod-  
 17       eling, and alteration of existing buildings.

18           “(2) COST.—

19           “(A) IN GENERAL.—The term ‘cost’ means  
 20       any construction cost, including architects’ fees.

21           “(B) EXCLUSIONS.—The term ‘cost’ does  
 22       not include the cost of—

23           “(i) acquiring land or an interest in  
 24       land; or

1 “(ii) constructing any offsite improve-  
2 ment.

3 “(3) ELIGIBLE ENTITY.—The term ‘eligible en-  
4 tity’ means a college or university that—

5 “(A) is a land grant college or university  
6 (as defined in section 1404 of the National Ag-  
7 ricultural Research, Extension, and Teaching  
8 Policy Act of 1977 (7 U.S.C. 3103)); and

9 “(B) as determined by the Secretary,  
10 has—

11 “(i) demonstrated expertise in the  
12 area of animal and plant diseases;

13 “(ii) substantial animal and plant di-  
14 agnostic laboratories; and

15 “(iii) well-established working rela-  
16 tionships with—

17 “(I) the agricultural industry;  
18 and

19 “(II) farm and commodity orga-  
20 nizations.

21 “(b) MODERNIZATION AND CONSTRUCTION OF FA-  
22 CILITIES.—

23 “(1) IN GENERAL.—To enhance the security of  
24 agriculture in the United States against threats  
25 posed by bioterrorism, the Secretary shall make con-

1       struction grants, on a competitive basis, to eligible  
2       entities.

3               “(2) LIMITATION ON GRANTS.—An eligible enti-  
4       ty shall not receive grant funds under this section  
5       that, in any fiscal year, exceed \$10,000,000.

6       “(c) REQUIREMENTS FOR GRANTS.—

7               “(1) IN GENERAL.—The Secretary shall make a  
8       grant to an eligible entity under this section only if,  
9       with respect to any facility constructed using grant  
10      funds, the eligible entity—

11              “(A) submits to the Secretary, in such  
12      form, in such manner, and containing such  
13      agreements, assurances, and information as the  
14      Secretary may require, an application for the  
15      grant;

16              “(B) is determined by the Secretary to be  
17      competent to engage in the type of research for  
18      which the facility is proposed to be constructed;

19              “(C) provides such assurances as the Sec-  
20      retary determines to be satisfactory that—

21              “(i) for not less than 20 years after  
22      the date of completion of the facility, the  
23      facility shall be used for the purposes of  
24      the research for which the facility was con-



1           structured, as described in the grant applica-  
2           tion;

3           “(ii) sufficient funds are available to  
4           pay the non-Federal share of the cost of  
5           constructing the facility;

6           “(iii) sufficient funds will be available,  
7           as of the date of completion of the con-  
8           struction, for the effective use of the facil-  
9           ity for the purposes of the research for  
10          which the facility was constructed; and

11          “(iv) the proposed construction—

12               “(I) will increase the capability of  
13               the eligible entity to conduct research  
14               for which the facility was constructed;  
15               or

16               “(II) is necessary to improve or  
17               maintain the quality of the research of  
18               the eligible entity;

19          “(D) meets such reasonable qualifications  
20          as may be established by the Secretary with re-  
21          spect to—

22               “(i) the relative scientific and tech-  
23               nical merit of the applications, and the rel-  
24               ative effectiveness of facilities proposed to  
25               be constructed, in expanding the quality of,

1 and the capacity of eligible entities to carry  
2 out, biosecurity research;

3 “(ii) the quality of the research to be  
4 carried out in each facility constructed;

5 “(iii) the need for the research activi-  
6 ties to be carried out within the facility as  
7 those activities relate to research needs of  
8 the United States in securing, and ensur-  
9 ing the safety of, the food supply of the  
10 United States;

11 “(iv) the age and condition of existing  
12 research facilities of the eligible entity; and

13 “(v) biosafety and biosecurity require-  
14 ments necessary to protect facility staff,  
15 members of the public, and the food sup-  
16 ply; and

17 “(E) has demonstrated a commitment to  
18 enhancing and expanding the research produc-  
19 tivity of the eligible entity.

20 “(2) PRIORITY.—In providing grants under this  
21 section, the Secretary shall give priority to an eligi-  
22 ble entity that, as determined by the Secretary, has  
23 demonstrated expertise in—

24 “(A) animal and plant disease prevention;

25 “(B) pathogen and toxin mitigation;

- 1 “(C) cereal disease resistance;
- 2 “(D) grain milling and processing;
- 3 “(E) livestock production practices;
- 4 “(F) vaccine development;
- 5 “(G) meat processing;
- 6 “(H) pathogen detection and control; or
- 7 “(I) food safety.

8 “(d) AMOUNT OF GRANT.—The amount of a grant  
9 awarded under this section shall be determined by the Sec-  
10 retary.

11 “(e) FEDERAL SHARE.—The Federal share of the  
12 cost of any construction carried out using funds from a  
13 grant provided under this section shall not exceed 50 per-  
14 cent.

15 “(f) GUIDELINES.—Not later than 180 days after the  
16 date of enactment of this subtitle, the Secretary shall issue  
17 guidelines with respect to the provision of grants under  
18 this section.

19 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
20 is authorized to be appropriated to carry out this section  
21 \$100,000,000 for each of fiscal years 2003 through  
22 2005.”.

23 (b) SENSE OF CONGRESS ON INCREASING CAPACITY  
24 FOR RESEARCH ON BIOSECURITY AND ANIMAL AND  
25 PLANT HEALTH DISEASES.—It is the sense of Congress

1 that funding for the Agricultural Research Service, the  
 2 Animal and Plant Health Inspection Service, and other  
 3 agencies of the Department of Agriculture with respon-  
 4 sibilities for biosecurity should be increased as necessary  
 5 to improve the capacity of the agencies to conduct re-  
 6 search and analysis of, and respond to, bioterrorism and  
 7 animal and plant diseases.

8 **Subtitle B—Food, Agriculture, Con-**  
 9 **servation, and Trade Act of 1990**

10 **SEC. 731. NATIONAL GENETIC RESOURCES PROGRAM.**

11 Section 1635(b) of the Food, Agriculture, Conserva-  
 12 tion, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amend-  
 13 ed by striking “2002” and inserting “2006”.

14 **SEC. 732. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.**

15 Section 1668 of the Food, Agriculture, Conservation,  
 16 and Trade Act of 1990 (7 U.S.C. 5921) is amended—

17 (1) by redesignating subsections (e) through (g)  
 18 as subsections (f) through (h), respectively; and

19 (2) by inserting after subsection (d) the fol-  
 20 lowing:

21 “(e) GRANT PRIORITY.—In selecting projects for  
 22 which grants shall be made under this section, the Sec-  
 23 retary shall give priority to public and private research  
 24 or educational institutions and organizations the goals of  
 25 which include—

1           “(1) formation of interdisciplinary teams to re-  
 2       view or conduct research on the environmental ef-  
 3       fects of the release of new genetically modified agri-  
 4       cultural products;

5           “(2) conduct of studies relating to biosafety of  
 6       genetically modified agricultural products;

7           “(3) evaluation of the cost and benefit for de-  
 8       velopment of an identity preservation system for ge-  
 9       netically modified agricultural products;

10          “(4) establishment of international partnerships  
 11       for research and education on biosafety issues; or

12          “(5) formation of interdisciplinary teams to  
 13       renew and conduct research on the nutritional en-  
 14       hancement and environmental benefits of genetically  
 15       modified agricultural products.”.

16 **SEC. 733. HIGH-PRIORITY RESEARCH AND EXTENSION INI-**  
 17 **TIATIVES.**

18       Section 1672 of the Food, Agriculture, Conservation,  
 19 and Trade Act of 1990 (7 U.S.C. 5925) is amended

20           (1) in subsection (e), by adding at the end the  
 21       following:

22           “(25) ANIMAL INFECTIOUS DISEASES RE-  
 23       SEARCH AND EXTENSION.—

1           “(A) IN GENERAL.—Research and exten-  
2           sion grants may be made under this section for  
3           the purpose of developing—

4                   “(i) prevention and control methodolo-  
5                   gies for animal infectious diseases that im-  
6                   pact trade, including vesicular stomatitis,  
7                   bovine tuberculosis, transmissible  
8                   spongiform encephalopathy, brucellosis,  
9                   and *E. coli* 0157:H7 infection;

10                   “(ii) laboratory tests for quicker de-  
11                   tection of infected animals and presence of  
12                   diseases among herds;

13                   “(iii) prevention strategies, including  
14                   vaccination programs; and

15                   “(iv) rapid diagnostic techniques for,  
16                   and evaluation of, animal disease agents  
17                   considered to be risks for agricultural bio-  
18                   terrorism attack.

19           “(B) COLLABORATION.—Research under  
20           subparagraph (A) may be conducted in collabo-  
21           ration with scientists from the Department,  
22           other Federal agencies, universities, and indus-  
23           try.

24           “(C) EVALUATION OF DIAGNOSTIC TECH-  
25           NIQUES AND VACCINES.—Any research on or

1 evaluation of diagnostic techniques and vaccines  
2 under subparagraph (A) shall include evalua-  
3 tion of diagnostic techniques and vaccines  
4 under field conditions in countries in which the  
5 animal disease occurs.

6 “(26) PROGRAM TO COMBAT CHILDHOOD OBE-  
7 SITY.—Research and extension grants may be made  
8 under this section to consortia of institutions of  
9 higher education that specialize in obesity and nutri-  
10 tion research to develop and implement effective  
11 strategies to reduce the incidence of childhood obe-  
12 sity.

13 “(27) INTEGRATED PEST MANAGEMENT.—Re-  
14 search and extension grants may be made under this  
15 section to land grant colleges and universities, other  
16 Federal agencies, and other interested persons to co-  
17 ordinate and improve research, education, and out-  
18 reach on, and implementation on farms of, inte-  
19 grated pest management.

20 “(28) BEEF CATTLE GENETICS.—

21 “(A) IN GENERAL.—Research and exten-  
22 sion grants for beef cattle genetics evaluation  
23 research may be made under this section to in-  
24 stitutions of higher education, or consortia of  
25 institutions of higher education, that—

1 “(i) have expertise in beef cattle ge-  
2 netic evaluation research and technology;  
3 and

4 “(ii) have been actively involved, for  
5 at least 20 years, in the estimation and  
6 prediction of progeny differences for publi-  
7 cation and use by seed stock producer  
8 breed associations.

9 “(B) PRIORITY.—In making grants under  
10 subparagraph (A), the Secretary shall give pri-  
11 ority to proposals to—

12 “(i) establish and coordinate priorities  
13 for genetic evaluation of domestic beef cat-  
14 tle;

15 “(ii) consolidate research efforts to re-  
16 duce duplication of effort and maximize  
17 the return to beef industry;

18 “(iii) streamline the process between  
19 the development and adoption of new ge-  
20 netic evaluation methodologies by the in-  
21 dustry;

22 “(iv) identify new traits and tech-  
23 nologies for inclusion in genetic programs  
24 in order to—



1 “(I) reduce the costs of beef pro-  
2 duction; and

3 “(II) provide consumers with a  
4 high nutritional value, healthy, and  
5 affordable protein source; or

6 “(v) create decisionmaking tools that  
7 incorporate the increasing number of traits  
8 being evaluated and the increasing amount  
9 of information from DNA technology into  
10 genetic improvement programs, with the  
11 goal of optimizing the overall efficiency,  
12 product quality and safety, and health of  
13 the domestic beef cattle herd resource.”;  
14 and

15 (2) in subsection (h), by striking “2002” and  
16 inserting “2006”.

17 **SEC. 734. NUTRIENT MANAGEMENT RESEARCH AND EXTEN-**  
18 **SION INITIATIVE.**

19 Section 1672A(g) of the Food, Agriculture, Conserva-  
20 tion, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is  
21 amended by striking “2002” and inserting “2006”.

1 **SEC. 735. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**  
2 **SION INITIATIVE.**

3 Section 1672B of the Food, Agriculture, Conserva-  
4 tion, and Trade Act of 1990 (7 U.S.C. 5925b) is  
5 amended—

6 (1) in subsection (a)—

7 (A) by inserting after “Board,” the fol-  
8 lowing: “and the National Organic Standards  
9 Board,”;

10 (B) in paragraph (2), by striking “and” at  
11 the end;

12 (C) in paragraph (3), by striking the pe-  
13 riod at the end and inserting a semicolon; and

14 (D) by adding at the end the following:

15 “(4) determining desirable traits for organic  
16 commodities using advanced genomics;

17 “(5) pursuing classical and marker-assisted  
18 breeding for publicly held varieties of crops and ani-  
19 mals optimized for organic systems;

20 “(6) identifying marketing and policy con-  
21 straints on the expansion of organic agriculture; and

22 “(7) conducting advanced on-farm research and  
23 development that emphasizes observation of, experi-  
24 mentation with, and innovation for working organic  
25 farms, including research relating to production and  
26 to socioeconomic conditions.”; and

1           (2) in subsection (e), by striking “2002” and  
2           inserting “2006”.

3 **SEC. 736. AGRICULTURAL TELECOMMUNICATIONS PRO-**  
4 **GRAM.**

5           Section 1673(h) of the Food, Agriculture, Conserva-  
6           tion, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amend-  
7           ed by striking “2002” and inserting “2006”.

8 **SEC. 737. ASSISTIVE TECHNOLOGY PROGRAM FOR FARM-**  
9 **ERS WITH DISABILITIES.**

10          Section 1680(c)(1) of the Food, Agriculture, Con-  
11          servation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1))  
12          is amended by striking “2002” and inserting “2006”.

13 **Subtitle C—Agricultural Research,**  
14 **Extension, and Education Re-**  
15 **form Act of 1998**

16 **SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND**  
17 **FOOD SYSTEMS.**

18          Section 401 of the Agricultural Research, Extension,  
19          and Education Reform Act of 1998 (7 U.S.C. 7621) is  
20          amended—

21               (1) by striking subsection (b) and inserting the  
22               following:

23               “(b) FUNDING.—

24               “(1) IN GENERAL.—Out of any funds in the  
25               Treasury not otherwise appropriated, the Secretary

1 of the Treasury shall transfer to the Account to  
 2 carry out this section—

3 “(A) on October 1, 1998 and each October  
 4 1 thereafter through October 1, 2001,  
 5 \$120,000,000; and

6 “(B) on October 1, 2002, and each Octo-  
 7 ber 1 thereafter through October 1, 2005,  
 8 \$145,000,000.

9 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 10 retary shall be entitled to receive, shall accept, and  
 11 shall use to carry out this section the funds trans-  
 12 ferred under paragraph (1), without further appro-  
 13 priation.”; and

14 (2) in subsection (e), by adding at the end the  
 15 following:

16 “(3) MINORITY-SERVING INSTITUTIONS.—The  
 17 Secretary shall consider reserving, to the maximum  
 18 extent practicable, 10 percent of the funds made  
 19 available to carry out this section for a fiscal year  
 20 for grants to minority-serving institutions.”.

21 **SEC. 742. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL**  
 22 **PRODUCT QUALITY RESEARCH.**

23 Section 402(g) of the Agricultural Research, Exten-  
 24 sion, and Education Reform Act of 1998 (7 U.S.C.

1 7622(g)) is amended by striking “2002” and inserting  
2 “2006”.

3 **SEC. 743. PRECISION AGRICULTURE.**

4 Section 403(i)(1) of the Agricultural Research, Ex-  
5 tension, and Education Reform Act of 1998 (7 U.S.C.  
6 7623(i)(1)) is amended by striking “2002” and inserting  
7 “2006”.

8 **SEC. 744. BIOBASED PRODUCTS.**

9 Section 404 of the Agricultural Research, Extension,  
10 and Education Reform Act of 1998 (7 U.S.C. 7624) is  
11 amended—

12 (1) in subsection (e)(2), by striking “2001” and  
13 inserting “2006”; and

14 (2) in subsection (h), by striking “2002” and  
15 inserting “2006”.

16 **SEC. 745. THOMAS JEFFERSON INITIATIVE FOR CROP DI-**  
17 **VERSIFICATION.**

18 Section 405(h) of the Agricultural Research, Exten-  
19 sion, and Education Reform Act of 1998 (7 U.S.C.  
20 7625(h)) is amended by striking “2002” and inserting  
21 “2006”.

1 **SEC. 746. INTEGRATED RESEARCH, EDUCATION, AND EX-**  
 2 **TENSION COMPETITIVE GRANTS PROGRAM.**

3 Section 406 of the Agricultural Research, Extension,  
 4 and Education Reform Act of 1998 (7 U.S.C. 7626) is  
 5 amended—

6 (1) by redesignating subsection (e) as sub-  
 7 section (f);

8 (2) by inserting after subsection (d) the fol-  
 9 lowing:

10 “(e) TERM OF GRANT.—A grant under this section  
 11 shall have a term of not more than 5 years.”; and

12 (3) in subsection (f) (as so redesignated), by  
 13 striking “2002” and inserting “2006”.

14 **SEC. 747. SUPPORT FOR RESEARCH REGARDING DISEASES**  
 15 **OF WHEAT AND BARLEY CAUSED BY FUSAR-**  
 16 **IUM GRAMINEARUM.**

17 Section 408(e) of the Agricultural Research, Exten-  
 18 sion, and Education Reform Act of 1998 (7 U.S.C.  
 19 7628(e)) is amended by striking “2002” and inserting  
 20 “2006”.

21 **SEC. 748. OFFICE OF PEST MANAGEMENT POLICY.**

22 Section 614(f) of the Agricultural Research, Exten-  
 23 sion, and Education Reform Act of 1998 (7 U.S.C.  
 24 7653(f)) is amended by striking “2002” and inserting  
 25 “2006”.

1 **SEC. 749. SENIOR SCIENTIFIC RESEARCH SERVICE.**

2 Subtitle B of title VI of the Agricultural Research,  
3 Extension, and Education Reform Act of 1998 (7 U.S.C.  
4 7651 et seq.) is amended by adding at the end the fol-  
5 lowing:

6 **“SEC. 620. SENIOR SCIENTIFIC RESEARCH SERVICE.**

7 “(a) IN GENERAL.—There is established in the De-  
8 partment of Agriculture the Senior Scientific Research  
9 Service (referred to in this section as the ‘Service’).

10 “(b) MEMBERS.—

11 “(1) IN GENERAL.—Subject to paragraphs (2)  
12 through (4), the Secretary shall appoint the mem-  
13 bers of the Service.

14 “(2) QUALIFICATIONS.—To be eligible for ap-  
15 pointment to the Service, an individual shall—

16 “(A) have conducted outstanding research  
17 in the field of agriculture or forestry;

18 “(B) have earned a doctoral level degree at  
19 an institution of higher education (as defined in  
20 section 101 of the Higher Education Act of  
21 1965 (20 U.S.C. 1001)); and

22 “(C) meet qualification standards pre-  
23 scribed by the Director of the Office of Per-  
24 sonnel Management for appointment to a posi-  
25 tion at level GS–15 of the General Schedule.

1           “(3) NUMBER.—Not more than 100 individuals  
2       may serve as members of the Service at any 1 time.

3           “(4) OTHER REQUIREMENTS.—

4               “(A) IN GENERAL.—Subject to subpara-  
5       graph (B) and subsection (d)(2), the Secretary  
6       may appoint and employ a member of the Serv-  
7       ice without regard to—

8                   “(i) the provisions of title 5, United  
9       States Code, governing appointments in  
10      the competitive service;

11                  “(ii) the provisions of subchapter I of  
12      chapter 35 of title 5, United States Code,  
13      relating to retention preference;

14                  “(iii) the provisions of chapter 43 of  
15      title 5, United States Code, relating to per-  
16      formance appraisal and performance ac-  
17      tions;

18                  “(iv) the provisions of chapter 51 and  
19      subchapter III of chapter 53 of title 5,  
20      United States Code, relating to classifica-  
21      tion and General Schedule pay rates; and

22                  “(v) the provisions of chapter 75 of  
23      title 5, United States Code, relating to ad-  
24      verse actions.



1           “(B) EXCEPTION.—A member of the Serv-  
2           ice appointed and employed by the Secretary  
3           under subparagraph (A) shall have the same  
4           right of appeal to the Merit Systems Protection  
5           Board and the same right to file a complaint  
6           with the Office of Special Counsel as an em-  
7           ployee appointed to a position at level GS-15 of  
8           the General Schedule.

9           “(c) PERFORMANCE APPRAISAL SYSTEM.—The Sec-  
10          retary shall develop a performance appraisal system for  
11          members of the Service that is designed to—

12               “(1) provide for the systematic appraisal of the  
13          employment performance of the members; and

14               “(2) encourage excellence in employment per-  
15          formance by the members.

16          “(d) COMPENSATION.—

17               “(1) IN GENERAL.—Subject to paragraph (2),  
18          the Secretary shall determine the compensation of  
19          members of the Service.

20               “(2) LIMITATIONS.—The rate of pay for a  
21          member of the Service shall—

22                   “(A) not be less than the minimum rate  
23                  payable for a position at level GS-15 of the  
24                  General Schedule; and

1           “(B) not be more than the rate payable for  
2           a position at level I of the Executive Schedule,  
3           unless the rate is approved by the President  
4           under section 5377(d)(2) of title 5, United  
5           States Code.

6           “(e) RETIREMENT CONTRIBUTIONS.—

7           “(1) IN GENERAL.—On the request of a mem-  
8           ber of the Service who was an employee of an insti-  
9           tution of higher education (as defined in section 101  
10          of the Higher Education Act of 1965 (20 U.S.C.  
11          1001)) immediately prior to appointment as a mem-  
12          ber of the Service and who retains the right to con-  
13          tinue to make contributions to the retirement system  
14          of the institution, the Secretary may contribute an  
15          amount not to exceed 10 percent of the basic pay of  
16          the member to the retirement system of the institu-  
17          tion on behalf of the member.

18          “(2) FEDERAL RETIREMENT SYSTEM.—

19          “(A) IN GENERAL.—Subject to subpara-  
20          graph (B), a member for whom a contribution  
21          is made under paragraph (1) shall not, as a re-  
22          sult of serving as a member of the Service, be  
23          covered by, or earn service credit under, chapter  
24          83 or 84 of title 5, United States Code.

1           “(B) ANNUAL LEAVE.—Service of a mem-  
 2           ber of the Service described in subparagraph  
 3           (A) shall be creditable for determining years of  
 4           service under section 6303(a) of title 5, United  
 5           States Code.

6           “(f) INVOLUNTARY SEPARATION.—

7           “(1) IN GENERAL.—Subject to paragraph (2)  
 8           and notwithstanding the provisions of title 5, United  
 9           States Code, governing appointment in the competi-  
 10          tive service, in the case of an individual who is sepa-  
 11          rated from the Service involuntarily and without  
 12          cause—

13           “(A) the Secretary may appoint the indi-  
 14          vidual to a position in the competitive civil serv-  
 15          ice at level GS–15 of the General Schedule; and

16           “(B) the appointment shall be a career ap-  
 17          pointment.

18           “(2) EXCEPTED CIVIL SERVICE.—In the case of  
 19          an individual described in paragraph (1) who imme-  
 20          diately prior to appointment as a member of the  
 21          Service was not a career appointee in the civil serv-  
 22          ice or the Senior Executive Service, the appointment  
 23          of the individual under paragraph (1)—

24           “(A) shall be to the excepted civil service;  
 25          and

1 “(B) may not exceed a period of 2 years.”.

## 2 **Subtitle D—Land-Grant Funding**

### 3 **CHAPTER 1—1862 INSTITUTIONS**

#### 4 **SEC. 751. CARRYOVER.**

5 Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g)  
6 is amended by striking subsection (c) and inserting the  
7 following:

8 “(c) CARRYOVER.—

9 “(1) IN GENERAL.—The balance of any annual  
10 funds provided under this Act to a State agricultural  
11 experiment station for a fiscal year that remains un-  
12 expended at the end of the fiscal year may be car-  
13 ried over for use during the following fiscal year.

14 “(2) FAILURE TO EXPEND FULL ALLOT-  
15 MENT.—If any unexpended balance carried over by  
16 a State is not expended by the end of the second fis-  
17 cal year, an amount equal to the unexpended bal-  
18 ance shall be deducted from the next succeeding an-  
19 nual allotment to the State.”.

#### 20 **SEC. 752. REPORTING OF TECHNOLOGY TRANSFER ACTIVI-** 21 **TIES.**

22 Section 7(e) of the Hatch Act of 1887 (7 U.S.C.  
23 361g(e)) is amended by adding at the end the following:

1           “(5) The technology transfer activities con-  
 2           ducted with respect to federally-funded agricultural  
 3           research.”.

4   **SEC. 753. COMPLIANCE WITH MULTISTATE AND INTEGRA-**  
 5           **TION REQUIREMENTS.**

6           (a) MULTISTATE COOPERATIVE EXTENSION ACTIVI-  
 7   TIES.—Section 3 of the Smith-Lever Act (7 U.S.C. 343)  
 8   is amended by striking subsection (h) and inserting the  
 9   following:

10          “(h) MULTISTATE COOPERATIVE EXTENSION AC-  
 11   TIVITIES.—

12           “(1) DEFINITION OF MULTISTATE ACTIVITY.—

13           In this subsection, the term ‘multistate activity’  
 14           means a cooperative extension activity in which 2 or  
 15           more States cooperate to resolve problems that con-  
 16           cern more than 1 State.

17           “(2) REQUIREMENT.—

18           “(A) IN GENERAL.—To receive funding  
 19           under subsections (b) and (c) for a fiscal year,  
 20           a State must have expended on multistate ac-  
 21           tivities, in the preceding fiscal year, an amount  
 22           equivalent to not less than 25 percent of the  
 23           funds paid to the State under subsections (b)  
 24           and (c) for the preceding fiscal year.

1           “(B) DETERMINATION OF AMOUNT.—In  
 2           determining compliance with subparagraph (A),  
 3           the Secretary shall include all cooperative exten-  
 4           sion funds expended by the State in the pre-  
 5           ceding fiscal year, including Federal, State, and  
 6           local funds.

7           “(3) REDUCTION OF PERCENTAGE.—The Sec-  
 8           retary may reduce the minimum percentage required  
 9           to be expended for multistate activities under para-  
 10          graph (2) by a State in a case of hardship,  
 11          unfeasibility, or other similar circumstances beyond  
 12          the control of the State, as determined by the Sec-  
 13          retary.

14          “(4) PLAN OF WORK.—The State shall include  
 15          in the plan of work of the State required under sec-  
 16          tion 4 a description of the manner in which the  
 17          State will meet the requirements of this subsection.

18          “(5) APPLICABILITY.—This subsection does not  
 19          apply to funds provided—

20                 “(A) to a 1994 Institution (as defined in  
 21                 section 532 of the Equity in Educational Land-  
 22                 Grant Status Act of 1994 (7 U.S.C. 301 note;  
 23                 Public Law 103–382)); or

24                 “(B) to the Commonwealth of Puerto Rico,  
 25                 the Virgin Islands, or Guam.”.

1 (b) INTEGRATED RESEARCH AND EXTENSION AC-  
2 TIVITIES.—Section 3 of the Hatch Act of 1887 (7 U.S.C.  
3 361c) is amended by striking subsection (i) and inserting  
4 the following:

5 “(i) INTEGRATED RESEARCH AND EXTENSION AC-  
6 TIVITIES.—

7 “(1) IN GENERAL.—

8 “(A) REQUIREMENT.—To receive funding  
9 under this Act and subsections (b) and (c) of  
10 section 3 of the Smith-Lever Act (7 U.S.C.  
11 343) for a fiscal year, a State must have ex-  
12 pended on activities that integrate cooperative  
13 research and extension (referred to in this sec-  
14 tion as ‘integrated activities’), in the preceding  
15 fiscal year, an amount equivalent to not less  
16 than 25 percent of the funds paid to the State  
17 under this section and subsections (b) and (c)  
18 of section 3 of the Smith-Lever Act (7 U.S.C.  
19 343) for the preceding fiscal year.

20 “(B) DETERMINATION OF AMOUNT.—In  
21 determining compliance with subparagraph (A),  
22 the Secretary shall include all cooperative re-  
23 search and extension funds expended by the  
24 State in the prior fiscal year, including Federal,  
25 State, and local funds.

1           “(2) REDUCTION OF PERCENTAGE.—The Sec-  
2       retary may reduce the minimum percentage required  
3       to be expended for integrated activities under para-  
4       graph (1) by a State in a case of hardship,  
5       unfeasibility, or other similar circumstances beyond  
6       the control of the State, as determined by the Sec-  
7       retary.

8           “(3) PLAN OF WORK.—The State shall include  
9       in the plan of work of the State required under sec-  
10      tion 7 of this Act and under section 4 of the Smith-  
11      Lever Act (7 U.S.C. 344), as applicable, a descrip-  
12      tion of the manner in which the State will meet the  
13      requirements of this subsection.

14          “(4) APPLICABILITY.—This subsection does not  
15      apply to funds provided—

16           “(A) to a 1994 Institution (as defined in  
17           section 532 of the Equity in Educational Land-  
18           Grant Status Act of 1994 (7 U.S.C. 301 note;  
19           Public Law 103–382)); or

20           “(B) to the Commonwealth of Puerto Rico,  
21           the Virgin Islands, or Guam.

22          “(5) RELATIONSHIP TO OTHER REQUIRE-  
23      MENTS.—Funds described in paragraph (1)(B) that  
24      a State uses to calculate the required amount of ex-  
25      penditures for integrated activities under paragraph



1       (1)(A) may also be used in the same fiscal year to  
 2       calculate the amount of expenditures for multistate  
 3       activities required under subsection (c)(3) of this  
 4       section and section 3(h) of the Smith-Lever Act (7  
 5       U.S.C. 343(h)).”.

6       (c) EFFECTIVE DATE.—The amendments made by  
 7       this section take effect on October 1, 2002.

## 8                   **CHAPTER 2—1994 INSTITUTIONS**

### 9       **SEC. 754. EXTENSION AT 1994 INSTITUTIONS.**

10       Section 3(b) of the Smith-Lever Act (7 U.S.C.  
 11       343(b)) is amended by striking paragraph (3) and insert-  
 12       ing the following:

13                   “(3) EXTENSION AT 1994 INSTITUTIONS.—

14                   “(A) IN GENERAL.—There are authorized  
 15                   to be appropriated for fiscal year 2002 and  
 16                   each subsequent fiscal year, for payment to  
 17                   1994 Institutions (as defined in section 532 of  
 18                   the Equity in Educational Land-Grant Status  
 19                   Act of 1994 (7 U.S.C. 301 note; Public Law  
 20                   103–382)), such sums as are necessary for the  
 21                   purposes set forth in section 2, to remain avail-  
 22                   able until expended.

23                   “(B) DISTRIBUTION.—Amounts made  
 24                   available under subparagraph (A)—

1 “(i) shall be distributed on the basis  
 2 of a formula to be developed and imple-  
 3 mented by the Secretary, in consultation  
 4 with the 1994 Institutions; and

5 “(ii) may include payments for exten-  
 6 sion activities carried out during 1 or more  
 7 fiscal years.

