

110TH CONGRESS
1ST SESSION

S. 1422

To direct the Secretary of Agriculture to establish a program to provide to agricultural operators and producers a reserve to assist in the stabilization of farm income during low-revenue years, to assist operators and producers to invest in value-added farms, to promote higher levels of environmental stewardship, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 17, 2007

Mr. LUGAR introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To direct the Secretary of Agriculture to establish a program to provide to agricultural operators and producers a reserve to assist in the stabilization of farm income during low-revenue years, to assist operators and producers to invest in value-added farms, to promote higher levels of environmental stewardship, 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,*

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

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Farm Risk Management Act for the 21st Century”.

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

- Sec. 1. Short title; table of contents.
 Sec. 2. Definition of Secretary.

TITLE I—RISK MANAGEMENT ACCOUNTS

- Sec. 1001. Definitions.
 Sec. 1002. Risk management account contracts.
 Sec. 1003. Treatment of risk management account accounts on transfer.
 Sec. 1004. Tax treatment of risk management account accounts.
 Sec. 1005. Administration.
 Sec. 1006. Commodity programs.

TITLE II—CONSERVATION

Subtitle A—Wetlands Reserve Program

- Sec. 2001. Wetlands reserve program.

Subtitle B—Environmental Quality Incentives

- Sec. 2101. Environmental quality incentives program.

Subtitle C—Grassland Reserve

- Sec. 2201. Grassland reserve program.

Subtitle D—Funding and Administration

- Sec. 2301. Funding and administration.

TITLE III—MCGOVERN-DOLE INTERNATIONAL FOOD FOR
 EDUCATION AND CHILD NUTRITION PROGRAM

- Sec. 3001. McGovern-Dole International Food for Education and Child Nutrition Program.

TITLE IV—NUTRITION PROGRAMS

Subtitle A—Food Stamp Program

- Sec. 4001. Exclusion of combat-related military pay from countable income.
 Sec. 4002. Strengthening the food purchasing power of low-income Americans.
 Sec. 4003. Supporting working families with child care expenses.
 Sec. 4004. Exclusion of retirement accounts from countable financial resources.
 Sec. 4005. Supporting State efforts during natural disasters.
 Sec. 4006. Simplified reporting.
 Sec. 4007. Minimum benefit.
 Sec. 4008. Reauthorization of food stamp program, food distribution program on Indian reservations, and the commodity supplemental food program.
 Sec. 4009. Outreach grants.
 Sec. 4010. Funds to States for improving and innovating program access and integrity.
 Sec. 4011. Assistance for community food projects.

- Sec. 4012. Commodities for the emergency food assistance program.
- Sec. 4013. Community food assistance and food bank infrastructure competitive grants.

Subtitle B—Child Nutrition and Related Programs

- Sec. 4101. Summer food service program for children.
- Sec. 4102. Fruit and vegetable program.
- Sec. 4103. Farm to school program.

Subtitle C—Miscellaneous

- Sec. 4203. Food for the hungry transportation grant program.

TITLE V—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

- Sec. 5001. Forest Land Enhancement Program.

Subtitle B—Amendments to Other Laws

- Sec. 5101. Healthy forests reserve program.

TITLE VI—ENERGY

- Sec. 6001. Federal procurement of biobased products.
- Sec. 6002. Biorefinery development grants.
- Sec. 6003. Rural energy innovation program.
- Sec. 6004. Rural energy for America program.
- Sec. 6005. Biomass research and development.

TITLE VII—MISCELLANEOUS

Subtitle A—Crop Insurance

- Sec. 7001. Adjusted gross revenue insurance pilot program.
- Sec. 7002. Report.

Subtitle B—Specialty Crops

- Sec. 7101. Farmers’ market promotion program.
- Sec. 7102. Fruit and vegetable nutrition promotion program.

1 **SEC. 2. DEFINITION OF SECRETARY.**

2 In this Act, the term “Secretary” means the Sec-
 3 retary of Agriculture.

4 **TITLE I—RISK MANAGEMENT**
 5 **ACCOUNTS**

6 **SEC. 1001. DEFINITIONS.**

7 In this title:

1 (1) ADJUSTED GROSS REVENUE.—The term
2 “adjusted gross revenue”, with respect to a farm of
3 an operator or producer, means the adjusted gross
4 income of the farm, as determined by the Secretary,
5 from the sale or transfer of eligible commodities of
6 the farm, as calculated—

7 (A) taking into consideration the gross re-
8 ceipts (including insurance indemnities) from
9 each sale;

10 (B) including all farm payments received
11 by the operator or producer from any Federal,
12 State, or local government agency relating to
13 the eligible commodities;

14 (C) by deducting the cost or basis of any
15 eligible livestock or other item purchased for re-
16 sale, such as feeder livestock, by the farm;

17 (D) excluding any revenue that does not
18 arise from the sale of eligible commodities of
19 the farm, such as revenue associated with the
20 packaging, merchandising, marketing, or re-
21 processing beyond what is typically carried out
22 by a producer of the eligible commodity, as de-
23 termined by the Secretary; and

1 (E) using such adjustments, additions, and
2 additional documentation as the Secretary de-
3 termines to be appropriate, as presented on—

4 (i) a schedule F form of the Federal
5 income tax returns of the operator or pro-
6 ducer; or

7 (ii) a comparable tax form relating to
8 the farm, as approved by the Secretary.

9 (2) AGRICULTURAL CROP.—The term “agricul-
10 tural crop” means any annual or perennial crop
11 raised or produced by an operator or producer.

12 (3) APPLICABLE YEAR.—The term “applicable
13 year” means a fiscal year covered by a risk manage-
14 ment account contract.

15 (4) AVERAGE ADJUSTED GROSS REVENUE.—
16 The term “average adjusted gross revenue” means—

17 (A) the rolling average of the adjusted
18 gross revenue of an operator or producer for
19 each of the 5 preceding taxable years; or

20 (B) in the case of a beginning farmer or
21 rancher, or another agricultural operation that
22 does not have adjusted gross revenue for each
23 of the 5 preceding taxable years, the estimated
24 income of the operation for the applicable year,
25 as determined by the Secretary.

1 (5) DAIRY PRODUCT.—The term “dairy prod-
2 uct” means fluid milk produced on a farm or ranch.

3 (6) ELIGIBLE COMMODITY.—The term “eligible
4 commodity” means—

5 (A) an agricultural crop; and

6 (B) a dairy product.

7 (7) FARM.—

8 (A) IN GENERAL.—The term “farm”
9 means any parcel of land used for the raising
10 or production of an eligible commodity that is
11 considered to be a separate operation, as deter-
12 mined by the Secretary.

13 (B) INCLUSIONS.—The term “farm” in-
14 cludes—

15 (i) any parcel of land and related ag-
16 ricultural production facilities on which an
17 operator or producer has more than de
18 minimis operational control; and

19 (ii) any parcel of land subject to more
20 than de minimis common ownership, as de-
21 termined by the Secretary, unless the com-
22 mon owners of the parcel—

23 (I) except with respect to a con-
24 servation condition established in an
25 applicable rental agreement, do not

1 have operational control regarding any
2 portion of the parcel; and

3 (II) do not share in the proceeds
4 of the parcel, other than cash rent.

5 (C) EXCLUSION.—The term “farm” does
6 not include a parcel that is not a portion of a
7 farm subject to a risk management account
8 contract.

9 (D) APPLICABILITY OF CFR.—Except as
10 otherwise provided in this title or by the Sec-
11 retary, by regulation, part 718 of title 7, Code
12 of Federal Regulations (or successor regula-
13 tions), shall apply to the definition, constitu-
14 tion, and reconstitution of a farm for purposes
15 of this paragraph.

16 (8) OPERATOR.—The term “operator” means a
17 producer who controls an agricultural operation on
18 a farm, as determined by the Secretary.

19 (9) PRODUCER.—The term “producer” means a
20 person that, as determined by the Secretary, for an
21 applicable year—

22 (A) shares in the risk of producing, or pro-
23 vides a material contribution in producing, an
24 eligible commodity;

1 (B) has a substantial beneficial interest in
2 the farm on which the eligible commodity is
3 produced;

4 (C)(i) for each of the 5 preceding taxable
5 years, has filed—

6 (I) a schedule F form of the Federal
7 income tax return relating to the eligible
8 commodity; or

9 (II) a comparable tax form related to
10 the eligible commodity, as approved by the
11 Secretary; or

12 (ii) is a beginning farmer or rancher, or
13 another producer that does not have adjusted
14 gross revenue for each of the 5 preceding tax-
15 able years, as determined by the Secretary; and

16 (D)(i) during the 5 preceding taxable
17 years, has earned at least \$10,000 in average
18 adjusted gross revenue;

19 (ii) is a limited resource farmer or rancher,
20 as determined by the Secretary; or

21 (iii) in the case of a beginning farmer or
22 rancher, or another producer that does not have
23 adjusted gross revenue for each of the 5 pre-
24 ceding taxable years, has at least \$10,000 in es-

1 timated income from all farms for the applica-
2 ble year, as determined by the Secretary.

3 (10) RISK MANAGEMENT ACCOUNT.—The term
4 “risk management account” means a farm income
5 stabilization assistance account maintained at a
6 qualified financial institution in accordance with
7 such terms as the Secretary may establish.

8 (11) RISK MANAGEMENT ACCOUNT CON-
9 TRACT.—The term “risk management account con-
10 tract” means a farm income stabilization assistance
11 contract entered into under section 1002.

12 **SEC. 1002. RISK MANAGEMENT ACCOUNT CONTRACTS.**

13 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
14 shall establish and carry out a program under which the
15 Secretary shall offer to enter into contracts with eligible
16 operators and producers in accordance with this section—

17 (1) to provide to the operators and producers a
18 reserve to assist in the stabilization of farm income
19 during low-revenue years;

20 (2) to assist operators and producers to invest
21 in value-added farms; and

22 (3) to recognize high levels of environmental
23 stewardship.

24 (b) ELIGIBILITY.—

1 (1) IN GENERAL.—Any operator that has par-
2 ticipated in a commodity program under title I of
3 the Farm Security and Rural Investment Act of
4 2002 (7 U.S.C. 7901 et seq.), and that otherwise
5 meets each eligibility requirement under this title,
6 shall be eligible to enter into a risk management ac-
7 count contract for agricultural production during
8 each of fiscal years 2008 through 2014.

9 (2) OTHER PRODUCERS.—A producer that is
10 not an operator described in paragraph (1) shall be
11 eligible to enter into a risk management account
12 contract for agricultural production during each of
13 fiscal years 2008 through 2014.

14 (3) LIMITATIONS.—

15 (A) IN GENERAL.—No farm or portion of
16 a farm shall be subject to more than 1 risk
17 management account contract during any fiscal
18 year.

19 (B) MULTIPLE RISK MANAGEMENT AC-
20 COUNT CONTRACTS.—

21 (i) IN GENERAL.—Except as provided
22 in clause (ii), no operator or producer shall
23 participate or have a beneficial interest in
24 more than 1 risk management account
25 contract during any fiscal year.

1 (ii) EXCEPTION.—Notwithstanding
2 clause (i), an operator that is eligible to re-
3 ceive a transition payment during a fiscal
4 year, and that participates or has a bene-
5 ficial interest in a risk management ac-
6 count contract during that fiscal year, may
7 enter into an additional risk management
8 account contract during the fiscal year if—

9 (I) the additional risk manage-
10 ment account contract is entered into
11 solely for the purpose of receiving the
12 transition payment; and

13 (II) the operator is not otherwise
14 eligible to participate or have a bene-
15 ficial interest in the additional risk
16 management account contract.

