107TH CONGRESS
1ST SESSION

S. _____

IN THE SENATE OF THE UNITED STATES

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

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Agriculture, Conservation, and Rural Enhancement Act of 2001''.

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

Sec. 1. Short title; table of contents.

TITLE I—COMMODITY PROGRAMS

Sec. 101. Definitions.

Subtitle A—Direct and Counter-Cyclical Payments

Sec. 111. Authorization for use of contracts.
Sec. 112. Elements of contracts.
Sec. 113. Payment yields.
Sec. 114. Base acres.
Sec. 115. Direct payments.
Sec. 116. Counter-cyclical payments.
Sec. 117. Producer agreements.
Sec. 118. Planting flexibility.
Sec. 119. Payment limitations.

Subtitle B—Loans and Loan Deficiency Payments

Sec. 131. Availability of marketing loans.
Sec. 132. Loan rates for marketing loans.
Sec. 133. Term of loans.
Sec. 134. Repayment of loans.
Sec. 135. Loan deficiency payments.
Sec. 136. Special marketing loan provisions for upland cotton.
Sec. 137. Special competitive provisions for extra long staple cotton.
Sec. 138. High moisture feed grains.
Sec. 139. Seed cotton.
Sec. 140. Producer election for 2002 crop.

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Sec. 152. Dairy export incentive and dairy indemnity programs.
Sec. 153. Fluid milk promotion.
Sec. 154. Dairy product mandatory reporting.
Sec. 155. Funding of dairy promotion and research program.

Chapter 2—Sugar

Sec. 161. Sugar program.
Sec. 162. Storage facility loans.
Sec. 163. Flexible marketing allotments for sugar.

Chapter 3—Peanuts

Sec. 171. Peanut program.

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Sec. 181. Administration.
Sec. 182. Commodity Credit Corporation sales price restrictions.
Sec. 183. Commodity certificates.
Sec. 184. Assignment of payments.
Sec. 185. Suspension of price support authority.
Sec. 186. Conforming amendments.

Sec. 187. Effect of amendments.

Subtitle E—Miscellaneous Commodity Provisions

Sec. 191. Risk management education.
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Subtitle B—Program Extensions

Sec. 211. Comprehensive conservation enhancement program.
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Sec. 213. Wetlands reserve program.
Sec. 214. Environmental quality incentives program.
Sec. 215. Resource conservation and development program.
Sec. 216. Wildlife habitat incentive program.
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Sec. 302. Provision of agricultural commodities.
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Sec. 308. Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable prepackaged foods.
Sec. 309. Sale procedure.
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Sec. 311. Expiration date.
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Sec. 1021. Country of origin labeling.

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TITLE I—COMMODITY PROGRAMS

SEC. 101. DEFINITIONS.

In this title (other than chapter 3 of subtitle C):

(1) BASE ACRES.—The term ''base acres'' means the base acres established under section 114 for a covered commodity for a farm.

(2) CONSIDERED PLANTED.—The term ''considered planted'' means any acreage on the farm that—

(A) producers on a farm were prevented from planting to a crop because of drought, flood, or other natural disaster, or other condition beyond the control of the producers on the farm, as determined by the Secretary; and

(B) was not planted to another covered commodity.

(3) CONTRACT.—The term ''contract'' means a contract entered into under section 111.

(4) CONTRACT PAYMENT.—The term ''contract payment'' means a direct payment and a counter-cyclical payment.

(5) COUNTER-CYCLICAL PAYMENT.—The term ''counter-cyclical payment'' means a payment made to producers on a farm under section 116.

(6) COVERED COMMODITY.—The term ''covered commodity'' means wheat, corn, grain sorghum, barley, oats, upland cotton, rice, and oilseeds.

(7) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(8) DIRECT PAYMENT.—The term ''direct payment'' means a payment made to producers on a farm under section 115.

(9) EXTRA LONG STAPLE COTTON.—The term 'extra long staple cotton' means cotton that—

(A) is produced from pure strain varieties of the Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

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

(10) LOAN COMMODITY.—The term ''loan commodity'' means each contract commodity, extra long staple cotton, wool, mohair, honey, dry peas, lentils, and chickpeas.

(11) OILSEED.—The term ''oilseed'' means soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, another oilseed.

(12) PAYMENT YIELD.—The term ''payment yield'' means the yield established under section 113 for a farm for a covered commodity.

(13) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means an owner, operator, landlord, tenant, or sharecropper that—

(i) shares in the risk of producing a crop;

(ii) is entitled to share in the crop available for marketing from a farm or would have shared had the crop been produced; and

(iii) makes contributions of land, labor, management, equipment, and capital to the operation of the farm that are at least commensurate with the producer's share of the proceeds of the operation.

(B) HYBRID SEED.—In determining whether a grower of hybrid seed is a producer, the Secretary—

(i) shall not take into consideration the existence of a hybrid seed contract; and

(ii) shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

Subtitle A—Direct and Counter-Cyclical Payments

SEC. 111. AUTHORIZATION FOR USE OF CONTRACTS.

(a) IN GENERAL.—The Secretary shall offer to enter into a contract with eligible producers on a farm containing eligible cropland to receive contract payments.

(b) ELIGIBLE PRODUCERS.—

(1) IN GENERAL.—Subject to paragraph (2), a producer (as defined in section 101) shall be eligible to enter into a contract.

(2) TENANTS.—

(A) SHARE-RENT TENANTS.—A producer on eligible cropland that is a tenant with a share-rent lease of the eligible cropland, regardless of the length of the lease shall be eligible to enter into a contract, if the owner of the eligible cropland enters into the same contract.

(B) CASH-RENT TENANTS.—

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

(ii) CONTRACTS WITH SHORT-TERM LEASES.—

(I) IN GENERAL.—A producer that cash rents the eligible cropland under a lease expiring before the termination of the contract shall be eligible to enter into a contract.

(II) OWNER'S CONTRACT INTEREST.—The owner of the eligible cropland may also enter into the same contract.

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

(iii) CONTRACTS WITH OWNERS.—An owner of eligible cropland that cash rents the eligible cropland under a lease with a term that expires before the end of the 2006 crop year shall be eligible to enter into a contract after the lease expires.

(c) ELIGIBLE CROPLAND.—

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

(A) has with respect to a covered commodity—

(i) base acres attributable to the land under section 114; and

(ii) a payment yield under section 113; or

(B) was subject to a conservation reserve contract under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) whose term expired, or was voluntarily terminated, on or after the date of enactment of this Act.

(2) QUANTITY OF ELIGIBLE CROPLAND COVERED BY CONTRACT.—An eligible producer may enroll as contract acreage all or a portion of the eligible cropland on the farm.

(3) VOLUNTARY REDUCTION IN CONTRACT ACREAGE.—An eligible producer that enters into a contract may subsequently reduce the quantity of contract acreage covered by the contract.

(d) PROTECTION OF INTERESTS OF CERTAIN PRODUCERS.—

(1) TENANTS AND SHARECROPPERS.—In carrying out this subtitle, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

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

SEC. 112. ELEMENTS OF CONTRACTS.

(a) TIME FOR CONTRACTING.—

(1) COMMENCEMENT.—To the extent practicable, the Secretary shall commence entering into contracts not later than 45 days after the date of enactment of this Act.

(2) DEADLINE.—Except as provided in paragraph (3), the Secretary may not enter into a contract after the date that is 180 days after the date of enactment of this Act.

(3) CONSERVATION RESERVE LAND.—

(A) IN GENERAL.—At the beginning of each fiscal year, the Secretary shall allow an eligible producer on a farm covered by a conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) that terminates after the date

specified in paragraph (2) to enter into or expand a contract to cover the eligible cropland of the farm that was subject to the former conservation reserve contract.

(B) AMOUNT.—Contract payments made for eligible cropland under this paragraph shall be made at the rate and amount determined by the Secretary consistent with this subtitle.

(b) DURATION OF CONTRACT.—

(1) BEGINNING DATE.—The term of a contract shall begin with—

(A) the 2002 crop of a contract commodity; or

(B) in the case of acreage that was subject to a conservation reserve contract described in subsection (a)(3), the date the contract was entered into or expanded to cover the acreage.

(2) ENDING DATE.—The term of a contract shall extend through the 2006 crop, unless earlier terminated by the producer.

SEC. 113. PAYMENT YIELDS.

(a) IN GENERAL.—Subject to subsection (b), the payment yield for each of the 2002 through 2006 crops of a covered commodity for a farm shall be the greater of—

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

(A) any crop year for which the producers on the farm did not plant the covered commodity; and

(B) at the option of the producers on the farm, 1 additional crop year; or

(2) the farm program payment yield that would have been established for the producers on the farm for the 2002 crop of the covered commodity under title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7201 et seq.).

(b) ASSIGNED YIELDS.—In the case of a farm for which a payment yield is unavailable for a covered commodity, the Secretary shall establish an appropriate payment yield for the covered commodity on the farm taking in consideration the payment yields applicable to the covered commodity under subsection (a) for similar farms in the area.

SEC. 114. BASE ACRES.

(a) IN GENERAL.—Subject to subsection (b), the base acres on a farm shall be equal to the average of the acreage planted and considered planted to the crop of each

covered commodity for harvest on the farm during each of the 1998 through 2001 crop years.

(b) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—

(1) IN GENERAL.—The Secretary shall provide for an adjustment in the base acres for a farm whenever either of the following circumstances occur:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(2) ELECTION.—For the fiscal year and crop year in which a base acre adjustment under paragraph (1) is first made, the producers on the farm shall elect to receive—

(A) contract payments with respect to the acreage added to the farm under this subsection; or

(B) a prorated payment under the conservation reserve contract.

(c) PREVENTION OF EXCESS BASE ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the base acres for a farm, together with the acreage described in paragraph (2), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of base acres for 1 or more covered commodities for the farm as necessary so that the sum of the base acres and acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm.

(2) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include—

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

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

(3) DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary.

SEC. 115. DIRECT PAYMENTS.

(a) IN GENERAL.—For each of the 2003 through 2006 fiscal years, the Secretary shall make direct payments available to producers on a farm that have entered into a contract under section 111.

(b) PAYMENT AMOUNT.—The amount of a direct payment to be paid to the producers on a farm for a covered commodity for a fiscal year shall be obtained by multiplying—

(1) the payment rate specified in subsection (c);

(2) the base acres for the covered commodity on the farm; and

(3) the payment yield for the covered commodity for the farm.

(c) PAYMENT RATE.—The payment rates used to make direct payments with respect to covered commodities for a fiscal year are as follows:

(1) Wheat, $0.247 per bushel.

(2) Corn, $0.150 per bushel.

(3) Grain sorghum, $0.170 per bushel.

(4) Barley, $0.177 per bushel.

(5) Oats, $0.127 per bushel.

(6) Upland cotton, $0.046 per pound.

(7) Rice, $0.590 per hundredweight.

(8) Soybeans, $0.250 per bushel.

(9) Oilseeds (other than soybeans), $0.0057 per pound.

(d) TIME FOR PAYMENT.—The Secretary shall make direct payments for each of the 2003 through 2006 fiscal years not later than September 30 of the fiscal year.

SEC. 116. COUNTER-CYCLICAL PAYMENTS.

(a) TARGET AND TOTAL REVENUES.—

(1) IN GENERAL.—For each of the 2002 through 2006 crop years, the Secretary shall make counter-cyclical payments to producers on farms of a covered commodity if—

(A) the total revenue per planted acre of a covered commodity for the crop year determined under paragraph (3); is less than

(B) the target revenue per planted acre of the covered commodity determined under paragraph (2).

(2) TARGET REVENUE.—

(A) IN GENERAL.—Subject to subparagraph (B), the target revenue per planted acre of the covered commodity shall be as follows:

(i) Wheat, $120.00 per planted acre.

(ii) Corn, $272.00 per planted acre.

(iii) Grain sorghum, $130.00 per planted acre.

(iv) Barley, $122.00 per planted acre.

(v) Oats, $46.00 per planted acre.

(vi) Upland cotton, $360.00 per planted acre.

(vii) Rice, $475.00 per planted acre.

(viii) Soybeans, $215.00 per planted acre.

(ix) Oilseeds (other than soybeans), $133.00 per planted acre.

(B) ADJUSTMENT.—For each of the 2003 through 2006 crop years, not later than December 31 of the applicable year, the Secretary shall adjust the target revenue per planted acre of a covered commodity to reflect changes in the Prices Paid by Farmers Index, as determined by the Secretary, since the 2002 calendar year.

(3) TOTAL REVENUE.—

(A) IN GENERAL.—For each of the 2002 through 2006 crop years, the Secretary shall determine the total revenue per planted acre of a covered commodity for the crop year.

(B) AMOUNT.—The amount of total revenue per planted acre from each covered commodity for a crop year shall equal—

(i) the amount obtained by multiplying—

(I) the average price received by all farms for the crop of the covered commodity produced, as determined under subparagraph (C); by

(II) the quantity of the crop of the covered commodity produced by all farms; divided by

(ii) the number of acres planted or considered to the covered commodity.

(C) AVERAGE PRICE.—The average price of each covered commodity produced under subparagraph (B)(i) for a crop year shall equal the greater of—

(i) the loan rate for the crop of the covered commodity established under section 132; or

(ii) the simple average price received for the crop of the covered commodity for the marketing year for the crop.

(b) COUNTER-CYCLICAL PAYMENTS TO PRODUCERS.—

(1) IN GENERAL.—If the total revenue per planted acre of a covered commodity for a crop year

is less than the target revenue per planted acre of the covered commodity, the Secretary shall make payments to eligible producers on a farm of the covered commodity.

(2) AMOUNT.—The amount of the payments made to eligible producers on a farm for a crop year under this subsection shall equal the amount obtained by multiplying—

(A) the payment rate for the covered commodity for the crop year determined under subsection (c); by

(B) the payment quantity for the covered commodity for the farm for the crop year determined under subsection (d).

(c) PAYMENT RATE.—

(1) IN GENERAL.—The payment rate for a covered commodity for a crop year under subsection (b)(2)(A) shall equal—

(A) the revenue deficiency of the covered commodity for the crop year determined under paragraph (2); divided by

(B) the total contract production of the covered commodity for the crop year determined under paragraph (3).

(2) REVENUE DEFICIENCY.—

(A) IN GENERAL.—The amount of the revenue deficiency for a covered commodity for a crop year under paragraph (1)(A) shall equal the difference between—

(i) the target revenue from the covered commodity for all farms determined under subparagraph (B); and

(ii) the total revenue from the covered commodity derived for all farms for a crop year determined under subparagraph (C).

(B) TARGET REVENUE FOR ALL FARMS.—The target revenue for a covered commodity for all farms for a crop year shall equal the amount obtained by multiplying—

(i) the target revenue per acre for the covered commodity determined under subsection (a)(2); by

(ii) the base acres attributable to the covered commodity.

(C) TOTAL REVENUE FOR ALL FARMS.—The total revenue for a covered commodity for all farms for a crop year shall equal the amount obtained by multiplying—

(i) the total revenue per acre for the covered commodity determined under subsection (a)(3); by

(ii) the base acres attributable to the covered commodity.

(3) TOTAL CONTRACT PRODUCTION.—The contract production of a covered commodity for all farms for a crop year under paragraph (1)(B) shall equal the amount obtained by multiplying—

(A) the base acres attributable to the covered commodity for all farms that are covered by a contract; by

(B) the average payment yield for all farms for the covered commodity determined under section 113.

(d) PAYMENT QUANTITY.—The payment quantity for the covered commodity for the farm for the crop year under subsection (b)(2)(B) shall equal the amount obtained by multiplying—

(1) the base acres attributable to the covered commodity for the farm; by

(2) the payment yield established under section 113 for the farm for a covered commodity.

(e) TIME FOR PAYMENTS.—

(1) INITIAL PAYMENT.—

(A) IN GENERAL.—At the option of the producers on a farm, the Secretary shall pay 50 percent of the estimated counter-cyclical payment for a crop of a covered commodity for the producers on the farm on a date determined by the Secretary that is not later than 180 days after the beginning of the marketing year for the covered commodity.

(B) OVERESTIMATED PAYMENTS.—If the amount of the estimated counter-cyclical payment paid to producers on a farm for a crop of a covered commodity under subparagraph (A) exceeds the total amount of the counter-cyclical payment that is payable to the producers on the farm for the crop of the covered commodity under subsection (b)(2), the producers on the farm shall not be required to repay to the Secretary the amount of any overpayment.

(2) FINAL PAYMENT.—The Secretary shall pay the final amount of the counter-cyclical payment that is payable to the producers on a farm for the crop of a covered commodity under subsection (b)(2) (less the amount of any initial payment made to the producers on the farm for the crop of the covered commodity under paragraph (1)) during the period

beginning 31 days, and ending 60 days, after the end of the marketing year for the covered commodity.

SEC. 117. PRODUCER AGREEMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—Before the producers on a farm may receive contract payments with respect to the farm, the producers on the farm shall agree during the fiscal year or crop year, as applicable, for which the payments are received, in exchange for the payments—

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

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

(3) to comply with the planting flexibility requirements of section 118; and

(4) to use a quantity of land on the farm equal to the base acres, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary.

(b) FORECLOSURES.—

(1) IN GENERAL.—The Secretary shall not require the producers on a farm to repay a contract payment if the farm has been foreclosed on and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

(2) COMPLIANCE WITH REQUIREMENTS.—

(A) IN GENERAL.—This subsection shall not void the responsibilities of the producers on a farm under subsection (a) if the producers on the farm continue or resume operation, or control, of the farm.

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

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

(1) TERMINATION.—Except as provided in paragraph (5), a transfer of (or change in) the interest of the producers on a farm in base acres for which contract payments are made shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

(3) TRANSFER OF PAYMENT BASE AND YIELD.—There is no restriction on the transfer of the base acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

(4) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of subsection (a), as determined by the Secretary.

(5) EXCEPTION.—If a producer entitled to a contract payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

(d) REVIEW.—A determination of the Secretary under this section shall be considered to be an adverse decision for purposes of the availability of administrative review of the determination.

SEC. 118. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on base acres on a farm.

(b) LIMITATIONS AND EXCEPTIONS REGARDING CERTAIN COMMODITIES.—

(1) LIMITATIONS.—The planting of the following agricultural commodities shall be prohibited on base acres:

(A) Fruits.

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

(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of an agricultural commodity specified in paragraph (1)—

(A) in any region in which there is a history of double-cropping of covered commodities with 1 or more agricultural commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting 1 or more agricultural commodities specified in paragraph (1) on base acres, except that contract payments shall be reduced by an acre for each acre planted to the agricultural commodity; or

(C) by the producers on a farm that the Secretary determines has an established plant-

ing history of a specific agricultural commodity specified in paragraph (1), except that—

(i) the quantity planted may not exceed the average annual planting history of the agricultural commodity by the producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) contract payments shall be reduced by an acre for each acre planted to the agricultural commodity.

SEC. 119. PAYMENT LIMITATIONS.

(a) IN GENERAL.—The total amount of contract payments made directly or indirectly to an individual or entity during any applicable year may not exceed $100,000.

(b) ADMINISTRATION.—Notwithstanding section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), sections 1001A(b), 1001B, and 1001C of that Act (7 U.S.C. 1308–1(b), 1308–2, 1308–3) shall apply to an individual or entity that receives a contract payment.

Subtitle B—Loans and Loan Deficiency Payments

SEC. 131. AVAILABILITY OF MARKETING LOANS.

(a) LOANS AVAILABLE.—

(1) IN GENERAL.—Subject to section 140, for each of the 2002 through 2006 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing loans for loan commodities produced on the farm.

(2) TERMS AND CONDITIONS.—The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 132 for the loan commodity.

(b) ELIGIBLE PRODUCTION.—

(1) IN GENERAL.—Subject to section 140, the producers on a farm shall be eligible for a marketing loan under subsection (a) for any quantity of loan commodities produced on the farm that does not exceed 175,000 loan units determined under paragraph (2).

(2) LOAN UNITS.—For purposes of paragraph (1)—

(A) each bushel of wheat placed under loan by a producer shall be considered 0.875 loan units;

(B) each bushel of corn placed under loan by a producer shall be considered 0.5 loan units;

(C) each bushel of grain sorghum placed under loan by a producer shall be considered 0.875 loan units;

(D) each bushel of barley placed under loan by a producer shall be considered 0.73 loan units;

(E) each bushel of oats placed under loan by a producer shall be considered 1.75 loan units;

(F) each pound of upland cotton placed under loan by a producer shall be considered 0.07609 loan units;

(G) each hundredweight of rice placed under loan by a producer shall be considered 2.33333 loan units;

(H) each bushel of soybeans placed under loan by a producer shall be considered 1 loan unit;

(I) each pound of oilseeds (other than soybeans) placed under loan by a producer shall be considered 0.0875 loan units;

(J) each bushel of extra long staple cotton placed under loan by a producer shall be considered 0.07609 loan units;

(K) each pound of wool placed under loan by a producer shall be considered 4.375 loan units;

(L) each pound of mohair placed under loan by a producer shall be considered 4.375 loan units;

(M) each pound of honey placed under loan by a producer shall be considered 1.75 loan units;

(N) each pound of dry peas placed under loan by a producer shall be considered 12.5 loan units;

(O) each pound of lentils placed under loan by a producer shall be considered 12.5 loan units; and

(P) each pound of chickpeas placed under loan by a producer shall be considered 12.5 loan units.

(c) COMPLIANCE WITH CONSERVATION REQUIREMENTS.—As a condition of the receipt of a marketing loan under subsection (a), the producers on a farm shall comply with—

(1) applicable highly erodible land conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

(2) applicable wetland conservation requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

SEC. 132. LOAN RATES FOR MARKETING LOANS.

(a) IN GENERAL.—Subject to subsection (b) and section 137, the loan rate for a loan commodity under section 131 shall be—

(1) in the case of wheat, $2.94 per bushel;

(2) in the case of corn, $2.05 per bushel;

(3) in the case of grain sorghum, $1.98 per bushel;

(4) in the case of barley, $1.98 per bushel;

(5) in the case of oats, $1.30 per bushel;

(6) in the case of upland cotton, $0.545 per pound;

(7) in the case of rice, $6.90 per hundredweight;

(8) in the case of soybeans, $5.20 per bushel;

(9) in the case of oilseeds (other than soybeans), $0.093 per pound;

(10) in the case of extra long staple cotton, $0.7965 per pound;

(11) in the case of graded wool, $1.00 per pound;

(12) in the case of nongraded wool, $0.40 per pound;

(13) in the case of mohair, $4.20 per pound;

(14) in the case of honey, $0.60 per pound;

(15) in the case of dry peas, $6.64 per hundredweight;

(16) in the case of lentils, $12.53 per hundredweight;

(17) in the case of large chickpeas, $17.09 per hundredweight; and

(18) in the case of small chickpeas, $7.94 per hundredweight.

(b) ADJUSTMENTS.—

(1) IN GENERAL.—The Secretary may make appropriate adjustments in the loan rates for any loan commodity for differences in grade, type, quality, location, and other factors.

(2) MANNER.—The adjustments under this subsection shall, to the maximum extent practicable, be made in such manner that the average loan rate for the loan commodity will, on the basis of the an-

ticipated incidence of the factors described in paragraph (1), be equal to the loan rate provided under this section.

SEC. 133. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each loan commodity, a marketing loan under section 131 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) EXTENSIONS.—The Secretary may allow the producers on a farm to extend the term of a marketing loan for any loan commodity for 1 additional 9-month term.

SEC. 134. REPAYMENT OF LOANS.

(a) REPAYMENT RATES FOR LOAN COMMODITIES (OTHER THAN COTTON AND RICE).—The Secretary shall permit the producers on a farm to repay a marketing loan under section 131 for a loan commodity (other than upland cotton, rice, and extra long staple cotton) at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 132, 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;

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

(E) minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries.

(b) REPAYMENT RATES FOR UPLAND COTTON AND RICE.—The Secretary shall permit producers on a farm to repay a marketing loan under section 131 for upland cotton and rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 132, 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 RATE FOR EXTRA LONG STAPLE COTTON.—Repayment of a loan for extra long staple cotton shall be at the loan rate established for the commodity under section 131, plus interest (as determined by the Secretary).

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 136, 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, 2007, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subsection (c) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 132, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 3/32-inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday av-

erage price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe (referred to in this subsection as the "Northern Europe price").

(2) FURTHER ADJUSTMENT.—Except as provided in paragraph (3), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(A) The United States share of world exports.

(B) The current level of cotton export sales and cotton export shipments.

(C) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

(3) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under paragraph (2) may not exceed the difference between—

(A) the Friday through Thursday average price for the lowest-priced United States growth

as quoted for Middling 1 3/32-inch cotton delivered C.I.F. Northern Europe; and

(B) the Northern Europe price.

SEC. 135. LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—The Secretary may make loan deficiency payments available to producers on a farm that produce a loan commodity.

(b) COMPUTATION.—A loan deficiency payment under this section shall be obtained by multiplying—

(1) the loan payment rate determined under subsection (c) for the loan commodity; by

(2) the quantity of the loan commodity produced by the producers on the farm that could be placed under loan under section 131, excluding any quantity for which the producers on the farm obtain a loan under section 131.

(c) LOAN PAYMENT RATE.—For purposes of this section, the loan payment rate shall be the amount by which—

(1) the loan rate established under section 132 for the loan commodity; exceeds

(2) the rate at which a loan for the commodity may be repaid under section 134.

(d) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This section shall not apply with respect to extra long staple cotton.

(e) BENEFICIAL INTEREST.—A producer shall be eligible for a payment under this section only if the producers on the farm have a beneficial interest in the loan commodity, as determined by the Secretary.

SEC. 136. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

(a) COTTON USER MARKETING CERTIFICATES.—

(1) ISSUANCE.—During the period beginning on the date of enactment of this Act and ending July 31, 2007, the Secretary shall issue marketing certificates or cash payments, at the option of the recipient, to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

(A) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(B) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 134 percent of the loan rate for upland cotton established under section 132.

(2) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(3) ADMINISTRATION OF MARKETING CERTIFICATES.—

(A) REDEMPTION, MARKETING, OR EXCHANGE.—

(i) IN GENERAL.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best

effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton.

(ii) PRICE RESTRICTIONS.—Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subsection.

(B) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates.

(C) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations promulgated by the Secretary.

(b) SPECIAL IMPORT QUOTA.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the

period beginning on the date of enactment of this Act and ending July 31, 2007, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, deliv-

ered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

(2) QUANTITY.—The quota shall be equal to 1 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(3) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (1) and entered into the United States not later than 180 days after that date.

(4) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by paragraph (1), except that a special quota period may not be established under this sub-

section if a quota period has been established under subsection (c).

(5) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(A) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(B) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(C) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(6) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.

(7) DEFINITION OF SPECIAL IMPORT QUOTA.—In this subsection, the term ''special import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(c) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND COTTON.—

(1) IN GENERAL.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

(A) QUANTITY.—The quantity of the quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to

increase the supply to 130 percent of the demand.

(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

(i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(ii) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

(iii) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) DEFINITIONS.—In this subsection:

(i) SUPPLY.—The term ''supply'' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

(III) imports to the latest date available during the marketing year.

(ii) DEMAND.—The term ''demand'' means—

(I) the average seasonally adjusted annual rate of domestic mill consumption during the most recent 3 months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding 6 marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) LIMITED GLOBAL IMPORT QUOTA.—The term ''limited global import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (b).

SEC. 137. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on October 1, 2002, and ending on July 31, 2007, the Secretary shall carry out a program—

(1) to maintain and expand the domestic use of extra long staple cotton produced in the United States;

(2) to increase exports of extra long staple cotton produced in the United States; and

(3) to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

(b) PAYMENTS UNDER PROGRAM; TRIGGER.—Under the program, the Secretary shall make payments available under this section whenever—

(1) for a consecutive 4-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

(2) the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra long staple cotton.

(c) ELIGIBLE RECIPIENTS.—The Secretary shall make payments available under this section to domestic users of extra long staple cotton produced in the United States and exporters of extra long staple cotton produced in the United States that enter into an agreement with the Commodity Credit Corporation to participate in the program under this section.

(d) PAYMENT AMOUNT.—Payments under this section shall be based on the amount of the difference in the prices referred to in subsection (b)(1) during the fourth week of the consecutive 4-week period multiplied by the amount of documented purchases by domestic users and sales for export by exporters made in the week following such a consecutive 4-week period.

(e) FORM OF PAYMENT.—Payments under this section shall be made through the issuance of cash or marketing certificates, at the option of eligible recipients of the payments.

SEC. 138. HIGH MOISTURE FEED GRAINS.

(a) DEFINITION OF HIGH MOISTURE STATE.—In this section, the term ''high moisture state'' means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing loans made by the Secretary under section 131.

(b) RECOURSE LOANS.—For each of the 2002 through 2006 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm containing eligible cropland that—

(1) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(2) present—

(A) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations promulgated by the Secretary; or

(B) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(3) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

(4) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum

and submit applications for loans under this section within deadlines established by the Secretary.

(c) ELIGIBILITY OF ACQUIRED FEED GRAINS.—A loan under this section shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producers on the farm equivalent to a quantity obtained by multiplying—

(1) the acreage of the corn or grain sorghum in a high moisture state harvested on the farm; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(d) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate established for the commodity by the Secretary, plus interest (as determined by the Secretary).

SEC. 139. SEED COTTON.

(a) IN GENERAL.—For each of the 2002 through 2006 crops of upland cotton and extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(b) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate es-

tablished for the commodity by the Secretary, plus interest (as determined by the Secretary).

SEC. 140. PRODUCER ELECTION FOR 2002 CROP.

(a) IN GENERAL.—Notwithstanding subtitle C of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231 et seq.), not later than 90 days after the date of enactment of this Act, an eligible owner or producer that entered into a production flexibility contract under section 111 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7211) that is effect for the 2002 crop may elect to—

(1) receive marketing assistance loans and loan deficiency payments for the 2002 crop in accordance with subtitle C of title I of that Act (7 U.S.C. 7231 et seq.); or

(2) receive marketing assistance loans and loan deficiency payments for the 2002 crop in accordance with this chapter.

(b) CONFORMING AMENDMENTS.—

(1) Section 131(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231(a)) is amended by striking ''For'' and inserting ''Subject to section 140 of the Agriculture, Conservation, and Rural Enhancement Act of 2001, for''.

(2) Section 135(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235(a)) is amended by inserting ''and section 140 of the Agriculture, Conservation, and Rural Enhancement Act of 2001'' after ''subsection (d)''.

Subtitle C—Other Commodities

CHAPTER 1—DAIRY

SEC. 151. MILK PRICE SUPPORT PROGRAM.

(a) IN GENERAL.—During the period beginning on January 1, 2002, and ending on December 31, 2006, the Secretary shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) RATE.—During the period specified in subsection (a), the price of milk shall be supported at a rate equal to $9.90 per hundredweight for milk containing 3.67 percent butterfat.

(c) PURCHASE PRICES.—

(1) UNIFORM PRICES.—The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary.

(2) AMOUNT.—The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

(d) SPECIAL RULE FOR BUTTER AND NONFAT DRY MILK PURCHASE PRICES.—

(1) ALLOCATION OF PURCHASE PRICES.—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate.

(2) NOTIFICATION OF CONGRESS.—Not later than 10 days after making or changing an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation.

(3) ADMINISTRATION.—Section 553 of title 5, United States Code, shall not apply with respect to the implementation of this section.

(4) TIMING OF PURCHASE PRICE ADJUSTMENTS.—The Secretary may make any such adjust-

ments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

SEC. 152. DAIRY EXPORT INCENTIVE AND DAIRY INDEMNITY PROGRAMS.

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

(b) DAIRY INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 450l) is amended by striking ''1995'' and inserting ''2006''.

SEC. 153. FLUID MILK PROMOTION.

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

''(3) FLUID MILK PRODUCT.—The term 'fluid milk product' has the meaning given the term in—

''(A) section 1000.15 of title 7, Code of Federal Regulations, subject to such amendments as may be made by the Secretary; or

''(B) any successor regulation providing a definition of that term that is promulgated pursuant to the Agricultural Adjustment Act (7

U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.''.

(b) DEFINITION OF FLUID MILK PROCESSOR.—Section 1999C(4) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(4)) is amended by striking ''500,000'' and inserting ''3,000,000''.

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

(1) by striking subsection (a); and

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

SEC. 154. DAIRY PRODUCT MANDATORY REPORTING.

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

(1) by striking ''means manufactured dairy products'' and inserting ''means—

''(A) manufactured dairy products'';

(2) by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(B) substantially identical products designated by the Secretary.''.

SEC. 155. FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.

(a) DEFINITIONS.—Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended—

(1) in subsection (k), by striking ''and'' at the end;

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

(3) by adding at the end the following:

''(m) the term 'imported dairy product' means any dairy product that is imported into the United States, including dairy products imported into the United States in the form of—

''(1) milk, cream, and fresh and dried dairy products;

''(2) butter and butterfat mixtures;

''(3) cheese; and

''(4) casein and mixtures;

''(n) the term 'importer' means a person that imports an imported dairy product into the United States; and

''(o) the term 'Customs' means the United States Customs Service.''.

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

(1) by inserting ''NATIONAL DAIRY PROMOTION AND RESEARCH BOARD.—'' after ''(b)'';

(2) by designating the first through ninth sentences as paragraphs (1) through (5) and paragraphs (7) through (10), respectively, and indenting the paragraphs appropriately;

(3) in paragraph (2) (as so designated), by striking ''Members'' and inserting ''Except as provided in paragraph (6), the members''; and

(4) by inserting after paragraph (5) (as so designated) the following:

''(6) IMPORTERS.—

''(A) REPRESENTATION.—The Secretary shall appoint not more than 2 members who represent importers of dairy products and are subject to assessments under the order, to reflect the proportion of domestic production and imports supplying the United States market, as determined by the Secretary on the basis of the average volume of domestic production of dairy products in proportion to the average volume of

imports of dairy products in the United States during the previous 3 years.

"(B) ADDITIONAL MEMBERS; NOMINATIONS.—The members appointed under this paragraph—

"(i) shall be in addition to the total number of members appointed under paragraph (2); and

"(ii) shall be appointed from nominations submitted by importers under such procedures as the Secretary determines to be appropriate.".

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

(1) by inserting "ASSESSMENTS.—" after "(g)";

(2) by designating the first through fifth sentences as paragraphs (1) through (5), respectively, and indenting appropriately; and

(3) by adding at the end the following:

"(6) IMPORTERS.—

"(A) IN GENERAL.—The order shall provide that each importer of imported dairy prod-

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

"(B) TIME FOR PAYMENT.—

"(i) IN GENERAL.—The assessment on imported dairy products shall be—

"(I) paid by the importer to Customs at the time of the entry of the products into the United States; and

"(II) remitted by Customs to the Board.

"(ii) TIME OF ENTRY.—For purposes of this subparagraph, entry of the products into the United States shall be considered to have occurred when the dairy products are released from custody of Customs and introduced into the stream of commerce within the United States.

"(iii) IMPORTERS.—For purposes of this subparagraph, importers include—

"(I) persons that hold title to foreign-produced dairy products immediately on release by Customs; and

"(II) persons that act on behalf of others, as agents, brokers, or consignees, to secure the release of dairy

products from Customs and introduce the released dairy products into the stream of commerce.

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

"(D) VALUE OF PRODUCTS.—For the purpose of determining the assessment on imported dairy products under subparagraph (C), the value to be placed on imported dairy products shall be established by the Secretary in a fair and equitable manner.

"(E) USE OF ASSESSMENTS ON IMPORTED DAIRY PRODUCTS.—Assessments collected on imported dairy products shall not be used for foreign market promotion of United States dairy products.".

(d) RECORDS.—Section 113(k) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(k)) is amended in the first sentence by striking "person receiving" and inserting "importer of imported dairy products, each person receiving".

(e) IMPORTER ELIGIBILITY TO VOTE IN REFERENDUM.—Section 116(b) of the Dairy Promotion Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended—

(1) in the first sentence, by inserting ''and importers'' after ''producers'' each place it appears;

(2) in the second sentence, by inserting after ''commercial use'' the following: ''and importers voting in the referendum (that have been engaged in the importation of dairy products during the same representative period, as determined by the Secretary)''.

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

(1) in the first sentence—

(A) by inserting after ''commercial use'' the following: ''and on imported dairy products''; and

(B) by striking ''products produced in the United States.'' and inserting ''products.''; and

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

CHAPTER 2—SUGAR

SEC. 161. SUGAR PROGRAM.

(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to 18 cents per pound for raw cane sugar.

(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to 22.9 cents per pound for refined beet sugar.

(c) LOAN RATE ADJUSTMENTS.—

(1) DEFINITIONS.—In this subsection:

(A) AGREEMENT ON AGRICULTURE.—The term ''Agreement on Agriculture'' means the Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2)).

(B) MAJOR SUGAR COUNTRIES.—The term ''major sugar growing, producing, and exporting countries'' means—

(i) the countries of the European Union; and

(ii) the 10 foreign countries not covered by subparagraph (A) that the Secretary determines produce the greatest quantity of sugar.

(2) ADJUSTMENTS.—The Secretary may reduce the loan rate specified in subsection (a) for domestically grown sugarcane and subsection (b) for domestically grown sugar beets if the Secretary determines that negotiated reductions in export subsidies and domestic subsidies provided for sugar of other major sugar growing, producing, and exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture.

(3) EXTENT OF REDUCTION.—The Secretary shall not reduce the loan rate under subsection (a) or (b) below a rate that provides an equal measure of support to that provided by other major sugar growing, producing, and exporting countries, based on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture.

(4) ANNOUNCEMENT OF REDUCTION.—The Secretary shall announce any loan rate reduction to be made under this subsection as far in advance as is practicable.

(d) TERM OF LOANS.—

(1) IN GENERAL.—A loan under this section during any fiscal year shall be made available not

earlier than the beginning of the fiscal year and shall mature at the earlier of—

(A) the end of the 9-month period beginning on the first day of the first month after the month in which the loan is made; or

(B) the end of the fiscal year in which the loan is made.

(2) SUPPLEMENTAL LOANS.—In the case of a loan made under this section in the last 3 months of a fiscal year, the processor may repledge the sugar as collateral for a second loan in the subsequent fiscal year, except that the second loan shall—

(A) be made at the loan rate in effect at the time the second loan is made; and

(B) mature in 9 months less the quantity of time that the first loan was in effect.

(e) LOAN TYPE; PROCESSOR ASSURANCES.—

(1) NONRECOURSE LOANS.—The Secretary shall carry out this section through the use of nonrecourse loans.

(2) PROCESSOR ASSURANCES.—

(A) IN GENERAL.—The Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the

processor will provide payments to producers that are proportional to the value of the loan received by the processor for sugar beets and sugarcane delivered by producers served by the processor.

(B) MINIMUM PAYMENTS.—The Secretary may establish appropriate minimum payments for purposes of this paragraph.

(3) ADMINISTRATION.—The Secretary may not impose or enforce any prenotification or similar administrative requirement that has the effect of preventing a processor from choosing to forfeit the loan collateral on the maturity of the loan.

(f) LOANS FOR IN-PROCESS SUGAR.—

(1) DEFINITION OF IN-PROCESS SUGARS AND SYRUPS.—In this subsection, the term ''in-process sugars and syrups'' does not include raw sugar, liquid sugar, invert sugar, invert syrup, or other finished product that is otherwise eligible for a loan under subsection (a) or (b).

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

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

(4) FURTHER PROCESSING ON FORFEITURE.—

(A) IN GENERAL.—As a condition on the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (2), the processor shall, within such reasonable time period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b).

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

(C) PAYMENT TO PROCESSOR.—Subject to subsection (g), on transfer of the sugar, the Secretary shall make a payment to the proc-

essor in an amount equal to the difference between—

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

(ii) the loan rate the processor received under paragraph (1).

(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (4), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may obtain a loan under subsection (a) or (b) on the raw cane sugar or refined beet sugar, as appropriate.

(g) FORFEITURE PENALTY.—

(1) IN GENERAL.—A penalty shall be assessed on the forfeiture of any sugar pledged as collateral for a nonrecourse loan under this section.

(2) CANE SUGAR.—The penalty for cane sugar shall be 1 cent per pound.

(3) BEET SUGAR.—The penalty for beet sugar shall bear the same relation to the penalty for cane sugar as the marketing assessment for sugar beets bears to the marketing assessment for sugarcane.

(4) EFFECT OF FORFEITURE.—Any payments owed producers by a processor that forfeits any sugar pledged as collateral for a nonrecourse loan shall be reduced in proportion to the loan forfeiture penalty incurred by the processor.

(h) INFORMATION REPORTING.—

(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—A sugarcane processor, cane sugar refiner, and sugar beet processor shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

(2) DUTY OF PRODUCERS TO REPORT.—

(A) PROPORTIONATE SHARE STATES.—The Secretary shall require a producer of sugarcane located in a State (other than Puerto Rico) in which there are in excess of 250 producers of sugarcane to report, in the manner prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

(B) OTHER STATES.—The Secretary may require each producer of sugarcane or sugar beets not covered by paragraph (1) to report, in

a manner prescribed by the Secretary, the yields and acres planted to sugarcane or sugar beets, respectively, of the producer.

(3) DUTY OF IMPORTERS TO REPORT.—

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

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

(4) PENALTY.—Any person willfully failing or refusing to furnish the information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

(5) MONTHLY REPORTS.—Taking into consideration the information received under this subsection, the Secretary shall publish on a monthly basis com-

posite data on production, imports, distribution, and stock levels of sugar.

(i) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

(1) NO COST.—Subject to subsection (e)(3), to the maximum extent practicable, the Secretary shall operate the program established under this section at no cost to the Federal Government by avoiding the forfeiture of sugar to the Commodity Credit Corporation.

(2) INVENTORY DISPOSITION.—

(A) IN GENERAL.—To carry out paragraph (1), the Commodity Credit Corporation may accept bids to obtain raw cane sugar or refined beet sugar in the inventory of the Corporation from (or otherwise make available such commodities, on appropriate terms and conditions, to) processors of sugarcane and processors of sugar beets (acting in conjunction with the producers of the sugarcane or sugar beets processed by the processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate.

(B) ADDITIONAL AUTHORITY.—The authority provided under this paragraph is in ad-

dition to any authority of the Corporation under any other law.

(j) CROPS.—This section shall be effective only for the 1996 through 2006 crops of sugar beets and sugarcane.

SEC. 162. STORAGE FACILITY LOANS.

(a) IN GENERAL.—Notwithstanding any other provision of law and as soon as practicable after the date of the enactment of this Act, the Commodity Credit Corporation shall amend part 1436 of title 7, Code of Federal Regulations, to establish a sugar storage facility loan program to provide financing for processors of domestically-produced sugarcane and sugar beets to build or upgrade storage and handling facilities for raw sugars and refined sugars.

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

(1) has a satisfactory credit history;

(2) has a need for increased storage capacity, taking into account the effects of marketing allotments); and

(3) demonstrates an ability to repay the loan.

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

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

(2) be in such amounts and on such terms and conditions (including down payment, security requirements, and eligible equipment) as are normal, customary, and appropriate for the size and commercial nature of the borrower.

SEC. 163. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

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

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

(1) in the section heading—

(A) by inserting ''**FLEXIBLE**'' before ''**MARKETING**''; and

(B) by striking ''**AND CRYSTALLINE FRUCTOSE**'';

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''Before'' and inserting ''Not later than August 1 before'';

(ii) by striking ''1992 through 1998'' and inserting ''2002 through 2006'';

(iii) in subparagraph (A), by striking ''(other than sugar'' and all that follows through ''stocks'';

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

(v) by inserting after subparagraph (A) the following:

''(B) the quantity of sugar that would provide for reasonable carryover stocks;'';

(vi) in subparagraph (C) (as so redesignated)—

(I) by striking ''or'' and all that follows through ''beets''; and

(II) by striking ''and'' following the semicolon;

(vii) by inserting after subparagraph (C) (as so redesignated) the following:

''(D) the quantity of sugar that will be available from the domestic processing of sugarcane and sugar beets; and''; and

(viii) in subparagraph (E) (as so redesignated)—

(I) by striking ''quantity of sugar'' and inserting ''quantity of sugars, syrups, and molasses'';

(II) by inserting ''human'' after ''imported for'' the first place it appears;

(III) by inserting after ''consumption'' the first place it appears the following: ''or to be used for the extraction of sugar for human consumption'';

(IV) by striking ''year'' and inserting ''year, whether such articles are under a tariff-rate quota or are in excess or outside of a tariff rate quota''; and

(V) by striking ''(other than sugar'' and all that follows through ''carry-in stocks'';

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

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

''(2) EXCLUSION.—The estimates in this section shall not include sugar imported for the produc-

tion of polyhydric alcohol or to be refined and re-exported in refined form or in products containing sugar.''; and

(D) in paragraph (3) (as so redesignated)—

(i) in the paragraph heading, by striking ''QUARTERLY REESTIMATES'' and inserting ''REESTIMATES''; and

(ii) by inserting ''as necessary, but'' after ''a fiscal year'';

(3) in subsection (b)—

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

''(1) IN GENERAL.—By the beginning of each fiscal year, the Secretary shall establish for that fiscal year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar beets and from domestically-produced sugarcane at a level that the Secretary estimates will result in no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar established under section 161 of the Agriculture, Conservation, and Rural Enhancement Act of 2001.''; and

(B) in paragraph (2), by striking ''or crystalline fructose'';

(4) by striking subsection (c);

(5) by redesignating subsection (d) as subsection (c); and

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

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

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

(i) by striking ''or manufacturer'' and all that follows through ''(2)''; and

(ii) by striking ''or crystalline fructose''.

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

(1) in the section heading, by inserting ''**FLEXIBLE**'' after ''**OF**'';

(2) in subsection (a), by inserting ''flexible'' after ''establish'';

(3) in subsection (b)—

(A) in paragraph (1)(A), by striking ''1,250,000'' and inserting ''1,532,000''; and

(B) in paragraph (2), by striking "to the maximum extent practicable";

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

"(c) MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGAR BEETS AND SUGAR DERIVED FROM SUGARCANE.—The overall allotment quantity for the fiscal year shall be allotted among—

"(1) sugar derived from sugar beets by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by 54.35 percent; and

"(2) sugar derived from sugarcane by establishing a marketing allotment for a fiscal year at a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by 45.65 percent.";

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

"(d) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—

"(1) CANE SUGAR.—Each marketing allotment for cane sugar established under this section may

only be filled with sugar processed from domestically grown sugarcane.

''(2) BEET SUGAR.—Each marketing allotment for beet sugar established under this section may only be filled with sugar domestically processed from sugar beets.'';

(6) by striking subsection (e);

(7) by redesignating subsection (f) as subsection (e);

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

(A) by striking ''The allotment'' and inserting the following:

''(1) IN GENERAL.—The allotment'';

(B) in paragraph (1) (as so redesignated)—

(i) by striking ''the 5'' and inserting ''the'';

(ii) by inserting after ''sugarcane is produced,'' the following: ''after a hearing (if requested by the affected sugar cane processors and growers) and on such notice as the Secretary by regulation may prescribe,''; and

(iii) by striking ''on the basis of past marketings'' and all that follows through

"allotments" and inserting "as provided in this subsection and section 359d(a)(2)(A)(iv)"; and

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

"(2) OFFSHORE ALLOTMENT.—

"(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any other State, 325,000 short tons, raw value shall be allotted to the offshore States.

"(B) INDIVIDUALLY.—The collective offshore State allotment provided for under subparagraph (A) shall be further allotted among the offshore States in which sugarcane is produced, after a hearing (if requested by the affected sugar cane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

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

"(ii) the ability of processors to market the sugar covered under the allotments for the crop year; and

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

"(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under paragraph (2), shall be allotted among the mainland States in the United States in which sugarcane is produced, after a hearing (if requested by the affected sugar cane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

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

"(B) the ability of processors to market the sugar covered under the allotments for the crop year; and

"(C) past processings of sugar from sugarcane, based on the 3 crop years with the greatest processings (in the mainland States collec-

tively) during the 1991 through 2000 crop years.'';

(9) by inserting after subsection (e) (as so redesignated) the following:

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

(10) in subsection (g)—

(A) in paragraph (1), by striking ''359b(a)(2)—'' and all that follows through the comma at the end of subparagraph (C) and inserting ''359b(a)(3), adjust upward or downward marketing allotments in a fair and equitable manner'';

(B) in paragraph (2), by striking ''359f(b)'' and inserting ''359f(c)''; and

(C) in paragraph (3)—

(i) in the paragraph heading, by striking ''REDUCTIONS'' and inserting ''CARRYOVER OF REDUCTIONS'';

(ii) by inserting after ''this subsection, if'' the following: ''at the time of the reduction'';

(iii) by striking ''price support'' and inserting ''nonrecourse'';

(iv) by striking ''206'' and all that follows through ''the allotment'' and inserting ''151 of the Agriculture, Conservation, and Rural Enhancement Act of 2001,''; and

(v) by striking '', if any,''; and

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

''(h) SUSPENSION OF ALLOTMENTS.—Whenever the Secretary estimates or reestimates under section 359b(a), or has reason to believe, that imports of sugars, syrups or molasses for human consumption or to be used for the extraction of sugar for human consumption, whether under a tariff-rate quota or in excess or outside of a tariff-rate quota, will exceed 1,532,000 short tons (raw value equivalent), and that the imports would lead to a reduction of the overall allotment quantity, the Secretary shall suspend the marketing allotments until such time as the imports have been restricted, eliminated, or reduced to or below the level of 1,532,000 short tons (raw value equivalent).''.

(d) ALLOCATION.—Section 359d(a)(2) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd(a)(2)) is amended—

(1) in subparagraph (A)—

(A) by striking ''The Secretary'' and inserting the following:

''(i) IN GENERAL.—The Secretary'';

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

(i) by striking ''interested parties'' and inserting ''the affected sugar cane processors and growers''; and

(ii) by striking ''by taking'' and all that follows through ''allotment allocated.'' and inserting ''under this subparagraph.''; and

(C) by inserting after clause (i) the following:

''(ii) MULTIPLE PROCESSOR STATES.—Except as provided in clauses (iii) and (iv), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based on—

''(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar

from among the 1996 through 2000 crops;

"(II) the ability of processors to market sugar covered by that portion of the allotment allocated for the crop year; and

"(III) past processings of sugar from sugarcane, based on the average of the 3 highest years from among the 1996 through 2000 crop years.