8 “(C) COOPERATIVE AGREEMENT.—In ac-  
 9 cordance with such regulations as the Secretary  
 10 may promulgate, a 1994 Institution may ad-  
 11 minister funds received under this paragraph  
 12 through a cooperative agreement with an 1862  
 13 Institution or an 1890 Institution (as those  
 14 terms are defined in section 2 of the Agricul-  
 15 tural Research, Extension, and Education Re-  
 16 form Act of 1998 (7 U.S.C. 7601)).”.

17 **SEC. 755. EQUITY IN EDUCATIONAL LAND-GRANT STATUS**  
 18 **ACT OF 1994.**

19 (a) TECHNICAL AMENDMENT TO REFLECT NAME  
 20 CHANGES.—Section 532 of the Equity in Educational  
 21 Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-  
 22 lic Law 103–382) is amended by striking paragraphs (1)  
 23 through (30) and inserting the following:

24 “(1) Bay Mills Community College.

25 “(2) Blackfeet Community College.

- 1 “(3) Cankdeska Cikana Community College.
- 2 “(4) College of Menominee Nation.
- 3 “(5) Crownpoint Institute of Technology.
- 4 “(6) D-Q University.
- 5 “(7) Diné College.
- 6 “(8) Dull Knife Memorial College.
- 7 “(9) Fond du Lac Tribal and Community College.
- 8 “(10) Fort Belknap College.
- 9 “(11) Fort Berthold Community College.
- 10 “(12) Fort Peck Community College.
- 11 “(13) Haskell Indian Nations University.
- 12 “(14) Institute of American Indian and Alaska Na-
- 13 tive Culture and Arts Development.
- 14 “(15) Lac Courte Oreilles Ojibwa Community Col-
- 15 lege.
- 16 “(16) Leech Lake Tribal College.
- 17 “(17) Little Big Horn College.
- 18 “(18) Little Priest Tribal College.
- 19 “(19) Nebraska Indian Community College.
- 20 “(20) Northwest Indian College.
- 21 “(21) Oglala Lakota College.
- 22 “(22) Salish Kootenai College.
- 23 “(23) Sinte Gleska University.
- 24 “(24) Sisseton Wahpeton Community College.
- 25 “(25) Si Tanka/Huron University.

1 “(26) Sitting Bull College.

2 “(27) Southwestern Indian Polytechnic Institute.

3 “(28) Stone Child College.

4 “(29) Turtle Mountain Community College.

5 “(30) United Tribes Technical College.

6 “(31) White Earth Tribal and Community College.”.

7 (b) ACCREDITATION REQUIREMENT FOR RESEARCH  
8 GRANTS.—Section 533(a)(3) of the Equity in Educational  
9 Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-  
10 lic Law 103–382) is amended by striking “sections 534  
11 and 535” and inserting “sections 534, 535, and 536”.

12 (c) LAND-GRANT STATUS FOR 1994 INSTITU-  
13 TIONS.—Section 533(b) of the Equity in Educational  
14 Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-  
15 lic Law 103–382) is amended by striking “\$4,600,000 for  
16 each of fiscal years 1996 through 2002” and inserting  
17 “such sums as are necessary for each of fiscal years 2002  
18 through 2006”.

19 (d) CHANGE OF INDIAN STUDENT COUNT FOR-  
20 MULA.—Section 533(c)(4)(A) of the Equity in Edu-  
21 cational Land-Grant Status Act of 1994 (7 U.S.C. 301  
22 note; Public Law 103–382) is amended by striking “(as  
23 defined in section 390(3) of the Carl D. Perkins Voca-  
24 tional and Applied Technology Education Act (20 U.S.C.  
25 2397h(3)) for each 1994 Institution for the fiscal year”

1 and inserting “(as defined in section 2(a) of the Tribally  
2 Controlled College or University Assistance Act of 1978  
3 (25 U.S.C. 1801(a)))”.

4 (e) INCREASE IN INSTITUTIONAL PAYMENTS.—Sec-  
5 tion 534(a)(1)(A) of the Equity in Educational Land-  
6 Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law  
7 103–382) is amended by striking “\$50,000” and inserting  
8 “\$100,000”.

9 (f) INSTITUTIONAL CAPACITY BUILDING GRANTS.—  
10 Section 535 of the Equity in Educational Land-Grant Sta-  
11 tus Act of 1994 (7 U.S.C. 301 note; Public Law 103–  
12 382) is amended—

13 (1) in subsection (b)(1), by striking “2002”  
14 and inserting “2006”; and

15 (2) in subsection (c), by striking “\$1,700,000  
16 for each of fiscal years 1996 through 2002” and in-  
17 serting “such sums as are necessary for each of fis-  
18 cal years 2002 through 2006”.

19 (g) RESEARCH GRANTS.—Section 536(c) of the Eq-  
20 uity in Educational Land-Grant Status Act of 1994 (7  
21 U.S.C. 301 note; Public Law 103–382) is amended by  
22 striking “2002” and inserting “2006”.

1 **SEC. 756. ELIGIBILITY FOR INTEGRATED GRANTS PRO-**  
 2 **GRAM.**

3 Section 406(b) of the Agricultural Research, Exten-  
 4 sion, and Education Reform Act of 1998 (7 U.S.C.  
 5 7626(b)) is amended by inserting “and 1994 Institutions”  
 6 before “on a competitive basis”.

7 **CHAPTER 3—1890 INSTITUTIONS**

8 **SEC. 757. AUTHORIZATION PERCENTAGES FOR RESEARCH**  
 9 **AND EXTENSION FORMULA FUNDS.**

10 (a) EXTENSION.—Section 1444(a) of the National  
 11 Agricultural Research, Extension, and Teaching Policy  
 12 Act of 1977 (7 U.S.C. 3221(a)) is amended—

13 (1) by striking “(a) There” and inserting the  
 14 following:

15 “(a) AUTHORIZATION OF APPROPRIATIONS.—

16 “(1) IN GENERAL.—There”;

17 (2) by striking the second sentence; and

18 (3) in the third sentence, by striking “Begin-  
 19 ning” through “6 per centum” and inserting the fol-  
 20 lowing:

21 “(2) MINIMUM AMOUNT.—Beginning with fiscal  
 22 year 2002, there shall be appropriated under this  
 23 section for each fiscal year an amount that is not  
 24 less than 15 percent”;

25 (3) by striking “Funds appropriated” and in-  
 26 serting the following:

1 “(3) USES.—Funds appropriated”; and

2 (4) by striking “No more” and inserting the  
3 following:

4 “(4) CARRYOVER.—No more”.

5 (b) RESEARCH.—Section 1445(a) of the National Ag-  
6 ricultural Research, Extension, and Teaching Policy Act  
7 of 1977 (7 U.S.C. 3222(a)) is amended—

8 (1) by striking “(a) There” and inserting the  
9 following:

10 “(a) AUTHORIZATION OF APPROPRIATIONS.—

11 “(1) IN GENERAL.—There”;

12 (2) by striking the second sentence and insert-  
13 ing the following:

14 “(2) MINIMUM AMOUNT.—Beginning with fiscal  
15 year 2002, there shall be appropriated under this  
16 section for each fiscal year an amount that is not  
17 less than 25 percent of the total appropriations for  
18 the fiscal year under section 3 of the Hatch Act of  
19 1887 (7 U.S.C. 361c).”;

20 (3) by striking “Funds appropriated” and in-  
21 serting the following:

22 “(3) USES.—Funds appropriated”;

23 (4) by striking “The eligible” and inserting the  
24 following:

25 “(4) COORDINATION.—The eligible”; and

1           (5) by striking “No more” and inserting the  
2           following:

3           “(5) CARRYOVER.—No more”.

4   **SEC. 758. CARRYOVER.**

5           Section 1445(a) of the National Agricultural Re-  
6   search, Extension, and Teaching Policy Act of 1977 (7  
7   U.S.C. 3222(a) (as amended by section 757(b)) is amend-  
8   ed by striking paragraph (5) and inserting the following:

9           “(5) CARRYOVER.—

10           “(A) IN GENERAL.—The balance of any  
11           annual funds provided to an eligible institution  
12           for a fiscal year under this section that remains  
13           unexpended at the end of the fiscal year may be  
14           carried over for use during the following fiscal  
15           year.

16           “(B) FAILURE TO EXPEND FULL  
17           AMOUNT.—If any unexpended balance carried  
18           over by an eligible institution is not expended  
19           by the end of the second fiscal year, an amount  
20           equal to the unexpended balance shall be de-  
21           ducted from the next succeeding annual allot-  
22           ment to the eligible institution.”.



1 **SEC. 759. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.**  
2

3 Section 1445(c)(3) of the National Agricultural Re-  
4 search, Extension, and Teaching Policy Act of 1977 (7  
5 U.S.C. 3222(c)(3)) is amended by adding at the end the  
6 following:

7 “(F) The technology transfer activities  
8 conducted with respect to federally-funded agri-  
9 cultural research.”.

10 **SEC. 760. GRANTS TO UPGRADE AGRICULTURAL AND FOOD**  
11 **SCIENCES FACILITIES AT 1890 LAND-GRANT**  
12 **COLLEGES, INCLUDING TUSKEGEE UNIVER-**  
13 **SITY.**

14 Section 1447(b) of the National Agricultural Re-  
15 search, Extension, and Teaching Policy Act of 1977 (7  
16 U.S.C. 3222b(b)) is amended by striking “\$15,000,000  
17 for each of fiscal years 1996 through 2002” and inserting  
18 “\$25,000,000 for each of fiscal years 2002 through  
19 2006”.

20 **SEC. 761. NATIONAL RESEARCH AND TRAINING CENTEN-**  
21 **NIAL CENTERS.**

22 Section 1448 of the National Agricultural Research,  
23 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
24 3222c) is amended by striking “2002” each place it ap-  
25 pears in subsections (a)(1) and (f) and inserting “2006”.

1 **SEC. 762. MATCHING FUNDS REQUIREMENT FOR RE-**  
2 **SEARCH AND EXTENSION ACTIVITIES.**

3 Section 1449 of the National Agricultural Research,  
4 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
5 3222d) is amended by striking subsections (c) and (d) and  
6 inserting the following:

7 “(c) MATCHING FORMULA.—

8 “(1) IN GENERAL.—For each of fiscal years  
9 2003 through 2006, the State shall provide match-  
10 ing funds from non-Federal sources.

11 “(2) AMOUNT.—The amount of the matching  
12 funds shall be equal to not less than—

13 “(A) for fiscal year 2003, 60 percent of  
14 the formula funds to be distributed to the eligi-  
15 ble institution; and

16 “(B) for each of fiscal years 2004 through  
17 2006, 110 percent of the amount required  
18 under this paragraph for the preceding fiscal  
19 year.

20 “(d) WAIVERS.—Notwithstanding subsection (f), for  
21 any of fiscal years 2003 through 2006, the Secretary may  
22 waive the matching funds requirement under subsection  
23 (c) for any amount above the level of 50 percent for an  
24 eligible institution of a State if the Secretary determines  
25 that the State will be unlikely to meet the matching re-  
26 quirement.”.

**1 CHAPTER 4—LAND-GRANT INSTITUTIONS****2 Subchapter A—General****3 SEC. 771. PRIORITY-SETTING PROCESS.**

4 Section 102(c)(1) of the Agricultural Research, Ex-  
5 tension, and Education Reform Act of 1998 (7 U.S.C.  
6 7612(c)(1)) is amended—

7 (1) by striking “establish and implement a  
8 process for obtaining” and inserting “obtain public”;  
9 and

10 (2) by striking the period at the end and insert-  
11 ing the following: “through a process that reflects  
12 transparency and opportunity for input from pro-  
13 ducers of diverse agricultural crops and diverse geo-  
14 graphic and cultural communities.”.

15 **SEC. 772. TERMINATION OF CERTAIN SCHEDULE A AP-**  
16 **POINTMENTS.**

17 (a) TERMINATION.—Not later than 60 days after the  
18 date of enactment of this Act, the Secretary of Agriculture  
19 shall terminate each appointment listed as an excepted po-  
20 sition under schedule A of the General Schedule made by  
21 the Secretary to the Federal civil service of an individual  
22 who holds dual government appointments, and who carries  
23 out agricultural extension work in a program at a college  
24 or university eligible to receive funds, under—

25 (1) the Smith-Lever Act (7 U.S.C. 341 et seq.);

1           (2) section 1444 of the National Agricultural  
2       Research, Extension, and Teaching Policy Act of  
3       1977 (7 U.S.C. 3221); or

4           (3) section 208(e) of the District of Columbia  
5       Public Postsecondary Education Reorganization Act  
6       (88 Stat. 1428).

7       (b) CONTINUATION OF CERTAIN FEDERAL BENE-  
8       FITS.—

9           (1) IN GENERAL.—Notwithstanding title 5,  
10      United States Code, and subject to paragraph (2),  
11      an individual described in subsection (a), during the  
12      period the individual is employed in an agricultural  
13      extension program described in subsection (a) with-  
14      out a break in service, shall continue to—

15           (A) be eligible to participate, to the same  
16           extent that the individual was eligible to partici-  
17           pate (on the day before the date of enactment  
18           of this Act), in—

19                   (i) the Federal Employee Health Ben-  
20                   efits Program;

21                   (ii) the Federal Employee Group Life  
22                   Insurance Program;

23                   (iii) the Civil Service Retirement Sys-  
24                   tem;

1 (iv) the Federal Employee Retirement  
2 System; and

3 (v) the Thrift Savings Plan; and

4 (B) receive Federal Civil Service employ-  
5 ment credit to the same extent that the indi-  
6 vidual was receiving such credit on the day be-  
7 fore the date of enactment of this Act.

8 (2) LIMITATIONS.—An individual may continue  
9 to be eligible for the benefits described in paragraph  
10 (1) if—

11 (A) in the case of an individual who re-  
12 mains employed in the agricultural extension  
13 program described in subsection (a) on the date  
14 of the enactment of this Act, the employing col-  
15 lege or university continues to fulfill the admin-  
16 istrative and financial responsibilities (including  
17 making agency contributions) associated with  
18 providing those benefits, as determined by the  
19 Secretary of Agriculture; and

20 (B) in the case of an individual who  
21 changes employment to a second college or uni-  
22 versity described in subsection (a)—

23 (i) the individual continues to work in  
24 an agricultural extension program de-

scribed in subsection (a), as determined by  
the Secretary of Agriculture;

(ii) the second college or university—

(I) fulfills the administrative and  
financial responsibilities (including  
making agency contributions) associ-  
ated with providing those benefits, as  
determined by the Secretary of Agri-  
culture; and

(II) within 120 days before the  
date of the employment of the indi-  
vidual, had employed a different indi-  
vidual described in subsection (a) who  
had performed the same duties of em-  
ployment; and

(iii) the individual was eligible for  
those benefits on the day before the date  
of enactment of this Act.

## **Subchapter B—Land-Grant Institutions in Insular Areas**

### **SEC. 775. DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA LAND-GRANT INSTITUTIONS.**

The National Agricultural Research, Extension, and  
Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) (as

1 amended by section 723) is amended by adding at the end  
2 the following:

3 **“Subtitle 0—Land Grant**  
4 **Institutions in Insular Areas**

5 **“SEC. 1489. DISTANCE EDUCATION GRANTS FOR INSULAR**  
6 **AREAS.**

7 “(a) IN GENERAL.—The Secretary may make com-  
8 petitive or noncompetitive grants to State cooperative in-  
9 stitutions in insular areas to strengthen the capacity of  
10 State cooperative institutions to carry out distance food  
11 and agricultural education programs using digital network  
12 technologies.

13 “(b) USE.—Grants made under this section shall be  
14 used—

15 “(1) to acquire the equipment, instrumentation,  
16 networking capability, hardware and software, dig-  
17 ital network technology, and infrastructure necessary  
18 to teach students and teachers about technology in  
19 the classroom;

20 “(2) to develop and provide educational services  
21 (including faculty development) to prepare students  
22 or faculty seeking a degree or certificate that is ap-  
23 proved by the State or a regional accrediting body  
24 recognized by the Secretary of Education;

1           “(3) to provide teacher education, library and  
2           media specialist training, and preschool and teacher  
3           aid certification to individuals who seek to acquire or  
4           enhance technology skills in order to use technology  
5           in the classroom or instructional process;

6           “(4) to implement a joint project to provide  
7           education regarding technology in the classroom  
8           with a local educational agency, community-based  
9           organization, national nonprofit organization, or  
10          business, including a minority business or a business  
11          located in a HUBZone established under section 31  
12          of the Small Business Act (15 U.S.C. 657a); or

13          “(5) to provide leadership development to ad-  
14          ministrators, board members, and faculty of eligible  
15          institutions with institutional responsibility for tech-  
16          nology education.

17          “(c) LIMITATION ON USE OF GRANT FUNDS.—  
18          Funds provided under this section shall not be used for  
19          the planning, acquisition, construction, rehabilitation, or  
20          repair of a building or facility.

21          “(d) ADMINISTRATION OF PROGRAM.—The Secretary  
22          may carry out this section in a manner that recognizes  
23          the different needs and opportunities for State cooperative  
24          institutions in the Atlantic and Pacific Oceans.

25          “(e) MATCHING REQUIREMENT.—



1           “(1) IN GENERAL.—The Secretary may estab-  
 2           lishment a requirement that a State cooperative in-  
 3           stitution receiving a grant under this section shall  
 4           provide matching funds from non-Federal sources in  
 5           an amount equal to not less than 50 percent of the  
 6           grant.

7           “(2) WAIVERS.—If the Secretary establishes a  
 8           matching requirement under paragraph (1), the re-  
 9           quirement shall include an option for the Secretary  
 10          to waive the requirement for an insular area State  
 11          cooperative institution for any fiscal year if the Sec-  
 12          retary determines that the institution will be unlikely  
 13          to meet the matching requirement for the fiscal  
 14          year.

15          “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
 16          is authorized to be appropriated to carry out this section  
 17          \$4,000,000 for each of fiscal years 2002 through 2006.”.

18   **SEC. 776. MATCHING REQUIREMENTS FOR RESEARCH AND**  
 19                           **EXTENSION FORMULA FUNDS FOR INSULAR**  
 20                           **AREA LAND-GRANT INSTITUTIONS.**

21          (a) EXPERIMENT STATIONS.—Section 3(d) of the  
 22          Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by  
 23          striking paragraph (4) and inserting the following:

24               “(4) EXCEPTION FOR INSULAR AREAS.—

1           “(A) IN GENERAL.—Effective beginning  
 2           for fiscal year 2003, in lieu of the matching  
 3           funds requirement of paragraph (1), the insular  
 4           areas of the Commonwealth of Puerto Rico,  
 5           Guam, and the Virgin Islands of the United  
 6           States shall provide matching funds from non-  
 7           Federal sources in an amount equal to not less  
 8           than 50 percent of the formula funds distrib-  
 9           uted by the Secretary to each of the insular  
 10          areas, respectively, under this section.

11          “(B) WAIVERS.—The Secretary may waive  
 12          the matching fund requirement of subparagraph  
 13          (A) for any fiscal year if the Secretary deter-  
 14          mines that the government of the insular area  
 15          will be unlikely to meet the matching require-  
 16          ment for the fiscal year.”.

17          (b) COOPERATIVE AGRICULTURAL EXTENSION.—  
 18          Section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is  
 19          amended by striking paragraph (4) and inserting the fol-  
 20          lowing:

21               “(4) EXCEPTION FOR INSULAR AREAS.—

22               “(A) IN GENERAL.—Effective beginning  
 23               for fiscal year 2003, in lieu of the matching  
 24               funds requirement of paragraph (1), the insular  
 25               areas of the Commonwealth of Puerto Rico,

Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

“(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.”.

## **Subtitle E—Other Laws**

### **SEC. 781. CRITICAL AGRICULTURAL MATERIALS.**

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking “2002” and inserting “2006”.

### **SEC. 782. RESEARCH FACILITIES.**

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking “2002” and inserting “2006”.

### **SEC. 783. FEDERAL AGRICULTURAL RESEARCH FACILITIES.**

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985

1 (Public Law 99–198; 99 Stat. 1556) is amended by strik-  
 2 ing “2002” and inserting “2006”.

3 **SEC. 784. COMPETITIVE, SPECIAL, AND FACILITIES RE-**  
 4 **SEARCH GRANTS.**

5 The Competitive, Special, and Facilities Research  
 6 Grant Act (7 U.S.C. 450i) is amended in subsection (b)—

7 (1) in paragraph (2), by striking “in—” and all  
 8 that follows and inserting “, as those needs are de-  
 9 termined by the Secretary, in consultation with the  
 10 National Agricultural Research, Extension, Edu-  
 11 cation, and Economics Advisory Board, not later  
 12 than July 1 of each fiscal year for the purposes of  
 13 the following fiscal year.”; and

14 (2) in paragraph (10), by striking “2002” and  
 15 inserting “2006”.

16 **SEC. 785. RISK MANAGEMENT EDUCATION FOR BEGINNING**  
 17 **FARMERS AND RANCHERS.**

18 (a) IN GENERAL.—Section 524(a)(3) of the Federal  
 19 Crop Insurance Act (7 U.S.C. 1524(a)(3)) is amended by  
 20 striking subparagraph (A) and inserting the following:

21 “(A) AUTHORITY.—The Secretary, acting  
 22 through the Cooperative State Research, Edu-  
 23 cation, and Extension Service, shall establish a  
 24 program under which competitive grants are  
 25 made to qualified public and private entities

(including land-grant colleges and universities, cooperative extension services, colleges or universities, and community colleges), as determined by the Secretary, for the purpose of—

“(i) educating producers generally about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, and other risk management strategies; or

“(ii) educating beginning farmers and ranchers—

“(I) in the areas described in clause (i); and

“(II) in risk management strategies, as part of programs that are specifically targeted at beginning farmers and ranchers.”.

(b) TECHNICAL CORRECTION.—Section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)) is amended by redesignating the second paragraph (2) and paragraph (3) as paragraphs (3) and (4), respectively.

1 **SEC. 786. AQUACULTURE.**

2 Section 10 of the National Aquaculture Act of 1980  
3 (16 U.S.C. 2809) is amended by striking “2002” each  
4 place it appears and inserting “2006”.

5 **Subtitle F—New Authorities**

6 **SEC. 791. DEFINITIONS.**

7 In this subtitle:

8 (1) DEPARTMENT.—The term “Department”  
9 means the Department of Agriculture.

10 (2) SECRETARY.—The term “Secretary” means  
11 the Secretary of Agriculture.

12 **SEC. 792. REGULATORY AND INSPECTION RESEARCH.**

13 (a) DEFINITIONS.—In this section:

14 (1) INSPECTION OR REGULATORY AGENCY OF  
15 THE DEPARTMENT.—The term “inspection or regu-  
16 latory agency of the Department” includes—

17 (A) the Animal and Plant Health Inspec-  
18 tion Service;

19 (B) the Food Safety and Inspection Serv-  
20 ice;

21 (C) the Grain Inspection, Packers, and  
22 Stockyards Administration; and

23 (D) the Agricultural Marketing Service.

24 (2) URGENT APPLIED RESEARCH NEEDS.—The  
25 term “urgent applied research needs” includes re-  
26 search necessary to carry out—

- 1 (A) agricultural marketing programs;  
2 (B) programs to protect the animal and  
3 plant resources of the United States; and  
4 (C) educational programs or special studies  
5 to improve the safety of the food supply of the  
6 United States.

7 (b) **TIMELY, COST-EFFECTIVE RESEARCH.**—To meet  
8 the urgent applied research needs of inspection or regu-  
9 latory agencies of the Department, the Secretary—

- 10 (1) may use a public or private source; and  
11 (2) shall use the most practicable source to pro-  
12 vide timely, cost-effective means of providing the re-  
13 search.

14 (c) **CONFLICTS OF INTEREST.**—The Secretary shall  
15 establish guidelines to prevent any conflict of interest that  
16 may arise if an inspection or regulatory agency of the De-  
17 partment obtains research from any Federal agency the  
18 work or technology transfer efforts of which are funded  
19 in part by an industry subject to the jurisdiction of the  
20 inspection or regulatory agency of the Department.

21 (d) **REGULATIONS.**—The Secretary may promulgate  
22 such regulations as are necessary to carry out this section.

23 **SEC. 793. EMERGENCY RESEARCH TRANSFER AUTHORITY.**

24 (a) **IN GENERAL.**—Subject to subsection (b), in addi-  
25 tion to any other authority that the Secretary may have

1 to transfer appropriated funds, the Secretary may transfer  
2 up to 2 percent of any appropriation made available to  
3 an office or agency of the Department for a fiscal year  
4 for agricultural research, extension, marketing, animal  
5 and plant health, nutrition, food safety, nutrition edu-  
6 cation, or forestry programs to any other appropriation  
7 for an office or agency of the Department for emergency  
8 research, extension, or education activities needed to ad-  
9 dress imminent threats to animal and plant health, food  
10 safety, or human nutrition, including bioterrorism.

11 (b) LIMITATIONS.—The Secretary may transfer  
12 funds under subsection (a) only—

13 (1) on a determination by the Secretary that  
14 the need is so imminent that the need will not be  
15 timely met by annual, supplemental, or emergency  
16 appropriations;

17 (2) in an aggregate amount that does not ex-  
18 ceed \$5,000,000 for any fiscal year; and

19 (3) with the approval of the Director of the Of-  
20 fice of Management and Budget.

21 **SEC. 794. REVIEW OF AGRICULTURAL RESEARCH SERVICE.**

22 (a) IN GENERAL.—The Secretary shall conduct a re-  
23 view of the purpose, efficiency, effectiveness, and impact  
24 on agricultural research of the Agricultural Research  
25 Service.



1 (b) ADMINISTRATION.—In conducting the review, the  
2 Secretary shall use persons outside the Department,  
3 including—

- 4 (1) Federal scientists;  
5 (2) college and university faculty;  
6 (3) private and nonprofit scientists; or  
7 (4) other persons familiar with the role of the  
8 Agricultural Research Service in conducting agricul-  
9 tural research in the United States.

10 (c) REPORT.—Not later than September 30, 2004,  
11 the Secretary shall submit to the Committee on Agri-  
12 culture of the House of Representatives and the Com-  
13 mittee on Agriculture, Nutrition, and Forestry of the Sen-  
14 ate a report on the results of the review.

15 (d) FUNDING.—The Secretary shall use to carry out  
16 this section not more than 0.1 percent of the amount of  
17 appropriations made available to the Agricultural Re-  
18 search Service for each of fiscal years 2002 through 2004.

19 **SEC. 795. TECHNOLOGY TRANSFER FOR RURAL DEVELOP-**  
20 **MENT.**

21 (a) IN GENERAL.—The Secretary, acting through the  
22 Rural Business-Cooperative Service and the Agricultural  
23 Research Service, shall establish a program to promote the  
24 availability of technology transfer opportunities of the De-  
25 partment to rural businesses and residents.

1 (b) COMPONENTS OF PROGRAM.—The program shall,  
2 to the maximum extent practicable, include—

3 (1) a website featuring information about the  
4 program and technology transfer opportunities of  
5 the Department;

6 (2) an annual joint program for State economic  
7 development directors and Department rural devel-  
8 opment directors regarding technology transfer op-  
9 portunities of the Agricultural Research Service and  
10 other offices and agencies of the Department; and

11 (3) technology transfer opportunity programs at  
12 each Agricultural Research Service laboratory, con-  
13 ducted at least biennially, which may include partici-  
14 pation by other local Federal laboratories, as appro-  
15 priate.

16 (c) FUNDING.—The Secretary shall use to carry out  
17 this section—

18 (1) amounts made available to the Agricultural  
19 Research Service; and

20 (2) amounts made available to the Rural Busi-  
21 ness-Cooperative Service for salaries and expenses.

1 **SEC. 796. BEGINNING FARMER AND RANCHER DEVELOP-**  
2 **MENT PROGRAM.**

3 (a) DEFINITION OF BEGINNING FARMER OR RANCH-  
4 ER.—In this section, the term “beginning farmer or  
5 rancher” means a person that—

6 (1)(A) has not operated a farm or ranch; or  
7 (B) has operated a farm or ranch for not more  
8 than 10 years; and

9 (2) meets such other criteria as the Secretary  
10 may establish.

11 (b) PROGRAM.—The Secretary shall establish a be-  
12 ginning farmer and rancher development program to pro-  
13 vide training, education, outreach, and technical assist-  
14 ance initiatives for beginning farmers or ranchers.

15 (c) GRANTS.—

16 (1) IN GENERAL.—In carrying out this section,  
17 the Secretary shall make competitive grants to sup-  
18 port new and established local and regional training,  
19 education, outreach, and technical assistance initia-  
20 tives for beginning farmers or ranchers, including  
21 programs and services (as appropriate) relating to—

22 (A) mentoring, apprenticeships, and in-  
23 ternships;

24 (B) resources and referral;

- 1 (C) assisting beginning farmers or ranch-
- 2 ers in acquiring land from retiring farmers and
- 3 ranchers;
- 4 (D) innovative farm and ranch transfer
- 5 strategies;
- 6 (E) entrepreneurship and business train-
- 7 ing;
- 8 (F) model land leasing contracts;
- 9 (G) financial management training;
- 10 (H) whole farm planning;
- 11 (I) conservation assistance;
- 12 (J) risk management education;
- 13 (K) diversification and marketing strate-
- 14 gies;
- 15 (L) curriculum development;
- 16 (M) understanding the impact of con-
- 17 centration and globalization;
- 18 (N) basic livestock and crop farming prac-
- 19 tices;
- 20 (O) the acquisition and management of ag-
- 21 ricultural credit;
- 22 (P) environmental compliance;
- 23 (Q) information processing; and
- 24 (R) other similar subject areas of use to
- 25 beginning farmers or ranchers.

1           (2) ELIGIBILITY.—To be eligible to receive a  
2           grant under this subsection, the recipient shall be a  
3           collaborative State, local, or regionally-based net-  
4           work or partnership of public or private entities,  
5           which may include—

6                   (A) a State cooperative extension service;

7                   (B) a Federal or State agency;

8                   (C) a community-based and nongovern-  
9           mental organization;

10                  (D) a college or university (including an  
11           institution awarding an associate's degree) or  
12           foundation maintained by a college or univer-  
13           sity; or

14                  (E) any other appropriate partner, as de-  
15           termined by the Secretary.

16           (3) TERM OF GRANT.—The term of a grant  
17           under this subsection shall not exceed 3 years.

18           (4) MATCHING REQUIREMENT.—To be eligible  
19           to receive a grant under this subsection, a recipient  
20           shall provide a match in the form of cash or in-kind  
21           contributions in an amount equal to 25 percent of  
22           the funds provided by the grant.

23           (5) SET-ASIDE.—Not less than 25 percent of  
24           funds used to carry out this subsection for a fiscal

1 year shall be used to support programs and services  
2 that address the needs of—

3 (A) limited resource beginning farmers or  
4 ranchers (as defined by the Secretary);

5 (B) socially disadvantaged beginning farm-  
6 ers or ranchers (as defined in section 355(e) of  
7 the Consolidated Farm and Rural Development  
8 Act (7 U.S.C. 2003(e)); and

9 (C) farmworkers desiring to become farm-  
10 ers or ranchers.

11 (6) PROHIBITION.—A grant made under this  
12 subsection may not be used for the planning, repair,  
13 rehabilitation, acquisition, or construction of a build-  
14 ing or facility.