17 (c) RISK MANAGEMENT ACCOUNTS.—

18 (1) IN GENERAL.—Each risk management ac-
19 count contract entered into under this section shall
20 establish, in the name of the farm of the operator
21 or producer, as applicable, in an appropriate finan-
22 cial institution and subject to such investment rules
23 and other procedures as the Secretary, on approval
24 of the Secretary of the Treasury, determines to be
25 necessary to provide reasonable assurance of the via-

1 bility and stability of the account, a risk manage-
 2 ment account, to consist of—

3 (A) such amounts as are transferred to the
 4 risk management account by the Secretary dur-
 5 ing an applicable year in accordance with para-
 6 graph (2) (including the amendments made by
 7 that paragraph); and

8 (B) such amounts as are voluntarily con-
 9 tributed by the operator or producer during the
 10 applicable year in accordance with paragraph
 11 (6).

12 (2) TRANSFERS.—

13 (A) AVAILABILITY OF DIRECT PAY-
 14 MENTS.—Section 1103 of the Farm Security
 15 and Rural Investment Act of 2002 (7 U.S.C.
 16 7913) is amended—

17 (i) in subsection (a), by striking “For
 18 each of the 2002 through 2007” and in-
 19 serting “For each of the 2008 through
 20 2014”;

21 (ii) in subsection (c), by adding at the
 22 end the following:

23 “(4)(A) In crop year 2008, 90 percent.

24 “(B) In crop year 2009, 85 percent.

25 “(C) In crop year 2010, 50 percent.

1 “(D) In crop year 2011, 25 percent.

2 “(E) In each of crop years 2012 and 2013, 10
3 percent.

4 “(F) In crop year 2014, 0 percent.” and

5 (iii) by adding at the end the fol-
6 lowing:

7 “(e) RISK MANAGEMENT ACCOUNTS.—Of the total
8 amount of direct payments made to producers on a farm
9 under this section, the following amounts shall be depos-
10 ited into risk management accounts established under sec-
11 tion 1002 of the Farm Risk Management Act for the 21st
12 Century:

13 “(1) In each of crop years 2008 and 2009, 50
14 percent.

15 “(2) In each of crop years 2010 and 2011, 75
16 percent.

17 “(3) In each of crop years 2012 and 2013, 100
18 percent.”.

19 (B) AVAILABILITY OF COUNTER-CYCLICAL
20 PAYMENTS.—Section 1104 of the Farm Secu-
21 rity and Rural Investment Act of 2002 (7
22 U.S.C. 7914) is amended—

23 (i) by striking “2007” each place it
24 appears (other than paragraphs (3)(B) and

1 (4)(B) of subsection (f) and inserting
2 “2008”; and

3 (ii) in subsection (f)—

4 (I) in paragraph (3)(B)—

5 (aa) in the subparagraph
6 heading, by striking “2007 CROP
7 YEAR” and inserting “2007 AND
8 2008 CROP YEARS”; and

9 (bb) by striking “the 2007
10 crop year” and inserting “each of
11 the 2007 and 2008 crop years”;
12 and

13 (II) in paragraph (4)(B)—

14 (aa) in the subparagraph
15 heading, by striking “2007 CROP
16 YEAR” and inserting “2007 AND
17 2008 CROP YEARS”; and

18 (bb) by striking “the 2007
19 crop year” each place it appears
20 and inserting “each of the 2007
21 and 2008 crop years”.

22 (C) DAIRY.—Section 1502 of the Farm
23 Security and Rural Investment Act of 2002 (7
24 U.S.C. 7982) is amended to read as follows:

1 **“SEC. 1502. DAIRY.**

2 “(a) IN GENERAL.—For each of fiscal years 2008
3 through 2012, the Secretary shall make an equal annual
4 payment to producers on a dairy farm.

5 “(b) AMOUNT.—The total amount of payments made
6 under subsection (a) to the producers on a dairy farm
7 shall be equal to 25 percent of the average amount of pay-
8 ments that the producers on the dairy farm received under
9 this section during the period of fiscal years 2003 through
10 2007.

11 “(c) AVAILABILITY OF PAYMENTS.—For each pay-
12 ment described in subsection (a)—

13 “(1) 50 percent shall be made directly to the
14 producer; and

15 “(2) 50 percent shall be placed in the risk man-
16 agement account for the producers on the dairy
17 farm established pursuant to section 1002 of the
18 Farm Risk Management Act for the 21st Century.”.

19 (D) STEWARDSHIP PAYMENTS.—

20 (i) AMOUNT.—

21 (I) IN GENERAL.—For each ap-
22 plicable year during fiscal years 2010
23 through 2014, the Secretary shall
24 transfer to the risk management ac-
25 count of an operator or producer de-
26 scribed in subclause (II) a steward-

1 ship payment in an amount equal to
2 a percentage, as determined under
3 clause (ii), of the adjusted gross rev-
4 enue of the operator or producer for
5 the applicable year, based on the level
6 of stewardship of the conservation
7 plan, as determined by the Chief of
8 the Natural Resources Conservation
9 Service, in accordance with subsection
10 (d).

11 (II) ELIGIBILITY.—To be eligible
12 to receive a stewardship payment
13 under subclause (I), an operator or
14 producer shall comply with a con-
15 servation plan that describes the con-
16 servation and performance measures
17 to be maintained or achieved on the
18 farm of the operator or producer.

19 (ii) PERCENTAGES.—The Secretary
20 shall transfer to the risk management ac-
21 count of an operator or producer described
22 in clause (i) an amount equal to—

23 (I) for an operator or producer
24 that complies with a level 1 conserva-
25 tion plan, \$0;

1 (II) for an operator or producer
2 that complies with a level 2 conserva-
3 tion plan, an amount equal to the sum
4 of—

5 (aa) 3 percent of the ad-
6 justed gross revenue of the oper-
7 ator or producer that are not
8 more than \$250,000; and

9 (bb) 0.5 percent of the ad-
10 justed gross revenue of the oper-
11 ator or producer that are more
12 than \$250,000 and less than
13 \$1,000,000; and

14 (III) for an operator or producer
15 that complies with a level 3 conserva-
16 tion plan, an amount equal to the sum
17 of—

18 (aa) 4 percent of adjusted
19 the gross revenue of the operator
20 or producer that are not more
21 than \$250,000; and

22 (bb) 1 percent of adjusted
23 the gross revenue of the operator
24 or producer that are more than

1 \$250,000 and less than
2 \$1,000,000.

3 (3) OPERATOR AND PRODUCER CONTRIBU-
4 TIONS.—During any applicable year, an operator or
5 producer may voluntarily contribute to the risk man-
6 agement account of the operator or producer not
7 more than \$8,000.

8 (4) WITHDRAWALS.—

9 (A) IN GENERAL.—An operator or pro-
10 ducer may withdraw amounts in the risk man-
11 agement account of the operator or producer
12 only—

13 (i) for an applicable year during which
14 the adjusted gross revenue of the operator
15 or producer is equal to less than 95 per-
16 cent of the average adjusted gross revenue
17 of the operator or producer, in an amount
18 that is equal to the lesser of—

19 (I) the difference between—

20 (aa) the average adjusted
21 gross revenue of the operator or
22 producer; and

23 (bb) the adjusted gross rev-
24 enue of the operator or producer;
25 and

1 (II) the amount of coverage that
2 could be purchased under an adjusted
3 gross revenue product available to the
4 operator or producer through the Fed-
5 eral crop insurance program;

6 (ii) for investment in a value-added
7 agricultural operation that contributes to
8 the agricultural economy, as determined by
9 the Secretary, and is not farmland or
10 equipment used to produce raw agricul-
11 tural products, an amount equal to the
12 product obtained by multiplying—

13 (I) the total amount in the risk
14 management account of the operator
15 or producer on September 30 of the
16 preceding applicable year; and

17 (II) 10 percent;

18 (iii) as the Secretary determines to be
19 necessary to protect the solvency of a farm
20 of the operator or producer; or

21 (iv) to purchase revenue insurance or
22 crop insurance.

23 (B) TRANSFER TO IRA ACCOUNT.—In any
24 calendar year, an individual operator or pro-
25 ducer aged 65 years or older who is the holder

1 of a risk management account in existence for
2 at least 5 years may elect to rollover not more
3 than 15 percent of the balance of the risk man-
4 agement account into an individual retirement
5 account pursuant to section 408 of the Internal
6 Revenue Code of 1986.

7 (5) LIMITATIONS.—

8 (A) CONTRIBUTION REQUIREMENT.—The
9 Secretary shall ensure that each payment trans-
10 ferred to a risk management account under this
11 subsection is attributed to an individual oper-
12 ator or producer that is a party to the applica-
13 ble risk management account contract.

14 (B) NO INDIVIDUAL BENEFIT.—

15 (i) IN GENERAL.—The Secretary shall
16 ensure that no individual operator or pro-
17 ducer receives a direct benefit from more
18 than 1 risk management account account.

19 (ii) PROPORTIONAL REDUCTION.—The
20 Secretary shall reduce the amount of a
21 standard payment or stewardship payment
22 under this subsection in an amount equal
23 to the proportion that—

24 (I) the amount of each direct or
25 indirect benefit received by the appli-

1 cable individual operator or producer
2 under the applicable risk management
3 account contract; bears to

4 (II) the amount of any direct or
5 indirect benefit received by the indi-
6 vidual operator or producer under any
7 other risk management account con-
8 tract under which a standard or stew-
9 ardship payment is transferred to a
10 risk management account.

11 (C) MAXIMUM AMOUNT.—The total
12 amount of standard and stewardship payments
13 attributed to an individual operator or producer
14 for any applicable year shall not exceed the
15 maximum total payment a risk management ac-
16 count is eligible to receive during the applicable
17 year.

18 (6) CONSERVATION COMPLIANCE.—Each oper-
19 ator, and each holder of a beneficial interest in a
20 farm subject to a risk management account contract,
21 shall comply with—

22 (A) applicable highly erodible land con-
23 servation requirements under subtitle B of title
24 XII of the Food Security Act of 1985 (16
25 U.S.C. 3811 et seq.); and

1 (B) applicable wetland conservation re-
2 quirements under subtitle C of title XII of that
3 Act (16 U.S.C. 3821 et seq.).

4 (7) REGULATIONS.—The Secretary shall pro-
5 mulgate such regulations as the Secretary deter-
6 mines to be necessary to carry out this subsection.

7 (d) ADMINISTRATION OF STEWARDSHIP PAY-
8 MENTS.—

9 (1) DETERMINATION OF LEVELS.—

10 (A) IN GENERAL.—The Secretary shall es-
11 tablish a stewardship index through which con-
12 servation plans of farms that are subject to risk
13 management account contracts shall be cat-
14 egorized.

15 (B) LEVELS.—The index under subpara-
16 graph (A) shall be comprised of 5 levels, of
17 which—

18 (i) level 1 shall represent the lowest
19 level of stewardship of a conservation plan;
20 and

21 (ii) level 5 shall represent the highest
22 level of stewardship of a conservation plan.

23 (C) REQUIREMENTS.—

1 (i) IN GENERAL.—The Secretary shall
2 ensure that each level of the index consists
3 of an equal number of farms.