"(iii) TALISMAN PROCESSING FACILITY.—In the case of allotments under clause (ii) attributable to the former operations of the Talisman processing facility, the Secretary shall allocate the allotment among processors in the State under clause (i) in accordance with the agreements of March 25 and 26, 1999, between the affected processors and the Department of the Interior.

"(iv) PROPORTIONATE SHARE STATES.—In the case of States subject to section 359f(c), the Secretary shall allocate the allotment for cane sugar among mul-

tiple cane sugar processors in a single state based on—

"(I) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1997 through 2001 crop years;

"(II) the ability of processors to market sugar covered by that portion of the allotments allocated for the crop year; and

"(III) past processings of sugar from sugarcane, based on the average of the 2 highest crop years from the 1997 through 2001 crop years.

"(v) NEW ENTRANTS.—

"(I) IN GENERAL.—Notwithstanding clauses (ii) and (iii), the Secretary, on application of any processor that begins processing sugarcane on or after the date of enactment of this clause, and after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation

may prescribe, may provide the processor with an allocation that provides a fair, efficient and equitable distribution of the allocations from the allotment for the State in which the processor is located.

"(II) PROPORTIONATE SHARE STATES.—In the case of proportionate share States, the Secretary shall establish proportionate shares in a quantity sufficient to produce the sugarcane required to satisfy the allocations.

"(III) LIMITATION.—The allotment for a new processor under this clause shall not exceed 50,000 short tons (raw value).

"(vi) TRANSFER OF OWNERSHIP.—Except as otherwise provided in section 359f(c)(8), in the event that a sugarcane processor is sold or otherwise transferred to another owner, or closed as part of an affiliated corporate group processing consolidation, the Secretary shall transfer the allotment allocation for the processor to

the purchaser, new owner, or successor in interest, as applicable, of the processor.''; and

(2) in subparagraph (B)—

(A) in the first sentence, by striking ''The Secretary'' and inserting the following:

''(i) IN GENERAL.—The Secretary'';

(B) in clause (i) (as so designated)—

(i) by striking ''interested parties'' and inserting ''the affected sugar beet processors and growers''; and

(ii) by striking ''processing capacity'' and all that follows through ''allotment allocated'' and inserting the following: ''the marketings of sugar processed from sugar beets of any or all of the 1996 through 2000 crops, and such other factors as the Secretary may consider appropriate after consultation with the affected sugar beet processors and growers.''; and

(C) by adding at the end the following:

''(ii) NEW PROCESSORS.—In the case of any processor that has started processing sugar beets after January 1, 1996, the Secretary shall provide the processor

with an allocation that provides a fair, efficient and equitable distribution of the allocations.''.

(e) REASSIGNMENT.—Section 359e(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking the ''and'' after the semicolon;

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

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

''(C) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

(D) in subparagraph (D) (as so redesignated), by inserting ''and sales'' after ''reassignments''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking the ''and'' after the semicolon;

(B) in subparagraph (B), by striking ''reassign the remainder to imports.'' and inserting ''use the estimated quantity of the deficit for the sale of any inventories of sugar held by the Commodity Credit Corporation; and''; and

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

''(C) if after the reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.''.

(f) PRODUCER PROVISIONS.—Section 359f of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ff) is amended—

(1) in subsection (a)—

(A) in the second sentence, by striking ''processor's allocation'' and inserting ''allocation to the processor''; and

(B) by adding at the end the following: ''The arbitration should be completed not more than 45 days after the request and shall be completed not more than 60 days after the request.'';

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

"(b) SUGAR BEET PROCESSING FACILITY CLOSURES.—

"(1) IN GENERAL.—If a sugar beet processing facility is closed and the sugar beet growers that previously delivered beets to the facility desire to deliver their beets to another processing company, the growers may petition the Secretary to modify existing allocations to allow the delivery.

"(2) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to which the growers desire to deliver their sugar beets, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries.

"(3) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected.

"(4) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be

made within 60 days after the filing of the petition.''; and

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

(A) in paragraph (3)(A), by striking ''the preceding 5 years'' and inserting ''the 2 highest years from among the 1999, 2000, and 2001 crop years'';

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

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

''(8) PROCESSING FACILITY CLOSURES.—

''(A) IN GENERAL.—If a sugarcane processing facility subject to this subsection is closed and the sugarcane growers that previously delivered sugarcane to the facility desire to deliver their sugarcane to another processing company, the growers may petition the Secretary to modify existing allocations to allow the delivery.

''(B) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to

which the growers desire to deliver the sugarcane, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries;

"(C) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation will be unaffected.

"(D) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition.".

(g) CONFORMING AMENDMENTS.—

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

"PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR".

(2) Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended by in-

serting before section 359a (7 U.S.C. 1359aa) the following:

"SEC. 359. DEFINITIONS.

"In this part:

"(1) MAINLAND STATE.—The term 'mainland State' means a State other than an offshore State.

"(2) OFFSHORE STATE.—The term 'offshore State' means a sugarcane producing State located outside of the continental United States.

"(3) STATE.—Notwithstanding section 301, the term 'State' means the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

"(4) UNITED STATES.—The term "United States", when used in a geographical sense, means all of the States.".

(3) Section 359g of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359gg) is amended—

(A) by striking "359f" each place it appears and inserting "359f(c)";

(B) in the first sentence of subsection (b), by striking "3 consecutive" and inserting "5 consecutive"; and

(C) in subsection (c), by inserting "or adjusted" after "share established".

(4) Section 359j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359jj) is amended to striking subsection (c).

CHAPTER 3—PEANUTS

SEC. 171. PEANUT PROGRAM.

(a) QUOTA PEANUTS.—

(1) AVAILABILITY OF LOANS.—The Secretary shall make nonrecourse loans available to producers of quota peanuts.

(2) LOAN RATE.—The national average quota loan rate for quota peanuts shall be $610 per ton.

(3) INSPECTION, HANDLING, OR STORAGE.—The loan amount may not be reduced by the Secretary by any deductions for inspection, handling, or storage.

(4) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments in the loan rate for quota peanuts for location of peanuts and such other factors as are authorized by this section.

(5) OFFERS FROM HANDLERS.—If a producer markets a quota peanut crop, meeting quality requirements for domestic edible use, through the marketing association loan for two consecutive marketing years and the Secretary determines that a handler provided the producer with a written offer,

upon delivery, for the purchase of the quota peanut crops at a price equal to or in excess of the quota support price, the producer shall be ineligible for quota price support for the next marketing year. The Secretary shall establish the method by which a producer may appeal a determination under this paragraph regarding ineligibility for quota price support.

(b) ADDITIONAL PEANUTS.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make nonrecourse loans available to producers of additional peanuts at such rates as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.

(2) LIMITATION.—The Secretary shall establish the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

(3) ANNOUNCEMENT.—The Secretary shall announce the loan rate for additional peanuts of each crop not later than February 15 preceding the mar-

keting year for the crop for which the loan rate is being determined.

(c) AREA MARKETING ASSOCIATIONS.—

(1) WAREHOUSE STORAGE LOANS.—

(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—An area marketing association shall be used in administrative and supervisory activities relating to loans and marketing activities under this section and section 358e of the

Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(C) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include such costs as the area marketing association reasonably may incur in carrying out the responsibilities, operations, and activities of the association under this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico.

(B) ELIGIBILITY TO PARTICIPATE IN NEW MEXICO POOLS.—

(i) IN GENERAL.—Except as provided in clause (ii), in the case of the 1996 and subsequent crops, Valencia peanuts not

physically produced in the State of New Mexico shall not be eligible to participate in the pools of the State.

(ii) EXCEPTION.—A producer of Valencia peanuts may enter Valencia peanuts that are produced in Texas into the pools of New Mexico in a quantity not greater than the average annual quantity of the peanuts that the producer entered into the New Mexico pools for the 1990 through 1995 crops.

(C) TYPES OF PEANUTS.—Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

(D) NET GAINS.—Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan

indebtedness and other costs or losses incurred on peanuts placed in the pool.

(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts.

(d) LOSSES.—Losses in quota area pools shall be covered using the following sources in the following order of priority:

(1) TRANSFERS FROM ADDITIONAL LOAN POOLS.—The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool by the producer under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)).

(2) PRODUCERS IN SAME POOL.—Further losses in an area quota pool shall be offset by reducing the gain of any producer in the pool by the amount of pool gains attributed to the same producer from the sale of additional peanuts for domestic and edible export use.

(3) OFFSET WITHIN AREA.—Further losses in an area quota pool shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation in that area and sold for domestic edible use, in accordance with regulations issued by the Secretary. This paragraph shall not apply to profits or gains from a farm with 1 acre or less of peanut production.

(4) FIRST USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) (except funds attributable to handlers) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this paragraph that the Secretary determines are not required to cover losses in area quota pools.

(5) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall be offset by any gains or profits from

quota pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(6) OFFSET GENERALLY.—If losses in an area quota pool have not been entirely offset under the preceding paragraphs, further losses shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation and sold for domestic edible use, in accordance with regulations issued by the Secretary. This paragraph shall not apply to profits or gains from a farm with 1 acre or less of peanut production.

(7) SECOND USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) and attributable to handlers to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this paragraph that the Secretary determines are not required to cover losses in area quota pools.

(8) INCREASED ASSESSMENTS.—If use of the authorities provided in the preceding paragraphs is not sufficient to cover losses in an area quota pool, the Secretary shall increase the marketing assessment for producers established under subsection (g) by such an amount as the Secretary considers necessary to cover the losses. The increased assessment shall apply only to quota peanuts in the production area covered by the pool. Amounts collected under subsection (g) as a result of the increased assessment shall be retained by the Secretary to cover losses in that pool.

(e) DISAPPROVAL OF QUOTAS.—Notwithstanding any other provision of law, no loan for quota peanuts may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358–1(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(d)).

(f) QUALITY IMPROVEMENT.—

(1) IN GENERAL.—With respect to peanuts under loan, the Secretary shall—

(A) promote the crushing of peanuts at a greater risk of deterioration before peanuts of a lesser risk of deterioration;

(B) ensure that all Commodity Credit Corporation inventories of peanuts sold for domestic edible use must be shown to have been officially inspected by licensed Department inspectors both as farmer stock and shelled or cleaned in-shell peanuts;

(C) continue to endeavor to operate the peanut program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937); and

(D) ensure that any changes made in the peanut program as a result of this subsection requiring additional production or handling at the farm level shall be reflected as an upward adjustment in the Department loan schedule.

(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts in the domestic and export markets fully comply with all quality standards under Marketing Agreement No. 146.

(g) MARKETING ASSESSMENT.—

(1) IN GENERAL.—The Secretary shall provide for a nonrefundable marketing assessment. The assessment shall be made on a per pound basis in an amount equal to 1.1 percent for each of the 1994 and 1995 crops, 1.15 percent for the 1996 crop, and 1.2 percent for each of the 1997 through 2006 crops, of the national average quota or additional peanut loan rate for the applicable crop.

(2) FIRST PURCHASERS.—

(A) IN GENERAL.—Except as provided under paragraphs (3) and (4), the first purchaser of peanuts shall—

(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by—

(I) in the case of each of the 1994 and 1995 crops, .55 percent of the applicable national average loan rate;

(II) in the case of the 1996 crop, .6 percent of the applicable national average loan rate; and

(III) in the case of each of the 1997 through 2006 crops, .65 percent

of the applicable national average loan rate;

(ii) pay, in addition to the amount collected under clause (i), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .55 percent of the applicable national average loan rate; and

(iii) remit the amounts required under clauses (i) and (ii) to the Commodity Credit Corporation in a manner specified by the Secretary.

(B) DEFINITION OF FIRST PURCHASER.—In this subsection, the term ''first purchaser'' means a person acquiring peanuts from a producer except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, the term means the person acquiring the peanuts from the Commodity Credit Corporation.

(3) OTHER PRIVATE MARKETINGS.—In the case of a private marketing by a producer directly to a consumer through a retail or wholesale outlet or in the case of a marketing by the producer outside of the continental United States, the producer shall be

responsible for the full amount of the assessment and shall remit the assessment by such time as is specified by the Secretary.

(4) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a loan made under this section, the producer portion of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For purposes of computing net gains on peanuts under this section, the reduction in loan proceeds shall be treated as having been paid to the producer.

(5) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with the requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of peanuts involved in the violation; by

(B) the national average quota peanut rate for the applicable crop year.

(6) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

(h) CROPS.—Subsections (a) through (g) shall be effective only for the 1996 through 2006 crops of peanuts.

(i) POUNDAGE QUOTAS.—Sections 358–1, 358b(c), 358c(d), and 358e(i) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1, 1358b(c), 1358c(d), 1359a(i)) are amended by striking ''2002'' each place it appears and inserting ''2006''.

Subtitle D—Administration

SEC. 181. ADMINISTRATION.

(a) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity to carry out this title through the Commodity Credit Corporation.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title shall be final and conclusive.

(c) REGULATIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall promulgate such regulations as are necessary to implement this title.

(2) PROCEDURE.—The promulgation of the regulations shall be made without regard to—

(A) the notice and comment provisions of section 553 of title 5, United States Code;

(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(C) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

(d) PROTECTION OF PRODUCERS.—The protection afforded by section 525 of Public Law 106–170 (7 U.S.C. 7212 note) to producers on a farm that elect to accelerate the receipt of any payment under a production flexibility contract payable under subtitle B of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7201 et seq.) shall apply to the initial payment of counter-cyclical payments made under section 116(b)(7)(A).

SEC. 182. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.

(a) GENERAL SALES AUTHORITY.—The Commodity Credit Corporation may sell any commodity owned or controlled by the Corporation at any price that the Secretary determines will maximize returns to the Corporation.

(b) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—Subsection (a) shall not apply to—

(1) a sale for a new or byproduct use;

(2) a sale of peanuts or oilseeds for the extraction of oil;

(3) a sale for seed or feed if the sale will not substantially impair any loan program;

(4) a sale of a commodity that has substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

(5) a sale for the purpose of establishing a claim arising out of a contract or against a person that has committed fraud, misrepresentation, or other wrongful act with respect to the commodity;

(6) a sale for export, as determined by the Corporation; and

(7) a sale for other than a primary use.

(c) PRESIDENTIAL DISASTER AREAS.—

(1) IN GENERAL.—Notwithstanding subsection (a), on such terms and conditions as the Secretary may consider in the public interest, the Corporation may make available any commodity or product owned or controlled by the Corporation for use in relieving distress—

(A) in any area in the United States (including the Virgin Islands) declared by the President to be an acute distress area because of unemployment or other economic cause, if the President finds that the use will not displace or interfere with normal marketing of agricultural commodities; and

(B) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(2) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making a commodity available under paragraph (1) beyond the cost of the commodity to the Corporation incurred in—

(A) the storage of the commodity; and

(B) the handling and transportation costs in making delivery of the commodity to designated agencies at 1 or more central locations in each State or other area.

(d) EFFICIENT OPERATIONS.—Subsection (a) shall not apply to the sale of a commodity the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantity of the commodity involved, or because of the age, location, or questionable continued storability of the commodity.

SEC. 183. COMMODITY CERTIFICATES.

(a) IN GENERAL.—In making in-kind payments under this title, the Commodity Credit Corporation may—

(1) acquire and use commodities that have been pledged to the Commodity Credit Corporation as collateral for loans made by the Corporation;

(2) use other commodities owned by the Commodity Credit Corporation; and

(3) redeem negotiable marketing certificates for cash under terms and conditions established by the Secretary.

(b) METHODS OF PAYMENT.—The Commodity Credit Corporation may make in-kind payments—

(1) by delivery of the commodity at a warehouse or other similar facility;

(2) by the transfer of negotiable warehouse receipts;

(3) by the issuance of negotiable certificates, which the Commodity Credit Corporation shall exchange for a commodity owned or controlled by the Corporation in accordance with regulations promulgated by the Corporation; or

(4) by such other methods as the Commodity Credit Corporation determines appropriate to promote the efficient, equitable, and expeditious receipt of the in-kind payments so that a person receiving the payments receives the same total return as if the payments had been made in cash.

(c) ADMINISTRATION.—

(1) FORM.—At the option of a person, the Commodity Credit Corporation shall make negotiable certificates authorized under subsection (b)(3) available to the person, in the form of program payments or by sale, in a manner that the Corporation determines will encourage the orderly marketing of commodities pledged as collateral for loans made by the Commodity Credit Corporation.

(2) TRANSFER.—A negotiable certificate issued in accordance with this subsection may be transferred to another person in accordance with regulations promulgated by the Secretary.

SEC. 184. ASSIGNMENT OF PAYMENTS.

(a) IN GENERAL.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under this title.

(b) NOTICE.—The producers on a farm making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this section.

SEC. 185. SUSPENSION OF PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2006 crops of loan commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this title and ending on December 31, 2006:

(1) Parts II through V of subtitle B of title III (7 U.S.C. 1326–1351).

(2) Subsections (a) through (j) of section 358 (7 U.S.C. 1358).

(3) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a).

(4) Subsections (a), (b), (d), and (e) of section 358d (7 U.S.C. 1359).

(5) Part VII of subtitle B of title III (7 U.S.C. 1359aa–1359jj), but only with respect to sugar marketings through fiscal year 2002.

(6) In the case of peanuts, part I of subtitle C of title III (7 U.S.C. 1361–1368).

(7) In the case of upland cotton, section 377 (7 U.S.C. 1377).

(8) Subtitle D of title III (7 U.S.C. 1379a–1379j).

(9) Title IV (7 U.S.C. 1401–1407).

(b) AGRICULTURAL ACT OF 1949.—The following provisions of the Agricultural Act of 1949 shall not be applicable to the 1996 through 2006 crops of loan commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this title and ending on December 31, 2006:

(1) Section 101 (7 U.S.C. 1441).

(2) Section 103(a) (7 U.S.C. 1444(a)).

(3) Section 105 (7 U.S.C. 1444b).

(4) Section 107 (7 U.S.C. 1445a).

(5) Section 110 (7 U.S.C. 1445e).

(6) Section 112 (7 U.S.C. 1445g).

(7) Section 115 (7 U.S.C. 1445k).

(8) Section 201 (7 U.S.C. 1446).

(9) Title III (7 U.S.C. 1447–1449).

(10) Title IV (7 U.S.C. 1421–1433d), other than sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and 1431).

(11) Title V (7 U.S.C. 1461–1469).

(12) Title VI (7 U.S.C. 1471–1471j).

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2006.

SEC. 186. CONFORMING AMENDMENTS.

(a) Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in paragraph (2)—

(A) by inserting ''or title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001'' after ''the Agricultural Market Transition Act''; and

(B) by inserting ", or covered commodities, respectively," after "oilseeds"; and

(2) by striking paragraph (3) and inserting the following:

"(3) DESCRIPTION OF PAYMENTS SUBJECT TO LIMITATION.—The payments referred to in paragraph (2) are the following:

"(A) Any gain realized by a producer from repaying a marketing assistance loan under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231) or section 111 of the Agriculture, Conservation, and Rural Enhancement Act of 2001 for a crop of any commodity at a lower level than the original loan rate established for the commodity under section 132 of the Agricultural Market Transition Act (7 U.S.C. 7232) or section 132 of the Agriculture, Conservation, and Rural Enhancement Act of 2001, respectively.

"(B) Any loan deficiency payment received for a commodity under section 135 of the Agricultural Market Transition Act (7 U.S.C. 7235) or section 135 of the Agriculture, Conservation, and Rural Enhancement Act of 2001.".

(b) Section 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3(a)) is amended by inserting ''title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001,'' after ''the Agricultural Market Transition Act,''.

(c) The Federal Crop Insurance Act is amended—

(1) in section 506(h)(3) (7 U.S.C. 1506(h)(3)—

(A) by striking ''section 196 of the Agricultural Market Transition Act (7 U.S.C. 7333)'' and inserting ''section 192 of the Agriculture, Conservation, and Rural Enhancement Act of 2001''; and

(B) by striking ''such section 196'' and inserting ''section 192 of that Act'';

(2) in section 508(b)(7)(A) (7 U.S.C. 1508(b)(7)(A)), by inserting ''or title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001'' after ''the Agricultural Market Transition Act'';

(3) in section 508A(e) (7 U.S.C. 1508a(e)), by striking ''section 196 of the Agricultural Market Transition Act (7 U.S.C. 7333)'' and inserting ''section 192 of the Agriculture, Conservation, and Rural Enhancement Act of 2001'';

(4) in section 515(h)(3)(B) (7 U.S.C. 1515(h)(3)(B)), is amended by striking clause (ii) and inserting the following:

"(ii) The Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) and title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001, including the noninsured crop disaster assistance program."; and

(5) in section 522(d)(1) (7 U.S.C. 1522(d)(1)), by striking "section 196 of the Agricultural Market Transition Act (7 U.S.C. 7333)" and inserting "section 192 of the Agriculture, Conservation, and Rural Enhancement Act of 2001".

(d) Title I of the Federal Agriculture Improvement and Reform Act of 1996 is amended—

(1) in subtitle E, by striking sections 163 and 165 (7 U.S.C. 7283, 7285); and

(2) by striking subtitles F, G, and H (7 U.S.C. 7301 et seq.), other than section 191 (7 U.S.C. 7331).

(e) Section 385 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7334) is amended—

(1) in subsection (a), by inserting ", or base acres under title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001,"; and

(2) in subsection (b), by striking paragraph (1) and inserting the following:

"(1) the termination of—

"(A) any contract acreage and production flexibility contract under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.); and

"(B) any base acres and contract under title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001;"; and

(3) in subsection (c), by inserting "and title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001" after "Agricultural Market Transition Act".

(f) Section 1211(1)(A) of the Food Security Act of 1985 (16 U.S.C. 3811(1)(A)) is amended by inserting "title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001," after "the Agricultural Market Transition Act,".

(g) Section 1221(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3811(1)(A)) is amended by inserting "title I of the Agriculture, Conservation, and Rural En-

hancement Act of 2001,'' after ''the Agricultural Market Transition Act,''.

(h) Section 519(b)(1) of the Controlled Substances Act (21 U.S.C. 889(b)(1)) is amended by inserting ''the Agricultural Market Transition Act, (7 U.S.C. 7201 et seq.), title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001,'' after ''the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.),''.

(i) Section 3720B(a) of title 31, United States Code, is amended by inserting ''or subtitle B of title I of the Agriculture, Conservation, and Rural Enhancement Act of 2001'' after ''the Agricultural Market Transition Act (7 U.S.C. 7231 et seq.)''.

(j) Effective January 1, 2004, the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) is repealed.

SEC. 187. EFFECT OF AMENDMENTS.

(a) EFFECT ON PRIOR CROPS.—Except as otherwise specifically provided in this title and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary to carry out a price support or production adjustment program for any of the 1996 through 2001 crops of an agricultural commodity established under a provision of law in effect immediately before the date of enactment of this title.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect before the date of enactment of this title.

Subtitle E—Miscellaneous Commodity Provisions

SEC. 191. RISK MANAGEMENT EDUCATION.

(a) IN GENERAL.—In consultation with the Commodity Futures Trading Commission, the Secretary shall provide such education in management of the financial risks inherent in the production and marketing of agricultural commodities as the Secretary considers appropriate.

(b) PROGRAMS.—As part of the educational activities, the Secretary may develop and implement programs to facilitate the participation of agricultural producers in—

(1) commodity futures trading programs;

(2) forward contracting options; and

(3) insurance protection programs by assisting and training producers in the usage of the programs.

(c) EXISTING AUTHORITIES AND RESOURCES.—In implementing this section, the Secretary may use existing research and extension authorities and resources of the Department of Agriculture.

SEC. 192. ADMINISTRATION AND OPERATION OF NON-INSURED CROP ASSISTANCE PROGRAM.

(a) OPERATION AND ADMINISTRATION OF PROGRAM.—

(1) IN GENERAL.—In the case of an eligible crop described in paragraph (2), the Secretary, acting through the Farm Service Agency (referred to in this section as the ''Agency''), shall operate a non-insured crop disaster assistance program to provide coverage equivalent to the catastrophic risk protection otherwise available under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)).

(2) ELIGIBLE CROPS.—

(A) IN GENERAL.—In this section, the term ''eligible crop'' means each commercial crop or other agricultural commodity (except livestock)—

(i) for which catastrophic risk protection under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is not available; and

(ii) that is produced for food or fiber.

(B) CROPS SPECIFICALLY INCLUDED.—The term ''eligible crop'' shall include floricultural, ornamental nursery, and Christmas tree crops, turfgrass sod, seed crops, aquaculture

(including ornamental fish), and industrial crops.

(C) COMBINATION OF SIMILAR TYPES OR VARIETIES.—At the option of the Secretary, all types or varieties of a crop or commodity, described in subparagraphs (A) and (B), may be considered to be a single eligible crop under this section.

(3) CAUSE OF LOSS.—To qualify for assistance under this section, the losses of the noninsured commodity shall be due to drought, flood, or other natural disaster, as determined by the Secretary.

(b) APPLICATION FOR NONINSURED CROP DISASTER ASSISTANCE.—

(1) TIMELY APPLICATION.—

(A) IN GENERAL.—To be eligible for assistance under this section, a producer shall submit an application for noninsured crop disaster assistance at a local office of the Department.

(B) ADMINISTRATION.—The application shall be in such form, contain such information, and be submitted not later than 30 days before the beginning of the coverage period, as determined by the Secretary.

(2) RECORDS.—To be eligible for assistance under this section, a producer shall provide annually to the Secretary records of crop acreage, yields, and production for each crop, as required by the Secretary.

(3) ACREAGE REPORTS.—A producer shall provide annual reports on acreage planted or prevented from being planted, as required by the Secretary, by the designated acreage reporting date for the crop and location as established by the Secretary.

(c) LOSS REQUIREMENTS.—

(1) CAUSE.—To be eligible for assistance under this section, a producer of an eligible crop shall have suffered a loss of a noninsured commodity as the result of a cause described in subsection (a)(3).

(2) ASSISTANCE.—On making a determination described in subsection (a)(3), the Secretary shall provide assistance under this section to producers of an eligible crop that have suffered a loss as a result of the cause described in subsection (a)(3).

(3) PREVENTED PLANTING.—Subject to paragraph (1), the Secretary shall make a prevented planting noninsured crop disaster assistance payment if the producer is prevented from planting more than 35 percent of the acreage intended for

the eligible crop because of drought, flood, or other natural disaster, as determined by the Secretary.

(4) AREA TRIGGER.—The Secretary shall provide assistance to individual producers without any requirement of an area loss.

(d) PAYMENT.—The Secretary shall make available to a producer eligible for noninsured assistance under this section a payment computed by multiplying—

(1) the quantity that is less than 50 percent of the established yield for the crop; by

(2)(A) in the case of each of the 1996 through 1998 crop years, 60 percent of the average market price for the crop (or any comparable coverage determined by the Secretary); or

(B) in the case of each of the 1999 and subsequent crop years, 55 percent of the average market price for the crop (or any comparable coverage determined by the Secretary); by

(3) a payment rate for the type of crop (as determined by the Secretary) that—

(A) in the case of a crop that is produced with a significant and variable harvesting expense, reflects the decreasing cost incurred in the production cycle for the crop that is—

(i) harvested;

(ii) planted but not harvested; and

(iii) prevented from being planted because of drought, flood, or other natural disaster (as determined by the Secretary); and

(B) in the case of a crop that is not produced with a significant and variable harvesting expense, as determined by the Secretary.

(e) YIELD DETERMINATIONS.—

(1) ESTABLISHMENT.—The Secretary shall establish farm yields for purposes of providing noninsured crop disaster assistance under this section.

(2) ACTUAL PRODUCTION HISTORY.—

(A) IN GENERAL.—The Secretary shall determine yield coverage using the actual production history of the producer over a period of not less than the 4 previous consecutive crop years and not more than 10 consecutive crop years.

(B) QUANTITY.—Subject to paragraph (3), the yield for the year in which noninsured crop disaster assistance is sought shall be equal to the average of the actual production history of the producer during the period considered.

(3) ASSIGNMENT OF YIELD.—If a producer does not submit adequate documentation of produc-

tion history to determine a crop yield under paragraph (2), the Secretary shall assign to the producer a yield equal to not less than 65 percent of the transitional yield of the producer (adjusted to reflect actual production reflected in the records acceptable to the Secretary for continuous years), as specified in regulations issued by the Secretary based on production history requirements.

(4) PROHIBITION ON ASSIGNED YIELDS IN CERTAIN COUNTIES.—

(A) IN GENERAL.—

(i) DOCUMENTATION.—

(I) IN GENERAL.—If sufficient data are available to demonstrate that the acreage of a crop in a county for the crop year has increased by more than 100 percent over any year in the preceding 7 crop years or, if data are not available, if the acreage of the crop in the county has increased significantly from the previous crop years, a producer must provide such detailed documentation of production costs, acres planted, and yield for the crop year for which benefits are being

claimed as is required by the Secretary.

(II) INSUFFICIENT DOCUMENTATION.—If the Secretary determines that the documentation provided is not sufficient, the Secretary may require documenting proof that the crop, had the crop been harvested, could have been marketed at a reasonable price.

(ii) PROHIBITION.—Except as provided in subparagraph (B), a producer that produces a crop on a farm located in a county described in clause (i) may not obtain an assigned yield.

(B) EXCEPTION.—A crop or a producer shall not be subject to this subsection if—

(i) the planted acreage of the producer for the crop has been inspected by a third party acceptable to the Secretary; or

(ii)(I) the County Executive Director and the State Executive Director recommend an exemption from the requirement to the Administrator of the Agency; and

(II) the Administrator approves the recommendation.

(5) LIMITATION ON RECEIPT OF SUBSEQUENT ASSIGNED YIELD.—A producer that receives an assigned yield for the current year of a natural disaster because required production records were not submitted to the local office of the Department shall not be eligible for an assigned yield for the year of the next natural disaster unless the required production records of the previous 1 or more years (as applicable) are provided to the local office.

(6) YIELD VARIATIONS DUE TO DIFFERENT FARMING PRACTICES.—The Secretary shall ensure that noninsured crop disaster assistance accurately reflects significant yield variations due to different farming practices, such as between irrigated and nonirrigated acreage.

(f) CONTRACT PAYMENTS.—A producer that has received a guaranteed payment for production, as opposed to delivery, of a crop pursuant to a contract shall have the production of the producer adjusted upward by the amount of the production equal to the amount of the contract payment received.

(g) USE OF COMMODITY CREDIT CORPORATION.—The Secretary may use the funds of the Commodity Credit Corporation to carry out this section.

(h) EXCLUSIONS.—Noninsured crop disaster assistance under this section shall not cover losses due to—

(1) the neglect or malfeasance of the producer;

(2) the failure of the producer to reseed to the same crop in those areas and under such circumstances where it is customary to reseed; or

(3) the failure of the producer to follow good farming practices, as determined by the Secretary.

(i) PAYMENT AND INCOME LIMITATIONS.—

(1) DEFINITIONS.—In this subsection:

(A) PERSON.—

(i) IN GENERAL.—The term ''person'' has the meaning provided the term in regulations issued by the Secretary.

(ii) ADMINISTRATION.—The regulations shall conform, to the extent practicable, to the regulations defining the term ''person'' issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308).

(B) QUALIFYING GROSS REVENUES.—The term ''qualifying gross revenues'' means—

(i) if a majority of the gross revenue of the person is received from farming, ranching, and forestry operations, the gross revenue from the farming, ranching, and forestry operations of the person; and

(ii) if less than a majority of the gross revenue of the person is received from farming, ranching, and forestry operations, the gross revenue of the person from all sources.

(2) PAYMENT LIMITATION.—The total amount of payments that a person shall be entitled to receive annually under this section may not exceed $100,000.

(3) LIMITATION ON MULTIPLE BENEFITS FOR SAME LOSS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), if a producer that is eligible to receive benefits under this section is also eligible to receive assistance for the same loss under any other program administered by the Secretary, the producer shall be required to elect whether to receive benefits under this section or under the other program, but not both.

(B) EXCEPTION.—Subparagraph (A) shall not apply to emergency loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.).

(4) INCOME LIMITATION.—A person that has qualifying gross revenues in excess of the amount specified in section 2266(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1421 note) (as in effect on November 28, 1990) during the taxable year (as determined by the Secretary) shall not be eligible to receive any non-insured assistance payment under this section.

(5) REGULATIONS.—The Secretary shall issue regulations prescribing such rules as the Secretary determines necessary to ensure a fair and equitable application of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), the general payment limitation regulations of the Secretary, and the limitations established under this subsection.

(j) SERVICE FEE.—

(1) IN GENERAL.—To be eligible to receive assistance for an eligible crop for a crop year under this section, a producer shall pay to the Secretary (at the time at which the producer submits the application under subsection (b)(1)) a service fee for

the eligible crop in an amount that is equal to the lesser of—

(A) $100 per crop per county; or

(B) $300 per producer per county, but not to exceed a total of $900 per producer.

(2) WAIVER.—The Secretary shall waive the service fee required under paragraph (1) in the case of a limited resource farmer, as defined by the Secretary.

(3) USE.—The Secretary shall deposit service fees collected under this subsection in the Commodity Credit Corporation Fund.

TITLE II—CONSERVATION

Subtitle A—Conservation Security

SEC. 201. CONSERVATION SECURITY PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by inserting after chapter 1 the following:

"CHAPTER 2—CONSERVATION SECURITY AND FARMLAND PROTECTION

"Subchapter A—Conservation Security Program

"SEC. 1238. DEFINITIONS.

''In this subchapter:

"(1) BASE PAYMENT.—The term 'base payment' means the amount paid to an owner or operator under a conservation security contract that is comprised of the sum of the amounts described in clauses (i) and (ii) of subparagraphs (B), (C), or (D) of section 1238C(b)(1), as appropriate.

"(2) BONUS AMOUNT.—The term 'bonus amount' means the amount paid to an owner or operator under a conservation security contract consisting of the sum of the amounts described in clauses (iii) and (iv) of subparagraph (B), of clause (iii) of subparagraph (C) or (D), of section 1238C(b)(1), as appropriate.

"(3) CONSERVATION PRACTICE.—The term 'conservation practice' means a land-based farming technique that—

"(A) requires planning, implementation, management, and maintenance; and

"(B) promotes 1 or more of the purposes described in section 1238A(a).

"(4) CONSERVATION SECURITY CONTRACT.—The term 'conservation security contract' means a contract described in section 1238A(e).

"(5) CONSERVATION SECURITY PLAN.—The term 'conservation security plan' means a plan described in section 1238A(c).

"(6) CONSERVATION SECURITY PROGRAM.—The term 'conservation security program' means the program established under section 1238A(a).

"(7) CONTINUOUS SIGNUP.—The term 'continuous signup' means land enrolled under section 1231(b)(4).

"(8) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term by section 4 of the Indian Health Care Improvement Act (25 U.S.C. 1603).

"(9) NUTRIENT MANAGEMENT.—The term 'nutrient management' means management of the quantity, source, placement, form, and timing of the land application of nutrients and other additions to soil on land enrolled in the conservation security program—

"(A) to achieve or maintain adequate soil fertility for agricultural production;

"(B) to minimize the potential for loss of environmental quality, including soil, water, fish and wildlife habitat, and air and water quality; and

"(C) to reduce energy consumption.

"(10) RESOURCE OF CONCERN.—The term 'resource of concern' means a conservation priority of a State and locality under section 1238A(c)(3).

"(11) RESOURCE-CONSERVING CROP.—The term 'resource-conserving crop' means—

"(A) a perennial grass;

"(B) a legume grown for use as—

"(i) forage;

"(ii) seed for planting; or

"(iii) green manure;

"(C) a legume-grass mixture;

"(D) a small grain grown in combination with a grass or legume, whether interseeded or planted in succession; and

"(E) such other plantings, including trees and annual grasses, as the Secretary considers appropriate for a particular area.

"(12) RESOURCE-CONSERVING CROP ROTATION.—The term 'resource-conserving crop rotation' means a crop rotation that—

"(A) includes at least 1 resource-conserving crop;

"(B) reduces erosion;

"(C) improves soil fertility and tilth; and

"(D) interrupts pest cycles.

"(13) RESOURCE MANAGEMENT SYSTEM.—The term 'resource management system' means a system of conservation practices and management relating to land or water use that is designed to prevent resource degradation and permit sustained use of land and water, as defined in accordance with the Natural Resources Conservation Service technical guide.

"(14) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Natural Resources Conservation Service.

"(15) TIER I CONSERVATION PRACTICE.—The term 'Tier I conservation practice' means a conservation practice described in section 1238A(d)(5)(A).

"(16) TIER II CONSERVATION PRACTICE.—The term 'Tier II conservation practice' means a conservation practice described in section 1238A(d)(5)(B).

"(17) TIER III CONSERVATION PRACTICE.—The term 'Tier III conservation practice' means a conservation practice described in section 1238A(d)(5)(C).

"SEC. 1238A. CONSERVATION SECURITY PROGRAM.

''(a) IN GENERAL.—Beginning in fiscal year 2003, the Secretary shall establish a conservation security program to assist owners and operators of agricultural operations to promote, as is applicable for each operation—

''(1) conservation of soil, water, energy, and other related resources;

''(2) soil quality protection and improvement;

''(3) water quality protection and improvement;

''(4) air quality protection and improvement;

''(5) soil, plant, or animal health and well-being;

''(6) diversity of flora and fauna;

''(7) on-farm conservation and regeneration of biological resources, including plant and animal germplasm;

''(8) wetland restoration, conservation, and enhancement;

''(9) wildlife habitat management, with special emphasis on species identified by any natural heritage program of the applicable State;

''(10) reduction of greenhouse gas emissions and enhancement of carbon sequestration;

''(11) environmentally sound management of invasive species;

"(12) enhancement of conservation technology and resource management practices approved by the Secretary; or

"(13) any similar conservation purpose (as determined by the Secretary).

"(b) ELIGIBILITY.—

"(1) ELIGIBLE OWNERS AND OPERATORS.—To be eligible to participate in the conservation security program (other than to receive technical assistance under section 1238C(f) for the development of conservation security contracts), an owner or operator shall—

"(A) develop and submit to the Secretary, and obtain the approval of the Secretary of, a conservation security plan that meets the requirements of subsection (c)(1); and

"(B) enter into a conservation security contract with the Secretary to carry out the conservation security plan.

"(2) ELIGIBLE LAND.—

"(A) IN GENERAL.—Except as provided in subparagraph (C)(iii), private agricultural land (including cropland, grassland, prairie land, pasture land, and rangeland) shall be eligible

for enrollment in the conservation security program.

"(B) FORESTED LAND.—Private forested land shall be eligible for enrollment in the conservation security program if the forested land is integrated into the agricultural operation described in subparagraph (A), including land that is used for—

"(i) alley cropping;

"(ii) forest farming;

"(iii) forest buffers;

"(iv) windbreaks;

"(v) silvopasture systems; and

"(vi) such other uses as the Secretary may determine to be appropriate.

"(C) EXCLUSIONS.—

"(i) CONSERVATION RESERVE PROGRAM.—Land enrolled in the conservation reserve program under subchapter B of chapter 1 shall not be eligible for enrollment in the conservation security program except for land described in section 1231(b)(4).

"(ii) WETLANDS RESERVE PROGRAM.—Land enrolled in the wetlands re-

serve program established under subchapter C of chapter 1 shall not be eligible for enrollment in the conservation security program.

"(iii) CONVERSION TO CROPLAND.—Land that is converted to cropland after the date of enactment of this subchapter shall not be eligible for enrollment in the conservation security program.

"(c) CONSERVATION SECURITY PLANS.—

"(1) IN GENERAL.—A conservation security plan shall—

"(A) identify the resources and designated land to be conserved under the conservation security plan;

"(B) describe—

"(i) the tier of conservation practices, and the particular conservation practices to be implemented, maintained, or improved, in accordance with subsection (d) on the land covered by the conservation security contract for the specified term; and

"(ii) as appropriate for the land covered by the conservation security contract, the minimum number and scope of con-

servation practices described in clause (i) that are required to be carried out on the land before the owner or operator is eligible to receive—

"(I) a base payment; and

"(II) a bonus amount, if the owner or operator implements, maintains, or improves any conservation practice in addition to the conservation practices described in clause (i);

"(C) contain a schedule for the implementation, maintenance, or improvement of the conservation practices described in the conservation security plan during the term of the conservation security contract;

"(D) meet the requirements of the highly erodible land and wetland conservation requirements of subtitles B and C; and

"(E) identify sustainable economic uses to be applied to the land that—

"(i) maintain the agricultural nature of land; and

"(ii) are consistent with the natural resource and environmental benefits of the conservation security plan; and

"(F) contain such other terms as the Secretary determines to be appropriate.

"(2) COMPREHENSIVE PLANNING.—The Secretary shall encourage owners and operators that enter into conservation security contracts—

"(A) to undertake a comprehensive examination of the opportunities for conserving natural resources and improving the profitability, environmental health, and quality of life in relation to their entire agricultural operation;

"(B) to develop a long-term strategy for implementing, monitoring, and evaluating conservation practices and environmental results in the entire agricultural operation;

"(C) to participate in other Federal, State, local, or private conservation programs;

"(D) to maintain the agricultural integrity of the land; and

"(E) to adopt innovative conservation technologies and management practices.

"(3) STATE AND LOCAL CONSERVATION PRIORITIES.—To the maximum extent practicable and in a manner consistent with the conservation security program, each conservation security plan shall address the minimum number of conservation priorities

of the State and locality in which the agricultural operation is located (as determined by the State conservationist in consultation with the State technical committee established under subtitle G and the local subcommittee of the State technical committee) as the Secretary determines to be appropriate.

"(4) SUBMISSION OF PLAN.—

"(A) IN GENERAL.—During the development of a conservation security plan by an owner or operator and the Secretary, the Secretary shall supply to the owner or operator a statement of the minimum number, type, and scope of conservation practices described in paragraph (1)(B)(ii).

"(B) APPROVAL FOR BASE PAYMENTS.—If a conservation security plan submitted to the Secretary contains the minimum number, type, and scope of conservation practices referred to in paragraph (1)(B)(ii)—

"(i) the Secretary may approve the conservation security plan; and

"(ii) the owner or operator of the conservation security plan, on approval of and compliance with the plan, as determined by

the Secretary, shall be eligible to receive a base payment.

"(C) APPROVAL FOR BONUS AMOUNTS.—If a conservation security plan submitted to the Secretary contains a proposal for the implementation, maintenance, or improvement of a conservation practice that is greater than the minimum number, type, and scope of a conservation practice referred to in paragraph (1)(B)(ii)(I), the Secretary may increase the base payment of the owner or operator by such bonus amount as the Secretary determines is appropriate.

"(d) CONSERVATION PRACTICES.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT OF TIERS.—The Secretary shall establish 3 tiers of conservation practices that are eligible for payment under a conservation security contract.

"(B) ELIGIBLE CONSERVATION PRACTICES.—

"(i) IN GENERAL.—The Secretary shall make eligible for payment under a conservation security contract land man-

agement, vegetative, and structural practices that—

"(I) are necessary to achieve the objectives of the conservation security plan; and

"(II) primarily provide for and have as the primary purpose resource protection and environmental improvement.

"(ii) DETERMINATION.—

"(I) IN GENERAL.—In determining the eligibility of a practice described in clause (i), the Secretary shall require the lowest cost alternatives be used to fulfill the objectives of the conservation security plan.

"(II) LIMITATION.—Notwithstanding subclause (I), the adoption of innovative technologies shall, to the maximum extent practicable, not be limited.

"(2) ON-FARM RESEARCH AND DEMONSTRATION.—With respect to land enrolled in the conservation security program that will be maintained using a Tier II conservation practice or Tier III con-

servation practice, the Secretary may approve a conservation security plan that includes on-farm conservation research and demonstration activities, including—

"(A) total farm planning;

"(B) total resource management;

"(C) integrated farming systems;

"(D) germplasm conservation and regeneration;

"(E) greenhouse gas reduction and carbon sequestration;

"(F) agro-ecological restoration and wildlife habitat restoration;

"(G) agro-forestry;

"(H) invasive species control;

"(I) energy conservation and management;

"(J) farm and environmental results monitoring and evaluation; or

"(K) participation in research projects relating to water conservation and management through—

"(i) recycling or reuse of water; or

"(ii) more efficient irrigation of farmland.

"(3) USE OF HANDBOOK AND GUIDES.—

"(A) IN GENERAL.—In determining eligible conservation practices under the conservation security program, the Secretary shall use the National Handbook of Conservation Practices and the field office technical guides of the Natural Resources Conservation Service.

"(B) CONSERVATION PRACTICE STANDARDS.—To the maximum extent practicable, the Secretary shall establish guidance standards for implementation of eligible conservation practices that shall include measurable goals for enhancing and preventing degradation of resources.

"(C) ADJUSTMENTS.—

"(i) IN GENERAL.—After providing notice and an opportunity for public participation, the Secretary shall make such adjustments to the National Handbook of Conservation Practices as are necessary to carry out this chapter.

"(ii) EFFECT ON PLAN.—If the Secretary makes an adjustment to a practice under clause (i), the Secretary may require an adjustment to a conservation security plan in effect as of the date of the adjust-

ment if the Secretary determines that the plan, without the adjustment, would significantly interfere with achieving the purposes of the conservation security program.

"(D) PILOT TESTING.—

"(i) IN GENERAL.—Under any of the 3 tiers of conservation practices established under paragraph (5), the Secretary may approve requests by an owner or operator for pilot testing of new technologies and innovative conservation practices and systems.

"(ii) INCORPORATION INTO STANDARDS.—After evaluation by the Secretary and provision of notice and an opportunity for public participation, the Secretary may incorporate new technologies and innovative conservation practices and systems into the standards for implementation of conservation practices established under paragraph (1).

"(4) TIERS.—To carry out this subsection, the Secretary shall establish the following 3 tiers of conservation practices, the minimum requirements for which shall be determined by the State conserva-

tionist in consultation with the State technical committee established under subtitle G and the local subcommittee of the State technical committee:

"(A) TIER I CONSERVATION PRACTICES.—

"(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program that will be maintained using Tier I conservation practices shall, at a minimum—

"(I) if applicable, address at least 1 resource of concern to the particular agricultural operation;

"(II) apply to the total agricultural operation or to a particular unit of the agricultural operation;

"(III) cover—

"(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

"(bb) conservation practices that are newly implemented under the conservation security contract; and

"(IV) meet applicable standards for implementation of conservation practices established under paragraph (4).

"(ii) CONSERVATION PRACTICES.—Tier I conservation practices shall consist of, as appropriate for the agricultural operation of an owner or operator, 1 or more of the following basic conservation activities:

"(I) Soil conservation, quality, and residue management.

"(II) Invasive species management.

"(III) Fish and wildlife habitat management, with special emphasis on species identified by any natural heritage program of the applicable State or the appropriate State agency.

"(IV) Fish and wildlife conservation and enhancement.

"(V) Air quality management.

"(VI) Energy conservation measures.

"(VII) Biological resource conservation and regeneration.

"(VIII) Animal health management.

"(IX) Plant and animal germplasm conservation, evaluation, and development.

"(X) Contour farming.

"(XI) Strip cropping.

"(XII) Cover cropping.

"(XIII) Sediment dams.

"(XIV) Any other conservation practice that the Secretary determines to be to be appropriate and comparable to other conservation practices described in this clause.

"(iii) TIER II CONSERVATION PRACTICES.—A conservation security plan for land enrolled in the conservation security program that will be maintained using Tier I conservation practices may include Tier II conservation practices.

"(B) TIER II CONSERVATION PRACTICES.—

"(i) IN GENERAL.—A conservation security plan for land enrolled in the con-

servation security program that will be maintained using Tier II conservation practices shall, at a minimum—

"(I) address at least 1 resource of concern, as specified in the conservation security plan covering the total agricultural operation;

"(II) cover—

"(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

"(bb) conservation practices that are newly implemented under the conservation security contract; and

"(III) meet applicable resource management system criteria for the chosen resource of concern of the agricultural operation.

"(ii) CONSERVATION PRACTICES.—Tier II conservation practices shall consist of, as appropriate for the agricultural operation of an owner or operator, 1 or more

of the following land use adjustment or protection practices:

"(I) Resource-conserving crop rotations.

"(II) Controlled, rotational grazing.

"(III) Conversion of portions of cropland from a soil-depleting use to a soil-conserving use, including production of cover crops.

"(IV) Partial field conservation practices (including windbreaks, grass waterways, shelter belts, filter strips, riparian buffers, wetland buffers, contour buffer strips, living snow fences, crosswind trap strips, field borders, wildlife corridors, and critical area planting appropriate to the agricultural operation).

"(V) Fish and wildlife habitat conservation and restoration.

"(VI) Native grassland and prairie protection and restoration.

"(VII) Wetland protection and restoration.

"(VIII) Agroforestry practices and systems.

"(IX) Any other conservation practice involving modification of the use of land (including advanced till practices) that the Secretary determines to be appropriate and comparable to other conservation practices described in this clause.

"(C) TIER III CONSERVATION PRACTICES.—

"(i) IN GENERAL.—A conservation security plan for land enrolled in the conservation security program that will be maintained using Tier III conservation practices shall, at a minimum—

"(I) address all applicable resources of concern in the total agricultural operation;

"(II) cover—

"(aa) conservation practices that are being implemented as of the date on which the conservation security contract is entered into; and

"(bb) conservation practices that are newly implemented under the conservation security contract; and

"(III) meet applicable resource management system criteria.

"(ii) CONSERVATION PRACTICES.—Tier III conservation practices shall consist of, as appropriate for the agricultural operation of an owner or operator, development, implementation, and maintenance of a conservation security plan that, over the term of the conservation security contract—

"(I) integrates a full complement of conservation practices to foster environmental enhancement and the long-term sustainability of the natural resource base of an agricultural operation; and

"(II) improves profitability and quality of life associated with the agricultural operation.

"(e) CONSERVATION SECURITY CONTRACTS.—

"(1) CONTRACTS.—

"(A) IN GENERAL.—On approval of a conservation security plan of an owner or operator, the Secretary shall enter into a conservation security contract with the owner or operator to enroll the land covered by the conservation security plan in the conservation security program.