15 (7) ADMINISTRATIVE COSTS.—The Secretary  
16 shall use not more than 4 percent of the funds made  
17 available to carry out this section for administrative  
18 costs incurred by the Secretary in carrying out this  
19 section.

20 (d) EDUCATION TEAMS.—

21 (1) IN GENERAL.—In carrying out this section,  
22 the Secretary shall establish beginning farmer and  
23 rancher education teams to develop curricula and  
24 conduct educational programs and workshops for be-

1       ginning farmers or ranchers in diverse geographical  
2       areas of the United States.

3           (2) CURRICULUM.—In promoting the develop-  
4       ment of curricula, the Secretary shall, to the max-  
5       imum extent practicable, include modules tailored to  
6       specific audiences of beginning farmers or ranchers,  
7       based on crop or regional diversity.

8           (3) COMPOSITION.—In establishing an edu-  
9       cation team for a specific program or workshop, the  
10      Secretary shall, to the maximum extent  
11      practicable—

12           (A) obtain the short-term services of spe-  
13      cialists with knowledge and expertise in pro-  
14      grams serving beginning farmers or ranchers;  
15      and

16           (B) use officers and employees of the De-  
17      partment with direct experience in programs of  
18      the Department that may be taught as part of  
19      the curriculum for the program or workshop.

20           (4) COOPERATION.—

21           (A) IN GENERAL.—In carrying out this  
22      subsection, the Secretary shall cooperate, to the  
23      maximum extent practicable, with—

24           (i) State cooperative extension serv-  
25      ices;

- 1 (ii) Federal and State agencies;
- 2 (iii) community-based and nongovern-
- 3 mental organizations;
- 4 (iv) colleges and universities (includ-
- 5 ing an institution awarding an associate's
- 6 degree) or foundations maintained by a
- 7 college or university; and
- 8 (v) other appropriate partners, as de-
- 9 termined by the Secretary.

10 (B) COOPERATIVE AGREEMENT.—Notwith-

11 standing chapter 63 of title 31, United States

12 Code, the Secretary may enter into a coopera-

13 tive agreement to reflect the terms of any co-

14 operation under subparagraph (A).

15 (e) CURRICULUM AND TRAINING CLEARINGHOUSE.—

16 The Secretary shall establish an online clearinghouse that

17 makes available to beginning farmers or ranchers edu-

18 cation curricula and training materials and programs,

19 which may include online courses for direct use by begin-

20 ning farmers or ranchers.

21 (f) STAKEHOLDER INPUT.—In carrying out this sec-

22 tion, the Secretary shall seek stakeholder input from—

- 23 (1) beginning farmers and ranchers;



1           (2) national, State, and local organizations and  
 2           other persons with expertise in operating beginning  
 3           farmer and rancher programs; and

4           (3) the Advisory Committee on Beginning  
 5           Farmers and Ranchers established under section 5  
 6           of the Agricultural Credit Improvement Act of 1992  
 7           (7 U.S.C. 1929 note; Public Law 102–554).

8           (g) PARTICIPATION BY OTHER FARMERS AND  
 9           RANCHERS.—Nothing in this section prohibits the Sec-  
 10          retary from allowing farmers and ranchers who are not  
 11          beginning farmers or ranchers from participating in pro-  
 12          grams authorized under this section to the extent that the  
 13          Secretary determines that such participation is appro-  
 14          priate and will not detract from the primary purpose of  
 15          educating beginning farmers and ranchers.

16          (h) FUNDING.—

17               (1) FEES AND CONTRIBUTIONS.—

18                   (A) IN GENERAL.—The Secretary may—

19                           (i) charge a fee to cover all or part of  
 20                           the costs of curriculum development and  
 21                           the delivery of programs or workshops pro-  
 22                           vided by—

23                                   (I) a beginning farmer and  
 24                                   rancher education team established  
 25                                   under subsection (d); or

1 (II) the online clearinghouse es-  
 2 tablished under subsection (e); and

3 (ii) accept contributions from cooper-  
 4 ating entities under a cooperative agree-  
 5 ment entered into under subsection  
 6 (d)(4)(B) to cover all or part of the costs  
 7 for the delivery of programs or workshops  
 8 by the beginning farmer and rancher edu-  
 9 cation teams.

10 (B) AVAILABILITY.—Fees and contribu-  
 11 tions received by the Secretary under subpara-  
 12 graph (A) shall—

13 (i) be deposited in the account that  
 14 incurred the costs to carry out this section;

15 (ii) be available to the Secretary to  
 16 carry out the purposes of the account,  
 17 without further appropriation;

18 (iii) remain available until expended;

19 and

20 (iv) be in addition to any funds made  
 21 available under paragraph (2).

22 (2) TRANSFERS.—

23 (A) IN GENERAL.—Not later than 30 days  
 24 after the date of enactment of this Act, and on  
 25 October 1, 2002, and each October 1 thereafter

1 through October 1, 2005, out of any funds in  
2 the Treasury not otherwise appropriated, the  
3 Secretary of the Treasury shall transfer to the  
4 Secretary to carry out this section \$15,000,000,  
5 to remain available for 2 fiscal years.

6 (B) RECEIPT AND ACCEPTANCE.—The  
7 Secretary shall be entitled to receive, shall ac-  
8 cept, and shall use to carry out this section the  
9 funds transferred under subparagraph (A),  
10 without further appropriation.

11 **SEC. 797. SENSE OF CONGRESS REGARDING DOUBLING OF**  
12 **FUNDING FOR AGRICULTURAL RESEARCH.**

13 It is the sense of Congress that—

14 (1) Federal funding for food and agricultural  
15 research has been essentially constant for 2 decades,  
16 putting at risk the scientific base on which food and  
17 agricultural advances have been made;

18 (2) the resulting increase in the relative propor-  
19 tion of private sector, industry investments in food  
20 and agricultural research has led to questions about  
21 the independence and objectivity of research and  
22 outreach conducted by the Federal and university re-  
23 search sectors; and

1           (3) funding for food and agricultural research  
 2           should be at least doubled over the next 5 fiscal  
 3           years—

4                   (A) to restore the balance between public  
 5                   and private sector funding for food and agricul-  
 6                   tural research; and

7                   (B) to maintain the scientific base on  
 8                   which food and agricultural advances are made.

9   **SEC. 798. RURAL POLICY RESEARCH.**

10           (a) IN GENERAL.—There is established in the Treas-  
 11           ury of the United States an account to be known as the  
 12           “Rural Research Fund Account” (referred to in this sec-  
 13           tion as the “Account”) to provide funds for activities de-  
 14           scribed in subsection (c).

15           (b) FUNDING.—

16                   (1) IN GENERAL.—Not later than 30 days after  
 17                   the date of enactment of this Act, and on October  
 18                   1, 2002, and each October 1 thereafter through Oc-  
 19                   tober 1, 2005, out of any funds in the Treasury not  
 20                   otherwise appropriated, the Secretary of the Treas-  
 21                   ury shall transfer to the Account to carry out this  
 22                   section \$15,000,000, to remain available for 2 fiscal  
 23                   years.

24                   (2) RECEIPT AND ACCEPTANCE.—The Sec-  
 25                   retary shall be entitled to receive, shall accept, and

1 shall use to carry out this section the funds trans-  
2 ferred under paragraph (1), without further appro-  
3 priation.

4 (c) PURPOSES.—The Secretary shall use the funds in  
5 the Account to make competitive research grants for ap-  
6 plied and outcome oriented research and policy research  
7 and analysis of rural issues relating to—

8 (1) rural sociology;

9 (2) effects of demographic change, including  
10 aging population, outmigration, and labor resources;

11 (3) needs of groups of rural citizens, including  
12 senior citizens, families, youth, children, and socially  
13 disadvantaged individuals;

14 (4) rural community development;

15 (5) rural infrastructure, including water and  
16 waste, community facilities, telecommunications,  
17 electricity, and high-speed broadband services;

18 (6) rural business development, including cred-  
19 it, venture capital, cooperatives, value-added enter-  
20 prises, new and alternative markets, farm and rural  
21 enterprise formation, and entrepreneurship;

22 (7) farm management, including strategic plan-  
23 ning, business and marketing opportunities, risk  
24 management, natural resources and environmental

1 management, organic and sustainable farming sys-  
2 tems, and intergenerational transfer strategies;

3 (8) rural education and extension programs, in-  
4 cluding methods of delivery, availability of resources,  
5 and use of distance learning; and

6 (9) rural health, including mental health, on-  
7 farm safety, and food safety.

8 (d) REQUIREMENTS.—In making grants under this  
9 section, the Secretary shall—

10 (1) solicit and consider public input from per-  
11 sons who conduct or use agricultural research, ex-  
12 tension, education, or rural development programs;  
13 and

14 (2) ensure that funded proposals will provide  
15 high-quality research that may be of use to public  
16 policymakers and private entities in making deci-  
17 sions that affect development in rural areas.

18 (e) ELIGIBLE GRANTEES.—The Secretary may make  
19 a grant under this section to—

20 (1) an individual;

21 (2) a college or university or a foundation main-  
22 tained by a college or university;

23 (3) a State cooperative institution;

24 (4) a community college;

1           (5) a nonprofit organization, institution, or as-  
2       sociation;

3           (6) a business association;

4           (7) an agency of a State, local, or tribal govern-  
5       ment; or

6           (8) a regional partnership of public and private  
7       agencies.

8       (f) TERM.—A grant under this section shall have a  
9       term that does not exceed 5 years.

10       (g) MATCHING FUNDS.—

11           (1) IN GENERAL.—Subject to paragraph (2),  
12       the Secretary may require as a condition of the  
13       grant that the grant funding be matched, in whole  
14       or in part, with matching funds from a non-Federal  
15       source.

16           (2) BUSINESS ASSOCIATIONS.—The Secretary  
17       shall require that a grant to a business association  
18       be matched with equal matching funds from a non-  
19       Federal source.

20       (h) ADMINISTRATIVE COSTS.—The Secretary may  
21       use not more than 4 percent of the funds made available  
22       for grants under this section to pay administrative costs  
23       incurred by the Secretary in carrying out this section.

1 **SEC. 798A. PRIORITY FOR FARMERS AND RANCHERS PAR-**  
2 **TICIPATING IN CONSERVATION PROGRAMS.**

3 In carrying out new on-farm research or extension  
4 programs or projects authorized by this Act, an amend-  
5 ment made by this Act, or any Act enacted after the date  
6 of enactment of this Act, the Secretary shall give priority  
7 in carrying out the programs or projects to using farms  
8 or ranches of farmers or ranchers that participate in Fed-  
9 eral agricultural conservation programs.

10 **SEC. 798B. ORGANIC PRODUCTION AND MARKET DATA INI-**  
11 **TIATIVES.**

12 The Secretary shall ensure that segregated data on  
13 the production and marketing of organic agricultural  
14 products is included in the ongoing baseline of data collec-  
15 tion regarding agricultural production and marketing.

16 **SEC. 798C. ORGANICALLY PRODUCED PRODUCT RESEARCH**  
17 **AND EDUCATION.**

18 Not later than July 1, 2002, the Secretary, shall pre-  
19 pare, in consultation with the Advisory Committee on  
20 Small Farms, and submit to the Committee on Agriculture  
21 of the House of Representatives and the Committee on  
22 Agriculture, Nutrition, and Forestry of the Senate, a re-  
23 port on—

24 (1) the implementation of the organic rule pro-  
25 mulgated under the Organic Foods Production Act  
26 of 1990 (7 U.S.C. 6501 et seq.); and



1           (2) the impact of the organic rule program on  
 2           small farms (as defined by the Advisory Committee  
 3           on Small Farms).

4 **SEC. 798D. INTERNATIONAL ORGANIC RESEARCH COL-**  
 5 **LABORATION.**

6           The Secretary, acting through the Agricultural Re-  
 7 search Service (including the National Agriculture Li-  
 8 brary), shall facilitate access by research and extension  
 9 professionals in the United States to, and the use by those  
 10 professionals of, organic research conducted outside the  
 11 United States.

12 **TITLE VIII—FORESTRY**

13 **SEC. 801. OFFICE OF INTERNATIONAL FORESTRY.**

14           Section 2405(d) of the Food, Agriculture, Conserva-  
 15 tion, and Trade Act of 1990 (7 U.S.C. 6704(d)) is amend-  
 16 ed by striking “2002” and inserting “2006”.

17 **SEC. 802. MCINTIRE-STENNIS COOPERATIVE FORESTRY RE-**  
 18 **SEARCH PROGRAM.**

19           It is the sense of Congress to reaffirm the importance  
 20 of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly  
 21 known as the “McIntire-Stennis Cooperative Forestry  
 22 Act”.

1 **SEC. 803. SUSTAINABLE FORESTRY OUTREACH INITIATIVE;**  
 2 **RENEWABLE RESOURCES EXTENSION ACTIVI-**  
 3 **TIES.**

4 (a) SUSTAINABLE FORESTRY OUTREACH INITIA-  
 5 TIVE.—The Renewable Resources Extension Act of 1978  
 6 is amended by inserting after section 5A (16 U.S.C.  
 7 1674a) the following:

8 **“SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.**

9 “The Secretary shall establish a program, to be  
 10 known as the ‘Sustainable Forestry Outreach Initiative’,  
 11 to educate landowners concerning—

12 “(1) the value and benefits of practicing sus-  
 13 tainable forestry;

14 “(2) the importance of professional forestry ad-  
 15 vice in achieving sustainable forestry objectives; and

16 “(3) the variety of public and private sector re-  
 17 sources available to assist the landowners in plan-  
 18 ning for and practicing sustainable forestry.”.

19 (b) RENEWABLE RESOURCES EXTENSION ACTIVI-  
 20 TIES.—

21 (1) AUTHORIZATION OF APPROPRIATIONS.—

22 Section 6 of the Renewable Resources Extension Act  
 23 of 1978 (16 U.S.C. 1675) is amended by striking  
 24 the first sentence and inserting the following:

25 “There is authorized to be appropriated to carry out

(2) **TERMINATION DATE.**—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking “2000” and inserting “2006”.

Section 4(j) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103(j)) is amended by striking “2002” and inserting “2006”.

13       The Cooperative Forestry Assistance Act of 1978 is  
14   amended by inserting after section 5 (16 U.S.C. 2103a)  
15   the following:

18 “(a) DEFINITIONS.—In this section:

“(1) FARMER OR RANCHER.—The term ‘farmer or rancher’ means a person engaged in the production of an agricultural commodity (including livestock).

23 “(2) FORESTRY COOPERATIVE.—The term ‘for-  
24 estry cooperative’ means an association that is—

1           “(A) owned and operated by nonindustrial  
2           private forest landowners; and

3           “(B) comprised of members—

4                 “(i) of which at least 51 percent are  
5           farmers or ranchers; and

6                 “(ii) that use sustainable forestry  
7           practices on nonindustrial private forest  
8           land to create a long-term, sustainable in-  
9           come stream.

10           “(3) NONINDUSTRIAL PRIVATE FOREST  
11    LAND.—The term ‘nonindustrial private forest land’  
12    has the meaning given the term ‘nonindustrial pri-  
13    vate forest lands’ in section 5(c).

14           “(b) ESTABLISHMENT.—The Secretary shall estab-  
15    lish a program, to be known as the ‘sustainable forestry  
16    cooperative program’, under which the Secretary shall pro-  
17    vide, to nonprofit organizations on a competitive basis,  
18    grants to establish, and develop and support, sustainable  
19    forestry practices carried out by members of, forestry co-  
20    operatives.

21           “(c) USE OF FUNDS.—

22                 “(1) IN GENERAL.—Subject to paragraph (2),  
23    funds from a grant provided under this section shall  
24    be used for—

1           “(A) predevelopment, development, start-  
 2           up, capital acquisition, and marketing costs as-  
 3           sociated with a forestry cooperative; or

4           “(B) the development or support of a sus-  
 5           tainable forestry practice of a member of a for-  
 6           estry cooperative.

7           “(2) CONDITIONS.—

8           “(A) DEVELOPMENT.—The Secretary shall  
 9           provide funds under paragraph (1)(A) only to a  
 10          nonprofit organization with demonstrated ex-  
 11          pertise in cooperative development, as deter-  
 12          mined by the Secretary.

13          “(B) COMPLIANCE WITH PLAN.—A sus-  
 14          tainable forestry practice developed or sup-  
 15          ported through the use of funds from a grant  
 16          under this section shall comply with any appli-  
 17          cable standards for sustainable forestry con-  
 18          tained in a management plan that—

19               “(i) meets the requirements of section  
 20               6A(g); and

21               “(ii) is approved by the State forester  
 22               (or equivalent State official).

23          “(d) FUNDING.—

24               “(1) IN GENERAL.—Not later than 30 days  
 25          after the date of enactment of this section, and on

1       October 1, 2002, and each October 1 thereafter  
2       through October 1, 2005, out of any funds in the  
3       Treasury not otherwise appropriated, the Secretary  
4       of the Treasury shall transfer to the Secretary of  
5       Agriculture to carry out this section \$2,000,000, to  
6       remain available until expended.

7               “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
8       retary shall be entitled to receive, shall accept, and  
9       shall use to carry out this section the funds trans-  
10      ferred under paragraph (1), without further appro-  
11      priation.”.

12   **SEC. 806. SUSTAINABLE FOREST MANAGEMENT PROGRAM.**

13       (a) FINDINGS AND PURPOSES.—

14               (1) FINDINGS.—Congress finds that—

15                       (A) the United States is becoming increas-  
16                       ingly dependent on nonindustrial private forest  
17                       land to supply necessary market commodities  
18                       and nonmarket conservation values;

19                       (B) there is a strong demand for expanded  
20                       assistance programs for owners of nonindustrial  
21                       private forest land because the majority of the  
22                       wood supply of the United States comes from  
23                       nonindustrial private forest land;

24                       (C) soil, water, and air quality, fish and  
25                       wildlife habitat, aesthetic values, and opportuni-

1           ties for outdoor recreation in the United States  
2           would be maintained and improved through  
3           good stewardship of nonindustrial private forest  
4           land;

5           (D) the products and services resulting  
6           from stewardship of nonindustrial private forest  
7           land contribute to the economic, social, and eco-  
8           logical health and diversity of rural commu-  
9           nities;

10          (E) catastrophic wildfires threaten human  
11          lives, property, forests, and other resources;

12          (F) Federal and State cooperation in for-  
13          est fire prevention and control has proven effec-  
14          tive and valuable because properly managed for-  
15          est stands are less susceptible to catastrophic  
16          fire, as demonstrated by the catastrophic fire  
17          seasons of 1998 and 2000;

18          (G) owners of nonindustrial private forest  
19          land face increased pressure to make that land  
20          available for development and other uses, re-  
21          sulting in forest land loss and fragmentation  
22          that reduces the ability of private forest land to  
23          provide a full range of societal benefits;

24          (H) complex investments in the manage-  
25          ment of long-rotation forest stands, including

1 sustainable hardwood management, are often  
2 the most difficult commitments for owners of  
3 nonindustrial private forest land;

4 (I) the investment of a single Federal dol-  
5 lar in State and private forestry programs is es-  
6 timated to leverage, on the average, \$9 from  
7 State, local, and private sources; and

8 (J) comprehensive, multiresource planning  
9 assistance made available to each landowner be-  
10 fore the provision of technical assistance would  
11 provide an opportunity to ensure that the land-  
12 owner is aware of the many projects and activi-  
13 ties eligible for cost-share assistance.

14 (2) PURPOSES.—The purposes of this section  
15 are—

16 (A) to strengthen the commitment of the  
17 Secretary to sustainable forest management to  
18 enhance the productivity of timber, fish and  
19 wildlife habitat, soil and water quality, wetland,  
20 recreational resources, and aesthetic values of  
21 forest land; and

22 (B) to establish a coordinated and coopera-  
23 tive Federal, State, and local sustainable for-  
24 estry program for the establishment, manage-  
25 ment, maintenance, enhancement, and restora-



1           tion of forests on nonindustrial private forest  
2           land.

3           (b) PROGRAM.—The Cooperative Forestry Assistance  
4 Act of 1978 is amended by inserting after section 6 (16  
5 U.S.C. 2103b) the following:

6 **“SEC. 6A. SUSTAINABLE FOREST MANAGEMENT PROGRAM.**

7           “(a) DEFINITIONS.—In this section:

8           “(1) COMMITTEE.—The term ‘Committee’  
9 means a State Forest Stewardship Coordinating  
10 Committee established under section 19(b).

11           “(2) INDIAN TRIBE.—The term ‘Indian tribe’  
12 has the meaning given the term in section 4 of the  
13 Indian Self-Determination and Education Assistance  
14 Act (25 U.S.C. 450b).

15           “(3) PROGRAM.—The term ‘program’ means  
16 the sustainable forest management program estab-  
17 lished under subsection (b)(1).

18           “(4) NONINDUSTRIAL PRIVATE FOREST  
19 LAND.—The term ‘nonindustrial private forest land’  
20 has the meaning given the term ‘nonindustrial pri-  
21 vate forest lands’ in section 5(c).

22           “(5) OWNER.—The term ‘owner’ means an  
23 owner of nonindustrial private forest land.

1           “(6) STATE FORESTER.—The term ‘State for-  
2           ester’ means the director or other head of a State  
3           forestry agency (or an equivalent State official).

4           “(b) ESTABLISHMENT.—

5           “(1) IN GENERAL.—The Secretary shall estab-  
6           lish a sustainable forest management program to—

7                   “(A) provide financial assistance to State  
8                   foresters; and

9                   “(B) encourage the long-term sustain-  
10                  ability of nonindustrial private forest land in  
11                  the United States by assisting the owners of  
12                  nonindustrial private forest land, through State  
13                  foresters, in more actively managing the non-  
14                  industrial private forest land and related re-  
15                  sources of those owners through the use of  
16                  State, Federal, and private sector resource  
17                  management expertise, financial assistance, and  
18                  educational programs.

19           “(2) COORDINATION.—The Secretary, acting  
20           through State foresters, shall implement the  
21           program—

22                   “(A) in coordination with the Committees;  
23                   and

24                   “(B) in consultation with—

- 1                   “(i) other Federal, State, and local  
2                   natural resource management agencies;  
3                   “(ii) institutions of higher education;  
4                   and  
5                   “(iii) a broad range of private sector  
6                   interests.

7           “(c) STATE PRIORITY PLAN.—

8                   “(1) IN GENERAL.—Subject to paragraph (3),  
9                   as a condition of receipt of funding under the pro-  
10                  gram, a State Forester and the Committee of the  
11                  State shall jointly develop and submit to the Sec-  
12                  retary a 5-year plan that describes the funding pri-  
13                  orities of the State in meeting the purposes of the  
14                  program.

15                  “(2) PUBLIC PARTICIPATION.—The plan sub-  
16                  mitted to the Secretary under paragraph (1) shall  
17                  include documentation of the efforts of the State to  
18                  provide for public participation in the development  
19                  of the plan.

20                  “(3) STATE PRIORITIES.—The Secretary shall  
21                  ensure, to the maximum extent practicable, that the  
22                  need for expanded technical assistance programs for  
23                  owners is met in the annual funding priorities of  
24                  each State described in paragraph (1).

1       “(d) PURPOSES.—The Secretary shall allocate re-  
2 sources of the Secretary among States in accordance with  
3 subsection (j) to encourage, in accordance with the plan  
4 of each State described in subsection (c)—

5           “(1) the investment in practices to establish, re-  
6 store, protect, manage, maintain, and enhance the  
7 health and productivity of the nonindustrial private  
8 forest land in the United States;

9           “(2) the occurrence of afforestation, reforest-  
10 ation, improvement of poorly stocked stands, timber  
11 stand improvement, practices necessary to improve  
12 seedling growth and survival, and growth enhance-  
13 ment practices as needed to enhance and sustain the  
14 long-term productivity of timber and nontimber for-  
15 est resources to—

16           “(A) meet projected public demand for for-  
17 est resources; and

18           “(B) provide environmental benefits;

19           “(3) the protection of riparian buffers and for-  
20 est wetland;

21           “(4) the maintenance and enhancement of fish  
22 and wildlife habitat;

23           “(5) the enhancement of soil, air, and water  
24 quality;

1           “(6) through the use of agroforestry practices,  
2           the reduction of soil erosion and maintenance of soil  
3           quality;

4           “(7) the maintenance and enhancement of the  
5           forest landbase;

6           “(8) the reduction of the threat of catastrophic  
7           wildfires; and

8           “(9) the preservation of aesthetic quality and  
9           opportunities for outdoor recreation.

10          “(e) ELIGIBILITY.—

11           “(1) COST-SHARE ASSISTANCE.—

12           “(A) IN GENERAL.—Except as provided in  
13           paragraph (2), an owner shall be eligible to re-  
14           ceive cost-share assistance from a State forester  
15           under the program if the owner—

16           “(i) develops a management plan in  
17           accordance with subsection (f) that—

18           “(I) addresses site-specific activi-  
19           ties and practices; and

20           “(II) is approved by the State  
21           forester;

22           “(ii) agrees to implement approved ac-  
23           tivities in accordance with the management  
24           plan for a period of not less than 10 years,

1           unless the State forester approves a modi-  
2           fication to the management plan; and

3           “(iii) except as provided in subpara-  
4           graph (B), owns not more than 1,000  
5           acres of nonindustrial private forest land.

6           “(B) EXCEPTION FOR SIGNIFICANT PUB-  
7           LIC BENEFITS.—The Secretary may approve  
8           the provision of cost-share assistance to an  
9           owner that owns more than 1,000 but less than  
10          5,000 acres of nonindustrial private forest land  
11          if the Secretary, in consultation with the State  
12          forester, determines that significant public ben-  
13          efits will accrue as a result of the approval.

14          “(2) PAYMENT FOR PLAN DEVELOPMENT.—The  
15          Secretary, acting through a State forester, may pro-  
16          vide cost-share assistance to an owner to develop a  
17          management plan.

18          “(3) LIMITATIONS.—An owner shall receive no  
19          cost-share assistance for management of nonindus-  
20          trial private forest land under this section if the  
21          owner receives cost-share assistance for that land  
22          under—

23                 “(A) the forestry incentives program under  
24                 section 4;

1           “(B) the stewardship incentives program  
2           under section 6; or

3           “(C) any conservation program adminis-  
4           tered by the Secretary.

5           “(4) RATE; SCHEDULE.—Subject to paragraph  
6           (5), the Secretary, in consultation with the State  
7           forester, shall determine the rate and timing of cost-  
8           share payments.

9           “(5) AMOUNT.—

10           “(A) PERCENTAGE OF COST.—Subject to  
11           subparagraph (B), a cost-share payment shall  
12           not exceed the lesser of an amount equal to—

13                   “(i) 75 percent of the total cost of im-  
14                   plementing the project or activity; or

15                   “(ii) such lesser percentage of the  
16                   total cost of implementing the project or  
17                   activity as is determined by the appro-  
18                   priate State forester.

19           “(B) AGGREGATE PAYMENT LIMIT.—The  
20           Secretary shall determine the maximum aggre-  
21           gate amount of cost-share payments that an  
22           owner may receive under this section.

23           “(f) MANAGEMENT PLAN.—An owner that seeks to  
24           participate in the program shall—

1           “(1) submit to the State forester a management  
2       plan that—

3           “(A) meets the requirements of this sec-  
4       tion; and

5           “(B)(i) is prepared by, or in consultation  
6       with, a professional resource manager;

7           “(ii) identifies and describes projects and  
8       activities to be carried out by the owner to pro-  
9       tect soil, water, air, range, and aesthetic qual-  
10      ity, recreation, timber, water, wetland, and fish  
11      and wildlife resources on the land in a manner  
12      that is compatible with the objectives of the  
13      owner;

14          “(iii) addresses any criteria established by  
15      the applicable State and the applicable Com-  
16      mittee; and

17          “(iv)(I) at a minimum, applies to the por-  
18      tion of the land on which any project or activity  
19      funded under the program will be carried out;  
20      or

21          “(II) in a case in which a project or activ-  
22      ity described in subclause (I) may affect acre-  
23      age outside the portion of the land on which the  
24      project or activity is carried out, applies to all  
25      land of the owner that is in forest cover and



1           that may be affected by the project or activity;  
2           and

3           “(2) agree that all projects and activities con-  
4           ducted on the land shall be consistent with the man-  
5           agement plan.

6           “(g) APPROVED ACTIVITIES.—

7           “(1) IN GENERAL.—The Secretary, in consulta-  
8           tion with the State forester and the appropriate  
9           Committee, shall develop for each State a list of ap-  
10          proved forest activities and practices eligible for  
11          cost-share assistance that meets the purposes of the  
12          program described in subsection (d).

13          “(2) TYPES OF ACTIVITIES.—Approved activi-  
14          ties and practices under paragraph (1) may consist  
15          of activities and practices for—

16               “(A) the establishment, management,  
17               maintenance, and restoration of forests for  
18               shelterbelts, windbreaks, aesthetic quality, and  
19               other conservation purposes;

20               “(B) the sustainable growth and manage-  
21               ment of forests for timber production;

22               “(C) the restoration, use, and enhance-  
23               ment of forest wetland and riparian areas;

24               “(D) the protection of water quality and  
25               watersheds through—

1                   “(i) the planting of trees in riparian  
2                   areas; and

3                   “(ii) the enhanced management and  
4                   maintenance of native vegetation on land  
5                   vital to water quality;

6                   “(E) the preservation, restoration, or de-  
7                   velopment of habitat for plants, fish, and wild-  
8                   life;

9                   “(F)(i) the control, detection, monitoring,  
10                  and prevention of the spread of invasive species  
11                  and pests on nonindustrial private forest land;  
12                  and

13                  “(ii) the restoration of nonindustrial pri-  
14                  vate forest land affected by invasive species and  
15                  pests;

16                  “(G) the conduct of other management ac-  
17                  tivities, such as the reduction of hazardous fuel  
18                  use, that reduce the risks to forests posed by,  
19                  and that restore, recover, and mitigate the dam-  
20                  age to forests caused by, fire or any other cata-  
21                  strophic event, as determined by the Secretary;

22                  “(H) the development of management  
23                  plans;

1           “(I) the acquisition by the State of perma-  
 2           nent easements to maintain forest cover and  
 3           protect important forest values; and

4           “(J) the conduct of other activities ap-  
 5           proved by the Secretary, in consultation with  
 6           the State forester and the appropriate Commit-  
 7           tees.

8           “(h) FAILURE TO COMPLY.—

9           “(1) IN GENERAL.—The Secretary shall estab-  
 10          lish a procedure to recover cost-share payments  
 11          made under this section in any case in which the re-  
 12          cipient of the payment fails—

13           “(A) to implement a project or activity in  
 14           accordance with the management plan; or

15           “(B) comply with any requirement of this  
 16           section.

17          “(2) ADDITIONAL AUTHORITY.—The authority  
 18          under paragraph (1) shall be in addition to, and not  
 19          in lieu of, any other authority available to the Sec-  
 20          retary.

21          “(i) REPORTS.—

22           “(1) INTERIM REPORT.—Not later than 2½  
 23          years after the date on which funds are made avail-  
 24          able to implement a State priority plan under sub-  
 25          section (c), the State implementing the plan shall

1 submit to the Secretary an interim report describing  
2 the status of projects and activities funded under the  
3 plan as of that date.