4 (ii) FACTORS FOR CONSIDERATION.—
5 In classifying farms into the index under
6 this paragraph, the Secretary shall take
7 into consideration—

8 (I) the production type of the
9 farms; and

10 (II) such other factors as the
11 Secretary determines to be appro-
12 priate to ensure that each farm is
13 evaluated using the same criteria.

14 (2) ELIGIBILITY.—To be eligible to receive a
15 stewardship payment under subsection (c)(2)(D), an
16 operator or producer shall—

17 (A) ensure that the farm of the operator or
18 producer complies with a conservation plan
19 that—

20 (i) describes the conservation prac-
21 tices, measures, and performance stand-
22 ards to be achieved by the farm to main-
23 tain the stewardship level of the conserva-
24 tion plan; and

1 (ii) is objective, specific, and written
2 in plain language, to the maximum extent
3 practicable;

4 (B) submit to the Secretary—

5 (i) together with the risk management
6 account contract of the operator or pro-
7 ducer a copy of the conservation plan of
8 the applicable farm (including a concise
9 summary of the plan); and

10 (ii) a certified application at such
11 time, in such manner, and containing such
12 information as the Secretary may require;
13 and

14 (C) accommodate such on-farm evaluations
15 as the Secretary determines to be necessary.

16 (3) NOTIFICATION.—The Secretary shall pro-
17 vide to each operator and producer selected to re-
18 ceive a stewardship payment under paragraph (2) a
19 notification of—

20 (A) the stewardship level of the conserva-
21 tion plan of the applicable farm; and

22 (B) the amount of the stewardship pay-
23 ment to be transferred to the risk management
24 account of the farm.

25 (4) CERTIFICATION REQUIREMENT.—

1 (A) IN GENERAL.—As a condition of re-
2 ceiving a stewardship payment under subsection
3 (c)(2)(D) for an applicable year, an operator or
4 producer shall certify to the Secretary that the
5 farm subject to the applicable risk management
6 account contract is in compliance with—

7 (i) the conservation plan of the farm;

8 and

9 (ii) such other conservation require-
10 ments as the Secretary may establish.

11 (B) FAILURE TO CERTIFY.—In any appli-
12 cable year during which an operator or pro-
13 ducer does not make a certification under sub-
14 paragraph (A)—

15 (i) the Secretary shall not transfer to
16 the risk management account of the oper-
17 ator or producer a stewardship payment;
18 but

19 (ii) the Secretary shall not—

20 (I) reduce the amount of any
21 other payment to the risk manage-
22 ment account; or

23 (II) impose on the operator or
24 producer any other penalty.

25 (5) EVALUATIONS.—

1 (A) IN GENERAL.—To ensure compliance
 2 with an applicable conservation plan, the Sec-
 3 retary shall ensure that each farm that receives
 4 a stewardship payment under subsection
 5 (c)(2)(D) is independently evaluated not less
 6 than once during the term of the applicable risk
 7 management account contract.

8 (B) CERTIFICATION OF PRIVATE ENTI-
 9 TIES.—The Secretary, in coordination with ap-
 10 propriate private, cooperative entities, may cer-
 11 tify to carry out evaluations under subpara-
 12 graph (A) such private entities as the Secretary
 13 determines to be appropriate to ensure compli-
 14 ance with conservation plans.

15 (C) REIMBURSEMENT.—The Secretary
 16 may reimburse the Chief of the Natural Re-
 17 sources Conservation Service for the cost of any
 18 evaluation carried out by the Chief under sub-
 19 paragraph (A).

20 **SEC. 1003. TREATMENT OF RISK MANAGEMENT ACCOUNT**
 21 **ACCOUNTS ON TRANSFER.**

22 (a) IN GENERAL.—In transferring, by sale or other
 23 means, any interest in a farm subject to a risk manage-
 24 ment account, an operator or producer may elect—

1 (1) to transfer the risk management account to
2 another farm in which the operator or producer—

3 (A) has a controlling ownership interest; or

4 (B) not later than 2 years after the date
5 of the transfer, will acquire a controlling owner-
6 ship interest;

7 (2) to transfer the risk management account to
8 the purchaser of the interest in the farm, if the pur-
9 chaser is not already a holder of a risk management
10 account; or

11 (3)(A) if the operator or producer is an indi-
12 vidual, to rollover amounts in the risk management
13 account account into an individual retirement ac-
14 count of the operator or producer pursuant to sec-
15 tion 408 of the Internal Revenue Code of 1986; or

16 (B) if the operator or producer is not an indi-
17 vidual, to transfer amounts in the risk management
18 account into an account of any individual who has
19 a substantial beneficial interest in the farm (includ-
20 ing a substantial beneficiary of a trust that holds at
21 least a 50 percent ownership interest in the farm).

22 (b) TRANSFER OR ACQUISITION OF LAND OR POR-
23 TION OF OPERATION.—The Secretary shall promulgate
24 such regulations as the Secretary determines to be appro-

1 p r i a t e t o r e q u i r e r e f o r m u l a t i o n , r e a f f i r m a t i o n , o r a b a n d o n -
2 m e n t o f a r i s k m a n a g e m e n t a c c o u n t c o n t r a c t —

3 (1) o n t r a n s f e r o f a l l o r p a r t o f a f a r m u n d e r
4 t h i s s e c t i o n ; o r

5 (2) o n a n y o t h e r m a j o r c h a n g e t o t h e f a r m , a s
6 d e t e r m i n e d b y t h e S e c r e t a r y .

7 **SEC. 1004. TAX TREATMENT OF RISK MANAGEMENT AC-**
8 **COUNT ACCOUNTS.**

9 (a) T R A N S F E R S . — N o t r a n s f e r b y t h e S e c r e t a r y , o r
10 b y a n o p e r a t o r o r p r o d u c e r , o f f u n d s t o a r i s k m a n a g e m e n t
11 a c c o u n t p u r s u a n t t o t h i s t i t l e s h a l l b e s u b j e c t t o F e d e r a l
12 i n c o m e t a x .

13 (b) W I T H D R A W A L S . — A w i t h d r a w a l o f f u n d s f r o m a
14 r i s k m a n a g e m e n t a c c o u n t p u r s u a n t t o s e c t i o n 1 0 0 2 (c) (4)
15 s h a l l b e t r e a t e d a s p a r t o f t h e g r o s s i n c o m e o f a n o p e r a t o r
16 o r p r o d u c e r f o r t h e c a l e n d a r y e a r d u r i n g w h i c h t h e f u n d s
17 a r e w i t h d r a w n .

18 (c) R O L L O V E R S . —

19 (1) I N G E N E R A L . — A r o l l o v e r o f a m o u n t s i n a
20 r i s k m a n a g e m e n t a c c o u n t i n t o a n i n d i v i d u a l r e t i r e -
21 m e n t a c c o u n t p u r s u a n t t o s e c t i o n 1 0 0 2 (c) (4) (B) o r
22 1 0 0 3 (a) (3) s h a l l n o t b e s u b j e c t t o F e d e r a l i n c o m e
23 t a x .

24 (2) T E R M I N A T I O N W I T H O U T R O L L O V E R . — I f a
25 r i s k m a n a g e m e n t a c c o u n t i s t e r m i n a t e d w i t h o u t a

1 rollover under section 1002(c)(4)(B) or 1003(a)(3),
2 amounts in the risk management account shall be
3 considered to be withdrawn under subsection (b).

4 **SEC. 1005. ADMINISTRATION.**

5 (a) IMPLEMENTATION.—

6 (1) IN GENERAL.—Except as provided in para-
7 graph (2), the Secretary shall carry out this title
8 through the Farm Services Agency.

9 (2) EXCEPTION.—In providing stewardship
10 payments under section 1002(c)(2)(D), the Sec-
11 retary shall act through the Natural Resources Con-
12 servation Service.

13 (b) COMPLIANCE.—In addition to evaluations under
14 section 1002(d)(5), the Secretary shall conduct random
15 audits of operators and producers subject to risk manage-
16 ment account contracts under this title as the Secretary
17 determines to be necessary to ensure compliance with the
18 risk management account contracts.

19 (c) VIOLATIONS.—If the Secretary determines that
20 an operator or producer is in violation of the terms of an
21 applicable risk management account contract—

22 (1) the operator or producer shall refund to the
23 Secretary an amount equal to the amount trans-
24 ferred by the Secretary under section 1002(c)(2) to

1 the affected risk management account during the
2 applicable year in which the violation occurred;

3 (2) for a serious or deliberate violation, as de-
4 termined by the Secretary—

5 (A) the risk management account contract
6 shall be terminated; and

7 (B) amounts remaining in each applicable
8 risk management account as the result of a
9 transfer by the Secretary under section
10 1002(c)(2) shall be refunded to the Secretary;
11 and

12 (3) for failure to comply with the terms of an
13 applicable conservation plan during an applicable
14 year in which the operator or producer certified com-
15 pliance with the plan, the operator or producer shall
16 refund to the Secretary an amount equal to the
17 amount of the stewardship payment under section
18 1002(c)(2)(D) for each applicable year in which a
19 violation occurred.

20 (d) REGULATIONS.—The Secretary shall promulgate
21 such regulations as the Secretary determines to be nec-
22 essary to carry out this title.

23 (e) ADJUSTED GROSS INCOME LIMITATION.—The
24 adjusted gross income limitation under section 1001D of
25 the Food Security Act of 1985 (7 U.S.C. 1308–3a) shall

1 apply to participation in the farm income stabilization as-
2 sistance program under this title.

3 (f) COMMODITY CREDIT CORPORATION.—The Sec-
4 retary shall use the funds, facilities, and authorities of the
5 Commodity Credit Corporation to carry out this title.

6 **SEC. 1006. COMMODITY PROGRAMS.**

7 (a) REPEALS.—Subtitles A through E of title I of
8 the Farm Security and Rural Investment Act of 2002 (7
9 U.S.C. 7901 et seq.) (other than sections 1001, 1103,
10 1104, 1106, 1502) are repealed.

11 (b) PLANTING FLEXIBILITY.—Section 1106 of the
12 Farm Security and Rural Investment Act of 2002 (7
13 U.S.C. 7916) is amended to read as follows:

14 **“SEC. 1106. PLANTING FLEXIBILITY.**

15 “Any commodity or crop may be planted on base
16 acres on a farm.”.

17 (c) RECOURSE LOAN PROGRAM.—Subtitle F of title
18 I of the Farm Security and Rural Investment Act of 2002
19 (7 U.S.C. 7991 et seq.) is amended by adding at the end
20 the following:

21 **“SEC. 1619. RECOURSE LOAN PROGRAM.**

22 “For each of the 2008 through 2014 crop years, the
23 Secretary shall establish a recourse loan program for each
24 loan commodity at a rate of interest to be determined by
25 the Secretary.”.

1 (d) ADMINISTRATION.—

2 (1) SUSPENSION OF PERMANENT PRICE SUP-
3 PORT AUTHORITY.—Section 1602 of the Farm Secu-
4 rity and Rural Investment Act of 2002 (7 U.S.C.
5 7992) is amended by striking “2007” each place it
6 appears and inserting “2014”.

7 (2) ADJUSTED GROSS INCOME LIMITATION.—
8 Section 1001D(e) of the Food Security Act of 1985
9 (7 U.S.C. 1308–3a(e)) is amended by striking
10 “2007” and inserting “2014”.

11 **TITLE II—CONSERVATION**
12 **Subtitle A—Wetlands Reserve**
13 **Program**

14 **SEC. 2001. WETLANDS RESERVE PROGRAM.**

15 (a) IN GENERAL.—Section 1237(c) of the Food Secu-
16 rity Act of 1985 (16 U.S.C. 3837(c)) is amended by strik-
17 ing “2007” and inserting “2014”.