"(B) REQUIRED COMPONENTS.—A conservation security contract shall specifically describe—

"(i) the minimum criteria that an owner or operator is required to meet to receive a base payment; and

"(ii) the minimum conservation practices that an owner or operator is required to implement, maintain, or improve to receive a bonus amount.

"(2) TERM.—Subject to paragraphs (3) and (4)—

"(A) a conservation security contract for land enrolled in the conservation security program that will be maintained using 1 or more Tier I conservation practices shall have a term of 5 years; and

"(B) a conservation security contract for land enrolled in the conservation security program that will be maintained using a Tier II conservation practice or Tier III conservation practice shall have a 5-year to 10-year term, as determined by the owner or operator.

"(3) MODIFICATIONS.—

"(A) OPTIONAL MODIFICATIONS.—

"(i) IN GENERAL.—An owner or operator may apply to the Secretary to modify the conservation security plan in a manner consistent with the purposes of the conservation security program.

"(ii) APPROVAL BY THE SECRETARY.—To be effective, any modification under clause (i)—

"(I) shall be approved by the Secretary; and

"(II) shall authorize the Secretary to redetermine, if necessary, the amount and timing of the payments under the conservation security contract and section 1238C(b)(1).

"(B) OTHER MODIFICATIONS.—

"(i) IN GENERAL.—The Secretary may in writing require an owner or operator to modify a conservation security contract before the expiration of the conservation security contract if—

"(I) the Secretary determines that a change made to the type, size, management, or other aspect of the agricultural operation of the owner or operator would, without the modification of the contract, significantly interfere with achieving the purposes of the conservation security program; or

"(II) the Secretary makes a change to the National Handbook of Conservation Practices under subsection (d)(3)(C).

"(ii) PAYMENTS.—The Secretary may adjust the amount and timing of the payment schedule under the conservation security contract to reflect any modifications required under this subparagraph.

"(iii) DEADLINE.—The Secretary may terminate a conservation security contract

if a modification required under this subparagraph is not submitted to the Secretary in the form of an amended conservation security contract by the date that is 90 days after the date on which the Secretary issues a written request for the modification.

''(iv) TERMINATION.—An owner or operator that is required to modify a conservation security contract under this subparagraph may, in lieu of modifying the contract—

''(I) terminate the conservation security contract; and

''(II) retain payments received under the conservation security contract, if the owner or operator fully complied with the terms and conditions of the conservation security contract before termination of the contract.

''(4) RENEWAL.—

''(A) IN GENERAL.—At the option of an owner or operator, the conservation security contract of the owner or operator may be re-

newed, for a term described in subparagraph (B), if—

"(i) the owner or operator agrees to any modification of the applicable conservation security contract that the Secretary determines to be necessary to achieve the purposes of the conservation security program;

"(ii) the Secretary determines that the owner or operator has complied with the terms and conditions of the conservation security contract, including the conservation security plan; and

"(iii) in the case of a conservation security contract for land previously enrolled using only Tier I conservation practices, the owner or operator agrees to increase the level of conservation treatment on land enrolled in the conservation security program by—

"(I) adopting new conservation practices; or

"(II) expanding existing practices to meet the resource management systems criteria.

"(B) TERMS OF RENEWAL.—Under subparagraph (A)—

"(i) a conservation security contract for land enrolled in the conservation security program that will be maintained using only Tier I conservation practices may be renewed for 5-year terms;

"(ii) a conservation security contract for land enrolled in the conservation security program that will be maintained using only Tier II conservation practices or Tier III conservation practices shall be renewed for 5-year to 10-year terms, at the option of the owner or operator; and

"(iii) previous participation in the conservation security program does not bar renewal more than once.

"(f) NO VIOLATION FOR NONCOMPLIANCE DUE TO CIRCUMSTANCES BEYOND THE CONTROL OF THE OWNER OR OPERATOR.—The Secretary shall include in the conservation security contract a provision, and may modify a conservation security contract under subsection (e)(3)(B), to ensure that an owner or operator shall not be considered in violation of a conservation security contract for failure to comply with the conservation security

contract due to circumstances beyond the control of the owner or operator, including a disaster or related condition, as determined by the Secretary.

"SEC. 1238B. DUTIES OF OWNERS AND OPERATORS.

''Under a conservation security contract, an owner or operator shall agree, during the term of the conservation security contract—

''(1) to implement the applicable conservation security plan approved by the Secretary;

''(2) to keep, and make available to the Secretary at such times as the Secretary may request, appropriate records showing the effective and timely implementation of the conservation security plan;

''(3) not to engage in any activity that would interfere with the purposes of the conservation security plan; and

''(4) on the violation of a term or condition of the conservation security contract—

''(A) if the Secretary determines that the violation warrants termination of the conservation security contract—

''(i) to forfeit all rights to receive payments under the conservation security contract; and

"(ii) to refund to the Secretary all or a portion of the payments received by the owner or operator under the conservation security contract, including any advance payment and interest on the payments, as determined by the Secretary; or

"(B) if the Secretary determines that the violation does not warrant termination of the conservation security contract, to refund to the Secretary, or accept adjustments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate.

"SEC. 1238C. DUTIES OF THE SECRETARY.

"(a) ADVANCE PAYMENT.—At the time at which an owner or operator enters into a conservation security contract, the Secretary shall, at the option of the owner or operator, make an advance payment to the owner or operator in an amount not to exceed—

"(1) in the case of a contract to maintain Tier I conservation practices, the greater of—

"(A) $1,000; or

"(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary;

"(2) in the case of a contract to maintain Tier II conservation practices, the greater of—

"(A) $2,000; or

"(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary; or

"(3) in the case of a contract to maintain Tier III conservation practices, the greater of—

"(A) $3,000; or

"(B) 20 percent of the value of the annual payment under the contract, as determined by the Secretary.

"(b) ANNUAL PAYMENTS.—

"(1) CRITERIA FOR DETERMINING AMOUNT OF PAYMENTS.—

"(A) BASE RATE.—In this paragraph, the term 'base rate' means the average county rental rate for the specific land use during the 2001 crop year, or another appropriate average county rate for the 2001 crop year, as determined by the Secretary.

"(B) PAYMENTS.—A payment for a conservation practice under this paragraph shall be determined in accordance with subparagraphs (C) through (F).

"(C) TIER I CONSERVATION PRACTICES.—The payment for a conservation security contract covering only Tier I conservation practices shall be comprised of the sum of the following:

"(i) An amount equal to 6 percent of the base rate for land covered by the contract.

"(ii) An amount equal to the cost of practices described in the conservation security contract, based on average county costs for practices for the 2001 crop year, comprised of—

"(I) 100 percent of the cost of the adoption of new, and the cost of maintenance of new and existing, management practices;

"(II) 100 percent of the cost of maintenance of existing land-based structural practices approved by the Secretary; and

"(III)(aa) subject to item (bb), 75 percent of the cost of adoption of new land-based structural practices (or, in the case of a limited resource or beginning farmer or rancher (as

defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))), 90 percent of the cost of that adoption); or

''(bb) in a case in which a structural practice for which a similar structural practice under the environmental quality incentives program established under chapter 4 would require maintenance, if the owner or operator agrees to provide, without reimbursement, substantially equivalent maintenance, the amount specified in item (aa).

''(iii) A bonus amount determined by the Secretary for implementing or adopting 1 or more of the following practices:

''(I) A practice adopted or maintained that maximizes the objectives of the conservation security program beyond the minimum requirements of the practices adopted or maintained.

''(II) A practice adopted or maintained to address eligible resource and conservation concerns that are not

identified as local conservation priorities.

"(III) A practice adopted or maintained to address national priority concerns, as determined by the Secretary.

"(IV) Participation by the owner or operator in a conservation research project.

"(V) Participation by the owner or operator in a watershed or regional resource conservation plan that involves at least 75 percent of owners or operators in a targeted area.

"(VIII) Recordkeeping, monitoring, and evaluation carried out by the owner or operator that furthers the purposes of the conservation security program.

"(iv) A bonus amount determined by the Secretary that reflects the status of an owner or operator as a beginning farmer or rancher (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)).

"(D) TIER II CONSERVATION PRACTICES.—The payment for a conservation security contract covering Tier II conservation practices shall be comprised of the sum of the following:

"(i) An amount equal to 11 percent of the base rate for land covered by the conservation security contract.

"(ii) An amount equal to the costs of practices described in the conservation security contract, based on average county costs for practices for the 2001 crop year, described in subparagraph (C)(ii).

"(iii) A bonus amount determined by the Secretary in accordance with clauses (iii) and (iv) of subparagraph (C) (including consideration of any practices adopted or maintained by the owner or operator that exceed resource management system standards).

"(E) TIER III CONSERVATION PRACTICES.—The payment for a conservation security contract covering Tier III conservation practices shall be comprised of the sum of the following:

"(i) An amount equal to 20 percent of the base rate for land covered by the conservation security contract.

"(ii) An amount equal to the costs of practices described in the conservation security contract, based on average county costs for practices for the 2001 crop year, described in subparagraph (C)(ii).

"(iii) A bonus amount determined by the Secretary in accordance with subparagraph (D)(iii).

"(F) EXCLUSION OF COSTS FOR PURCHASE OR MAINTENANCE OF EQUIPMENT OR NON-LAND BASED STRUCTURES.—A payment under this subchapter shall not include any amount for the purchase or maintenance of equipment or a non-land based structure.

"(2) TIME OF PAYMENT.—The Secretary shall provide payments under a conservation security contract as soon as practicable after October 1 of each fiscal year.

"(3) LIMITATION ON PAYMENTS.—

"(A) IN GENERAL.—Subject to paragraphs (1), (2), (4), and (5), under a conservation security contract, the Secretary shall, in amounts

and for a term specified in the conservation security contract and taking into account any advance payments, make an annual payment to the individual or entity in an amount not to exceed—

"(i) in the case of a contract to maintain Tier I conservation practices, $20,000;

"(ii) in the case of a contract to maintain Tier II conservation practices, $35,000; or

"(iii) in the case of a contract to maintain Tier III conservation practices, $50,000.

"(B) LIMITATION ON NONBONUS PAYMENTS.—In applying the payment limitation under each of clauses (i), (ii), and (iii) of subparagraph (A), an individual or entity may not receive payments described in clauses (i) and (ii) of paragraph (3)(C), (3)(D), or (3)(E), as appropriate, in an amount that exceeds 75 percent of the applicable payment limitation.

"(C) OTHER USDA PAYMENTS.—If an owner or operator has the same practices on the same land enrolled in the conservation security program and 1 or more other conservation pro-

grams administered by the Secretary, the Secretary shall include all payments, other than payments for conservation easements, from the conservation security program and the other conservation programs in applying the annual payment limitations this paragraph.

"(D) NON-USDA PAYMENTS.—Payments received from a Federal program not administered by the Secretary, or administered by any State, local, or private agricultural program, shall not be considered an annual payment for purposes of the annual payment limitations under this paragraph.

"(E) COMMENSURATE SHARE.—To be eligible to receive a payment under this subchapter, an individual or entity shall make contributions of land, labor, management, equipment, and capital to the operation of the farm that are at least commensurate with the share of the proceeds of the operation of the individual or entity.

"(4) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Notwithstanding any other provision of law, if an owner or operator has land enrolled in another conservation program administered

by the Secretary and has applied to enroll the same land in the conservation security program, the owner or operator may elect to—

"(A) convert the contract under the other conservation program to a conservation security contract, without penalty, except that this subparagraph shall not apply to a long-term or permanent conservation easement; or

"(B) have each annual payment to the owner or operator under this subsection reduced to reflect payment for practices the owner or operator receives under the other conservation program, except that the annual payment under this subsection may include incentives for qualified practices that enhance or extend the conservation benefit achieved under the other conservation program.

"(5) WASTE STORAGE OR TREATMENT FACILITIES.—A payment to an owner or operator under this subchapter shall not be provided for the purpose of construction or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.

"(c) REGULATIONS.—

"(1) IN GENERAL.—The Secretary shall promulgate regulations that—

"(A) provide that no individual or entity, directly or indirectly, may receive payments exceeding the applicable amount specified in subsection (a) or (b);

"(B) provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing payments, on a fair and equitable basis; and

"(C) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsections (a) and (b).

"(2) PENALTIES FOR SCHEMES OR DEVICES.—

"(A) IN GENERAL.—If the Secretary determines that an individual or entity has adopted a scheme or device to evade, or that has the purpose of evading, the regulations promulgated under paragraph (1), the individual or entity shall be ineligible to participate in the conservation security program for the year for which the scheme or device was adopted and each of the following 5 years.

"(B) FRAUD.—If the Secretary determines that fraud was committed in connection with the scheme or device, the individual or entity shall be ineligible to participate in the conservation security program for the year for which the scheme or device was adopted and each of the following 10 years.

"(d) TERMINATION.—

"(1) IN GENERAL.—Subject to section 1238B, the Secretary shall allow an owner or operator to terminate the conservation security contract.

"(2) PAYMENTS.—The owner or operator may retain any or all payments received under a terminated conservation security contract if—

"(A) the owner or operator is in full compliance with the terms and conditions (including any maintenance requirements) of the conservation security contract as of the date of the termination; and

"(B) the Secretary determines that termination of the contract will not defeat the goals described in the conservation security plan of the owner or operator.

"(e) TRANSFER OR CHANGE OF INTEREST IN LAND SUBJECT TO CONSERVATION SECURITY CONTRACT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the transfer, or change in the interest, of an owner or operator in land subject to a conservation security contract shall result in the termination of the conservation security contract.

"(2) TRANSFER OF DUTIES AND RIGHTS.—Paragraph (1) shall not apply if, not later than 60 days after the date of the transfer or change in the interest in land, the transferee of the land provides written notice to the Secretary that all duties and rights under the conservation security contract have been transferred to the transferee.

"(f) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—For each fiscal year, the Secretary shall provide technical assistance to owners and operators for the development and implementation of conservation security contracts, in an amount not to exceed 20 percent of funds expended for the fiscal year.

"(2) COORDINATION BY THE SECRETARY.—The Secretary shall provide overall technical coordination and leadership for the conservation security program, including final approval of all conservation security plans.

"(g) CONSERVATION SECURITY PILOT PROGRAM.—

"(1) IN GENERAL.—The Secretary, in cooperation with appropriate State agencies, may establish a pilot program to demonstrate and evaluate the implementation of a conservation security program in a State described in paragraph (2).

"(2) ELIGIBLE STATE.—The State referred to in paragraph (1) is a State selected by the Secretary—

"(A) in consultation with the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

"(B) after taking into consideration—

"(i) the percentage of private working land in the State; and

"(ii) infrastructure in the State that is available to implement the pilot program under paragraph (1).".

SEC. 202. FUNDING.

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by adding at the end the following:

"(c) CONSERVATION SECURITY PROGRAM.—Of the funds of the Commodity Credit Corporation, the Corporation shall make available such sums as are necessary to

carry out subchapter A of chapter 2 (including the provision of technical assistance).''.

SEC. 203. PARTNERSHIPS AND COOPERATION.

Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by adding at the end the following:

''(f) PARTNERSHIPS AND COOPERATION.—

''(1) IN GENERAL.—In carrying out any program under subtitle D, the Secretary may designate special projects, as recommended by the State Conservationist, with advice from the State technical committee, to enhance technical and financial assistance provided to producers to address environmental issues affected by agricultural production with respect to—

''(A) meeting the purposes of—

''(i) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or comparable State laws in impaired or threatened watersheds;

''(ii) the Safe Drinking Water Act (42 U.S.C. 300f et seq.) or comparable State laws in watersheds providing water for drinking water supplies; or

"(iii) the Clean Air Act (42 U.S.C. 7401 et seq.) or comparable State laws; or

"(B) watersheds of special significance or other geographic areas of environmental sensitivity, such as wetland (including State or multi-State projects to facilitate surface and ground water conservation, to protect water quality, or for protection of endangered or threatened species or habitat, such as conservation corridors).

"(2) INCENTIVES.—To realize the objectives of the special projects under paragraph (1), the Secretary may provide incentives to producers participating in the special projects to encourage partnerships and sharing of technical and financial resources among producers and among producers and governmental and nongovernmental organizations.

"(3) FLEXIBILITY.—

"(A) IN GENERAL.—The Secretary may enter into agreements with States to allow greater flexibility to adjust the application of eligibility criteria, approved practices, innovative conservation practices, and other elements of the programs under this subtitle to better re-

flect unique local circumstances and goals in a manner that is consistent with—

"(i) environmental enhancement and long term sustainability of the natural resource base; and

"(ii) the purposes of this subtitle.

"(B) PLAN.—Each party to an agreement under subparagraph (A) shall submit to the Secretary, for approval by the Secretary, a special project area or priority area program plan for each program to be carried out by the party that includes—

"(i) a description of the proposed adjustments to program implementation (including a description of how those adjustments will accelerate the achievement of environmental benefits);

"(ii) an analysis of the contribution those adjustments will make to the effectiveness of programs in achieving the purposes of the special project or priority area program;

"(iii) a timetable for reevaluating the need for or performance of those proposed adjustments;

"(iv) a description of non-Federal programs and resources that will contribute to achieving the objectives of the special project or priority area program; and

"(v) a plan for regular monitoring, evaluation, and reporting of progress toward the objectives of the special project or priority area program.

"(4) UNUSED FUNDING.—Any funds made available for a fiscal year under this subsection that are not obligated by September 30 of the fiscal year may be used to carry out other activities under this chapter during future fiscal years.".

SEC. 204. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

"SEC. 1244. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

"(a) GOOD FAITH RELIANCE.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, except as provided in paragraph (4), the Secretary shall provide equitable relief to an owner or operator that has entered into a contract

under a conservation program administered by the Secretary, and that is subsequently determined to be in violation of the contract, if the owner or operator in attempting to comply with the terms of the contract and enrollment requirements—

"(A) took actions in good faith reliance on the action or advice of an employee of the Secretary; and

"(B) had no knowledge that the actions taken were in violation of the contract.

"(2) TYPES OF RELIEF.—The Secretary shall—

"(A) to the extent the Secretary determines that an owner or operator has been injured by good faith reliance described in paragraph (1), allow the owner or operator—

"(i) to retain payments received under the contract;

"(ii) to continue to receive payments under the contract;

"(iii) to keep all or part of the land covered by the contract enrolled in the applicable program under this chapter;

"(iv) to reenroll all or part of the land covered by the contract in the applicable program under this chapter; or

"(v) to receive any other equitable relief the Secretary considers appropriate; and

"(B) require the owner or operator to take such actions as are necessary to remedy any failure to comply with the contract.

"(3) RELATIONSHIP TO OTHER LAW.—The authority to provide relief under this subsection shall be in addition to any other authority provided in this or any other Act.

"(4) EXCEPTIONS.—This section shall not apply to—

"(A) any pattern of conduct in which an employee of the Secretary takes actions or provides advice with respect to an owner or operator that the employee and the owner or operator know are inconsistent with applicable law (including regulations); or

"(B) an owner or operator takes any action, independent of any advice or authorization provided by an employee of the Secretary, that the owner or operator knows or should have known to be inconsistent with applicable law (including regulations).

"(5) APPLICABILITY OF RELIEF.—Relief under this section shall be available for contracts in effect on the date of enactment of this section.

"(b) EDUCATION, OUTREACH, MONITORING, AND EVALUATION.—In carrying out any conservation program administered by the Secretary, the Secretary—

"(1) shall provide education, outreach, monitoring, evaluation, and related services to agricultural producers (including owners and operators of small and medium-sized farms, socially disadvantaged agricultural producers, and limited resource agricultural producers);

"(2) may enter into contracts with private nonprofit, community-based organizations and educational institutions with demonstrated experience in providing the services described in paragraph (1), to provide those services; and

"(3) shall use such sums as are necessary from funds of the Commodity Credit Corporation to carry out activities described in paragraphs (1) and (2).

"(c) SOCIALLY DISADVANTAGED AND LIMITED RESOURCE OWNERS AND OPERATORS.—The Secretary shall provide outreach, training, and technical assistance specifically to encourage and assist socially disadvantaged

and limited resource owners and operators to participate in conservation programs administered by the Secretary.

"(d) PROGRAM EVALUATION.—The Secretary shall maintain data concerning conservation security plans, conservation practices planned or implemented, environmental outcomes, economic costs, and related matters under conservation programs administered by the Secretary.

"(e) MEDIATION AND INFORMAL HEARINGS.—If the Secretary makes a decision under a conservation program administered by the Secretary that is adverse to an owner or operator, at the request of the owner or operator, the Secretary shall provide the owner or operator with mediation services or an informal hearing on the decision.

"(f) EXEMPTION FROM AUTOMATIC SEQUESTER.—Notwithstanding any other provision of law, no order issued for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902) shall affect any payment a conservation program administered by the Secretary.

"(g) REPORTS.—Not later than 18 months after the date of enactment of this subsection and at the end of each 2-year period thereafter, the Secretary shall submit to Congress a report evaluating the results of each con-

servation program administered by the Secretary, including—

"(1) an evaluation of the scope, quality, and outcomes of the conservation practices carried out under the program; and

"(2) recommendations for achieving specific and quantifiable improvements for the purposes of each of the programs.

"(h) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—Under any conservation program administered by the Secretary, subject to paragraph (2), technical assistance provided by persons certified under paragraph (3) (including farmers and ranchers) may include—

"(A) conservation planning;

"(B) design, installation, and certification of conservation practices;

"(C) training for producers; and

"(D) such other activities as the Secretary determines to be appropriate.

"(2) OUTSIDE ASSISTANCE.—

"(A) IN GENERAL.—The Secretary may contract directly with qualified persons not employed by the Department to provide conservation technical assistance.

"(B) PAYMENT BY SECRETARY.—

"(i) IN GENERAL.—The Secretary may provide a payment or voucher to an owner or operator enrolled in a conservation program administered by the Secretary if the owner or operator chooses to obtain technical assistance from a person certified to provide technical assistance under this section.

"(ii) DETERMINATION.—In determining whether to provide a payment or voucher under clause (i), the Secretary shall seek to maximize the assistance received from qualified persons to most expeditiously and efficiently achieve the objectives of this title.

"(3) CERTIFICATION OF PRIVATE PROVIDERS OF TECHNICAL ASSISTANCE.—

"(A) ESTABLISHMENT OF PROCEDURES.—The Secretary shall establish procedures for certifying persons not employed by the Department to provide technical assistance in planning, designing, or certifying any aspect of a particular project under any conservation program administered by the Secretary to agricul-

tural producers and landowners participating, or seeking to participate, in conservation programs administered by the Secretary.

"(B) STANDARDS.—The Secretary shall establish standards for the conduct of—

"(i) the certification process conducted by the Secretary; and

"(ii) periodic recertification by the Secretary of providers.

"(C) CERTIFICATION REQUIRED.—A provider may not provide to any producer technical assistance described in subparagraph (B) unless the provider is certified by the Secretary.

"(E) FEE.—

"(i) IN GENERAL.—In exchange for certification or recertification, a private provider shall pay a fee to the Secretary in an amount determined by the Secretary.

"(ii) ACCOUNT.—A fee paid to the Secretary under clause (i) shall be—

"(I) credited to the account in the Treasury that incurs costs relating to implementing this section; and

"(II) made available to the Secretary for use for conservation pro-

grams administered by the Secretary, without further appropriation, until expended.

"(F) OTHER REQUIREMENTS.—The Secretary may establish such other requirements as the Secretary determines are necessary to carry out this subsection.

"(i) CONFIDENTIALITY.—

"(1) IN GENERAL.—In accordance with section 552(b)(3) of title 5, United States Code, to maintain confidentiality, the Secretary shall not release or disclose publicly the conservation plan of an owner or operator under any component of a conservation program administered by the Secretary, or any related records, unless the Secretary—

"(A) releases the information in an anonymous or aggregated form; and

"(B) obtains the consent of the owner or operator prior to releasing the information.

"(2) APPLICABILITY TO OTHER FEDERAL AGENCIES.—The confidentiality restrictions described in paragraph (1) shall apply to any Federal agency that obtains from the Secretary any plan or record described in that paragraph.

"(j) INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary on land under the jurisdiction of an Indian tribe, the Secretary shall cooperate with the tribal government of the Indian tribe to ensure, to the maximum extent practicable, that the program is administered—

"(1) in a fair and equitable manner; and

"(2) in accordance with any Federal law (including a regulation) applicable to the Indian tribe.

"(k) BEGINNING FARMERS AND RANCHERS AND INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary, the Secretary may provide to beginning farmers and ranchers (as identified by the Secretary) and Indian tribes, incentives to participate in the conservation program to—

"(1) foster new farming opportunities; and

"(2) enhance environmental stewardship over the long term.".

SEC. 205. REFORM AND CONSOLIDATION OF CONSERVATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Agriculture shall develop a plan for—

(1) consolidating conservation programs administered by the Secretary that are targeted at agricultural land; and

(2) to the maximum extent practicable—

(A) designing forms that are applicable to all such conservation programs;

(B) reducing and consolidating paperwork requirements for such programs;

(C) developing universal classification systems for all information obtained on the forms that can be used by other agencies of the Department of Agriculture;

(D) ensuring that the information and classification systems developed under this paragraph can be shared with other agencies of the Department through computer technologies used by agencies; and

(E) developing 1 format for a conservation plan that can be applied to all conservation programs targeted at agricultural land.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the plan developed under subsection (a), including any recommendations for implementation of the plan.

(c) NATIONAL CONSERVATION PLAN.—Not later than 180 days after the date of enactment of this Act,

the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate a plan and estimated budget for implementing the appraisal of the soil, water, and related resources of the Nation contained in the National Conservation Program under section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004) as the primary vehicle for managing conservation on agricultural land in the United States.

SEC. 206. CONSERVATION SECURITY PROGRAM REGULATIONS.

Beginning on the date of enactment of this Act, the Secretary of Agriculture may promulgate regulations and carry out other actions relating to the implementation of the conservation security program under subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (as added by section 201).

SEC. 207. CONFORMING AMENDMENTS.

(a) Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended by striking ''ECARP'' each place it appears and inserting ''CCEP''.

(b) Section 1230A of the Food Security Act of 1985 (16 U.S.C. 3830a) is repealed.

(c) Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by striking the section heading and inserting the following:

"SEC. 1243. ADMINISTRATION OF CCEP.".

Subtitle B—Program Extensions

SEC. 211. COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 1230(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3830(a)(1)) is amended by striking ''2002'' and inserting ''2006''.

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

(1) by striking ''2002'' and inserting ''2006'';

(2) by inserting ''(including the provision of technical assistance)'' after ''the programs''; and

(3) in paragraph (2), by striking ''subchapter C'' and inserting ''subchapters C and D''.

SEC. 212. CONSERVATION RESERVE PROGRAM.

(a) REAUTHORIZATION.—

(1) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(A) in subsections (a), (b)(3), and (d), by striking ''2002'' each place it appears and inserting ''2006''; and

(B) in subsection (h)(1), by striking ''the 2001 and 2002'' and inserting ''each of the 2002 through 2006''.

(2) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking ''2002'' and inserting ''2006''.

(b) CONSERVATION PRIORITY AREAS.—

(1) IN GENERAL.—Section 1230(c) of the Food Security Act of 1985 (16 U.S.C. 3830(c)) is amended by adding at the end the following:

''(4) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

''(A) are ongoing as of the date of the application; and

''(B) meet the objectives of a program established under this title.''.

(2) ELIGIBILITY.—Section 1231(b) of the Food Security Act is amended—

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

''(1) highly erodible cropland that—

''(A)(i) if permitted to remain untreated could substantially reduce the production capability for future generations; or

"(ii) cannot be farmed in accordance with a conservation plan that complies with the requirements of subtitle B; and

"(B) the Secretary determines had a cropping history or potential for cropping for 3 of the 6 years preceding the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001 (except for land enrolled in the conservation reserve program on that date);";

(B) in paragraph (4)—

(i) by striking "croplands" each place it appears and inserting "lands"; and

(ii) by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(5) the portion of land in a field not enrolled in the conservation reserve where more than 50 percent of the land in the field is enrolled as a buffer, if the land is enrolled as part of the buffer.".

(3) CRP PRIORITY AREAS.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C. 3831(f)) is amended by adding at the end the following:

"(5) PRIORITY.—In designating conservation priority areas under paragraph (1), the Secretary

shall give priority to areas in which designated land would facilitate the most rapid completion of projects that—

"(A) are ongoing as of the date of the application; and

"(B) meet the objectives of the program established under this subchapter.".

(c) MAXIMUM ENROLLMENT.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended—

(1) by striking "The Secretary" and inserting the following:

"(1) IN GENERAL.—The Secretary";

(2) by striking "36,400,000" and inserting "40,000,000"; and

(3) by adding at the end the following:

"(2) RESERVATION.—Of the acres maintained under paragraph (1), the Secretary shall reserve not less than 4,000,000 acres under—

"(A) a program of conservation activities described in a notice issued on March 24, 1998 (63 Fed. Reg. 14109) or a successor program; or

"(B) the conservation reserve enhancement program described in a notice issued on May

27, 1998 (63 Fed. Reg. 28965) or a successor program.''.

(d) DURATION OF CONTRACTS; HARDWOOD TREES.—Section 1231(e) of the Food Security Act of 1985 (16 U.S.C. 3831(e)) is amended—

(1) in paragraph (1), by striking ''shall enter into contracts of not less than 10, nor more than 15, years.'' and inserting the following: ''may enter into contracts—

''(A) for permanent easements on land enrolled in the conservation reserve program that is not covered by a hardwood tree contract, covering not to exceed 3,000,000 acres, for 30 or more years; and

''(B) covering any remaining acreage, with terms of not less than 10, nor more than 15, years.''; and

(2) in paragraph (2)—

(A) by striking ''In the'' and inserting the following:

''(A) IN GENERAL.—In the'';

(B) by striking ''The Secretary'' and inserting the following:

''(B) EXISTING HARDWOOD TREE CONTRACTS.—The Secretary''; and

(C) by adding at the end the following:

"(C) EXTENSION OF HARDWOOD TREE CONTRACTS.—

"(i) IN GENERAL.—In the case of land devoted to hardwood trees under a contract entered into under this subchapter before the date of enactment of this subparagraph, the Secretary may extend the contract for a term of not more than 15 years.

"(ii) BASE PAYMENTS.—The amount of a base payment for a contract extended under clause (i)—

"(I) shall be determined by the Secretary; but

"(II) shall not exceed 50 percent of the base payment that was applicable to the contract before the contract was extended.".

(e) PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.—Section 1231(h) of the Food Security Act of 1985 (16 U.S.C. 3831(h)) is amended—

(1) in the subsection heading, by striking "PILOT"; and

(2) in subsection (a)—

(A) in paragraph (1), by striking ''During the 2001 and 2002 calendar years, the Secretary shall carry out a pilot program'' and inserting ''During the period of calendar years 2002 through 2006, the Secretary shall carry out a program; and

(B) in paragraph (2), by striking ''pilot''.

(f) VEGETATIVE COVER; HAYING AND GRAZING; WIND TURBINES.—Section 1232(a) of the Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended—

(1) in paragraph (4)—

(A) in subparagraph (A), by striking ''and'' at the end;

(B) in subparagraph (B), by inserting ''and'' after the semicolon at the end; and

(C) by adding at the end the following:

''(C) in the case of marginal pasture land, an owner or operator shall not be required to plant trees if native prairie grass may be retained or restored;'';

(2) in paragraph (7)—

(A) by striking ''that the Secretary'' and inserting ''that'';

(B) in subparagraph (A)—

(i) by striking ''may permit'' and inserting ''the Secretary'';

(ii) by striking clause (i) and inserting the following:

''(i) may permit haying and grazing in accordance with subsection (f)(1);'';

(iii) by striking clause (ii) and inserting the following:

''(ii) may permit haying or grazing on that land—

''(I) for maintenance purposes; or

''(II) in a case in which grazing is incidental, as determined by the Secretary; and''; and

(iv) by adding at the end the following:

''(iii) notwithstanding the amount of a base payment limited by section 1234(c)(2) and specified in a contract entered into under this chapter, shall reduce the amount of the base payment paid to an owner or operator of land used for haying or grazing under clause (i) or (ii)(I), or on which 1 or more wind turbines are installed under subsection (f)(2), by an

amount determined by the Secretary to be commensurate with the value of the reduction of benefit gained by enrollment of the land in the conservation reserve program.''; and

(C) in subparagraph (B)—

(i) by striking ''six projects, no more than one of which may be in any State,'' and inserting ''6 projects, not more than 1 of which may be in any State and the total acreage of which 6 projects shall not exceed 250,000 acres,''; and

(ii) in clause (iv), by striking ''harvested;'' and inserting ''harvested; and''; and

(iii) by striking subparagraph (C);

(3) in paragraph (9), by striking ''and'' at the end;

(4) by redesignating paragraph (10) as paragraph (11); and

(5) by inserting after paragraph (9) the following:

''(10) with respect to any contract entered into after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001—

"(A) not to produce an agricultural commodity for the duration of the contract on any other highly erodible land that the owner or operator owns on, or purchases on or after, that date, unless the highly erodible land—

"(i) has a history of being used to produce an agricultural commodity other than a forage crop; or

"(ii) is being used as a homestead or building site at the time of purchase; and

"(B) on a violation of a contract described in subparagraph (A), to be subject to the sanctions under paragraph (5); and".

(g) ECONOMIC USES.—Section 1232 of the Food Security Act of 1985 (8906 U.S.C. 3832) is amended by adding at the end the following:

"(f) ADDITIONAL ECONOMIC USES.—

"(1) HAYING AND GRAZING.—

"(A) IN GENERAL.—The Secretary may permit haying and grazing on land enrolled in the conservation reserve program in accordance with this paragraph and a haying and grazing management plan approved by the Secretary.

"(B) CONDITIONS.—An owner or operator of a tract of land enrolled in the conservation reserve program may hay or graze the tract—

"(i)(I) not more than once in every 3-year period, as determined by the Secretary, if the entire tract is hayed or grazed; or

"(II) in the case of a portion of the tract not to exceed ⅓ of the tract each year, if—

"(aa) the tract consists of at least 80 acres; and

"(bb) the portion of the tract used for haying or grazing is not reused until such time as the remainder of the tract is used for haying and grazing;

"(ii) in accordance with requirements developed by the State Technical Committee under subparagraph (C);

"(iii) if all hay (including bales) is removed from the tract not later than October 1 of the applicable year;

"(iv) if the unused portion of each tract is left in a single contiguous block; and

"(v) the haying or grazing does not defeat any objective of the conservation reserve program.

"(C) STATE TECHNICAL COMMITTEE REQUIREMENTS.—Taking into consideration the purposes of the conservation reserve program, the State Technical Committee of the State in which a tract used for haying or grazing under this paragraph is located shall—

"(i) develop appropriate requirements for vegetative management on land enrolled in the conservation reserve program; and

"(ii) identify periods during which haying and grazing under this paragraph may be conducted.

"(2) WIND TURBINES.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may permit an owner or operator of land that is enrolled in the conservation reserve program, but that is not enrolled under continuous signup (as defined in

section 1238) to install wind turbines on the land.

"(B) NUMBER; LOCATION.—The Secretary shall determine the number and location of wind turbines that may be installed on a tract of land under subparagraph (A), taking into account—

"(i) the location, size, and other physical characteristics of the land;

"(ii) the extent to which the land contains wildlife and wildlife habitat; and

"(iii) the purposes of the conservation reserve program.".

(h) PRIORITY FOR STATE EASEMENT PROGRAMS.—Section 1234(c)(3) of the Food Security Act of 1985 (16 U.S.C. 3834(c)(3)) is amended—

(1) by striking "Secretary may" and inserting "Secretary";

(2) in subparagraph (A)—

(A) by striking "take into" and inserting "may take into"; and

(B) by striking "and" at the end;

(3) in subparagraph (B)—

(A) by striking "establish" and inserting "may establish"; and

(B) by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(C) shall give priority to offers from owners and operators under section 1231(e)(1) from States in which a State program to provide technical or other assistance relating to permanent easements is in effect.".

(i) ADDITIONAL ELIGIBLE PRACTICES.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is amended by adding at the end the following:

"(i) PAYMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall provide signing incentive payments under the conservation reserve program to owners and operators that implement a practice for—

"(A) the preservation of shallow water areas for wildlife;

"(B) the establishment of permanent vegetative cover, such as contour grass strips and cross-wind trap strips; or

"(C) the preservation of wellhead protection areas.

"(2) OTHER PRACTICES.—The Secretary shall administer paragraph (1) in a manner that does not reduce the amount of payments made by the Secretary for other practices under the conservation reserve program.".

(j) COUNTY PARTICIPATION.—Section 1243(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3843(b)(1)) is amended by striking "The Secretary" and inserting "Except for land enrolled under continuous signup or under the conservation reserve enhancement program described in a notice issued on May 27, 1998 (63 Fed. Reg. 28965) (or a successor program), the Secretary".

(k) STUDY ON ECONOMIC EFFECTS.—Not later than 270 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the economic effects on rural communities resulting from the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

SEC. 213. WETLANDS RESERVE PROGRAM.

(a) TECHNICAL ASSISTANCE.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is

amended by inserting ''(including the provision of technical assistance)'' before the period at the end.

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

(1) by striking ''The total number'' and all that follows through the end of the paragraph and inserting the following: ''Not more than 250,000 acres may be enrolled in the wetlands reserve program in any calendar year.''.

(c) REAUTHORIZATION.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 214. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) PURPOSES.—Section 1240 of the Food Security Act of 1985 (16 U.SC. 3839aa) is amended to read as follows:

''SEC. 1240. PURPOSES.

''The purposes of the environmental quality incentives program established by this chapter are—

''(1) to maximize environmental benefits per dollar expended; and

''(2) to provide—

"(A) flexible technical and financial assistance to farmers and ranchers that face the most serious threats to soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat;

"(B) assistance to farmers and ranchers in—

"(i) complying with this title;

"(ii) carrying out environmental enhancement; and

"(iii) implementing means of energy production that are consistent with the program established under this chapter;

"(C) assistance to farmers and ranchers in making beneficial, cost-effective changes to cropping systems, grazing management, manure, nutrient, pest, or irrigation management, land uses, or other measures needed to conserve and improve soil, water, and related natural resources; and

"(D) assistance in the consolidation and simplification of the conservation planning process to reduce administrative burdens on producers.".

(b) STRUCTURAL PRACTICES ELIGIBLE FOR FINANCIAL ASSISTANCE.—Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

(1) by redesignating paragraph (5) as paragraph (6);

(2) in paragraph (1), by inserting ''private'' after ''means'';

(3) by inserting after paragraph (4) the following:

''(5) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Natural Resources Conservation Service.''; and

(4) in paragraph (6)(A) (as redesignated by paragraph (1)), by inserting ''on eligible land'' after ''practice''.

(c) INNOVATIVE TECHNOLOGIES.—

(1) DEFINITION OF INNOVATIVE TECHNOLOGY.—Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

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

(B) by inserting after paragraph (1) the following:

"(2) INNOVATIVE TECHNOLOGY.—The term 'innovative technology' includes technology that, as determined by the Secretary—

"(A) maximizes environmental benefits;

"(B) complements agricultural production; and

"(C) may be adopted in a practical manner.".

(2) USE OF INNOVATIVE TECHNOLOGY.—Section 1240B(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)(2)) is amended by adding at the end the following:

"(3) USE OF INNOVATIVE TECHNOLOGY.—With respect to a contract under this chapter providing for financial assistance for a confined livestock operation, the Secretary shall give priority to a producer that uses an innovative technology in connection with a structural practice or land management practice.".

(d) REAUTHORIZATION.—Section 1240B(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)(1)) is amended by striking "2002" and inserting "2006".

(e) CONTRACTS PROVIDING FINANCIAL ASSISTANCE FOR A STRUCTURAL PRACTICE.—Section 1240B(c) of the

Food Security Act of 1985 (16 U.S.C. 3839aa–2(c)) is amended by adding at the end the following:

"(3) MAINTENANCE OF STRUCTURES.—A contract providing for financial assistance to an owner or operator for a structural practice—

"(A) shall require maintenance of the structural practice for the life of the practice, regardless of whether land covered by the contract is sold during that period; and

"(B) may be modified only with the approval of the Secretary.

"(4) CONDITION FOR ANIMAL WASTE MANAGEMENT FACILITIES.—An owner or operator may receive financial assistance for an animal waste management facility under this chapter only if—

"(A) the facility is subject to a comprehensive nutrition management plan approved by the Secretary; and

"(B) the owner or operator receives no cost share assistance for the facility under any other program administered by the Secretary.".

(f) COST-SHARE PAYMENTS.—Section 1240B(e) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(e)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) by striking ''A producer'' and inserting the following:

''(i) IN GENERAL.—Except as provided in clause (ii), a producer''; and

(ii) by adding at the end the following:

''(ii) WAIVER.—The Secretary may provide a waiver to the limitation under clause (i) for any facility if—

''(I) the facility is owned by multiple producers;

''(II) the producers transfer animals at the facility, for additional feeding or finishing, to separate facilities owned, at least in part, by the same multiple producers;

''(III) the separate facilities, the total number of which shall not exceed the total number of producers that own the facilities, are not large confined animal feeding operations, as determined by the Secretary;

''(IV) the payment or benefit to each producer under this subsection is

commensurate to the contribution of each producer to the jointly owned operation; and

"(V) the share of a each producer of the payment or benefit, in combination with any other payment or benefit received under the program established under this chapter, does not exceed the payment limits of the program."; and

(B) by adding at the end the following:

"(D) LIMITED-RESOURCE LIVESTOCK OPERATIONS.—Notwithstanding subparagraphs (A), (B), and (C), the Federal share of a cost-share payment to a producer that owns or operates a limited-resource livestock operation (as defined by the Secretary) shall be 90 percent."; and

(2) in paragraph (3), by striking subparagraph (C).

(g) PRIORITY FOR USE OF INNOVATIVE PRACTICES.—Section 1240C of the Food Security Act of 1985 (16 U.S.C. 3839aa–3) is amended—

(1) in paragraph (2), by striking "or" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(4) are provided to producers using innovative technologies, as determined by the Secretary.".

(h) LIMITATION ON PAYMENTS.—Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended by striking subsection (a) and inserting the following:

"(a) PAYMENTS.—

"(1) IN GENERAL.—The total amount of cost-share and incentive payments paid to a producer under this chapter may not exceed $100,000 for the period of fiscal years 2002 through 2006.

"(2) REGULATIONS.—In carrying out this chapter, the Secretary shall promulgate regulations to ensure, to the maximum extent practicable, that provide that no individual or entity, directly or indirectly, may receive payments exceeding the applicable amount specified in paragraph (1).".

(i) FUNDING.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (b) and inserting the following:

"(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), of the funds of the Commodity Credit Corporation, the Secretary shall make available $650,000,000 for fiscal year 2002, $800,000,000 for fiscal year 2003, $900,000,000 for fiscal year 2004, and $950,000,000 for each of fiscal years 2005 and 2006, to remain available until expended, for providing technical assistance, cost-share payments, incentive payments, and education under the environmental quality incentives program under chapter 4 of subtitle D.

"(2) LOAN PROGRAM.—

"(A) IN GENERAL.—Of the amounts made available under paragraph (1), the Secretary shall deposit into the fund established by section 1240H(e) not to exceed $100,000,000 for each fiscal year.

"(B) APPLICABILITY OF OTHER LAWS.—For the purposes of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.), this subsection shall be treated as if enacted in an Act of appropriation.

"(3) LIVESTOCK PRODUCTION.—For each of fiscal years 2002 through 2006, 50 percent of the funding available for technical assistance, cost-share

payments, incentive payments, and education under the environmental quality incentives program shall be targeted at practices relating to livestock production.''.

(j) LOAN PROGRAM FOR STRUCTURAL PRACTICES.—Chapter 4 of subtitle D of title XII of the Food Security Act of 1985 is amended by striking section 1240H (16 U.S.C. 3839aa–8) and inserting the following:

"SEC. 1240H. LOAN PROGRAM FOR STRUCTURAL PRACTICES.

''(a) IN GENERAL.—The Secretary shall establish a loan program to provide loans to owners and producers of confined livestock operations to assist the owners and producers in installing structural practices under this chapter.

''(b) REQUIREMENTS.—An owner or producer that seeks to receive a loan under this section shall—

''(1) comply with requirements of this chapter relating to the receipt of cost-share assistance (including the submission to the Secretary of a management plan); and

''(2) submit to the Secretary, in such form and including such information as the Secretary may require, an application for the loan.

''(c) MAXIMUM LOAN AMOUNTS AND RATES.—

"(1) INDIVIDUAL LOANS.—A loan made to an owner or producer under this section—

"(A) shall not exceed $150,000; and

"(B) shall have an interest rate equal to the then current cost of money to the Government of the United States for loans of similar maturity.

"(2) AGGREGATE ANNUAL AMOUNT.—The annual aggregate amount of loans made under this section shall not exceed $100,000,000.

"(d) INTEREST.—Interest paid on a loan made under this section shall be credited to and become a part of the Fund.

"(e) LOAN FUND.—

"(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be used in carrying out the program under this section (referred to in this section as the 'Fund'), consisting of—

"(A) such amounts as are deposited in the Fund under section 1241(b)(2);

"(B) such interest as is paid on loans made under subsection (d); and

"(C) any interest earned on investment of amounts in the Fund under paragraph (3).

"(2) EXPENDITURES FROM FUND.—

"(A) IN GENERAL.—Subject to subparagraph (B), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary such amounts as the Secretary determines are necessary to pay the cost of loans to owners and producers under this section.

"(B) ADMINISTRATIVE EXPENSES.—An amount not exceeding 5 percent of the amounts in the Fund shall be available in each fiscal year to pay the administrative expenses necessary to carry out the program under this section.

"(3) INVESTMENT OF AMOUNTS.—

"(A) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals. Investments may be made only in interest-bearing obligations of the United States.

"(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

"(i) on original issue at the issue price; or

"(ii) by purchase of outstanding obligations at the market price.

"(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

"(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

"(4) TRANSFERS OF AMOUNTS.—

"(A) IN GENERAL.—The amounts required to be transferred to the Fund under this section shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

"(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.".

SEC. 215. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

Subtitle H of title XV of the Agriculture and Food Act of 1981 (16 U.S.C. 3451 et seq.) is amended to read as follows:

"Subtitle H—Resource Conservation and Development Program

"SEC. 1528. DEFINITIONS.

''In this subtitle:

''(1) AREA PLAN.—The term 'area plan' means a resource conservation and use plan that is developed by a council for a designated area of a State or States through a planning process and that includes 1 or more of the following elements:

''(A) A land conservation element, the purpose of which is to control erosion and sedimentation.

''(B) A water management element that provides 1 or more clear environmental or conservation benefits, the purpose of which is to provide for—

''(i) the conservation, use, and quality of water, including irrigation and rural water supplies;

''(ii) the mitigation of floods and high water tables;

"(iii) the repair and improvement of reservoirs;

"(iv) the improvement of agricultural water management; and

"(v) the improvement of water quality.

"(C) A community development element, the purpose of which is—

"(i) the development of resources-based industries;

"(ii) the protection of rural industries from natural resource hazards;

"(iii) the development of adequate rural water and waste disposal systems;

"(iv) the improvement of recreation facilities;

"(v) the improvement in the quality of rural housing;

"(vi) the provision of adequate health and education facilities;

"(vii) the satisfaction of essential transportation and communication needs; and

"(viii) the promotion of food security, economic development, and education.

"(D) A land management element, the purpose of which is—

"(i) energy conservation;

"(ii) the protection of agricultural land, as appropriate, from conversion to other uses;

"(iii) farmland protection; and

"(iv) the protection of fish and wildlife habitats.

"(2) BOARD.—The term 'Board' means the Resource Conservation and Development Policy Advisory Board established under section 1533(a).

"(3) COUNCIL.—The term 'council' means a nonprofit entity (including an affiliate of the entity) operating in a State that is—

"(A) established by volunteers or representatives of States, local units of government, Indian tribes, or local nonprofit organizations to carry out an area plan in a designated area; and

"(B) designated by the chief executive officer or legislature of the State to receive technical assistance and financial assistance under this subtitle.

"(4) DESIGNATED AREA.—The term 'designated area' means a geographic area designated by the Secretary to receive technical assistance and financial assistance under this subtitle.

"(5) FINANCIAL ASSISTANCE.—The term 'financial assistance' means a grant, cooperative agreement, or loan provided by the Secretary (or the Secretary and other Federal agencies) to a council, or association of councils, to carry out an area plan in a designated area, including assistance provided for planning, analysis, feasibility studies, training, education, and other activities necessary to carry out the area plan.

"(6) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term by section 4 of the Indian Health Care Improvement Act (25 U.S.C. 1603).

"(7) LOCAL UNIT OF GOVERNMENT.—The term 'local unit of government' means—

"(A) any county, city, town, township, parish, village, or other general-purpose subdivision of a State; and

"(B) any local or regional special district or other limited political subdivision of a State, including any soil conservation district, school

district, park authority, and water or sanitary district.

"(8) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization that is—

"(A) described in section 501(c) of the Internal Revenue Code of 1986; and

"(B) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

"(9) PLANNING PROCESS.—The term 'planning process' means actions taken by a council to develop and carry out an effective area plan in a designated area, including development of the area plan, goals, objectives, policies, implementation activities, evaluations and reviews, and the opportunity for public participation in the actions.

"(10) PROJECT.—The term 'project' means a project that is carried out by a council to achieve any of the elements of an area plan.

"(11) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(12) STATE.—The term "State" means any of the States, the District of Columbia, or any territory or possession of the United States.

"(13) TECHNICAL ASSISTANCE.—The term 'technical assistance' means any service provided by the Secretary or agent of the Secretary, including—

"(A) inventorying, evaluating, planning, designing, supervising, laying out, and inspecting projects;

"(B) providing maps, reports, and other documents associated with the services provided;

"(C) providing assistance for the long-term implementation of area plans; and

"(D) providing services of an agency of the Department of Agriculture to assist councils in developing and carrying out area plans.

"SEC. 1529. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

"The Secretary shall establish a resource conservation and development program under which the Secretary shall provide technical assistance and financial assistance to councils to develop and carry out area plans and projects in designated areas—

"(1) to conserve and improve the use of land, develop natural resources, and improve and enhance the social, economic, and environmental conditions in primarily rural areas of the United States; and

"(2) to encourage and improve the capability of State, units of government, Indian tribes, nonprofit organizations, and councils to carry out the purposes described in paragraph (1).