4 “(2) FINAL REPORT.—Not later than 5 years  
5 after the date on which funds are made available to  
6 implement a State priority plan under subsection  
7 (c), the State implementing the plan shall submit to  
8 the Secretary a final report describing the status of  
9 all projects and activities funded under the plan as  
10 of that date.

11 “(j) DISTRIBUTION.—

12 “(1) IN GENERAL.—The Secretary, acting  
13 through State foresters, shall distribute funds avail-  
14 able for cost sharing under the program based on a  
15 nationwide funding formula developed under para-  
16 graph (2).

17 “(2) FORMULA.—In developing the formula re-  
18 ferred to in paragraph (1), the Secretary shall—

19 “(A) assess public benefits that would re-  
20 sult from the distribution; and

21 “(B) consider—

22 “(i) the total acreage of nonindustrial  
23 private forest land in each State;

24 “(ii) the potential productivity of that  
25 land, as determined by the Secretary;

1 “(iii) the number of owners eligible  
2 for cost sharing in each State;

3 “(iv) the opportunities to enhance  
4 nontimber resources on that land,  
5 including—

6 “(I) the protection of riparian  
7 buffers and forest wetland;

8 “(II) the preservation of fish and  
9 wildlife habitat;

10 “(III) the enhancement of soil,  
11 air, and water quality; and

12 “(IV) the preservation of aes-  
13 thetic quality and opportunities for  
14 outdoor recreation;

15 “(v) the anticipated demand for tim-  
16 ber and nontimber resources in each State;

17 “(vi) the need to improve forest health  
18 to minimize the damaging effects of cata-  
19 strophic fire, insects, disease, or weather;

20 “(vii) the need and demand for agro-  
21 forestry practices in each State;

22 “(viii) the need to maintain and en-  
23 hance the forest landbase; and

24 “(ix) the need for afforestation, refor-  
25 estation, and timber stand improvement.

1 “(k) FUNDING.—

2 “(1) IN GENERAL.—Not later than 30 days  
3 after the date of enactment of this section, and on  
4 October 1, 2002, and each October 1 thereafter  
5 through October 1, 2005, out of any funds in the  
6 Treasury not otherwise appropriated, the Secretary  
7 of the Treasury shall transfer to the Secretary of  
8 Agriculture to carry out this section \$48,000,000, to  
9 remain available until expended.

10 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
11 retary shall be entitled to receive, shall accept, and  
12 shall use to carry out this section the funds trans-  
13 ferred under paragraph (1), without further appro-  
14 priation.”.

15 **SEC. 807. FOREST FIRE RESEARCH CENTERS.**

16 (a) FINDINGS.—Congress finds that—

17 (1) there is an increasing threat of fire to mil-  
18 lions of acres of forest land and rangeland through-  
19 out the United States;

20 (2) this threat is especially great in the interior  
21 States of the western United States, where the For-  
22 est Service estimates that 39,000,000 acres of Na-  
23 tional Forest System land are at high risk of cata-  
24 strophic wildfire;

1           (3)(A) the degraded condition of forest land  
2           and rangeland is often the consequence of land man-  
3           agement practices that emphasize the control and  
4           prevention of fires; and

5           (B) the land management practices disrupted  
6           the occurrence of frequent low-intensity fires that  
7           periodically remove flammable undergrowth;

8           (4) as a result of the land management  
9           practices—

10           (A) some forest land and rangeland in the  
11           United States no longer function naturally as  
12           ecosystems; and

13           (B) drought cycles and the invasion of in-  
14           sects and disease have resulted in vast areas of  
15           dead or dying trees, overstocked stands, and the  
16           invasion of undesirable species;

17           (5)(A) population movement into wildland-  
18           urban interface areas exacerbate the fire danger;

19           (B) the increasing number of larger, more in-  
20           tense fires pose grave hazards to human health,  
21           safety, property, and infrastructure in the areas; and

22           (C) smoke from wildfires, which contain fine  
23           particulate matter and other hazardous pollutants,  
24           pose substantial health risks to people living in the  
25           areas;

1           (6)(A) the budgets and resources of Federal,  
2           State, and local entities supporting firefighting ef-  
3           forts have been stretched to their limits;

4           (B) according to the Comptroller General, the  
5           average cost of attempting to put out fires in the in-  
6           terior West grew by 150 percent, from \$134,000,000  
7           in fiscal year 1986 to \$335,000,000 in fiscal year  
8           1994; and

9           (C) the costs of preparedness, including the  
10          costs of maintaining a readiness force to fight fires,  
11          rose about 70 percent, from \$189,000,000 in fiscal  
12          year 1992 to \$326,000,000 in fiscal year 1997;

13          (7) diminishing Federal resources (including  
14          the availability of personnel) have limited the ability  
15          of Federal fire researchers—

16                 (A) to respond to management needs; and

17                 (B) to use technological advancements for  
18          analyzing fire management costs;

19          (8) the Federal fire research program is funded  
20          at approximately  $\frac{1}{3}$  of the amount that is required  
21          to address emerging fire problems, resulting in the  
22          lack of a cohesive strategy to address the threat of  
23          catastrophic wildfires; and



1           (9) there is a critical need for cost-effective in-  
2       vestments in improved fire management tech-  
3       nologies.

4       (b) **FOREST FIRE RESEARCH CENTERS.**—The Forest  
5   and Rangeland Renewable Resources Research Act of  
6   1978 (16 U.S.C. 1641 et seq.) is amended by adding at  
7   the end the following:

8   **“SEC. 11. FOREST FIRE RESEARCH CENTERS.**

9       “(a) **IN GENERAL.**—Subject to the availability of ap-  
10   propriations, the Secretary of Agriculture, acting through  
11   the Chief of the Forest Service (referred to in this section  
12   as the ‘Secretary’) shall establish at least 2 forest fire re-  
13   search centers at institutions of higher education (which  
14   may include research centers in existence on the date of  
15   enactment of this section) that—

16           “(1) have expertise in natural resource develop-  
17       ment; and

18           “(2) are located in close proximity to other  
19       Federal natural resource, forest management, and  
20       land management agencies.

21       “(b) **LOCATIONS.**—Of the forest fire research centers  
22   established under subsection (a)—

23           “(1) at least 1 center shall be located in Ari-  
24       zona, California, New Mexico, Oregon, or Wash-  
25       ington; and

1           “(2) at least 1 center shall be located in Colo-  
2 rado, Idaho, Montana, Nevada, or Wyoming.

3           “(c) DUTIES.—At each of the forest fire research  
4 centers established under subsection (a), the Secretary  
5 shall provide for—

6           “(1) the conduct of integrative, interdisciplinary  
7 research into the ecological, socioeconomic, and envi-  
8 ronmental impact of fire control and the use of man-  
9 agement of ecosystems and landscapes to facilitate  
10 fire control; and

11           “(2) the development of mechanisms to rapidly  
12 transfer new fire control and management tech-  
13 nologies to fire and land managers.

14           “(d) ADVISORY COMMITTEE.—

15           “(1) IN GENERAL.—The Secretary, in consulta-  
16 tion with the Secretary of the Interior, shall estab-  
17 lish a committee composed of fire and land man-  
18 agers and fire researchers to determine the areas of  
19 emphasis and establish priorities for research  
20 projects conducted at forest fire research centers es-  
21 tablished under subsection (a).

22           “(2) ADMINISTRATION.—The Federal Advisory  
23 Committee Act (5 U.S.C. App.) and section 102 of  
24 the Agricultural Research, Extension, and Education

1 Reform Act of 1998 (7 U.S.C. 7612) shall not apply  
2 to the committee established under paragraph (1).

3 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated such sums as are nec-  
5 essary to carry out this section.”.

6 **SEC. 808. WILDFIRE PREVENTION AND HAZARDOUS FUEL**  
7 **PURCHASE PROGRAM.**

8 (a) FINDINGS.—Congress finds that—

9 (1) the damage caused by wildfire disasters has  
10 been equivalent in magnitude to the damage result-  
11 ing from the Northridge earthquake, Hurricane An-  
12 drew, and the recent flooding of the Mississippi  
13 River and the Red River;

14 (2) more than 20,000 communities in the  
15 United States are at risk from wildfire and approxi-  
16 mately 11,000 of those communities are located near  
17 Federal land;

18 (3) the accumulation of heavy forest fuel loads  
19 continues to increase as a result of disease, insect  
20 infestations, and drought, further increasing the risk  
21 of fire each year;

22 (4) modification of forest fuel load conditions  
23 through the removal of hazardous fuels would—

24 (A) minimize catastrophic damage from  
25 wildfires;

1 (B) reduce the need for emergency funding  
2 to respond to wildfires; and

3 (C) protect lives, communities, watersheds,  
4 and wildlife habitat;

5 (5) the hazardous fuels removed from forest  
6 land represent an abundant renewable resource, as  
7 well as a significant supply of biomass for biomass-  
8 to-energy facilities;

9 (6) the United States should invest in tech-  
10 nologies that promote economic and entrepreneurial  
11 opportunities in processing forest products removed  
12 through hazardous fuel reduction activities; and

13 (7) the United States should—

14 (A) develop and expand markets for tradi-  
15 tionally underused wood and other biomass as  
16 an outlet for value-added excessive forest fuels;  
17 and

18 (B) commit resources to support planning,  
19 assessments, and project reviews to ensure that  
20 hazardous fuels management is accomplished  
21 expeditiously and in an environmentally sound  
22 manner.

23 (b) WILDFIRE PREVENTION AND HAZARDOUS FUEL  
24 PURCHASE PROGRAM.—The Cooperative Forestry Assist-

1   ance Act of 1978 is amended by inserting after section  
2   6A (as added by section 806(b)) the following:

3   **“SEC. 6B. WILDFIRE PREVENTION AND HAZARDOUS FUEL**  
4         **PURCHASE PROGRAM.**

5         “(a) DEFINITIONS.—In this section:

6                 “(1) BIOMASS-TO-ENERGY FACILITY.—The  
7         term ‘biomass-to-energy facility’ means a facility  
8         that uses forest biomass or other biomass as a raw  
9         material to produce electric energy, useful heat, or  
10        a transportation fuel.

11                “(2) ELIGIBLE COMMUNITY.—The term ‘eligible  
12        community’ means—

13                         “(A) any town, township, municipality, or  
14         other similar unit of local government (as deter-  
15         mined by the Secretary), or any area rep-  
16         resented by a nonprofit corporation or institu-  
17         tion organized under Federal or State law to  
18         promote broad-based economic development,  
19         that—

20                                 “(i) has a population of not more than  
21                         10,000 individuals;

22                                 “(ii) is located within a county in  
23                         which at least 15 percent of the total pri-  
24                         mary and secondary labor and proprietor  
25                         income is derived from forestry, wood

1 products, and forest-related industries,  
 2 such as recreation, forage production, and  
 3 tourism; and

4 “(iii) is located adjacent to public or  
 5 private forest land, the condition of which  
 6 land the Secretary determines poses a sub-  
 7 stantial present or potential hazard to the  
 8 safety of—

9 “(I) a forest ecosystem;

10 “(II) wildlife; or

11 “(III) in the case of a wildfire,  
 12 human, community, or firefighter  
 13 safety, in a year in which drought  
 14 conditions are present; and

15 “(B) any county that is not contained  
 16 within a metropolitan statistical area that meets  
 17 the conditions described in clauses (ii) and (iii)  
 18 of subparagraph (A).

19 “(3) FOREST BIOMASS.—The term ‘forest bio-  
 20 mass’ means fuel and biomass accumulation from  
 21 precommercial thinnings, slash, and brush on public  
 22 or private forest land.

23 “(4) HAZARDOUS FUEL.—The term ‘hazardous  
 24 fuel’ means any excessive accumulation of forest bio-  
 25 mass on public or private forest land (especially land

1 in an urban-wildland interface area or in an area  
 2 that is located near an eligible community and des-  
 3 ignated as condition class 2 or 3 under the report  
 4 of the Forest Service entitled ‘Protecting People and  
 5 Sustainable Resources in Fire-Adapted Ecosystems’,  
 6 dated October 13, 2000) that the Secretary deter-  
 7 mines poses a substantial present or potential  
 8 hazard—

9 “(A) to the safety of a forest ecosystem;

10 “(B) to the safety of wildlife; or

11 “(C) in the case of wildfire in a year in  
 12 which drought conditions are present, to  
 13 human, community, or firefighter safety.

14 “(5) INDIAN TRIBE.—The term ‘Indian tribe’  
 15 has the meaning given the term in section 4 of the  
 16 Indian Self-Determination and Education Assistance  
 17 Act (25 U.S.C. 450b).

18 “(6) SECRETARY.—The term ‘Secretary’  
 19 means—

20 “(A) the Secretary of Agriculture (or a  
 21 designee), with respect to National Forest Sys-  
 22 tem land and private land in the United States;  
 23 and

24 “(B) the Secretary of the Interior (or a  
 25 designee) with respect to Federal land under

1 the jurisdiction of the Secretary of the Interior  
2 or an Indian tribe.

3 “(b) HAZARDOUS FUEL GRANT PROGRAM.—

4 “(1) GRANTS.—

5 “(A) IN GENERAL.—Subject to the avail-  
6 ability of appropriations, the Secretary may  
7 make grants to persons that operate biomass-  
8 to-energy facilities to offset the costs incurred  
9 by those persons in purchasing hazardous fuels  
10 derived from public and private forest land ad-  
11 jacent to eligible communities.

12 “(B) SELECTION CRITERIA.—The Sec-  
13 retary shall select recipients for grants under  
14 subparagraph (A) based on—

15 “(i) planned purchases by the recipi-  
16 ents of hazardous fuels, as demonstrated  
17 by the recipient through the submission to  
18 the Secretary of such assurances as the  
19 Secretary may require; and

20 “(ii) the level of anticipated benefits  
21 of those purchases in reducing the risk of  
22 wildfires.

23 “(2) GRANT AMOUNTS.—

24 “(A) IN GENERAL.—A grant under this  
25 subsection shall—



1 “(i) be based on—

2 “(I) the distance required to  
3 transport hazardous fuels to a bio-  
4 mass-to-energy facility; and

5 “(II) the cost of removal of haz-  
6 ardous fuels; and

7 “(ii) be in an amount that is at least  
8 equal to the product obtained by  
9 multiplying—

10 “(I) the number of tons of haz-  
11 ardous fuels delivered to a grant re-  
12 cipient; by

13 “(II) an amount that is at least  
14 \$5 but not more than \$10 per ton of  
15 hazardous fuels, as determined by the  
16 Secretary taking into consideration  
17 the factors described in clause (i).

18 “(B) LIMITATION ON INDIVIDUAL  
19 GRANTS.—

20 “(i) IN GENERAL.—Except as pro-  
21 vided in clause (ii), a grant under subpara-  
22 graph (A) shall not exceed \$1,500,000 for  
23 any biomass-to-energy facility for any fis-  
24 cal year.

1 “(ii) SMALL BIOMASS-TO-ENERGY FA-  
 2 CILITIES.—A biomass-to-energy facility  
 3 that has an annual production of 5  
 4 megawatts or less shall not be subject to  
 5 the limitation under clause (i).

6 “(3) MONITORING OF GRANT RECIPIENT AC-  
 7 TIVITIES.—

8 “(A) IN GENERAL.—As a condition of re-  
 9 ceipt of a grant under this subsection, a grant  
 10 recipient shall keep such records as the Sec-  
 11 retary may require, including records that—

12 “(i) completely and accurately disclose  
 13 the use of grant funds; and

14 “(ii) describe all transactions involved  
 15 in the purchase of hazardous fuels.

16 “(B) ACCESS.—On notice by the Sec-  
 17 retary, the operator of a biomass-to-energy fa-  
 18 cility that purchases and uses hazardous fuels  
 19 with funds from a grant under this subsection  
 20 shall provide the Secretary with—

21 “(i) reasonable access to the biomass-  
 22 to-energy facility; and

23 “(ii) an opportunity to examine the  
 24 inventory and records of the biomass-to-en-  
 25 ergy facility.

1           “(4) MONITORING OF EFFECT OF TREAT-  
2           MENTS.—The Secretary shall monitor Federal land  
3           from which hazardous fuels are removed and sold to  
4           a biomass-to-energy facility under this subsection to  
5           determine and document the reduction in fire haz-  
6           ards on that land.

7           “(5) AUTHORIZATION OF APPROPRIATIONS.—  
8           There is authorized to be appropriated to carry out  
9           this subsection \$50,000,000 for each of fiscal years  
10          2002 through 2006.

11          “(c) LONG-TERM FOREST STEWARDSHIP CON-  
12          TRACTS FOR HAZARDOUS FUELS REMOVAL.—

13               “(1) ANNUAL ASSESSMENT OF TREATMENT  
14               ACREAGE.—

15                       “(A) IN GENERAL.—Subject to the avail-  
16                       ability of appropriations, not later than March  
17                       1 of each of fiscal years 2002 through 2006,  
18                       the Secretary of Agriculture and the Secretary  
19                       of Energy shall jointly submit to Congress an  
20                       assessment of the number of acres of Federal  
21                       forest land recommended to be treated during  
22                       the subsequent fiscal year using stewardship  
23                       end result contracts authorized by paragraph  
24                       (3).

1                   “(B) COMPONENTS.—The assessment  
2 shall—

3                   “(i) be based on the treatment sched-  
4 ules contained in the report entitled ‘Pro-  
5 tecting People and Sustaining Resources in  
6 Fire-Adapted Ecosystems’, dated October  
7 13, 2000, and incorporated into the Na-  
8 tional Fire Plan (as identified by the Sec-  
9 retary);

10                   “(ii) identify the acreage by condition  
11 class, type of treatment, and treatment  
12 year to achieve the restoration goals out-  
13 lined in the report within 10-, 15-, and 20-  
14 year time periods;

15                   “(iii) give priority to condition class 3  
16 areas (as described in subsection  
17 (a)(4)(A)), including modifications in the  
18 restoration goals based on the effects of—

19                   “(I) fire;

20                   “(II) hazardous fuel treatments  
21 under the National Fire Plan (as  
22 identified by the Secretary); or

23                   “(III) updates in data;

24                   “(iv) provide information relating to  
25 the type of material and estimated quan-

1                   tities and range of sizes of material that  
2                   shall be included in the treatments;

3                   “(v) describe the management area  
4                   prescriptions in the applicable land and re-  
5                   source management plan for the land on  
6                   which the treatment is recommended; and

7                   “(vi) give priority to areas described  
8                   in subsection (a)(4)(A).

9                   “(2) FUNDING RECOMMENDATION.—The Sec-  
10                  retary shall include in the annual assessment under  
11                  paragraph (1) a request for funds sufficient to im-  
12                  plement the recommendations contained in the as-  
13                  sessment using stewardship end result contracts de-  
14                  scribed in paragraph (3) in any case in which the  
15                  Secretary determines that the objectives of the Na-  
16                  tional Fire Plan (as identified by the Secretary)  
17                  would best be accomplished through forest steward-  
18                  ship end result contracting.

19                  “(3) STEWARDSHIP END RESULT CON-  
20                  TRACTING.—

21                  “(A) IN GENERAL.—Subject to the avail-  
22                  ability of appropriations, the Secretary may  
23                  enter into stewardship end result contracts to  
24                  implement the National Fire Plan (as identified  
25                  by the Secretary) on National Forest System

1 land based on the treatment schedules provided  
2 in the annual assessments conducted under  
3 paragraph (1)(B)(i).

4 “(B) PERIOD OF CONTRACTS.—The con-  
5 tracting goals and authorities described in sub-  
6 sections (b) through (g) of section 347 of the  
7 Department of the Interior and Related Agen-  
8 cies Appropriations Act, 1999 (commonly  
9 known as the ‘Stewardship End Result Con-  
10 tracting Demonstration Project’) (16 U.S.C.  
11 2104 note; Public Law 105–277), shall apply to  
12 contracts entered into under this paragraph, ex-  
13 cept that the period of each such contract shall  
14 not exceed 10 years.

15 “(C) STATUS REPORT.—Beginning with  
16 the assessment required under paragraph (1)  
17 for fiscal year 2003, the Secretary shall include  
18 in the annual assessment under paragraph (1)  
19 a status report of the stewardship end result  
20 contracts entered into under this paragraph.

21 “(4) AUTHORIZATION OF APPROPRIATIONS.—  
22 There are authorized to be appropriated to carry out  
23 this subsection such sums as are necessary for each  
24 of fiscal years 2002 through 2006.

1       “(d) TERMINATION OF AUTHORITY.—The authority  
2 provided under this section shall terminate on September  
3 30, 2006.”.

4 **SEC. 809. ENHANCED COMMUNITY FIRE PROTECTION.**

5       (a) FINDINGS.—Congress finds that—

6           (1) the severity and intensity of wildfires have  
7 increased dramatically over the past few decades as  
8 a result of past fire and land management policies;

9           (2) the record 2000 fire season is a prime ex-  
10 ample of what can be expected if action is not taken  
11 to reduce the risk of catastrophic wildfires;

12           (3) wildfires threaten not only the forested re-  
13 sources of the United States, but also the thousands  
14 of communities intermingled with wildland in the  
15 wildland-urban interface;

16           (4) wetland forests provide essential ecological  
17 services, such as filtering pollutants, buffering im-  
18 portant rivers and estuaries, and minimizing flood-  
19 ing, that make the protection and restoration of  
20 those forests worthy of special focus;

21           (5) the National Fire Plan, if implemented to  
22 achieve appropriate priorities, is the proper, coordi-  
23 nated, and most effective means to address the issue  
24 of wildfires;

1           (6) while adequate authorities exist to address  
 2           the problem of wildfires at the landscape level on  
 3           Federal land, there is limited authority to take ac-  
 4           tion on most private land where the largest threat  
 5           to life and property lies; and

6           (7) there is a significant Federal interest in en-  
 7           hancing the protection of communities from wildfire.

8           (b) **ENHANCED COMMUNITY FIRE PROTECTION.**—  
 9           The Cooperative Forestry Assistance Act of 1978 is  
 10          amended by inserting after section 10 (16 U.S.C. 2106)  
 11          the following:

12       **“SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.**

13       “(a) **COOPERATIVE MANAGEMENT RELATING TO**  
 14       **WILDFIRE THREATS.**—Notwithstanding section 7 of the  
 15       Federal Fire Prevention and Control Act of 1974 (15  
 16       U.S.C. 2206), the Secretary may cooperate with State for-  
 17       esters and equivalent State officials to—

18               “(1) assist in the prevention, control, suppres-  
 19               sion, and prescribed use of fires (including through  
 20               the provision of financial, technical, and related as-  
 21               sistance);

22               “(2) protect communities from wildfire threats;

23               “(3) enhance the growth and maintenance of  
 24               trees and forests in a manner that promotes overall  
 25               forest health; and



1           “(4) ensure the continued production of all for-  
2       est resources, including timber, outdoor recreation  
3       opportunities, wildlife habitat, and clean water,  
4       through conservation of forest cover on watersheds,  
5       shelterbelts, and windbreaks.

6       “(b) COMMUNITY AND PRIVATE LAND FIRE ASSIST-  
7       ANCE PROGRAM.—

8           “(1) IN GENERAL.—The Secretary shall estab-  
9       lish a program to be known as the ‘community and  
10      private land fire assistance program’ (referred to in  
11      this section as the ‘Program’)—

12           “(A) to focus the Federal role in pro-  
13      moting optimal firefighting efficiency at the  
14      Federal, State, and local levels;

15           “(B) to provide increased assistance to  
16      Federal projects that establish landscape level  
17      protection from wildfires;

18           “(C) to expand outreach and education  
19      programs concerning fire prevention to home-  
20      owners and communities; and

21           “(D) to establish defensible space against  
22      wildfires around the homes and property of pri-  
23      vate landowners.

24       “(2) ADMINISTRATION AND IMPLEMENTA-  
25      TION.—The Program shall be administered by the

1 Secretary and, with respect to non-Federal land de-  
2 scribed in paragraph (3), carried out through the  
3 State forester or equivalent State official.

4 “(3) COMPONENTS.—The Secretary may carry  
5 out under the Program, on National Forest System  
6 land and non-Federal land determined by the Sec-  
7 retary in consultation with State foresters and  
8 Committees—

9 “(A) fuel hazard mitigation and preven-  
10 tion;

11 “(B) invasive species management;

12 “(C) multiresource wildfire and community  
13 protection planning;

14 “(D) community and landowner education  
15 enterprises, including the program known as  
16 ‘FIREWISE’;

17 “(E) market development and expansion;

18 “(F) improved use of wood products; and

19 “(G) restoration projects.

20 “(4) PRIORITY.—In entering into contracts to  
21 carry out projects under the Program, the Secretary  
22 shall give priority to contracts with local persons or  
23 entities.

1       “(c) AUTHORITY.—The authority provided under this  
2 section shall be in addition to any authority provided  
3 under section 10.

4       “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
5 are authorized to be appropriated to the Secretary to carry  
6 out this section \$35,000,000 for each of fiscal years 2002  
7 through 2006.”.

8   **SEC. 810. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

9       (a) FINDINGS.—Congress finds that—

10           (1) there has been a dramatic shift in public at-  
11 titudes and perceptions about forest management,  
12 particularly in the understanding and practice of  
13 sustainable forest management;

14           (2) it is commonly recognized that proper stew-  
15 ardship of forest land is essential to—

16                   (A) sustain and restore watershed health;

17                   (B) produce clean water; and

18                   (C) maintain healthy aquatic systems;

19           (3) forests are increasingly important to the  
20 protection and sustainability of drinking water sup-  
21 plies for more than 1/2 of the population of the  
22 United States;

23           (4) forest loss and fragmentation in urbanizing  
24 areas are contributing to flooding, degradation of

1 urban stream habitat and water quality, and public  
2 health concerns;

3 (5) scientific evidence and public awareness  
4 with respect to the manner in which forest manage-  
5 ment can positively affect water quality and quan-  
6 tity, and the manner in which trees, forests, and for-  
7 estry practices (such as forest buffers) can serve as  
8 solutions to water quality problems in rural and  
9 urban areas, are increasing;

10 (6) the application of forestry best management  
11 practices developed at the State level has been found  
12 to greatly facilitate the achievement of water quality  
13 goals;

14 (7) significant efforts are underway to revisit  
15 and make improvements on needed forestry best  
16 management practices;

17 (8) according to the report of the Forest Serv-  
18 ice numbered FS-660 and entitled “Water and the  
19 Forest Service”, forests are a requirement for main-  
20 tenance of clean water because—

21 (A) approximately 66 percent of the fresh-  
22 water resources of the United States originate  
23 on forests; and

24 (B) forests cover approximately 1/3 of the  
25 land area of the United States;

1           (9) because almost 500,000,000 acres, or ap-  
2           proximately 2/3, of the forest land of the United  
3           States is owned by non-Federal entities, a significant  
4           burden is placed on private forest landowners to pro-  
5           vide or maintain the clean water needed by the pub-  
6           lic for drinking, swimming, fishing, and a number of  
7           other water uses;

8           (10) because the decisions made by individual  
9           landowners and communities will affect the ability to  
10          maintain the health of rural and urban watersheds  
11          in the future, there is a need to integrate forest  
12          management, conservation, restoration, and steward-  
13          ship in watershed management;

14          (11) although water management is the pri-  
15          mary responsibility of States, the Federal Govern-  
16          ment has a responsibility to promote and encourage  
17          the ability of States and private forest landowners to  
18          sustain the delivery of clean, abundant water from  
19          forest land;

20          (12) as of the date of enactment of this Act,  
21          the availability of Federal assistance to support for-  
22          est landowners to achieve the water goals identified  
23          in many Federal laws (including regulations) is lack-  
24          ing; and

1           (13) increased research for, education for, and  
2           technical and financial assistance provided to, forest  
3           landowners and communities that relate to the pro-  
4           tection of watersheds and improvement of water  
5           quality, are needed to realize the expectations of the  
6           general public for clean water and healthy aquatic  
7           systems.

8           (b) PURPOSES.—The purposes of this section are  
9           to—

10           (1) improve the understanding of landowners  
11           and the public with respect to the relationship be-  
12           tween water quality and forest management;

13           (2) encourage landowners to maintain tree  
14           cover and use tree plantings and vegetative treat-  
15           ments as creative solutions to water quality and  
16           quantity problems associated with varying land uses;

17           (3) enhance and complement source water pro-  
18           tection in watersheds that provide drinking water for  
19           municipalities;

20           (4) establish new partnerships and collaborative  
21           watershed approaches to forest management, stew-  
22           ardship, and protection; and

23           (5) provide technical and financial assistance to  
24           States to deliver a coordinated program that through

1 the provision of technical, financial, and educational  
 2 assistance to qualified individuals and entities—

3 (A) enhances State forestry best manage-  
 4 ment practices programs; and

5 (B) protects and improves water quality on  
 6 forest land.

7 (c) PROGRAM.—The Cooperative Forestry Assistance  
 8 Act of 1978 is amended by inserting after section 5A (as  
 9 added by section 805) the following:

10 **“SEC. 5B. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

11 “(a) ESTABLISHMENT.—Subject to the availability of  
 12 appropriations, the Secretary shall establish a watershed  
 13 forestry assistance program (referred to in this section as  
 14 the ‘program’) to provide to States, through State for-  
 15 esters (as defined in section 6A), technical, financial, and  
 16 related assistance to—

17 “(1) expand forest stewardship capacities and  
 18 activities through State forestry best management  
 19 practices and other means at the State level; and

20 “(2) prevent water quality degradation, and ad-  
 21 dress watershed issues, on non-Federal forest land.

22 “(b) WATERSHED FORESTRY EDUCATION, TECH-  
 23 NICAL ASSISTANCE, AND PLANNING.—

24 “(1) PLAN.—

1           “(A) IN GENERAL.—In carrying out the  
2           program, the Secretary shall cooperate with  
3           State foresters to develop a plan, to be adminis-  
4           tered by the Secretary and implemented by  
5           State foresters, to provide technical assistance  
6           to assist States in preventing and mitigating  
7           water quality degradation.

8           “(B) PARTICIPATION.—In developing the  
9           plan under subparagraph (A), the Secretary  
10          shall encourage participation of interested mem-  
11          bers of the public (including nonprofit private  
12          organizations and local watershed councils).

13          “(2) COMPONENTS.—The plan described in  
14          paragraph (1) shall include provisions to—

15               “(A) build and strengthen watershed part-  
16               nerships focusing on forest land at the national,  
17               State, regional, and local levels;

18               “(B) provide State forestry best manage-  
19               ment practices and water quality technical as-  
20               sistance directly to private landowners;

21               “(C) provide technical guidance relating to  
22               water quality management through forest man-  
23               agement in degraded watersheds to land man-  
24               agers and policymakers;



1           “(D)(i) complement State nonpoint source  
 2           assessment and management plans established  
 3           under section 319 of the Federal Water Pollu-  
 4           tion Control Act (33 U.S.C. 1329); and

5           “(ii) provide enhanced opportunities for co-  
 6           ordination and cooperation among Federal and  
 7           State agencies having responsibility for water  
 8           and watershed management under that Act;  
 9           and

10          “(E) provide enhanced forest resource data  
 11          and support for improved implementation of  
 12          State forestry best management practices,  
 13          including—

14               “(i) designing and conducting effec-  
 15               tiveness and implementation studies; and

16               “(ii) meeting in-State water quality  
 17               assessment needs, such as the development  
 18               of water quality models that correlate the  
 19               management of forest land to water quality  
 20               measures and standards.