18 (b) MAXIMUM ENROLLMENT.—Section 1237(b)(1) of
19 the Food Security Act of 1985 (16 U.S.C. 3837(b)(1))
20 is amended—

21 (1) by striking “2,275,000 acres” and inserting
22 “3,500,000 acres”; and

23 (2) by striking “shall enroll” and all that fol-
24 lows through the end of the paragraph and inserting

1 the following: “shall enroll 250,000 acres in each of
2 calendar years 2008 through 2014”.

3 **Subtitle B—Environmental Quality**
4 **Incentives**

5 **SEC. 2101. ENVIRONMENTAL QUALITY INCENTIVES PRO-**
6 **GRAM.**

7 (a) IN GENERAL.—Section 1240B(a)(1) of the Food
8 Security Act of 1985 (16 U.S.C. 3839aa–2(a)(1)) is
9 amended by striking “2010” and inserting “2014”.

10 (b) ALLOCATION OF FUNDING.—Section 1240B(g) of
11 the Food Security Act of 1985 (16 U.S.C. 3839aa–2(g))
12 is amended by striking “2007” and inserting “2014”.

13 (c) CONSERVATION INNOVATION GRANTS PRO-
14 GRAM.—Section 1240H of the Food Security Act of 1985
15 (16 U.S.C. 3839aa–8) is amended by adding at the end
16 the following:

17 “(d) FUNDING.—Of the funds of the Commodity
18 Credit Corporation, in addition to amounts made available
19 under section 1241(a)(6) to carry out this chapter, the
20 Secretary shall use to carry out this section, to remain
21 available until expended—

22 “(1) \$25,000,000 for fiscal year 2008;

23 “(2) \$45,000,000 for fiscal year 2009; and

24 “(3) \$65,000,000 for each of fiscal years 2010
25 through 2014.”.

1 (d) GROUND AND SURFACE WATER CONSERVA-
2 TION.—Section 1240I(c)(1)(C)) of the Food Security Act
3 of 1985 (16 U.S.C. 3839aa–9(c)(1)(C)) is amended by
4 striking “2007” and inserting “2014”.

5 **Subtitle C—Grassland Reserve**

6 **SEC. 2201. GRASSLAND RESERVE PROGRAM.**

7 Section 1238N(b)(1) of the Food Security Act of
8 1985 (16 U.S.C. 3838n(b)(1)) is amended by striking
9 “2,000,000 acres” and inserting “2,500,000 acres”.

10 **Subtitle D—Funding and** 11 **Administration**

12 **SEC. 2301. FUNDING AND ADMINISTRATION.**

13 Section 1241(a) of the Food Security Act of 1985
14 (16 U.S.C. 3841(a)) is amended—

15 (1) in the matter preceding paragraph (1), by
16 striking “2007” and inserting “2014”;

17 (2) in paragraph (2), by striking “The” and in-
18 serting “For each of fiscal years 2002 through
19 2014, the”;

20 (3) in paragraph (3)(B), by striking “2015”
21 and inserting “2014”;

22 (4) in paragraph (4)—

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

1 (B) in subparagraph (E), by striking the
2 period at the end and inserting “; and”; and

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

4 “(F) \$120,000,000 in each of fiscal years
5 2008 through 2014.”;

6 (5) by striking paragraph (5) and inserting the
7 following:

8 “(5) For each of fiscal years 2002 through
9 2014, the grassland reserve program under sub-
10 chapter C of chapter 2 of subtitle D.”;

11 (6) in paragraph (6)—

12 (A) in subparagraph (E), by striking “each
13 of” and all that follows through the end and in-
14 serting “fiscal year 2007;” and

15 (B) by striking subparagraph (F) and in-
16 serting the following:

17 “(F) \$1,500,000,000 in fiscal year 2008;

18 “(G) \$1,600,000,000 in each of fiscal
19 years 2009 and 2010;

20 “(H) \$1,800,000,000 in each of fiscal
21 years 2011 and 2012; and

22 “(I) \$2,100,000,000 in each of fiscal years
23 2013 through 2014.”; and

24 (7) in paragraph (7)—

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

3 (B) in subparagraph (D), by striking the
4 period at the end and inserting a semicolon;
5 and

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

7 “(E) \$125,000,000 in fiscal year 2008;

8 “(F) \$135,000,000 in each of fiscal years
9 2009 and 2010; and

10 “(G) \$145,000,000 in each of fiscal years
11 2011 through 2014.”.

12 **TITLE III—MCGOVERN-DOLE**
13 **INTERNATIONAL FOOD FOR**
14 **EDUCATION AND CHILD NU-**
15 **TRITION PROGRAM**

16 **SEC. 3001. MCGOVERN-DOLE INTERNATIONAL FOOD FOR**
17 **EDUCATION AND CHILD NUTRITION PRO-**
18 **GRAM.**

19 (a) ADMINISTRATION.—Section 3107 of the Farm
20 Security and Rural Investment Act of 2002 (7 U.S.C.
21 1736o–1) is amended—

22 (1) in subsections (b), (c)(2)(B), (f)(1), (h),
23 and (i), by striking “President” each place it ap-
24 pears and inserting “Secretary”;

1 (2) in subsection (d), in the matter preceding
2 paragraph (1), by striking “The President shall des-
3 ignate 1 or more Federal agencies to” and inserting
4 “The Secretary shall”; and

5 (3) in subsection (f)(2), in the matter preceding
6 subparagraph (A), by striking “implementing agen-
7 cy” and inserting “Secretary”.

8 (b) FUNDING.—Section 3107(l) of the Farm Security
9 and Rural Investment Act of 2002 (7 U.S.C. 1736o–1(l))
10 is amended—

11 (1) by striking paragraphs (1) and (2) and in-
12 serting the following:

13 “(1) USE OF COMMODITY CREDIT CORPORATION
14 FUNDS.—Of the funds of the Commodity Credit
15 Corporation, the Secretary shall use to carry out this
16 section not less than, to remain available until ex-
17 pended—

18 “(A) \$140,000,000 for fiscal year 2008;

19 “(B) \$180,000,000 for fiscal year 2009;

20 “(C) \$220,000,000 for fiscal year 2010;

21 “(D) \$260,000,000 for fiscal year 2011;

22 and

23 “(E) \$300,000,000 for each of fiscal years
24 2012 through 2014.”.

1 (2) by redesignating paragraph (3) as para-
2 graph (2); and

3 (3) in paragraph (2) (as redesignated by para-
4 graph (2)), by striking “any Federal agency imple-
5 menting or assisting” and inserting “the Depart-
6 ment of Agriculture or any other Federal agency as-
7 sisting”.

8 **TITLE IV—NUTRITION**
9 **PROGRAMS**

10 **Subtitle A—Food Stamp Program**

11 **SEC. 4001. EXCLUSION OF COMBAT-RELATED MILITARY PAY**
12 **FROM COUNTABLE INCOME.**

13 Section 5(d) of the Food Stamp Act of 1977 (7
14 U.S.C. 2014(d)) is amended—

15 (1) by striking “and 18” and inserting “(18)”;
16 and

17 (2) by inserting before the period at the end the
18 following: “, and (19) any amount paid a member of
19 the uniformed services as hazardous duty pay under
20 section 301 of title 37, United States Code, hardship
21 duty pay under section 305 of that title, or hostile
22 fire or imminent danger special pay under section
23 310 of that title for service of the member in a com-
24 bat operation or combat zone”.

1 **SEC. 4002. STRENGTHENING THE FOOD PURCHASING**
2 **POWER OF LOW-INCOME AMERICANS.**

3 Section 5(e)(1) of the Food Stamp Act of 1977 (7
4 U.S.C. 2014(e)(1)) is amended—

5 (1) in subparagraph (A)(ii), by striking “not
6 less than \$134” and all that follows through the pe-
7 riod at the end and inserting the following: “not less
8 than—

9 “(I) \$149, \$253, \$209, and
10 \$132, respectively; and

11 “(II) for fiscal year 2009 and
12 each fiscal year thereafter, an amount
13 that is equal to the amount from the
14 previous fiscal year adjusted to the
15 nearest lower dollar increment to re-
16 flect changes for the 12-month period
17 ending on the preceding June 30 in
18 the Consumer Price Index for All
19 Urban Consumers published by the
20 Bureau of Labor Statistics of the De-
21 partment of Labor, for items other
22 than food.”; and

23 (2) in subparagraph (B)(ii), by striking “not
24 less than \$269” and all that follows through the pe-
25 riod at the end and inserting the following: “not less
26 than—

1 “(I) \$296; and
2 “(II) for fiscal year 2009 and
3 each fiscal year thereafter, an amount
4 that is equal to the amount from the
5 previous fiscal year adjusted to the
6 nearest lower dollar increment to re-
7 flect changes for the 12-month period
8 ending on the preceding June 30 in
9 the Consumer Price Index for All
10 Urban Consumers published by the
11 Bureau of Labor Statistics of the De-
12 partment of Labor, for items other
13 than food.”.

14 **SEC. 4003. SUPPORTING WORKING FAMILIES WITH CHILD**
15 **CARE EXPENSES.**

16 Section 5(e)(3)(A) of the Food Stamp Act of 1977
17 (7 U.S.C. 2014(e)(3)(A)) is amended by striking “, the
18 maximum allowable level of which shall be \$200 per month
19 for each dependent child under 2 years of age and \$175
20 per month for each other dependent,”.

21 **SEC. 4004. EXCLUSION OF RETIREMENT ACCOUNTS FROM**
22 **COUNTABLE FINANCIAL RESOURCES.**

23 (a) IN GENERAL.—Section 5(g)(2)(B)(v) of the Food
24 Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(B)(v)) is amend-

1 ed by striking “or retirement account (including an indi-
2 vidual account)” and inserting “account”.

3 (b) MANDATORY AND DISCRETIONARY EXCLU-
4 SIONS.—Section 5(g) of the Food Stamp Act of 1977 (7
5 U.S.C. 2014(g)) is amended by adding at the end the fol-
6 lowing:

7 “(7) EXCLUSION OF RETIREMENT ACCOUNTS
8 FROM COUNTABLE FINANCIAL RESOURCES.—

9 “(A) MANDATORY EXCLUSIONS.—The Sec-
10 retary shall exclude from financial resources
11 under this subsection the value of any funds in
12 a plan, contract, or account, described in any of
13 sections 401(a), 403(a), 403(b), 408, 408A,
14 457(b), and 501(c)(18) of the Internal Revenue
15 Code of 1986, and the value of funds in a Fed-
16 eral Thrift Savings Plan account, as provided in
17 section 8439 of title 5, United States Code.

18 “(B) DISCRETIONARY EXCLUSIONS.—The
19 Secretary may exclude from financial resources
20 under this subsection the value of any other re-
21 tirement plans, contracts, or accounts (as deter-
22 mined by the Secretary, by regulation).”.

1 **SEC. 4005. SUPPORTING STATE EFFORTS DURING NATURAL**
2 **DISASTERS.**

3 Section 5(h) of the Food Stamp Act of 1977 (7
4 U.S.C. 2014(h)) is amended by adding at the end the fol-
5 lowing:

6 “(4) ADMINISTRATIVE COST SHARE PAY-
7 MENTS.—In case of a disaster determined under
8 paragraph (1), in lieu of the administrative cost
9 share payments otherwise required by section 16(a),
10 the Secretary shall pay each State agency an
11 amount equal to 90 percent of the administrative
12 costs allowable under that section for costs related
13 to planning and operating disaster food stamp pro-
14 grams under this subsection.”.