"SEC. 1530. SELECTION OF DESIGNATED AREAS.

"The Secretary shall select designated areas for assistance under this subtitle on the basis of the elements of area plans.

"SEC. 1531. AUTHORITY OF THE SECRETARY.

"In carrying out this subtitle, the Secretary may—

"(1) provide technical assistance to any council to assist in developing and implementing an area plan for a designated area;

"(2) cooperate with other departments and agencies of the Federal Government, States, local units of government, local Indian tribes, and local nonprofit organizations in conducting surveys and inventories, disseminating information, and developing area plans;

"(3) assist in carrying out an area plan approved by the Secretary for any designated area by providing technical assistance and financial assistance to any council; and

"(4) enter into agreements with councils in accordance with section 1532.

"SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.

"(a) ELIGIBILITY.—Technical assistance and financial assistance may be provided by the Secretary under this subtitle to any council to assist in carrying out a project specified in an area plan approved by the Secretary only if—

"(1) the council agrees in writing—

"(A) to carry out the project; and

"(B) to finance or arrange for financing of any portion of the cost of carrying out the project for which financial assistance is not provided by the Secretary under this subtitle;

"(2) the project is included in an area plan and is approved by the council;

"(3) the Secretary determines that assistance is necessary to carry out the area plan;

"(4) the project provided for in the area plan is consistent with any current comprehensive plan for the area;

"(5) the cost of the land or an interest in the land acquired or to be acquired under the plan by any State, local unit of government, Indian tribe, or local nonprofit organization is borne by the State, local unit of government, Indian tribe, or local nonprofit organization, respectively; and

"(6) the State, local unit of government, Indian tribe, or local nonprofit organization participating in the area plan agrees to maintain and operate the project.

"(b) LOANS.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), a loan made under this subtitle shall be made on such terms and conditions as the Secretary may prescribe.

"(2) TERM.—A loan for a project made under this subtitle shall have a term of not more than 30 years after the date of completion of the project.

"(3) INTEREST RATE.—A loan made under this subtitle shall bear interest at the average rate of interest paid by the United States on obligations of a comparable term, as determined by the Secretary of the Treasury.

"(c) APPROVAL BY SECRETARY.—Technical assistance and financial assistance under this subtitle may not be made available to a council to carry out an area plan unless the area plan has been submitted to and approved by the Secretary.

"(d) WITHDRAWAL.—The Secretary may withdraw technical assistance and financial assistance with respect to any area plan if the Secretary determines that the as-

sistance is no longer necessary or that sufficient progress has not been made toward developing or implementing the elements of the area plan.

"(e) USE OF OTHER ENTITIES AND PERSONS.—A council may use another person or entity to assist in developing and implementing an area plan and otherwise carrying out this subtitle.

"SEC. 1533. RESOURCE CONSERVATION AND DEVELOPMENT POLICY ADVISORY BOARD.

"(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a Resource Conservation and Development Policy Advisory Board.

"(b) COMPOSITION.—

"(1) IN GENERAL.—The Board shall be composed of at least 7 employees of the Department of Agriculture selected by the Secretary.

"(2) CHAIRPERSON.—A member of the Board shall be designated by the Secretary to serve as chairperson of the Board.

"(c) DUTIES.—The Board shall advise the Secretary regarding the administration of this subtitle, including the formulation of policies for carrying out this subtitle.

"SEC. 1534. EVALUATION OF PROGRAM.

"(a) IN GENERAL.—The Secretary, in consultation with councils, shall evaluate the program established

under this subtitle to determine whether the program is effectively meeting the needs of, and the objectives identified by, States, units of government, Indian tribes, nonprofit organizations, and councils participating in, or served by, the program.

''(b) REPORT.—Not later than December 31, 2011, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation, together with any recommendations of the Secretary for continuing, terminating, or modifying the program.

''SEC. 1535. LIMITATION ON ASSISTANCE.

''In carrying out this subtitle, the Secretary shall provide technical assistance and financial assistance to not more than 450 active designated areas.

''SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SECRETARY.

''The authority of the Secretary under this subtitle to assist councils in the development and implementation of area plans shall be supplemental to, and not in lieu of, any authority of the Secretary under any other provision of law.

"SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be such sums as are necessary to carry out this subtitle.

''(b) LOANS.—The Secretary shall not use more than $15,000,000 of any funds made available for a fiscal year to make loans under this subtitle.

''(c) AVAILABILITY.—Funds appropriated to carry out this subtitle shall remain available until expended.''.

SEC. 216. WILDLIFE HABITAT INCENTIVE PROGRAM.

Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended to read as follows:

"CHAPTER 5—OTHER CONSERVATION PROGRAMS

"SEC. 1240M. WILDLIFE HABITAT INCENTIVE PROGRAM.

''(a) DEFINITION OF PROGRAM.—In this section, the term 'program' means the wildlife habitat incentive program established under subsection (b).

''(b) ESTABLISHMENT.—In consultation with the State technical committees established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), the Secretary shall establish a program to be known as the 'wildlife habitat incentive program'.

''(c) COST-SHARE PAYMENTS.—Under the program, the Secretary shall make cost-share payments to owners

of eligible land to develop wildlife habitat approved by the Secretary.

"(d) EASEMENTS.—

"(1) IN GENERAL.—Under the program, the Secretary shall establish procedures to acquire and enroll eligible land in the program, for 30-year terms and permanent easements, to assist owners of eligible land to restore and protect essential plant and animal habitat, as determined by the Secretary.

"(2) ELIGIBLE LAND.—

"(A) IN GENERAL.—For purposes of enrolling an easement in the program, land to which the easement applies shall be considered to be eligible if the Secretary, in consultation with the appropriate State fish and wildlife departments, determines that—

"(i) the land maximizes wildlife habitat benefits, values, and functions;

"(ii) the owner of the land has developed a site-level habitat restoration and protection plan that is consistent, to the maximum extent practicable, with a State habitat conservation plan; and

"(iii) taking into consideration the cost of the restoration, the likelihood of the

successful targeted habitat restoration described in the plan, and the resulting wildlife benefits, merit inclusion of the land in the program.

"(B) PRIORITY FOR CERTAIN STATE LAND.—In enrolling easements in the program, the Secretary may give priority to land identified as having priority for restoration or protection in a State plan for the protection of essential plant and animal habitat developed by the State technical committee, in cooperation with—

"(i) Federal and State fish and wildlife agencies;

"(ii) members of the State agricultural sector;

"(iii) nongovernmental conservation organizations; and

"(iv) the natural heritage program of the State.

"(3) INELIGIBLE LAND.—The Secretary shall not acquire or enroll in the program any easement that is enrolled under any other Federal easement program administered by the Secretary at the time at which the acquisition or enrollment is considered.

"(4) EASEMENTS AND AGREEMENTS.—Sections 1237A through 1237F of the Food Security Act of 1985 (16 U.S.C. 3837a through 3837f) shall apply to an easement enrolled in the program.

"(e) TECHNICAL ASSISTANCE.—The Secretary shall use not more than 8 percent of amounts made available to carry out this section to provide technical assistance under this subsection.

"(f) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

"(1) $50,000,000 for fiscal year 2002;

"(2) $60,000,000 for fiscal year 2003;

"(3) $65,000,000 for fiscal year 2004;

"(4) $70,000,000 for fiscal year 2005; and

"(5) $100,000,000 for fiscal year 2006.".

"SEC. 1240N. WATERSHED RISK REDUCTION.

"(a) IN GENERAL.—The Secretary, acting through the Natural Resources Conservation Service (referred to in this section as the 'Secretary'), in cooperation with landowners and land users, may carry out such projects and activities (including the purchase of floodplain easements for runoff retardation and soil erosion prevention) as the Secretary determines to be necessary to safeguard lives and property from floods, drought, and the products

of erosion on any watershed in any case in which fire, flood, or any other natural occurrence is causing or has caused a sudden impairment of that watershed.

''(b) PRIORITY.—In carrying out this section, the Secretary shall give priority to any project or activity described in subsection (a) that is carried out on a floodplain adjacent to a major river, as determined by the Secretary.

''(c) PROHIBITION ON DUPLICATIVE FUNDS.—No project or activity under subsection (a) that is carried out using funds made available under this section may be carried out using funds made available under any Federal disaster relief program relating to floods.

''(d) FUNDING.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2002 through 2006.''.

SEC. 217. AGRICULTURAL LAND PROTECTION PROGRAM.

Chapter 2 of the Food Security Act of 1985 (as added by section 201) is amended by adding at the end the following:

"Subchapter B—Agricultural Land Protection Program

"SEC. 1238H. DEFINITIONS.

''In this subchapter:

''(1) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' means agricultural land that—

"(i)(I) has prime, unique, or other productive soil; or

"(II) contains historical or archaeological resources; and

"(ii) is subject to a pending offer for purchase from—

"(I) any agency of any State or local government or an Indian tribe (including a farmland protection board or land resource council established under State law); or

"(II) any organization that—

"(aa) is organized for, and at all times since the formation of the organization, has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

"(bb) is an organization described in section 501(c)(3) of that Code that is exempt from

taxation under section 501(a) of that Code;

"(cc) is described in section 509(a)(2) of that Code; or

"(dd) is described in section 509(a)(2) of that Code.

"(B) INCLUSIONS.—The term 'eligible land' includes—

"(i) cropland;

"(ii) ranchland; and

"(iii) prairie.

"(C) EXCLUSION.—The term 'eligible land' does not include forest land.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) PROGRAM.—The term 'program' means the agricultural land protection program established under section 1238I(a).

"SEC. 1238I. AGRICULTURAL LAND PROTECTION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a program to be known as the 'agricultural land protection program', under which the Secretary shall pur-

chase conservation easements and other interests in eligible land.

"(b) CONDITION FOR ENROLLMENT.—Eligible land enrolled in the program shall be subject to system requirements as described in a conservation plan—

"(1) developed in accordance with the National Handbook of Conservation Practices and the field office technical guides of the Natural Resources Conservation Service; and

"(2) approved by the Secretary.

"(c) PRIORITY.—In enrolling eligible land in the program, the Secretary shall give priority to eligible land that remains in agricultural production throughout the period of enrollment.

"(d) FUNDING.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use the amounts specified in paragraph (3) for each fiscal year to—

"(A) purchase conservation easements (including 30-year easements, in cases in which State law limits easements to 30 years or in which the Secretary determines that such a term is appropriate) and other interests in eligi-

ble land, the Federal share of which shall not exceed 50 percent;

"(B) provide such financial assistance or incentives, in the form of a cost-share not to exceed—

"(i) 75 percent of the cost of the assistance or incentives, as the Secretary determines are appropriate to encourage and assist owners of eligible land with the installation and adoption of conservation measures associated with the protection of natural resources on the eligible land; and

"(ii) 5 percent of the total amount made available to provide assistance or incentives; and

"(C) provide not more than 8 percent of the amount of funds made available for a fiscal year to provide technical assistance to administer the program.

"(2) NON-FEDERAL SHARE.—In a case in which a State or local government purchases an easement under paragraph (1)(A), not more than 25 percent of the non-Federal share of the cost of the easement may be provided—

"(A) by a private landowner; or

"(B) in the form of in-kind goods or services.

"(3) AMOUNTS.—The amounts referred to in paragraph (1) are—

"(A) $175,000,000 for fiscal year 2002;

"(B) $200,000,000 for fiscal year 2003;

"(C) $225,000,000 for fiscal year 2004; and

"(D) $250,000,000 for each of fiscal years 2005 and 2006.".

SEC. 218. GRASSLAND RESERVE PROGRAM.

Chapter 2 of the Food Security Act of 1985 (as amended by section 218) is amended by adding at the end the following:

"Subchapter D—Grassland Reserve Program

"SEC. 1238N. ESTABLISHMENT.

"(a) IN GENERAL.—The Secretary, acting through the Natural Resource Conservation Service, may establish a grassland protection program (referred to in this subchapter as 'the program') to assist owners in restoring and protecting eligible land described in subsection (c).

"(b) ENROLLMENT CONDITIONS.—

"(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 1,000,000 acres.

"(2) METHODS OF ENROLLMENT.—The Secretary shall enroll land in the program through—

"(A) permanent easements or 30-year easements; or

"(B) in a State that imposes a maximum duration for such an easement, for the maximum duration allowed under State law.

"(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that the land is private land that is—

"(1) natural grassland (including prairie and land covered in shrubs or forb) that is indigenous to the locality;

"(2) land that—

"(A) is located in an area that has been historically dominated by eligible land; and

"(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is restored to a natural condition; or

"(3) land that is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of an easement.

"SEC. 1238O. EASEMENTS AND AGREEMENTS.

"(a) IN GENERAL.—To be eligible to enroll land in the program, the owner of the land shall enter into an agreement with the Secretary—

"(1) to grant to the Secretary an easement over the eligible land;

"(2) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

"(3) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

"(4) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement;

"(5) to comply with the terms of the easement and restoration agreement; and

"(6) comply with a conservation plan for the land that is—

"(A) developed in accordance with the National Handbook of Conservation Practices and the field office technical guides of the Natural Resources Conservation Service; and

"(B) approved by the Secretary.

"(b) TERMS OF EASEMENT.—An easement under subsection (a) shall—

"(1) permit—

"(A) grazing on the land in a manner that is consistent with the conservation plan that does not interfere with the protection of natural resources;

"(B) haying or mowing after the nesting and chick-rearing season for birds only—

"(i) for management purposes; and

"(ii) as determined to be appropriate by the State conservationist under a conservation plan approved by the Secretary; and

"(C) fire rehabilitation, construction of fire breaks, and fences (including placement of the posts necessary for fences);

"(2) prohibit—

"(A) the production of row crops, fruit trees, vineyards, or any other agricultural commodity that requires breaking the soil surface; and

"(B) except as permitted under paragraph (1)(C), the conduct of any other activities that would disturb the surface of the land covered by the easement, including—

"(i) plowing; and

"(ii) disking; and

"(3) include such additional provisions as the Secretary determines are appropriate to carry out this subchapter or to facilitate the administration of this subchapter.

"(c) EVALUATION AND RANKING OF EASEMENT APPLICATIONS.—

"(1) IN GENERAL.—The Secretary, in conjunction with State technical committees, shall establish criteria to evaluate and rank applications for easements under this subchapter.

"(2) CRITERIA.—In establishing the criteria, the Secretary shall emphasize plant and animal biodiversity and grassland and other eligible land under the greatest threat of conversion.

"(d) VIOLATIONS.—

"(1) IN GENERAL.—On the violation of a term or condition of an easement or restoration agreement entered into under this section—

"(A) the easement shall remain in force; and

"(B) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter, including

interest on the payments as determined appropriate by the Secretary.

"(2) PERIODIC INSPECTIONS.—

"(A) IN GENERAL.—The Secretary shall conduct periodic inspections of land subject to easements under this subchapter to ensure that the terms of the easement and any applicable restoration agreements are being met.

"(B) LIMITATION.—The Secretary may not prohibit the owner, or a representative of the owner, from being present during a periodic inspection.

"SEC. 1238P. DUTIES OF SECRETARY.

"(a) IN GENERAL.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall, in accordance with this section,—

"(1) make easement payments;

"(2) pay the Federal share of the cost of restoration; and

"(3) provide technical assistance to the owner.

"(b) EASEMENT PAYMENTS.—

"(1) AMOUNT.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall make easement payments to the owner in an amount equal to—

"(A) in the case of a permanent easement, the fair market value of the land less grazing value of the land encumbered by the easement; and

"(B) in the case of a 30-year easement or an easement for the maximum duration allowed under applicable State law, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

"(2) SCHEDULE.—The Secretary shall provide payments under this subsection—

"(A) with respect to any cost sharing obligation, as soon as practicable after the obligation is incurred; and

"(B) with respect to any annual easement payment obligation incurred by the Secretary, as soon as practicable after October 1 of each year.

"(c) FEDERAL SHARE OF COST OF RESTORATION.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make payments to the owner of not more than 75 percent of the cost of carrying out measures and practices necessary to restore eligible functions and values.

"(2) AGGREGATE AMOUNT.—The Secretary shall use not more than 5 percent of amounts made available to carry out this subchapter to make payments under paragraph (1).

"(d) TECHNICAL ASSISTANCE.—The Secretary shall use not more than 8 percent of amounts made available to carry out this subchapter to provide technical assistance under this subsection.

"(e) OTHER PAYMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), an easement payment received by an owner under this subchapter shall be in addition to, and shall not affect, the total amount of payments that the owner is otherwise eligible to receive under any other Federal law.

"(2) PROHIBITION ON DUPLICATIVE ASSISTANCE.—An owner that receives an easement payment under this chapter may not receive a payment for the same easement under any other program.

"SEC. 1238Q. REGULATIONS.

"Not later than 180 days after the date of enactment of this subchapter, the Secretary shall promulgate such regulations as are necessary to carry out this subchapter.".

SEC. 219. STATE TECHNICAL COMMITTEES.

Subtitle G of title XII of the Food Security Act of 1985 (16 U.S.C. 3861 et seq.) is amended to read as follows:

"Subtitle G—State Technical Committees

"SEC. 1261. ESTABLISHMENT.

''(a) IN GENERAL.—The Secretary shall establish in each State a technical committee to assist the Secretary in the technical considerations relating to implementation of any private land conservation program administered by the Secretary.

''(b) STANDARDS.—Not later than 180 days after the date of enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2001, the Secretary shall develop standards to be used by each State technical committee in the development of technical guidelines under section 1262(b) for the implementation of the conservation programs under this title.

''(c) COMPOSITION.—Each State technical committee established under subsection (a) shall be composed of professional resource managers that represent a variety of disciplines in the soil, water, wetland, and wildlife sciences, including representatives from among—

"(1) the Natural Resources Conservation Service (a representative of which shall serve as Chair of the Committee);

"(2) the Farm Service Agency;

"(3) the Forest Service;

"(4) the Extension Service;

"(5) the Fish and Wildlife Service;

"(6) such State departments and agencies as the Secretary determines to be appropriate, including—

"(A) a State fish and wildlife agency;

"(B) a State forester or equivalent State official;

"(C) a State water resources agency;

"(D) a State department of agriculture;

"(E) a State soil conservation agency; and

"(F) land grant universities;

"(7) other individuals or agency personnel with expertise in soil, water, wetland, and wildlife management as the Secretary determines to be appropriate;

"(8) agricultural producers with demonstrable conservation expertise;

"(9) nonprofit organizations with demonstrable conservation expertise;

"(10) persons knowledgeable about conservation techniques; and

"(11) agribusinesses.

"SEC. 1262. RESPONSIBILITIES.

"(a) INFORMATION.—

"(1) PROVISION.—

"(A) IN GENERAL.—Each State technical committee established under section 1261 shall meet regularly to provide information, analyses, and recommendations to the Secretary.

"(B) MANNER; FORM.—Information, analyses, and recommendations described in subparagraph (A) shall—

"(i) be provided in writing, in a manner that assists the Department of Agriculture in determining matters of fact, technical merit, or scientific question; and

"(ii) reflect the best professional information and judgment of the Committee.

"(2) COORDINATION.—The Secretary shall coordinate activities conducted under this section with activities conducted under section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831).

"(3) PUBLIC PARTICIPATION.—Each State technical committee shall—

"(A) provide public notice of, and permit public attendance at, meetings considering issues of concern related to any program under this title; and

"(B) distribute meeting minutes to each person attending a meeting described in subparagraph (A).

"(4) COMMUNICATION.—Each State conservationist shall communicate regularly with members of the State technical committee concerning status of action on recommendations of the committee.

"(b) OTHER DUTIES.—Each State technical committee shall provide assistance and offer recommendations with respect to the technical aspects of—

"(1) wetland protection, restoration, and mitigation requirements;

"(2) criteria to be used in evaluating bids for enrollment of environmentally-sensitive land in the conservation reserve program;

"(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on designated acreage relating to—

"(A) highly erodible land; or

"(B) wetland and conservation compliance;

"(4) addressing common weed and pest problems and programs to control weeds and pests found on acreage enrolled in the conservation reserve program;

"(5) guidelines for planting perennial cover for water quality and wildlife habitat improvement on designated land;

"(6) establishing criteria and priorities for State initiatives under the environmental quality incentives program under chapter 4 of subtitle D;

"(7) establishing State and local conservation priorities under the conservation security program under chapter X of subtitle D;

"(8) establishing and maintaining natural resource indicators and conservation program monitoring and evaluation systems;

"(9) developing conservation program education and outreach activities;

"(10) evaluating innovative practices and systems under consideration for inclusion in the field office technical guides; and

"(11) other matters, as determined to be appropriate by the Secretary.

"(c) AUTHORITY.—

"(1) IN GENERAL.—Each State technical committee established under section 1261 shall—

"(A) serve in an advisory capacity; and

"(B) have no implementation or enforcement authority.

"(2) CONSIDERATION BY SECRETARY.—In carrying out any program under this title, the Secretary shall give strong consideration to the recommendations of a State technical committee (including factual, technical, or scientific findings and recommendations relating to areas in which the State technical committee bears responsibility).

"(d) FACA REQUIREMENTS.—A State technical committee established under section 1261 shall be exempt from the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) ADVISORY SUBCOMMITTEES.—

"(1) IN GENERAL.—Any State or local work group, task force, or other advisory body authorized by any Federal law (including a regulation) to advise the Secretary on issues that are within the areas of responsibility of a State technical committee established under section 1261 shall be considered to be a subcommittee of the State technical committee.

"(2) COMPOSITION.—Persons eligible to serve on a State technical committee under section 1261(c) shall also be eligible to serve on 1 or more subcommittees of a State technical committee.

"(3) FACA REQUIREMENTS.—A subcommittee of a State technical committee established under section 1261 shall be exempt from the Federal Advisory Committee Act (5 U.S.C. App.).".

TITLE III—TRADE

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

SEC. 301. UNITED STATES POLICY.

Section 2(2) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691(2)) is amended by inserting before the semicolon at the end the following: "and conflict prevention".

SEC. 302. PROVISION OF AGRICULTURAL COMMODITIES.

Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) in subsection (b), by adding at the end the following:

"(3) PROGRAM DIVERSITY.—The Administrator shall—

"(A) encourage eligible organizations to propose and implement program plans to address 1 or more aspects of the program under section 201; and

"(B) consider proposals that incorporate a variety of program objectives and strategic plans based on the identification by eligible organizations of appropriate activities to assist development in foreign countries.";

(2) in subsection (e)(1), by striking "not less than $10,000,000, and not more than $28,000,000," and inserting "not less than 5 percent nor more than 10 percent"; and

(3) by adding at the end the following:

"(h) CERTIFIED INSTITUTIONAL PARTNERS.—

"(1) IN GENERAL.—The Secretary shall promulgate regulations and issue guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

"(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

"(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

"(B) the capacity of the organization or cooperative to carry out projects in particular countries.

"(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

"(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

"(B) receive expedited review and approval of the proposal; and

"(C) receive commodities and assistance under this section for use in 1 or more countries.".

SEC. 303. GENERATION AND USE OF FOREIGN CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

(1) in subsection (a), by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or 1 or more countries'';

(2) in subsection (c)—

(A) by striking ''foreign currency''; and

(B) by striking ''the recipient country, or in a country'' and inserting ''1 or more recipient countries, or in 1 or more countries'';

(3) in subsection (b), by striking ''foreign currency''; and

(4) in subsection (d)—

(A) by striking ''Foreign currencies'' and inserting ''Proceeds'';

(B) in paragraph (2)—

(i) by striking ''income generating'' and inserting ''income-generating''; and

(ii) by striking ''the recipient country or within a country'' and inserting ''1 or more recipient countries or within 1 or more countries''; and

(C) in paragraph (3)—

(i) by inserting a comma after ''invested''; and

(ii) by inserting a comma after ''used''.

SEC. 304. LEVELS OF ASSISTANCE.

Section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.'' and inserting ''that is not less than—

''(A) 2,100,000 metric tons for fiscal year 2002;

''(B) 2,200,000 metric tons for fiscal year 2003;

''(C) 2,300,000 metric tons for fiscal year 2004; and

''(D) 2,400,000 metric tons for fiscal year 2005; and

''(E) 2,500,000 metric tons for fiscal year 2006.''; and

(B) in paragraph (2), by striking ''1996 through 2002'' and inserting ''2002 through 2006''; and

(2) in subsection (b)(1)—

(A) by striking ''75 percent'' and inserting ''50 percent''; and

(B) by inserting ''(including crude degummed soybean oil and soybean meal)'' after ''bagged commodities''.

SEC. 305. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725) is amended—

(1) in subsection (a), by inserting '', policies, guidelines,'' after ''regulations'';

(2) in subsection (d), by inserting ''policies,'' after ''regulations,'' each place it appears; and

(3) in subsection (f), by striking ''2002'' and inserting ''2006''.

SEC. 306. MAXIMUM LEVEL OF EXPENDITURES.

Section 206(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726(a)) is amended by striking ''1,000,000,000'' and inserting ''2,000,000,000''.

SEC. 307. ADMINISTRATION.

Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (2) as paragraph (3); and

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

''(1) RECIPIENT COUNTRIES.—A proposal to enter into a nonemergency food assistance agreement under this title shall identify the recipient country or countries that are the subject of the agreement.

''(2) TIMING.—Not later than 120 days after the date of submission to the Administrator of a proposal submitted by an eligible organization under this title, the Administrator shall determine whether to accept the proposal.'';

(2) in subsection (b), by striking ''guideline'' each place it appears and inserting ''guideline or policy''; and

(3) in subsection (d), by striking ''a United States field mission'' and inserting ''an eligible organization with an approved program''.

SEC. 308. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is

amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 309. SALE PROCEDURE.

Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended by adding at the end the following:

''(l) SALE PROCEDURE.—

''(1) IN GENERAL.—Subsections (b) and (h) shall apply to sales of commodities in recipient countries to generate proceeds to carry out projects under titles II and III of this Act, section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)), and section 1110 of the Food for Progress Act of 1985 (7 U.S.C. 1736o).

''(2) CURRENCIES.—Sales of commodities described in paragraph (1) may be in United States dollars or in a different currency.

''(3) SALE PRICE.—Sales of commodities described in paragraph (1) shall be made at the reasonable market price in the economy of the recipient country, as determined by the Secretary or the Administrator, as appropriate.''.

SEC. 310. PREPOSITIONING.

Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4))

is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 311. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking ''2002'' and inserting ''2006''.

SEC. 312. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

Section 415 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g–2) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking ''a micronutrient fortification pilot program'' and inserting ''micronutrient fortification pilot programs''; and

(B) in the second sentence—

(i) by striking ''the program'' and inserting ''a program'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) in paragraph (2)—

(I) by striking ''whole''; and

(II) by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(3) encourage technologies and systems for the improved quality and safety of fortified grains and other commodities that are readily transferable to developing countries or that are produced in the United States.'';

(2) in subsection (c)—

(A) by striking ''the pilot program, whole'' and inserting ''a pilot program'';

(B) by striking ''the pilot program may'' and inserting ''a pilot program may''; and

(C) by striking ''including'' and inserting ''such as''; and

(3) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 313. INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION.

(a) IN GENERAL.—Title IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731 et seq.) is amended by adding at the end the following:

''SEC. 417. INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION.

''(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE COMMODITY.—The term 'eligible commodity' means—

"(A) an agricultural commodity; and

"(B) a vitamin or mineral produced—

"(i) in the United States; or

"(ii) in limited situations determined by the Secretary, outside the United States.

"(2) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a private voluntary organization, cooperative, or intergovernmental organization, as determined by the Secretary.

"(3) PROGRAM.—The term 'Program' means the International Food for Education and Child Nutrition Program established under subsection (b)(1).

"(4) RECIPIENT COUNTRY.—The term 'recipient country' means 1 or more developing countries covered by a plan approved under subsection (d)(1)(A)(ii).

"(b) PROGRAM ESTABLISHMENT.—

"(1) IN GENERAL.—In cooperation with other countries, the Secretary shall establish, and the Department of Agriculture shall act as the lead Federal agency for, the International Food for Education and Child Nutrition Program, through which the

Secretary shall provide to eligible organizations eligible commodities and technical and nutritional assistance for pre-school and school-age children in connection with education programs to improve food security and enhance educational opportunities for pre-school age and primary-school age children in recipient countries.

"(2) ADMINISTRATION.—In carrying out the Program, the Secretary may use the personnel and other resources of the Food and Nutrition Service and other agencies of the Department of Agriculture.

"(c) PURCHASE AND DONATION OF ELIGIBLE COMMODITIES AND PROVISION OF ASSISTANCE.—

"(1) IN GENERAL.—Under the Program, the Secretary shall enter into agreements with eligible organizations—

"(A) to purchase, acquire, and donate eligible commodities to eligible organizations; and

"(B) to provide technical and nutritional assistance.

"(2) OTHER DONOR COUNTRIES.—Consistent with the Program, the Secretary shall encourage other donor countries, directly or through eligible organizations—

"(A) to donate goods and funds to recipient countries; and

"(B) to provide technical and nutritional assistance to recipient countries.

"(3) PRIVATE SECTOR.—The President and the Secretary are urged to encourage the support and active involvement of the private sector, foundations, and other individuals and organizations in programs and activities assisted under this section.

"(d) PLANS AND AGREEMENTS.—

"(1) IN GENERAL.—To be eligible to receive eligible commodities and assistance under this section, an eligible organization shall—

"(A)(i) submit to the Secretary a plan that describes the manner in which—

"(I) the eligible commodities and assistance will be used in 1 or more recipient countries to meet the requirements of this section; and

"(II) the role of the government in the recipient countries in carrying out the plan; and

"(ii) obtain the approval of the Secretary for the plan; and

"(B) enter into an agreement with the Secretary establishing the terms and conditions for use of the eligible commodities and assistance.

"(2) MULTIYEAR AGREEMENTS.—

"(A) IN GENERAL.—An agreement under paragraph (1)(B) may provide for eligible commodities and assistance on a multiyear basis.

"(B) LOCAL CAPACITY.—The Secretary shall facilitate, to the extent the Secretary determines is appropriate, the development of agreements under paragraph (1)(B) that, on a multiyear basis, strengthen local capacity for implementing and managing assistance programs.

"(3) STREAMLINED PROCEDURES.—The Secretary shall develop streamlined procedures for the development, review, and approval of plans submitted under paragraph (1)(A) by eligible organizations that demonstrate organizational capacity and the ability to develop, implement, monitor, and report on, and provide accountability for, activities carried out under this section.

"(4) GRADUATION.—An agreement under paragraph (1)(B) shall include provisions—

"(A)(i) to sustain the benefits to the education, enrollment, and attendance of children in schools in the targeted communities when the provision of commodities and assistance to a recipient country under the Program terminates; and

"(ii) to estimate the period of time required for the recipient country or eligible organization to provide assistance described in subsection (b)(1) without additional assistance provided under this section; or

"(B) to otherwise provide other long-term benefits to the targeted populations.

"(5) FOREIGN POLICY, NATIONAL SECURITY, AND HUMANITARIAN OBJECTIVES.—

"(A) APPROVAL OF PLANS.—In consultation with the Secretary of State and other appropriate foreign policy officials, the Secretary may establish additional criteria for the approval of agreements entered into under paragraph (1)(B) that reflect the foreign policy, national security, or humanitarian objectives of the United States.

"(B) CRITERIA.—Criteria established under subparagraph (A) may include—

"(i) targeting recipient countries in a manner that is consistent with the objectives; and

"(ii) providing a priority for recipient countries with a significant number of refugees with low prospects of returning to their homes in the near future.

"(C) INTERNATIONAL COALITION AGAINST TERRORISM.—In establishing an international coalition for the purpose of responding to acts of international terrorism described in section 2(b) of Public Law 107–40, the President may recognize the donation of eligible commodities, and the provision of technical and nutritional assistance, by a recipient country under the Program as a valid form of participation in the coalition.

"(e) EFFECTIVE USE OF ELIGIBLE COMMODITIES.—The Secretary shall ensure, to the maximum extent practicable, that each eligible organization—

"(1) uses eligible commodities made available under this section effectively, in the areas of greatest need, and in a manner that promotes educational development in recipient countries and other purposes of this section;

"(2) in using assistance provided under this section, assesses and takes into account the nutritional and educational needs of participating preschool age and primary-school age children;

"(3) works with recipient countries and indigenous institutions or groups in recipient countries to design and carry out mutually acceptable food and education assistance programs for participating preschool age and primary-school age children;

"(4) monitors and reports on the distribution or sale of eligible commodities provided under this section using methods that will facilitate accurate and timely reporting;

"(5) periodically evaluates the effectiveness of the Program, including evaluation of whether the food security and education purposes can be sustained in a recipient country if the recipient country is gradually terminated from the assistance in accordance with subsection (d)(4); and

"(6) considers means of improving the operation of the Program by the eligible organization and ensuring and improving the quality of the eligible commodities provided under this section, including improvement of the nutrient or micronutrient content of the eligible commodities.

"(f) INTERAGENCY COORDINATION ON POLICY GOALS.—The Secretary shall consult and collaborate with other Federal agencies having appropriate expertise in order to provide assistance under this section to promote equal access to education to improve the quality of education, combat exploitative child labor, and advance broad-based sustainable economic development in recipient countries.

"(g) SALES AND BARTER.—

"(1) IN GENERAL.—Notwithstanding subsection (d)(1)(A), with the approval of the Secretary, an eligible organization may—

"(A) acquire funds or goods by selling or bartering eligible commodities provided under this section within the recipient country or countries in the same region as the recipient country; and

"(B) use the funds or goods to improve food security and enhance educational opportunities for pre-school age and primary-school age children within the recipient country, including implementation and administrative costs incurred in carrying out this subsection.

"(2) PAYMENT OF ADMINISTRATIVE COSTS.—An eligible organization that receives payment for

administrative costs under paragraph (1) shall not be eligible to receive payment for the same administrative costs under subsection (h)(3).

"(h) ELIGIBLE COSTS.—Subject to subsections (d)(1) and (m), the Secretary shall pay all or part of—

"(1) the costs and charges described in paragraphs (1) through (5) and (7) of section 406(b) with respect to an eligible commodity;

"(2) the internal transportation, storage, and handling costs incurred in distributing the eligible commodity, if the Secretary determines that—

"(A) the recipient country is a low income, net food-importing country that—

"(i) meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference; or

"(ii) has a national government that is committed to or is working toward, through a national action plan, the World Declaration on Education for All convened in 1990 in Jomtien, Thailand, and the follow-up Dakar Framework for Action of the World Education Forum in 2000; and

"(B) payment is appropriate in light of such other factors as the Secretary considers appropriate; and

"(3) the projected costs of an eligible organization for administration, sales, monitoring, and technical assistance under a plan approved by the Secretary under subsection (d)(1)(A) (including an itemized budget), taking into consideration, as determined by the Secretary—

"(A) the projected amount of such costs itemized by category; and

"(B) the projected amount of assistance received from other donors.

"(i) DISPLACEMENT.—Subsections (a)(2), (b), and (h) of section 403 shall apply to this section.

"(j) AUDITS AND TRAINING.—The Secretary shall take such actions as the Secretary considers appropriate to support, monitor, audit, and provide necessary training in proper management under the Program.

"(k) ANNUAL REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report that describes—

"(1) the results of the implementation of the Program during the applicable year, including the impact on the enrollment, attendance, and performance of children in primary schools targeted under the Program; and

"(2) the level of commitments by, and the potential for obtaining additional goods and assistance from, other countries for the purposes of this section during subsequent years.

"(l) INDEPENDENCE OF AUTHORITIES.—Each authority granted under this section shall be in addition to, and not in lieu of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.—

"(m) FUNDING.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), for each of fiscal years 2002 through 2005, the Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

"(2) MAXIMUM AMOUNT.—Subject to paragraph (3), the amount of funds of the Commodity Credit Corporation used to carry out this section shall not exceed $250,000,000 for fiscal years 2002 through 2005.

"(3) USE LIMITATIONS.—Of the funds provided under paragraph (2), the Secretary may use to carry out subsection (h)(3) not more than $35,000,000 for each of fiscal years 2002 through 2005.".

(b) CONFORMING AMENDMENTS.—

(1) Section 404(b)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1734(b)(4)) is amended by inserting "with respect to agreements entered into under this Act (other than section 417)," after "(4)".

(2) Section 406(d) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736(d)) is amended by inserting "(other than section 417)" after "this Act".

(3) Section 412(b)(1) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736f(b)(1)) is amended by inserting "(other than section 417)" after "this Act" each place it appears.

SEC. 314. FARMER-TO-FARMER PROGRAM.

Section 501(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(c)) is amended—

(1) by striking "0.4" and inserting "0.5,"; and

(2) by striking "2002" and inserting "2006".

SEC. 315. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended in subsection (b)(2)(B)(i) and paragraphs (1) and (2) of subsection (h) by striking ''2002'' each place it appears and inserting ''2006''.

SEC. 316. FOOD FOR PROGRESS.

(a) REAUTHORIZATION.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended in subsections (f)(3), (g), and (k) by striking ''2002'' each place it appears and inserting ''2006''.

(b) TRANSPORTATION COSTS.—Section 1110(f)(3) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(f)(3)) is amended by striking ''$30,000,000 (or, in the case of fiscal year 1999, $35,000,000)'' and inserting ''$55,000,000''.

(c) AMOUNTS OF COMMODITIES.—Section 1110(g) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(g)) is amended by striking ''Not more than 500,000'' and inserting ''Not less than 400,000''.

(d) MULTIYEAR BASIS.—Section 1110(j) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(j)) is amended by striking ''may'' and inserting ''may, and is encouraged to,''.

(e) INCREASE IN FUNDING.—Section 1110(l)(1) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(l)(1)) is amended—

(1) by striking ''fiscal years 1996 through 2002'' and inserting ''fiscal years 2002 through 2006''; and

(2) by striking ''$10,000,000 (or in the case of fiscal year 1999, $12,000,000)'' and inserting ''$15,000,000''.

(f) MONETIZATION.—Section 1110(l)(3) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(l)(3)) is amended by striking ''local currencies derived from'' and inserting ''proceeds of''.

(g) SMOOTH PROGRAM DELIVERY.—Section 1110 of the Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended by adding at the end the following:

''(p) TIMELY APPROVAL.—

''(1) IN GENERAL.—The Secretary is encouraged to finalize program agreements and resource requests for programs under this section—

''(A) before the beginning of each fiscal year; or

''(B) as soon as funds are made available for the fiscal year.

"(2) REPORT.—Not later than December 1 of each year, the Secretary shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains—

"(A) a list of programs, countries, and commodities approved to date for assistance under this section; and

"(B) a statement of the total amount of funds approved to date for transportation and administrative costs under this section.

"(q) CERTIFIED INSTITUTIONAL PARTNERS.—

"(1) IN GENERAL.—The Secretary shall promulgate regulations and guidelines to permit private voluntary organizations and cooperatives to be certified as institutional partners.

"(2) REQUIREMENTS.—To become a certified institutional partner, a private voluntary organization or cooperative shall submit to the Secretary a certification of organizational capacity that describes—

"(A) the financial, programmatic, commodity management, and auditing abilities and practices of the organization or cooperative; and

"(B) the capacity of the organization or cooperative to carry out projects in particular countries.

"(3) MULTI-COUNTRY PROPOSALS.—A certified institutional partner shall be eligible to—

"(A) submit a single proposal for 1 or more countries that are the same as, or similar to, those countries in which the certified institutional partner has already demonstrated organizational capacity;

"(B) receive expedited review and approval of the proposal; and

"(C) request commodities and assistance under this section for use in 1 or more countries.".

SEC. 317. TROPICAL FOREST CONSERVATION.

(a) REDUCTION OF DEBT OWED TO THE UNITED STATES AS A RESULT OF CONCESSIONAL LOANS.—Section 806(a)(2)(C) of the Tropical Forest Conservation Act of 1998 (22 U.S.C. 2431d(a)(2)(C)) is amended by striking "fiscal year 2001" and inserting "each of fiscal years 2001 through 2006".

(b) REDUCTION OF DEBT OWED TO THE UNITED STATES AS A RESULT OF EXTENDED CREDITS.—Section 807(a)(2)(A)(iii) of the Tropical Forest Conservation Act

of 1998 (22 U.S.C. 2431e(a)(2)(A)(iii)) is amended by striking ''fiscal year 2001'' and inserting ''each of fiscal years 2001 through 2006''.

Subtitle B—Agricultural Trade Act of 1978

SEC. 321. EXPORT CREDIT GUARANTEE PROGRAM.

(a) TERM OF SUPPLIER CREDIT PROGRAM.—Section 202(a)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(a)(2)) is amended by striking ''180'' and inserting ''360''.

(b) PROCESSED AND HIGH-VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking '', 2001, and 2002'' and inserting ''through 2006''.

(c) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking ''2002'' and inserting ''2006''.

(d) REPORT.—Section 211 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by adding at the end the following:

''(d) REPORT ON AGRICULTURAL EXPORT CREDIT PROGRAMS.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually thereafter, the Secretary shall submit to the

Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report on the status of multilateral negotiations regarding agricultural export credit programs at the World Trade Organization and the Organization of Economic Cooperation and Development in fulfillment of Article 10.2 of the Agreement on Agriculture (as described in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2))).

''(2) CLASSIFIED INFORMATION.—The report under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.''.

SEC. 322. MARKET ACCESS PROGRAM.

Section 211(c)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amended by striking ''2002'' and inserting ''2001, $100,000,000 for fiscal year 2002, $120,000,000 for fiscal year 2003, $145,000,000 for fiscal year 2004, $170,000,000 for fiscal year 2005, and $200,000,000 for fiscal year 2006''.

SEC. 323. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is

amended by striking ''fiscal year 2002'' and inserting ''each of fiscal years 2002 through 2006''.

(b) UNFAIR TRADE PRACTICES.—Section 102(5)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(5)(A)) is amended—

(1) in clause (i), by striking ''or'' at the end;

(2) in clause (ii), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(iii) changes United States export terms of trade through a deliberate change in the dollar exchange rate of a competing exporter.''.

SEC. 324. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

The Agricultural Trade Act of 1978 is amended by striking section 703 (7 U.S.C. 5723) and inserting the following:

''SEC. 703. FUNDING.

''(a) IN GENERAL.—To carry out this title, the Secretary shall use funds of the Commodity Credit Corporation, or in commodities of the Commodity Credit Corporation of a value of the following amounts:

''(1) For fiscal year 2002, $37,500,000.

''(2) For fiscal year 2003, $40,000,000.

"(3) For fiscal year 2004 and each subsequent fiscal year, $42,500,000.

"(b) ADDITIONAL CRITERION.—Of funds or commodities provided under subsection (a) in excess of $28,000,000 for any fiscal year, at least 50 percent shall be reserved for—

"(1) eligible trade organizations that have never participated in the program under this title; or

"(2) programs in countries that have not been targeted previously by the program under this title.".

Subtitle C—Miscellaneous Agricultural Trade Provisions

SEC. 331. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended in subsections (a) and (d)(1)(A)(i), by striking "2002" each place it appears and inserting "2006".

SEC. 332. REPORTS ON INSPECTION OF IMPORTED MEAT, POULTRY, OTHER FOODS, ANIMALS, AND PLANTS.

Section 361(i)(4)(B) of the North American Free Trade Agreement Implementation Act (19 U.S.C.

3421(i)(4)(B)) is amended by striking ''2004'' and inserting ''2006''.

SEC. 333. SURPLUS COMMODITIES FOR DEVELOPING OR FRIENDLY COUNTRIES.

(a) USE OF CURRENCIES.—Section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is amended—

(1) in clauses (i) and (iii), by striking ''foreign currency'' each place it appears;

(2) in clause (ii)—

(A) in the first sentence, by striking ''Foreign currencies'' and inserting ''Proceeds''; and

(B) in the second sentence, by striking ''foreign currency''; and

(3) in clause (iv)—

(A) by striking ''Foreign currency proceeds'' and inserting ''Proceeds'';

(B) by striking ''country of origin'' the second place it appears and all that follows through ''as necessary to expedite'' and inserting ''country of origin as necessary to expedite''; and

(C) by striking ''; or'' and all that follows and inserting a period.

(b) IMPLEMENTATION OF AGREEMENTS.—Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended—

(1) by striking ''(8)(A)'' and all that follows through ''(B) The Secretary'' and inserting the following:

''(8) ADMINISTRATIVE PROVISIONS.—

''(A) PROCEDURE.—

''(i) ESTIMATE OF COMMODITIES.—Not later than October 31 of each fiscal year, the Secretary shall publish in the Federal Register an estimate of the quantity of each commodity that will be available for distribution under this section for the fiscal year.

''(ii) PROGRAM AGREEMENTS.—

''(I) TIMING.—The Secretary is encouraged to finalize program agreements under this section not later than December 31 of each fiscal year.

''(II) DIRECT DELIVERY.—In addition to practices in effect on the date of enactment of this subclause, the Secretary may approve an agreement that provides for direct delivery

of eligible commodities to milling or processing facilities more than 50 percent of the interest in which is owned by United States citizens in recipient countries, with proceeds of transactions transferred in cash to eligible organizations to carry out approved projects.

''(B) REGULATIONS.—The Secretary''.

SEC. 334. AGRICULTURAL TRADE WITH CUBA.

Section 908 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (22 U.S.C. 7207), is amended—

(1) by striking subsection (b); and

(2) in subsection (a)—

(A) by striking ''(a)'' and all that follows through ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding'';

(B) by striking ''(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1)'' and inserting the following:

''(b) RULE OF CONSTRUCTION.—Nothing in subsection (a)''; and

(C) by striking paragraph (3).

SEC. 335. OFFICE OF TRADE BARRIER RAPID RESPONSE.

Subtitle B of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6931 et seq.) is amended by adding at the end the following:

"SEC. 228. OFFICE OF TRADE BARRIER RAPID RESPONSE.

"(a) IN GENERAL.—The Secretary shall establish for the Department, in the Foreign Agricultural Service, the Office of Trade Barrier Rapid Response (referred to in this section as the 'Office').

"(b) RESPONSIBILITIES.—The Office shall be responsible for—

"(1) conducting outreach with domestic and foreign consumers on issues of general interest to United States farmers and ranchers; and

"(2) assisting exporters of agricultural commodities, including by making a grant, in situations in which an exporter faces an unwarranted or arbitrary barrier to trade due to disease or a food safety concern.

"(c) STAFF.—The staff of the Office shall include at least 1 specialist with expertise on issues of agricultural biotechnology.

"(d) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $5,000,000 for each fiscal year.

"(2) GRANTS.—Of amounts made available under paragraph (1) for a fiscal year, the Secretary shall reserve at least $2,000,000 to make grants under subsection (b)(2).".

SEC. 336. SENSE OF CONGRESS CONCERNING AGRICULTURAL TRADE POLICY OBJECTIVES.

It is the sense of Congress that the principal negotiating objective of the United States with respect to agriculture in all multilateral, regional, and bilateral negotiations is to obtain competitive opportunities for United States exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of trade in bulk and value-added commodities by—

(1) reducing or eliminating, by a date certain, tariffs or other charges that decrease market opportunities for United States exports, giving priority to products that are subject to significantly higher tariffs or subsidy regimes of major producing countries;

(2) reducing or eliminating subsidies that decrease market opportunities for United States exports or unfairly distort agriculture markets to the detriment of the United States;

(3) developing, strengthening, and clarifying rules and effective dispute settlement mechanisms to eliminate practices that unfairly decrease United States market access opportunities or distort agricultural markets to the detriment of the United States, including—

(A) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms, with emphasis on requiring price transparency in the operation of state trading enterprises and such other mechanisms;

(B) unjustified trade restrictions or commercial requirements affecting new technologies, including biotechnology;

(C) unjustified sanitary or phytosanitary restrictions, including restrictions that are not based on scientific principles, in contravention of the Uruguay Round Agreements;

(D) other unjustified technical barriers to trade; and

(E) restrictive and nontransparent rules in the administration of tariff rate quotas;

(4) improving import relief mechanisms to recognize the unique characteristics of perishable agriculture;

(5) taking into account whether a party to the negotiations has—

(A) failed to adhere to the provisions of an existing bilateral trade agreement with the United States; or

(B) circumvented obligations under a multilateral trade agreement to which the United States is a signatory; and

(6) otherwise ensuring that countries that accede to the World Trade Organization—

(A) have made meaningful market liberalization commitments in agriculture; and

(B) make progress in fulfilling those commitments over time.

TITLE IV—NUTRITION PROGRAMS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Food Stamp Reauthorization Act of 2001''.

Subtitle A—Food Stamp Program

SEC. 411. ENCOURAGEMENT OF PAYMENT OF CHILD SUPPORT.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: ''and child support payments

made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,''.

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

''(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (7).''; and

(2) by adding at the end the following:

''(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD MEMBERS.—

"(1) IN GENERAL.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies, at the option of the State agencies, to determine the amount of the legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 661 et seq.) concerning payments made in prior months in lieu of obtaining current information from the household.

"(2) DURATION OF DETERMINATION OF AMOUNT OF SUPPORT PAYMENTS.—If a State agency makes a determination of the amount of support payments of a household under paragraph (1), the State agency may provide that the amount of the exclusion or deduction for the household shall not change until the eligibility of the household is next redetermined under section 11(e)(4).".

SEC. 412. SIMPLIFIED DEFINITION OF INCOME.

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

(1) by striking ''and (15)'' and inserting ''(15)''; and

(2) by inserting before the period at the end the following: '', (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), and (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for (A) cash benefits under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such benefits, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agen-

cy to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 1381 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels''.

SEC. 413. INCREASE IN BENEFITS TO HOUSEHOLDS WITH CHILDREN.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow for each household a standard deduction that is equal to the greater of—

''(i) the applicable percentage specified in subparagraph (D) of the applicable income standard of eligibility established under subsection (c)(1); or

''(ii) the minimum deduction specified in subparagraph (E).

"(B) GUAM.—The Secretary shall allow for each household in Guam a standard deduction that is—

"(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

"(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

"(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

"(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

"(i) 8 percent for each of fiscal years 2002 through 2007;

"(ii) 8.5 percent for each of fiscal years 2008 through 2010; and

"(iii) 9 percent for fiscal year 2011 and each subsequent fiscal year.

"(E) MINIMUM DEDUCTION.—The minimum deduction shall be $134, $229, $189, $269, and $118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.".