21          “(c) WATERSHED FORESTRY COST-SHARE PRO-  
 22          GRAM.—

23               “(1) ESTABLISHMENT.—In carrying out the  
 24          program, the Secretary shall establish a watershed  
 25          forestry cost-share program, to be administered by

1 the Secretary and implemented by State foresters, to  
2 provide grants and other assistance for eligible pro-  
3 grams and projects described in paragraph (2).

4 “(2) ELIGIBLE PROGRAMS AND PROJECTS.—A  
5 community, nonprofit group, or landowner may re-  
6 ceive a grant or other assistance under this sub-  
7 section to carry out a State forestry best manage-  
8 ment practices program or a watershed forestry  
9 project if the program or project, as determined by  
10 the Secretary—

11 “(A) is consistent with—

12 “(i) State nonpoint source assessment  
13 and management plan objectives estab-  
14 lished under section 319 of the Federal  
15 Water Pollution Control Act (33 U.S.C.  
16 1329); and

17 “(ii) the cost-share requirements of  
18 this section; and

19 “(B) is designed to address critical forest  
20 stewardship, watershed protection, and restora-  
21 tion needs of a State through—

22 “(i) the use of trees and forests as so-  
23 lutions to water quality problems in urban  
24 and agricultural areas;

1 “(ii) community-based planning, in-  
2 volvement, and action through State, local  
3 and nonprofit partnerships;

4 “(iii) the application of and dissemi-  
5 nation of information on forestry best  
6 management practices relating to water  
7 quality;

8 “(iv) watershed-scale forest manage-  
9 ment activities and conservation planning;  
10 and

11 “(v) the restoration of wetland and  
12 stream side forests and establishment of ri-  
13 parian vegetative buffers.

14 “(3) ALLOCATION.—

15 “(A) IN GENERAL.—After taking into con-  
16 sideration the criteria described in subpara-  
17 graph (B), the Secretary shall allocate among  
18 States, for award by State foresters under para-  
19 graph (4), the amounts made available to carry  
20 out this subsection.

21 “(B) CRITERIA.—The criteria referred to  
22 in subparagraph (A) are—

23 “(i) the number of acres of forest  
24 land, and land that could be converted to  
25 forest land, in each State;

1 “(ii) the nonpoint source assessment  
2 and management plans of each State, as  
3 developed under section 319 of the Federal  
4 Water Pollution Control Act (33 U.S.C.  
5 1329);

6 “(iii) the acres of wetland forests that  
7 have been lost or degraded or cases in  
8 which forests may play a role in restoring  
9 wetland resources;

10 “(iv) the number of non-Federal for-  
11 est landowners in each State; and

12 “(v) the extent to which the priorities  
13 of States are designed to achieve a reason-  
14 able range of the purposes of the program  
15 and, as a result, contribute to the water-  
16 related goals of the United States.

17 “(4) AWARD OF GRANTS AND ASSISTANCE.—

18 “(A) IN GENERAL.—In implementing the  
19 program under this subsection, the State for-  
20 ester, in coordination with the State Coordi-  
21 nating Committee established under section  
22 19(b), shall provide annual grants and cost-  
23 share assistance to communities, nonprofit  
24 groups, and landowners to carry out eligible

1 programs and projects described in paragraph  
2 (2).

3 “(B) APPLICATION.—A community, non-  
4 profit group, or landowner that seeks to receive  
5 cost-share assistance under this subsection shall  
6 submit to the State forester an application, in  
7 such form and containing such information as  
8 the State forester may prescribe, for the assist-  
9 ance.

10 “(C) PRIORITIZATION.—In awarding cost-  
11 share assistance under this subsection, the Sec-  
12 retary shall give priority to eligible programs  
13 and projects that are identified by the State  
14 foresters and the State Stewardship Commit-  
15 tees as having a greater need for assistance.

16 “(D) AWARD.—On approval by the Sec-  
17 retary of an application under subparagraph  
18 (B), the State forester shall award to the appli-  
19 cant, from funds allocated to the State under  
20 paragraph (3), such amount of cost-share as-  
21 sistance as is requested in the application.

22 “(5) COST SHARING.—

23 “(A) FEDERAL SHARE.—The Federal  
24 share of the cost of carrying out any eligible  
25 program or project under this subsection shall

1 not exceed 75 percent, of which not more than  
 2 50 percent may be in the form of assistance  
 3 provided under this subsection.

4 “(B) NON-FEDERAL SHARE.—The non-  
 5 Federal share of the cost of carrying out any el-  
 6 igible program or project under this subsection  
 7 may be provided in the form of cash, services,  
 8 or in-kind contributions.

9 “(d) WATERSHED FORESTER.—A State may use a  
 10 portion of the funds made available to the State under  
 11 subsection (e) to establish and fill a position of ‘Watershed  
 12 Forester’ to lead State-wide programs and coordinate wa-  
 13 tershed-level projects.

14 “(e) FUNDING.—

15 “(1) IN GENERAL.—There are authorized to be  
 16 appropriated to carry out this section \$20,000,000  
 17 for each of fiscal years 2002 through 2006.

18 “(2) ALLOCATION.—Of the funds made avail-  
 19 able under paragraph (1)—

20 “(A) 75 percent shall be used to carry out  
 21 subsection (c); and

22 “(B) 25 percent shall be used to carry out  
 23 provisions of this section other than subsection  
 24 (c).”.

1 **SEC. 811. GENERAL PROVISIONS.**

2 Section 13 of the Cooperative Forestry Assistance  
3 Act of 1978 (16 U.S.C. 2109) is amended by striking sub-  
4 section (f) and inserting the following:

5 “(f) GRANTS, CONTRACTS, AND OTHER AGREE-  
6 MENTS.—

7 “(1) IN GENERAL.—In accordance with para-  
8 graph (2), the Secretary may make such grants and  
9 enter into such contracts, agreements, or other ar-  
10 rangements as the Secretary determines are nec-  
11 essary to carry out this Act.

12 “(2) ASSISTANCE.—Notwithstanding any other  
13 provision of this Act, the Secretary, with the concur-  
14 rence of the applicable State forester or equivalent  
15 State official, may provide assistance under this Act  
16 directly to any public or private entity, organization,  
17 or individual—

18 “(A) through a grant; or

19 “(B) by entering into a contract or cooper-  
20 ative agreement.”.

21 **SEC. 812. STATE FOREST STEWARDSHIP COORDINATING**  
22 **COMMITTEES.**

23 Section 19(b) of the Cooperative Forestry Assistance  
24 Act of 1978 (16 U.S.C. 2113(b)) is amended—

1           (1) in paragraph (1)(B)(i), by inserting  
 2           “United States Fish and Wildlife Service,” before  
 3           “Forest Service”; and

4           (2) in paragraph (2)—

5                 (A) in subparagraph (C), by striking  
 6                 “and” at the end;

7                 (B) in subparagraph (D), by striking the  
 8                 period at the end and inserting “; and”; and

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

10                 “(E) submit to the Secretary, the Com-  
 11                 mittee on Agriculture of the House of Rep-  
 12                 resentatives and the Committee on Agriculture,  
 13                 Nutrition, and Forestry of the Senate, an an-  
 14                 nual report that provides—

15                         “(i) the list of members on the Com-  
 16                         mittee described in paragraph (1)(B); and

17                         “(ii) for those members that may be  
 18                         included on the Committee, but are not in-  
 19                         cluded because a determination that it is  
 20                         not practicable to include the members has  
 21                         been made, an explanation of the reasons  
 22                         for that determination.”.

## 23           **TITLE IX—ENERGY**

### 24   **SEC. 901. FINDINGS.**

25           Congress finds that—



1           (1) there are many opportunities for the agri-  
2           cultural sector and rural areas to produce renewable  
3           energy and increase energy efficiency;

4           (2) investments in renewable energy and energy  
5           efficiency—

6                   (A) enhance the energy security and inde-  
7           pendence of the United States;

8                   (B) increase farmer and rancher income;

9                   (C) promote rural economic development;

10                  (D) provide environmental and public  
11           health benefits such as cleaner air and water;  
12           and

13                  (E) improve electricity grid reliability,  
14           thereby reducing the likelihood of blackouts and  
15           brownouts, particularly during peak usage peri-  
16           ods;

17           (3) the public strongly supports renewable en-  
18           ergy generation and energy efficiency improvements  
19           as an important component of a national energy  
20           strategy;

21           (4)(A) the Federal Government is the country's  
22           largest consumer of a vast array of products, spend-  
23           ing in excess of \$200,000,000,000 per year;

1           (B) purchases and use of products by the Fed-  
2           eral Government have a significant effect on the en-  
3           vironment; and

4           (C) accordingly, the Federal Government should  
5           lead the way in purchasing biobased products so as  
6           to minimize environmental impacts while supporting  
7           domestic producers of biobased products;

8           (5) the agricultural sector is a leading producer  
9           of biobased products to meet domestic and inter-  
10          national needs;

11          (6) agriculture can play a significant role in the  
12          development of fuel cell and hydrogen-based energy  
13          technologies, which are critical technologies for a  
14          clean energy future;

15          (7)(A) wind energy is 1 of the fastest growing  
16          clean energy technologies; and

17          (B) there are tremendous economic development  
18          and environmental quality benefits to be achieved by  
19          developing both large-scale and small-scale wind  
20          power projects on farms and in rural communities;

21          (8) farm-based renewable energy generation can  
22          become one of the major cash crops of the United  
23          States, improving the livelihoods of hundreds of  
24          thousands of family farmers, ranchers, and others  
25          and revitalizing rural communities;

1           (9)(A) evidence continues to mount that in-  
2           creases in atmospheric concentrations of greenhouse  
3           gases are contributing to global climate change; and

4           (B) agriculture can help in climate change miti-  
5           gation by—

6                 (i) storing carbon in soils, plants, and for-  
7                 ests;

8                 (ii) producing biofuels, chemicals, and  
9                 power to replace fossil fuels and petroleum-  
10                based products; and

11                (iii) reducing emissions by capturing gases  
12                from animal feeding operations, changing agri-  
13                cultural land practices, and becoming more en-  
14                ergy efficient;

15           (10) because agricultural production is energy-  
16           intensive, it is incumbent on the Federal Govern-  
17           ment to aid the agricultural sector in reducing en-  
18           ergy consumption and energy costs;

19           (11)(A) one way to help farmers, ranchers, and  
20           others reduce energy use is through professional en-  
21           ergy audits;

22           (B) energy audits provide recommendations for  
23           improved energy efficiency that, when acted on, offer  
24           an effective means of reducing overall energy use  
25           and saving money; and

1           (C) energy savings of 10 to 30 percent can typi-  
2 cally be achieved, and greater savings are often real-  
3 ized;

4           (12) rural electric utilities are often geographi-  
5 cally well situated to develop renewable and distrib-  
6 uted energy supplies, enabling the utilities to diver-  
7 sify their energy portfolios and afford their members  
8 or customers alternative energy sources, which many  
9 such members and customers desire;

10          (13) fuel cells are a highly efficient, clean, and  
11 flexible technology for generating electricity from hy-  
12 drogen that promises to improve the environment,  
13 electricity reliability, and energy security;

14          (14)(A) because fuel cells can be made in any  
15 size, fuel cells can be used for a wide variety of farm  
16 applications, including powering farm vehicles,  
17 equipment, houses, and other operations; and

18          (B) much of the initial use of fuel cells is likely  
19 to be in remote and off-grid applications in rural  
20 areas; and

21          (15) hydrogen is a clean and flexible fuel that  
22 can play a critical role in storing and transporting  
23 energy produced on farms from renewable sources  
24 (including biomass, wind, and solar energy).

1 **SEC. 902. CONSOLIDATED FARM AND RURAL DEVELOP-**  
2 **MENT ACT.**

3 The Consolidated Farm and Rural Development Act  
4 (as amended by section 647) is amended by adding at the  
5 end the following:

6 **“Subtitle L—Clean Energy**

7 **“SEC. 388A. DEFINITIONS.**

8 “In this subtitle:

9 “(1) BIOMASS.—

10 “(A) IN GENERAL.—The term ‘biomass’  
11 means any organic material that is available on  
12 a renewable or recurring basis.

13 “(B) INCLUSIONS.—The term ‘biomass’  
14 includes—

15 “(i) dedicated energy crops;

16 “(ii) trees grown for energy produc-  
17 tion;

18 “(iii) wood waste and wood residues;

19 “(iv) plants (including aquatic plants,  
20 grasses, and agricultural crops);

21 “(v) residues;

22 “(vi) fibers;

23 “(vii) animal wastes and other waste  
24 materials; and

25 “(viii) fats and oils.

1 “(C) EXCLUSIONS.—The term ‘biomass’  
2 does not include—

3 “(i) old-growth timber (as determined  
4 by the Secretary);

5 “(ii) paper that is commonly recycled;  
6 or

7 “(iii) unsegregated garbage.

8 “(2) RENEWABLE ENERGY.—The term ‘renew-  
9 able energy’ means energy derived from a wind,  
10 solar, biomass, geothermal, or hydrogen source.

11 “(3) RURAL SMALL BUSINESS.—The term  
12 ‘rural small business’ has the meaning that the Sec-  
13 retary shall prescribe by regulation.

14 **“CHAPTER 1—BIOBASED PRODUCT**  
15 **DEVELOPMENT**

16 **“SEC. 388B. BIOBASED PRODUCT PURCHASING REQUIRE-**  
17 **MENT.**

18 “(a) DEFINITIONS.—In this section:

19 “(1) ADMINISTRATOR.—The term ‘Adminis-  
20 trator’ means the Administrator of the Environ-  
21 mental Protection Agency.

22 “(2) BIOBASED PRODUCT.—The term ‘biobased  
23 product’ means a commercial or industrial product,  
24 as determined by the Secretary (other than food or  
25 feed), that uses biological products or renewable do-

1       mestic agricultural materials (including plant, ani-  
2       mal, and marine materials) or forestry materials.

3           “(3) ENVIRONMENTALLY PREFERABLE.—The  
4       term ‘environmentally preferable’, with respect to a  
5       biobased product, refers to a biobased product that  
6       has a lesser or reduced effect on human health and  
7       the environment when compared with competing  
8       nonbiobased products that serve the same purpose.

9       “(b) BIOBASED PRODUCT PURCHASING.—

10           “(1) MANDATORY PURCHASING REQUIREMENT  
11       FOR LISTED BIOBASED PRODUCTS.—

12           “(A) IN GENERAL.—Except as provided in  
13       subparagraph (B), not later than 180 days  
14       after the date of enactment of this subtitle, the  
15       head of each Federal agency shall ensure that,  
16       in purchasing any product, the Federal agency  
17       purchases a biobased product, rather than a  
18       comparable nonbiobased product, if the  
19       biobased product is listed on the list of biobased  
20       products published under subsection (c)(1).

21           “(B) BIOBASED PRODUCT NOT REASON-  
22       ABLY COMPARABLE.—A Federal agency shall  
23       not be required to purchase a biobased product  
24       under subparagraph (A) if the purchasing em-  
25       ployee submits to the Secretary and the Admin-

1           istrator of the Office of Federal Procurement  
 2           Policy a written determination that the  
 3           biobased product is not reasonably comparable  
 4           to nonbiobased products in price, performance,  
 5           or availability.

6           “(C) CONFLICTING REQUIREMENTS.—The  
 7           Secretary and the Administrator shall jointly  
 8           promulgate regulations with which Federal  
 9           agencies shall comply in cases of a conflict be-  
 10          tween the biobased product purchasing require-  
 11          ment under subparagraph (A) and a purchasing  
 12          requirement under any other provision of law.

13          “(2) PURCHASING OF NONLISTED BIOBASED  
 14          PRODUCTS.—The head of each Federal agency is en-  
 15          couraged to purchase, to the maximum extent prac-  
 16          ticable, available biobased products that are not list-  
 17          ed on the list of biobased products published under  
 18          subsection (c)(1) when the Federal agency is not re-  
 19          quired to purchase a biobased product that is on the  
 20          list.

21          “(c) ADMINISTRATIVE ACTION.—

22               “(1) LIST OF BIOBASED PRODUCTS.—

23               “(A) IN GENERAL.—Not later than 180  
 24               days after the date of enactment of this sub-  
 25               title, and annually thereafter, the Secretary, in



1 consultation with the Administrator and the Di-  
2 rector of the National Institute of Standards  
3 and Technology, shall publish a list of biobased  
4 products.

5 “(B) ENVIRONMENTALLY PREFERABLE  
6 BIOBASED PRODUCTS.—The Secretary shall not  
7 include on the list under paragraph (1)  
8 biobased products that are not environmentally  
9 preferable, as determined by the Secretary.

10 “(C) GRANTS.—The Secretary may award  
11 grants to, or enter into contracts or cooperative  
12 agreements with, eligible persons, businesses, or  
13 institutions (as determined by the Secretary) to  
14 assist in collecting data concerning the evalua-  
15 tion of and lifecycle analyses of biobased prod-  
16 ucts for use in making the determinations nec-  
17 essary to carry out this paragraph.

18 “(2) GUIDANCE.—Not later than 240 days  
19 after the date of enactment of this subtitle, the Of-  
20 fice of Federal Procurement Policy and Federal Ac-  
21 quisition Regulation Council shall make the Federal  
22 Acquisition Regulation consistent with subsection  
23 (b).

24 “(d) EDUCATION AND OUTREACH PROGRAM.—The  
25 Secretary, in cooperation with the Defense Acquisition

1 University and the Federal Acquisition Institute, shall  
2 conduct education programs for all Federal procurement  
3 officers regarding biobased products and the requirements  
4 of subsection (b).

5 “(e) LABELING.—

6 “(1) IN GENERAL.—The Secretary shall develop  
7 a program, similar to the Energy Star program of  
8 the Department of Energy and the Environmental  
9 Protection Agency, under which the Secretary au-  
10 thorizes producers of environmentally preferable  
11 biobased products to use a label that identifies the  
12 products as environmentally preferable biobased  
13 products.

14 “(2) ENVIRONMENTALLY PREFERABLE  
15 BIOBASED PRODUCTS.—The Secretary shall monitor  
16 and take appropriate action regarding the use of la-  
17 bels under paragraph (1) to ensure that the biobased  
18 products using the labels do not include biobased  
19 products that are not environmentally preferable, as  
20 determined by the Secretary.

21 “(3) CONTRACTING.—In carrying out para-  
22 graph (1), the Secretary may contract with appro-  
23 priate entities with expertise in product labeling and  
24 standard setting.

1       “(f) GOAL.—It shall be the goal of each Federal  
2 agency for each fiscal year to purchase biobased products  
3 of an aggregate value that is not less than 5 percent of  
4 the aggregate value of all products purchased by the Fed-  
5 eral agency during the preceding fiscal year.

6       “(g) REPORTS.—As soon as practicable after the end  
7 of each fiscal year, the Secretary and the Office of Federal  
8 Procurement Policy shall jointly submit to Congress an  
9 annual report that, for the fiscal year, describes the extent  
10 of—

11               “(1) compliance by each Federal agency with  
12 subsection (b); and

13               “(2) the success of each Federal agency in  
14 achieving the goal established under subsection (f).

15       “(h) FUNDING.—

16               “(1) IN GENERAL.—Not later than 30 days  
17 after the date of enactment of this subtitle, and on  
18 October 1, 2002, and each October 1 thereafter  
19 through October 1, 2005, out of any funds in the  
20 Treasury not otherwise appropriated, the Secretary  
21 of the Treasury shall transfer to the Secretary to  
22 carry out this section \$2,000,000, to remain avail-  
23 able until expended.

24               “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
25 retary shall be entitled to receive, shall accept, and

1       shall use to carry out this section the funds trans-  
 2       ferred under paragraph (1), without further appro-  
 3       priation.

4   **“SEC. 388C. BIOREFINERY DEVELOPMENT GRANTS.**

5       “(a) PURPOSE.—The purpose of this section is to as-  
 6       sist in the development of new and emerging technologies  
 7       for the conversion of biomass into petroleum substitutes,  
 8       so as to—

9               “(1) develop transportation and other fuels and  
 10       chemicals from renewable sources;

11              “(2) reduce the dependence of the United  
 12       States on imported oil;

13              “(3) reduce greenhouse gas emissions;

14              “(4) diversify markets for raw agricultural and  
 15       forestry products; and

16              “(5) create jobs and enhance the economic de-  
 17       velopment of the rural economy.

18       “(b) DEFINITIONS.—In this section:

19              “(1) ADVISORY COMMITTEE.—The term ‘Advi-  
 20       sory Committee’ means the Biomass Research and  
 21       Development Technical Advisory Committee estab-  
 22       lished by section 306 of the Biomass Research and  
 23       Development Act of 2000 (7 U.S.C. 7624 note; Pub-  
 24       lic Law 106–224).

1           “(2) BIOREFINERY.—The term ‘biorefinery’  
2       means equipment and processes that—

3           “(A) convert biomass into bioenergy fuels  
4       and chemicals; and

5           “(B) may produce electricity as a byprod-  
6       uct.

7           “(3) BOARD.—The term ‘Board’ means the  
8       Biomass Research and Development Board estab-  
9       lished by section 305 of the Biomass Research and  
10      Development Act of 2000 (7 U.S.C. 7624 note; Pub-  
11      lic Law 106–224).

12          “(4) INDIAN TRIBE.—The term ‘Indian tribe’  
13      has the meaning given the term in section 4 of the  
14      Indian Self-Determination and Education Assistance  
15      Act (25 U.S.C. 450b).

16          “(c) GRANTS.—The Secretary shall award grants to  
17      eligible entities to assist in paying the cost of development  
18      and construction of biorefineries to carry out projects to  
19      demonstrate the commercial viability of 1 or more proc-  
20      esses for converting biomass to fuels or chemicals.

21          “(d) ELIGIBLE ENTITIES.—A corporation, farm co-  
22      operative, association of farmers, national laboratory, uni-  
23      versity, State energy agency or office, Indian tribe, or con-  
24      sortium comprised of any of those entities shall be eligible  
25      to receive a grant under subsection (c).

1 “(e) COMPETITIVE BASIS FOR AWARDS.—

2 “(1) IN GENERAL.—The Secretary shall award  
3 grants under subsection (c) on a competitive basis in  
4 consultation with the Board and Advisory Com-  
5 mittee.

6 “(2) SELECTION CRITERIA.—

7 “(A) IN GENERAL.—The Secretary shall  
8 select projects to receive grants under sub-  
9 section (c) based on—

10 “(i) the likelihood that the projects  
11 will demonstrate the commercial viability  
12 of a process for converting biomass to fuels  
13 or chemicals; and

14 “(ii) the likelihood that the projects  
15 will produce electricity.

16 “(B) FACTORS.—The factors to be consid-  
17 ered under subparagraph (A) shall include—

18 “(i) the potential market for the prod-  
19 uct or products;

20 “(ii) the quantity of petroleum the  
21 product will displace;

22 “(iii) the level of financial participa-  
23 tion by the applicants;

24 “(iv) the availability of adequate fund-  
25 ing from other sources;

1 “(v) the beneficial impact on resource  
2 conservation and the environment;

3 “(vi) the participation of producer as-  
4 sociations and cooperatives;

5 “(vii) the timeframe in which the  
6 project will be operational;

7 “(viii) the potential for rural economic  
8 development; and

9 “(ix) the participation of multiple eli-  
10 gible entities.

11 “(f) COST SHARING.—

12 “(1) IN GENERAL.—Except as provided in para-  
13 graph (2), the amount of a grant for a project  
14 awarded under subsection (c) shall not exceed 30  
15 percent of the cost of the project.

16 “(2) INCREASED GRANT AMOUNT.—The Sec-  
17 retary may increase the amount of a grant for a  
18 project under subsection (c) to not more than 50  
19 percent in the case of a project that the Secretary  
20 finds particularly meritorious.

21 “(3) FORM OF GRANTEE SHARE.—

22 “(A) IN GENERAL.—The grantee share of  
23 the cost of a project may be made in the form  
24 of cash or the provision of services, material, or  
25 other in-kind contributions.

1           “(B) LIMITATION.—The amount of the  
 2           grantee share of the cost of a project that is  
 3           made in the form of the provision of services,  
 4           material, or other in-kind contributions shall  
 5           not exceed 25 percent of the amount of the  
 6           grantee share determined under paragraph (1).

7           “(g) FUNDING.—

8           “(1) IN GENERAL.—Not later than 30 days  
 9           after the date of enactment of this subtitle, and on  
 10          October 1, 2002, and each October 1 thereafter  
 11          through October 1, 2005, out of any funds in the  
 12          Treasury not otherwise appropriated, the Secretary  
 13          of the Treasury shall transfer to the Secretary to  
 14          carry out this section \$15,000,000, to remain avail-  
 15          able until expended.

16          “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 17          retary shall be entitled to receive, shall accept, and  
 18          shall use to carry out this section the funds trans-  
 19          ferred under paragraph (1), without further appro-  
 20          priation.

21       **“SEC. 388D. BIODIESEL FUEL EDUCATION PROGRAM.**

22          “(a) FINDINGS.—Congress finds that—

23               “(1) biodiesel fuel use can help reduce green-  
 24               house gas emissions and public health risks associ-  
 25               ated with air pollution;



1           “(2) biodiesel fuel use enhances energy security  
2       by reducing petroleum consumption;

3           “(3) biodiesel fuel is nearing the transition  
4       from the research and development phase to com-  
5       mercialization;

6           “(4) biodiesel fuel is still relatively unknown to  
7       the public and even to diesel fuel users; and

8           “(5) education of, and provision of technical  
9       support to, current and future biodiesel fuel users  
10      will be critical to the widespread use of biodiesel  
11      fuel.

12       “(b) ESTABLISHMENT.—The Secretary shall, under  
13      such terms and conditions as are appropriate, offer 1 or  
14      more competitive grants to eligible entities to educate Fed-  
15      eral, State, regional, and local government entities and  
16      private entities that operate vehicle fleets, other interested  
17      entities (as determined by the Secretary), and the public  
18      about the benefits of biodiesel fuel use.

19       “(c) ELIGIBLE ENTITIES.—To receive a grant under  
20      subsection (b), an entity—

21           “(1) shall be a nonprofit organization; and

22           “(2) shall have demonstrated expertise in bio-  
23      diesel fuel production, use, and distribution.

24       “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
25      is authorized to be appropriated to carry out this section

1 \$5,000,000 for each of fiscal years 2002 through 2006,  
2 to remain available until expended.

3       **“CHAPTER 2—RENEWABLE ENERGY**  
4 **DEVELOPMENT AND ENERGY EFFICIENCY**  
5 **“SEC. 388E. RENEWABLE ENERGY DEVELOPMENT LOAN**  
6 **AND GRANT PROGRAM.**

7       “(a) IN GENERAL.—The Secretary, acting through  
8 the Rural Business Cooperative Service, in addition to ex-  
9 ercising authority to make loans and loan guarantees  
10 under other law, shall establish a program under which  
11 the Secretary shall make loans and loan guarantees and  
12 competitively award grants to assist farmers and ranchers  
13 in projects to establish new, or expand existing, farmer  
14 or rancher cooperatives, or other rural business ventures  
15 (as determined by the Secretary), to—

16           “(1) enable farmers and ranchers to become  
17 owners of sources of renewable electric energy and  
18 marketers of electric energy produced from renew-  
19 able sources;

20           “(2) provide new income streams for farmers  
21 and ranchers;

22           “(3) increase the quantity of electricity avail-  
23 able from renewable energy sources; and

1           “(4) provide environmental and public health  
2           benefits to rural communities and the United States  
3           as a whole.

4           “(b) OWNERSHIP REQUIREMENT.—At least 51 per-  
5           cent of the interest in a rural business venture assisted  
6           with a grant under subsection (a) shall be owned by farm-  
7           ers or ranchers.

8           “(c) MAXIMUM AMOUNT OF LOANS AND GRANTS.—

9           “(1) LOANS.—The amount of a loan made or  
10          guaranteed for a project under subsection (a) shall  
11          not exceed \$10,000,000.

12          “(2) GRANTS.—The amount of a grant made  
13          for a project under subsection (a) shall not exceed  
14          \$200,000 for a fiscal year.

15          “(d) COST SHARING.—

16          “(1) IN GENERAL.—The total amount of loans  
17          made or guaranteed or grants awarded under sub-  
18          section (a) for a project shall not exceed 50 percent  
19          of the cost of the activity funded by the loan or  
20          grant.

21          “(2) FORM OF GRANTEE SHARE.—

22                 “(A) IN GENERAL.—The grantee share of  
23                 the cost of the activity may be made in the  
24                 form of cash or the provision of services, mate-  
25                 rial, or other in-kind contributions.

1           “(B) LIMITATION.—The amount of the  
2           grantee share of the cost of an activity that is  
3           made in the form of the provision of services,  
4           material, or other in-kind contributions shall  
5           not exceed 25 percent of the amount of the  
6           grantee share, as determined under paragraph  
7           (1).

8           “(e) INTEREST RATE.—A loan made or guaranteed  
9           under subsection (a) shall bear an interest rate that does  
10          not exceed 4 percent.

11          “(f) USE OF FUNDS.—

12           “(1) PERMITTED USES.—

13           “(A) GRANTS.—A recipient of a grant  
14           awarded under subsection (a) may use the  
15           grant funds to develop a business plan or per-  
16           form a feasibility study to establish a viable  
17           marketing opportunity for renewable electric en-  
18           ergy generation and sale.

19           “(B) LOANS.—A recipient of a loan or  
20           loan guarantee under subsection (a) may use  
21           the loan funds to provide capital for start-up  
22           costs associated with the rural business venture  
23           or the promotion of the aggregation of renew-  
24           able electric energy sources.

1           “(2) PROHIBITED USES.—A recipient of a loan,  
2           loan guarantee, or grant under subsection (a) shall  
3           not use the loan or grant funds for planning, repair,  
4           rehabilitation, acquisition, or construction of a build-  
5           ing.

6           “(g) FUNDING.—

7           “(1) IN GENERAL.—Not later than 30 days  
8           after the date of enactment of this subtitle, and on  
9           October 1, 2002, and each October 1 thereafter  
10          through October 1, 2005, out of any funds in the  
11          Treasury not otherwise appropriated, the Secretary  
12          of the Treasury shall transfer to the Secretary to  
13          carry out this section \$16,000,000, to remain avail-  
14          able until expended.

15          “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
16          retary shall be entitled to receive, shall accept, and  
17          shall use to carry out this section the funds trans-  
18          ferred under paragraph (1), without further appro-  
19          priation.

20          “(3) LOAN AND INTEREST SUBSIDIES.—In the  
21          case of a loan or loan guarantee under subsection  
22          (a), the Secretary shall use funds under paragraph  
23          (1) to pay the cost of loan and interest subsidies  
24          necessary to carry out this section.

1   **“SEC. 388F. ENERGY AUDIT AND RENEWABLE ENERGY DE-**  
 2                   **VELOPMENT PROGRAM.**

3           “(a) IN GENERAL.—The Secretary, acting through  
 4 the Rural Business Cooperative Service, shall make com-  
 5 petitive grants to eligible entities to enable the eligible en-  
 6 tities to carry out a program to assist farmers, and ranch-  
 7 ers, and rural small businesses (as determined by the Sec-  
 8 retary) in becoming more energy efficient and in using re-  
 9 newable energy technology.