15 **SEC. 4006. SIMPLIFIED REPORTING.**

16 Section 6(c) of the Food Stamp Act of 1977 (7
17 U.S.C. 2015(c)(1)(A)) is amended—

18 (1) in paragraph (1)(A)—

19 (A) by striking “reporting by” and insert-
20 ing “reporting”;

21 (B) in clause (i), by inserting “for periods
22 shorter than 4 months by” before “migrant”;

23 (C) in clause ii), by inserting “for periods
24 shorter than 4 months by” before “households”;

25 and

1 (D) in clause (iii), by inserting “by” before
2 “households”; and

3 (2) in paragraph (3)—

4 (A) in the third sentence—

5 (i) by striking “Reports required to be
6 filed monthly under paragraph (1)” and
7 inserting “Except as provided in paragraph
8 (1)(D)(ii), periodic reports filed under
9 paragraph (1)”; and

10 (ii) by striking “subject matter in-
11 cluded in such reports” and inserting “the
12 households required to make the reports”;
13 and

14 (B) by inserting after the third sentence
15 the following: “The State agency shall not be
16 required to act on information about a house-
17 hold described in the preceding sentence re-
18 ceived from any source between the monthly re-
19 ports unless the information clearly indicates
20 that the household is not eligible, subject to
21 standards established by the Secretary, or the
22 household requests an increase in benefits.”.

1 **SEC. 4007. MINIMUM BENEFIT.**

2 Section 8(a) of the Food Stamp Act of 1977 (7
3 U.S.C. 2017(a)) is amended in the proviso by striking
4 “shall be \$10 per month” and inserting “shall be—

5 “(1) for each of fiscal years 2008 through
6 2010, 10 percent of the cost of the thrifty food plan
7 for a household containing 1 member, as determined
8 by the Secretary under section 3(o); and

9 “(2) for fiscal years 2011 and each fiscal year
10 thereafter, 15 percent of the cost of the thrifty food
11 plan for a household containing 1 member, as deter-
12 mined by the Secretary under section 3(o)”.

13 **SEC. 4008. REAUTHORIZATION OF FOOD STAMP PROGRAM,
14 FOOD DISTRIBUTION PROGRAM ON INDIAN
15 RESERVATIONS, AND THE COMMODITY SUP-
16 PLEMENTAL FOOD PROGRAM.**

17 (a) **FUNDING OF EMPLOYMENT AND TRAINING PRO-
18 GRAMS.**—Section 16(h)(1) of the Food Stamp Act of 1977
19 (7 U.S.C. 2025(h)(1)) is amended—

20 (1) in subparagraph (A)(vii), by striking
21 “2007” and inserting “2014”; and

22 (2) in subparagraph (E)(i), by striking “2007”
23 and inserting “2014”.

24 (b) **REDUCTIONS IN PAYMENTS FOR ADMINISTRA-
25 TIVE COSTS.**—Section 16(k)(3) of the Food Stamp Act
26 of 1977 (7 U.S.C. 2025(k)(3)) is amended—

1 (1) in the first sentence of subparagraph (A),
2 by striking “2007” and inserting “2014”; and

3 (2) in subparagraph (B)(ii) by striking “2007”
4 and inserting “2014”.

5 (c) CASH PAYMENT PILOT PROJECTS.—Section
6 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C.
7 2026(b)(1)(B)(vi)) is amended by striking “2007” and in-
8 serting “2014”.

9 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
10 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.
11 2027(a)(1)) is amended in the first sentence by striking
12 “2007” and inserting “2014”.

13 (e) CONSOLIDATED BLOCK GRANTS FOR PUERTO
14 RICO AND AMERICAN SAMOA.—Section 19(a)(2)(A)(ii) of
15 the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(2)(A)(ii))
16 is amended by striking “2007” and inserting “2014”.

17 (f) COMMODITY DISTRIBUTION PROGRAM.—Section
18 4(a) of the Agriculture and Consumer Protection Act of
19 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended
20 in the first sentence by striking “2007” and inserting
21 “2014”.

22 **SEC. 4009. OUTREACH GRANTS.**

23 Section 11(t) of the Food Stamp Act of 1977 (7
24 U.S.C. 2020(t)) is amended—

1 (1) in paragraph (1), by striking “For each of”
2 and all that follows through inserting “of funds”
3 and inserting “For each of fiscal years 2008 through
4 2014, the Secretary shall use not more than amount
5 specified in paragraph (2) of funds”;

6 (2) by redesignating paragraphs (2) through
7 (5) as paragraphs (3) through (6), respectively; and

8 (3) by inserting after paragraph (1) the fol-
9 lowing:

10 “(2) AMOUNTS.—For purposes of paragraph
11 (1), the amount specified in this paragraph is—

12 “(A) for fiscal year 2008, \$15,000,000;

13 and

14 “(B) for fiscal year 2009 and each fiscal
15 year thereafter, an amount that is equal to the
16 amount that applies under this paragraph for
17 the previous fiscal year, adjusted to the nearest
18 lower dollar increment to reflect changes for the
19 12-month period ending on the preceding June
20 30 in the Consumer Price Index for All Urban
21 Consumers published by the Bureau of Labor
22 Statistics of the Department of Labor.”.

1 **SEC. 4010. FUNDS TO STATES FOR IMPROVING AND INNO-**
 2 **VATING PROGRAM ACCESS AND INTEGRITY.**

3 Section 16 of the Food Stamp Act of 2007 (7 U.S.C.
 4 2025) is amended by adding at the end the following:

5 “(1) FUNDS TO STATES FOR IMPROVING AND INNO-
 6 VATING PROGRAM ACCESS AND INTEGRITY.—

7 “(1) IN GENERAL.—Subject to paragraph (3),
 8 the Secretary may increase the administrative cost
 9 share percentage specified in subsection (a) for eligi-
 10 ble administrative expenditures.

11 “(2) ELIGIBLE ADMINISTRATIVE EXPENDI-
 12 TURES.—Administrative expenditures that are eligi-
 13 ble for an increased cost share percentage under this
 14 subsection are expenditures that—

15 “(A) are described in subsection (a); and

16 “(B) as demonstrated by a State agency to
 17 the satisfaction of the Secretary, are attrib-
 18 utable to a program innovation that improves—

19 “(i) access to the food stamp pro-
 20 gram;

21 “(ii) the efficiency and effectiveness of
 22 program operations; and

23 “(iii) program integrity.

24 “(3) LIMITATIONS.—

25 “(A) IN GENERAL.—In carrying out this
 26 subsection, the Secretary shall provide an in-

1 creased administrative cost share percentage for
2 those eligible administrative expenditures that,
3 as determined by the Secretary—

4 “(i) have the greatest likelihood of
5 meeting the goals described in paragraph
6 (2)(B); and

7 “(ii) will result in new activities or op-
8 erations.

9 “(B) FUNDING.—The Secretary may use
10 to carry out this subsection not more than
11 \$10,000,000 for each of fiscal years 2008
12 through 2014.”.

13 **SEC. 4011. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

14 Section 25 of the Food Stamp Act of 1977 (7 U.S.C.
15 2034) is amended—

16 (1) in subsection (b)—

17 (A) in paragraph (1), by striking “From
18 amounts made available to carry out this Act,
19 the Secretary may” and inserting “The Sec-
20 retary shall”; and

21 (B) by striking paragraph (2) and insert-
22 ing the following:

23 “(2) FUNDING AMOUNTS.—From amounts
24 made available to carry out this Act, the Secretary
25 shall use to make grants under this section

1 \$5,000,000 for each of fiscal years 2008 through
2 2014.”;

3 (2) in subsection (h)(4), by striking “2007”
4 and inserting “2014”; and

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

6 “(i) GRANTS TO EXPAND THE NUMBER OF FARM-
7 ERS’ MARKETS THAT ACCEPT FOOD STAMP BENEFITS.—

8 “(1) IN GENERAL.—For fiscal year 2008, the
9 Secretary shall use not more than \$5,000,000 of
10 funds made available under section 18(a)(1) to make
11 grants to pay 100 percent of the costs of eligible en-
12 tities approved by the Secretary to carry out projects
13 to expand the number of farmer’ markets that ac-
14 cept food stamp benefits by—

15 “(A) providing equipment and training
16 necessary for the farmers’ markets to accept
17 food stamp benefits;

18 “(B) educating and providing technical as-
19 sistance to agricultural producers and farmers’
20 market operators about the process and benefits
21 of accepting food stamp benefits; or

22 “(C) other activities determined to be ap-
23 propriate by the Secretary.

1 “(2) LIMITATION.—A grant made under this
2 subsection may not be used to pay the ongoing cost
3 of carrying out any project.

4 “(3) ELIGIBLE ENTITIES.—To be eligible to re-
5 ceive a grant under this subsection, an entity shall
6 be—

7 “(A) a State agency administering the food
8 stamp program;

9 “(B) a State or local government; or

10 “(C) a private nonprofit entity that—

11 “(i) coordinates farmers’ markets in a
12 State; and

13 “(ii) operates in cooperation with
14 State or local government.

15 “(4) SELECTION OF ELIGIBLE ENTITIES.—The
16 Secretary—

17 “(A) shall develop criteria for the selection
18 of eligible entities to receive grants under this
19 subsection; and

20 “(B) may give preference to any eligible
21 entity that consists of a partnership between a
22 government entity and a nongovernmental enti-
23 ty.”.

1 **SEC. 4012. COMMODITIES FOR THE EMERGENCY FOOD AS-**
2 **SISTANCE PROGRAM.**

3 Section 27(a) of the Food Stamp Act of 1977 (7
4 U.S.C. 2036(a)) is amended—

5 (1) by striking “(a) PURCHASE OF COMMOD-
6 ITIES.—” and all that follows through “through
7 2007” and inserting the following:

8 “(a) PURCHASE OF COMMODITIES.—

9 “(1) IN GENERAL.—As provided in paragraph
10 (2), for each of fiscal years 2008 through 2014”;

11 (2) by striking “\$140,000,000 of”; and

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

13 “(2) FUNDING.—Of the funds of the Com-
14 modity Credit Corporation, the Secretary shall use
15 to carry out this subsection, to remain available
16 until expended—

17 “(A) for fiscal year 2008, \$220,000,000;

18 “(B) for fiscal year 2009, \$230,000,000;

19 “(C) for fiscal year 2010, \$240,000,000;

20 “(D) for fiscal year 2011, \$245,000,000;

21 and

22 “(E) for fiscal year 2012 and each fiscal
23 year thereafter, the dollar amount of commod-
24 ities available under this paragraph for the im-
25 mediately preceding fiscal year, adjusted by the
26 percentage by which the thrifty food plan has

1 been adjusted under section 3(o)(4) between
 2 June 30, 2007 and June 30 of the immediately
 3 preceding fiscal year.”.

4 **SEC. 4013. COMMUNITY FOOD ASSISTANCE AND FOOD BANK**
 5 **INFRASTRUCTURE COMPETITIVE GRANTS.**

6 The Food Stamp Act of 1977 is amended by adding
 7 after section 27 (7 U.S.C. 2036) the following:

8 **“SEC. 28. COMMUNITY FOOD ASSISTANCE AND FOOD BANK**
 9 **INFRASTRUCTURE COMPETITIVE GRANTS.**

10 “(a) **DEFINITION OF ELIGIBLE ENTITY.**—In this sec-
 11 tion, the term ‘eligible entity’ means an emergency feeding
 12 organization (as defined in section 201A of the Emergency
 13 Food Assistance Act of 1983 (7 U.S.C. 7501)).