SEC. 414. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) in subparagraph (A)—

(A) by striking "A household" and inserting the following:

"(i) IN GENERAL.—A household"; and

(B) by adding at the end the following:

"(ii) INCLUSION OF CERTAIN PAYMENTS.—In determining the shelter expenses of a household under this paragraph, the State agency shall include any required payment to the landlord of the household without regard to whether the required payment is designated to pay specific charges."; and

(2) by adding at the end the following:

"(D) HOMELESS HOUSEHOLDS.—

"(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

"(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).".

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking "subsection (e)(7)" and inserting "subsection (e)(6)".

SEC. 415. SIMPLIFIED UTILITY ALLOWANCE.

Section 5(e)(6)(C)(iii) of the Food Stamp Act of 1977 (as amended by section 414(b)(1)(B)) is amended—

(1) in subclause (I)(bb), by inserting ''(without regard to subclause (III))'' after ''Secretary finds''; and

(2) by adding at the end the following:

''(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).''.

SEC. 416. SIMPLIFIED PROCEDURE FOR DETERMINATION OF EARNED INCOME.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

''(C) SIMPLIFIED DETERMINATION OF EARNED INCOME.—

''(i) IN GENERAL.—A State agency may elect to determine monthly earned income by multiplying weekly income by 4 and biweekly income by 2.

''(ii) ADJUSTMENT OF EARNED INCOME DEDUCTION.—A State agency that makes an election described in clause (i) shall adjust the earned income deduction

under subsection (e)(2)(B) to the extent necessary to prevent the election from resulting in increased costs to the food stamp program, as determined consistent with standards promulgated by the Secretary.''.

SEC. 417. SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall promulgate regulations under which a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for cash benefits under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(B) LIMITATIONS.—Subparagraph (A) does not authorize a State agency to exclude—

"(i) cash;

"(ii) licensed vehicles;

"(iii) amounts in any account in a financial institution that are readily available to the household; or

"(iv) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program, except to the extent that any of those types of resources are excluded under another paragraph of this subsection.".

SEC. 418. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

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

(1) in the first sentence, by inserting "issuance methods and" after "shall adjust"; and

(2) in the second sentence, by inserting ", any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable," after "personnel".

SEC. 419. STATE OPTION TO REDUCE REPORTING REQUIREMENTS.

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

(1) in subparagraph (B), by striking ''monthly'' and inserting ''periodic''; and

(2) by adding at the end the following:

''(D) FREQUENCY OF REPORTING.—

''(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

''(I) not less often than once each 6 months; but

''(II) not more often than once each month.

''(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the standard established under section 5(c)(2).''.

SEC. 420. BENEFITS FOR ADULTS WITHOUT DEPENDENTS.

(a) IN GENERAL.—Section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C), by striking ''subsection (d)(4)'' and all that follows and inserting ''subsection (d)(4); and''; and

(C) by adding at the end the following:

''(D) a job search program or job search training program if—

''(i) the program meets standards established by the Secretary to ensure that the participant is continuously and actively seeking employment in the private sector; and

''(ii) no position is currently available for the participant in an employment or training program that meets the requirements of subparagraph (C).'';

(2) in paragraph (2)—

(A) by striking ''36-month'' and inserting ''24-month'';

(B) by striking ''3'' and inserting ''6''; and

(C) in subparagraph (D), by striking ''(4), (5), or (6)'' and inserting ''(4), or (5)'';

(3) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking ''the individual is'';

(B) in each of subparagraphs (A) through (E), by inserting ''the individual is'' after the subparagraph designation;

(C) in subparagraph (D), by striking ''or'' at the end;

(D) in subparagraph (E), by striking the period at the end and inserting ''; or''; and

(E) by adding at the end the following:

''(F) in the case of an individual who would otherwise be ineligible under paragraph (2), the individual meets the work requirement of subparagraph (A), (B), or (C) of paragraph (2).'';

(4) by striking paragraph (5);

(5) in paragraph (6)(A)(ii)—

(A) in subclause (III), by adding ''and'' at the end;

(B) in subclause (IV)—

(i) by striking ''3'' and inserting ''6''; and

(ii) by striking "; and" and inserting a period; and

(C) by striking subclause (V); and

(6) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(b) CONFORMING AMENDMENT.—Section 16(h)(1)(B)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(h)(1)(B)(i)(I)) is amended by striking "section 6(o)(6)(A))" and inserting "section 6(o)(5)(A))".

(c) IMPLEMENTATION OF AMENDMENTS.—For the purpose of implementing the amendments made by subsection (a), a State agency shall disregard any period during which an individual received food stamp benefits before the effective date of this title.

SEC. 421. PRESERVATION OF ACCESS TO ELECTRONIC BENEFITS.

(a) IN GENERAL.—Section 7(i)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding at the end the following:

"(E) ACCESS TO EBT SYSTEMS.—

"(i) IN GENERAL.—No benefits shall be taken off-line or otherwise made inaccessible because of inactivity until at least 180 days have elapsed since a household last accessed the account of the household.

"(ii) NOTICE TO HOUSEHOLD.—In a case in which benefits are taken off-line or otherwise made inaccessible, the household shall be sent a notice that—

"(I) explains how to reactivate the benefits; and

"(II) offers assistance if the household is having difficulty accessing the benefits of the household.".

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to each contract to operate an electronic benefit transfer system that a State agency enters into after the date of enactment of this Act.

SEC. 422. COST NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)(A)) is amended by striking "system to ensure" and all that follows and inserting "system;".

SEC. 423. ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) SIMPLIFIED PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

"(1) IN GENERAL.—At the option of the State agency, allotments for residents of facilities described in subparagraph (A), (B), or (E) of section 3(i)(5) may be determined and issued under this subsection in lieu of subsection (a).

"(2) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in paragraph (1) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of facilities described in paragraph (1).

"(3) ISSUANCE OF ALLOTMENT.—

"(A) IN GENERAL.—The State agency shall issue an allotment determined under this subsection to the administration of a facility described in paragraph (1) as the authorized representative of the residents of the facility.

"(B) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a facility described in paragraph (1) does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the facility.

"(4) DEPARTURES OF COVERED RESIDENTS.—

"(A) NOTIFICATION.—Any facility described in paragraph (1) that receives an allotment for a resident under this subsection shall—

"(i) notify the State agency promptly on the departure of the resident; and

"(ii) notify the resident, before the departure of the resident, that the resident—

"(I) is eligible for continued benefits under the food stamp program; and

"(II) should contact the State agency concerning continuation of the benefits.

"(B) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under subparagraph (A)(i) concerning the departure of a resident, the State agency—

"(i) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

"(ii) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this subsection unless the departed resident reapplies to participate in the food stamp program.

"(C) AUTHORIZED DELAY IN ISSUANCE.—The State agency may delay issuance under subparagraph (B)(i) if the State agency lacks sufficient information on the location of the departed resident to provide the allotment.

"(D) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this subsection.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking "(i) 'Household' means (1) an" and inserting the following:

"(i)(1) 'Household' means—

"(A) an";

(B) in the first sentence, by striking ''others, or (2) a group'' and inserting the following: ''others; or

''(B) a group'';

(C) in the second sentence, by striking ''Spouses'' and inserting the following:

''(2) Spouses'';

(D) in the third sentence, by striking ''Notwithstanding'' and inserting the following: ''(3) Notwithstanding'';

(E) in paragraph (3) (as designated by subparagraph (D)), by striking ''the preceding sentences'' and inserting ''paragraphs (1) and (2)'';

(F) in the fourth sentence, by striking ''In no event'' and inserting the following:

''(4) In no event'';

(G) in the fifth sentence, by striking ''For the purposes of this subsection, residents'' and inserting the following:

''(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

''(A) Residents''; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking ''Act, or are individuals'' and inserting the following: ''Act.

''(B) Individuals'';

(ii) by striking ''such section, temporary'' and inserting the following: ''that section.

''(C) Temporary'';

(iii) by striking ''children, residents'' and inserting the following: ''children.

''(D) Residents'';

(iv) by striking ''coupons, and narcotics'' and inserting the following: ''coupons.

''(E) Narcotics''; and

(v) by striking ''shall not'' and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' each place it appears and inserting ''section 3(i)(4)''.

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking

"the last sentence of section 3(i)" and inserting "section 3(i)(5)".

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking "the last 2 sentences of section 3(i)" and inserting "paragraphs (4) and (5) of section 3(i)".

SEC. 424. AVAILABILITY OF FOOD STAMP PROGRAM APPLICATIONS ON THE INTERNET.

Section 11(e)(2)(B)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—

(1) by inserting "(I)" after "(ii)";

(2) in subclause (I) (as designated by paragraph (1)), by adding "and" at the end; and

(3) by adding at the end the following:

"(II) if the State agency maintains a website for the State agency, shall make the application available on the website in each language in which the State agency makes a printed application available;".

SEC. 425. SIMPLIFIED DETERMINATIONS OF CONTINUING ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) by striking paragraph (4) and inserting the following:

''(4)(A) that the State agency shall periodically require each household to cooperate in a redetermination of the eligibility of the household.

''(B) A redetermination under subparagraph (A) shall—

''(i) be based on information supplied by the household; and

''(ii) conform to standards established by the Secretary.

''(C) The interval between redeterminations of eligibility under subparagraph (A) shall not exceed the eligibility review period;'' and

(2) in paragraph (10)—

(A) by striking ''within the household's certification period''; and

(B) by striking ''or until'' and all that follows through ''occurs earlier''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended—

(A) by striking ''Certification period'' and inserting ''Eligibility review period''; and

(B) by striking ''certification period'' each place it appears and inserting ''eligibility review period''.

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

(A) in subsection (d)(2), by striking ''in the certification period which'' and inserting ''that''; and

(B) in subsection (e) (as amended by section 414(b)(1)(B))—

(i) in paragraph (5)(B)(ii)—

(I) in subclause (II), by striking ''certification period'' and inserting ''eligibility review period''; and

(II) in subclause (III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied or at the most recent redetermination of eligibility for the household''; and

(ii) in paragraph (6)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of the eligibility of the household''.

(3) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(A) in subsection (c)(1)(C)(iv), by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''; and

(B) in subsection (d)(1)(D)(v)(II), by striking ''a certification period'' and inserting ''an eligibility review period''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended—

(A) in the second sentence of paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2)(B), by striking ''expiration of'' and all that follows through ''during a certification period,'' and inserting ''termination of benefits to the household,''.

(5) Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by striking ''the certification or recertification'' and inserting ''determining the eligibility''.

SEC. 426. CLEARINGHOUSE FOR SUCCESSFUL NUTRITION EDUCATION EFFORTS.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end the following:

"(3) NUTRITION EDUCATION CLEARINGHOUSE.—The Secretary shall—

"(A) request State agencies to submit to the Secretary descriptions of successful nutrition education programs designed for use in the food stamp program and other nutrition assistance programs;

"(B) make the descriptions submitted under subparagraph (A) available on the website of the Department of Agriculture; and

"(C) inform State agencies of the availability of the descriptions on the website.".

SEC. 427. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

"(s) TRANSITIONAL BENEFITS OPTION.—

"(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash benefits under a State

program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash benefits are terminated.

"(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash benefits were terminated, adjusted for—

"(A) the change in household income as a result of the termination of cash benefits; and

"(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report.

"(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

"(A) require the household to cooperate in a redetermination of eligibility; and

"(B) initiate a new eligibility review period for the household without regard to whether the preceding eligibility review period has expired.

"(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

"(A) loses eligibility under section 6;

"(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash benefits program described in paragraph (1); or

"(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: "The limits specified in this section may be extended until the end of any transitional benefit period established under section 11(s).".

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking "No household" and inserting "Except in a case in which a household is receiving transitional benefits during

the transitional benefits period under section 11(s), no household''.

SEC. 428. REFORM OF QUALITY CONTROL SYSTEM.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1)—

(A) by striking ''Under such system'' and all that follows through ''(A) the Secretary'' and inserting the following: ''The system referred to in the preceding sentence shall have the following elements:

''(A) The Secretary'';

(B) in subparagraph (A)—

(i) by striking ''one percentage point to a maximum of 60'' and inserting ''½ of 1 percentage point to a maximum of 55''; and

(ii) by striking the semicolon at the end and inserting a period; and

(C) by striking subparagraph (B) and all that follows and inserting the following:

''(B) INVESTIGATION AND INITIAL SANCTIONS.—

''(i) INVESTIGATION.—Except as provided under subparagraph (C), for any fis-

cal year in which the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program unless the Secretary determines that sufficient information is already available to review the administration by the State agency.

''(ii) INITIAL SANCTIONS.—If an investigation under clause (i) results in a determination that the State agency has been seriously negligent (as determined under standards promulgated by the Secretary), the State agency shall pay the Secretary an amount that reflects the extent of such negligence (as determined under standards promulgated by the Secretary), not to exceed 5 percent of the amount provided to the State agency under subsection (a) for the fiscal year.

"(C) ADDITIONAL SANCTIONS.—If, for any fiscal year, the Secretary determines that a 95 percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates announced under paragraph (6) by more than 1 percentage point, other than for good cause shown, and that the State agency was sanctioned under this paragraph or was the subject of an investigation or review under subparagraph (B)(i) for each of the 2 immediately preceding fiscal years, the State agency shall pay to the Secretary an amount equal to the product obtained by multiplying—

"(i) the value of all allotments issued by the State agency in the fiscal year;

"(ii) the lesser of—

"(I) the ratio that—

"(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year; bears to

"(bb) 10 percent; or

"(II) 1; and

"(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.

"(D) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies to develop and implement corrective action plans to reduce payment errors.";

(2) in paragraph (2)(A), by inserting before the semicolon the following: ", as adjusted downward as appropriate under paragraph (10)";

(3) in paragraph (4), by striking "(4)" and all that follows through the end of the first sentence and inserting the following:

"(4) REPORTING REQUIREMENTS.—The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, claim for payment error under paragraph (1), or performance under the performance measures under paragraph (11).";

(4) in paragraph (5), by striking ''(5)'' and all that follows through the end of the second sentence and inserting the following:

''(5) PROCEDURES.—To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for the fiscal year, to comply with paragraph (10), and to determine the amount of enhanced administrative funding under paragraph (1)(A), high performance bonus payments under paragraph (11), or claims under subparagraph (B) or (C) of paragraph (1).'';

(5) in the first sentence of paragraph (6), by inserting ''(but determined without regard to paragraph (10))'' before ''times that''; and

(6) by adding at the end the following:

''(10) ADJUSTMENTS OF PAYMENT ERROR RATE.—

''(A) IN GENERAL.—

''(i) FISCAL YEAR 2002.—Subject to clause (ii), for fiscal year 2002, in applying paragraph (1), the Secretary shall adjust the payment error rate determined under

paragraph (2)(A) as necessary to eliminate any increases in errors that result from the State agency's serving a higher percentage of households with earned income, households with 1 or more members who are not United States citizens, or both, than the lesser of, as the case may be—

"(I) the percentage of households of the corresponding type that receive food stamps nationally; or

"(II) the percentage of—

"(aa) households with earned income that received food stamps in the State in fiscal year 1992; or

"(bb) households with members who are not United States citizens that received food stamps in the State in fiscal year 1998.

"(ii) EXPANDED APPLICABILITY TO STATE AGENCIES SUBJECT TO SANCTIONS.—In the case of a State agency subject to sanctions for fiscal year 2001 or any fiscal year thereafter under paragraph (1), the adjustments described in clause (i)

shall apply to the State agency for the fiscal year.

"(B) ADDITIONAL ADJUSTMENTS.—For fiscal year 2003 and each fiscal year thereafter, the Secretary may make such additional adjustments to the payment error rate determined under paragraph (2)(A) as the Secretary determines to be consistent with achieving the purposes of this Act.".

(b) APPLICABILITY.—Except as otherwise provided in the amendments made by subsection (a), the amendments made by subsection (a) shall apply to fiscal year 2001 and each fiscal year thereafter.

SEC. 429. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking "180 days after the end of the fiscal year" and inserting "the first June 30 after the end of the fiscal year referred to in subparagraph (A)"; and

(2) in subparagraph (C), by striking "30 days thereafter" and inserting "the first June 30 after the end of the fiscal year referred to in subparagraph (A)".

SEC. 430. HIGH PERFORMANCE BONUS PAYMENTS TO STATES.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) (as amended by section 428(a)(6)) is amended by adding at the end the following:

"(11) ADDITIONAL PERFORMANCE MEASURES.—

"(A) IN GENERAL.—In addition to the performance measures under paragraph (1), the Secretary shall measure the performance of State agencies in each fiscal year with respect to—

"(i) compliance with the deadlines under paragraphs (3) and (9) of section 11(e);

"(ii) the percentage of negative eligibility decisions that are made correctly; and

"(iii) the ratio, expressed as a percentage, that—

"(I) the number of households in the State that—

"(aa) receive food stamps;

"(bb) have incomes less than 130 percent of the poverty line (as defined in section 673 of the

Community Services Block Grant Act (42 U.S.C. 9902));

"(cc) have annual earnings equal to at least 1000 times the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.); and

"(dd) have children under age 18; bears to

"(II) the number of households in the State that meet the criteria specified in items (bb) through (dd) of subclause (I).

"(B) RANKINGS OF STATE AGENCIES.—

"(i) IN GENERAL.—For each fiscal year, the Secretary shall determine—

"(I) the relative ranking of each State agency with respect to each performance measure specified in subparagraph (A) based on the level of performance by the State agency with respect to the performance measure in the most recent year for which the

Secretary determines that reliable data are available; and

"(II) the relative ranking of each State agency with respect to each performance measure specified in subparagraph (A) based on the improvement in the level of performance by the State agency with respect to the performance measure between the 2 most recent years for which the Secretary determines that reliable data are available.

"(ii) SELECTION OF HIGHER RANKING.—For each State agency and each of the 3 performance measures specified in subparagraph (A), the Secretary shall select the higher of the 2 rankings determined under clause (i).

"(iii) DETERMINATION OF AVERAGE RANKING.—The Secretary shall—

"(I) determine, for each State agency, the average of the 3 rankings selected for the State agency under clause (ii); and

"(II) identify the 10 State agencies with the highest average ranking.

"(C) HIGH PERFORMANCE BONUS PAYMENTS.—

"(i) DEFINITION OF CASELOAD.—In this subparagraph, the term 'caseload' has the meaning given the term in section 6(o)(5)(A).

"(ii) AMOUNT OF PAYMENTS.—

"(I) IN GENERAL.—At the time at which the Secretary makes the notifications required under paragraph (8) for fiscal year 2002 and each fiscal year thereafter, the Secretary shall—

"(aa) make 1 high performance bonus payment of $10,000,000; and

"(bb) allocate the high performance bonus payment in accordance with subclauses (II) and (III).

"(II) ALLOCATION OF PAYMENT.—For each fiscal year, the Secretary shall allocate the high perform-

ance bonus payment for the fiscal year among the 10 State agencies identified under subparagraph (B)(iii)(II) in the ratio that—

"(aa) the caseload of each such State agency; bears to

"(bb) the caseloads of all such State agencies.

"(III) ALLOCATION IN EVENT OF A TIE.—If the Secretary determines that 2 or more State agencies have the same average ranking under subparagraph (B)(iii), the portion of the bonus payment allocable to those State agencies shall be divided among those State agencies in an equitable manner determined by the Secretary.

"(IV) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to make a high performance bonus payment under this paragraph shall not be subject to judicial review.

"(D) INVESTIGATION AND CORRECTION OF DEFICIENCIES.—

"(i) IN GENERAL.—For any fiscal year in which the Secretary determines that a 95 percent statistical probability exists that the performance of a State agency with respect to any of the performance measures specified in subparagraph (A) is substantially worse than a level that the Secretary determines to be reasonable, other than for good cause shown, the Secretary shall investigate the administration by the State agency of the food stamp program.

"(ii) CORRECTIVE ACTION.—If an investigation under clause (i) results in a determination that the administration by the State agency has been deficient, the Secretary shall require the State agency to take prompt corrective action.".

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to fiscal year 2003 and each fiscal year thereafter.

SEC. 431. EMPLOYMENT AND TRAINING PROGRAM.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ", to remain available until expended,"; and

(B) by striking clause (vii) and inserting the following:

"(vii) for each of fiscal years 2002 through 2006, $90,000,000, to remain available until expended.";

(2) by striking subparagraph (B) and inserting the following:

"(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

"(i) is determined and adjusted by the Secretary; and

"(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).";

and

(3) by striking subparagraphs (E) through (G) and inserting the following:

"(E) ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.—

"(i) IN GENERAL.—In addition to the allocations under subparagraph (A), from funds made available under section 18(a)(1), the Secretary shall allocate not more than $25,000,000 for each of fiscal years 2002 through 2006 to reimburse a State agency that is eligible under clause (ii) for the additional costs of serving food stamp recipients who—

"(I) are not eligible for an exception under section 6(o)(3); and

"(II) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

"(ii) ELIGIBILITY.—To be eligible for an additional allocation under clause (i), a State agency shall—

"(I) exhaust the allocation to the State agency under subparagraph (A) (including any reallocation that has been made available under subparagraph (C)); and

"(II) make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 6(o)(2) to each applicant or recipient who—

"(aa) is in the last month of the 6-month period described in section 6(o)(2);

"(bb) is not eligible for an exception under section 6(o)(3);

"(cc) is not eligible for a waiver under section 6(o)(4); and

"(dd) is not eligible for an exemption under section 6(o)(5).".

(b) RESCISSION OF CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall cease to be available on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking "$25 per

month'' and inserting ''an amount not less than $25 per month''.

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking ''$25'' and inserting ''the limit established by the State agency under section 6(d)(4)(I)(i)(I)''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 432. REAUTHORIZATION OF FOOD STAMP PROGRAM AND FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''2002'' and inserting ''2006''; and

(2) in subparagraph (B)(ii), by striking ''2002'' and inserting ''2006''.

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking ''2002'' and inserting ''2006''.

(c) GRANTS TO IMPROVE FOOD STAMP PARTICIPATION.—Section 17(i)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 433. COORDINATION OF PROGRAM INFORMATION EFFORTS.

Section 16(k)(5) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)) is amended—

(1) in subparagraph (A), by striking ''No funds'' and inserting ''Except as provided in subparagraph (C), no funds''; and

(2) by adding at the end the following:

''(C) FOOD STAMP INFORMATIONAL ACTIVITIES.—Subparagraph (A) shall not apply to any funds or expenditures described in clause (i) or (ii) of subparagraph (B) used to pay the costs of any activity that is eligible for reimbursement under subsection (a)(4).''.

SEC. 434. EXPANDED GRANT AUTHORITY.

Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking ", by way of making" and inserting "make";

(2) by striking "agencies," and inserting "agencies under this section to"; and

(3) by adding at the end the following: "The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.".

SEC. 435. ACCESS AND OUTREACH PILOT PROJECTS.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (h) and inserting the following:

"(h) ACCESS AND OUTREACH PILOT PROJECTS.—

"(1) IN GENERAL.—The Secretary shall make grants to State agencies and other entities to pay the Federal share of the eligible costs of projects to improve—

"(A) access by eligible individuals to benefits under the food stamp program; or

"(B) outreach to individuals eligible for those benefits.

"(2) FEDERAL SHARE.—The Federal share shall be 75 percent.

"(3) TYPES OF PROJECTS.—To be eligible for a grant under this subsection, a project may consist of—

"(A) establishing a single site at which individuals may apply for—

"(i) benefits under the food stamp program;

"(ii) supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);

"(iii) benefits under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

"(iv) benefits under the State children's health insurance program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

"(v) benefits under the special supplemental nutrition program for women, infants, and children under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786); and

"(vi) benefits under such other programs as the Secretary determines to be appropriate;

"(B) developing forms that allow an individual to apply for more than 1 of the programs referred to in subparagraph (A);

"(C) dispatching caseworkers to conduct outreach and enroll individuals in the food stamp program and other programs in nontraditional venues (such as shopping malls, schools, community centers, county fairs, clinics, food banks, and job training centers);

"(D) developing systems to enable increased participation in the provision of benefits under the food stamp program through farmers' markets, roadside stands, and other community-supported agriculture programs;

"(E) allowing individuals to submit applications for the food stamp program by means of the telephone or the Internet, in particular individuals who live in rural areas, elderly individuals, and individuals with disabilities;

"(F) encouraging consumption of fruit and vegetables by developing a cost-effective system for providing discounts for purchases of fruit and vegetables made through use of electronic benefit transfer cards;

"(G) reducing barriers to participation by individuals, with emphasis on working families, eligible immigrants, elderly individuals, and individuals with disabilities;

"(H) developing training materials, guidebooks, and other resources to improve access and outreach;

"(I) conforming verification practices under the food stamp program with verification practices under other assistance programs; and

"(J) such other activities as the Secretary determines to be appropriate.

"(4) MAXIMUM GRANT PER PROJECT.—The maximum amount of a grant for a project under this subsection shall be an amount determined by the Secretary.

"(5) SELECTION.—

"(A) IN GENERAL.—The Secretary shall develop criteria for selecting recipients of grants under this subsection that include the consideration of—

"(i) the demonstrated record of a State agency or other entity in serving low-income individuals;

"(ii) the ability of a State agency or other entity to reach hard-to-serve populations;

"(iii) the level of innovative proposals in the application of a State agency or other entity for a grant; and

"(iv) the development of partnerships between public and private sector entities and linkages with the community.

"(B) PREFERENCE.—In selecting recipients of grants under paragraph (1), the Secretary shall provide a preference to any applicant that consists of a partnership between a State and a private entity, such as—

"(i) a food bank;

"(ii) a community-based organization;

"(iii) a public school;

"(iv) a publicly-funded health clinic;

"(v) a publicly-funded day care center; and

"(vi) a nonprofit health or welfare agency.

"(C) GEOGRAPHICAL DISTRIBUTION OF RECIPIENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary shall select, from all eligible applications received, at least 1 recipient to receive a grant under this subsection from—

"(I) each region of the Department of Agriculture administering the food stamp program; and

"(II) each additional rural or urban area that the Secretary determines to be appropriate.

"(ii) EXCEPTION.—The Secretary shall not select grant recipients under clause (i) to the extent that the Secretary determines that an insufficient number of eligible grant applications has been received.

"(6) PROJECT EVALUATIONS.—

"(A) IN GENERAL.—The Secretary shall conduct evaluations of projects funded by grants under this subsection.

"(B) LIMITATION.—Not more than 10 percent of funds made available to carry out this subsection shall be used for project evaluations described in subparagraph (A).

"(7) MAINTENANCE OF EFFORT.—A State agency or other entity shall provide assurances to the Secretary that funds provided to the State agency or other entity under this subsection will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended to carry out access and outreach activities in the State under this Act.

"(8) FUNDING.—There is authorized to be appropriated to carry out this subsection $3,000,000 for the period of fiscal years 2003 through 2005.".

SEC. 436. CONSOLIDATED BLOCK GRANTS AND ADMINISTRATIVE FUNDS.

(a) CONSOLIDATED FUNDING.—Section 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking "the Commonwealth of Puerto Rico" and inserting "governmental entities specified in subparagraph (D)";

(B) in clause (ii), by striking "and" at the end; and

(C) by striking clause (iii) and all that follows and inserting the following:

"(iii) for fiscal year 2002, $1,356,000,000; and

"(iv) for each of fiscal years 2003 through 2006, the amount provided in clause (iii), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2001, and June 30 of the immediately preceding fiscal year;

to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C).";

(2) in subparagraph (B)—

(A) by striking "(B) The" and inserting the following:

"(B) MAXIMUM PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—

"(i) IN GENERAL.—The";

(B) by inserting "of Puerto Rico" after "Commonwealth" each place it appears; and

(C) by adding at the end the following:

"(ii) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—Notwithstanding subparagraph (A) and clause (i), the Commonwealth of Puerto Rico may spend not more than $6,000,000 of the amount required to be paid to the Commonwealth for

fiscal year 2002 under subparagraph (A) to pay 100 percent of the costs of—

"(I) upgrading and modernizing the electronic data processing system used to carry out nutrition assistance programs for needy persons; and

"(II) implementing systems to simplify the determination of eligibility to receive that nutrition assistance."; and

(3) by adding at the end the following:

"(C) AMERICAN SAMOA.—For each fiscal year, the Secretary shall reserve 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay 100 percent of the expenditures for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

"(D) GOVERNMENTAL ENTITY.—A governmental entity specified in this subparagraph is—

"(i) the Commonwealth of Puerto Rico; and

"(ii) for fiscal year 2003 and each fiscal year thereafter, American Samoa.".

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 2002.

(2) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—The amendments made by subsection (a)(2) take effect on the date of enactment of this Act.

SEC. 437. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

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

(1) in subsection (b)(2)(B), by striking ''2002'' and inserting ''2006'';

(2) in subsection (d)—

(A) in paragraph (3), by striking ''or'' at the end; and

(B) by striking paragraph (4) and inserting the following:

''(4) encourage long-term planning activities, and multisystem, interagency approaches with multistakeholder collaborations, that build the long-term capacity of communities to address the food and ag-

riculture problems of the communities, such as food policy councils and food planning associations; or

"(5) meet, as soon as practicable, specific neighborhood, local, or State food and agriculture needs, including needs for—

"(A) infrastructure improvement and development;

"(B) planning for long-term solutions; or

"(C) the creation of innovative marketing activities that mutually benefit farmers and low-income consumers.";

(3) in subsection (e)(1), by striking "50" and inserting "75"; and

(4) in subsection (h)(2), by striking "2002" and inserting "2007".

SEC. 438. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

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

(1) in subsection (a)—

(A) by striking "1997 through 2002" and inserting "2002 through 2006"; and

(B) by striking "$100,000,000" and inserting "$140,000,000"; and

(2) by adding at the end the following:

"(c) USE OF FUNDS FOR RELATED COSTS.—For each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds made available under subsection (a) to pay the direct and indirect costs of States relating to the processing, storing, transporting, and distributing to eligible recipient agencies of—

"(1) commodities purchased by the Secretary under subsection (a); and

"(2) commodities acquired from other sources, including commodities acquired by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435)).".

SEC. 439. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

"SEC. 28. INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.

"(a) IN GENERAL.—The Secretary shall offer to enter into a contract with a nongovernmental organization described in subsection (b) to coordinate with Federal agencies, States, political subdivisions, and nongovernmental organizations (referred to in this section as 'targeted entities') to develop, and recommend to the targeted

entities, innovative programs for addressing common community problems, including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, juvenile crime prevention, and the need for self-sufficiency by individuals and communities.

"(b) NONGOVERNMENTAL ORGANIZATION.—The nongovernmental organization referred to in subsection (a)—

"(1) shall be selected on a competitive basis; and

"(2) as a condition of entering into the contract—

"(A) shall be experienced in working with targeted entities, and in organizing workshops that demonstrate programs to targeted entities;

"(B) shall be experienced in identifying programs that effectively address problems described in subsection (a) that can be implemented by other targeted entities;

"(C) shall agree—

"(i) to contribute in-kind resources toward the establishment and maintenance of programs described in subsection (a); and

"(ii) to provide to targeted entities, free of charge, information on the programs;

"(D) shall be experienced in, and capable of, receiving information from, and communicating with, targeted entities throughout the United States; and

"(E) shall be experienced in operating a national information clearinghouse that addresses 1 or more of the problems described in subsection (a).

"(c) AUDITS.—The Secretary shall establish auditing procedures and otherwise ensure the effective use of funds made available under this section.

"(d) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $200,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall

accept the funds transferred under paragraph (1), without further appropriation.''.

SEC. 440. REPORT ON USE OF ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to Congress a report on—

(1) the difficulties in using electronic benefit transfer systems in issuance of food stamp benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(2) the extent to which there exists fraud, and the types of fraud that exist, in use of the electronic benefit transfer systems; and

(3) the efforts being made by the Secretary of Agriculture, retailers, electronic benefit transfer system contractors, and States to address the problems described in paragraphs (1) and (2).

SEC. 441. VITAMIN AND MINERAL SUPPLEMENTS.

(a) IN GENERAL.—Section 3(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by striking ''or food product'' and inserting '', food product, or dietary supplement that provides exclusively 1 or more vitamins or minerals''.

(b) IMPACT STUDY.—

(1) IN GENERAL.—Not later than April 1, 2003, the Secretary of Agriculture shall enter into a contract with a scientific research organization to study and develop a report on the technical issues, economic impacts, and health effects associated with allowing individuals to use benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to purchase dietary supplements that provide exclusively 1 or more vitamins or minerals (referred to in this subsection as ''vitamin-mineral supplements'').

(2) REQUIRED ELEMENTS.—At a minimum, the study shall examine—

(A) the extent to which problems arise in the purchase of vitamin-mineral supplements with electronic benefit transfer cards;

(B) the extent of any difficulties in distinguishing vitamin-mineral supplements from herbal and botanical supplements for which food stamp benefits may not be used;

(C) whether participants in the food stamp program spend more on vitamin-mineral supplements than nonparticipants;

(D) to what extent vitamin-mineral supplements are substituted for other foods purchased with use of food stamp benefits;

(E) the proportion of the average food stamp allotment that is being used to purchase vitamin-mineral supplements; and

(F) the extent to which the quality of the diets of participants in the food stamp program has changed as a result of allowing participants to use food stamp benefits to purchase vitamin-mineral supplements.

(3) REPORT.—The report required under paragraph (1) shall be submitted to the Secretary of Agriculture not later than 2 years after the date on which the contract referred to in that paragraph is entered into.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $3,000,000 to carry out this subsection.

Subtitle B—Miscellaneous Provisions

SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

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

"(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

"(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2002 through 2006, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

"(2) AMOUNT OF GRANTS.—

"(A) FISCAL YEAR 2002.—The amount of each grant per caseload slot for fiscal year 2002 shall be equal to the amount of the grant per caseload slot for fiscal year 2001, as determined by the Secretary, adjusted by the percentage change between—

"(i) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30, 2000; and

"(ii) the best estimate available (as of the beginning of the fiscal year) of the value of that index for the 12-month period ending June 30, 2002.

"(B) FISCAL YEARS 2003 THROUGH 2006.—For each of fiscal years 2003 through 2006, the amount of each grant per caseload slot shall be equal to the amount of the grant per caseload slot for the preceding fiscal year adjusted by the percentage change between—

"(i) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

"(ii) the best estimate available (as of the beginning of the fiscal year) of the value of that index for the 12-month pe-

riod ending June 30 of the fiscal year.''; and

(2) in subsection (d)(2), by striking ''2002'' each place it appears and inserting ''2006''.

(c) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(d) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 452. RESTORATION OF BENEFITS TO LEGAL IMMIGRANTS.

(a) RESTORATION OF BENEFITS TO ALL QUALIFIED ALIEN CHILDREN.—

(1) IN GENERAL.—Section 402(a)(2)(J) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is amended by striking ''who'' and all that follows through ''is under'' and inserting ''who is under''.

(2) CONFORMING AMENDMENTS.—

(A) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconcili-

ation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

"(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to the extent that a qualified alien is eligible under subparagraph (B) or (J) of section 402(a)(2).".

(B) Section 421(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(d)) is amended by adding at the end the following:

"(3) This section shall not apply to assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to the extent that a qualified alien is eligible under section 402(a)(2)(J).".

(C) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended by inserting before the period at the end the following: ", or to any child who is under 18 years of age".

(3) APPLICABILITY.—The amendments made by this subsection shall apply to fiscal year 2004 and each fiscal year thereafter.

(b) WORK REQUIREMENT FOR LEGAL IMMIGRANTS.—

(1) WORKING IMMIGRANT FAMILIES.—Section 402(a)(2)(B)(ii)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking "40" and inserting "40 (or 16, in the case of the specified Federal program described in paragraph (3)(B))".

(2) CONFORMING AMENDMENTS.—

(A) Section 213A(a)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1183a(a)(3)(A)) is amended by striking "40" and inserting "40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(3)(B)))".

(B) Section 421(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is amended by striking "40" and inserting "40 (or 16, in the case of the specified Federal program described in section 402(a)(3)(B))".

(c) RESTORATION OF BENEFITS TO REFUGEES AND ASYLEES.—Section 402(a)(2) of the Personal Responsi-

bility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended—

(1) in subparagraph (A), by striking ''programs described in paragraph (3)'' and inserting ''program described in paragraph (3)(A)''; and

(2) by adding at the end the following:

''(L) FOOD STAMP EXCEPTION FOR REFUGEES AND ASYLEES.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien with respect to which an action described in subparagraph (A) was taken and was not revoked.''.

(d) RESTORATION OF BENEFITS TO DISABLED ALIENS.—Section 402(a)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(F)) is amended—

(1) by striking the subparagraph heading and inserting ''EXCEPTION FOR DISABLED ALIENS'';

(2) by striking ''(i) was'' and all that follows through ''in the case'' and inserting the following:

''(i) in the case''; and

(3) by striking ''(II)'' and inserting ''(ii)''.

SEC. 453. FRUIT AND VEGETABLE PILOT PROGRAM.

(a) IN GENERAL.—In the school year beginning July 2002, the Secretary of Agriculture shall use funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to conduct a pilot program to make available to students, in 25 elementary or secondary schools in each of 4 States, and in elementary or secondary schools on 1 Indian reservation, free fruits and vegetables throughout the school day in—

(1) a cafeteria;

(2) a student lounge; or

(3) another designated room of the school.

(b) PUBLICITY.—A school that participates in the pilot program shall widely publicize within the school the availability of free fruits and vegetables under the pilot program.

(c) EVALUATION OF PILOT PROGRAM.—

(1) IN GENERAL.—At the end of the school year during which the pilot program is carried out, the Secretary of Agriculture shall conduct an evaluation of the results of the pilot program to determine—

(A) whether students took advantage of the pilot program;

(B) whether interest in the pilot program increased or lessened over time; and

(C) what effect, if any, the pilot program had on vending machine sales.

(2) FUNDING.—The Secretary shall use $200,000 of the funds described in subsection (a) to carry out the evaluation under this subsection.

SEC. 454. CONGRESSIONAL HUNGER FELLOWS PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Hunger Fellows Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) there are—

(A) a critical need for compassionate individuals who are committed to assisting people who suffer from hunger; and

(B) a need for those individuals to initiate and administer solutions to the hunger problem;

(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

(A) his commitment to solving the problem of hunger in a bipartisan manner;

(B) his commitment to public service; and

(C) his great affection for the institution and the ideals of Congress;

(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

(A) his compassion for individuals in need;

(B) his high regard for public service; and

(C) his lively exercise of political talents;

(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all; and

(5) since those 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by establishing a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(c) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(B) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

(2) BOARD.—The term ''Board'' means the Board of Trustees of the Program.

(3) FUND.—The term ''Fund'' means the Congressional Hunger Fellows Trust Fund established by subsection (g).

(4) PROGRAM.—The term ''Program'' means the Congressional Hunger Fellows Program established by subsection (d).

(d) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government an entity to be known as the ''Congressional Hunger Fellows Program''.

(e) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD.—

(A) APPOINTMENT.—

(i) IN GENERAL.—The Board shall be composed of 6 voting members appointed under clause (ii) and 1 nonvoting ex-officio member designated by clause (iii).

(ii) VOTING MEMBERS.—The voting members of the Board shall be the following:

(I) 2 members appointed by the Speaker of the House of Representatives.

(II) 1 member appointed by the minority leader of the House of Representatives.

(III) 2 members appointed by the majority leader of the Senate.

(IV) 1 member appointed by the minority leader of the Senate.

(iii) NONVOTING MEMBER.—The Executive Director of the Program shall serve as a nonvoting ex-officio member of the Board.

(B) TERMS.—

(i) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(ii) INCOMPLETE TERM.—If a member of the Board does not serve the full term of the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(C) VACANCY.—A vacancy on the Board—

(i) shall not affect the powers of the Board; and

(ii) shall be filled in the same manner as the original appointment was made.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), a member of the Board shall not receive compensation for service on the Board.

(ii) TRAVEL.—A member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away

from the home or regular place of business of the member in the performance of the duties of the Board.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as are appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Bylaws and other regulations established under clause (i) shall include provisions—

(I) for appropriate fiscal control, accountability for funds, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in—

(aa) the procurement and employment actions taken by the Board or by any officer or employee of the Board; and

(bb) the selection and placement of individuals in the fellow-

ships developed under the Program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) SUBMISSION TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall submit to the appropriate congressional committees a copy of the bylaws established by the Board.

(B) BUDGET.—For each fiscal year in which the Program is in operation—

(i) the Board shall determine a budget for the Program for the fiscal year; and

(ii) all spending by the Program shall be in accordance with the budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement

of individuals in the fellowships developed under the Program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board shall determine—

(i) the priority of the programs to be carried out under this section; and

(ii) the amount of funds to be allocated for the fellowships established under subsection (f)(3)(A).

(f) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the Program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service;

(B) to recognize the needs of people who are hungry and poor;

(C) to provide assistance and compassion for people in need;

(D) to increase awareness of the importance of public service; and

(E) to provide training and development opportunities for the leaders through placement in programs operated by appropriate entities.

(2) AUTHORITY.—The Program may develop fellowships to carry out the purposes of the Program, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The Program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS.—

(I) BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(II) MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iii) WORK PLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the Program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including the specific duties and responsibilities relating to the objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOWSHIP.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for a period of not more than 1 year.

(ii) LELAND FELLOWSHIP.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for a period of not more than 2 years, of which not less than 1 year shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded through a nationwide competition established by the Program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) a commitment to social change;

(III) leadership potential or leadership experience;

(IV) diverse life experience;

(V) proficient writing and speaking skills;

(VI) an ability to live in poor or diverse communities; and

(VII) such other attributes as the Board determines to be appropriate.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the Program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a Bill Emerson Hunger Fellowship shall be known as an ''Emerson Fellow''.

(II) LELAND FELLOW.—An individual awarded a Mickey Leland Hun-

ger Fellowship shall be known as a "Leland Fellow".

(4) EVALUATIONS.—

(A) IN GENERAL.—The Program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships.

(B) REQUIRED ELEMENTS.—Each evaluation shall include—

(i) an assessment of the successful completion of the work plan of each fellow;

(ii) an assessment of the impact of the fellowship on the fellows;

(iii) an assessment of the accomplishment of the purposes of the Program; and

(iv) an assessment of the impact of each fellow on the community.

(g) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the "Congressional Hunger Fellows Trust Fund", consisting of—

(A) amounts appropriated to the Fund under subsection (k);

(B) any amounts earned on investment of amounts in the Fund under paragraph (2); and

(C) amounts received under subsection (i)(3)(A).

(2) INVESTMENT OF AMOUNTS.—

(A) IN GENERAL.—

(i) AUTHORITY TO INVEST.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

(ii) TYPES OF INVESTMENTS.—Each investment may be made only in an interest-bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of the Treasury in consultation with the Board, has a maturity suitable for the Fund.

(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

(i) on original issue at the issue price; or

(ii) by purchase of outstanding obligations at the market price.

(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(3) TRANSFERS OF AMOUNTS.—

(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(h) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Program from the amounts described in subsections (g)(2)(D) and (i)(3)(A) such sums as the Board determines to be necessary to enable the Program to carry out this section.

(2) LIMITATION.—The Secretary may not transfer to the Program the amounts appropriated to the Fund under subsection (k).

(3) USE OF FUNDS.—Funds transferred to the Program under paragraph (1) shall be used—

(A) to provide a living allowance for the fellows;

(B) to defray the costs of transportation of the fellows to the fellowship placement sites;

(C) to defray the costs of appropriate insurance of the fellows, the Program, and the Board;

(D) to defray the costs of preservice and midservice education and training of fellows;

(E) to pay staff described in subsection (i);

(F) to make end-of-service awards under subsection (f)(3)(D)(iii)(II); and

(G) for such other purposes as the Board determines to be appropriate to carry out the Program.

(4) AUDIT BY COMPTROLLER GENERAL.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the Program.

(B) BOOKS.—The Program shall make available to the Comptroller General all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Program and necessary to facilitate the audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit to the appropriate congressional committees a copy of the results of each audit under subparagraph (A).

(i) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the Program who shall—

(i) administer the Program; and

(ii) carry out such other functions consistent with this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate payable for level V of the Executive Sched-

ule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers necessary to carry out this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate payable for level GS–15 of the General Schedule.

(3) POWERS.—

(A) GIFTS.—

(i) IN GENERAL.—The Program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Program.

(ii) USE OF GIFTS.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall—

(I) be deposited in the Fund; and

(II) be available for disbursement on order of the Board.

(B) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—To carry out this section, the Program may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay payable for level GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—To carry out this section, the Program may, with the approval of a majority of the members of the Board, contract with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—The Program may make such other expenditures as the Program considers necessary to carry out this section, but excluding project development.

(j) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congres-

sional committees a report on the activities of the Program carried out during the preceding fiscal year that includes—

(1) an analysis of the evaluations conducted under subsection (f)(4) during the fiscal year; and

(2) a statement of—

(A) the total amount of funds attributable to gifts received by the Program in the fiscal year under subsection (i)(3)(A); and

(B) the total amount of funds described in subparagraph (A) that were expended to carry out the Program in the fiscal year.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $18,000,000.

(l) EFFECTIVE DATE.—This section takes effect on October 1, 2002.

SEC. 455. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on July 1, 2002, except that a State agency may, at the option of the State agency, elect not to implement any or all of the amendments until October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 501. DIRECT LOANS.

Section 302(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)(1)) is amended by striking ''operated'' and inserting ''participated in the business operations of''.

SEC. 502. FINANCING OF BRIDGE LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) refinancing, during a fiscal year, a short-term, temporary bridge loan made by a commercial or cooperative lender to a beginning farmer or rancher for the acquisition of land for a farm or ranch, if—

''(i) the Secretary approved an application for a direct farm ownership loan to the beginning farmer or rancher for acquisition of the land; and

"(ii) funds for direct farm ownership loans under section 346(b) were not available at the time at which the application was approved.".

SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended by striking subsection (a) and inserting the following:

"(a) IN GENERAL.—The Secretary shall not make or insure a loan under section 302, 303, 304, 310D, or 310E that would cause the unpaid indebtedness under those sections of any 1 borrower to exceed the lesser of—

"(1) the value of the farm or other security; or

"(2)(A) in the case of a loan made by the Secretary—

"(i) to a beginning farmer or rancher, $250,000, as adjusted (beginning with fiscal year 2003) by the inflation percentage applicable to the fiscal year in which the loan is made; or

"(ii) to a borrower other than a beginning farmer or rancher, $200,000; or

"(B) in the case of a loan guaranteed by the Secretary, $700,000, as—

"(i) adjusted (beginning with fiscal year 2000) by the inflation percentage applicable to the fiscal year in which the loan is guaranteed; and

"(ii) reduced by the amount of any unpaid indebtedness of the borrower on loans under subtitle B that are guaranteed by the Secretary.".

SEC. 504. JOINT FINANCING ARRANGEMENTS.

Section 307(a)(3)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is amended—

(1) by striking "If" and inserting the following:

"(i) IN GENERAL.—Subject to clause (ii), if"; and

(2) by adding at the end the following:

"(ii) BEGINNING FARMERS AND RANCHERS.—The interest rate charged a beginning farmer or rancher for a loan described in clause (i) shall be 50 basis points less than the rate charged farmers and ranchers that are not beginning farmers or ranchers.".

SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING FARMERS AND RANCHERS.

Section 309(h)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)(6)) is amended by striking ''GUARANTEED UP'' and all that follows through ''more than'' and inserting ''GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee''.

SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.

Section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) is amended by adding at the end the following:

''(j) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.—The Secretary may guarantee under this title a loan made under a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.''.

SEC. 507. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''30 percent'' and inserting ''40 percent''; and

(B) in paragraph (3), by striking ''10 years'' and inserting ''20 years''; and

(2) in subsection (c)(3)(B), by striking ''10-year'' and inserting ''20-year''.

SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

(a) IN GENERAL.—Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

''SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

''(a) IN GENERAL.—Not later than October 1, 2002, the Secretary shall carry out a pilot program in not fewer than 10 geographically dispersed States, as determined by the Secretary, to guarantee up to 5 loans per State in each of fiscal years 2003 through 2006 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets applicable underwriting criteria and a commercial lending institution agrees to serve as escrow agent.

''(b) DATE OF COMMENCEMENT OF PROGRAM.—The Secretary shall commence the pilot program on making a determination that guarantees of contract land sales present a risk that is comparable with the risk presented in the case of guarantees to commercial lenders.''.

(b) REGULATIONS.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendment made by subsection (a).

(2) PROCEDURE.—The promulgation of the regulations and administration of the amendment made by subsection (a) shall be made without regard to—

(A) the notice and comment provisions of section 553 of title 5, United States Code;

(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(C) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out the amendment made by subsection (a), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

Subtitle B—Operating Loans

SEC. 511. DIRECT LOANS.

Section 311(c)(1)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is amended by striking ''who has not'' and all that follows through ''5 years''.

SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL FARM OPERATIONS; WAIVER OF LIMITATIONS FOR TRIBAL OPERATIONS AND OTHER OPERATIONS.

(a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended—

(1) in paragraph (4), by striking ''paragraphs (5) and (6)'' and inserting ''paragraphs (5), (6), and (7)''; and

(2) by adding at the end the following:

''(7) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL OPERATIONS.—In the case of an operating loan made to a Native American farmer or rancher whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)), the Secretary shall guarantee 95 percent of the loan.''.

(b) WAIVER OF LIMITATIONS.—Section 311(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)) is amended—

(1) in paragraph (1), by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''; and

(2) by adding at the end the following:

''(4) WAIVERS.—

''(A) TRIBAL FARM AND RANCH OPERATIONS.—The Secretary shall waive the limitation under paragraph (1)(C) for a direct loan made under this subtitle to a Native American farmer or rancher whose farm or ranch is within an Indian reservation (as defined in section 335(e)(1)(A)(ii)) if the Secretary determines that commercial credit is not generally available for such farm or ranch operations.

''(B) OTHER FARM AND RANCH OPERATIONS.—On a case-by-case determination not subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

"(i) the borrower has a viable farm or ranch operation;

"(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

"(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

"(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 359 (from which requirement the Secretary shall not grant a waiver under section 359(f)).".

Subtitle C—Administrative Provisions

SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by striking "and joint operations" each place it appears and inserting "joint operations, and limited liability companies".

