

outlays under this subchapter as a result of the reconstitution of a farm that occurs as a result of the combination of another farm that does not contain eligible cropland covered by a production flexibility contract.

(Pub. L. 104-127, title I, §131, Apr. 4, 1996, 110 Stat. 905.)

Editorial Notes

REFERENCES IN TEXT

The Food Security Act of 1985, referred to in subsec. (c), is Pub. L. 99-198, Dec. 23, 1985, 99 Stat. 1354. Subtitles B and C of title XII of the Act are classified generally to subchapters II (§3811 et seq.) and III (§3821 et seq.), respectively, of chapter 58 of Title 16, Conservation. For complete classification of this Act to the Code, see Short Title of 1985 Amendment note set out under section 1281 of this title and Tables.

§ 7232. Loan rates for marketing assistance loans

(a) Wheat

(1) Loan rate

Subject to paragraph (2), the loan rate for a marketing assistance loan under section 7231 of this title for wheat shall be—

(A) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than \$2.58 per bushel.

(2) Stocks to use ratio adjustment

If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(A) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(b) Feed grains

(1) Loan rate for corn

Subject to paragraph (2), the loan rate for a marketing assistance loan under section 7231 of this title for corn shall be—

(A) not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than \$1.89 per bushel.

(2) Stocks to use ratio adjustment

If the Secretary estimates for any marketing year that the ratio of ending stocks of

corn to total use for the marketing year will be—

(A) equal to or greater than 25 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 10 percent in any year;

(B) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 5 percent in any year; or

(C) less than 12.5 percent, the Secretary may not reduce the loan rate for corn for the corresponding crop.

(3) Other feed grains

The loan rate for a marketing assistance loan under section 7231 of this title for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

(c) Upland cotton

(1) Loan rate

Subject to paragraph (2), the loan rate for a marketing assistance loan under section 7231 of this title for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(A) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(B) 90 percent of the average, for the 15-week period beginning July 1 of the year preceding the year in which the crop is planted, of the 5 lowest-priced growths of the growths quoted for Middling 1³/₃₂-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year preceding the year in which the crop is planted between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(2) Limitations

The loan rate for a marketing assistance loan for upland cotton shall not be less than \$0.50 per pound or more than \$0.5192 per pound.

(d) Extra long staple cotton

The loan rate for a marketing assistance loan under section 7231 of this title for extra long staple cotton shall be—

(1) not less than 85 percent of the simple average price received by producers of extra long

staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 of the year preceding the year in which the crop is planted, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(2) not more than \$0.7965 per pound.

(e) Rice

The loan rate for a marketing assistance loan under section 7231 of this title for rice shall be \$6.50 per hundredweight.

(f) Oilseeds

(1) Soybeans

The loan rate for a marketing assistance loan under section 7231 of this title for soybeans shall be—

(A) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not less than \$4.92 or more than \$5.26 per bushel.

(2) Sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed

The loan rate for a marketing assistance loan under section 7231 of this title for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(A) not less than 85 percent of the simple average price received by producers of sunflower seed, individually, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of sunflower seed, individually, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not less than \$0.087 or more than \$0.093 per pound.

(3) Other oilseeds

The loan rates for a marketing assistance loan under section 7231 of this title for other oilseeds shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan rate available for soybeans, except in no event shall the rate for the oilseeds (other than cottonseed) be less than the rate established for soybeans on a per-pound basis for the same crop.

(Pub. L. 104-127, title I, §132, Apr. 4, 1996, 110 Stat. 905.)

§ 7233. Term of loans

(a) Term of loan

In the case of each loan commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under section 7231 of this title shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(b) Special rule for cotton

A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of

10 months beginning on the first day of the month in which the loan is made.

(c) Extensions prohibited

The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

(Pub. L. 104-127, title I, §133, Apr. 4, 1996, 110 Stat. 907.)

§ 7234. Repayment of loans

(a) Repayment rates for wheat, feed grains, and oilseeds

The Secretary shall permit a producer to repay a marketing assistance loan under section 7231 of this title for wheat, corn, grain sorghum, barley, oats, and oilseeds at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 7232 of this title, plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodity by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodity; and

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(b) Repayment rates for upland cotton and rice

The Secretary shall permit producers to repay a marketing assistance loan under section 7231 of this title for upland cotton and rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 7232 of this title, plus interest (as determined by the Secretary); or

(2) the prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.

(c) Repayment rates for extra long staple cotton

Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under section 7232 of this title, plus interest (as determined by the Secretary).

(d) Prevailing world market price

For purposes of this section and section 7236 of this title, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for each loan commodity, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each loan commodity.

(e) Adjustment of prevailing world market price for upland cotton

(1) In general

During the period ending July 31, 2003, the prevailing world market price for upland cot-