

areas. Section 490(c) of FRCSRA is modified to differentiate between sourcing areas for processing facilities located within Washington State and sourcing areas for processing facilities located outside of the State.

Section 490(c)(3)(d) provides holders of sourcing areas for facilities located outside of Washington State with the option of excluding any or all Washington lands from their sourcing areas. This provision makes Washington timberlands irrelevant to sourcing area determinations for processing facilities located outside of Washington. The language provides that the Secretary may not condition approval of a sourcing area for a processing facility located outside of Washington on the inclusion or exclusion of any Washington lands. The decision to include or exclude Washington lands in such a sourcing area is at the discretion of the sourcing area applicant or holder.

Except for Idaho, FRCSRA's sourcing area provisions in section 490(c)(3) are modified to make it clear that FRCSRA does not restrict the domestic transporting or domestic processing of timber harvested on private property. Sourcing area boundaries for processing facilities in States other than Idaho and Washington are to be determined on private timber export and Federal timber sourcing patterns. Sourcing area boundaries for processing facilities located in Idaho are to be determined by Federal and private timber sourcing patterns, which could lead to restrictions on the domestic processing of some private timber at processing facilities with sourcing areas in Idaho.

Section 490(c)(6) provides for the establishment of sourcing areas in the State of Washington. The boundaries of such a sourcing area will be a circle, the radius of which will be the furthest distance the sourcing area applicant or holder proposes to haul timber harvested from Federal land to its processing facility. Sourcing area boundaries for processing facilities located in Washington State are solely determined by the sourcing area applicant or holder.

Section 490(c)(7) provides that a sourcing area is relinquished when the sourcing area holder provides written notice to the appropriate regional forester of the U.S. Forest Service, and that timber harvested from private land in a sourcing area is exportable after that sourcing area is relinquished and timber from Federal land in that sourcing area is no longer in the sourcing area holder's possession. Whether a sourcing area holder's Federal timber contract is still open is irrelevant to whether private timber from a relinquished sourcing area is exportable. This provision also makes it clear that relinquishing a sourcing area does not affect the exportability to timber harvested from private land located outside of the sourcing area.

A new subsection is added to FRCSRA at 490(d) to make it clear that nothing in this section restricts or authorizes restrictions on the domestic transportation or processing of timber harvested from private lands, with one exception. Because sourcing areas for processing facilities located in Idaho will be determined by both Federal and private timber movements, the Secretary may develop rules that prohibit an Idaho sourcing area holder from processing private timber that originates outside of its sourcing area. There are no restrictions on the domestic movement or processing of private timber for processing facilities located in States other than Idaho.

#### *Section 2(b). Restriction on exports of unprocessed timber from State and public land*

Section 491(b)(2) is amended by striking the requirement that the Secretary reduce the Washington State log export ban to 400

million board feet. That requirement is replaced with a permanent ban on the export of all logs harvested from lands owned by the State of Washington.

#### *Section 3. Monitoring and enforcement*

Section 492(c)(2)(C) has been added to clarify that the Secretary concerned must consider the seriousness of the offense in determining whether to impose a penalty for a particular violation of FRCSRA or its regulations. Where the Secretary determines there has been a minor infraction of FRCSRA or its regulations, the Secretary should delegate the matter to the contracting officer who need not impose a penalty.

Section 492(d)(1) has been modified to ensure that a person receives due process prior to the imposition of debarment for a violation of FRCSRA or its regulations.

#### *Section 4. Definitions*

Section 493(3) defines "minor infraction" to provide flexibility for inadvertent and minor non-compliance of the provisions in FRCSRA and its regulations.

Section 493(4) defines "northwestern private timber open market area" as the State of Washington. That phrase is used throughout this title where new provisions are added to protect investments in processing facilities and private timberlands located in Washington State.

Section 493(9)(B)(ix) defines "unprocessed timber" to allow exporters of private logs to acquire and domestically process incidental volumes of grade 3 and grade 4 saw logs from Federal lands into chips. This provision also allows exporters of private logs to domestically process small volumes of such logs into other products.

Section 493(11) defines "violation" to make it clearer that a person should not be penalized \$50,000 or more per log handled in violation of FRCSRA or its regulations, but rather that "violation" refers to transgressions under a contract or purchase order.

#### *Section 5. Regulations and review*

Section 495 has been expanded to specify that reasonable painting and branding and reporting requirements should be imposed only where the benefits outweigh the burdens of complying with such requirements. Because of the minimal risk of small logs being exported and the substantial burdens of complying with painting and branding requirements, this provision prevents requiring painting or branding on the face of any log that is less than seven inches in diameter. Likewise, this provision restricts the imposition of painting and branding requirements on timber harvested from private land where the transfer of such timber is to a person who is eligible to purchase timber from Federal land or if both parties certify that the logs will be processed at the delivery site.

The Secretary is also authorized to waive painting and branding requirements if it is determined that the risk of export or substitution is low in the region. The Secretary may also waive painting and branding requirements for unprocessed timber originating from private lands within an approved sourcing areas.

The Secretary may also waive painting and branding requirements for timber harvested from Federal land if there has been no exporting in the area for an extended period, and a person certifies that any unprocessed timber to which the waiver applies that goes outside of that area will be branded.

Title VI provides for the issuance of new FRCSRA regulations no later than June 1, 1998, and provides further that the regulations under this title that are currently in effect (the regulations that were in effect prior to September 8, 1995) shall remain in effect until new regulations are issued.

#### TITLE VII—MICCOSUKEE SETTLEMENT

Amendment No. 165: Makes technical corrections to language proposed by the Senate dealing with the transfer of lands for the Miccosukee Tribe of Florida. The House had no similar provision.

#### CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1998 recommended by the Committee of Conference, with comparisons to the fiscal year 1997 amount, the 1998 budget estimates, and the House and Senate bills for 1998 follow:

New budget (obligational) authority, fiscal year 1997 .....	\$13,514,435,000
Budget estimates of new (obligational) authority, fiscal year 1998 .....	13,799,946,000
House bill, fiscal year 1998 .....	12,952,829,000
Senate bill, fiscal year 1998 .....	13,756,350,000
Conference agreement, fiscal year 1998 .....	13,789,438,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1997 .....	+275,003,000
Budget estimates of new (obligational) authority, fiscal year 1998 .....	- 10,508,000
House bill, fiscal year 1998 .....	+836,609,000
Senate bill, fiscal year 1998 .....	+33,088,000

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DALE BUMPERS,  
ERNEST HOLLINGS,  
HARRY REID,  
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BARBARA BOXER,

*Managers on the Part of the Senate.*

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. STRICKLAND (at the request of Mr. GEPHARDT), for today, on account of a death in the family.

Mr. CHAMBLISS (at the request of Mr. ARMEY), for today, on account of medical reasons.