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking ''or joint operations'' each place it appears and inserting ''joint operations, or limited liability companies''.

SEC. 522. DEBT SETTLEMENT.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended by striking ''carried out—'' and all that follows through ''(B) after'' and inserting ''carried out after''.

SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS; PRIVATE COLLECTION AGENCIES.

(a) IN GENERAL.—Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by striking subsections (d) and (e).

(b) APPLICATION.—The amendment made by subsection (a) shall not apply to a contract entered into before the effective date of this Act.

SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERVICING.

Section 331B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981b) is amended—

(1) by striking ''lower of (1) the'' and inserting the following: ''lowest of—

''(1) the''; and

(2) by striking ''original loan or (2) the'' and inserting the following: ''original loan;

''(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or re-amortization; or

''(3) the''.

SEC. 525. ANNUAL REVIEW OF BORROWERS.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by striking paragraph (2) and inserting the following:

''(2) except with respect to a loan under section 306, 310B, or 314—

''(A) an annual review of the credit history and business operation of the borrower; and

''(B) an annual review of the continued eligibility of the borrower for the loan;''.

SEC. 526. SIMPLIFIED LOAN APPLICATIONS.

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking ''of loans the principal amount of which is $50,000 or less'' and inserting ''of farmer program loans the principal amount of which is $100,000 or less''.

SEC. 527. INVENTORY PROPERTY.

Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in clause (i), by striking ''75 days'' and inserting ''135 days''; and

(ii) by adding at the end the following:

''(iv) COMBINING AND DIVIDING OF PROPERTY.—To the maximum extent practicable, the Secretary shall maximize the opportunity for beginning farmers and ranchers to purchase real property acquired by the Secretary under this title by combining or dividing inventory parcels of the property in such manner as the Secretary determines to be appropriate.''; and

(B) in subparagraph (C)—

(i) by striking ''75 days'' and inserting ''135 days''; and

(ii) by striking ''75-day period'' and inserting ''135-day period'';

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

"(2) PREVIOUS LEASE.—In the case of real property acquired before April 4, 1996, that the Secretary leased before April 4, 1996, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1)."; and

(3) in paragraph (3)—

(A) in subparagraph (A), by striking "subparagraph (B)" and inserting "subparagraphs (B) and (C)"; and

(B) by adding at the end the following:

"(C) OFFER TO SELL OR GRANT FOR FARMLAND PRESERVATION.—For the purpose of farmland preservation, the Secretary shall—

"(i) in consultation with the State Conservationist of each State in which inventory property is located, identify each parcel of inventory property in the State that should be preserved for agricultural use; and

"(ii) offer to sell or grant an easement, restriction, development right, or similar legal right to each parcel identified under clause (i) to a State, a political subdivision of a State, or a private nonprofit

organization separately from the underlying fee or other rights to the property owned by the United States.''.

SEC. 528. DEFINITIONS.

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is amended by striking ''25 percent'' and inserting ''30 percent''.

(b) DEBT FORGIVENESS.—Section 343(a)(12) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)) is amended by striking subparagraph (B) and inserting the following:

''(B) EXCEPTIONS.—The term 'debt forgiveness' does not include—

''(i) consolidation, rescheduling, reamortization, or deferral of a loan; or

''(ii) any write-down provided as part of a resolution of a discrimination complaint against the Secretary.''.

SEC. 529. LOAN AUTHORIZATION LEVELS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in subsection (b)—

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

"(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund provided for in section 309 for not more than $3,750,000,000 for each of fiscal years 2002 through 2006, of which, for each fiscal year—

"(A) $750,000,000 shall be for direct loans, of which—

"(i) $200,000,000 shall be for farm ownership loans under subtitle A; and

"(ii) $550,000,000 shall be for operating loans under subtitle B; and

"(B) $3,000,000,000 shall be for guaranteed loans, of which—

"(i) $1,000,000,000 shall be for guarantees of farm ownership loans under subtitle A; and

"(ii) $2,000,000,000 shall be for guarantees of operating loans under subtitle B."; and

(B) in paragraph (2)(A)(ii), by striking "farmers and ranchers" and all that follows and inserting "farmers and ranchers 35 percent

for each of fiscal years 2002 through 2006.''; and

(2) in subsection (c), by striking the last sentence.

SEC. 530. INTEREST RATE REDUCTION PROGRAM.

Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (a)—

(A) by striking ''PROGRAM.—'' and all that follows through ''The Secretary'' and inserting ''PROGRAM.—The Secretary''; and

(B) by striking paragraph (2);

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

''(c) AMOUNT OF INTEREST RATE REDUCTION.—

''(1) IN GENERAL.—In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on the loan, except that such payments shall not exceed the cost of reducing the rate by more than—

''(A) in the case of a borrower other than a beginning farmer or rancher, 3 percent; and

"(B) in the case of a beginning farmer or rancher, 4 percent.

"(2) BEGINNING FARMERS AND RANCHERS.—The percentage reduction of the interest rate for which payments are authorized to be made for a beginning farmer or rancher under paragraph (1) shall be 1 percent more than the percentage reduction for farmers and ranchers that are not beginning farmers or ranchers."; and

(3) in subsection (e), by striking paragraph (2) and inserting the following:

"(2) MAXIMUM AMOUNT OF FUNDS.—

"(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed $750,000,000.

"(B) BEGINNING FARMERS AND RANCHERS.—

"(i) IN GENERAL.—The Secretary shall reserve not less than 25 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

"(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.".

SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT FOR SHARED APPRECIATION AGREEMENTS.

(a) IN GENERAL.—Section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) is amended—

(1) in subparagraph (C), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and adjusting the margins appropriately;

(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and adjusting the margins appropriately;

(3) by striking the paragraph heading and inserting the following:

"(7) OPTIONS FOR SATISFACTION OF OBLIGATION TO PAY RECAPTURE AMOUNT.—

"(A) IN GENERAL.—As an alternative to repaying the full recapture amount at the end of the term of the agreement (as determined by the Secretary in accordance with this section),

a borrower may satisfy the obligation to pay the amount of recapture by—

"(i) financing the recapture payment in accordance with subparagraph (B); or

"(ii) granting the Secretary an agricultural use protection and conservation easement on the property subject to the shared appreciation agreement in accordance with subparagraph (C).

"(B) FINANCING OF RECAPTURE PAYMENT.—"; and

(4) by adding at the end the following:

"(C) AGRICULTURAL USE PROTECTION AND CONSERVATION EASEMENT.—

"(i) IN GENERAL.—Subject to clause (iii), the Secretary shall accept an agricultural use protection and conservation easement from the borrower for all of the real security property subject to the shared appreciation agreement in lieu of payment of the recapture amount.

"(ii) TERM.—The term of an easement accepted by the Secretary under this subparagraph shall be 25 years.

"(iii) CONDITIONS.—The easement shall require that the property subject to the easement shall continue to be used or conserved for agricultural and conservation uses in accordance with sound farming and conservation practices, as determined by the Secretary.

"(iv) REPLACEMENT OF METHOD OF SATISFYING OBLIGATION.—A borrower that has begun financing of a recapture payment under subparagraph (B) may replace that financing with an agricultural use protection and conservation easement under this subparagraph.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a shared appreciation agreement that—

(1) matures on or after the date of enactment of this Act; or

(2) matured before the date of enactment of this Act, if—

(A) the recapture amount was reamortized under section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C.

2001(e)(7)) (as in effect on the day before the date of enactment of this Act); or

(B)(i) the recapture amount had not been paid before the date of enactment of this Act because of circumstances beyond the control of the borrower; and

(ii) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

SEC. 532. WAIVER OF BORROWER TRAINING CERTIFICATION REQUIREMENT.

Section 359 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a) is amended by striking subsection (f) and inserting the following:

''(f) WAIVERS.—

''(1) IN GENERAL.—The Secretary may waive the requirements of this section for an individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

''(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.''.

SEC. 533. ANNUAL REVIEW OF BORROWERS.

Section 360(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(d)(1)) is amended by striking ''biannual'' and inserting ''annual''.

Subtitle D—Farm Credit

SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking ''3.11(11)(B)(iv)'' and inserting ''3.11(11)(B)(iii)''; and

(2) by striking subsection (c).

SEC. 542. BANKS FOR COOPERATIVES.

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking ''farm supplies'' each place it appears and inserting ''agricultural supplies''; and

(2) by adding at the end the following:

"(4) DEFINITION OF AGRICULTURAL SUPPLY.—In this subsection, the term 'agricultural supply' includes—

"(A) a farm supply; and

"(B)(i) agriculture-related processing equipment;

"(ii) agriculture-related machinery; and

"(iii) other capital-related goods related to the storage or handling of agricultural commodities or products.".

SEC. 543. INSURANCE CORPORATION PREMIUMS.

(a) REDUCTION IN PREMIUMS FOR GSE-GUARANTEED LOANS.—

(1) IN GENERAL.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking "government-guaranteed loans provided for in subparagraph (C)" and inserting "loans provided for in subparagraphs (C) and (D)";

(II) in subparagraph (B), by striking "and" at the end;

(III) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(IV) by adding at the end the following:

"(D) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans made by the bank that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation at the sole discretion of the Corporation."; and

(ii) by adding at the end the following:

"(4) DEFINITION OF GOVERNMENT SPONSORED ENTERPRISE-GUARANTEED LOAN.—In this section and sections 1.12(b) and 5.56(a), the term 'Government Sponsored Enterprise-guaranteed loan' means a loan or credit, or portion of a loan or credit, that is guaranteed by an entity that is chartered by Congress to serve a public purpose and the debt obligations of which are not explicitly guaranteed by the United States, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System,

and the Federal Agricultural Mortgage Corporation, but not including any other institution of the Farm Credit System.''; and

(B) in subsection (e)(4)(B), by striking ''government-guaranteed loans described in subsection (a)(1)(C)'' and inserting ''loans described in subparagraph (C) or (D) of subsection (a)(1)''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) provided for in paragraph (4)'' after ''government-guaranteed loans (as defined in section 5.55(a)(3)) provided for in paragraph (3)'';

(ii) in paragraph (2), by striking ''and'' at the end;

(iii) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

"(4) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as so defined) made by the association, or by the other financing institution and funded by or discounted with the Farm Credit Bank, that are in accrual status, multiplied by the factor, not to exceed 0.0015, determined by the Corporation for the purpose of setting the premium for such guaranteed portions of loans under section 5.55(a)(1)(D).".

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended—

(i) in paragraph (1), by inserting "and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4))" after "government-guaranteed loans";

(ii) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(iii) by inserting after paragraph (3) the following:

"(4) the annual average principal outstanding on the guaranteed portions of Government Spon-

sored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) that are in accrual status;''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date on which Farm Credit System Insurance Corporation premiums are due from insured Farm Credit System banks under section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) for calendar year 2001.

SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–2(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17'';

(B) in subparagraph (A), by striking ''common stock'' and all that follows and inserting ''Class A voting common stock;'';

(C) in subparagraph (B), by striking ''common stock'' and all that follows and inserting ''Class B voting common stock;'';

(D) by redesignating subparagraph (C) as subparagraph (D); and

(E) by inserting after subparagraph (B) the following:

"(C) 2 members shall be elected by holders of Class A voting common stock and Class B voting common stock, 1 of whom shall be the chief executive officer of the Corporation and 1 of whom shall be another executive officer of the Corporation; and";

(2) in paragraph (3), by striking "(2)(C)" and inserting "(2)(D)";

(3) in paragraph (4)—

(A) in subparagraph (A), by striking "(A) or (B)" and inserting "(A), (B), or (C)"; and

(B) in subparagraph (B), by striking "(2)(C)" and inserting "(2)(D)";

(4) in paragraph (5)(A)—

(A) by inserting "executive officers of the Corporation or" after "from among persons who are"; and

(B) by striking "such a representative" and inserting "such an executive officer or representative";

(5) in paragraph (6)(B), by striking "(A) and (B)" and inserting "(A), (B), and (C)";

(6) in paragraph (7), by striking "8 members" and inserting "Nine members";

(7) in paragraph (8)—

(A) in the paragraph heading, by inserting ''OR EXECUTIVE OFFICERS OF THE CORPORATION'' after ''EMPLOYEES''; and

(B) by inserting ''or executive officers of the Corporation'' after ''United States''; and

(8) by striking paragraph (9) and inserting the following:

''(9) CHAIRPERSON.—

''(A) ELECTION.—The permanent board shall annually elect a chairperson from among the members of the permanent board.

''(B) TERM.—The term of the chairperson shall coincide with the term served by elected members of the permanent board under paragraph (6)(B).''.

Subtitle E—General Provisions

SEC. 551. INAPPLICABILITY OF FINALITY RULE.

Section 281(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)(1)) is amended—

(1) by striking ''This subsection'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection''; and

(2) by adding at the end the following:

"(B) AGRICULTURAL CREDIT DECISIONS.—This subsection shall not apply with respect to an agricultural credit decision made by such a State, county, or area committee, or employee of such a committee, under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).".

SEC. 552. TECHNICAL AMENDMENTS.

(a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking "Disaster Relief and Emergency Assistance Act" each place it appears and inserting "Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)".

(b) Section 336(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986(b)) is amended in the second sentence by striking "provided for in section 332 of this title".

(c) Section 359(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended by striking "established pursuant to section 332,".

(d) Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking "established pursuant to section 332".

SEC. 553. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this title and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary of Agriculture to carry out a farm credit program for any of the 1996 through 2001 fiscal years under a provision of law in effect immediately before the enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect immediately before the enactment of this Act.

SEC. 554. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b) and section 543(b), this title and the amendments made by this title take effect on October 1, 2001.

(b) BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.—The amendments made by section 544 take effect on the date of enactment of this Act.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Empowerment of Rural America

SEC. 601. NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

"Subtitle G—National Rural Cooperative and Business Equity Fund

"SEC. 383A. SHORT TITLE.

''This subtitle may be cited as the 'National Rural Cooperative and Business Equity Fund Act'.

"SEC. 383B. PURPOSE.

''The purpose of this subtitle is to revitalize rural communities and enhance farm income through sustainable rural business development by providing Federal funds and credit enhancements to a private equity fund in order to encourage investments by institutional and noninstitutional investors for the benefit of rural America.

"SEC. 383C. DEFINITIONS.

''In this subtitle:

"(1) AUTHORIZED PRIVATE INVESTOR.—The term 'authorized private investor' means an individual, legal entity, or affiliate or subsidiary of an individual or legal entity that—

"(A) is eligible to receive a loan guarantee under this title;

"(B) is eligible to receive a loan guarantee under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

"(C) is created under the National Consumer Cooperative Bank Act (12 U.S.C. 3011 et seq.);

"(D) is an insured depository institution subject to section 383E(b)(2);

"(E) is a Farm Credit System institution under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.); or

"(F) is determined by the Fund to be an appropriate investor in the Fund.

"(2) BOARD.—The term 'Board' means the board of directors of the Fund established under section 383G.

"(3) FUND.—The term 'Fund' means the National Rural Cooperative and Business Equity Fund established under section 383D.

"(4) GROUP OF SIMILAR AUTHORIZED PRIVATE INVESTORS.—The term 'group of similar investors' means any 1 of the following:

"(A) Insured depository institutions with total assets of more than $250,000,000.

"(B) Insured depository institutions with total assets equal to or less than $250,000,000.

"(C) Farm Credit System institutions under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.).

"(D) Cooperative financial institutions (other than Farm Credit System institutions).

"(E) Private investors, other than those described in subparagraphs (A) through (D), authorized by the Secretary.

"(F) Other nonprofit organizations, including credit unions.

"(5) INSURED DEPOSITORY INSTITUTION.—The term 'insured depository institution' means any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

"(6) RURAL AREA.—The term 'rural area' means an area that is located—

"(A) outside a standard metropolitan statistical area; or

"(B) within a community that has a population of 50,000 inhabitants or less.

"(7) RURAL BUSINESS.—The term 'rural business' means a rural cooperative, a value-added agricultural enterprise, or any other business located or locating in a rural area.

"SEC. 383D. ESTABLISHMENT.

"(a) AUTHORITY.—

"(1) IN GENERAL.—On certification by the Secretary that, to the maximum extent practicable, the parties proposing to establish the fund provide a broad representation of all of the groups of similar authorized private investors described in subparagraphs (A) through (D) of section 383C(4), the parties may establish a non-Federal entity under State law to purchase shares of, and manage a fund to be known as the 'National Rural Cooperative and Business Equity Fund' (referred to in this section as the 'Fund'), to generate and provide equity capital to rural businesses.

"(2) OWNERSHIP.—

"(A) IN GENERAL.—To the maximum extent practicable, equity ownership of the Fund

shall be distributed among authorized private investors representing all of the groups of similar authorized private investors described in subparagraphs (A) through (D) of section 383C(4).

"(B) EXCLUSION OF GROUPS.—No group of authorized private investors shall be excluded from equity ownership of the Fund during any period during which the Fund is in existence if an authorized private investor representative of the group is able and willing to invest in the Fund.

"(b) PURPOSES.—The purposes of the Fund shall be—

"(1) to strengthen the economy of rural areas;

"(2) to further sustainable rural business development;

"(3) to encourage—

"(A) start-up rural businesses;

"(B) increased opportunities for small and minority-owned rural businesses; and

"(C) the formation of new rural businesses;

"(4) to enhance rural employment opportunities;

"(5) to provide equity capital to rural businesses, many of which have difficulty obtaining equity capital; and

"(6) to leverage non-Federal funds for rural businesses.

"(c) ARTICLES OF INCORPORATION AND BY-LAWS.—The articles of incorporation and by-laws of the Fund shall set forth purposes of the Fund that are consistent with the purposes described in subsection (b).

"SEC. 383E. INVESTMENT IN THE FUND.

"(a) IN GENERAL.—The Secretary, using funds of the Commodity Credit Corporation, shall—

"(1) subject to subsection (b)(1), make available to the Fund $150,000,000;

"(2) subject to subsection (c), guarantee 50 percent of each investment made by an authorized private investor in the Fund; and

"(3) subject to subsection (d), guarantee the repayment of principal of, and accrued interest on, debentures issued by the Fund to authorized private investors.

"(b) PRIVATE INVESTMENT.—

"(1) MATCHING REQUIREMENT.—Under subsection (a)(1), the Secretary shall make an amount available to the Fund only after an equal amount

has been invested in the Fund by authorized private investors in accordance with this subtitle and the terms and conditions set forth in the by-laws of the Fund.

"(2) INSURED DEPOSITORY INSTITUTIONS.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C)—

"(i) an insured depository institution may be an authorized private investor in the Fund; and

"(ii) an investment in the Fund may be considered to be part of the record of an institution in meeting the credit needs of community in which the institution is located under any applicable Federal law.

"(B) INVESTMENT LIMIT.—The total investment in the Fund of an insured depository institution shall not exceed 5 percent of the capital and surplus of the institution.

"(C) REGULATORY AUTHORITY.—An appropriate Federal banking agency may, by regulation or order, impose on any insured depository institution investing in the Fund, any safeguard, limitation, or condition (including an investment limit that is lower than the investment

limit under subparagraph (B)) that the Federal banking agency considers to be appropriate to ensure that the institution operates—

"(i) in a financially sound manner; and

"(ii) in compliance with all applicable law.

"(c) GUARANTEE OF PRIVATE INVESTMENTS.—

"(1) IN GENERAL.—The Secretary shall guarantee, under terms and conditions determined by the Secretary, 50 percent of any loss of the principal of an investment made in the Fund by an authorized private investor.

"(2) MAXIMUM TOTAL GUARANTEE.—The aggregate potential liability of the Secretary with respect to all guarantees under paragraph (1) shall not apply to more than $300,000,000 in private investments in the Fund.

"(3) REDEMPTION OF GUARANTEE.—

"(A) DATE.—An authorized private investor in the Fund may redeem a guarantee under paragraph (1), with respect to the total investments in the Fund and the total losses of the authorized private investor as of the date of redemption—

"(i) on the date that is 5 years after the date of incorporation of the Fund; or

"(ii) annually thereafter.

"(B) EFFECT OF REDEMPTION.—On redemption of a guarantee under subparagraph (A)—

"(i) the shares in the Fund of the authorized private investor shall be redeemed; and

"(ii) the authorized private investor shall be prohibited from making any future investment in the Fund.

"(d) DEBT SECURITIES.—

"(1) IN GENERAL.—The Fund may, at the discretion of the Board, generate additional capital through—

"(A) the issuance of debt securities; and

"(B) other means determined to be appropriate by the Board.

"(2) GUARANTEE OF DEBT BY SECRETARY.—

"(A) IN GENERAL.—The Secretary shall guarantee 100 percent of the principal of, and accrued interest on, debentures issued by the Fund that are approved by the Secretary.

"(B) MAXIMUM DEBT GUARANTEED BY SECRETARY.—The outstanding value of debentures issued by the Fund and guaranteed by the Secretary shall not exceed the lesser of—

"(i) the amount equal to twice the value of the assets held by the Fund; or

"(ii) $500,000,000.

"(C) RECAPTURE OF GUARANTEE PAYMENTS.—If the Secretary makes a payment on a debt security issued by the Fund as a result of a guarantee of the Secretary under this paragraph, the Secretary shall have priority over other creditors for repayment of the debt security.

"(3) AUTHORIZED PRIVATE INVESTORS.—An authorized private investor may purchase debt securities issued by the Fund.

"SEC. 383F. INVESTMENTS AND OTHER ACTIVITIES OF THE FUND.

"(a) INVESTMENTS.—

"(1) IN GENERAL.—

"(A) TYPES.—Subject to subparagraphs (B) and (C), the Fund may—

"(i) make equity investments in a rural business that meets—

"(I) the requirements of paragraph (6); and

"(II) such other requirements as the Board may establish; and

"(ii) extend credit to the rural business in—

"(I) the form of mezzanine debt or subordinated debt; or

"(II) any other form of quasi-equity.

"(B) LIMITATIONS ON NONEQUITY INVESTMENTS.—

"(i) SINGLE INVESTMENT.—A single investment by the Fund shall not exceed the greater of—

"(I) an amount equal to 7 percent of the capital of the Fund; or

"(II) $2,000,000.

"(ii) TOTAL INVESTMENTS.—Except in the case of a project to assist a rural cooperative, the total amount of nonequity investments described in subparagraph (A)(ii) that may be provided by the Fund shall not exceed 20 percent of the total investments of the Fund in the project.

"(C) LIMITATION.—Notwithstanding subparagraph (B), the amount of any investment by the Fund in a rural business shall not exceed the aggregate amount invested by other private entities in that rural business.

"(2) PROCEDURES.—The Fund shall implement procedures to ensure that—

"(A) the financing arrangements of the Fund meet the Fund's primary focus of providing equity capital; and

"(B) the Fund does not compete with conventional sources of credit.

"(3) DIVERSITY OF PROJECTS.—The Fund—

"(A) shall seek to make equity investments in a variety of viable projects, with a significant share of investments—

"(i) in smaller enterprises (as defined in section 384A) in rural communities of diverse sizes; and

"(ii) in cooperative and noncooperative enterprises; and

"(B) shall be managed in such a way as to diversify the risks to the Fund among a variety of projects.

"(4) LIMITATION ON RURAL BUSINESSES ASSISTED.—The Fund shall not invest in any rural business that is primarily retail in nature (as determined by the Board), other than a purchasing cooperative.

"(5) INTEREST RATE LIMITATIONS.—Returns on investments in and by the Fund and returns on the extension of credit by participants in projects assisted by the Fund, shall not be subject to any State or Federal law establishing a maximum allowable interest rate.

"(6) REQUIREMENTS FOR RECIPIENTS.—

"(A) OTHER INVESTMENTS.—Any recipient of amounts from the Fund shall make or obtain a significant investment from a source of capital other than the Fund.

"(B) SPONSORSHIP.—Rural business investment projects to be considered for an equity investment from the Fund shall be sponsored by a regional, State, or local sponsoring or endorsing organization such as—

"(i) a financial institution;

"(ii) a development organization; or

"(iii) any other established entity engaging or assisting in rural business development, including a rural cooperative.

"(b) TECHNICAL ASSISTANCE.—The Fund, under terms and conditions established by the Board, shall use not less than 2 percent of capital provided by the Federal Government to provide technical assistance to rural businesses seeking an equity investment from the Fund.

"(c) ANNUAL AUDIT.—

"(1) IN GENERAL.—The Board shall authorize an annual audit of the financial statements of the Fund by a nationally recognized auditing firm using generally accepted auditing procedures.

"(2) AVAILABILITY OF AUDIT RESULTS.—The results of the audit required by paragraph (1) shall be made available to investors in the Fund.

"(d) ANNUAL REPORT.—The Board shall prepare and make available to the public an annual report that—

"(1) describes the projects funded with amounts from the Fund;

"(2) specifies the recipients of amounts from the Fund;

"(3) specifies the coinvestors in all projects that receive amounts from the Fund; and

"(4) meets the reporting requirements, if any, of the State under the law of which the Fund is established.

"(e) OTHER AUTHORITIES.—

"(1) IN GENERAL.—The Board may exercise such other authorities as are necessary to carry out this subtitle.

"(2) OVERSIGHT.—The Secretary shall enter in to a contract with the Administrator of the Small Business Administration under which the Administrator of the Small Business Administration shall be responsible for the routine duties of the Secretary in regard to the Fund.

"SEC. 383G. GOVERNANCE OF THE FUND.

"(a) IN GENERAL.—The Fund shall be governed by a board of directors that represents all of the authorized private investors in the Fund and the Federal Government and that consists of—

"(1) a designee of the Secretary;

"(2) 2 members who are appointed by the Secretary and are not Federal employees, including—

"(A) 1 member with expertise in venture capital investment; and

"(B) 1 member with expertise in cooperative development;

"(3) 8 members who are elected by the authorized private investors with investments in the Fund; and

"(4) 1 member who is appointed by the Board and who is a community banker from an insured depository institution that has—

"(A) total assets equal to or less than $250,000,000; and

"(B) an investment in the Fund.

"(b) LIMITATION ON VOTING CONTROL.—No individual investor or group of authorized investors may control more than 25 percent of the votes on the Board.".

SEC. 602. RURAL BUSINESS INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 601) is amended by adding at the end the following:

"Subtitle H—Rural Business Investment Program

"SEC. 384A. DEFINITIONS.

"In this subtitle:

"(1) ARTICLES.—The term 'articles' means articles of incorporation for an incorporated body and the functional equivalent or other similar documents specified by the Secretary for other business entities.

"(2) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments rural business concerns make with a primary objective of fostering economic development in rural areas.

"(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

"(A) IN GENERAL.—The terms 'employee welfare benefit plan' and 'pension plan' have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

"(B) INCLUSIONS.—The terms 'employee welfare benefit plan' and 'pension plan' include—

"(i) public and private pension or retirement plans subject to this subtitle; and

"(ii) similar plans not covered by this subtitle that have been established and that are maintained by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

"(4) EQUITY CAPITAL.—The term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features.

"(5) LEVERAGE.—The term 'leverage' includes—

"(A) debentures purchased or guaranteed by the Secretary;

"(B) participating securities purchased or guaranteed by the Secretary; and

"(C) preferred securities outstanding as of the date of enactment of this subtitle.

"(6) LICENSE.—The term 'license' means a license issued by the Secretary as provided in section 384I(c).

"(7) LIMITED LIABILITY COMPANY.—The term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

"(8) MEMBER.—The term 'member' means, with respect to a licensee that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company.

"(9) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a rural business concern with business development.

"(10) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Secretary and a company granted final approval under section 384D(e), that requires the company to make investments in smaller enterprises in rural areas.

"(11) PRIVATE CAPITAL.—

"(A) IN GENERAL.—The term 'private capital' means the sum of—

"(i) the paid-in capital and paid-in surplus of a corporate licensee, the contributed capital of the partners of a partnership licensee, or the equity investment of the members of a limited liability company licensee; and

"(ii) unfunded binding commitments, from investors that meet criteria established by the Secretary to contribute capital to the licensee, except that unfunded commitments may be counted as private capital for purposes of approval by the

Secretary of any request for leverage, but leverage shall not be funded based on the commitments.

"(B) EXCLUSIONS.—The term 'private capital' does not include—

"(i) any funds borrowed by a licensee from any source;

"(ii) any funds obtained through the issuance of leverage; or

"(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

"(I) funds from the National Rural Cooperative and Business Equity Fund, which shall be considered to be 50 percent Federal funds;

"(II) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored corporation established prior to the date of enactment of this subtitle;

"(III) funds invested by an employee welfare benefit plan or pension plan; and

"(IV) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners, or members of the licensee).

"(12) QUALIFIED NONPRIVATE FUNDS.—The term 'qualified nonprivate funds' means any—

"(A) funds directly or indirectly invested in any applicant or licensee on or before the date of enactment of this subtitle, by any Federal agency, other than the Department of Agriculture, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

"(B) funds invested in any applicant or licensee by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent

of the private capital of the applicant or licensee.

"(13) RURAL AREA.—

"(A) IN GENERAL.—The term 'rural area' means a city, town, or unincorporated area with a population of 50,000 inhabitants or less.

"(B) EXCLUSION.—The term 'rural area' does not include an urbanized area immediately adjacent to a city, town, or unincorporated area with a population of 50,000 inhabitants or less.

"(14) RURAL BUSINESS CONCERN.—The term 'rural business concern' means—

"(A) a public, private, or cooperative for-profit or nonprofit organization;

"(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group; or

"(C) any other person;

that primarily operates in a rural area, as determined by the Secretary.

"(15) RURAL BUSINESS INVESTMENT COMPANY.—The term 'Rural Business Investment Company' means a company that—

"(A) has been granted final approval by the Secretary under section 384D(e); and

"(B) has entered into a participation agreement with the Secretary.

"(16) SMALLER ENTERPRISE.—The term 'smaller enterprise' means any rural business concern that, together with its affiliates—

"(A) has—

"(i) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this subtitle to that rural business concern; and

"(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this subtitle to that rural business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses) except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income

of the business concern shall be determined by allowing a deduction in an amount equal to the sum of—

"(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

"(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

"(B) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administra-

tion for the industry in which the rural business concern is primarily engaged.

"(17) STATE.—The term 'State' means each of the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

"SEC. 384B. PURPOSES.

"The purposes of the Rural Business Investment Program established under this subtitle are—

"(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

"(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

"(A) to enter into participation agreements with Rural Business Investment Companies;

"(B) to guarantee debentures of Rural Business Investment Companies to enable each Rural Business Investment Company to make

developmental venture capital investments in smaller enterprises in rural areas; and

"(C) to make grants to Rural Business Investment Companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by Rural Business Investment Companies.

"SEC. 384C. ESTABLISHMENT.

"In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

"(1) enter into participation agreements with companies granted final approval under section 384D(e) for the purposes set forth in section 384B;

"(2) guarantee the debentures issued by Rural Business Investment Companies as provided in section 384E; and

"(3) make grants to Rural Business Investment Companies, and to other entities, under section 384H.

"SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.

''(a) ELIGIBILITY.—A company shall be eligible to apply to participate, as a Rural Business Investment Company, in the program established under this subtitle if—

''(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

''(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

''(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller businesses.

''(b) APPLICATION.—To participate, as a Rural Business Investment Company, in the program established under this subtitle, a company meeting the eligibility requirements of subsection (a) shall submit an application to the Secretary that includes—

''(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

''(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

"(3) a description of how the company intends to work with community organizations and to seek to address the unmet capital needs of the communities served;

"(4) a proposal describing how the company intends to use the grant funds provided under this subtitle to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, when necessary, on the staff of the company or from an outside entity;

"(5) with respect to binding commitments to be made to the company under this subtitle, an estimate of the ratio of cash to in-kind contributions;

"(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the objectives of the program established under this subtitle;

"(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

"(8) such other information as the Secretary may require.

"(c) ISSUANCE OF LICENSE.—

"(1) SUBMISSION OF APPLICATION.—Each applicant for a license to operate as a Rural Business Investment Company under this subtitle shall submit to the Secretary an application, in a form and including such documentation as may be prescribed by the Secretary.

"(2) PROCEDURES.—

"(A) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this subsection, the Secretary shall provide the applicant with a written report describing the status of the application and any requirements remaining for completion of the application.

"(B) APPROVAL OR DISAPPROVAL.—Within a reasonable time after receiving a completed application submitted in accordance with this subsection and in accordance with such requirements as the Secretary may prescribe by regulation, the Secretary shall—

"(i) approve the application and issue a license for the operation to the applicant, if the requirements of this section are satisfied; or

"(ii) disapprove the application and notify the applicant in writing of the disapproval.

"(3) MATTERS CONSIDERED.—In reviewing and processing any application under this subsection, the Secretary—

"(A) shall determine whether—

"(i) the applicant meets the requirements of subsections (d) and (e); and

"(ii) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subtitle;

"(B) shall take into consideration—

"(i) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

"(ii) the general business reputation of the owners and management of the applicant; and

"(iii) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

"(C) shall not take into consideration any projected shortage or unavailability of leverage.

"(d) APPROVAL; DESIGNATION.—The Secretary may approve an applicant to operate as a Rural Business Investment Company under this subtitle and designate the applicant as such a company, if—

"(1) the Secretary determining the application satisfies the requirements of subsection (b); and

"(2) the area in which the company is to conduct its operations, and the establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

"(3) the applicant enters into a participation agreement with the Secretary.

"SEC. 384E. DEBENTURES.

"(a) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any Rural Business Investment Company.

"(b) TERMS AND CONDITIONS.—The Secretary may make guarantees under this section on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

"(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee under this subtitle.

"(d) MAXIMUM GUARANTEE.—Under this section, the Secretary may—

"(1) guarantee the debentures issued by a Rural Business Investment Company only to the extent that the total face amount of outstanding guaranteed debentures of the company does not exceed 300 percent of the private capital of the company, as determined by the Secretary; and

"(2) provide for the use of discounted debentures.

"SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

"(a) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued by a Rural Business Investment Company and guaranteed by the Secretary under this subtitle, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

"(b) GUARANTEE.—

"(1) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers

appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this section.

"(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

"(3) PREPAYMENT OR DEFAULT.—

"(A) IN GENERAL.—In the event a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

"(B) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Secretary only through the date of payment of the guarantee.

"(C) REDEMPTION.—At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

"(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee of a trust certificate issued by the Secretary or agents of the Secretary under this section.

"(d) SUBROGATION AND OWNERSHIP RIGHTS.—

"(1) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

"(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this section.

"(e) MANAGEMENT AND ADMINISTRATION.—

"(1) REGISTRATION.—The Secretary may provide for a central registration of all trust certificates issued under this section.

"(2) CONTRACTING OF FUNCTIONS.—

"(A) IN GENERAL.—The Secretary may enter into an interagency agreement with the Small Business Administration to carry out, on behalf of the Secretary, the pooling and the central registration functions provided for in

this section, including, notwithstanding any other provision of law—

"(i) maintenance, on behalf of and under the direction of the Secretary, of such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle;

"(ii) the issuance of trust certificates to facilitate the creation of those trusts or pools; and

"(iii) all other day-to-day management of the program authorized by this section.

"(B) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

"(3) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this section.

"(4) ELECTRONIC REGISTRATION.—Nothing in this subsection prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

"SEC. 384G. FEES.

"(a) IN GENERAL.—The Secretary may charge such fees as the Secretary considers appropriate with respect to any guarantee or grant issued under this subtitle.

"(b) TRUST CERTIFICATE.—Notwithstanding subsection (a), the Secretary shall not collect a fee for any guarantee of a trust certificate under section 384F, except that any agent of the Secretary may collect a fee approved by the Secretary for the functions described in section 384F(e)(2).

"(c) LICENSE.—

"(1) IN GENERAL.—The Secretary may prescribe fees to be paid by each applicant for a license to operate as a Rural Business Investment Company under this subtitle.

"(2) USE OF AMOUNTS.—Fees collected under this subsection—

"(A) shall be deposited in the account for salaries and expenses of the Secretary; and

"(B) are authorized to be appropriated solely to cover the costs of licensing examinations.

"SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.

"(a) IN GENERAL.—

"(1) AUTHORITY.—In accordance with this section, the Secretary may make grants to Rural Business Investment Companies and to other entities, as authorized by this subtitle, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

"(2) TERMS.—Grants made under this subsection shall be made over a multiyear period (not to exceed 10 years) under such other terms as the Secretary may require.

"(3) USE OF FUNDS.—The proceeds of a grant made under this paragraph may be used by the company receiving the grant only to—

"(A) provide operational assistance in connection with an equity investment (made with capital raised after the effective date of this subtitle) in a business located in a rural area; or

"(B) pay operational expenses of the company.

"(4) SUBMISSION OF PLANS.—A Rural Business Investment Company shall be eligible for a grant under this section only if the company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

"(5) GRANT AMOUNT.—

"(A) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this subsection to a Rural Business Investment Company shall be equal to the lesser of—

"(i) 50 percent of the amount of resources (in cash or in kind) raised by the company; or

"(ii) $1,000,000.

"(B) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity other than a Rural Business Investment Company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to Rural Business Investment Companies under this subtitle.

"(b) SUPPLEMENTAL GRANTS.—

"(1) IN GENERAL.—The Secretary may make supplemental grants to Rural Business Investment Companies and to other entities, as authorized by

this subtitle under such terms as the Secretary may require, to provide additional operational assistance to smaller enterprises financed, or expected to be financed, by the Rural Business Investment Companies and other entities.

''(2) MATCHING REQUIREMENT.—The Secretary may require, as a condition of any supplemental grant made under this subsection, that the company or entity receiving the grant provide from resources (in cash or in kind), other than resources provided by the Secretary, a matching contribution equal to the amount of the supplemental grant.

''SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.

''(a) ORGANIZATION.—For the purpose of this subtitle, a Rural Business Investment Company shall—

''(1) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this subtitle;

''(2)(A) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the company; and

''(B) if a limited partnership, have succession for a period of not less than 10 years; and

"(3) possess the powers reasonably necessary to perform the functions and conduct the activities.

"(b) ORGANIZATIONAL PAPERS.—The organizational papers of any Rural Business Investment Company—

"(1) shall specify in general terms—

"(A) the purposes for which the company is formed;

"(B) the name of the company;

"(C) the area or areas in which the operations of the company are to be carried out;

"(D) the place where the principal office of the company or is to be located; and

"(E) the amount and classes of the shares of capital stock of the company;

"(2) may contain any other provisions consistent with this subtitle that the company may determine appropriate to adopt for the regulation of the business of the company and the conduct of the affairs of the company; and

"(3) shall be subject to the approval of the Secretary.

"(c) CAPITAL REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each licensee shall be not less than—

"(A) $5,000,000; or

"(B) $10,000,000, with respect to each licensee authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Secretary under this subtitle.

"(2) EXCEPTION.—The Secretary may, in the discretion of the Secretary and based on a showing of special circumstances and good cause, permit the private capital of a licensee described in paragraph (1)(B) to be less than $10,000,000, but not less than $5,000,000, if the Secretary determines that the action would not create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

"(3) ADEQUACY.—In addition to the requirements of paragraph (1), the Secretary shall—

"(A) determine whether the private capital of each licensee is adequate to ensure a reasonable prospect that the licensee will be operated soundly and profitably, and managed actively and prudently in accordance with the articles of the licensee;

"(B) determine that the licensee will be able to comply with the requirements of this subtitle; and

"(C) require that at least 75 percent of the capital of each licensee is invested in rural business concerns.

"(d) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each licensee licensed after the date of enactment of this subtitle is sufficiently diversified from and unaffiliated with the ownership of the licensee so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the licensee.

"SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.

"(a) IN GENERAL.—Except as provided in subsection (b) and notwithstanding any other provision of law, any national bank, any member bank of the Federal Reserve System, any Federal savings association, and (to the extent permitted under applicable State law) any insured bank that is not a member of the Federal Reserve System, may invest in any Rural Business Investment Company or in any entity established to invest solely in Rural Business Investment Companies.

"(b) LIMITATION.—No bank or association described in subsection (a) may make investments described in subsection (a) that are greater than 5 percent of the capital and surplus of the bank or association.

"SEC. 384K. REPORTING REQUIREMENT.

''Each Rural Business Investment Company that participates in the program established under this subtitle shall provide to the Secretary such information as the Secretary may require, including—

''(1) information relating to the measurement criteria that the company proposed in the program application of the company; and

''(2) in each case in which the company under this subtitle makes an investment in, or a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

"SEC. 384L. EXAMINATIONS.

''(a) IN GENERAL.—Each Rural Business Investment Company that participates in the program established under this subtitle shall be subject to examinations made at the direction of the Secretary in accordance with this section.

''(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this section may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

''(c) COSTS.—

"(1) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the company examined.

"(2) PAYMENT.—Any company against which the Secretary assesses costs under this paragraph shall pay the costs.

"(d) DEPOSIT OF FUNDS.—Funds collected under this section shall—

"(1) be deposited in the account that incurred the costs for carrying out this section;

"(2) be made available to the Secretary without further appropriation; and

"(3) remain available until expended.

"SEC. 384M. INJUNCTIONS AND OTHER ORDERS.

"(a) IN GENERAL.—

"(1) APPLICATION BY SECRETARY.—Whenever, in the judgment of the Secretary, a Rural Business Investment Company or any other person has engaged or is about to engage in any act or practice that constitutes or will constitute a violation of a provision of this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may apply to the proper district court of the United States or a United States

court of any place subject to the jurisdiction of the United States for an order enjoining the act or practice, or for an order enforcing compliance with the provision, rule, regulation, order, or participation agreement.

"(2) JURISDICTION; RELIEF.—The court shall have jurisdiction over the action and, on a showing by the Secretary that the Rural Business Investment Company or other person has engaged or is about to engage in an act or practice described in paragraph (1), a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

"(b) JURISDICTION.—

"(1) IN GENERAL.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as the court considers necessary, take exclusive jurisdiction over the Rural Business Investment Company and the assets of the company, wherever located.

"(2) TRUSTEE OR RECEIVER.—The court shall have jurisdiction in any proceeding described in paragraph (1) to appoint a trustee or receiver to hold or administer, under the direction of the court, the assets so possessed.

"(c) SECRETARY AS TRUSTEE OR RECEIVER.—

"(1) AUTHORITY.—The Secretary may act as trustee or receiver of a Rural Business Investment Company.

"(2) APPOINTMENT.—On the request of the Secretary, the court may appoint the Secretary to act as a trustee or receiver of a Rural Business Investment Company unless the court considers the appointment inequitable or otherwise inappropriate by reason of any special circumstances involved.

"SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

"(a) IN GENERAL.—With respect to any Rural Business Investment Company that violates or fails to comply with this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may, in accordance with this section—

"(1) void the participation agreement between the Secretary and the company; and

"(2) cause the company to forfeit all of the rights and privileges derived by the company under this subtitle.

"(b) ADJUDICATION OF NONCOMPLIANCE.—

"(1) IN GENERAL.—Before the Secretary may cause a Rural Business Investment Company to for-

feit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the company is located.

''(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Secretary or by the Attorney General.

''SEC. 384O. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

''(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any Rural Business Investment Company violates this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), by reason of the failure of the Rural Business Investment Company to comply with this subtitle or by reason of its engaging in any act or practice that constitutes or will constitute a violation of this subtitle, the violation shall also be deemed to be a violation and an unlawful act committed by any person that, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or trans-

actions that constitute or will constitute, in whole or in part, the violation.

"(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a Rural Business Investment Company to engage in any act or practice, or to omit any act or practice, in breach of the fiduciary duty of the officer, director, employee, agent, or participant if, as a result of the act or practice, the company suffers or is in imminent danger of suffering financial loss or other damage.

"(c) UNLAWFUL ACTS.—Except with the written consent of the Secretary, it shall be unlawful—

"(1) for any person to take office as an officer, director, or employee of any Rural Business Investment Company, or to become an agent or participant in the conduct of the affairs or management of a Rural Business Investment Company, if the person—

"(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

"(B) has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a

court of competent jurisdiction, by reason of any act or practice involving fraud, or breach of trust; and

''(2) for any person to continue to serve in any of the capacities described in paragraph (1), if—

''(A) the person is convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

''(B) the person is found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

''SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

''Using the procedures for removing or suspending a director or an officer of a licensee established by the Secretary, the Secretary may remove or suspend any director or officer of any Rural Business Investment Company.

''SEC. 384Q. REGULATIONS.

''The Secretary may promulgate such regulations as the Secretary considers necessary to carry out this subtitle.

"SEC. 384R. FUNDING.

"(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture—

"(1) such subsidy budget authority as may be necessary to guarantee $350,000,000 of debentures under this subtitle; and

"(2) $50,000,000 to make grants under this subtitle.

"(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under subsection (a), without further appropriation.

"(c) AVAILABILITY OF FUNDS.—Funds transferred under subsection (a) shall remain available until expended.".

SEC. 603. FULL FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term "application" does not include an application for a loan, loan guarantee, or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary of Agriculture in effect on the date of enactment of this Act.

(b) ACCOUNT.—There is established in the Treasury of the United States an account to be known as the ''Rural America Infrastructure Development Account'' (referred to in this section as the ''Account'') to fund rural development loans, loan guarantees, and grants described in subsection (d) that are pending on the date of enactment of this Act.

(c) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture such sums as are necessary to carry out this section, to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

(d) USE OF FUNDS.—

(1) ELIGIBLE PROGRAMS.—Subject to paragraph (2), the Secretary shall use the funds in the Account to provide funds for applications that are pending on the date of enactment of this Act for—

(A) community facility direct loans under section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1));

(B) community facility grants under paragraph (19), (20), or (21) of section 306(a) of that Act (7 U.S.C. 1926(a));

(C) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of that Act (7 U.S.C. 1926(a));

(D) rural water or wastewater technical assistance and training grants under section 306(a)(14) of that Act (7 U.S.C. 1926(a)(14));

(E) business and industry guaranteed loans authorized under section 310B(a)(1)(A) of that Act (7 U.S.C. 1932(a)(1)(A)); and

(F) solid waste management grants under section 310B(b) of that Act (7 U.S.C. 1932(b)).

(2) LIMITATIONS.—

(A) APPROPRIATED AMOUNTS.—Funds in the Account shall be available to the Secretary to provide funds for pending applications for loans, loan guarantees, and grants described in paragraph (1) only to the extent that funds for the loans, loan guarantees, and grants appro-

priated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(B) PROGRAM REQUIREMENTS.—The Secretary may use the Account to provide funds for a pending application for a loan, loan guarantee, or grant described in paragraph (1) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

SEC. 604. RURAL ENDOWMENT PROGRAM.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 602) is amended by adding at the end the following:

"Subtitle I—Rural Endowment Program

"SEC. 385A. PURPOSE.

''The purpose of this subtitle is to provide rural communities with technical and financial assistance to implement comprehensive community development strategies to reduce the economic and social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

"SEC. 385B. DEFINITIONS.

''In this subtitle:

''(1) COMPREHENSIVE COMMUNITY DEVELOPMENT STRATEGY.—The term 'comprehensive community development strategy' means a community development strategy described in section 385C(e)(2).

''(2) ELIGIBLE RURAL AREA.—The term 'eligible rural area' means an area with a population of 25,000 inhabitants or less, outside an urbanized area, as determined by the Secretary of Agriculture using the most recent decennial census, that does not contain any area designated by the Secretary as a rural empowerment zone (as designated by the Secretary).

''(3) ENDOWMENT FUND.—The term 'endowment fund' means a long-term fund that an approved program entity is required to establish under section 385C(f)(3).

''(4) FEDERAL INTERAGENCY WORKING GROUP.—The term 'Federal Interagency Working Group' means the interagency working group established by section 385D.

''(5) PERFORMANCE-BASED BENCHMARKS.—The term 'performance-based benchmarks' means a set of annualized goals and tasks established by a

recipient of a grant under the Program, in collaboration with the Secretary, for the purpose of measuring performance in meeting the comprehensive community development strategy of the recipient.

"(6) PROGRAM.—The term 'Program' means the Rural Endowment Program established under section 385C(a).

"(7) PROGRAM ENTITY.—The term 'program entity' means—

"(A) a private nonprofit community-based development organization;

"(B) a unit of local government (including a multijurisdictional unit of local government);

"(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

"(D) a consortium comprised of an organization described in subparagraph (A) and a unit of local government; or

"(E) a consortium of entities specified in subparagraphs (A) through (D);

that serves an eligible rural area.

"(8) PROGRAM-RELATED INVESTMENT.—The term 'program-related investment' means—

"(A) a loan, loan guarantee, grant, payment of a technical fee, or other expenditure provided for an affordable housing, community facility, small business, environmental improvement, or other community development project that is part of a comprehensive community development strategy; and

"(B) support services relating to a project described in subparagraph (A).

"SEC. 385C. RURAL ENDOWMENT PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary may establish a program, to be known as the 'Rural Endowment Program', to provide approved program entities with assistance in developing and implementing comprehensive community development strategies for eligible rural areas.

"(2) PURPOSES.—The purposes of the Program are—

"(A) to enhance the ability of an eligible rural area to engage in comprehensive community development;

"(B) to leverage private and public resources for the benefit of community development efforts in eligible rural areas;

"(C) to make available staff of Federal agencies to directly assist the community development efforts of an approved program entity or eligible rural area; and

"(D) to strengthen the asset base of an eligible rural area to further long-term, ongoing community development.

"(b) APPLICATIONS.—

"(1) IN GENERAL.—To receive an endowment grant under the Program, the eligible entity shall submit an application at such time, in such form, and containing such information as the Secretary may require.

"(2) REGIONAL APPLICATIONS.—

"(A) IN GENERAL.—Where appropriate, the Secretary shall encourage regional applications from program entities serving more than 1 eligible rural area.

"(B) CRITERIA FOR APPLICATIONS.—To be eligible for an endowment grant for a regional application the program entities that submit the application shall demonstrate that—

"(i) a comprehensive community development strategy for the eligible rural

areas is best accomplished through a regional approach; and

"(ii) the combined population of the eligible rural areas covered by the comprehensive community development strategy is 75,000 inhabitants or less.

"(C) AMOUNT OF ENDOWMENT GRANTS.—For the purpose of subsection (f)(2), 2 or more program entities that submit a regional application shall be considered to be a single program entity.

"(3) PREFERENCE.—The Secretary shall give preference to a regional application submitted by a private, nonprofit community development corporation and a unit of local government.