14 “(b) **APPLICATION.**—

15 “(1) **IN GENERAL.**—To receive a grant under
 16 this section, an eligible entity shall submit to the
 17 Secretary an application at such time, in such man-
 18 ner, and containing such information as the Sec-
 19 retary may require.

20 “(2) **CONTENTS.**—Each application submitted
 21 under paragraph (1) shall—

22 “(A) identify the activity described in sub-
 23 section (c) that the grant will be used to fund;
 24 and

1 “(B) describe the means by which an activ-
2 ity identified under subparagraph (A) will re-
3 duce hunger in the community or support the
4 efforts of food banks or other nonprofit emer-
5 gency feeding organizations to reduce hunger or
6 food insecurity in the communities served by
7 the emergency feeding organizations.

8 “(3) PRIORITY.—In making grants under this
9 section, the Secretary shall give priority to eligible
10 entities the applications of which demonstrate at
11 least 2 of the following criteria, as determined by the
12 Secretary:

13 “(A) The eligible entity serves a predomi-
14 nantly rural and geographically underserved
15 area.

16 “(B) The eligible entity serves a commu-
17 nity in which the rates of food insecurity, very
18 low food insecurity, hunger, poverty, or unem-
19 ployment are demonstrably higher than national
20 average rates.

21 “(C) The eligible entity serves a commu-
22 nity that provides demonstrable public support
23 for the efforts of the eligible entity through the
24 direct provision of private sector food assistance
25 to low-income individuals.

1 “(D) The grant will assist in the support
2 of rural communities, small or mid-size agricul-
3 tural operations, and the consumption of lo-
4 cally-produced agricultural products by low-in-
5 come people in need of temporary food assist-
6 ance.

7 “(c) USE OF FUNDS.—An eligible entity shall use a
8 grant received under this section to carry out activities
9 of the eligible entity, including—

10 “(1) constructing, expanding, or repairing a fa-
11 cility or equipment to support hunger relief agencies
12 in the community;

13 “(2) assisting an emergency feeding organiza-
14 tion in the community in obtaining locally-grown or
15 raised produce, dairy, or protein products; and

16 “(3) assisting an emergency feeding organiza-
17 tion in the community for the procurement, storage,
18 handling, and distribution of locally-produced agri-
19 cultural commodities and products.

20 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
21 is authorized to be appropriated to carry out this section
22 \$5,000,000 for each of fiscal years 2008 through 2014.”.

1 **Subtitle B—Child Nutrition and**
2 **Related Programs**

3 **SEC. 4101. SUMMER FOOD SERVICE PROGRAM FOR CHIL-**
4 **DREN.**

5 (a) PAYMENTS TO SERVICE INSTITUTIONS.—Section
6 13(b) of the Richard B. Russell National School Lunch
7 Act (42 U.S.C. 1761(b)) is amended—

8 (1) in paragraph (1)—

9 (A) by striking subparagraph (A);

10 (B) by redesignating subparagraphs (B)
11 through (D) as subparagraphs (A) through (C),
12 respectively;

13 (C) in subparagraph (A) (as redesignated
14 by subparagraph (B)), by striking “(B)” and
15 all that follows through “shall not exceed” and
16 inserting the following:

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B) and in addition to amounts made
19 available under paragraph (3), payments to
20 service institutions shall be”;

21 (D) in subparagraph (B) (as redesignated
22 by subparagraph (B)), by striking “subpara-
23 graph (B)” and inserting “subparagraph (A)”;
24 and

1 (E) in subparagraph (C) (as redesignated
2 by subparagraph (B)), by striking “(A), (B),
3 and (C)” and inserting “(A) and (B)”; and
4 (2) in the second sentence of paragraph (3), by
5 striking “full amount of State approved” and all
6 that follows through “maximum allowable”.

7 (b) CONFORMING AMENDMENT.—Section 18 of the
8 Richard B. Russell National School Lunch Act (42 U.S.C.
9 1769) is amended—

10 (1) by striking subsection (f); and

11 (2) by redesignating subsection (g) through (k)
12 as subsections (f) through (j), respectively.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section take effect on January 1 of the first full cal-
15 endar year following the date of enactment of this Act.

16 **SEC. 4102. FRUIT AND VEGETABLE PROGRAM.**

17 Section 18(g) of the Richard B. Russell National
18 School Lunch Act (42 U.S.C. 1769(g)) is amended—

19 (1) in paragraph (1)—

20 (A) in the matter preceding subparagraph
21 (A), by striking “July 2004” and inserting
22 “July 2007”; and

23 (B) in subparagraph (B), by striking
24 “and” at the end;

1 (C) in subparagraph (C), by striking the
2 period at the end and inserting “; and”; and

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

4 “(D) additional elementary or secondary
5 schools in each State in proportion to the stu-
6 dent population of the State.”;

7 (2) in paragraph (3)(A), by striking “paragraph
8 (1)(B)” and inserting “paragraph (1)”;

9 (3) in paragraph (5), in each of subparagraphs
10 (A) and (B), by striking “2008” each place it ap-
11 pears and inserting “2014”; and

12 (4) in paragraph (6)(B), by striking clause (i)
13 and inserting the following:

14 “(i) IN GENERAL.—Out of any funds
15 in the Treasury not otherwise appro-
16 priated, the Secretary of the Treasury
17 shall transfer to the Secretary to carry out
18 this section—

19 “(I) on October 1, 2007,
20 \$10,000,000;

21 “(II) on October 1, 2008,
22 \$12,000,000; and

23 “(III) on October 1, 2009, and
24 each October 1 thereafter through Oc-
25 tober 1, 2014, \$15,000,000.”.

1 **SEC. 4103. FARM TO SCHOOL PROGRAM.**

2 Section 18(i)(2) of the Richard B. Russell National
 3 School Lunch Act (42 U.S.C. 1769(i)(2)) is amended by
 4 striking “such sums as are necessary” and all that follows
 5 through the period at the end and inserting “to carry out
 6 this subsection—

7 “(A) \$5,000,000 for each of fiscal years
 8 2008 and 2009;

9 “(B) \$8,000,000 for fiscal year 2010; and

10 “(C) \$10,000,000 for each of fiscal year
 11 2011 through 2014.”.

12 **Subtitle C—Miscellaneous**

13 **SEC. 4203. FOOD FOR THE HUNGRY TRANSPORTATION**
 14 **GRANT PROGRAM.**

15 (a) PURPOSES.—The purposes of this section are—

16 (1) to authorize the creation of the National
 17 Food for the Hungry Transportation, Self-Help, and
 18 Job Training Fund to facilitate the procurement and
 19 transportation of highly-perishable, healthy food to
 20 low-income individuals in the United States;

21 (2) to establish a competitive mechanism in the
 22 Department of Agriculture by which appropriations
 23 made available from the Fund would be allocated;

24 (3) to ensure the direct involvement of the pri-
 25 vate carrier trucking fleet of the United States in
 26 carrying out this section;

1 (4) to increase the quantity of nutritious food
2 available to low-income individuals in the United
3 States by supporting the procurement and distribu-
4 tion of highly-perishable food, such as fresh produce
5 and protein products, to the low-income individuals;

6 (5) to offer job training and employment oppor-
7 tunities in the food transportation and distribution
8 systems;

9 (6) to better identify potential providers of do-
10 nated foods and enhance the nonprofit food donation
11 system; and

12 (7) to provide adequate funding to carry out
13 this section.

14 (b) DEFINITIONS.—In this section:

15 (1) FUND.—The term “Fund” means the Na-
16 tional Food for the Hungry Transportation, Self-
17 Help, and Job Training Fund established under sub-
18 section (c).

19 (2) NONGOVERNMENTAL ORGANIZATION.—The
20 term “nongovernmental organization” means a na-
21 tional nonprofit charitable organization that—

22 (A) is described in section 501(c)(3) of the
23 Internal Revenue Code of 1986;

24 (B) is capable of, and has at least 10 years
25 experience in, procuring donated food and other

1 services from major domestic food manufactur-
2 ers and processors, grocery wholesalers and re-
3 tailers, food warehouse operations, agricultural
4 producer organizations, fishing interests com-
5 mercial transport providers (such as trucking
6 companies), and Federal and State food assist-
7 ance agencies;

8 (C) is capable of, and has shown pro-
9 ficiency in, the national distribution of highly-
10 perishable food through contracts with member
11 emergency feeding organizations (as defined in
12 section 201A of the Emergency Food Assist-
13 ance Act of 1983 (7 U.S.C. 7501));

14 (D) has at least 10 years experience in
15 procuring commercial freight for the distribu-
16 tion of time-sensitive food products through a
17 network of emergency food assistance organiza-
18 tions;

19 (E) has at least 10 years experience in
20 working with transport providers in creating,
21 coordinating, and maintaining transfer systems
22 designed to assist, at the national level, the de-
23 livery of time-sensitive food products, for dis-
24 tribution to emergency food assistance organi-

1 zations in all 50 States and the District of Co-
2 lumbia;

3 (F) does not operate any commercial, pri-
4 vate, or public subsidiary trucking or freight
5 operations for the purposes of transporting
6 food; and

7 (G) agrees—

8 (i) to contribute in-kind resources to
9 assist in carrying out this section;

10 (ii) to provide to eligible emergency
11 food assistance organizations services and
12 information free of charge; and

13 (iii) to regularly certify and inspect
14 any member emergency feeding organiza-
15 tion with which the nongovernmental orga-
16 nization entered into a contract to carry
17 out an activity described in subparagraph
18 (B).

19 (3) PRIMARY NONGOVERNMENTAL ORGANIZA-
20 TION.—The term “primary nongovernmental organi-
21 zation” means a nongovernmental organization se-
22 lected by the Secretary on a competitive basis from
23 among nongovernmental organizations.

24 (4) SECRETARY.—The term “Secretary” means
25 the Secretary of Transportation.

1 (5) TIME-SENSITIVE FOOD PRODUCT.—

2 (A) IN GENERAL.—The term “time-sen-
3 sitive food product” means a fresh, raw, or
4 processed food with a short time limitation for
5 safe and acceptable consumption, as determined
6 by the Secretary.

7 (B) INCLUSIONS.—The term “time-sen-
8 sitive food product” includes fruits, vegetables,
9 dairy products, meat, fish, and poultry.

10 (c) NATIONAL FOOD FOR THE HUNGRY TRANSPOR-
11 TATION FUND.—The Secretary shall offer to enter into
12 a contract or grant agreement with a primary nongovern-
13 mental organization to establish a fund, to be known as
14 the “National Food for the Hungry Transportation
15 Fund”, to track, collect, and deliver time-sensitive food
16 products.

17 (d) PROGRAM REQUIREMENTS.—The Secretary shall
18 ensure that funds made available to carry out this section
19 are used for—

20 (1) the development and maintenance of a com-
21 puterized system for the tracking of time-sensitive
22 food products;

23 (2) capital and operating costs associated with
24 the collection and transportation of time-sensitive
25 food products;

1 (3) capital and operating costs associated with
2 the storage and distribution of time-sensitive food
3 products;

4 (4) job training opportunities in trucking, food
5 handling, food recovery, and related industries;

6 (5) improving the security and diversity of the
7 food distribution and recovery systems of the United
8 States with the use of—

9 (A) family-sized farms; and

10 (B) donations from entities of food prod-
11 ucts to persons in need;

12 (6) providing recovered healthy foods to non-
13 profit emergency food providers to reduce hunger in
14 the United States; and

15 (7) improving the identification of—

16 (A) potential providers of donated foods;

17 (B) potential nonprofit emergency food
18 providers; and

19 (C) persons in need of emergency food as-
20 sistance throughout the United States.