10          “(b) ELIGIBLE ENTITIES.—Entities eligible to carry  
 11 out a program under subsection (a) include—

12               “(1) a State energy or agricultural office;

13               “(2) a regional or State-based energy organiza-  
 14 tion or energy organization of an Indian tribe (as  
 15 defined in section 4 of the Indian Self-Determination  
 16 and Education Assistance Act (25 U.S.C. 450b));

17               “(3) a land-grant college or university (as de-  
 18 fined in section 1404 of the National Agricultural  
 19 Research, Extension, and Teaching Policy Act of  
 20 1977 (7 U.S.C. 3103)) or other college or university;

21               “(4) a farm bureau or organization;

22               “(5) a rural electric cooperative or utility;

23               “(6) a nonprofit organization; and

24               “(7) any other entity, as determined by the Sec-  
 25 retary.

26          “(c) MERIT REVIEW.—

1           “(1) MERIT REVIEW PANEL.—The Secretary  
2           shall establish a merit review panel to review appli-  
3           cations for grants under subsection (a) that uses the  
4           expertise of other Federal agencies (including the  
5           Department of Energy and the Environmental Pro-  
6           tection Agency), industry, and nongovernmental or-  
7           ganizations.

8           “(2) SELECTION CRITERIA.—In reviewing appli-  
9           cations of eligible entities to receive grants under  
10          subsection (a), the merit review panel shall  
11          consider—

12               “(A) the ability and expertise of the eligi-  
13               ble entity in providing professional energy au-  
14               dits and renewable energy assessments;

15               “(B) the geographic scope of the program  
16               proposed by the eligible entity;

17               “(C) the number of farmers, ranchers, and  
18               rural small businesses to be assisted by the pro-  
19               gram;

20               “(D) the potential for energy savings and  
21               environmental and public health benefits result-  
22               ing from the program; and

23               “(E) the plan of the eligible entity for edu-  
24               cating farmers, ranchers, and rural small busi-

1           nesses on the benefits of energy efficiency and  
2           renewable energy development.

3           “(d) USE OF GRANT FUNDS.—A recipient of a grant  
4 under subsection (a) shall use the grant funds to—

5           “(1)(A) conduct energy audits for farmers,  
6 ranchers, and rural small businesses to provide  
7 farmers, ranchers, and rural small businesses rec-  
8 ommendations for energy efficiency and renewable  
9 energy development opportunities; and

10           “(B) conduct workshops on that subject as ap-  
11 propriate;

12           “(2) make farmers, ranchers, and rural small  
13 businesses aware of, and ensure that they have ac-  
14 cess to—

15           “(A) financial assistance under section  
16 388G; and

17           “(B) other Federal, State, and local finan-  
18 cial assistance programs for which farmers,  
19 ranchers, and rural small businesses may be eli-  
20 gible; and

21           “(3) arrange private financial assistance to  
22 farmers, ranchers, and rural small businesses on fa-  
23 vorable terms.

24           “(e) COST SHARING.—



1           “(1) IN GENERAL.—A recipient of a grant  
2           under subsection (a) that conducts an energy audit  
3           for a farmer, rancher, or rural small business under  
4           subsection (d)(1) shall require that, as a condition to  
5           the conduct of the energy audit, the farmer, rancher,  
6           or rural small business pay at least 25 percent of  
7           the cost of the audit.

8           “(2) IMPLEMENTATION OF RECOMMENDA-  
9           TIONS.—If a farmer, rancher, or rural small busi-  
10          ness substantially implements the recommendations  
11          made in connection with an energy audit, the Sec-  
12          retary may reimburse the farmer, rancher, or rural  
13          small business the amount that is equal to the share  
14          of the cost paid by the farmer, rancher, or rural  
15          small business under paragraph (1).

16          “(f) REPORTS.—The Secretary shall submit to the  
17          Committee on Agriculture of the House of Representatives  
18          and the Committee on Agriculture, Nutrition, and For-  
19          estry of the Senate an annual report on the implementa-  
20          tion of this section.

21          “(g) FUNDING.—

22                 “(1) IN GENERAL.—Not later than 30 days  
23                 after the date of enactment of this subtitle, and on  
24                 October 1, 2002, and each October 1 thereafter  
25                 through October 1, 2005, out of any funds in the

1 Treasury not otherwise appropriated, the Secretary  
 2 of the Treasury shall transfer to the Secretary to  
 3 carry out this section \$15,000,000, to remain avail-  
 4 able until expended.

5 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 6 retary shall be entitled to receive, shall accept, and  
 7 shall use to carry out this section the funds trans-  
 8 ferred under paragraph (1), without further appro-  
 9 priation.

10 **“SEC. 388G. LOANS, LOAN GUARANTEES, AND GRANTS TO**  
 11 **FARMERS, RANCHERS, AND RURAL SMALL**  
 12 **BUSINESSES FOR RENEWABLE ENERGY SYS-**  
 13 **TEMS AND ENERGY EFFICIENCY IMPROVE-**  
 14 **MENTS.**

15 “(a) IN GENERAL.—In addition to exercising author-  
 16 ity to make loans and loan guarantees under other law,  
 17 the Secretary shall make loans, loan guarantees, and  
 18 grants to farmers, ranchers, and rural small businesses  
 19 to—

20 “(1) purchase renewable energy systems; and

21 “(2) make energy efficiency improvements.

22 “(b) ELIGIBILITY OF FARMERS AND RANCHERS.—To  
 23 be eligible to receive a grant under subsection (a) for a  
 24 fiscal year, a farmer or rancher shall have produced not  
 25 more than \$1,000,000 in market value of agricultural

1 products during the preceding fiscal year, as determined  
2 by the Secretary.

3 “(c) COST SHARING.—

4 “(1) RENEWABLE ENERGY SYSTEMS.—

5 “(A) IN GENERAL.—

6 “(i) GRANTS.—The amount of a grant  
7 made under subsection (a) for a renewable  
8 energy system shall not exceed 15 percent  
9 of the cost of the renewable energy system.

10 “(ii) LOANS.—The amount of a loan  
11 made or guaranteed under subsection (a)  
12 for a renewable energy system shall not ex-  
13 ceed 35 percent of the cost of the renew-  
14 able energy system.

15 “(B) FACTORS.—In determining the  
16 amount of a grant or loan under subparagraph  
17 (A), the Secretary shall take into  
18 consideration—

19 “(i) the type of renewable energy sys-  
20 tem to be purchased;

21 “(ii) the estimated quantity of energy  
22 to be generated or displaced by the renew-  
23 able energy system;

24 “(iii) the expected environmental ben-  
25 efits of the renewable energy system;

1 “(iv) the extent to which the renew-  
2 able energy system will be replicable; and

3 “(v) other factors as appropriate.

4 “(2) ENERGY EFFICIENCY IMPROVEMENTS.—

5 “(A) IN GENERAL.—

6 “(i) GRANTS.—The amount of a grant  
7 made under subsection (a) for an energy  
8 efficiency improvement shall not exceed 15  
9 percent of the cost of the energy efficiency  
10 improvement.

11 “(ii) LOANS.—The amount of a loan  
12 made or guaranteed under subsection (a)  
13 for an energy efficiency project shall not  
14 exceed 35 percent of the cost of the energy  
15 efficiency improvement.

16 “(B) FACTORS.—In determining the  
17 amount of a grant or loan under subparagraph  
18 (A), the Secretary shall take into  
19 consideration—

20 “(i) the estimated length of time it  
21 would take for the energy savings gen-  
22 erated by the improvement to equal the  
23 cost of the improvement;

1 “(ii) the amount of energy savings ex-  
2 pected to be derived from the improve-  
3 ment; and

4 “(iii) other factors as appropriate.

5 “(d) INTEREST RATE.—A loan made or guaranteed  
6 under subsection (a) shall bear interest at a rate not ex-  
7 ceeding 4 percent.

8 “(e) ENERGY AUDIT AND RENEWABLE ENERGY DE-  
9 VELOPMENT PROGRAM.—

10 “(1) PREFERENCE.—In making loans, loan  
11 guarantees, and grants under subsection (a), the  
12 Secretary shall give preference to participants in the  
13 energy audit and renewable energy development pro-  
14 gram under section 388F.

15 “(2) RESERVATION OF FUNDING.—The Sec-  
16 retary shall reserve at least 25 percent of the funds  
17 made available to carry out this section for each of  
18 fiscal years 2002 through 2006 to participants in  
19 the energy audit and renewable energy development  
20 program under section 388F.

21 “(f) FUNDING.—

22 “(1) IN GENERAL.—Not later than 30 days  
23 after the date of enactment of this subtitle, and on  
24 October 1, 2002, and each October 1 thereafter  
25 through October 1, 2005, out of any funds in the

1 Treasury not otherwise appropriated, the Secretary  
2 of the Treasury shall transfer to the Secretary to  
3 carry out this section \$33,000,000, to remain avail-  
4 able until expended.

5 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
6 retary shall be entitled to receive, shall accept, and  
7 shall use to carry out this section the funds trans-  
8 ferred under paragraph (1), without further appro-  
9 priation.

10 “(3) LOAN AND INTEREST SUBSIDIES.—In the  
11 case of a loan or loan guarantee under subsection  
12 (a), the Secretary shall use funds under paragraph  
13 (1) to pay the cost of loan and interest subsidies  
14 necessary to carry out this section.

15 **“SEC. 388H. HYDROGEN AND FUEL CELL TECHNOLOGIES**  
16 **PROGRAM.**

17 “(a) IN GENERAL.—The Secretary of Agriculture, in  
18 consultation with the Secretary of Energy, shall establish  
19 a program under which the Secretary of Agriculture shall  
20 competitively award grants to, or enter into contracts or  
21 cooperative agreements with, eligible entities for—

22 “(1) projects to demonstrate the use of hydro-  
23 gen technologies and fuel cell technologies in farm,  
24 ranch, and rural applications; and

1           “(2) as appropriate, studies of the technical, en-  
2           vironmental, and economic viability, in farm, ranch,  
3           and rural applications, of innovative hydrogen and  
4           fuel cell technologies not ready for demonstration.

5           “(b) ELIGIBLE ENTITIES.—Under subsection (a), the  
6           Secretary may make a grant to or enter into a contract  
7           or cooperative agreement with—

8           “(1) a Federal research agency;

9           “(2) a national laboratory;

10           “(3) a college or university or a research foun-  
11           dation maintained by a college or university;

12           “(4) a private research organization with an es-  
13           tablished and demonstrated capacity to perform re-  
14           search or technology transfer;

15           “(5) a State agricultural experiment station; or

16           “(6) an individual.

17           “(c) SELECTION CRITERIA.—In selecting projects for  
18           grants, contracts, and cooperative agreements under sub-  
19           section (a)(1), the Secretary shall give preference to  
20           projects that demonstrate technologies that—

21           “(1) are innovative;

22           “(2) use renewable energy sources;

23           “(3) produce multiple sources of energy;

24           “(4) provide significant environmental benefits;

1           “(5) are likely to be economically competitive;  
2           and

3           “(6) have potential for commercialization as  
4           mass-produced, farm- or ranch-sized systems.

5           “(d) COST SHARING.—The amount of financial as-  
6           sistance provided for a project under a grant, contract,  
7           or cooperative agreement under subsection (a) shall not  
8           exceed 50 percent of the cost of the project.

9           “(e) FUNDING.—

10           “(1) IN GENERAL.—Not later than 30 days  
11           after the date of enactment of this subtitle, and on  
12           October 1, 2002, and each October 1 thereafter  
13           through October 1, 2005, out of any funds in the  
14           Treasury not otherwise appropriated, the Secretary  
15           of the Treasury shall transfer to the Secretary to  
16           carry out this section \$5,000,000, to remain avail-  
17           able until expended.

18           “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
19           retary shall be entitled to receive, shall accept, and  
20           shall use to carry out this section the funds trans-  
21           ferred under paragraph (1), without further appro-  
22           priation.



1 **“SEC. 388I. TECHNICAL ASSISTANCE FOR FARMERS AND**  
 2 **RANCHERS TO DEVELOP RENEWABLE EN-**  
 3 **ERGY RESOURCES.**

4 “(a) IN GENERAL.—The Secretary, acting through  
 5 the Cooperative State Research, Education, and Extension  
 6 Service in consultation with the Natural Resources Con-  
 7 servation Service, regional biomass programs under the  
 8 Department of Energy, and other entities as appropriate,  
 9 may provide for education and technical assistance to  
 10 farmers and ranchers for the development and marketing  
 11 of renewable energy resources.

12 “(b) ADMINISTRATIVE EXPENSES.—The Secretary  
 13 may retain up to 4 percent of the amounts made available  
 14 for each fiscal year to carry out this section to pay admin-  
 15 istrative expenses incurred in carrying out this section.

16 **“CHAPTER 3—CARBON SEQUESTRATION**  
 17 **RESEARCH, DEVELOPMENT, AND DEM-**  
 18 **ONSTRATION PROGRAM**

19 **“SEC. 388J. RESEARCH.**

20 “(a) BASIC RESEARCH.—

21 “(1) IN GENERAL.—Subject to the availability  
 22 of appropriations, the Secretary shall carry out re-  
 23 search to promote understanding of—

24 “(A) the net sequestration of organic car-  
 25 bon in soils and plants (including trees); and

1                   “(B) net emissions of other greenhouse  
2                   gases from agriculture.

3                   “(2) AGRICULTURAL RESEARCH SERVICE.—The  
4                   Secretary, acting through the Agricultural Research  
5                   Service, shall collaborate with other Federal agencies  
6                   in developing data and carrying out research ad-  
7                   dressing carbon losses and gains in soils and plants  
8                   (including trees) and net emissions of methane and  
9                   nitrous oxide from cultivation and animal manage-  
10                  ment activities.

11                  “(3) COOPERATIVE STATE RESEARCH, EDU-  
12                  CATION, AND EXTENSION SERVICE.—

13                         “(A) IN GENERAL.—The Secretary, acting  
14                         through the Cooperative State Research, Edu-  
15                         cation, and Extension Service, shall establish a  
16                         competitive grant program to carry out research  
17                         on the matters described in paragraph (1) by  
18                         eligible entities.

19                         “(B) ELIGIBLE ENTITIES.—Under sub-  
20                         paragraph (A), the Secretary may make a grant  
21                         to—

22                                 “(i) a Federal research agency;

23                                 “(ii) a national laboratory;

1 “(iii) a college or university or a re-  
2 search foundation maintained by a college  
3 or university;

4 “(iv) a private research organization  
5 with an established and demonstrated ca-  
6 pacity to perform research or technology  
7 transfer;

8 “(v) a State agricultural experiment  
9 station; or

10 “(vi) an individual.

11 “(C) CONSULTATION ON RESEARCH TOP-  
12 ICS.—Before issuing a request for proposals for  
13 basic research under paragraph (1), the Coop-  
14 erative State Research, Education, and Exten-  
15 sion Service shall consult with the Agricultural  
16 Research Service and the Forest Service to en-  
17 sure that proposed research areas are com-  
18 plementary with and do not duplicate other re-  
19 search projects funded by the Department or  
20 other Federal agencies.

21 “(D) ADMINISTRATIVE EXPENSES.—The  
22 Secretary may retain up to 4 percent of the  
23 amounts made available for each fiscal year to  
24 carry out this subsection to pay administrative

1 expenses incurred in carrying out this sub-  
2 section.

3 “(b) APPLIED RESEARCH.—

4 “(1) IN GENERAL.—The Secretary shall carry  
5 out applied research in the areas of soil science,  
6 agronomy, agricultural economics, forestry, and  
7 other agricultural sciences to—

8 “(A) promote understanding of—

9 “(i) how agricultural and forestry  
10 practices affect the sequestration of or-  
11 ganic and inorganic carbon in soils and  
12 plants (including trees) and net emissions  
13 of other greenhouse gases;

14 “(ii) how changes in soil carbon pools  
15 in soils and plants (including trees) are  
16 cost-effectively measured, monitored, and  
17 verified; and

18 “(iii) how public programs and private  
19 market approaches can be devised to incor-  
20 porate carbon sequestration in a broader  
21 societal greenhouse gas emission reduction  
22 effort;

23 “(B) develop methods for establishing  
24 baselines for measuring the quantities of carbon  
25 and other greenhouse gases sequestered; and

1                   “(C) evaluate leakage and performance  
2                   issues.

3                   “(2) REQUIREMENTS.—To the maximum extent  
4                   practicable, applied research under paragraph (1)  
5                   shall—

6                   “(A) use existing technologies and meth-  
7                   ods; and

8                   “(B) provide methodologies that are acces-  
9                   sible to a nontechnical audience.

10                  “(3) MINIMIZATION OF ADVERSE ENVIRON-  
11                  MENTAL IMPACTS.—All applied research under para-  
12                  graph (1) shall be conducted with an emphasis on  
13                  minimizing adverse environmental impacts.

14                  “(4) NATURAL RESOURCES AND THE ENVIRON-  
15                  MENT.—The Secretary, acting through the Natural  
16                  Resources Conservation Service and the Forest Serv-  
17                  ice, shall collaborate with other Federal agencies in  
18                  developing new measuring techniques and equipment  
19                  or adapting existing techniques and equipment to  
20                  enable cost-effective and accurate monitoring and  
21                  verification, for a wide range of agricultural and for-  
22                  estry practices, of—

23                  “(A) changes in carbon content in soils  
24                  and plants (including trees); and

1           “(B) net emissions of other greenhouse  
2           gases.

3           “(5) COOPERATIVE STATE RESEARCH, EDU-  
4           CATION, AND EXTENSION SERVICE.—

5           “(A) IN GENERAL.—The Secretary, acting  
6           through the Cooperative State Research, Edu-  
7           cation, and Extension Service and the Forest  
8           Service, shall establish a competitive grant pro-  
9           gram to encourage research on the matters de-  
10          scribed in paragraph (1) by eligible entities.

11          “(B) ELIGIBLE ENTITIES.—Under sub-  
12          paragraph (A), the Secretary may make a grant  
13          to—

14               “(i) a Federal research agency;

15               “(ii) a national laboratory;

16               “(iii) a college or university or a re-  
17               search foundation maintained by a college  
18               or university;

19               “(iv) a private research organization  
20               with an established and demonstrated ca-  
21               pacity to perform research or technology  
22               transfer;

23               “(v) a State agricultural experiment  
24               station; or

25               “(vi) an individual.

1           “(C) CONSULTATION ON RESEARCH TOP-  
 2           ICS.—Before issuing a request for proposals for  
 3           applied research under paragraph (1), the Co-  
 4           operative State Research, Education, and Ex-  
 5           tension Service and the Forest Service shall  
 6           consult with the Natural Resources Conserva-  
 7           tion Service and the Agricultural Research  
 8           Service to ensure that proposed research areas  
 9           are complementary with and do not duplicate  
 10          research projects funded by the Department of  
 11          Agriculture or other Federal agencies.

12          “(D) ADMINISTRATIVE EXPENSES.—The  
 13          Secretary, acting through the Cooperative State  
 14          Research, Education, and Extension Service,  
 15          may retain up to 4 percent of the amounts  
 16          made available for each fiscal year to carry out  
 17          this subsection to pay administrative expenses  
 18          incurred in carrying out this subsection.

19          “(c) RESEARCH CONSORTIA.—

20           “(1) IN GENERAL.—The Secretary may des-  
 21           ignate not more than 2 research consortia to carry  
 22           out research projects under this section, with the re-  
 23           quirement that the consortia propose to conduct  
 24           basic research under subsection (a) and applied re-  
 25           search under subsection (b) .

1           “(2) SELECTION.—The consortia shall be se-  
 2           lected on a competitive basis by the Cooperative  
 3           State Research, Education, and Extension Service.

4           “(3) ELIGIBLE CONSORTIUM PARTICIPANTS.—  
 5           Entities eligible to participate in a consortium  
 6           include—

7                   “(A) a land-grant college or university (as  
 8                   defined in section 1404 of the National Agricul-  
 9                   tural Research, Extension, and Teaching Policy  
 10                  Act of 1977 (7 U.S.C. 3103));

11                  “(B) a private research institution;

12                  “(C) a State agency;

13                  “(D) an Indian tribe (as defined in section  
 14                  4 of the Indian Self-Determination and Edu-  
 15                  cation Assistance Act (25 U.S.C. 450b));

16                  “(E) an agency of the Department of Agri-  
 17                  culture;

18                  “(F) a research center of the National  
 19                  Aeronautics and Space Administration, the De-  
 20                  partment of Energy, or any other Federal agen-  
 21                  cy;

22                  “(G) an agricultural business or organiza-  
 23                  tion with demonstrated expertise in areas cov-  
 24                  ered by this section; and



1                   “(H) a representative of the private sector  
2                   with demonstrated expertise in the areas.

3                   “(4) RESERVATION OF FUNDING.—If the Sec-  
4                   retary designates 1 or 2 consortia, the Secretary  
5                   shall reserve for research projects carried out by the  
6                   consortium or consortia not more than 25 percent of  
7                   the amounts made available to carry out this section  
8                   for a fiscal year.

9                   “(d) STANDARDS FOR MEASURING CARBON AND  
10                  OTHER GREENHOUSE GAS CONTENT.—

11                  “(1) CONFERENCE.—Not later than 3 years  
12                  after the date of enactment of this subtitle, the Sec-  
13                  retary shall convene a conference of key scientific ex-  
14                  perts on carbon sequestration from various sectors  
15                  (including the government, academic, and private  
16                  sectors) to—

17                         “(A) discuss and establish benchmark  
18                         standards for measuring the carbon content of  
19                         soils and plants (including trees) and net emis-  
20                         sions of other greenhouse gases;

21                         “(B) propose techniques and modeling ap-  
22                         proaches for measuring carbon content with a  
23                         level of precision that is agreed on by the par-  
24                         ticipants in the conference; and

1           “(C) evaluate results of analyses on base-  
2           line, permanence, and leakage issues.

3           “(2) REPORT.—Not later than 180 days after  
4           the conclusion of the conference under paragraph  
5           (1), the Secretary shall submit to the Committee on  
6           Agriculture of the House of Representatives and the  
7           Committee on Agriculture, Nutrition, and Forestry  
8           of the Senate a report on the results of the con-  
9           ference.

10          “(e) AUTHORIZATION OF APPROPRIATIONS.—

11           “(1) IN GENERAL.—There is authorized to be  
12           appropriated to carry out this section \$25,000,000  
13           for each of fiscal years 2002 through 2006.

14           “(2) ALLOCATION.—

15           “(A) IN GENERAL.—Of the amounts made  
16           available to carry out this section for a fiscal  
17           year, at least 50 percent shall be allocated for  
18           competitive grants by the Cooperative State Re-  
19           search, Education, and Extension Service.

20           “(B) ADMINISTRATIVE EXPENSES.—The  
21           Secretary may retain up to 4 percent of the  
22           amounts made available for each fiscal year to  
23           carry out this section to pay administrative ex-  
24           penses incurred in carrying out this section.

1 **“SEC. 388K. DEMONSTRATION PROJECTS AND OUTREACH.**

2 “(a) DEMONSTRATION PROJECTS.—

3 “(1) DEVELOPMENT OF MONITORING PRO-  
4 GRAMS.—

5 “(A) IN GENERAL.—The Secretary, in co-  
6 operation with local extension agents, experts  
7 from land grant universities, and other local ag-  
8 ricultural or conservation organizations, shall  
9 develop user-friendly programs that combine  
10 measurement tools and modeling techniques  
11 into integrated packages to monitor the carbon  
12 sequestering benefits of conservation practices  
13 and net changes in greenhouse gas emissions.

14 “(B) BENCHMARK LEVELS OF PRECI-  
15 SION.—The Secretary shall administer pro-  
16 grams developed under subparagraph (A) in a  
17 manner that achieves, to the maximum extent  
18 practicable, benchmark levels of precision in the  
19 measurement, in a cost-effective manner, of  
20 benefits and changes described in subparagraph  
21 (A).

22 “(2) PROJECTS.—

23 “(A) IN GENERAL.—The Secretary shall  
24 establish a program under which the monitoring  
25 programs developed under paragraph (1) are  
26 used in projects to demonstrate the feasibility

of methods of measuring, verifying, and  
monitoring—

“(i) changes in organic carbon content  
and other carbon pools in soils and plants  
(including trees); and

“(ii) net changes in emissions of other  
greenhouse gases.

“(B) EVALUATION OF IMPLICATIONS.—

The projects under subparagraph (A) shall in-  
clude evaluation of the implications for reas-  
sessed baselines, carbon or other greenhouse  
gas leakage, and the permanence of sequestra-  
tion.

“(C) SUBMISSION OF PROPOSALS.—Pro-

posals for projects under subparagraph (A)  
shall be submitted by the appropriate agency of  
each State, in consultation with interested local  
jurisdictions and State agricultural and con-  
servation organizations.

“(D) LIMITATION.—Not more than 10

projects under subparagraph (A) may be ap-  
proved in conjunction with applied research  
projects under section 388J(b) until benchmark  
measurement and assessment standards are es-  
tablished under section 388J(d).

1 “(b) OUTREACH.—

2 “(1) IN GENERAL.—The Secretary, acting  
3 through the Cooperative State Research, Education,  
4 and Extension Service, shall widely disseminate in-  
5 formation about the economic and environmental  
6 benefits that can be generated by adoption of con-  
7 servation practices that increase sequestration of  
8 carbon and reduce emission of other greenhouse  
9 gases.

10 “(2) PROJECT RESULTS.—The Secretary, act-  
11 ing through the Cooperative State Research, Edu-  
12 cation, and Extension Service, shall provide for the  
13 dissemination to farmers, ranchers, private forest  
14 landowners, and appropriate State agencies in each  
15 State of information concerning—

16 “(A) the results of demonstration projects  
17 under subsection (a)(2); and

18 “(B) the manner in which the methods  
19 demonstrated in the projects might be applica-  
20 ble to the operations of the farmers and ranch-  
21 ers.

22 “(3) POLICY OUTREACH.—The Secretary, act-  
23 ing through the Cooperative State Research, Edu-  
24 cation, and Extension Service, shall disseminate in-  
25 formation on the connection between global climate

1 change mitigation strategies and agriculture and for-  
 2 estry, so that farmers and ranchers may better un-  
 3 derstand the global implications of the activities of  
 4 farmers and ranchers.

5 “(c) AUTHORIZATION OF APPROPRIATIONS.—

6 “(1) IN GENERAL.—There is authorized to be  
 7 appropriated to carry out this section \$10,000,000  
 8 for each of fiscal years 2002 through 2006.

9 “(2) ALLOCATION.—Of the amounts made  
 10 available to carry out this section for a fiscal year,  
 11 at least 50 percent shall be allocated for demonstra-  
 12 tion projects under subsection (a)(2).”.

13 **SEC. 903. BIOMASS RESEARCH AND DEVELOPMENT ACT OF**  
 14 **2000.**

15 (a) FUNDING.—The Biomass Research and Develop-  
 16 ment Act of 2000 (7 U.S.C. 7624 note; Public Law 106–  
 17 224) is amended—

18 (1) in section 307, by striking subsection (f);

19 (2) by redesignating section 310 as section 311;

20 and

21 (3) by inserting after section 309 the following:

22 **“SEC. 310. FUNDING.**

23 “(a) IN GENERAL.—Not later than 30 days after the  
 24 date of enactment of this subsection, and on October 1,  
 25 2002, and each October 1 thereafter through October 1,

1 2005, out of any funds in the Treasury not otherwise ap-  
 2 propriated, the Secretary of the Treasury shall transfer  
 3 to the Secretary to carry out this title \$15,000,000, to  
 4 remain available until expended.

5 “(b) RECEIPT AND ACCEPTANCE.—The Secretary  
 6 shall be entitled to receive, shall accept, and shall use to  
 7 carry out this title the funds transferred under subsection  
 8 (a), without further appropriation.”.

9 (b) TERMINATION OF AUTHORITY.—Section 311 of  
 10 the Biomass Research and Development Act of 2000 (7  
 11 U.S.C. 7624 note; Public Law 106–224) (as redesignated  
 12 by subsection (a)) is amended by striking “December 31,  
 13 2005” and inserting “September 30, 2006”.

14 **SEC. 904. RURAL ELECTRIFICATION ACT OF 1936.**

15 Title I of the Rural Electrification Act of 1936 (7  
 16 U.S.C. 901 et seq.) (as amended by section 661) is amend-  
 17 ed by adding at the end the following:

18 **“SEC. 21. FINANCIAL AND TECHNICAL ASSISTANCE FOR RE-**

19 **NEWABLE ENERGY PROJECTS.**

20 “(a) DEFINITION OF RENEWABLE ENERGY.—In this  
 21 section, the term ‘renewable energy’ means energy derived  
 22 from a wind, solar, biomass, geothermal, or hydrogen  
 23 source.

24 “(b) LOANS, LOAN GUARANTEES, AND GRANTS.—  
 25 The Secretary shall make loans, loan guarantees, and

1 grants to rural electric cooperatives and other rural elec-  
2 tric utilities to promote the development of economically  
3 and environmentally sustainable renewable energy projects  
4 to serve the needs of rural communities or for rural eco-  
5 nomic development.

6 “(c) INTEREST RATE.—A loan made or guaranteed  
7 under subsection (b) shall bear interest at a rate not ex-  
8 ceeding 4 percent.

9 “(d) USE OF FUNDS.—

10 “(1) GRANTS.—A recipient of a grant under  
11 subsection (a) may use the grant funds to pay up to  
12 75 percent of the cost of an economic feasibility  
13 study or technical assistance for a renewable energy  
14 project.

15 “(2) LOANS.—If a renewable energy project is  
16 determined to be economically feasible, a recipient of  
17 a loan or loan guarantee under subsection (a) may  
18 use the loan funds to pay a percentage of the cost  
19 of the project determined by the Secretary.

20 “(e) FUNDING.—

21 “(1) IN GENERAL.—Not later than 30 days  
22 after the date of enactment of this section, and on  
23 October 1, 2002, and each October 1 thereafter  
24 through October 1, 2005, out of any funds in the  
25 Treasury not otherwise appropriated, the Secretary



1 of the Treasury shall transfer to the Secretary to  
2 carry out this section \$9,000,000, to remain avail-  
3 able until expended.

4 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
5 retary shall be entitled to receive, shall accept, and  
6 shall use to carry out this section the funds trans-  
7 ferred under paragraph (1), without further appro-  
8 priation.

9 “(3) LOAN AND INTEREST SUBSIDIES.—In the  
10 case of a loan or loan guarantee under subsection  
11 (a), the Secretary shall use funds under paragraph  
12 (1) to pay the cost of loan and interest subsidies  
13 necessary to carry out this section.”.