"(c) ENTITY APPROVAL.—The Secretary shall approve a program entity to receive grants under the Program, if the program entity meets criteria established by the Secretary, including the following:

"(1) DISTRESSED RURAL AREA.—The program entity shall serve a rural area that suffers from economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation.

"(2) CAPACITY TO IMPLEMENT STRATEGY.—The program entity shall demonstrate the capacity to implement a comprehensive community development strategy.

"(3) GOALS.—The goals described in the application submitted under subsection (b) shall be consistent with this section.

"(4) PARTICIPATION PROCESS.—The program entity shall demonstrate the ability to convene and maintain a multi-stakeholder, community-based participation process.

"(d) PLANNING GRANTS TO CONDITIONALLY APPROVED PROGRAM ENTITIES.—

"(1) IN GENERAL.—The Secretary may award supplemental grants to approved program entities to assist the approved program entities in the development of a comprehensive community development strategy under subsection (e)(2).

"(2) ELIGIBILITY FOR SUPPLEMENTAL GRANTS.—In determining whether to award a supplemental grant to an approved program entity, the Secretary shall consider the economic need of the approved program entity.

"(3) LIMITATIONS ON AMOUNT OF GRANTS.—Under this subsection, an approved program entity

may receive a supplemental grant in an amount of not more than $100,000 for a period of 2 fiscal years.

"(e) ENDOWMENT GRANT AWARD.—

"(1) IN GENERAL.—To be eligible for an endowment grant under the Program, an approved program entity shall develop and obtain the approval of the Secretary for a comprehensive community development strategy that—

"(A) is designed to reduce economic or social distress resulting from poverty, high unemployment, outmigration, plant closings, agricultural downturn, declines in the natural resource-based economy, or environmental degradation;

"(B) addresses a broad range of the development needs of a community, including economic, social, and environmental needs, for a period of not less than 10 years;

"(C) is developed with input from a broad array of local governments and business, civic, and community organizations;

"(D) specifies measurable performance-based outcomes for all activities; and

"(E) includes a financial plan for achieving the outcomes and activities of the comprehensive community development strategy that identifies sources for, or a plan to meet, the requirement for a non-Federal share under subsection (f)(4)(B).

"(2) FINAL APPROVAL.—

"(A) IN GENERAL.—An approved program entity shall receive final approval if the Secretary determines that—

"(i) the comprehensive community development strategy of the approved program entity meets the requirements of this section;

"(ii) the management and organizational structure of the approved program entity is sufficient to oversee fund and development activities;

"(iii) the approved program entity has established an endowment fund; and

"(iv) the approved program entity will be able to provide the non-Federal share required under subsection (f)(4)(B).

"(B) CONDITIONS.—As part of the final approval, the approved program entity shall agree to—

"(i) achieve, to the maximum extent practicable, performance-based benchmarks; and

"(ii) comply with the terms of the comprehensive community development strategy for a period of not less than 10 years.

"(f) ENDOWMENT GRANTS.—

"(1) IN GENERAL.—Under the Program, the Secretary may make endowment grants to approved program entities with final approval to implement an approved comprehensive community development strategy.

"(2) AMOUNT OF GRANTS.—An endowment grant to an approved program entity shall be in an amount of not more than $6,000,000, as determined by the Secretary based on—

"(A) the size of the population of the eligible rural area for which the endowment grant is to be used;

"(B) the size of the eligible rural area for which the endowment grant is to be used;

"(C) the extent of the comprehensive community development strategy to be implemented using the endowment grant award; and

"(D) the extent to which the community suffers from economic or social distress resulting from—

"(i) poverty;

"(ii) high unemployment;

"(iii) outmigration;

"(iv) plant closings;

"(v) agricultural downturn;

"(vi) declines in the natural resource-based economy; or

"(vii) environmental degradation.

"(3) ENDOWMENT FUNDS.—

"(A) ESTABLISHMENT.—On notification from the Secretary that the program entity has been approved under subsection (c), the approved program entity shall establish an endowment fund.

"(B) REQUIREMENTS.—Federal funds provided in the form of an endowment grant under the Program shall—

"(i) be deposited in the endowment fund;

"(ii) subject to clauses (i), (iii), and (iv), be the sole property of the approved program entity;

"(iii) be used in a manner consistent with this subtitle; and

"(iv) be subject to oversight by the Secretary for a period of not more than 10 years.

"(C) LIMITATION.—The Secretary shall promulgate regulations on matching funds and returns on program-related investments only to the extent that such funds or proceeds are used in a manner consistent with this subtitle.

"(4) CONDITIONS.—

"(A) DISBURSEMENT.—

"(i) IN GENERAL.—Each endowment grant award shall be disbursed during a period not to exceed 5 years beginning during the fiscal year containing the date of final approval of the approved program entity under subsection (e)(3).

"(ii) REQUIREMENTS.—For each fiscal year after the first fiscal year of a endowment grant award, the Secretary shall

make a disbursement under clause (i) only if the approved program entity—

"(I) has met the performance-based benchmarks of the approved program entity for the preceding fiscal year; and

"(II) has provided the non-Federal share required for the preceding fiscal year under subparagraph (B).

"(B) NON-FEDERAL SHARE.—

"(i) IN GENERAL.—Except as provided in clause (ii), for each fiscal year, the Secretary shall require the approved program entity to provide a non-Federal share in an amount equal to 50 percent of the amount of funds received by the approved program entity for the fiscal year under this subtitle.

"(ii) LOWER NON-FEDERAL SHARE.—In the case of an approved program entity that serves a small, poor rural area (as determined by the Secretary), the Secretary may—

"(I) reduce the non-Federal share to not less than 20 percent; and

"(II) allow the non-Federal share to be provided in the form of in-kind contributions.

"(iii) BINDING COMMITMENTS; PLAN.—For the purpose of meeting the non-Federal share requirement with respect to the first fiscal year of an endowment grant award to the approved program entity under the Program, an approved program entity shall—

"(I) have, at a minimum, binding commitments to provide the non-Federal share required with respect to the first disbursement of the endowment grant award; and

"(II) develop a viable plan for providing the remaining amount of the required non-Federal share.

"(C) LIMITATIONS.—Of each disbursement, an approved program entity shall use—

"(i) not more than 10 percent for administrative costs of carrying out program-related investments described in clause (iii);

"(ii) not more than 20 percent for the purpose of maintaining a loss reserve account; and

"(iii) the remainder for program-related investments contained in the comprehensive community development strategy.

"(g) FEDERAL AGENCY ASSISTANCE.—Under the Program, the Secretary shall provide and coordinate technical assistance for grant recipients by designated field staff of agencies represented on the Federal Interagency Working Group.

"(h) PRIVATE TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—Under the Program, the Secretary may make grants to qualified intermediaries to provide technical assistance and capacity building to approved program entities under the Program.

"(2) DUTIES.—A qualified intermediary that receives a grant under this subsection shall—

"(A) provide assistance to approved program entities in developing, coordinating, and overseeing investment strategy;

"(B) provide technical assistance in all aspects of planning, developing, and managing the Program; and

"(C) facilitate Federal and private sector involvement in rural community development.

"(3) ELIGIBILITY.—To be considered a qualified intermediary under this subsection, an intermediary shall—

"(A) be a private, nonprofit community development organization;

"(B) have expertise in Federal or private rural community development policy or programs; and

"(C) have experience in providing technical assistance, planning, and capacity building assistance to rural communities and nonprofit entities in eligible rural areas.

"(4) MAXIMUM AMOUNT OF GRANTS.—A qualified intermediary may receive a grant under this subsection of not more than $100,000.

"(5) FUNDING.—Of the amounts made available under section 385E, the Secretary may use to carry out this subsection not more than $2,000,000 for each of not more than 5 fiscal years.

"SEC. 385D. FEDERAL INTERAGENCY WORKING GROUP ON RURAL DEVELOPMENT.

"(a) IN GENERAL.—There is established an interagency working group to be known as the 'Federal Interagency Working Group on Rural Development'.

"(b) COMPOSITION.—The Federal Interagency Working Group shall be composed of the following agency heads or their designees:

"(1) The Secretary of Agriculture.

"(2) The Secretary of Commerce.

"(3) The Secretary of Defense.

"(4) The Secretary of Education.

"(5) The Secretary of Energy.

"(6) The Secretary of Health and Human Services.

"(7) The Secretary of Housing and Urban Development.

"(8) The Secretary of the Interior.

"(9) The Attorney General.

"(10) The Secretary of Labor.

"(11) The Secretary of Transportation.

"(12) The Secretary of the Treasury.

"(13) The Administrator of the Environmental Protection Agency.

"(14) The Administrator of the Small Business Administration.

"(15) The Chairman of the Federal Communications Commission.

"(16) The Chairman of the National Endowment for the Arts.

"(c) DUTIES.—The Federal Interagency Working Group shall—

"(1) advise the President, the Secretary, and Congress on matters relating to rural development policy;

"(2) oversee coordination by the field offices of agencies represented on the Federal Interagency Working Group of technical assistance to recipients of endowment grants under section 385C(d); and

"(3) submit to the President and Congress reports on matters relating to rural development policy that, in the judgment of the Federal Interagency Working Group, require action by the President or Congress.

"(d) COORDINATION.—The Secretary shall convene meetings and coordinate the work of the Federal Interagency Working Group.

"SEC. 385E. FUNDING.

"(a) IN GENERAL.—The Secretary shall use $265,000,000 of funds of the Commodity Credit Corporation to carry out this subtitle.

"(b) SCHEDULE FOR OBLIGATIONS.—Of the amounts made available under subsection (a)—

"(1) not more than $5,000,000 for fiscal year 2002 shall be used to carry out section 385C(d);

"(2) not less than $250,000,000 for the period of fiscal years 2003 and 2004 shall be used to carry out section 385C(f); and

"(3) not less than $2,000,000 for each of fiscal years 2002 through 2006 shall be used to carry out section 385C(h).".

SEC. 605. ENHANCEMENT OF ACCESS TO BROADBAND SERVICE IN RURAL AREAS.

(a) ENHANCEMENT OF ACCESS.—The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

"TITLE VI—RURAL BROADBAND ACCESS

"SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

"(a) PURPOSE.—The purpose of this section is to provide grants, loans, and other extensions of credit to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.

"(b) DEFINITIONS.—In this section:

"(1) BROADBAND SERVICE.—The term 'broadband service' means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, or video.

"(2) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means any incorporated or unincorporated place that—

"(A) has not more than 20,000 inhabitants, based on the most recent available population statistics of the Bureau of the Census; and

"(B) is not located in an area designated as a Metropolitan Area by the Office of Management and Budget.

"(c) GRANTS.—The Secretary shall make grants to eligible entities described in subsection (e)(1) to provide funds for the construction, improvement, or acquisition of facilities and equipment (including consumer equipment) for the provision of broadband service in eligible rural communities.

"(d) LOANS AND OTHER EXTENSIONS OF CREDIT.—The Secretary shall make loans or other extensions of credit to eligible entities described in subsection (e)(2) to

provide funds for the construction, improvement, or acquisition of facilities and equipment (including consumer equipment) for the provision of broadband service in eligible rural communities.

"(e) ELIGIBLE ENTITIES.—

"(1) GRANTS.—To be eligible to obtain a grant under this section, an entity must—

"(A) be a nonprofit entity;

"(B) be eligible to obtain a loan to furnish, improve, or extend a rural telecommunications service under this Act; and

"(C) submit to the Secretary a proposal for a project that meets the requirements of subsection (g).

"(2) LOANS AND EXTENSIONS OF CREDIT.—To be eligible to obtain a loan or extension of credit under this section, an entity must—

"(A) be eligible to obtain a loan to furnish, improve, or extend a rural telecommunications service under this Act; and

"(B) submit to the Secretary a proposal for a project that meets the requirements of subsection (g).

"(f) BROADBAND SERVICE.—The Secretary shall, from time to time as advances in technology warrant, re-

view and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

"(g) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether or not to make a grant, loan, or other extension of credit for a project under this section, the Secretary shall not take into consideration the type of technology proposed to be used under the project.

"(h) TERMS AND CONDITIONS FOR LOANS AND EXTENSIONS OF CREDIT.—A loan or other extension of credit under subsection (d) shall—

"(1) be made available in accordance with the requirements of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.);

"(2) bear interest at an annual rate of, as determined by the Secretary—

"(A) 4 percent per annum; or

"(B) the current applicable market rate; and

"(3) have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

"(i) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of

any loan made by the Secretary under this Act may be used by the recipient of such loan for the purpose of refinancing an outstanding obligation of the recipient on another loan if the use of such proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment (including consumer equipment) for the provision of broadband service in eligible rural communities.

"(j) INAPPLICABILITY OF ADMINISTRATIVE PROVISIONS.—Except as otherwise provided in this section, the provisions of titles I, II, and III shall not apply with respect to the making of grants, loans, or other extensions of credit under this section.

"(k) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $100,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall

accept the funds transferred under paragraph (1), without further appropriation.

"(3) ALLOCATION OF FUNDS.—

"(A) IN GENERAL.—From amounts made available for each fiscal year under paragraph (1), the Secretary shall make grants, loans, and extensions of credit to eligible entities in States using—

"(i) reserves established for the fiscal year under subparagraph (B); and

"(ii) any amounts that are made available for the fiscal year under subparagraph (C).

"(B) RESERVES.—

"(i) IN GENERAL.—Subject to subparagraph (C), the Secretary shall establish a reserve for each State for each fiscal year under paragraph (1) for making grants, loans, and extensions of credit to eligible entities in the State.

"(ii) AMOUNT.—The amount of a reserve established for a State for a fiscal year under clause (i) shall bear the same ratio to reserves established for all States for the fiscal year as the number of com-

munities with a population of 2,500 inhabitants or less in the State bears to the number of communities with a population of 2,500 inhabitants or less in all States, as determined on the basis of the last available census.

"(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for a State for a fiscal year under subparagraph (B) that are not obligated by July 1 of the fiscal year shall be available to the Secretary to make grants, loans, and extensions of credit under this section to eligible entities in any State, as determined by the Secretary.

"(4) APPLICABILITY OF OTHER LAWS.—For the purposes of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.), this subsection shall be treated as if enacted in an Act of appropriation.

"(l) TERMINATION OF AUTHORITY.—

"(1) IN GENERAL.—No grant, loan, or other extension of credit may be made under this section after September 30, 2006.

"(2) EFFECT ON VALIDITY OF GRANT, LOAN, OR EXTENSION OF CREDIT.—Notwithstanding paragraph (1), any grant, loan, or extension of credit

made under this section before the date specified in paragraph (1) shall be valid.''.

(b) ASSISTANCE FOR RURAL PUBLIC TELEVISION STATIONS FOR HIGH-SPEED TELECOMMUNICATIONS SERVICES AND EDUCATIONAL PROGRAMMING.—Section 2333 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–2) is amended by adding at the end the following:

''(j) HIGH-SPEED TELECOMMUNICATIONS SERVICES AND EDUCATIONAL PROGRAMMING THROUGH PUBLIC TELEVISION STATIONS.—

''(1) IN GENERAL.—In addition to any other financial assistance provided under this title, the Secretary may provide financial assistance under this title to public television stations serving rural areas in order to permit such public television stations—

''(A) to provide high-speed telecommunications services to schools and communities in rural areas; and

''(B) to provide educational programming to such schools and communities.

''(2) REQUIREMENTS.—The Secretary shall establish requirements for eligibility for financial assistance under this subsection, including requirements regarding the telecommunications services

and educational programming to be provided using such assistance.''.

(c) STREAMLINING ACCESS TO LOCAL TELEVISION.—

(1) APPROVAL OF LOAN GUARANTEES.—Section 1004 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1103) is amended—

(A) in subsection (b)—

(i) in paragraph (1)—

(I) by striking ''section 5'' and inserting ''section 1005''; and

(II) by striking ''section 11'' and inserting ''section 1011'';

(ii) in paragraph (2)—

(I) by striking subparagraph (D); and

(II) by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively;

(iii) in paragraph (3)—

(I) by striking subparagraph (A); and

(II) in subparagraph (B), by striking ''(B)'';

(B) by striking subsection (c);

(C) by redesignating subsections (d) through (k) as subsections (c) through (j), respectively;

(D) in subsection (c) (as redesignated by subparagraph (C))—

(i) in paragraph (1)—

(I) by striking ''subsection (g)'' and inserting ''subsection (f)''; and

(II) by striking ''section 3'' and inserting ''section 1003'';

(ii) in paragraph (2)—

(I) in subparagraph (D)(iii), by inserting ''(other than the Federal Financing Bank)'' after ''governmental entity''; and

(II) in subparagraph (F), by striking ''subsection (g)'' and inserting ''subsection (f)''; and

(iii) in paragraph (3)(B)(iii), by striking ''(the'' and all that follows through ''the applicant'';

(E) in subsection (e)(2) (as redesignated by subparagraph (C))—

(i) by striking ''80 percent'' each place it appears and inserting ''90 percent''; and

(ii) by striking ''subsection (d)(2)(A)'' and inserting ''subsection (c)(2)(A)''; and

(F) in subsection (g)(2)(D) (as redesignated by subparagraph (C))—

(i) in the first sentence, by striking ''section 5'' and inserting ''section 1005''; and

(ii) in the third sentence, by striking ''subsection (d)(2)(E) of this section'' and inserting ''subsection (c)(2)(E)''; and

(G) in subsection (j) (as redesignated by subparagraph (C)), by striking ''subsection (j)'' and inserting ''subsection (i)''.

(2) ADMINISTRATION OF LOAN GUARANTEES.—Section 1005 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1104) is amended—

(A) in subsection (a), by striking ''sections 3 and 4'' and inserting ''sections 1003 and 1004'';

(B) in subsection (b)—

(i) in paragraph (1)(D), by striking ''section 6(a)(2)'' and inserting ''section 1006(a)(2)'';

(ii) in paragraph (2)—

(I) by striking subparagraph (B); and

(II) by redesignating subparagraph (C) as subparagraph (B); and

(iii) in paragraph (3)—

(I) by striking ''superior'' and inserting ''equal''; and

(II) by striking ''section 4(d)(3)(B)(iii)'' and inserting ''1004(d)(3)(B)(iii)'';

(C) by striking subsections (d) and (o);

(D) by redesignating subsections (e) through (n) and (p) as subsections (d) through (m) and (n), respectively;

(E) in subsection (d)(3) (as redesignated by subparagraph (D)), by striking ''section 4(g)'' and inserting ''section 1004(g)'';

(F) by striking subsection (e) (as redesignated by subparagraph (D)) and inserting the following:

"(e) PENALTY.—The Administrator may assess against and collect from an applicant for a loan guarantee under this Act for a project covered by section 1004(e)(1) a penalty not to exceed 3 times the interest due on the guaranteed loan of the applicant under this Act if the applicant has acted in a manner that willfully defrauds the Federal Government."; and

(G) in subsection (m) (as redesignated by subparagraph (D))—

(i) in paragraph (1), by striking "The Board" and inserting "To the extent appropriations are not made available to pay administrative costs under this Act, the Board"; and

(ii) in paragraph (3), by striking subparagraph (C) and inserting the following:

"(C) LIMITATION ON FEES.—The aggregate amount of fees imposed by this subsection shall not exceed the lesser of—

"(i) the actual amount of administrative costs under this Act; or

"(ii) 1/10 of 1 percent of the amount of the loan guarantee.".

(3) DEFINITIONS.—Section 1010 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1108) is amended—

(A) by striking paragraph (1);

(B) by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and

(C) in paragraph (3), by striking ''paragraphs (1) through (3)'' and inserting ''paragraphs (1) and (2)''.

(d) FUNDS FOR LOAN GUARANTEES FOR ACCESS TO LOCAL TELEVISION IN NONSERVED AND UNDERSERVED AREAS.—

(1) IN GENERAL.—On January 1, 2002, out of the funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture $75,000,000 to pay the costs of guaranteeing loans under the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1101 et seq.), to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

(3) APPLICABILITY OF OTHER LAWS.—For the purposes of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1101 et seq.) and the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.), this subsection shall be treated as if enacted in an Act of appropriation.

SEC. 606. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively;

(2) by striking subsection (a) and inserting the following:

''(a) DEFINITION OF VALUE-ADDED AGRICULTURAL PRODUCT.—The term 'value-added agricultural product' means any agricultural commodity or product that—

''(1) has undergone a greater level of processing; and

''(2) as a result of the greater level of processing—

''(A) the customer base for the agricultural commodity or product has been expanded; and

"(B) a greater portion of the revenue derived from the processing of the agricultural commodity or product is available to the producer of the commodity or product.

"(b) GRANT PROGRAM.—

"(1) PURPOSES.—The purposes of this subsection are—

"(A) to increase the share of the food and agricultural system profit received by agricultural producers;

"(B) to increase the number and quality of rural self-employment opportunities in agriculture and agriculturally-related businesses and the number and quality of jobs in agriculturally-related businesses;

"(C) to help maintain a diversity of size in farms and ranches by stabilizing the number of small and mid-sized farms;

"(D) to increase the diversity of food and other agricultural products available to consumers, including nontraditional crops and products and products grown or raised in a manner that enhances the value of the products to the public;

"(E) to conserve and enhance the quality of land, water, and energy resources, wildlife habitat, and other landscape values and amenities in rural areas.

"(2) AUTHORIZATION FOR GRANTS.—For each of fiscal years 2002 through 2006, the Secretary shall use $75,000,000 of the funds of the Commodity Credit Corporation to award competitive grants—

"(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—

"(i) to develop a business plan for viable marketing opportunities for the value-added agricultural product; or

"(ii) to develop strategies that are intended to create marketing opportunities for the producer; and

"(B) to an eligible nonprofit entity (as determined by the Secretary) to assist the entity—

"(i) to develop a business plan for viable marketing opportunities in emerging

markets for a value-added agricultural product; or

"(ii) to develop strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

"(3) AMOUNT OF GRANT.—

"(A) IN GENERAL.—The total amount provided under this subsection to a grant recipient may not exceed $500,000.

"(B) LIMITATION.—The Secretary shall, to the extent practicable, make not less than ⅔ of the grants under this subsection in an amount not to exceed $200,000.

"(4) GRANTEE STRATEGIES.—A grantee under paragraph (2) shall use the grant—

"(A) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a value-added agricultural product; or

"(B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

"(5) GRANTS FOR MARKETING OR PROCESSING CERTIFIED ORGANIC AGRICULTURAL PRODUCTS.—

"(A) IN GENERAL.—Out of any amount that is made available to the Secretary for a fiscal year under paragraph (2), the Secretary shall use not less than 5 percent of the amount for grants to assist producers of certified organic agricultural products in post-farm marketing or processing of the products through a business or cooperative ventures that—

"(i) expand the customer base of the certified organic agricultural products; and

"(ii) increase the portion of product revenue available to the producers.

"(B) CERTIFIED ORGANIC AGRICULTURAL PRODUCT.—For the purposes of this paragraph, a certified organic agricultural product does not have to meet the requirements of the definition of 'value-added agricultural product' under subsection (a).

"(C) UNOBLIGATED AMOUNTS.—Any amounts made available under subparagraph (A) that are not obligated by July 1 of the fiscal year shall be available to the Secretary to make grants under paragraph (2).";

(3) in subsection (c) (as redesignated)—

(A) by striking ''subsection (a)(2)'' and inserting ''subsection (b)(2)'';

(B) by striking ''$5,000,000'' and inserting ''7.5 percent''; and

(C) by striking ''subsection (a)'' and inserting ''subsection (b)''; and

(4) in subsection (d) (as redesignated), by striking ''subsections (a) and (b)'' and inserting ''subsections (b) and (c)''.

Subtitle B—National Rural Development Partnership

SEC. 611. SHORT TITLE.

This subtitle may be cited as the ''National Rural Development Partnership Act of 2001''.

SEC. 612. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

''SEC. 377. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

''(a) DEFINITIONS.—In this section:

''(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term 'agency with rural responsibilities'

means any executive agency (as defined in section 105 of title 5, United States Code) that—

"(A) implements Federal law targeted at rural areas, including—

"(i) the Act of April 24, 1950 (commonly known as the 'Granger-Thye Act') (64 Stat. 82, chapter 9);

"(ii) the Intergovernmental Cooperation Act of 1968 (82 Stat. 1098);

"(iii) section 41742 of title 49, United States Code;

"(iv) the Rural Development Act of 1972 (86 Stat. 657);

"(v) the Rural Development Policy Act of 1980 (94 Stat. 1171);

"(vi) the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

"(vii) amendments made to section 334 of the Public Health Service Act (42 U.S.C. 254g) by the Rural Health Clinics Act of 1983 (97 Stat. 1345); and

"(viii) the Rural Housing Amendments of 1983 (97 Stat. 1240) and the amendments made by the Rural Housing Amendments of 1983 to title V of the

Housing Act of 1949 (42 U.S.C. 1471 et seq.); or

"(B) administers a program that has a significant impact on rural areas, including—

"(i) the Appalachian Regional Commission;

"(ii) the Department of Agriculture;

"(iii) the Department of Commerce;

"(iv) the Department of Defense;

"(v) the Department of Education;

"(vi) the Department of Energy;

"(vii) the Department of Health and Human Services;

"(viii) the Department of Housing and Urban Development;

"(ix) the Department of the Interior;

"(x) the Department of Justice;

"(xi) the Department of Labor;

"(xii) the Department of Transportation;

"(xiii) the Department of the Treasury;

"(xiv) the Department of Veterans Affairs;

"(xv) the Environmental Protection Agency;

"(xvi) the Federal Emergency Management Administration;

"(xvii) the Small Business Administration;

"(xviii) the Social Security Administration;

"(xix) the Federal Reserve System;

"(xx) the United States Postal Service;

"(xxi) the Corporation for National Service;

"(xxii) the National Endowment for the Arts and the National Endowment for the Humanities; and

"(xxiii) other agencies, commissions, and corporations.

"(2) COORDINATING COMMITTEE.—The term 'Coordinating Committee' means the National Rural Development Coordinating Committee established by subsection (c).

"(3) PARTNERSHIP.—The term 'Partnership' means the National Rural Development Partnership established by subsection (b).

"(4) RURAL AREA.—The term 'rural area' means—

"(A) all the territory of a State that is not within the boundary of any standard metropolitan statistical area designated by the Director of the Office of Management and Budget; and

"(B) all territory within any standard metropolitan statistical area described in subparagraph (A) within a census tract having a population density of less than 20 persons per square mile, as determined by the Secretary according to the most recent census of the United States as of any date.

"(5) STATE RURAL DEVELOPMENT COUNCIL.—The term 'State rural development council' means a State rural development council that meets the requirements of subsection (d).

"(b) PARTNERSHIP.—

"(1) IN GENERAL.—The Secretary shall continue the National Rural Development Partnership composed of—

"(A) the Coordinating Committee; and

"(B) State rural development councils.

"(2) PURPOSES.—The purposes of the Partnership are—

"(A) to empower and build the capacity of States and rural communities within States to design unique responses to their own special rural development needs, with local determinations of progress and selection of projects and activities;

"(B) to encourage participants to be flexible and innovative in establishing new partnerships and trying fresh, new approaches to rural development issues, with responses to rural development that use different approaches to fit different situations; and

"(C) to encourage all partners in the Partnership (Federal, State, local, and tribal governments, the private sector, and nonprofit organizations) to be fully engaged and share equally in decisions.

"(3) GOVERNING PANEL.—

"(A) IN GENERAL.—A panel consisting of representatives of the Coordinating Committee and State rural development councils shall be established to lead and coordinate the strategic operation, policies, and practices of the Partnership.

"(B) ANNUAL REPORTS.—In conjunction with the Coordinating Committee and State rural development councils, the panel shall prepare and submit to Congress an annual report on the activities of the Partnership.

"(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership shall be that of a partner and facilitator, with Federal agencies authorized—

"(A) to cooperate with States to implement the Partnership;

"(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

"(C) to ensure that the head of each agency referred to in subsection (a)(1)(B) designates a senior-level agency official to represent the agency on the Coordinating Committee and directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

"(D) to enter into cooperative agreements with, and to provide grants and other assistance to State rural development councils.

"(5) ROLE OF PRIVATE AND NONPROFIT SECTOR ORGANIZATIONS.—Private and nonprofit sector organizations are encouraged—

"(A) to act as full partners in the Partnership and State rural development councils; and

"(B) to cooperate with participating government organizations in developing innovative approaches to the solution of rural development problems.

"(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a National Rural Development Coordinating Committee.

"(2) COMPOSITION.—The Coordinating Committee shall be composed of—

"(A) 1 representative of each agency with rural responsibilities that elects to participate in the Coordinating Committee; and

"(B) representatives, approved by the Secretary, of—

"(i) national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

"(ii) national public interest groups;

"(iii) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee; and

"(iv) the private sector.

"(3) DUTIES.—The Coordinating Committee shall—

"(A) provide support for the work of the State rural development councils;

"(B) facilitate coordination among Federal programs and activities, and with State, local, tribal, and private programs and activities, affecting rural development;

"(C) enhance the effectiveness, responsiveness, and delivery of Federal programs in rural areas;

"(D) gather and provide to Federal authorities information and input for the development and implementation of Federal programs impacting rural economic and community development;

"(E) notwithstanding any other provision of law, review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas;

"(F) provide technical assistance to State rural development councils for the implementation of Federal programs;

"(G) notwithstanding any other provision of law, develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments; and

"(H) require each State receiving funds under this section to submit an annual report on the use of the funds by the State, including a description of strategic plans, goals, performance measures, and outcomes for the State rural development council of the State.

"(4) ELECTION NOT TO PARTICIPATE.—An agency with rural responsibilities that elects not to participate in the Partnership and the Coordinating Committee shall submit to Congress a report that describes—

"(A) how the programmatic responsibilities of the Federal agency that target or have an impact on rural areas are better achieved with-

out participation by the agency in the Partnership; and

"(B) a more effective means of partnership-building and collaboration to achieve the programmatic responsibilities of the agency.

"(d) STATE RURAL DEVELOPMENT COUNCILS.—

"(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to establish a State rural development council.

"(2) STATE DIVERSITY.—Each State rural development council shall—

"(A) have a nonpartisan membership that is broad and representative of the economic, social, and political diversity of the State; and

"(B) carry out programs and activities in a manner that reflects the diversity of the State.

"(3) DUTIES.—A State rural development council shall—

"(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and poli-

cies that target or have an impact on rural areas of the State;

''(B) enhance the effectiveness, responsiveness, and delivery of Federal and State programs in rural areas of the State;

''(C) gather and provide to the Coordinating Committee and other appropriate organizations information on the condition of rural areas in the State;

''(D) monitor and report on policies and programs that address, or fail to address, the needs of the rural areas of the State;

''(E) provide comments to the Coordinating Committee and other appropriate organizations on policies, regulations, and proposed legislation that affect or would affect the rural areas of the State;

''(F) notwithstanding any other provision of law, in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments;

''(G) use grant or cooperative agreement funds provided by the Partnership under an

agreement entered into under paragraph (1) to—

"(i) retain an Executive Director and such support staff as are necessary to facilitate and implement the directives of the State rural development council; and

"(ii) pay expenses associated with carrying out subparagraphs (A) through (F); and

"(H)(i) provide to the Coordinating Committee an annual plan with goals and performance measures; and

"(ii) submit to the Coordinating Committee an annual report on the progress of the State rural development council in meeting the goals and measures.

"(4) AUTHORITIES.—A State rural development council may—

"(A) solicit funds to supplement and match funds provided under paragraph (3)(G); and

"(B) engage in activities, in addition to those specified in paragraph (3), appropriate to accomplish the purposes for which the State rural development council is established.

"(5) COMMENTS OR RECOMMENDATIONS.—A State rural development council may provide comments and recommendations to an agency with rural responsibilities related to the activities of the State rural development council within the State.

"(6) ACTIONS OF STATE RURAL DEVELOPMENT COUNCIL MEMBERS.—When carrying out a program or activity authorized by a State rural development council or this subtitle, a member of the council shall be regarded as a full-time employee of the Federal Government for purposes of chapter 171 of title 28, United States Code, and the Federal Advisory Committee Act (5 U.S.C. App.).

"(7) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

"(A) IN GENERAL.—Subject to subparagraph (B), a Federal employee may participate in a State rural development council.

"(B) CONFLICTS.—A Federal employee who participates in a State rural development council shall not participate in the making of any council decision if the agency represented by the Federal employee has any financial or other interest in the outcome of the decision.

"(C) FEDERAL GUIDANCE.—The Office of Government Ethics, in consultation with the Attorney General, shall issue guidance to all Federal employees that participate in State rural development councils that describes specific decisions that—

"(i) would constitute a conflict of interest for the Federal employee; and

"(ii) from which the Federal employee must recuse himself or herself.

"(e) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

"(1) DETAIL OF EMPLOYEES.—

"(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail an employee of the agency with rural responsibilities to the Partnership without reimbursement for a period of up to 12 months.

"(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

"(2) ADDITIONAL SUPPORT.—The Secretary shall provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

"(f) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

"(B) AMOUNT OF FINANCIAL ASSISTANCE.—In providing financial assistance to State rural development councils, the Secretary and heads of other Federal agencies shall provide assistance that, to the maximum extent practicable, is—

"(i) uniform in amount; and

"(ii) targeted to newly created State rural development councils.

"(C) FEDERAL SHARE.—The Secretary shall develop a plan to decrease, over time, the Federal share of the cost of the core operations of State rural development councils.

"(2) FEDERAL AGENCIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an

agency to provide funds to the Partnership with other agencies, in order to carry out the purposes described in subsection (b)(3), the Partnership shall be eligible to receive grants, gifts, contributions, or technical assistance from, or enter into contracts with, any Federal agency.

"(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that target or have an impact on rural areas to provide assistance to, and enter into contracts with, the Partnership, as described in subparagraph (A).

"(3) CONTRIBUTIONS.—The Partnership may accept private contributions.

"(g) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—A State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount determined by the Secretary that is not less than 33 percent of the amount of Federal funds received under an agreement under subsection (d)(1).

"(h) TERMINATION.—The authority provided under this section shall terminate on the date that is 5 years after the date of enactment of this section.".

Subtitle C—Consolidated Farm and Rural Development Act

SEC. 621. WATER OR WASTE DISPOSAL GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended in the first sentence by striking ''$590,000,000'' and inserting ''$1,500,000,000''.

SEC. 622. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 623. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by added at the end the following:

''(22) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

''(A) IN GENERAL.—The Secretary shall establish a national rural water and wastewater circuit rider program that is based on the rural water circuit rider program of the National Rural Water Association that (as of the date of enactment of this paragraph) receives funding

from the Secretary, acting through the Rural Utilities Service.

"(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $15,000,000 for each of fiscal years 2003 through 2006.".

SEC. 624. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 623) is amended by added at the end the following:

"(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

"(A) DEFINITION OF RURAL AREA.—In this paragraph, the term 'rural area' has the meaning given the term in section 377.

"(B) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

"(C) PRIORITY.—In determining which organizations will receive a grant under this paragraph, the Secretary shall provide a priority to an organization that—

"(i) serves a rural area that, during the most recent 5-year period—

"(I) had a net out-migration of inhabitants, or other population loss, from the rural area that equals or exceeds 5 percent of the population of the rural area; or

"(II) had a median household income that is less than the nonmetropolitan median household income of the United States; and

"(ii) has a history of providing substantive assistance to local governments and economic development organizations.

"(D) FEDERAL SHARE.—The Federal share of a grant provided under this paragraph shall be not more than 75 percent of the cost of providing assistance described in subparagraph (B).

"(E) MAXIMUM AMOUNT OF GRANTS.—The amount of a grant provided to an organiza-

tion under this paragraph shall not exceed $100,000.

"(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $30,000,000 for each of fiscal years 2003 through 2006.".

SEC. 625. CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 624) is amended by added at the end the following:

"(24) CERTIFIED NONPROFIT ORGANIZATIONS SHARING EXPERTISE.—

"(A) CERTIFIED ORGANIZATIONS.—

"(i) IN GENERAL.—To be certified by the Secretary to provide technical assistance in 1 or more rural development fields, an organization shall—

"(I) be a nonprofit organization (which may include an institution of higher education) with experience in providing technical assistance in the applicable rural development field;

"(II) develop a plan, approved by the Secretary, describing the manner

in which grant funds will be used and the source of non-Federal funds; and

"(III) meet such other criteria as the Secretary may establish, based on the needs of eligible entities for the technical assistance.

"(iii) LIST.—The Secretary shall make available to the public a list of certified organizations in each area that the Secretary determines have substantial experience in providing the assistance described in subparagraph (B).

"(B) GRANTS.—The Secretary may provide grants to certified organizations to pay for costs of providing technical assistance to local governments and nonprofit entities to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

"(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $20,000,000 for each of fiscal years 2003 through 2006.".

SEC. 626. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOPMENT LOANS.

(a) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)) (as amended by section 625) is amended by adding at the end the following:

"(25) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—

"(A) IN GENERAL.—The Secretary may guarantee any community facilities and water and waste facilities loans under paragraph (1) to finance bonds for water and waste facilities.

"(B) REQUIREMENTS.—To be eligible for a loan guarantee under subparagraph (A), an individual or entity offering to purchase the loan must demonstrate to the Secretary that the person has—

"(i) the capabilities and resources necessary to service the loan in a manner that ensures the continued performance of the loan, as determined by the Secretary; and

"(ii) the ability to generate capital to provide borrowers of the loan with the ad-

ditional credit necessary to properly service the loan.''.

(b) LOAN GUARANTEES FOR CERTAIN LOANS.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

''(h) LOAN GUARANTEE FOR CERTAIN LOANS.—The Secretary may guarantee loans made in subsection (a) to finance the issuance of bonds for the projects described in section 306(a)(25).''.

SEC. 627. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 626(a)) is amended by adding at the end the following:

''(26) RURAL FIREFIGHTERS AND EMERGENCY MEDICAL PERSONNEL GRANT PROGRAM.—

''(A) IN GENERAL.—The Secretary may make grants to units of general local government and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) to pay the cost of training firefighters and emergency medical personnel in firefighting, emergency

medical practices, and responding to hazardous materials and bioagents in rural areas.

"(B) USE OF FUNDS.—

"(i) SCHOLARSHIPS.—

"(I) IN GENERAL.—Not less than 60 percent of the amounts made available for competitively awarded grants under this paragraph shall be made available for partial scholarships for training at training centers approved by the Secretary.

"(II) PRIORITY.—In awarding grants under this clause, the Secretary shall give priority to grant applicants with relatively low transportation costs considering the location of the recipient.

"(ii) GRANTS FOR TRAINING CENTERS.—

"(I) EXISTING CENTERS.—

"(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide financial assistance to State and regional centers that provide training for

firefighters and emergency medical personnel for improvements to the training facility, equipment, and personnel.

"(bb) LIMITATION.—Not more than $2,000,000 shall be provided to any single training center for any fiscal year under this subclause.

"(II) ESTABLISHMENT OF NEW CENTERS.—

"(aa) IN GENERAL.—A grant under subparagraph (A) may be used to provide the Federal share of the costs of establishing a regional training center for firefighters and emergency medical personnel.

"(bb) FEDERAL SHARE.—The amount of a grant under this subclause for a training center shall not exceed 50 percent of the cost of establishing the training center.

"(C) FUNDING.—

"(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this paragraph—

"(I) not later than 30 days after the date of enactment of this Act, $10,000,000; and

"(II) on October 1, 2002, and each October 1 thereafter through October 1, 2005, $30,000,000.

"(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under clause (i), without further appropriation.

"(iii) AVAILABILITY OF FUNDS.—Funds transferred under clause (i) shall remain available until expended.".

SEC. 628. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)) is amended by striking "2002" and inserting "2006".

SEC. 629. WATER AND WASTE FACILITY GRANTS FOR NATIVE AMERICAN TRIBES.

Section 306C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926c(e)) is amended by striking subsection (e) and inserting the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), there is authorized to be appropriated—

''(A) for grants under this section, $30,000,000 for each fiscal year;

''(B) for loans under this section, $30,000,000 for each fiscal year; and

''(C) for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), $20,000,000 for each fiscal year.

''(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under subparagraph (1)(C).''.

SEC. 630. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking ''and 2002'' and inserting ''through 2006''.

SEC. 631. BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.

(a) IN GENERAL.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) by striking ''SEC. 310B. (a) The'' and inserting the following:

''SEC. 310B. RURAL INDUSTRIALIZATION ASSISTANCE.

''(a) LOANS FOR PRIVATE BUSINESS ENTERPRISES.—

''(1) IN GENERAL.—The''; and

(2) in subsection (a)—

(A) in the first sentence—

(i) by striking ''of (1) improving'' and inserting ''of—

''(A) improving'';

(ii) by striking ''control, (2) the conservation, development, and use of'' and inserting ''control;

''(B) conserving, developing, and using'';

(iii) by striking ''areas, (3) reducing'' and inserting ''areas;

''(C) reducing'';

(iv) by striking ''areas, and (4) to facilitate'' and inserting ''areas; and

''(D) facilitating'';

(v) by striking ''For the purposes of this subsection, the'' and inserting the following:

''(5) DEFINITIONS.—In this subsection:

''(B) SOLAR ENERGY.—The'';

(vi) by striking ''Such loans'' and inserting the following:

''(2) LOAN GUARANTEES.—Loans described in paragraph (1)'';

(vii) by moving paragraph (2) (as amended by clause (vi)) to appear after paragraph (1) (as amended by paragraph (1));

(viii) by striking ''As used in this subsection, the'' and inserting the following:

''(A) ACQUACULTURE.—The'';

(ix) by moving subparagraph (A) (as amended by clause (viii)) to appear before subparagraph (B) of paragraph (5) (as amended by clause (v));

(x) by striking ''No loan'' and inserting the following:

''(3) LOAN LIMITATION.—No loan'';

(xi) by moving paragraph (3) (as amended by clause (x)) to appear after

paragraph (2) (as amended by clause (vi)); and

(xii) by inserting after paragraph (3) (as amended by clauses (x) and (xi)) the following:

"(4) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

"(A) RURAL COMMUNITIES.—The Secretary may guarantee a loan under paragraph (1)A) in any city, town, or unincorporated area that has a population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

"(B) COOPERATIVE STOCK SHARE PROGRAM.—

"(i) IN GENERAL.—The Secretary may guarantee a loan under paragraph (1)(A) to farmers, ranchers, or cooperatives for the purpose of providing startup capital stock for the expansion or creation of a cooperative venture that will process agricultural commodities or otherwise process value-added agricultural product.

"(ii) FINANCIAL CONDITION.—In determining the appropriateness of a loan guarantee under this subparagraph, the Secretary—

"(I) shall fully review the feasibility and other relevant aspects of the cooperative venture to be established;

"(II) may not require a review of the financial condition or statements of any individual farmer or rancher involved in the loan guarantee; and

"(III) shall base any guarantee, to the maximum extent practicable, on the merits of the cooperative venture to be established.

"(iii) COLLATERAL.—As a condition of making a loan guarantee under this subparagraph, the Secretary may not require additional collateral by a farmer or rancher, other than stock purchased or issued pursuant to the loan and guarantee of the loan.

"(C) LOANS FOR COOPERATIVES.—

"(i) METROPOLITAN AREAS.—The Secretary may make a loan under para-

graph (1)(A) to a cooperative that is headquartered in a metropolitan area if the loan is used to provide assistance described in paragraph (1)(A) in a rural area.

"(ii) FARMERS AND RANCHERS.—The Secretary may make a loan under paragraph (1)(A) to a farmer or rancher to join a cooperative in order to sell the agricultural commodities or products produced by the farmer or rancher.

"(D) APPRAISALS.—The Secretary may require that any appraisal made in connection with a loan under paragraph (1)(A) be conducted by a specialized appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

"(E) FEES.—The Secretary may assess an annual fee for any loan made under paragraph (1)(A) in an amount that does not exceed 2 percent of the balance due on the loan.".

(b) CONFORMING AMENDMENTS.—

(1) Section 307(a)(6)(B)(ii) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)(ii)) is amended by striking "clause

(1) of section 310B(a)'' and inserting ''section 310B(a)(1)(A)''.

(2) Section 381E(d)(3)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(3)(B)) is amended by striking ''section 310B(a)(1)'' and inserting ''section 310B(a)(1)(A)''.

SEC. 632. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e)(9) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(9)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 633. VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

''(h) VALUE-ADDED INTERMEDIARY RELENDING PROGRAM.—

''(1) IN GENERAL.—In accordance with this subsection, the Secretary shall make loans under the intermediary relending program established under section 1323(b)(2)(C) of the Food Security Act of 1985 (7 U.S.C. 1932 note; Public Law 99–198).

''(2) LOANS.—Using funds made available to carry out this subsection, the Secretary shall make loans to eligible intermediaries to make loans to ulti-

mate recipients, under the terms and conditions of the intermediary relending program, for projects to establish, enlarge, and operate enterprises that add value to agricultural commodities and products of agricultural commodities.

"(3) ELIGIBLE INTERMEDIARIES.—Intermediaries that shall be eligible to receive loans under paragraph (2) shall include State agencies.

"(4) PREFERENCE FOR BIOENERGY PROJECTS.—In making loans using loan funds made available under paragraph (2), an eligible intermediary shall give preference to bioenergy projects in accordance with regulations promulgated by the Secretary.

"(5) COMPOSITION OF CAPITAL.—The capital for a project carried out by an ultimate recipient and assisted with loan funds made available under paragraph (2) shall be comprised of—

"(A) not more than 15 percent of the total cost of a project; and

"(B) not less than 50 percent of the equity funds provided by agricultural producers.

"(6) LOAN CONDITIONS.—

"(A) TERMS OF LOANS.—A loan made to an intermediary using loan funds made avail-

able under paragraph (2) shall have a term of not exceed 30 years.

"(B) INTEREST.—The interest rate on such a loan shall be—

"(i) in the case of each of the first 2 years of the loan period, 0 percent; and

"(ii) in the case of each of the remaining years of the loan period, 2 percent.

"(7) LIMITATIONS ON AMOUNT OF LOAN FUNDS PROVIDED.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an intermediary or ultimate recipient shall be eligible to receive not more than $2,000,000 of the loan funds made available under paragraph (2).

"(B) STATE AGENCIES.—Subparagraph (A) shall not apply in the case of a State agency with respect to loan funds provided to the State agency as an intermediary.".

SEC. 634. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by

section 508) is amended by adding at the end the following:

"SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

"If, after making a loan or a grant described in section 381E(d)(1), the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

"(1) will be carried out in the same area as the original project or activity;

"(2) meets the criteria for a loan or a grant described in section 381E(d)(1); and

"(3) satisfies such additional requirements as are established by the Secretary.".

SEC. 635. SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.

Section 333A(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)) (as amended by sec-

tion 526) is amended by striking "(g)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(g) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

"(A) farmer program loans the principal amount of which is $100,000 or less;

"(B) water or waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 306(a) the amount or principal loan amount, respectively, of which is $300,000 or less; and

"(C) business and industry guaranteed loans under section 310B(a)(1)(A) the principal amount of which is—

"(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, $400,000 or less; and

"(ii) in the case of a loan guarantee made during any subsequent fiscal year—

"(I) $400,000 or less; or

"(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, $600,000 or less.".

SEC. 636. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 612) is amended by adding at the end the following:

"SEC. 378. RURAL ENTREPRENEURS AND MICROENTERPRISE ASSISTANCE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) ECONOMICALLY DISADVANTAGED MICROENTREPRENEUR.—The term 'economically disadvantaged microentrepreneur' means an owner, majority owner, or developer of a microenterprise that has the ability to compete in the private sector but has been impaired due to diminished capital and credit opportunities, as compared to other microentrepreneurs in the industry.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) INTERMEDIARY.—The term 'intermediary' means a private, nonprofit entity that provides assistance—

"(A) to a microenterprise development organization; or

"(B) for a microenterprise development program.

"(4) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual with an income (adjusted for family size) of not more than the greater of—

"(A) 80 percent of median income of the area; or

"(B) 80 percent of the statewide nonmetropolitan area median income.

"(5) MICROCREDIT.—The term 'microcredit' means a business loan or loan guarantee of not more than $35,000 provided to a rural entrepreneur.

"(6) MICROENTERPISE.—The term 'microenterprise' means a sole proprietorship, joint enterprise, limited liability company, partnership, corporation, or cooperative that—

"(A) has 5 or fewer employees; and

"(B) is unable to obtain sufficient credit, equity, or banking services, as determined by the Secretary.

"(7) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—

"(A) IN GENERAL.—The term 'microenterprise development organization' means a nonprofit entity that provides training and technical assistance to rural entrepreneurs and access to capital or another service described in subsection (c) to rural entrepreneurs.

"(B) INCLUSIONS.—The term 'microenterprise development organization' includes an organization described in subparagraph (A) with a demonstrated record of delivering services to economically disadvantaged microentrepreneurs.

"(8) MICROENTERPRISE DEVELOPMENT PROGRAM.—The term 'microenterprise development organization' means a program administered by a organization serving a rural area.

"(9) MICROENTREPRENEUR.—The term 'microentrepreneur' means the owner, operator, or developer of a microenterprise.

"(10) PROGRAM.—The term 'program' means the rural entrepreneur and microenterprise program established under subsection (b)(1).

"(11) QUALIFIED ORGANIZATION.—The term 'qualified organization' means—

"(A) a microenterprise development organization or microenterprise development program that has a demonstrated record of delivering microenterprise services to rural entrepreneurs, as demonstrated by the development of an effective plan of action and the possession of necessary resources to deliver microenterprise services to rural entrepreneurs effectively, as determined by the Secretary;

"(B) an intermediary that has a demonstrated record of delivery assistance to microenterprise development organizations or microenterprise development programs;

"(C) a microenterprise development organization or microenterprise development program that—

"(i) serves rural entrepreneurs; and

"(ii) enters into an agreement with a local community, in conjunction with a State or local government or Indian tribe,

to provide assistance described in subsection (c);

"(D) an Indian tribe, the tribal government of which certifies to the Secretary that no microenterprise development organization or microenterprise development program exists under the jurisdiction of the Indian tribe; or

"(E) a group of 2 or more organizations or Indian tribes described in subparagraph (A), (B), (C), or (D) that agree to act jointly as a qualified organization under this section.

"(12) RURAL AREA.—The term 'rural area' has the meaning given the term in section 383C.