21 (e) ADDITIONAL NONGOVERNMENTAL ORGANIZA-
22 TIONS.—

23 (1) IN GENERAL.—A primary nongovernmental
24 organization may enter into 1 or more contracts
25 with, and provide funds to, not more than 2 other

1 nongovernmental organizations that the Secretary
2 determines meet the requirements of paragraph (2)
3 to carry out the activities required under this sec-
4 tion.

5 (2) REQUIREMENTS.—An additional nongovern-
6 mental organization selected under paragraph (1)
7 shall—

8 (A) have expertise in operating for several
9 years a national information clearinghouse re-
10 lating to anti-hunger activities;

11 (B) have extensive experience in working
12 with other anti-hunger organizations through-
13 out the United States;

14 (C) have significant experience in working
15 with the Department of Agriculture; and

16 (D) operate, at a national level, a hotline
17 to provide information about—

18 (i) access to food for low-income fami-
19 lies;

20 (ii) programs in existence on the date
21 of enactment of this Act that transport
22 fresh produce to food pantries, homeless
23 shelters, and soup kitchens that could
24 serve as national models for replication in
25 other areas; and

1 (iii) means through which low-income
2 individuals and families may become self-
3 reliant.

4 (f) AUDITS.—The Secretary shall establish fair and
5 reasonable procedures to audit the expenditure of funds
6 made available to carry out this section.

7 (g) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated to carry out this sec-
9 tion—

10 (1) \$5,000,000 for fiscal year 2008; and

11 (2) for each subsequent fiscal year, the applica-
12 ble amount during the preceding fiscal year, as ad-
13 justed to reflect changes for the 12-month period
14 ending the preceding November 30 in the Consumer
15 Price Index for All Urban Consumers published by
16 the Bureau of Labor Statistics of the Department of
17 Labor.

18 **TITLE V—FORESTRY**

19 **Subtitle A—Cooperative Forestry**

20 **Assistance Act of 1978**

21 **SEC. 5001. FOREST LAND ENHANCEMENT PROGRAM.**

22 Section 4(j) of the Cooperative Forestry Assistance
23 Act of 1978 (16 U.S.C. 2103) is amended by striking sub-
24 section (j) and inserting the following:

1 “(j) FUNDING.—Of the funds of the Commodity
2 Credit Corporation, the Secretary shall use to carry out
3 the Program \$100,000,000 during the period beginning
4 on the date of enactment of the Farm Risk Management
5 Act for the 21st Century and ending on September 30,
6 2014.”.

7 **Subtitle B—Amendments to Other** 8 **Laws**

9 **SEC. 5101. HEALTHY FORESTS RESERVE PROGRAM.**

10 Section 508 of the Healthy Forests Restoration Act
11 of 2003 (16 U.S.C. 6578) is amended to read as follows:

12 **“SEC. 508. FUNDING.**

13 “For each of fiscal years 2008 through 2013, the
14 Secretary shall use the funds, facilities, and authorities of
15 the Commodity Credit Corporation to carry out this title,
16 including the provision of technical assistance under this
17 title.”.

18 **TITLE VI—ENERGY**

19 **SEC. 6001. FEDERAL PROCUREMENT OF BIOBASED PROD-** 20 **UCTS.**

21 Section 9002(k)(2)(A) of the Farm Security and
22 Rural Investment Act of 2002 (7 U.S.C. 8102(k)(2)(A))
23 is amended by striking “2007” and inserting “2014”.

1 **SEC. 6002. BIOREFINERY DEVELOPMENT GRANTS.**

2 Section 9003 of the Farm Security and Rural Invest-
3 ment Act of 2002 (7 U.S.C. 8103) is amended—

4 (1) in the section heading, by striking
5 “**GRANTS**”;

6 (2) by striking subsection (c) and inserting the
7 following:

8 “(c) ASSISTANCE.—The Secretary shall award grants
9 and make loans and loan guarantees to eligible entities
10 to assist in covering the cost of development and construc-
11 tion of biorefineries, or the cost of construction or deploy-
12 ment of methane digesters used to capture the methane
13 gas from livestock manure for use as a fuel source for
14 biofuel production, to carry out projects to demonstrate
15 the commercial viability of 1 or more processes for con-
16 verting biomass to fuels or chemicals.”;

17 (3) in subsection (e)—

18 (A) by striking “grants” each place it ap-
19 pears and inserting “assistance”; and

20 (B) in paragraph (2)(A)—

21 (i) in clause (i), by striking “and” at
22 the end;

23 (ii) by redesignating clause (ii) as
24 clause (iii); and

25 (iii) by inserting after clause (i) the
26 following:

1 “(ii) shall select projects based on the
 2 extent to which the projects meet environ-
 3 mental goals for feedstocks and biorefin-
 4 eries, including goals relating to reductions
 5 in greenhouse gas emissions and improve-
 6 ment in water quality and wildlife habitat,
 7 developed by the Secretary, in consultation
 8 with the Secretary of the Interior, the Sec-
 9 retary of Energy, and the National Acad-
 10 emy of Sciences; and”;

11 (4) by striking subsection (h) and inserting the
 12 following:

13 “(h) FUNDING.—Of the funds of the Commodity
 14 Credit Corporation, the Secretary shall use to carry out
 15 this section, to remain available until expended—

16 “(1) \$50,000,000 for each of fiscal years 2008
 17 and 2009; and

18 “(2) \$75,000,000 for each of fiscal years 2010
 19 through 2014.”.

20 **SEC. 6003. RURAL ENERGY INNOVATION PROGRAM.**

21 Section 9005 of the Farm Security and Rural Invest-
 22 ment Act of 2002 (7 U.S.C. 8105) is amended—

23 (1) by striking the section heading and insert-
 24 ing “**RURAL ENERGY INNOVATION**
 25 **PROGRAM.—**”;

1 (2) in subsection (a), by striking “a program”
2 and inserting “an energy technical assistance pro-
3 gram”;

4 (3) in subsection (b), by striking paragraphs
5 (5) and (6) and inserting the following:

6 “(5) a nonprofit organization (including an ag-
7 ricultural trade association, resource conservation
8 and development district, and energy service pro-
9 vider);

10 “(6) a State environmental quality department;
11 and

12 “(7) any other entity, as determined by the Sec-
13 retary.”;

14 (4) in subsection (c), by striking paragraph (2)
15 and inserting the following:

16 “(2) SELECTION CRITERIA.—In reviewing appli-
17 cations of eligible entities to receive grants under
18 subsection (a), the Secretary shall consider—

19 “(A) the ability and expertise of the eligi-
20 ble entity in providing professional energy effi-
21 ciency audits, renewable energy assessments,
22 environmental management system plans, and
23 assessments of fertilizer, pesticide, or diesel use
24 efficiency;

1 “(B) the geographic scope of the program
2 proposed by the eligible entity;

3 “(C) the percentage of farmers, ranchers,
4 and rural small businesses to be assisted by the
5 program in the service territory covered by the
6 eligible entity;

7 “(D) the potential for energy savings and
8 environmental and public health benefits result-
9 ing from the program;

10 “(E) the plan of the eligible entity for pro-
11 viding information to farmers, ranchers, and
12 rural small businesses on the benefits of energy
13 efficiency and renewable energy development;

14 “(F) demonstration of multi-stakeholder
15 collaborations;

16 “(G) demonstration of matching funds;
17 and

18 “(H) clear performance metrics.”;

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

21 “(d) USE OF GRANT FUNDS.—

22 “(1) REQUIRED USES.—A recipient of a grant
23 under subsection (a) shall use the grant funds—

24 “(A) to conduct and promote—

25 “(i) energy audits;

1 “(ii) assessments of fertilizer, pes-
2 ticide, or diesel use efficiency;

3 “(iii) renewable energy assessments;

4 or

5 “(iv) environmental management sys-
6 tem planning;

7 “(2) to make farmers, ranchers, and rural small
8 businesses aware of and able to apply for and ensure
9 access to—

10 “(A) financial assistance under section
11 9006; and

12 “(B) other Federal, State, and local finan-
13 cial assistance programs for which farmers,
14 ranchers, and rural small businesses may be eli-
15 gible; or

16 “(3) to employ staff that—

17 “(A) serve as central points of contact for
18 farmers, ranchers and rural businesses seeking
19 to evaluate energy practices and technologies;
20 and

21 “(B) are properly trained to collect data
22 for audits and renewable energy assessments.

23 “(4) PERMITTED USES.—A recipient of a grant
24 may use funds to finance—

1 “(A) in partnership with the private sector,
2 agricultural demonstrations to demonstrate
3 cost-effective high efficiency equipment and en-
4 ergy management practices such as precision
5 agriculture, proper tire tractor inflation, and
6 conservation tillage; and

7 “(B) educational workshops on different
8 clean energy technologies and techniques.”;

9 (6) in subsection (e)—

10 (A) by striking “an energy audit” and in-
11 serting “energy technical assistance”;

12 (B) by striking “the energy audit” and in-
13 serting “the energy technical assistance”; and

14 (C) by striking “the audit” and inserting
15 “the technical assistance”;

16 (7) in subsection (h), by striking “this Act” and
17 inserting “Farm Risk Management Act for the 21st
18 Century”; and

19 (8) by striking subsection (i) and inserting the
20 following:

21 “(i) LIMITATION.—A recipient of a grant under sub-
22 section (a) may receive no more than \$250,000 in any 1
23 grant cycle.

24 “(j) AUTHORIZATION OF APPROPRIATIONS.—

1 “(1) IN GENERAL.—There are authorized to be
2 appropriated to carry out this section—

3 “(A) \$5,000,000 for fiscal year 2008;

4 “(B) \$10,000,000 for fiscal year 2009;

5 “(C) \$15,000,000 for fiscal year 2010;

6 “(D) \$20,000,000 for fiscal year 2011;

7 and

8 “(E) \$25,000,000 for each of fiscal years
9 2012 through 2014.

10 “(2) USE OF CERTAIN FUNDS.—The Secretary
11 may use not more than 10 percent of amounts made
12 available under paragraph (1) to—

13 “(A) increase or modify energy technical
14 assistance programs funded under this section;

15 or

16 “(B) develop training programs that en-
17 able administrators of existing technical assist-
18 ance programs to help other eligible entities es-
19 tablish technical assistance programs.”.

20 **SEC. 6004. RURAL ENERGY FOR AMERICA PROGRAM.**

21 Section 9006 of the Farm Security and Rural Invest-
22 ment Act of 2002 (7 U.S.C. 8106) is amended—

23 (1) by striking the section enumerator and
24 heading and inserting the following:

1 **“SEC. 9006. RURAL ENERGY FOR AMERICA PROGRAM.”;**

2 (2) in subsection (a)—

3 (A) by inserting “, and issue rebates,”
4 after “grants”; and

5 (B) by inserting “rural school districts,”
6 after “ranchers,”;

7 (3) by striking subsection (f);

8 (4) by redesignating subsection (e) as sub-
9 section (h);

10 (5) by inserting after subsection (d) the fol-
11 lowing:

12 “(e) **PRODUCTION-BASED INCENTIVE IN LIEU OF**
13 **GRANT.**—

14 “(1) **IN GENERAL.**—In addition to the authority
15 under subsection (a), to encourage the production of
16 electricity from renewable energy systems, the Sec-
17 retary shall, on the request of an eligible applicant
18 under this section, make production-based payments
19 to the applicant in lieu of a grant.