14 **SEC. 905. CARBON SEQUESTRATION DEMONSTRATION PRO-**  
15 **GRAM.**

16 (a) FINDINGS.—Congress finds that—

17 (1) greenhouse gas emissions resulting from  
18 human activity present potential risks and potential  
19 opportunities for agricultural and forestry produc-  
20 tion;

21 (2) there is a need to identify cost-effective  
22 methods that can be used in the agricultural and  
23 forestry sectors to reduce the threat of climate  
24 change;

1           (3) deforestation and other land use changes  
2       account for approximately 1,600,000,000 of the  
3       7,900,000,000 metric tons of the average annual  
4       worldwide quantity of carbon emitted during the  
5       1990s;

6           (4) ocean and terrestrial systems each seques-  
7       tered approximately 2,300,000,000 metric tons of  
8       carbon annually, resulting in a sequestration of 60  
9       percent of the annual human-induced emissions of  
10      carbon during the 1990s;

11          (5) there are opportunities for increasing the  
12      quantity of carbon that can be stored in terrestrial  
13      systems through improved, human-induced agricul-  
14      tural and forestry practices;

15          (6) increasing the carbon content of soil helps  
16      to reduce erosion, reduce flooding, minimize the ef-  
17      fects of drought, prevent nutrients and pesticides  
18      from washing into water bodies, and contribute to  
19      water infiltration, air and water holding capacity,  
20      and good seed germination and plant growth;

21          (7) tree planting and wetland restoration could  
22      play a major role in sequestering carbon and reduc-  
23      ing greenhouse gas concentrations in the atmos-  
24      phere;

1           (8) nitrogen management is a cost-effective  
2       method of addressing nutrient overenrichment in the  
3       estuaries of the United States and of reducing emis-  
4       sions of nitrous oxide;

5           (9) animal feed and waste management can be  
6       cost-effective methods to address water quality  
7       issues and reduce emissions of methane; and

8           (10) there is a need to—

9           (A) demonstrate that carbon sequestration  
10       in soils, plants, and forests and reductions in  
11       greenhouse gas emissions through nitrogen and  
12       animal feed and waste management can be  
13       measured and verified; and

14          (B) develop and refine quantification,  
15       verification, and auditing methodologies for car-  
16       bon sequestration and greenhouse gas emission  
17       reductions on a project by project basis.

18       (b) PROGRAM.—Title IV of the Agricultural Re-  
19       search, Extension, and Education Reform Act of 1998 (7  
20       U.S.C. 7621 et seq.) is amended by adding at the end  
21       the following:

22       **“SEC. 409. CARBON SEQUESTRATION DEMONSTRATION**  
23       **PROGRAM.**

24       “(a) DEFINITIONS.—In this section:

1           “(1) ELIGIBLE PROJECT.—The term ‘eligible  
2           project’ means a project that is likely to result in—

3                   “(A) demonstrable reductions in net emis-  
4                   sions of greenhouse gases; or

5                   “(B) demonstrable net increases in the  
6                   quantity of carbon sequestered in soils and for-  
7                   ests.

8           “(2) ENVIRONMENTAL TRADE.—The term ‘en-  
9           vironmental trade’ means a transaction between an  
10           emitter of a greenhouse gas and an agricultural pro-  
11           ducer under which the emitter pays to the agricul-  
12           tural producer a fee to sequester carbon or otherwise  
13           reduce emissions of greenhouse gases.

14           “(3) PANEL.—The term ‘panel’ means the  
15           panel of experts established under subsection  
16           (b)(4)(A).

17           “(4) SECRETARY.—The term ‘Secretary’ means  
18           the Secretary of Agriculture, acting in consultation  
19           with—

20                   “(A) the Under Secretary of Agriculture  
21                   for Natural Resources and Environment;

22                   “(B) the Under Secretary of Agriculture  
23                   for Research, Education, and Economics;

24                   “(C) the Chief Economist of the Depart-  
25                   ment; and

1 “(D) the panel.

2 “(b) DEMONSTRATION PROGRAM.—

3 “(1) ESTABLISHMENT.—Subject to the avail-  
4 ability of appropriations, the Secretary shall estab-  
5 lish a program to provide grants, on a competitive,  
6 cost-shared basis, to agricultural producers to assist  
7 in paying the costs incurred in measuring, esti-  
8 mating, monitoring, verifying, auditing, and testing  
9 methodologies involved in environmental trades (in-  
10 cluding costs incurred in employing certified inde-  
11 pendent third persons to carry out those activities).

12 “(2) CONDITIONS FOR RECEIPT OF GRANT.—As  
13 a condition of the acceptance of a grant under para-  
14 graph (1), an agricultural producer shall—

15 “(A) establish a carbon and greenhouse  
16 gas monitoring, verification, and reporting sys-  
17 tem that meets such requirements as the Sec-  
18 retary shall prescribe; and

19 “(B) under the system and through the  
20 use of an independent third party for any nec-  
21 essary monitoring, verifying, reporting, and au-  
22 diting, measure and report to the Secretary the  
23 quantity of carbon sequestered, or the quantity  
24 of greenhouse gas emissions reduced, as a re-  
25 sult of the conduct of an eligible project.

1 “(3) CRITERIA FOR AWARD OF GRANT.—

2 “(A) IN GENERAL.—In awarding a grant  
3 for an eligible project under paragraph (1), the  
4 Secretary shall take into consideration—

5 “(i) the likelihood of the eligible  
6 project in succeeding in achieving green-  
7 house gas emissions reductions and net  
8 carbon sequestration increases; and

9 “(ii) the usefulness of the information  
10 to be obtained from the eligible project in  
11 determining how best to quantify, monitor,  
12 and verify sequestered carbon or reduc-  
13 tions in greenhouse gas emissions.

14 “(B) PRIORITY CRITERIA.—The Secretary  
15 shall give priority in awarding a grant under  
16 paragraph (1) to an eligible project that—

17 “(i) involves multiple parties, a whole  
18 farm approach, or any other approach,  
19 such as the aggregation of land areas, that  
20 would—

21 “(I) increase the environmental  
22 benefits or reduce the transaction  
23 costs of the eligible project; and

24 “(II) reduce the costs of meas-  
25 uring, monitoring, and verifying any

1 net sequestration of carbon or net re-  
2 duction in greenhouse gas emissions;

3 “(ii) is designed to achieve long-term  
4 sequestration of carbon or long-term re-  
5 ductions in greenhouse gas emissions;

6 “(iii) is designed to address concerns  
7 concerning leakage;

8 “(iv) provides certain other benefits,  
9 such as improvements in—

10 “(I) soil fertility;

11 “(II) wildlife habitat;

12 “(III) water quality;

13 “(IV) soil erosion management;

14 “(V) the use of renewable re-  
15 sources to produce energy;

16 “(VI) the avoidance of ecosystem  
17 fragmentation; and

18 “(VII) the promotion of eco-  
19 system restoration with native species;  
20 or

21 “(v) does not involve—

22 “(I) the reforestation of land that  
23 has been deforested since 1990; or

24 “(II) the conversion of native  
25 grassland.

1 “(4) PANEL.—

2 “(A) IN GENERAL.—The Secretary shall  
3 establish a panel to provide advice and rec-  
4 ommendations to the Secretary with respect to  
5 criteria for awarding grants under this sub-  
6 section.

7 “(B) COMPOSITION.—The panel shall be  
8 composed of the following representatives, to be  
9 appointed by the Secretary:

10 “(i) Experts from each of—

11 “(I) the Department;

12 “(II) the Environmental Protec-  
13 tion Agency; and

14 “(III) the Department of Energy.

15 “(ii) Experts from nongovernmental  
16 and academic entities.

17 “(5) PAYMENT OF GRANT FUNDS.—The Sec-  
18 retary shall provide a grant awarded under this sec-  
19 tion in such number of installments as is necessary  
20 to ensure proper implementation of an eligible  
21 project.

22 “(c) METHODOLOGY GRANT PROGRAM.—

23 “(1) ESTABLISHMENT.—The Secretary shall es-  
24 tablish a program to provide grants to determine the



1 best methodologies for estimating and measuring in-  
2 creases or decreases in—

3 “(A) agricultural greenhouse gas emis-  
4 sions; and

5 “(B) the quantity of carbon sequestered in  
6 soils, forests, and trees.

7 “(2) ELIGIBLE RECIPIENTS.—The Secretary  
8 shall award a grant under paragraph (1), on a com-  
9 petitive basis, to a college or university, or other re-  
10 search institution, that seeks to demonstrate the via-  
11 bility of a methodology described in paragraph (1).

12 “(d) DISSEMINATION OF INFORMATION.—As soon as  
13 practicable after the date of enactment of this section, the  
14 Secretary shall establish an Internet site through which  
15 agricultural producers may obtain information  
16 concerning—

17 “(1) potential environmental trades; and

18 “(2) activities of the Secretary under this sec-  
19 tion.

20 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
21 is authorized to be appropriated to carry out this section  
22 \$20,000,000 for each of fiscal years 2002 through 2006.”.

23 **SEC. 906. SENSE OF CONGRESS CONCERNING NATIONAL**  
24 **RENEWABLE FUELS STANDARD.**

25 It is the sense of Congress that—

1           (1) Congress supports and encourages adoption  
2           of a national renewable fuels program, under which  
3           the motor vehicle fuel placed into commerce by a re-  
4           finer, blender, or importer shall be composed of re-  
5           newable fuel measured according to a statutory for-  
6           mula for specified calendar years; and

7           (2) the Secretary of Agriculture should ensure  
8           that the policies and programs of the Department of  
9           Agriculture promote the production of fuels from re-  
10          newable fuel sources.

11 **SEC. 907. SENSE OF CONGRESS CONCERNING THE BIO-**  
12 **ENERGY PROGRAM OF THE DEPARTMENT OF**  
13 **AGRICULTURE.**

14          It is the sense of Congress that—

15           (1) ethanol and biofuel production capacity will  
16           be needed to phase out the use of methyl tertiary  
17           butyl ether in gasoline and the dependence of the  
18           United States on foreign oil; and

19           (2) the bioenergy program of the Department  
20           of Agriculture under part 1424 of title 7, Code of  
21           Federal Regulations, should be continued and ex-  
22           panded.

1       **TITLE X—MISCELLANEOUS**  
 2       **Subtitle A—Country of Origin and**  
 3       **Quality Grade Labeling**

4       **SEC. 1001. COUNTRY OF ORIGIN LABELING.**

5       The Agricultural Marketing Act of 1946 (7 U.S.C.  
 6       1621 et seq.) is amended by adding at the end the fol-  
 7       lowing:

8       **“Subtitle C—Country of Origin**  
 9       **Labeling**

10      **“SEC. 271. DEFINITIONS.**

11      “In this subtitle:

12           “(1) BEEF.—The term ‘beef’ means meat pro-  
 13      duced from cattle (including veal).

14           “(2) COVERED COMMODITY.—

15           “(A) IN GENERAL.—The term ‘covered  
 16      commodity’ means—

17           “(i) muscle cuts of beef, lamb, and  
 18      pork;

19           “(ii) ground beef, ground lamb, and  
 20      ground pork;

21           “(iii) farm-raised fish;

22           “(iv) a perishable agricultural com-  
 23      modity; and

24           “(v) peanuts.

1                   “(B) EXCLUSIONS.—The term ‘covered  
2 commodity’ does not include—

3                   “(i) processed beef, lamb, and pork  
4 food items; and

5                   “(ii) frozen entrees containing beef,  
6 lamb, and pork.

7                   “(3) FARM-RAISED FISH.—The term ‘farm-  
8 raised fish’ includes—

9                   “(A) farm-raised shellfish; and

10                   “(B) fillets, steaks, nuggets, and any other  
11 flesh from a farm-raised fish or shellfish.

12                   “(4) FOOD SERVICE ESTABLISHMENT.—The  
13 term ‘food service establishment’ means a res-  
14 taurant, cafeteria, lunch room, food stand, saloon,  
15 tavern, bar, lounge, or other similar facility operated  
16 as an enterprise engaged in the business of selling  
17 food to the public.

18                   “(5) LAMB.—The term ‘lamb’ means meat,  
19 other than mutton, produced from sheep.

20                   “(6) PERISHABLE AGRICULTURAL COMMODITY;  
21 RETAILER.—The terms ‘perishable agricultural com-  
22 modity’ and ‘retailer’ have the meanings given the  
23 terms in section 1(b) of the Perishable Agricultural  
24 Commodities Act, 1930 (7 U.S.C. 499a(b)).

1           “(7) PORK.—The term ‘pork’ means meat pro-  
2           duced from hogs.

3           “(8) SECRETARY.—The term ‘Secretary’ means  
4           the Secretary of Agriculture, acting through the Ag-  
5           ricultural Marketing Service.

6   **“SEC. 272. NOTICE OF COUNTRY OF ORIGIN.**

7           “(a) IN GENERAL.—

8           “(1) REQUIREMENT.—Except as provided in  
9           subsection (b), a retailer of a covered commodity  
10          shall inform consumers, at the final point of sale of  
11          the covered commodity to consumers, of the country  
12          of origin of the covered commodity.

13          “(2) UNITED STATES COUNTRY OF ORIGIN.—A  
14          retailer of a covered commodity may designate the  
15          covered commodity as having a United States coun-  
16          try of origin only if the covered commodity—

17               “(A) in the case of beef, lamb, and pork,  
18               is exclusively from an animal that is exclusively  
19               born, raised, and slaughtered in the United  
20               States; and

21               “(B) in the case of farm-raised fish, is  
22               hatched, raised, harvested, and processed in the  
23               United States; and

1                   “(C) in the case of a perishable agricul-  
 2                   tural commodities or peanut, is exclusively pro-  
 3                   duced in the United States.

4           “(b) EXEMPTION FOR FOOD SERVICE ESTABLISH-  
 5   MENTS.—Subsection (a) shall not apply to a covered com-  
 6   modity if the covered commodity is—

7                   “(1) prepared or served in a food service estab-  
 8                   lishment; and

9                   “(2)(A) offered for sale or sold at the food serv-  
 10                  ice establishment in normal retail quantities; or

11                  “(B) served to consumers at the food service es-  
 12                  tablishment.

13           “(c) METHOD OF NOTIFICATION.—

14                   “(1) IN GENERAL.—The information required  
 15                  by subsection (a) may be provided to consumers by  
 16                  means of a label, stamp, mark, placard, or other  
 17                  clear and visible sign on the covered commodity or  
 18                  on the package, display, holding unit, or bin con-  
 19                  taining the commodity at the final point of sale to  
 20                  consumers.

21                   “(2) LABELED COMMODITIES.—If the covered  
 22                  commodity is already individually labeled for retail  
 23                  sale regarding country of origin, the retailer shall  
 24                  not be required to provide any additional informa-  
 25                  tion to comply with this section.

1       “(d) AUDIT VERIFICATION SYSTEM.—The Secretary  
2 may require that any person that prepares, stores, han-  
3 dles, or distributes a covered commodity for retail sale  
4 maintain a verifiable recordkeeping audit trail that will  
5 permit the Secretary to ensure compliance with the regula-  
6 tions promulgated under section 274.

7       “(e) INFORMATION.—Any person engaged in the  
8 business of supplying a covered commodity to a retailer  
9 shall provide information to the retailer indicating the  
10 country of origin of the covered commodity.

11       “(f) CERTIFICATION OF ORIGIN.—

12               “(1) MANDATORY IDENTIFICATION.—The Sec-  
13 retary shall not use a mandatory identification sys-  
14 tem to verify the country of origin of a covered com-  
15 modity.

16               “(2) EXISTING CERTIFICATION PROGRAMS.—To  
17 certify the country of origin of a covered commodity,  
18 the Secretary may use as a model certification pro-  
19 grams in existence on the date of enactment of this  
20 Act, including—

21                       “(A) the carcass grading and certification  
22 system carried out under this Act;

23                       “(B) the voluntary country of origin beef  
24 labeling system carried out under this Act;

1           “(C) voluntary programs established to  
2           certify certain premium beef cuts;

3           “(D) the origin verification system estab-  
4           lished to carry out the child and adult care food  
5           program established under section 17 of the  
6           Richard B. Russell National School Lunch Act  
7           (42 U.S.C. 1766); or

8           “(E) the origin verification system estab-  
9           lished to carry out the market access program  
10          under section 203 of the Agricultural Trade Act  
11          of 1978 (7 U.S.C. 5623).

12 **“SEC. 273. ENFORCEMENT.**

13          “(a) IN GENERAL.—Except as provided in subsection  
14 (b), section 253 shall apply to a violation of this subtitle.

15          “(b) WARNINGS.—If the Secretary determines that a  
16 retailer is in violation of section 272, the Secretary shall—

17               “(1) notify the retailer of the determination of  
18               the Secretary; and

19               “(2) provide the retailer a 30-day period, begin-  
20               ning on the date on which the retailer receives the  
21               notice under paragraph (1) from the Secretary, dur-  
22               ing which the retailer may take necessary steps to  
23               comply with section 272.

24          “(c) FINES.—If, on completion of the 30-day period  
25 described in subsection (c)(2), the Secretary determines



1 that the retailer has willfully violated section 272, after  
 2 providing notice and an opportunity for a hearing before  
 3 the Secretary with respect to the violation, the Secretary  
 4 may fine the retailer in an amount determined by the Sec-  
 5 retary.

6 **“SEC. 274. REGULATIONS.**

7 “(a) IN GENERAL.—The Secretary may promulgate  
 8 such regulations as are necessary to carry out this subtitle.

9 “(b) PARTNERSHIPS WITH STATES.—In promul-  
 10 gating the regulations, the Secretary shall, to the max-  
 11 imum extent practicable, enter into partnerships with  
 12 States with enforcement infrastructure to carry out this  
 13 subtitle.

14 **“SEC. 275. APPLICATION.**

15 “This subtitle shall apply to the retail sale of a cov-  
 16 ered commodity beginning on the date that is 180 days  
 17 after the date of the enactment of this subtitle.”.

18 **SEC. 1002. QUALITY GRADE LABELING OF IMPORTED MEAT**

19 **AND MEAT FOOD PRODUCTS.**

20 The Agricultural Marketing Act of 1946 (7 U.S.C.  
 21 1621 et seq.) (as amended by section 1001) is amended  
 22 by adding at the end the following:

## 1    **“Subtitle D—Commodity-Specific** 2                   **Grading Standards**

### 3    **“SEC. 281. DEFINITION OF SECRETARY.**

4            “In this subtitle, the term ‘Secretary’ means the Sec-  
 5   retary of Agriculture.

### 6    **“SEC. 282. QUALITY GRADE LABELING OF IMPORTED MEAT** 7                   **AND MEAT FOOD PRODUCTS.**

8            “An imported carcass, part thereof, meat, or meat  
 9   food product (as defined by the Secretary) shall not bear  
 10   a label that indicates a quality grade issued by the Sec-  
 11   retary.

### 12   **“SEC. 283. REGULATIONS.**

13           “The Secretary shall promulgate such regulations as  
 14   are necessary to ensure compliance with, and otherwise  
 15   carry out, this subtitle.”.

## 16           **Subtitle B—Crop Insurance**

### 17   **SEC. 1011. CONTINUOUS COVERAGE.**

18           Section 508(e)(4) of the Federal Crop Insurance Act  
 19   (7 U.S.C. 1508(e)(4)) is amended—

20               (1) in the paragraph heading, by striking  
 21           “TEMPORARY PROHIBITION” and inserting “PROHI-  
 22           BITION”; and

23               (2) by striking “through 2005” and inserting  
 24           “and subsequent”.

1 **SEC. 1012. QUALITY LOSS ADJUSTMENT PROCEDURES.**

2 Section 508(m)(3) of the Federal Crop Insurance Act  
3 (7 U.S.C. 1508(m)(3)) is amended—

4 (1) by striking “The Corporation” and insert-  
5 ing the following:

6 “(A) REVIEW.—The Corporation”; and

7 (2) by striking “Based on” and inserting the  
8 following:

9 “(B) PROCEDURES.—Effective beginning  
10 not later than the 2003 reinsurance year, based  
11 on”.

12 **SEC. 1013. CONSERVATION REQUIREMENTS.**

13 (a) HIGHLY ERODIBLE LAND CONSERVATION.—Sec-  
14 tion 1211(1) of the Food Security Act of 1985 (16 U.S.C.  
15 3811(1)) is amended—

16 (1) in subparagraph (A), by striking “produc-  
17 tion flexibility”;

18 (2) by redesignating subparagraphs (C) and  
19 (D) as subparagraphs (D) and (E), respectively; and

20 (3) by inserting after subparagraph (B) the fol-  
21 lowing:

22 “(C) an indemnity payment under the Fed-  
23 eral Crop Insurance Act (7 U.S.C. 1501 et  
24 seq.);”.

1 (b) WETLAND CONSERVATION.—Section 1221(b) of  
 2 the Food Security Act of 1985 (16 U.S.C. 3821(b)) is  
 3 amended—

4 (1) in paragraph (1), by striking “production  
 5 flexibility”;

6 (2) by redesignating paragraphs (2) and (3) as  
 7 paragraphs (5) and (6), respectively; and

8 (3) by inserting after paragraph (1) the fol-  
 9 lowing:

10 “(2) A farm storage facility loan made under  
 11 section 4(h) of the Commodity Credit Corporation  
 12 Charter Act (15 U.S.C. 714b(h)).

13 “(3) A disaster payment.

14 “(4) An indemnity payment under the Federal  
 15 Crop Insurance Act (7 U.S.C. 1501 et seq.).”.

16 (c) CONTROLLED SUBSTANCES PRODUCTION CON-  
 17 TROL.—Section 519(b) of the Controlled Substances Act  
 18 (21 U.S.C. 889(b)) is amended—

19 (1) in paragraph (1)—

20 (A) by striking subparagraph (A) and in-  
 21 serting the following:

22 “(A) contract payments under a contract,  
 23 marketing assistance loans, and any type of  
 24 price support or payment made available under  
 25 the Agricultural Market Transition Act (7

1 U.S.C. 7201 et seq.), the Commodity Credit  
2 Corporation Charter Act (15 U.S.C. 714 et  
3 seq.), or any other Act;”;

4 (B) by striking subparagraphs (C) and (D)  
5 and inserting the following:

6 “(C) an indemnity payment under the Fed-  
7 eral Crop Insurance Act (7 U.S.C. 1501 et  
8 seq.);

9 “(D) a disaster payment; or”;

10 (2) in paragraph (2), by striking the period at  
11 the end and inserting “; or”; and

12 (3) by adding at the end the following:

13 “(3) during the crop year—

14 “(A) a payment made pursuant to a con-  
15 tract entered into under the environmental  
16 quality incentives program under chapter 4 of  
17 subtitle D of title XII of the Food Security Act  
18 of 1985 (16 U.S.C. 3839aa et seq.);

19 “(B) a payment under any other provision  
20 of subtitle D of title XII of that Act (16 U.S.C.  
21 3830 et seq.);

22 “(C) a payment under section 401 or 402  
23 of the Agricultural Credit Act of 1978 (16  
24 U.S.C. 2201, 2202); or

1           “(D) a payment, loan, or other assistance  
 2           under section 3 or 8 of the Watershed Protec-  
 3           tion and Flood Prevention Act (16 U.S.C. 1003  
 4           and 1006a).”.

## 5       **Subtitle C—General Provisions**

### 6       **SEC. 1021. UNLAWFUL STOCKYARD PRACTICES INVOLVING** 7           **NONAMBULATORY LIVESTOCK.**

8           (a) IN GENERAL.—Title III of the Packers and  
 9       Stockyards Act, 1921, is amended by inserting after sec-  
 10      tion 317 (7 U.S.C. 217a) the following:

### 11      **“SEC. 318. UNLAWFUL STOCKYARD PRACTICES INVOLVING** 12           **NONAMBULATORY LIVESTOCK.**

13           “(a) DEFINITIONS.—In this section:

14           “(1) HUMANELY EUTHANIZED.—The term ‘hu-  
 15           manely euthanized’ means to kill an animal by me-  
 16           chanical, chemical, or other means that immediately  
 17           render the animal unconscious, with this state re-  
 18           maining until the animal’s death.

19           “(2) NONAMBULATORY LIVESTOCK.—The term  
 20           ‘nonambulatory livestock’ means any livestock that  
 21           is unable to stand and walk unassisted.

22           “(b) UNLAWFUL PRACTICES.—

23           “(1) IN GENERAL.—It shall be unlawful under  
 24           section 312 for any stockyard owner, market agency,  
 25           or dealer to buy, sell, give, receive, transfer, market,

1 hold, or drag any nonambulatory livestock unless the  
2 nonambulatory livestock has been humanely  
3 euthanized.

4 “(2) EXCEPTIONS.—

5 “(A) NON-GIPSA FARMS.—Paragraph (1)  
6 shall not apply to any farm the animal care  
7 practices of which are not subject to the author-  
8 ity of the Grain Inspection, Packers, and Stock-  
9 yards Administration.

10 “(B) VETERINARY CARE.—Paragraph (1)  
11 shall not apply in a case in which non-  
12 ambulatory livestock receive veterinary care in-  
13 tended to render the livestock ambulatory.”.

14 (b) EFFECTIVE DATE.—

15 (1) IN GENERAL.—The amendment made by  
16 subsection (a) takes effect 1 year after the date of  
17 the enactment of this Act.

18 (2) REGULATIONS.—Not later than 1 year after  
19 the date of enactment of this Act, the Secretary of  
20 Agriculture shall promulgate regulations consistent  
21 with the amendment, relating to the handling, treat-  
22 ment, and disposition of nonambulatory livestock at  
23 livestock marketing facilities or by dealers.

1 **SEC. 1022. COTTON CLASSIFICATION SERVICES.**

2       The first sentence of section 3a of the Act of March  
3 3, 1927 (commonly known as the “Cotton Statistics and  
4 Estimates Act”) (7 U.S.C. 473), is amended by striking  
5 “2002” and inserting “2006”.

6 **SEC. 1023. PROTECTION FOR PURCHASERS OF FARM PROD-**  
7 **UCTS.**

8       Section 1324 of the Food Security Act of 1985 (7  
9 U.S.C. 1631) is amended—

10           (1) in subsection (c)(4)—

11                   (A) in subparagraph (B), by striking  
12                   “signed,” and inserting “signed, authorized, or  
13                   otherwise authenticated by the debtor,”;

14                   (B) by striking subparagraph (C);

15                   (C) in subparagraph (D)—

16                           (i) in clause (iii), by adding “and”  
17                           after the semicolon at the end; and

18                           (ii) in clause (iv), by striking “appli-  
19                           cable;” and all that follows and inserting  
20                           “applicable, and the name of each county  
21                           or parish in which the farm products are  
22                           growing or located;”; and

23                   (D) by redesignating subparagraphs (D)  
24                   through (I) as subparagraphs (C) through (H),  
25                   respectively;

26           (2) in subsection (e)—



1 (A) in paragraph (1)(A)—

2 (i) in clause (ii)—

3 (I) in subclause (III), by adding  
4 “and” after the semicolon at the end;  
5 and

6 (II) in subclause (IV), by striking  
7 “crop year,” and all that follows and  
8 inserting “crop year, and the name of  
9 each county or parish in which the  
10 farm products are growing or lo-  
11 cated;”; and

12 (iii) in clause (v), by inserting “con-  
13 tains” before “any payment”; and

14 (B) in paragraph (3)—

15 (i) in subparagraph (A), by striking  
16 “subparagraph” and inserting “sub-  
17 section”; and

18 (ii) in subparagraph (B), by striking  
19 “; and” and inserting a period; and

20 (3) subsection (g)(2)(A)—

21 (A) in clause (ii)—

22 (i) in subclause (III), by adding  
23 “and” after the semicolon at the end; and

24 (ii) in subclause (IV), by striking  
25 “crop year,” and all that follows and in-

1                   serting “crop year, and the name of each  
 2                   county or parish in which the farm prod-  
 3                   ucts are growing or located;”; and  
 4                   (B) in clause (v), by inserting “contains”  
 5                   before “any payment”.

6 **SEC. 1024. PENALTIES AND FOREIGN COMMERCE PROVI-**  
 7 **SIONS OF THE ANIMAL WELFARE ACT.**

8           (a) PENALTIES AND FOREIGN COMMERCE PROVI-  
 9           SIONS OF THE ANIMAL WELFARE ACT.—Section 26 of the  
 10          Animal Welfare Act (7 U.S.C. 2156) is amended—

11               (1) in subsection (e)—

12                   (A) by inserting “PENALTIES.—” after  
 13                   “(e)”;

14                   (B) by striking “\$5,000” and inserting  
 15                   “\$15,000”; and

16                   (C) by striking “1 year” and inserting “2  
 17                   years”; and

18               (2) in subsection (g)(2)(B), by inserting at the  
 19               end before the semicolon the following: “or from any  
 20               State into any foreign country”.

21           (b) EFFECTIVE DATE.—The amendments made by  
 22          this section take effect 30 days after the date of the enact-  
 23          ment of this Act.

1 **SEC. 1025. PROHIBITION ON INTERSTATE MOVEMENT OF**  
 2 **ANIMALS FOR ANIMAL FIGHTING.**

3 (a) PROHIBITION ON INTERSTATE MOVEMENT OF  
 4 ANIMALS FOR ANIMAL FIGHTING.—Section 26(d) of the  
 5 Animal Welfare Act (7 U.S.C. 2156(d)) is amended to  
 6 read as follows:

7 “(d) ACTIVITIES NOT SUBJECT TO PROHIBITION.—  
 8 This section does not apply to the selling, buying, trans-  
 9 porting, or delivery of an animal in interstate or foreign  
 10 commerce for any purpose, so long as the purpose does  
 11 not include participation of the animal in an animal fight-  
 12 ing venture.”.

13 (b) EFFECTIVE DATE.—The amendment made by  
 14 this section take effect 30 days after the date of the enact-  
 15 ment of this Act.

16 **SEC. 1026. OUTREACH AND ASSISTANCE FOR SOCIALLY DIS-**  
 17 **ADVANTAGED FARMERS AND RANCHERS.**

18 Section 2501 of the Food, Agriculture, Conservation,  
 19 and Trade Act of 1990 (7 U.S.C. 2279) is amended by  
 20 striking subsection (a) and inserting the following:

21 “(a) OUTREACH AND ASSISTANCE.—

22 “(1) DEFINITIONS.—In this subsection:

23 “(A) DEPARTMENT.—The term ‘Depart-  
 24 ment’ means the Department of Agriculture.

25 “(B) ELIGIBLE ENTITY.—The term ‘eligi-  
 26 ble entity’ means—

1 “(i) any community-based organiza-  
2 tion, network, or coalition of community-  
3 based organizations that—

4 “(I) has demonstrated experience  
5 in providing agricultural education or  
6 other agriculturally related services to  
7 socially disadvantaged farmers and  
8 ranchers;

9 “(II) has provided to the Sec-  
10 retary documentary evidence of work  
11 with socially disadvantaged farmers  
12 and ranchers during the 2-year period  
13 preceding the submission of an appli-  
14 cation for assistance under this sub-  
15 section; and

16 “(III) has not engaged in activi-  
17 ties prohibited under section  
18 501(c)(3) of the Internal Revenue  
19 Code of 1986;

20 “(ii)(I) an 1890 institution (as de-  
21 fined in section 2 of the Agricultural Re-  
22 search, Extension, and Education Reform  
23 Act of 1998 (7 U.S.C. 7601)), including  
24 West Virginia State College;

1 “(II) a 1994 institution (as defined in  
2 section 2 of that Act);

3 “(III) an Indian tribal community col-  
4 lege;

5 “(IV) an Alaska Native cooperative  
6 college;

7 “(V) a Hispanic-serving institution  
8 (as defined in section 1404 of the National  
9 Agricultural Research, Extension, and  
10 Teaching Policy Act of 1977 (7 U.S.C.  
11 3103)); and

12 “(VI) any other institution of higher  
13 education (as defined in section 101 of the  
14 Higher Education Act of 1965 (20 U.S.C.  
15 1001)) that has demonstrated experience  
16 in providing agriculture education or other  
17 agriculturally related services to socially  
18 disadvantaged farmers and ranchers in a  
19 region; and

20 “(iii) an Indian tribe (as defined in section  
21 4 of the Indian Self-Determination and Edu-  
22 cation Assistance Act (25 U.S.C. 450b)) or a  
23 national tribal organization that has dem-  
24 onstrated experience in providing agriculture  
25 education or other agriculturally related serv-

1           ices to socially disadvantaged farmers and  
2           ranchers in a region.

3                 “(C) SECRETARY.—The term ‘Secretary’  
4           means the Secretary of Agriculture.

5                 “(2) PROGRAM.—The Secretary shall carry out  
6           an outreach and technical assistance program to en-  
7           courage and assist socially disadvantaged farmers  
8           and ranchers—

9                 “(A) in owning and operating farms and  
10          ranches; and

11                “(B) in participating equitably in the full  
12          range of agricultural programs offered by the  
13          Department.

14                “(3) REQUIREMENTS.—The outreach and tech-  
15          nical assistance program under paragraph (2)  
16          shall—

17                “(A) enhance coordination of the outreach,  
18          technical assistance, and education efforts au-  
19          thorized under various agriculture programs;  
20          and

21                “(B) include information on, and assist-  
22          ance with—

23                “(i) commodity, conservation, credit,  
24          rural, and business development programs;

1 “(ii) application and bidding proce-  
 2 dures;

3 “(iii) farm and risk management;

4 “(iv) marketing; and

5 “(v) other activities essential to par-  
 6 ticipation in agricultural and other pro-  
 7 grams of the Department.

8 “(4) GRANTS AND CONTRACTS.—

9 “(A) IN GENERAL.—The Secretary may  
 10 make grants to, and enter into contracts and  
 11 other agreements with, an eligible entity to pro-  
 12 vide information and technical assistance under  
 13 this subsection.

14 “(B) RELATIONSHIP TO OTHER LAW.—  
 15 The authority to carry out this section shall be  
 16 in addition to any other authority provided in  
 17 this or any other Act.

18 “(5) FUNDING.—

19 “(A) AUTHORIZATION OF APPROPRIA-  
 20 TIONS.—There is authorized to be appropriated  
 21 to carry out this subsection \$25,000,000 for  
 22 each of fiscal years 2002 through 2006.

23 “(B) INTERAGENCY FUNDING.—In addi-  
 24 tion to funds authorized to be appropriated  
 25 under subparagraph (A), any agency of the De-

partment may participate in any grant, contract, or agreement entered into under this section by contributing funds, if the agency determined that the objectives of the grant, contract, or agreement will further the authorized programs of the contributing agency.”.

**SEC. 1027. PUBLIC DISCLOSURE REQUIREMENTS FOR  
COUNTY COMMITTEE ELECTIONS.**

Section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) is amended by striking subparagraph (B) and inserting the following:

“(B) ESTABLISHMENT AND ELECTIONS  
FOR COUNTY, AREA, OR LOCAL COMMITTEES.—

“(i) ESTABLISHMENT.—

“(I) IN GENERAL.—In each county or area in which activities are carried out under this section, the Secretary shall establish a county or area committee.

“(II) LOCAL ADMINISTRATIVE AREAS.—The Secretary may designate local administrative areas within a county or a larger area under the jurisdiction of a committee established under subclause (I).



1           “(ii) COMPOSITION OF COUNTY, AREA,  
 2           OR LOCAL COMMITTEES.—A committee es-  
 3           tablished under clause (i) shall consist of  
 4           not fewer than 3 nor more than 5 members  
 5           that—

6                   “(I) are fairly representative of  
 7                   the agricultural producers within the  
 8                   area covered by the county, area, or  
 9                   local committee; and

10                   “(II) are elected by the agricul-  
 11                   tural producers that participate or co-  
 12                   operate in programs administered  
 13                   within the area under the jurisdiction  
 14                   of the county, area, or local com-  
 15                   mittee.

16           “(iii) ELECTIONS.—

17                   “(I) IN GENERAL.—Subject to  
 18                   subclauses (II) through (V), the Sec-  
 19                   retary shall establish procedures for  
 20                   nominations and elections to county,  
 21                   area, or local committees.

22                   “(II)           NONDISCRIMINATION  
 23                   STATEMENT.—Each solicitation of  
 24                   nominations for, and notice of elec-  
 25                   tions of, a county, area, or local com-

1 mittee shall include the non-  
2 discrimination statement used by the  
3 Secretary.

4 “(III) NOMINATIONS.—

5 “(aa) ELIGIBILITY.—To be  
6 eligible for nomination and elec-  
7 tion to the applicable county,  
8 area, or local committee, as de-  
9 termined by the Secretary, an ag-  
10 ricultural producer shall be lo-  
11 cated within the area under the  
12 jurisdiction of a county, area, or  
13 local committee, and participate  
14 or cooperate in programs admin-  
15 istered within that area.

16 “(bb) OUTREACH.—In addi-  
17 tion to such nominating proce-  
18 dures as the Secretary may pre-  
19 scribe, the Secretary shall solicit  
20 and accept nominations from or-  
21 ganizations representing the in-  
22 terests of socially disadvantaged  
23 groups (as defined in section  
24 355(e)(1) of the Consolidated

1 Farm and Rural Development  
2 Act (7 U.S.C. 2003(e)(1)).

3 “(IV) OPENING OF BALLOTS.—

4 “(aa) PUBLIC NOTICE.—At  
5 least 10 days before the date on  
6 which ballots are to be opened  
7 and counted, a county, area, or  
8 local committee shall announce  
9 the date, time, and place at  
10 which election ballots will be  
11 opened and counted.

12 “(bb) OPENING OF BAL-  
13 LOTS.—Election ballots shall not  
14 be opened until the date and time  
15 announced under item (aa).

16 “(cc) OBSERVATION.—Any  
17 person may observe the opening  
18 and counting of the election bal-  
19 lots.

20 “(V) REPORT OF ELECTION.—  
21 Not later than 20 days after the date  
22 on which an election is held, a county,  
23 area, or local committee shall file an  
24 election report with the Secretary and

1 the State office of the Farm Service  
2 Agency that includes—

3 “(aa) the number of eligible  
4 voters in the area covered by the  
5 county, area, or local committee;

6 “(bb) the number of ballots  
7 cast in the election by eligible  
8 voters (including the percentage  
9 of eligible voters that cast bal-  
10 lots);

11 “(cc) the number of ballots  
12 disqualified in the election;

13 “(dd) the percentage that  
14 the number of ballots disqualified  
15 is of the number of ballots re-  
16 ceived;

17 “(ee) the number of nomi-  
18 nees for each seat up for election;

19 “(ff) the race, ethnicity, and  
20 gender of each nominee, as pro-  
21 vided through the voluntary self-  
22 identification of each nominee;  
23 and

24 “(gg) the final election re-  
25 sults (including the number of

1 ballots received by each nomi-  
2 nee).

3 “(VI) NATIONAL REPORT.—Not  
4 later than 90 days after the date on  
5 which the first election of a county,  
6 area, or local committee that occurs  
7 after the date of enactment of the Ag-  
8 riculture, Conservation, and Rural  
9 Enhancement Act of 2001 is held, the  
10 Secretary shall complete a report that  
11 consolidates all the election data re-  
12 ported to the Secretary under sub-  
13 clause (V).

14 “(VII) ELECTION REFORM.—

15 “(aa) ANALYSIS.—If deter-  
16 mined necessary by the Secretary  
17 after analyzing the data con-  
18 tained in the report under sub-  
19 clause (VI), the Secretary shall  
20 promulgate and publish in the  
21 Federal Register proposed uni-  
22 form guidelines for conducting  
23 elections for members and alter-  
24 nate members of county, area,  
25 and local committees not later

1 than 1 year after the date of  
2 completion of the report.

3 “(bb) INCLUSION.—The pro-  
4 cedures promulgated by the Sec-  
5 retary under item (aa) shall en-  
6 sure fair representation of so-  
7 cially disadvantaged groups de-  
8 scribed in subclause (III)(bb) in  
9 an area covered by the county,  
10 area, or local committee, in cases  
11 in which those groups are under-  
12 represented on the county, area,  
13 or local committee for that area.

14 “(cc) METHODS OF INCLU-  
15 SION.—Notwithstanding clause  
16 (ii), the Secretary may ensure in-  
17 clusion of socially disadvantaged  
18 farmers and ranchers through  
19 provisions allowing for appoint-  
20 ment of additional voting mem-  
21 bers to a county, area, or local  
22 committee or through other  
23 methods.

1 “(iv) TERM OF OFFICE.—The term of  
 2 office for a member of a county, area, or  
 3 local committee shall not exceed 3 years.”.

4 **SEC. 1028. PSEUDORABIES ERADICATION PROGRAM.**

5 Section 2506(d) of the Food, Agriculture, Conserva-  
 6 tion, and Trade Act of 1990 (21 U.S.C. 114i(d)) is  
 7 amended by striking “2002” and inserting “2006”.

8 **SEC. 1029. TREE ASSISTANCE PROGRAM.**

9 (a) IN GENERAL.—Section 194 of the Federal Agri-  
 10 culture Improvement and Reform Act of 1996 (Public  
 11 Law 104–127; 110 Stat. 945) is amended to read as fol-  
 12 lows:

13 **“SEC. 194. TREE ASSISTANCE PROGRAM.**

14 “(a) DEFINITIONS.—In this section:

15 “(1) ELIGIBLE ORCHARDIST.—The term ‘eligi-  
 16 ble orchardist’ means a person that produces annual  
 17 crops from trees for commercial purposes,

18 “(2) NATURAL DISASTER.—The term ‘natural  
 19 disaster’ means plant disease, insect infestation,  
 20 drought, fire, freeze, flood, earthquake, and other  
 21 natural occurrences, as determined by the Secretary.

22 “(3) TREE.—The term ‘tree’ includes trees,  
 23 bushes, and vines.

24 “(4) SECRETARY.—The term ‘Secretary’ means  
 25 the Secretary of Agriculture.

1 “(b) ELIGIBILITY.—

2 “(1) LOSS.—Subject to paragraph (2), the Sec-  
3 retary shall provide assistance in accordance with  
4 subsection (c) to eligible orchardists that, as deter-  
5 mined by the Secretary—

6 “(A) planted trees for commercial pur-  
7 poses; and

8 “(B) lost those trees as a result of a nat-  
9 ural disaster.

10 “(2) LIMITATION.—An eligible orchardist shall  
11 qualify for assistance under subsection (c) only if the  
12 tree mortality rate of the orchardist, as a result of  
13 the natural disaster, exceeds 15 percent (adjusted  
14 for normal mortality), as determined by the Sec-  
15 retary.

16 “(c) ASSISTANCE.—

17 “(1) IN GENERAL.—Assistance provided by the  
18 Secretary to eligible orchardists for losses described  
19 in subsection (b) shall consist of—

20 “(A) reimbursement of 75 percent of the  
21 cost of replanting trees lost due to a natural  
22 disaster, as determined by the Secretary, in ex-  
23 cess of 15 percent mortality (adjusted for nor-  
24 mal mortality); or



1           “(B) at the discretion of the Secretary,  
2           sufficient tree seedlings to reestablish the stand.

3           “(2) LIMITATION ON ASSISTANCE.—

4           “(A) LIMITATION.—The total amount of  
5           payments that a person may receive under this  
6           section shall not exceed—

7                   “(i) \$100,000; or

8                   “(ii) an equivalent value in tree seed-  
9           lings.

10           “(B) REGULATIONS.—The Secretary shall  
11           promulgate regulations that—

12                   “(i) define the term ‘person’ for the  
13           purposes of this section (which definition  
14           shall conform, to the extent practicable, to  
15           the regulations defining the term ‘person’  
16           promulgated under section 1001 of the  
17           Food Security Act of 1985 (7 U.S.C.  
18           1308); and

19                   “(ii) prescribe such rules as the Sec-  
20           retary determines are necessary to ensure  
21           a fair and reasonable application of the  
22           limitation established under this section.

23           “(d) AUTHORIZATION OF APPROPRIATIONS.—Not-  
24           withstanding section 161, there is authorized to be appro-

1 priated such sums as are necessary to carry out this sec-  
 2 tion for each of fiscal years 2002 through 2006.”.

3 (b) APPLICATION DATE.—The amendment made by  
 4 subsection (a) shall apply to tree losses that are incurred  
 5 as a result of a natural disaster after January 1, 2000.

6 **SEC. 1030. NATIONAL ORGANIC CERTIFICATION COST-**  
 7 **SHARE PROGRAM.**

8 (a) IN GENERAL.—The Secretary of Agriculture (act-  
 9 ing through the Agricultural Marketing Service) shall use  
 10 \$3,500,000 of funds of the Commodity Credit Corporation  
 11 for fiscal year 2002 to establish a national organic certifi-  
 12 cation cost-share program to assist producers and han-  
 13 dlers of agricultural products in obtaining certification  
 14 under the national organic production program established  
 15 under the Organic Foods Production Act of 1990 (7  
 16 U.S.C. 6501 et seq.).

17 (b) FEDERAL SHARE.—

18 (1) IN GENERAL.—Subject to paragraph (2),  
 19 the Secretary shall pay under this section not more  
 20 than 75 percent of the costs incurred by a producer  
 21 or handler in obtaining certification under the na-  
 22 tional organic production program, as certified to  
 23 and approved by the Secretary.

1           (2) MAXIMUM AMOUNT.—The maximum  
2           amount of a payment made to a producer or handler  
3           under this section shall be \$500.

4 **SEC. 1031. FOOD SAFETY COMMISSION.**

5           (a) ESTABLISHMENT.—

6           (1) IN GENERAL.—There is established a com-  
7           mission to be known as the “Food Safety Commis-  
8           sion” (referred to in this section as the “Commis-  
9           sion”).

10          (2) MEMBERSHIP.—

11           (A) COMPOSITION.—The Commission shall  
12           be composed of 15 members, of whom—

13                   (i) 4 shall be appointed by the Major-  
14                   ity Leader of the Senate;

15                   (ii) 3 shall be appointed by the Minor-  
16                   ity Leader of the Senate;

17                   (iii) 4 shall be appointed by the  
18                   Speaker of the House of Representatives;

19                   (iv) 3 shall be appointed by the Mi-  
20                   nority Leader of the House of Representa-  
21                   tives; and

22                   (v) 1 shall—

23                           (I) be appointed jointly by the  
24                   Speaker of the House of Representa-

1                   tives and the Majority Leader of the  
2                   Senate; and

3                   (II) serve as chairperson.

4                   (B)   ELIGIBILITY.—Members   of   the  
5                   Commission—

6                   (i) shall be knowledgeable or have ex-  
7                   pertise or training in matters under the ju-  
8                   risdiction of the Commission;

9                   (ii) shall represent, at a minimum—

10                   (I) consumer groups;

11                   (II) food processors, producers,  
12                   and retailers;

13                   (III) public health professionals;

14                   (IV) food inspectors;

15                   (V) former or current food safety  
16                   regulators;

17                   (VI) members of academia; or

18                   (VII) any other interested indi-  
19                   viduals; and

20                   (iii) shall not be Federal employees.

21                   (C)   DATE OF APPOINTMENTS.—The ap-  
22                   pointment of a member of the Commission shall  
23                   be made not later than 60 days after the date  
24                   of enactment of this Act.

1 (D) CONSULTATION.—The Speaker of the  
2 House of Representatives, the Minority Leader  
3 of the House of Representatives, the Majority  
4 Leader of the Senate, and the Minority Leader  
5 of the Senate shall consult among themselves  
6 prior to appointing the members of the Com-  
7 mission under subparagraph (A) to achieve, to  
8 the maximum extent practicable—

9 (i) consensus on the appointments;

10 and

11 (ii) fair and equitable representation  
12 of various points of view with respect to  
13 matters reviewed by the Commission.

14 (E) VACANCIES.—A vacancy on the  
15 Commission—

16 (i) shall not affect the powers of the  
17 Commission; and

18 (ii) shall be filled—

19 (I) not later than 60 days after  
20 the date on which the vacancy occurs;  
21 and

22 (II) in the same manner as the  
23 original appointment was made.

24 (3) MEETINGS.—

1 (A) INITIAL MEETING.—The initial meet-  
 2 ing of the Commission shall be conducted not  
 3 later than 30 days after the later of—

4 (i) the date of appointment of the  
 5 final member of the Commission; or

6 (ii) the date on which funds author-  
 7 ized to be appropriated under subsection  
 8 (f)(1) are made available.

9 (B) OTHER MEETINGS.—The Commission  
 10 shall meet at the call of the Chairperson.

11 (4) QUORUM; STANDING RULES.—

12 (A) QUORUM.—A majority of the members  
 13 of the Commission shall constitute a quorum to  
 14 conduct business.

15 (B) STANDING RULES.—At the first meet-  
 16 ing of the Commission, the Commission shall  
 17 adopt standing rules of the Commission to  
 18 guide the conduct of business and decision-  
 19 making of the Commission.

20 (C) CONSENSUS.—

21 (i) IN GENERAL.—To the maximum  
 22 extent practicable, the Commission shall  
 23 carry out the duties of the Commission by  
 24 reaching consensus.

25 (ii) VOTING.—

1 (I) IN GENERAL.—If the Com-  
2 mission is unable to achieve consensus  
3 with respect to a particular decision,  
4 the Commission shall vote on the deci-  
5 sion.

6 (II) AUTHORITY.—Each member  
7 of the Commission shall have 1 vote,  
8 which vote shall be accorded the same  
9 weight as a vote of each other voting  
10 member.

11 (b) DUTIES.—

12 (1) RECOMMENDATIONS.—

13 (A) IN GENERAL.—The Commission shall  
14 make specific recommendations that build on  
15 and implement, to the maximum extent prac-  
16 ticable, the recommendations contained in the  
17 report of the National Academy of Sciences en-  
18 titled “Ensuring Safe Food from Production to  
19 Consumption” and that shall serve as the basis  
20 for draft legislative language to—

- 21 (i) improve the food safety system;  
22 (ii) improve public health;  
23 (iii) create a harmonized, central  
24 framework for managing Federal food  
25 safety programs (including outbreak man-

1           agement,    standard-setting,    inspection,  
2           monitoring, surveillance, risk assessment,  
3           enforcement, research, and education);

4               (iv) enhance the effectiveness of Fed-  
5           eral food safety resources; and

6               (v) eliminate, to the maximum extent  
7           practicable, gaps, conflicts, duplication,  
8           and failures in the food safety system.

9           (B)       COMPONENTS.—Recommendations  
10          made by the Commission under subparagraph  
11          (A) shall, at a minimum, address—

12               (i) all food available commercially in  
13           the United States, including meat, poultry,  
14           eggs, seafood, and produce;

15               (ii) the application of all resources  
16           based on risk, including resources for in-  
17           spection, research, enforcement, and edu-  
18           cation;

19               (iii) shortfalls, redundancy, and incon-  
20           sistency in laws (including regulations);  
21           and

22               (iv) the use of science-based methods,  
23           performance standards, and preventative  
24           control systems to ensure the safety of the  
25           food supply of the United States.



1           (2) REPORT.—Not later than 1 year after the  
2           date on which the Commission first meets, the Com-  
3           mission shall submit to the President and Congress  
4           a comprehensive report that includes—

5                   (A) the findings, conclusions, and rec-  
6                   ommendations of the Commission;

7                   (B) a summary of any reports submitted  
8                   to the Commission under subsection (e) by—

9                           (i) the Advisory Commission on Inter-  
10                          governmental Relations; and

11                           (ii) the National Academy of Sciences;

12                   (C) a summary of any other material used  
13                   by the Commission in the preparation of the re-  
14                   port under this paragraph; and

15                   (D) if requested by 1 or more members of  
16                   the Commission, a statement of the minority  
17                   views of the Commission.

18       (c) POWERS OF THE COMMISSION.—

19           (1) HEARINGS.—The Commission or, at the di-  
20           rection of the Commission, any subcommittee or  
21           member of the Commission, may, for the purpose of  
22           carrying out this section hold such hearings, meet  
23           and act at such times and places, take such testi-  
24           mony, receive such evidence, and administer such

1 oaths, as the Commission or such subcommittee or  
2 member considers advisable.

3 (2) WITNESS ALLOWANCES AND FEES.—

4 (A) IN GENERAL.—Section 1821 of title  
5 28, United States Code, shall apply to a witness  
6 requested to appear at a hearing of the Com-  
7 mission.

8 (B) EXPENSES.—The per diem and mile-  
9 age allowances for a witness shall be paid from  
10 funds available to pay the expenses of the Com-  
11 mission.

12 (3) INFORMATION FROM FEDERAL AGENCIES.—

13 (A) IN GENERAL.—The Commission may  
14 secure directly, from any Federal Department  
15 or agency, such information as the Commission  
16 considers necessary to carry out the duties of  
17 the Commission under subsection (b).

18 (B) PROVISION OF INFORMATION.—

19 (i) IN GENERAL.—Subject to subpara-  
20 graph (C), on the request of the Commis-  
21 sion, the head of a department or agency  
22 described in subparagraph (A) shall fur-  
23 nish information requested by the Commis-  
24 sion to the Commission.

1                   (ii) ADMINISTRATION.—The fur-  
2                   nishing of information by a department or  
3                   agency to the Commission shall not be con-  
4                   sidered a waiver of any exemption available  
5                   to the department or agency under section  
6                   552 of title 5, United States Code.

7                   (C) INFORMATION TO BE KEPT CONFIDEN-  
8                   TIAL.—

9                   (i) IN GENERAL.—For purposes of  
10                  section 1905 of title 18, United States  
11                  Code—

12                         (I) the Commission shall be con-  
13                         sidered an agency of the Federal Gov-  
14                         ernment; and

15                         (II) any individual employed by  
16                         an individual, entity, or organization  
17                         that is a party to a contract with the  
18                         Commission under subsection (e) shall  
19                         be considered an employee of the  
20                         Commission.

21                   (ii) PROHIBITION ON DISCLOSURE.—  
22                   Information obtained by the Commission,  
23                   other than information that is available to  
24                   the public, shall not be disclosed to any  
25                   person in any manner except—

1 (I) to an employee of the Com-  
2 mission described in clause (i), for the  
3 purpose of receiving, reviewing, or  
4 processing the information;

5 (II) in compliance with a court  
6 order; or

7 (III) in any case in which the in-  
8 formation is publicly released by the  
9 Commission in an aggregate or sum-  
10 mary form that does not directly or  
11 indirectly disclose—

12 (aa) the identity of any per-  
13 son or business entity; or

14 (bb) any information the re-  
15 lease of which is prohibited under  
16 section 1905 of title 18, United  
17 States Code.

18 (d) COMMISSION PERSONNEL MATTERS.—

19 (1) COMPENSATION OF MEMBERS.—A member  
20 of the Commission shall be compensated at a rate  
21 equal to the daily equivalent of the annual rate of  
22 basic pay prescribed for level IV of the Executive  
23 Schedule under section 5315 of title 5, United  
24 States Code, for each day (including travel time)

1 during which the member is engaged in the perform-  
2 ance of the duties of the Commission.

3 (2) TRAVEL EXPENSES.—A member of the  
4 Commission shall be allowed travel expenses, includ-  
5 ing per diem in lieu of subsistence, at rates author-  
6 ized for an employee of an agency under subchapter  
7 I of chapter 57 of title 5, United States Code, while  
8 away from the home or regular place of business of  
9 the member in the performance of the duties of the  
10 Commission.

11 (3) STAFF.—

12 (A) IN GENERAL.—The Chairperson of the  
13 Commission may, without regard to the civil  
14 service laws (including regulations), appoint  
15 and terminate an executive director and such  
16 other additional personnel as are necessary to  
17 enable the Commission to perform the duties of  
18 the Commission.

19 (B) CONFIRMATION OF EXECUTIVE DIREC-  
20 TOR.—The employment of an executive director  
21 shall be subject to confirmation by the Commis-  
22 sion.

23 (C) COMPENSATION.—

24 (i) IN GENERAL.—Except as provided  
25 in clause (ii), the Chairperson of the Com-

1 mission may fix the compensation of the  
2 executive director and other personnel  
3 without regard to the provisions of chapter  
4 51 and subchapter III of chapter 53 of  
5 title 5, United States Code, relating to  
6 classification of positions and General  
7 Schedule pay rates.

8 (ii) MAXIMUM RATE OF PAY.—The  
9 rate of pay for the executive director and  
10 other personnel shall not exceed the rate  
11 payable for level V of the Executive Sched-  
12 ule under section 5316 of title 5, United  
13 States Code.

14 (4) DETAIL OF FEDERAL GOVERNMENT EM-  
15 PLOYEES.—

16 (A) IN GENERAL.—Notwithstanding any  
17 other provision of law (including an Act of ap-  
18 propriation), an employee of the Federal Gov-  
19 ernment may be detailed to the Commission,  
20 without reimbursement, for such period of time  
21 as the Commission may require.

22 (B) CIVIL SERVICE STATUS.—The detail of  
23 the employee shall be without interruption or  
24 loss of civil service status or privilege.

1           (5) PROCUREMENT OF TEMPORARY AND INTER-  
2           MITTENT SERVICES.—The Chairperson of the Com-  
3           mission may procure temporary and intermittent  
4           services in accordance with section 3109(b) of title  
5           5, United States Code, at rates for individuals that  
6           do not exceed the daily equivalent of the annual rate  
7           of basic pay prescribed for level V of the Executive  
8           Schedule under section 5316 of that title.

9           (e) CONTRACTS FOR RESEARCH.—

10           (1) ADVISORY COMMISSION ON INTERGOVERN-  
11           MENTAL RELATIONS.—

12           (A) IN GENERAL.—In carrying out the du-  
13           ties of the Commission under subsection (b),  
14           the Commission may enter into contracts with  
15           the Advisory Commission on Intergovernmental  
16           Relations under which the Advisory Commission  
17           on Intergovernmental Relations shall conduct a  
18           thorough review of, and shall catalogue, all ap-  
19           plicable Federal, State, local, and tribal laws,  
20           regulations, and ordinances that pertain to food  
21           safety in the United States.

22           (B) REPORT.—A contract under subpara-  
23           graph (A) shall require that, not later than 240  
24           days after the date on which the Commission  
25           first meets, the Advisory Commission on Inter-

1 governmental Relations shall submit to the  
2 Commission a report that describes the results  
3 of the services rendered by the Advisory Com-  
4 mission on Intergovernmental Relations under  
5 the contract.

6 (2) NATIONAL ACADEMY OF SCIENCES.—

7 (A) IN GENERAL.—In carrying out the du-  
8 ties of the Commission under subsection (b),  
9 the Commission may enter in contracts with the  
10 National Academy of Sciences to obtain re-  
11 search or other assistance.

12 (B) REPORT.—A contract under subpara-  
13 graph (A) shall require that, not later than 240  
14 days after the date on which the Commission  
15 first meets, the National Academy of Sciences  
16 shall submit to the Commission a report that  
17 describes the results of the services to be ren-  
18 dered by the National Academy of Sciences  
19 under the contract.

20 (3) OTHER ORGANIZATIONS.—Nothing in this  
21 subsection limits or otherwise affects the ability of  
22 the Commission to enter into a contract with an en-  
23 tity or organization that is not described in para-  
24 graph (1) or (2) to obtain assistance in conducting



1 research necessary to carry out the duties of the  
2 Commission under subsection (b).

3 (f) AUTHORIZATION OF APPROPRIATIONS.—

4 (1) IN GENERAL.—There is authorized to be  
5 appropriated to carry out this section \$3,000,000.

6 (2) LIMITATION.—No payment may be made  
7 under subsection (d) or (e) except to the extent pro-  
8 vided for in advance in an appropriations Act.

9 (g) TERMINATION.—The Commission shall terminate  
10 on the date that is 60 days after the date on which the  
11 Commission submits the recommendations and report  
12 under subsection (b).

13 **SEC. 1032. HUMANE METHODS OF ANIMAL SLAUGHTER.**

14 It is the sense of Congress that—

15 (1) the Secretary of Agriculture should—

16 (A) resume tracking the number of viola-  
17 tions of Public Law 85–765 (7 U.S.C. 1901 et  
18 seq.) and report the results and relevant trends  
19 annually to Congress; and

20 (B) fully enforce Public Law 85–765 by  
21 ensuring that humane methods in the slaughter  
22 of livestock—

23 (i) prevent needless suffering;

1 (ii) result in safer and better working  
 2 conditions for persons engaged in the  
 3 slaughtering of livestock;

4 (iii) bring about improvement of prod-  
 5 ucts and economies in slaughtering oper-  
 6 ations; and

7 (iv) produce other benefits for pro-  
 8 ducers, processors, and consumers that  
 9 tend to expedite an orderly flow of live-  
 10 stock and livestock products in interstate  
 11 and foreign commerce; and

12 (2) it should be the policy of the United States  
 13 that the slaughtering of livestock and the handling  
 14 of livestock in connection with slaughter shall be car-  
 15 ried out only by humane methods.

## 16 **Subtitle D—Administration**

### 17 **SEC. 1041. REGULATIONS.**

18 (a) IN GENERAL.—The Secretary of Agriculture may  
 19 promulgate such regulations as are necessary to imple-  
 20 ment this Act and the amendments made by this Act.

21 (b) PROCEDURE.—The promulgation of the regula-  
 22 tions and administration of title I and sections 456 and  
 23 508 and the amendments made by title I and sections 456  
 24 and 508 shall be made without regard to—

1           (1) the notice and comment provisions of sec-  
2           tion 553 of title 5, United States Code;

3           (2) the Statement of Policy of the Secretary of  
4           Agriculture effective July 24, 1971 (36 Fed. Reg.  
5           13804), relating to notices of proposed rulemaking  
6           and public participation in rulemaking; and

7           (3) chapter 35 of title 44, United States Code  
8           (commonly known as the “Paperwork Reduction  
9           Act”).

10          (c) CONGRESSIONAL REVIEW OF AGENCY RULE-  
11 MAKING.—In carrying out subsection (b), the Secretary  
12 shall use the authority provided under section 808 of title  
13 5, United States Code.

14 **SEC. 1042. EFFECT OF AMENDMENTS.**

15          (a) IN GENERAL.—Except as otherwise specifically  
16 provided in this Act and notwithstanding any other provi-  
17 sion of law, this Act and the amendments made by this  
18 Act shall not affect the authority of the Secretary of Agri-  
19 culture to carry out an agricultural market transition,  
20 price support, or production adjustment program for any  
21 of the 1996 through 2001 crop, fiscal, or calendar years  
22 under a provision of law in effect immediately before the  
23 date of enactment of this Act.

24          (b) LIABILITY.—A provision of this Act or an amend-  
25 ment made by this Act shall not affect the liability of any

- 1 person under any provision of law as in effect immediately
- 2 before the date of enactment of this Act.



**Calendar No. 237**

107TH CONGRESS  
1ST SESSION

**S. 1731**

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**A BILL**

To strengthen the safety net for agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

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NOVEMBER 27, 2001

Read twice and placed on the calendar