20 “(2) **CONTINGENCY.**—Payments under para-
21 graph (1) shall be contingent on documented energy
22 production and sales from the renewable energy sys-
23 tem to a third party.

24 “(3) **LIMITATION.**—The total net present value
25 of a production-based incentive may not exceed the
26 lower of—

1 “(A) 25 percent of the eligible project
2 costs; and

3 “(B) any other limits that the Secretary
4 establishes by rule or guidance.

5 “(f) FEASIBILITY STUDIES.—

6 “(1) IN GENERAL.—The Secretary may provide
7 assistance to eligible applicants to conduct feasibility
8 studies of projects for which assistance may be pro-
9 vided under this section.

10 “(2) LIMITATION.—The Secretary shall use not
11 more than 10 percent of funds made available to
12 carry out this section to provide assistance described
13 in paragraph (1).

14 “(3) CRITERIA.—The Secretary shall, by regu-
15 lation, establish criteria for the receipt of assistance
16 under this subsection.

17 “(4) AVOIDANCE OF DUPLICATIVE ASSIST-
18 ANCE.—An applicant that receives assistance to
19 carry out a feasibility study for a project under this
20 subsection shall not be eligible for assistance to
21 carry out a feasibility study for the project under
22 any other provision of Federal law.

23 “(5) MATCHING FUNDS.—To be eligible for as-
24 sistance under this subsection, a recipient of funds
25 under this subsection shall contribute an amount of

1 non-Federal funds that is equal to at least 75 per-
2 cent of the amount of Federal funds received.

3 “(g) REBATE PROGRAM.—

4 “(1) IN GENERAL.—The Secretary shall make
5 competitive grants to eligible entities to provide re-
6 bates for farmers, ranchers, rural school districts,
7 and rural small businesses to purchase renewable en-
8 ergy systems and make energy efficiency improve-
9 ments.

10 “(2) ELIGIBLE ENTITIES.—To be eligible to re-
11 ceive a grant under paragraph (1), an entity shall
12 be—

13 “(A) a State energy or agricultural office;

14 “(B) a nonprofit State-based energy effi-
15 ciency or renewable energy organization that
16 uses public funds provided directly or under
17 contract with a State agency;

18 “(C) any other nonprofit organization with
19 a demonstrated ability to administer a State-
20 wide energy efficiency or renewable energy re-
21 bate program; or

22 “(D) a consortium of entities described in
23 subparagraphs (A) through (C).

24 “(3) MERIT REVIEW.—

1 “(A) IN GENERAL.—The Secretary shall
2 establish a merit review process to review appli-
3 cations for grants under paragraph (1) that
4 uses the expertise of the Department of Agri-
5 culture, other Federal and State agencies, and
6 non-governmental organizations.

7 “(B) REQUIREMENTS.—In reviewing the
8 application of an eligible entity to receive a
9 grant under paragraph (1), the Secretary shall
10 consider—

11 “(i) the experience and expertise of
12 the entity in establishing and admin-
13 istering a State-wide clean energy rebate
14 program;

15 “(ii) the annual projected energy sav-
16 ings or production increases resulting from
17 the proposed program;

18 “(iii) the environmental benefits re-
19 sulting from the proposed program; and

20 “(iv) other appropriate factors, as de-
21 termined by the Secretary.

22 “(4) MAINTENANCE OF EFFORT.—An entity
23 that receives a grant under paragraph (1) shall pro-
24 vide assurances to the Secretary that funds provided
25 to the entity under this subsection will be used to

1 supplement, not to supplant, the amount of Federal,
2 State, and local funds otherwise expended for rebate
3 programs.

4 “(5) REBATE AMOUNT.—The amount of a re-
5 bate provided from a grant under this subsection
6 shall not exceed the lower of—

7 “(A) \$10,000; or

8 “(B) 50 percent of the cost incurred to
9 purchase a renewable energy system or an en-
10 ergy efficiency improvement, as determined by
11 the Secretary.”; and

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

13 “(i) FUNDING.—Of the funds of the Commodity
14 Credit Corporation, the Secretary shall make available to
15 carry out this section, to remain available until ex-
16 pended—

17 “(1) \$60,000,000 for fiscal year 2008, of which
18 not more than \$12,000,000 shall be used to carry
19 out subsection (g);

20 “(2) \$90,000,000 for fiscal year 2009, of which
21 not more than \$18,000,000 shall be used to carry
22 out subsection (g);

23 “(3) \$130,000,000 for fiscal year 2010, of
24 which not more than \$26,000,000 shall be used to
25 carry out subsection (g);

1 “(4) \$180,000,000 for fiscal year 2011, of
2 which not more than \$36,000,000 shall be used to
3 carry out subsection (g); and

4 “(5) \$200,000,000 for each of fiscal years 2012
5 through 2014, of which not more than \$50,000,000
6 shall be used to carry out subsection (g).”.

7 **SEC. 6005. BIOMASS RESEARCH AND DEVELOPMENT.**

8 (a) **DISTRIBUTION OF FUNDING BY AND WITHIN**
9 **EACH TECHNICAL AREA.**—Section 307(g) of the Biomass
10 Research and Development Act of 2000 (7 U.S.C.
11 8606(g)) is amended in paragraphs (2) and (3) by striking
12 “2010” each place it appears and inserting “2014”.

13 (b) **FUNDING.**—Section 310 of the Biomass Research
14 and Development Act of 2000 (7 U.S.C. 8609) is amended
15 to read as follows:

16 **“SEC. 310. FUNDING.**

17 “(a) **FUNDING.**—Of the funds of the Commodity
18 Credit Corporation, the Secretary shall use to carry out
19 this section, to remain available until expended—

20 “(1) \$100,000,000 for each of fiscal years 2008
21 through 2012; and

22 “(2) \$200,000,000 for each of fiscal years 2013
23 through 2014.

24 “(b) **AUTHORIZATION OF APPROPRIATIONS.**—In ad-
25 dition to amounts transferred under subsection (a), there

1 is authorized to be appropriated to carry out this title
2 \$200,000,000 for each of fiscal years 2006 through 2015,
3 to remain available until expended.”.

4 **TITLE VII—MISCELLANEOUS**

5 **Subtitle A—Crop Insurance**

6 **SEC. 7001. ADJUSTED GROSS REVENUE INSURANCE PILOT** 7 **PROGRAM.**

8 Section 523(e) of the Federal Crop Insurance Act (7
9 U.S.C. 1523(e)) is amended—

10 (1) in paragraph (1), by striking “2004 rein-
11 surance year” and inserting “2010 reinsurance
12 year”; and

13 (2) in paragraph (2), by striking subparagraph
14 (A) and inserting the following:

15 “(A) IN GENERAL.—In addition to coun-
16 ties otherwise included in the pilot program, the
17 Corporation shall include in the pilot program
18 for the 2008 reinsurance year all States and
19 counties that meet the criteria for selection
20 (pending required rating), as determined by the
21 Corporation.”.

22 **SEC. 7002. REPORT.**

23 Not later than 180 days after the date of enactment
24 of this Act, the Secretary shall submit to the Committee
25 on Agriculture of the House of Representatives and the

1 Committee on Agriculture, Nutrition, and Forestry of the
2 Senate a report that describes recommendations for legis-
3 lative or regulatory changes that would save at least
4 \$1,000,000,000 per fiscal year in Federal expenditures in
5 carrying out the Federal crop insurance program while—

6 (1) not reducing overall risk management op-
7 tions to agricultural producers;

8 (2) expanding whole farm revenue-based insur-
9 ance programs to all agricultural operations in all
10 States; and

11 (3) maintaining actuarial soundness.

12 **Subtitle B—Specialty Crops**

13 **SEC. 7101. FARMERS' MARKET PROMOTION PROGRAM.**

14 Section 6 of the Farmer-to-Consumer Direct Mar-
15 keting Act of 1976 (7 U.S.C. 3005) is amended by strik-
16 ing subsections (d) and (e) and inserting the following:

17 “(d) CRITERIA AND GUIDELINES.—

18 “(1) IN GENERAL.—The Secretary shall estab-
19 lish criteria and guidelines for the submission, eval-
20 uation, and funding of proposed projects under the
21 Program.

22 “(2) PRIORITY.—The Secretary shall prioritize
23 for funding projects that would support, encourage,
24 or promote the transition to organic and other envi-

1 ronmentally beneficial forms of agricultural produc-
2 tion.

3 “(e) FUNDING.—Of the funds of the Commodity
4 Credit Corporation, the Secretary shall use to carry out
5 this section \$25,000,000 for each of fiscal years 2008
6 through 2014, to remain available until expended.”.

7 **SEC. 7102. FRUIT AND VEGETABLE NUTRITION PROMOTION**
8 **PROGRAM.**

9 The Specialty Crops Competitiveness Act of 2004 (7
10 U.S.C. 1621 note; Public Law 108–465) is amended by
11 adding at the end of title II the following:

12 **“SEC. 204. FRUIT AND VEGETABLE NUTRITION PROMOTION**
13 **PROGRAM.**

14 “(a) IN GENERAL.—The Secretary of Agriculture
15 (acting through the Administrator of the Agricultural
16 Marketing Service) (referred to in this section as the ‘Sec-
17 retary’) shall establish and carry out a program to provide
18 assistance to eligible trade organizations described in sub-
19 section (c) to increase the consumption of fruits and vege-
20 tables in the United States to meet Federal health guide-
21 lines.

22 “(b) REQUIREMENTS FOR PARTICIPATION.—To be
23 eligible for assistance under this section, an organization
24 shall—

25 “(1) be an eligible trade organization;

1 “(2) prepare and submit a plan to increase the
2 consumption of fruits and vegetables in the United
3 States to the Secretary that meets any guidelines
4 governing such plans established by the Secretary;
5 and

6 “(3) meet any other requirements established
7 by the Secretary.

8 “(c) ELIGIBLE TRADE ORGANIZATIONS.—An eligible
9 trade organization under this section shall be—

10 “(1) a nonprofit fruit or vegetable trade organi-
11 zation in the United States;

12 “(2) a nonprofit State or regional fruit or vege-
13 table organization;

14 “(3) a fruit or vegetable agricultural coopera-
15 tive in the United States;

16 “(4) a commodity board or commission in the
17 United States; or

18 “(5) a small business engaged in the fruit or
19 vegetable industry in the United States.

20 “(d) MATCHING FUNDS.—Assistance provided under
21 this section shall not exceed—

22 “(1) in the case of an organization described in
23 paragraphs (1) through (4) of subsection (c), 90
24 percent of the cost of carrying out a plan to increase
25 the consumption of fruits and vegetables in the

1 United States submitted under subsection (b)(2);
2 and

3 “(2) in the case of an organization described in
4 subsection (c)(5), 50 percent of the cost of carrying
5 out a plan to increase the consumption of fruits and
6 vegetables in the United States submitted under
7 subsection (b)(2).

8 “(e) FUNDING.—Of the funds of the Commodity
9 Credit Corporation, the Secretary shall use to carry out
10 this section \$10,000,000 for each of fiscal years 2008
11 through 2014, to remain available until expended.”.

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