"(13) RURAL CAPACITY BUILDING SERVICE.—The term 'rural capacity building service' means a service provided to an organization that—

"(A) is, or is in the process of becoming, a microenterprise development organization or microenterprise development program; and

"(B) serves rural areas for the purpose of enhancing the ability of the organization to provide training, technical assistance, and other related services to rural entrepreneurs.

"(14) RURAL ENTREPRENEUR.—The term 'rural entrepreneur' means a microentrepreneur, or prospective microentrepreneur—

"(A) the principal place of business of which is in a rural area; and

"(B) that is unable to obtain sufficient training, technical assistance, or microcredit elsewhere, as determined by the Secretary.

"(15) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Rural Business-Cooperative Service.

"(16) TRAINING AND TECHNICAL ASSISTANCE.—

"(A) IN GENERAL.—The term 'training and technical assistance' means assistance provided to rural entrepreneurs to develop the skills the rural entrepreneurs need to plan, market, and manage their own business.

"(B) INCLUSIONS.—The term 'training and technical assistance' includes assistance provided for the purpose of—

"(i) enhancing business planning, marketing, management, or financial management skills; and

"(ii) obtaining microcredit.

"(17) TRIBAL GOVERNMENT.—The term 'tribal government' means the governing body of an Indian tribe.

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—In each of fiscal years 2002 through 2006, the Secretary shall use $10,000,000 of the funds of the Commodity Credit Corporation to establish a rural entrepreneur and microenterprise program.

"(2) PURPOSE.—The purpose of the program shall be to provide low and moderate income individuals with—

"(A) the skills necessary to establish new small businesses in rural areas; and

"(B) continuing technical assistance as the individuals begin operating the small businesses.

"(c) ASSISTANCE.—

"(1) IN GENERAL.—The Secretary may make a grant under this section to a qualified organization to—

"(A) provide training, technical assistance, or microcredit to a rural entrepreneur;

"(B) provide training, operational support, or a rural capacity building service to a quali-

fied organization to assist the qualified organization in developing microenterprise training, technical assistance, and other related services;

"(C) assist in researching and developing the best practices in delivering training, technical assistance, and microcredit to rural entrepreneurs; and

"(D) to carry out such other projects and activities as the Secretary determines are consistent with the purposes of this section.

"(2) ALLOCATION.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount of funds made available for a fiscal year to make grants under this section, the Secretary shall ensure that—

"(i) not less than 75 percent of funds are used to carry out activities described in paragraph (1)(A); and

"(ii) not more than 25 percent of the funds are used to carry out activities described in subparagraphs (B) through (D) of paragraph (1).

"(B) LIMITATION ON GRANT AMOUNT.—No single qualified organization may receive

more than 10 percent of the total funds that are made available for a fiscal year to carry out this section.

"(C) ADMINISTRATIVE EXPENSES.—Not more than 15 percent of assistance received by a qualified organization for a fiscal year under this section may be used for administrative expenses.

"(d) SUBGRANTS.—Subject to such regulations as the Secretary may promulgate, a qualified organization that receives a grant under this section may use the grant to provide assistance to other qualified organizations, such as small or emerging qualified organizations.

"(e) LOW-INCOME INDIVIDUALS.—The Secretary shall ensure that not less than 50 percent of the grants made under this section is used to benefit low-income individuals identified by the Secretary, including individuals residing on Indian reservations.

"(f) DIVERSITY.—In making grants under this section, the Secretary shall ensure, to the maximum extent practicable, that grant recipients include qualified organizations—

"(1) of varying sizes; and

"(2) that serve racially and ethnically diverse populations.

"(g) COST SHARING.—

"(1) FEDERAL SHARE.—The Federal share of the cost of a project carried out using funds from a grant under this section shall be 75 percent.

"(2) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project described in paragraph (1) may be provided—

"(A) in cash (including through fees, grants (including community development block grants), and gifts); or

"(B) in kind.".

SEC. 637. RURAL SENIORS.

(a) INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 636) is amended by adding at the end the following:

"SEC. 379. INTERAGENCY COORDINATING COMMITTEE FOR RURAL SENIORS.

"(a) IN GENERAL.—The Secretary shall establish an interagency coordinating committee (referred to in this section as the 'Committee') to examine the special problems of rural seniors.

"(b) MEMBERSHIP.—The Committee shall be comprised of—

"(1) the Undersecretary of Agriculture for Rural Development, who shall serve as chairperson of the Committee;

"(2) 2 representatives of the Secretary of Health and Human Services, of whom—

"(A) 1 shall have expertise in the field of health care; and

"(B) 1 shall have expertise in the field of programs under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

"(3) 1 representative of the Secretary of Housing and Urban Development;

"(4) 1 representative of the Secretary of Transportation; and

"(5) representatives of such other Federal agencies as the Secretary may designate.

"(c) DUTIES.—The Committee shall—

"(1) study health care, transportation, technology, housing, accessibility, and other areas of need of rural seniors;

"(2) identify successful examples of senior care programs in rural communities that could serve as models for other rural communities; and

"(3) not later than 1 year after the date of enactment of this section, submit to the Secretary, the

Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate recommendations for administrative and legislative action.

''(d) FUNDING.—Funds available to any Federal agency may be used to carry out interagency activities under this section.''.

(b) GRANTS FOR PROGRAMS FOR RURAL SENIORS.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by subsection (a)) is amended by adding at the end the following:

''SEC. 379A. GRANTS FOR PROGRAMS FOR RURAL SENIORS.

''(a) IN GENERAL.—The Secretary shall make grants to nonprofit organizations (including cooperatives) to pay the Federal share of the cost of programs that—

''(1) provide facilities, equipment, and technology for seniors in a rural area; and

''(2) may be replicated in other rural areas.

''(b) FEDERAL SHARE.—The Federal share of a grant under this section shall be 10 percent.

''(c) LEVERAGING.—In selecting programs to receive grants under section, the Secretary shall give priority to proposals that leverage resources to meet multiple rural community goals.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2003 through 2006.".

(c) RESERVATION OF COMMUNITY FACILITIES PROGRAM FUNDS FOR SENIOR FACILITIES.—Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by adding at the end the following:

"(C) RESERVATION OF FUNDS FOR SENIOR FACILITIES.—

"(i) IN GENERAL.—For each fiscal year, not less than 12.5 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing senior facilities, or carrying out other projects that mainly benefit seniors, in rural areas.

"(ii) INSUFFICIENT APPLICATIONS.—If, for any fiscal year, the Secretary determines that there will be an insufficient quantity of applications for grants described in clause (i) to use the funds reserved under clause (i), the Secretary may use the excess reserved funds to make

grants for any other purpose authorized under this paragraph.''.

(d) RESERVATION OF COMMUNITY FACILITIES PROGRAM FUNDS FOR CHILDREN'S DAY CARE FACILITIES.—Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) (as amended by subsection (c)) is amended by adding at the end the following:

''(D) RESERVATION OF FUNDS FOR CHILDREN'S DAY CARE FACILITIES.—

''(i) IN GENERAL.—For each fiscal year, not less than 10 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas.

''(ii) INSUFFICIENT APPLICATIONS.—If, for any fiscal year, the Secretary determines that there will be an insufficient quantity of applications for grants described in clause (i) to use the funds reserved under clause (i), the Secretary may use the excess reserved funds to make

grants for any other purpose authorized under this paragraph.''.

SEC. 638. RURAL TELEWORK.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 637(b)) is amended by adding at the end the following:

"SEC. 379B. RURAL TELEWORK.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a nonprofit entity, an educational institution, an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or any other organization that meets the requirements of this section and such other requirements as are established by the Secretary.

''(2) INSTITUTE.—The term 'institute' means a regional rural telework institute established using a grant under this subsection (b).

''(3) RURAL AREA.—The terms 'rural' and 'rural area' have the meaning given the terms in section 384A.

"(4) SECRETARY.—The term 'Secretary' means the Secretary, acting through the Administrator of the Rural Utility Service.

"(5) TELEWORK.—The term 'telework' means the use of telecommunications to perform work functions at a rural work center located outside the place of business of an employer.

"(b) RURAL TELEWORK INSTITUTE.—

"(1) IN GENERAL.—The Secretary shall make grants to an eligible organization to pay the Federal share of the cost of establishing and operating a regional rural telework institute to carry out projects described in paragraph (4).

"(2) ELIGIBLE ORGANIZATIONS.—The Secretary shall establish criteria that an organization shall meet to be eligible to receive a grant under this subsection.

"(3) DEADLINE FOR INITIAL GRANTS.—Not later than 1 year after the date on which funds are first made available to carry out this subsection, the Secretary shall make the initial grants under this section.

"(4) PROJECTS.—The institute shall use grant funds obtained under this subsection to carry out a 5-year project—

"(A) to serve as a clearinghouse for telework research and development;

"(B) to conduct outreach to rural communities and rural workers;

"(C) to develop and share best practices in rural telework within the region and throughout the United States;

"(D) to develop innovative, market-driven telework projects and joint ventures with the private sector that employ workers in rural areas in jobs that promote economic self-sufficiency;

"(E) to share information about the design and implementation of telework arrangements;

"(F) to support private sector businesses that are transitioning to telework;

"(G) to support and assist telework projects and individuals at the State and local level; and

"(H) to perform such other functions as the Secretary considers appropriate.

"(5) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the

application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to—

"(i) during each of the first, second, and third years of a project, 50 percent of the amount of the grant; and

"(ii) during each of the fourth and fifth years of the project, 100 percent of the amount of the grant.

"(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

"(C) FORM.—The non-Federal contributions required under subparagraph (A) may be in the form of in-kind contributions, including office equipment, office space, and services.

"(c) TELEWORK GRANTS.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall make grants to eligible entities to pay the Federal share of the cost of—

"(A) obtaining equipment and facilities to establish or expand telework locations in rural areas; and

"(B) operating telework locations in rural areas.

"(2) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall—

"(A) be a nonprofit organization or educational institution in a rural area; and

"(B) submit to, and receive the approval of, the Secretary of an application for the grant that demonstrates that the eligible entity has adequate resources and capabilities to establish or expand a telework location in a rural area.

"(3) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to ⅔ of the amount of the grant.

"(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use

Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

"(C) SOURCES.—The non-Federal contributions required under subparagraph (A)—

"(i) may be in the form of in-kind contributions, including office equipment, office space, and services; and

"(ii) may not be made from funds made available for community development block grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

"(4) DURATION.—The Secretary may not provide a grant under this subsection to establish, expand, or operate a telework location in a rural area after the date that is 2 years after the establishment of the telework location.

"(5) MAXIMUM AMOUNT OF GRANT.—The amount of a grant provided to an eligible entity under this subsection shall not exceed $500,000.

"(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—An entity that receives funds under this section shall be subject to the provisions of Federal law (including regulations), administered by the Secretary of Labor or the

Equal Employment Opportunity Commission, that govern the responsibilities of employers to employees.

"(e) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

"(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $30,000,000 for each fiscal year, of which $5,000,000 shall be provided to establish an institute under subsection (b).".

SEC. 639. HISTORIC BARN PRESERVATION.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 638) is amended by adding at the end the following:

"SEC. 379C. HISTORIC BARN PRESERVATION.

"(a) DEFINITIONS.—In this section:

"(1) BARN.—The term 'barn' means a building (other than a dwelling) on a farm, ranch, or other agricultural operation for—

"(A) housing animals;

"(B) storing or processing crops;

"(C) storing and maintaining agricultural equipment; or

"(D) serving an essential or useful purpose related to agriculture on the adjacent land.

"(2) HISTORIC BARN.—The term 'historic barn' means a barn that—

"(A) is at least 50 years old;

"(B) retains sufficient integrity of design, materials, and construction to clearly identify the barn as an agricultural building; and

"(C) meets the criteria for listing on National, State, or local registers or inventories of historic structures.

"(3) SECRETARY.—The term 'Secretary' means the Secretary, acting through the Undersecretary of Rural Development.

"(4) ELIGIBLE APPLICANT.—The term 'eligible applicant' means—

"(A) a State department of agriculture (or a designee);

"(B) a national or State nonprofit organization that—

"(i) is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1986; and

"(ii) has experience or expertise, as determined by the Secretary, in the identi-

fication, evaluation, rehabilitation, preservation, or protection of historic barns; and

"(C) a State historic preservation office.

"(b) PROGRAM.—The Secretary shall establish a historic barn preservation program—

"(1) to assist States in developing a listing of historic barns;

"(2) to collect and disseminate information on historic barns;

"(3) to foster educational programs relating to the history, construction techniques, rehabilitation, and contribution to society of historic barns; and

"(4) to sponsor and conduct research on—

"(A) the history of barns; and

"(B) best practices to protect and rehabilitate historic barns from the effects of decay, fire, arson, and natural disasters.

"(c) GRANTS.—

"(1) IN GENERAL.—The Secretary may make grants to, or enter into contracts or cooperative agreements with, eligible applicants to carry out an eligible project under paragraph (2).

"(2) ELIGIBLE PROJECTS.—A grant under this subsection may be made to an eligible entity for a project—

"(A) to rehabilitate or repair a historic barn;

"(B) to preserve a historic barn through—

"(i) the installation of a fire protection system, including fireproofing or fire detection system and sprinklers; and

"(ii) the installation of a system to prevent vandalism; and

"(C) to identify, document, and conduct research on a historic barn to develop and evaluate appropriate techniques or best practices for protecting historic barns.

"(3) REQUIREMENTS.—An eligible applicant that receives a grant for a project under this subsection shall comply with any standards established by the Secretary of the Interior for historic preservation projects.

"(d) FUNDING.—There is authorized to be appropriated to carry out this section, $25,000,000 for the period of fiscal years 2002 through 2006, to remain available until expended.".

SEC. 640. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Develop-

ment Act (7 U.S.C. 2009aa–12(a)) is amended by striking ''2002'' and inserting ''2006''.

(b) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking ''2002'' and inserting ''2006''.

SEC. 641. SEARCH GRANTS FOR SMALL COMMUNITIES.

The Consolidated Farm and Rural Development Act (as amended by section 604) is amended by adding at the end the following:

''Subtitle J—SEARCH Grants for Small Communities

''SEC. 386A. DEFINITIONS.

''In this subtitle:

''(1) COUNCIL.—The term 'council' means an independent citizens' council established by section 386B(d).

''(2) ENVIRONMENTAL PROJECT.—

''(A) IN GENERAL.—The term 'environmental project' means a project that—

''(i) improves environmental quality; and

''(ii) is necessary to comply with an environmental law (including a regulation).

"(B) INCLUSION.—The term 'environmental project' includes an initial feasibility study of a project.

"(3) REGION.—The term 'region' means a geographic area of a State, as determined by the Governor of the State.

"(4) SEARCH GRANT.—The term 'SEARCH grant' means a grant for special environmental assistance for the regulation of communities and habitat awarded under section 386B(e)(3).

"(5) SMALL COMMUNITY.—The term 'small community' means an incorporated or unincorporated rural community with a population of 2,500 inhabitants or less.

"(6) STATE.—The term 'State' has the meaning given the term in section 384A.

"SEC. 386B. SEARCH GRANT PROGRAM.

"(a) IN GENERAL.—There is established the SEARCH Grant Program.

"(b) APPLICATION.—

"(1) IN GENERAL.—Not later than October 1 of each fiscal year, a State may submit to the Secretary an application to receive a grant under subsection (c) for the fiscal year.

"(2) REQUIREMENTS.—An application under paragraph (1) shall contain—

"(A) a certification by the State that the State has appointed members to the council of the State under subsection (c)(2)(C); and

"(B) such information as the Secretary may reasonably require.

"(c) GRANTS TO STATES.—

"(1) IN GENERAL.—Not later than 60 days after the date on which the Office of Management and Budget apportions any amounts made available under this subtitle, for each fiscal year after the date of enactment of this subtitle, the Secretary shall, on request by a State—

"(A) determine whether any application submitted by the State under subsection (b) meets the requirements of subsection (b)(2); and

"(B) subject to paragraph (2) and subsection (d)(2)(C), if the Secretary determines that the application meets the requirements of subsection (b)(2), award a grant of not to exceed $1,000,000 to the State, to be used by the council of the State to award SEARCH grants under subsection (e).

"(2) GRANTS TO CERTAIN STATES.—The aggregate amount of grants awarded to States other than Alaska, Hawaii, or 1 of the 48 contiguous States, under this subsection shall not exceed $1,000,000 for any fiscal year.

"(d) INDEPENDENT CITIZENS' COUNCIL.—

"(1) ESTABLISHMENT.—There is established in each State an independent citizens' council to carry out the duties described in this section.

"(2) COMPOSITION.—

"(A) IN GENERAL.—Each council shall be composed of 9 members, appointed by the Governor of the State.

"(B) REPRESENTATION; RESIDENCE.—Each member of a council shall—

"(i) represent an individual region of the State, as determined by the Governor of the State in which the council is established;

"(ii) reside in a small community of the State; and

"(iii) be representative of the populations of the State.

"(C) APPOINTMENT.—Before a State receives funds under this subtitle, the State shall

appoint members to the council for the fiscal year, except that not more than 1 member shall be an agent, employee, or official of the State government.

"(D) CHAIRPERSON.—Each council shall select a chairperson from among the members of the council, except that a member who is an agent, employee, or official of the State government shall not serve as chairperson.

"(E) FEDERAL REPRESENTATION.—

"(i) IN GENERAL.—An officer, employee, or agent of the Federal Government may participate in the activities of the council—

"(I) in an advisory capacity; and

"(II) at the invitation of the council.

"(ii) RURAL DEVELOPMENT STATE DIRECTORS.—On the request of the council of a State, the State Director for Rural Development of the State shall provide advice and consultation to the council.

"(3) SEARCH GRANTS.—

"(A) IN GENERAL.—Each council shall review applications for, and recommend awards

of, SEARCH grants to small communities that meet the eligibility criteria under subsection (c).

"(B) RECOMMENDATIONS.—In awarding a SEARCH grant, a State—

"(i) shall follow the recommendations of the council of the State;

"(ii) shall award the funds for any recommended environmental project in a timely and expeditious manner; and

"(iii) shall not award a SEARCH grant to a grantee or project in violation of any law of the State (including a regulation).

"(C) NO MATCHING REQUIREMENT.—A small community that receives a SEARCH grant under this section shall not be required to provide matching funds.

"(e) SEARCH GRANTS FOR SMALL COMMUNITIES.—

"(1) ELIGIBILITY.—A SEARCH grant shall be awarded under this section only to a small community for 1 or more environmental projects for which the small community—

"(A) needs funds to carry out initial feasibility or environmental studies before applying to traditional funding sources; or

"(B) demonstrates, to the satisfaction of the council, that the small community has been unable to obtain sufficient funding from traditional funding sources.

"(2) APPLICATION.—

"(A) DATE.—The council shall establish such deadline by which small communities shall submit applications for grants under this section as will permit the council adequate time to review and make recommendations relating to the applications.

"(B) LOCATION OF APPLICATION.—A small community shall submit an application described in subparagraph (A) to the council in the State in which the small community is located.

"(C) CONTENT OF APPLICATION.—An application described in subparagraph (A) shall include—

"(i) a description of the proposed environmental project (including an explanation of how the project would assist the

small community in complying with an environmental law (including a regulation));

"(ii) an explanation of why the project is important to the small community;

"(iii) a description of all actions taken with respect to the project, including a description of any attempt to secure funding and a description of demonstrated need for funding for the project, as of the date of the application; and

"(iv) a SEARCH grant application form provided by the council, completed and with all required supporting documentation.

"(3) REVIEW AND RECOMMENDATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), not later than March 5 of each fiscal year, each council shall—

"(i) review all applications received under paragraph (2); and

"(ii) recommend for award SEARCH grants to small communities based on—

"(I) an evaluation of the eligibility criteria under paragraph (1); and

"(II) the content of the application.

"(B) EXTENSION OF DEADLINE.—The State may extend the deadline described in subparagraph (A) by not more than 10 days in a case in which the receipt of recommendations from a council under subparagraph (A)(ii) is delayed because of circumstances beyond the control of the council, as determined by the State.

"(4) UNEXPENDED FUNDS.—

"(A) IN GENERAL.—If, for any fiscal year, any unexpended funds remain after SEARCH grants are awarded under subsection (b)(3)(B), the council may repeat the application and review process so that any remaining funds may be recommended for award, and awarded, not later than July 30 of the fiscal year.

"(B) RETENTION OF FUNDS.—

"(i) IN GENERAL.—Any unexpended funds that are not awarded under subsection (b)(3)(B) or subparagraph (A) shall be retained by the State for award during the following fiscal year.

"(ii) LIMITATION.—A State that accumulates a balance of unexpended funds described in clause (i) of more than $3,000,000 shall be ineligible to apply for additional funds for SEARCH grants until such time as the State expends the portion of the balance that exceeds $3,000,000.

"SEC. 386C. REPORT.

"Not later than September 1 of the first fiscal year for which a SEARCH grant is awarded by a council, and annually thereafter, the council shall submit to the Secretary a report that—

"(1) describes the number of SEARCH grants awarded during the fiscal year;

"(2) identifies each small community that received a SEARCH grant during the fiscal year;

"(3) describes the project or purpose for which each SEARCH grant was awarded, including a statement of the benefit to public health or the environment of the environmental project receiving the grant funds; and

"(4) describes the status of each project or portion of a project for which a SEARCH grant was awarded, including a project or portion of a project for which a SEARCH grant was awarded for any

fiscal year before the fiscal year in which the report is submitted.

"SEC. 386D. FUNDING.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 386B(c) $51,000,000, of which not to exceed $1,000,000 shall be used to make grants under section 386B(c)(2).

"(b) ACTUAL APPROPRIATION.—If funds to carry out section 386B(c) are made available for a fiscal year in an amount that is less than the amount authorized under subsection (a) for the fiscal year, the appropriated funds shall be divided equally among the 50 States.

"(c) UNUSED FUNDS.—If, for any fiscal year, a State does not apply, or does not qualify, to receive funds under section 386B(b), the funds that would have been made available to the State under section 386B(c) on submission by the State of a successful application under section 386B(b) shall be redistributed for award under this subtitle among States, the councils of which awarded 1 or more SEARCH grants during the preceding fiscal year.

"(d) OTHER EXPENSES.—There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle (other than section 386B(c)).".

SEC. 642. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

The Consolidated Farm and Rural Development Act (as amended by section 641) is amended by adding at the end the following:

"Subtitle K—Northern Great Plains Regional Authority

"SEC. 387A. DEFINITIONS.

''In this subtitle:

''(1) AUTHORITY.—The term 'Authority' means the Northern Great Plains Regional Authority established by section 387B.

''(2) REGION.—The term 'region' means the States of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota.

''(3) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in—

''(A) acquiring or developing land;

''(B) constructing or equipping a highway, road, bridge, or facility; or

''(C) carrying out other economic development activities.

"SEC. 387B. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

''(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the Northern Great Plains Regional Authority.

"(2) COMPOSITION.—The Authority shall be composed of—

"(A) a Federal member, to be appointed by the President, with the advice and consent of the Senate; and

"(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority.

"(3) COCHAIRPERSONS.—The Authority shall be headed by—

"(A) the Federal member, who shall serve—

"(i) as the Federal cochairperson; and

"(ii) as a liaison between the Federal Government and the Authority; and

"(B) a State cochairperson, who—

"(i) shall be a Governor of a participating State in the region; and

"(ii) shall be elected by the State members for a term of not less than 1 year.

"(b) ALTERNATE MEMBERS.—

"(1) STATE ALTERNATES.—The State member of a participating State may have a single alternate, who shall be—

"(A) a resident of that State; and

"(B) appointed by the Governor of the State.

"(2) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal co-chairperson.

"(3) QUORUM.—A State alternate shall not be counted toward the establishment of a quorum of the Authority in any instance in which a quorum of the State members is required to be present.

"(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any Authority member, shall be delegated to any person—

"(A) who is not an Authority member; or

"(B) who is not entitled to vote in Authority meetings.

"(c) VOTING.—

"(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is

delinquent under subsection (g)(2)(C)) to be effective.

"(2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—

"(A) a modification or revision of an Authority policy decision;

"(B) approval of a State or regional development plan; and

"(C) any allocation of funds among the States.

"(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—

"(A) a responsibility of the Authority; and

"(B) conducted in accordance with section 387I.

"(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal or State representative for which the alternate member is an alternate.

"(d) DUTIES.—The Authority shall—

"(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic devel-

opment of the region, giving due consideration to other Federal, State, and local planning and development activities in the region;

''(2) not later than 220 days after the date of enactment of this subtitle, establish priorities in a development plan for the region (including 5-year regional outcome targets);

''(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal, State, and local agencies, universities, local development districts, and other nonprofit groups;

''(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;

''(5) work with State and local agencies in developing appropriate model legislation;

''(6)(A) enhance the capacity of, and provide support for, local development districts in the region; or

''(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

"(7) encourage private investment in industrial, commercial, and other economic development projects in the region; and

"(8) cooperate with and assist State governments with economic development programs of participating States.

"(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

"(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

"(2) authorize, through the Federal or State co-chairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testimony should be taken or evidence received under oath;

"(3) request from any Federal, State, or local department or agency such information as may be available to or procurable by the department or agency that may be of use to the Authority in carrying out duties of the Authority;

"(4) adopt, amend, and repeal bylaws and rules governing the conduct of Authority business and the performance of Authority duties;

"(5) request the head of any Federal department or agency to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

"(6) request the head of any State department or agency or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

"(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

"(A) making arrangements or entering into contracts with any participating State government; or

"(B) otherwise providing retirement and other employee benefit coverage;

"(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

"(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry out Authority duties, including any contracts, leases, or cooperative agreements with—

"(A) any department, agency, or instrumentality of the United States;

"(B) any State (including a political subdivision, agency, or instrumentality of the State); or

"(C) any person, firm, association, or corporation; and

"(10) establish and maintain a central office and field offices at such locations as the Authority may select.

"(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

"(1) cooperate with the Authority; and

"(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying out this subtitle, in accordance with applicable Federal laws (including regulations).

"(g) ADMINISTRATIVE EXPENSES.—

"(1) IN GENERAL.—Administrative expenses of the Authority (except for the expenses of the Fed-

eral cochairperson, including expenses of the alternate and staff of the Federal cochairperson, which shall be paid solely by the Federal Government) shall be paid—

"(A) by the Federal Government, in an amount equal to 50 percent of the administrative expenses; and

"(B) by the States in the region participating in the Authority, in an amount equal to 50 percent of the administrative expenses.

"(2) STATE SHARE.—

"(A) IN GENERAL.—The share of administrative expenses of the Authority to be paid by each State shall be determined by the Authority.

"(B) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (A).

"(C) DELINQUENT STATES.—If a State is delinquent in payment of the State's share of administrative expenses of the Authority under this subsection—

"(i) no assistance under this subtitle shall be furnished to the State (including

assistance to a political subdivision or a resident of the State); and

"(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

"(h) COMPENSATION.—

"(1) FEDERAL COCHAIRPERSON.—The Federal cochairperson shall be compensated by the Federal Government at level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

"(2) ALTERNATE FEDERAL COCHAIRPERSON.—The alternate Federal cochairperson—

"(A) shall be compensated by the Federal Government at level V of the Executive Schedule described in paragraph (1); and

"(B) when not actively serving as an alternate for the Federal cochairperson, shall perform such functions and duties as are delegated by the Federal cochairperson.

"(3) STATE MEMBERS AND ALTERNATES.—

"(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by law of the State.

"(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other than the State for services provided by the member or alternate to the Authority.

"(4) DETAILED EMPLOYEES.—

"(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to or supplementation of salary for services provided to the Authority from—

"(i) any source other than the State, local, or intergovernmental department or agency from which the person was detailed; or

"(ii) the Authority.

"(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than $5,000, imprisoned not more than 1 year, or both.

"(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under sub-

section (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

"(5) ADDITIONAL PERSONNEL.—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Authority to carry out the duties of the Authority.

"(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

"(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

"(i) the carrying out of the administrative duties of the Authority;

"(ii) direction of the Authority staff; and

"(iii) such other duties as the Authority may assign.

"(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee detailed to the Authority under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

"(i) CONFLICTS OF INTEREST.—

"(1) IN GENERAL.—Except as provided under paragraph (2), no State member, alternate, officer, or employee of the Authority shall participate personally and substantially as a member, alternate, officer, or employee of the Authority, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other matter in which, to knowledge of the member, alternate, officer, or employee—

"(A) the member, alternate, officer, or employee;

"(B) the spouse, minor child, partner, or organization (other than a State or political subdivision of the State) of the member, alternate, officer, or employee, in which the member, alternate, officer, or employee is serving as officer, director, trustee, partner, or employee; or

"(C) any person or organization with whom the member, alternate, officer, or employee is negotiating or has any arrangement concerning prospective employment;

has a financial interest.

"(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, alternate, officer, or employee—

"(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

"(B) makes full disclosure of the financial interest; and

"(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that the Authority may expect from the State member, alternate, officer, or employee.

"(3) VIOLATION.—Any person that violates this subsection shall be fined not more than $10,000, imprisoned not more than 2 years, or both.

"(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract, loan, or grant of or by the Authority in relation to which the Authority determines that there has been a violation of any provision under subsection (h)(4), subsection (i), or sections 202 through 209 of title 18, United States Code.

"SEC. 387C. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.

"(a) IN GENERAL.—The Authority may approve grants to States, local governments, and public and nonprofit organizations for projects, approved in accordance with section 387I—

"(1) to develop the transportation and telecommunication infrastructure of the region for the

purpose of facilitating economic development in the region (except that grants for this purpose may only be made to States, local governments, and nonprofit organizations);

"(2) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

"(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

"(4) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities; and

"(5) to otherwise achieve the purposes of this subtitle.

"(b) FUNDING.—

"(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

"(A) entirely from appropriations to carry out this section;

"(B) in combination with funds available under another Federal or Federal grant program; or

"(C) from any other source.

"(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and to complement other Federal and State resources in the region, Federal funds available under this subtitle shall be focused on the activities in the following order or priority:

"(A) Basic public infrastructure in distressed counties and isolated areas of distress.

"(B) Transportation and telecommunication infrastructure for the purpose of facilitating economic development in the region.

"(C) Business development, with emphasis on entrepreneurship.

"(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

"(3) FEDERAL SHARE IN GRANT PROGRAMS.—Notwithstanding any provision of law limiting the Federal share in any grant program, funds appropriated to carry out this section may be used to in-

crease a Federal share in a grant program, as the Authority determines appropriate.

"SEC. 387D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

"(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) they lack the economic resources to meet the required matching share; or

"(2) there are insufficient funds available under the applicable Federal grant law authorizing the program to meet pressing needs of the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—In accordance with subsection (c), the Federal cochairperson may use amounts made available to carry out this subtitle, without regard to any limitations on areas eligible for assistance or authorizations for appropriation under any other Act, to fund all or any portion of the basic Federal contribution to a project or activity under a Federal grant program in the region in an amount that is above the fixed maximum portion of the cost of the project otherwise authorized by applicable law, but not to exceed 90 percent

of the costs of the project (except as provided in section 387F(b)).

"(c) CERTIFICATION.—

"(1) IN GENERAL.—In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant program is proposed to be made under this section, no Federal contribution shall be made until the Federal official administering the Federal law authorizing the contribution certifies that the program or project—

"(A) meets the applicable requirements of the applicable Federal grant law; and

"(B) could be approved for Federal contribution under the law if funds were available under the law for the program or project.

"(2) CERTIFICATION BY AUTHORITY.—

"(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this subtitle in accordance with section 387I—

"(i) shall be controlling; and

"(ii) shall be accepted by the Federal agencies.

"(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—Any finding, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant program shall be accepted by the Federal cochairperson with respect to a supplemental grant for any project under the program.

"SEC. 387E. LOCAL DEVELOPMENT DISTRICTS; CERTIFICATION AND ADMINISTRATIVE EXPENSES.

"(a) DEFINITION OF LOCAL DEVELOPMENT DISTRICT.—In this section, the term 'local development district' means an entity that—

"(1) is—

"(A) a planning district in existence on the date of enactment of this subtitle that is recognized by the Economic Development Administration of the Department of Commerce; or

"(B) where an entity described in subparagraph (A) does not exist—

"(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to

the development and implementation of programs in the region;

''(ii) governed by a policy board with at least a simple majority of members consisting of elected officials or employees of a general purpose unit of local government who have been appointed to represent the government;

''(iii) certified to the Authority as having a charter or authority that includes the economic development of counties or parts of counties or other political subdivisions within the region—

''(I) by the Governor of each State in which the entity is located; or

''(II) by the State officer designated by the appropriate State law to make the certification; and

''(iv)(I) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

''(II) a nonprofit agency or instrumentality of a State or local government;

''(III) a public organization established before the date of enactment of this

subtitle under State law for creation of multi-jurisdictional, area-wide planning organizations; or

"(IV) a nonprofit association or combination of bodies, agencies, and instrumentalities described in subclauses (I) through (III); and

"(2) has not, as certified by the Federal cochairperson—

"(A) inappropriately used Federal grant funds from any Federal source; or

"(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

"(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section.

"(2) CONDITIONS FOR GRANTS.—

"(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative ex-

penses of the local development district receiving the grant.

"(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a State agency certified as a local development district for a period greater than 3 years.

"(C) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

"(1) operate as a lead organization serving multicounty areas in the region at the local level; and

"(2) serve as a liaison between State and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens that—

"(A) are involved in multijurisdictional planning;

"(B) provide technical assistance to local jurisdictions and potential grantees; and

"(C) provide leadership and civic development assistance.

"SEC. 387F. DISTRESSED COUNTIES AND AREAS AND NON-DISTRESSED COUNTIES.

''(a) DESIGNATIONS.—Not later than 90 days after the date of enactment of this subtitle, and annually thereafter, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

''(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration;

''(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

''(3) as isolated areas of distress, areas located in nondistressed counties (as designated under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

''(b) DISTRESSED COUNTIES.—

''(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations made available under section 387M for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

''(2) FUNDING LIMITATIONS.—The funding limitations under section 387D(b) shall not apply to a project providing transportation or telecommuni-

cation or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

"(c) NONDISTRESSED COUNTIES.—

"(1) IN GENERAL.—Except as provided in this subsection, no funds shall be provided under this subtitle for a project located in a county designated as a nondistressed county under subsection (a)(2).

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 387E(b).

"(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the funding prohibition under paragraph (1) to—

"(i) a multicounty project that includes participation by a nondistressed county; or

"(ii) any other type of project;

if the Authority determines that the project could bring significant benefits to areas of the region outside a nondistressed county.

"(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress for assistance to be effective, the designation shall be supported—

"(i) by the most recent Federal data available; or

"(ii) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

"(d) TRANSPORTATION, TELECOMMUNICATION, AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 387M for transportation, telecommunication, and basic public infrastructure projects authorized under paragraphs (1) and (3) of section 387C(a).

"SEC. 387G. DEVELOPMENT PLANNING PROCESS.

"(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

"(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, ob-

jectives, and priorities identified in the regional development plan developed under section 387B(d)(2).

"(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State may—

"(1) consult with—

"(A) local development districts; and

"(B) local units of government; and

"(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

"(d) PUBLIC PARTICIPATION.—

"(1) IN GENERAL.—The Authority and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this subtitle.

"(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

"SEC. 387H. PROGRAM DEVELOPMENT CRITERIA.

''(a) IN GENERAL.—In considering programs and projects to be provided assistance under this subtitle, and in establishing a priority ranking of the requests for assistance provided by the Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable, consideration of—

''(1) the relationship of the project or class of projects to overall regional development;

''(2) the per capita income and poverty and unemployment and outmigration rates in an area;

''(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

''(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

''(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area served by the project; and

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

"(b) NO RELOCATION ASSISTANCE.—No financial assistance authorized by this subtitle shall be used to assist a person or entity in relocating from one area to another, except that financial assistance may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

"(c) REDUCTION OF FUNDS.—Funds may be provided for a program or project in a State under this subtitle only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this subtitle, for the same type of program or project in the same area of the State within the region, will not be reduced as a result of funds made available by this subtitle.

"SEC. 387I. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.

"(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this subtitle shall be reviewed by the Authority.

"(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this subtitle shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

"(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

"(1) describes ways in which the project complies with any applicable State development plan;

"(2) meets applicable criteria under section 387H;

"(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

"(4) otherwise meets the requirements of this subtitle.

"(d) VOTES FOR DECISIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 387B(c) shall be required for approval of the application.

"SEC. 387J. CONSENT OF STATES.

''Nothing in this subtitle requires any State to engage in or accept any program under this subtitle without the consent of the State.

"SEC. 387K. RECORDS.

''(a) RECORDS OF THE AUTHORITY.—

''(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

''(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the Comptroller General and the Inspector General of the Department of Agriculture).

''(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

''(1) IN GENERAL.—A recipient of Federal funds under this subtitle shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report on the transactions and activities to the Authority.

''(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by

the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector General of the Department of Agriculture, and the Authority).

''(c) ANNUAL AUDIT.—The Inspector General of the Department of Agriculture shall audit the activities, transactions, and records of the Authority on an annual basis.

''SEC. 387L. ANNUAL REPORT.

''Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to Congress a report describing the activities carried out under this subtitle.

''SEC. 387M. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this subtitle $30,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

''(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

''(c) MINIMUM STATE SHARE OF GRANTS.—Notwithstanding any other provision of this subtitle, for any fiscal

year, the aggregate amount of grants received by a State and all persons or entities in the State under this subtitle shall be not less than ⅓ of the product obtained by multiplying—

"(1) the aggregate amount of grants under this subtitle for the fiscal year; and

"(2) the ratio that—

"(A) the population of the State (as determined by the Secretary of Commerce based on the most recent decennial census for which data are available); bears to

"(B) the population of the region (as so determined).

"SEC. 387N. TERMINATION OF AUTHORITY.

"This subtitle and the authority provided under this subtitle expire on October 1, 2006.".

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

SEC. 651. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) REPEAL OF CORPORATION AUTHORIZATION.—Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is repealed.

(b) DISPOSITION OF ASSETS.—On the date of enactment of this Act—

(1) the assets, both tangible and intangible, of the Alternative Agricultural Research and Commercialization Corporation (referred to in this section as the ''Corporation''), including the funds in the Alternative Agricultural Research and Commercialization Revolving Fund as of the date of enactment of this Act, are transferred to the Secretary of Agriculture; and

(2) notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary shall have authority to manage and dispose of the assets transferred under paragraph (1) in a manner that, to the maximum extent practicable, provides the greatest return on investment.

(c) USE OF ASSETS.—

(1) IN GENERAL.—Funds transferred under subsection (b), and any income from assets or proceeds from the sale of assets transferred under subsection (b), shall be deposited into an account in the Treasury, and shall remain available to the Secretary until expended, without further appropriation, to pay—

(A) any outstanding claims or obligations of the Corporation; and

(B) the costs incurred by the Secretary in carrying out this section.

(2) FINAL DISPOSITION.—On final disposition of all assets transferred under subsection (b), any funds remaining in the account described in paragraph (1) shall be transferred into miscellaneous receipts in the Treasury.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are repealed:

(A) Section 730 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 5902 note; Public Law 104–127).

(B) Section 9101(3)(Q) of title 31, United States Code.

(2) Section 401(c) of the Agricultural Research, Education, and Extension Reform Act of 1998 (7 U.S.C. 7621(c)) is amended by striking paragraph (1) and inserting the following:

"(1) TECHNICAL ASSISTANCE CAPABILITY OF EQUITY FUNDS.—Subject to paragraph (2), the Secretary shall use the funds in the Account for research, extension, and education grants (referred to

in this section as 'grants') to increase the technical assistance capability of equity funds.''.

(3) Section 793(c)(1)(A)(ii)(II) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f(c)(1)(A)(ii)(II)) is amended by striking ''subtitle G of title XVI and''.

SEC. 652. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking ''2002'' and inserting ''2006''.

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking ''1997'' and inserting ''2006''.

Subtitle E—Rural Electrification Act of 1936

SEC. 661. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—The Rural Electrification Act of 1936 is amended by inserting after section 313 (7 U.S.C. 940c) the following:

"SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

"(a) IN GENERAL.—Subject to subsection (b), the Secretary may guarantee payments on bonds or notes issued by cooperative lenders if the proceeds of the bonds or notes are used for electrification or telephone purposes eligible for assistance under this Act.

"(b) LIMITATIONS.—

"(1) OUTSTANDING LOANS.—A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total amount of such guaranteed bonds or notes outstanding of the lender would exceed the amount of outstanding loans of the lender for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this Act.

"(2) GENERATION OF ELECTRICITY.—The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.

"(3) QUALIFICATIONS.—The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

"(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for electrification or telephone purposes; or

"(B) the bond or note issued by the lender is not of reasonable and sufficient quality.

"(4) INTEREST RATE REDUCTION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a lender may not use any amount obtained from the reduction in funding costs as a result of the guarantee of a bond or note under this section to reduce the interest rate on a new or outstanding loan.

"(B) CONCURRENT LOANS.—A lender may use any amount described in subparagraph (A) to reduce the interest rate on a loan if the loan is—

"(i) approved by the Secretary after the date of enactment of this section;

"(ii) made by the lender for electrification or telephone purposes that are eligible for assistance under this Act; and

"(iii) made concurrently with a loan approved by the Secretary under this Act for such a purpose.

"(5) TOTAL AMOUNT.—The total amount of guarantees outstanding under this section at any time shall not exceed $500,000,000.

"(c) FEES.—

"(1) IN GENERAL.—A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

"(2) AMOUNT.—The amount of a fee paid for the guarantee of a bond or note under this section shall be equal to 12.5 basis points of the amount of the unpaid principal of the loan guaranteed under this section.

"(3) PAYMENT.—A lender shall pay the fees required under this subsection on a semiannual basis.

"(4) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—Subject to subsection (e)(2), fees collected under this subsection shall be—

"(A) deposited into the rural economic development subaccount maintained under section 313(b)(2)(A), to remain available until expended; and

"(B) used for the purposes described in section 313(b)(2)(B).

"(d) GUARANTEES.—

"(1) IN GENERAL.—A guarantee issued under this section shall—

"(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

"(B) be fully assignable and transferable; and

"(C) represent the full faith and credit of the United States.

"(2) DEPARTMENT OPINION.—On the request of an eligible lender, the General Counsel of the Department of Agriculture shall provide the Secretary with an opinion regarding the validity and authority of a guarantee issued to the lender under this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to cover the cost of providing guarantees of bonds and notes under this section.

"(f) TERMINATION.—The authority provided under this section shall terminate on September 30, 2006.".

(b) ADMINISTRATION OF CUSHION OF CREDIT PAYMENTS PROGRAM.—Section 313(b)(2)(B) of the Rural Electrification Act of 1936 (7 U.S.C. 940c)(b)(2)(B)) is

amended by inserting ‘‘, acting through the Rural Utilities Service,’’ after ‘‘Secretary’’.

(c) ADMINISTRATION.—

(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to carry out the amendments made by this section.

(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act, the Secretary shall implement the amendment made by this section.

SEC. 662. EXPANSION OF 911 ACCESS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding the following:

“SEC. 315. EXPANSION OF 911 ACCESS.

‘‘(a) IN GENERAL.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary may make telephone loans under this title to State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand 911 access in underserved rural areas.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.".

Subtitle F—Effective Date

SEC. 671. EFFECTIVE DATE.

This title and the amendments made by this title take effect on October 1, 2002.

TITLE VII—AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION AND RELATED MATTERS

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

SEC. 701. DEFINITIONS.

(a) IN GENERAL.—Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) by redesignating paragraphs (10) through (17) as paragraphs (11) through (18), respectively;

(2) by inserting after paragraph (9) the following:

"(10) INSULAR AREA.—The term 'insular area' means the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the North-

ern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, and the Virgin Islands of the United States.''; and

(3) by striking paragraph (13) (as so redesignated) and inserting the following:

''(13) STATE.—The term 'State' means any of the States, the District of Columbia, and any insular area.''.

(b) EFFECT OF AMENDMENTS.—The amendments made by subsection (a) shall not affect any basis for distribution of funds by formula (in effect on the date of enactment of this Act) to the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.

SEC. 702. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 703. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (a)—

(A) by striking ''and'' after ''economics,''; and

(B) by inserting '', and rural economic, community, and business development'' before the period;

(2) in subsection (b)—

(A) in paragraph (1), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(B) in paragraph (2), by inserting '', or in rural economic, community, and business development'' before the semicolon;

(C) in paragraph (3), by inserting '', or teaching programs emphasizing rural economic, community, and business development'' before the semicolon;

(D) in paragraph (4), by inserting '', or programs emphasizing rural economic, community, and business development,'' after ''programs''; and

(E) in paragraph (5), by inserting ", or professionals in rural economic, community, and business development" before the semicolon;

(3) in subsection (d)—

(A) in paragraph (1), by inserting ", or in rural economic, community, and business development," after "sciences"; and

(B) in paragraph (2), by inserting ", or in the rural economic, community, and business development workforce," after "workforce"; and

(4) in subsection (l), by striking "2002" and inserting "2006".

SEC. 704. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking "2002" and inserting "2006".

SEC. 705. POLICY RESEARCH CENTERS.

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in subsection (c)(3), by striking ''collect and analyze'' and inserting ''collect, analyze, and disseminate''; and

(2) in subsection (d), by striking ''2002'' and inserting ''2006''.

SEC. 706. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 707. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 708. NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 709. ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 710. RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 711. EDUCATION GRANTS PROGRAMS FOR HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 712. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 713. INDIRECT COSTS.

Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''Except'';

(2) by striking ''19 percent'' and inserting ''35 percent (or a lesser negotiated indirect cost rate established for an institution by the cognizant Federal audit agency for the institution)''; and

(3) by adding at the end the following:

''(b) EXCEPTION.—The limitation on indirect costs contained in subsection (a) shall not apply to a grant awarded competitively under section 9 of the Small Business Act (15 U.S.C. 638).''.

SEC. 714. RESEARCH EQUIPMENT GRANTS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1462 (7 U.S.C. 3310) the following:

''SEC. 1462A. RESEARCH EQUIPMENT GRANTS.

''(a) IN GENERAL.—The Secretary may make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of eligible institutions described in subsection (b).

"(b) ELIGIBLE INSTITUTIONS.—The Secretary may make a grant under this section to—

"(1) a college or university; or

"(2) a State cooperative institution.

"(c) MAXIMUM GRANT.—The amount of a grant made to an eligible institution under this section may not exceed $500,000.

"(d) PROHIBITION ON CHARGE OF EQUIPMENT AS INDIRECT COSTS.—The cost of acquisition or depreciation of equipment purchased with a grant under this section shall not be—

"(1) charged as an indirect cost against another Federal grant; or

"(2) included as part of the indirect cost pool for purposes of calculating the indirect cost rate of an eligible institution.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2003 through 2006.".

SEC. 715. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended—

(1) in subsection (a), by striking "$850,000,000 for each of the fiscal years 1991

through 2002'' and inserting ''$1,500,000,000 for each of fiscal years 2002 through 2006''; and

(2) in subsection (b), by striking ''2002'' and inserting ''2006''.

SEC. 716. EXTENSION EDUCATION.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''$420,000,000'' and all that follows and inserting the following: ''$500,000,000 for each of fiscal years 2003 through 2006.''.

SEC. 717. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

Section 1465 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (91 Stat. 1018) is amended to read as follows:

''SEC. 1465. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

''(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts for agricultural research, extension, and education under this Act, there are authorized to be appropriated for agricultural research, education, and extension activities for biosecurity planning and response such sums as are necessary for fiscal years 2003 through 2006.

''(b) USE OF FUNDS.—Using any authority available to the Secretary, the Secretary shall use funds made avail-

able under this section to carry out agricultural research, education, and extension activities necessary—

"(1) to reduce the vulnerability of the United States food and agricultural system to chemical or biological attack;

"(2) to counter any such chemical or biological attack; or

"(3) to respond to any such chemical or biological attack.".

SEC. 718. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1469 (7 U.S.C. 3315) the following:

"SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

"Except as otherwise provided by law, funds made available to the Secretary to carry out a competitive agricultural research, education, or extension grant program under this or any other Act shall be available for obligation for a 2-year period beginning on October 1 of the fiscal year for which the funds are made available.".

SEC. 719. JOINT REQUESTS FOR PROPOSALS.

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

(1) to reduce the duplication of administrative functions relating to grant awards and administra-

tion among Federal agencies conducting similar types of research, education, and extension programs;

(2) to maximize the use of peer review resources in research, education, and extension programs; and

(3) to reduce the burden on potential recipients that may offer similar proposals to receive competitive grants under different Federal programs in overlapping subject areas.

(b) AUTHORITY.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473A (7 U.S.C. 3319a) the following:

"SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.

''(a) IN GENERAL.—In carrying out any competitive agricultural research, education, or extension grant program authorized under this or any other Act, the Secretary may cooperate with 1 or more other Federal agencies (including the National Science Foundation) in issuing joint requests for proposals, awarding grants, and administering grants, for similar or related research, education, or extension projects or activities.

''(b) TRANSFER OF FUNDS.—

"(1) SECRETARY.—The Secretary may transfer funds to, or receive funds from, a cooperating Federal agency for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

"(2) COOPERATING AGENCY.—The cooperating Federal agency may transfer funds to, or receive funds from, the Secretary for the purpose of carrying out the joint request for proposals, making awards, or administering grants.

"(3) LIMITATIONS.—Funds transferred or received under this subsection shall be—

"(A) used only in accordance with the laws authorizing the appropriation of the funds; and

"(B) made available by grant only to recipients that are eligible to receive the grant under the laws.

"(c) ADMINISTRATION.—

"(1) SECRETARY.—The Secretary may delegate authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part, to a cooperating Federal agency.

"(2) COOPERATING FEDERAL AGENCY.—The cooperating Federal agency may delegate to the Secretary authority to issue requests for proposals,

make grant awards, or administer grants, in whole or in part.

''(d) REGULATIONS; RATES.—The Secretary and a cooperating Federal agency may agree to make applicable to recipients of grants—

''(1) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the Secretary; or

''(2) the post-award grant administration regulations and indirect cost rates applicable to recipients of grants from the cooperating Federal agency.

''(e) JOINT PEER REVIEW PANELS.—Subject to section 1413B, the Secretary and a cooperating Federal agency may establish joint peer review panels for the purpose of evaluating grant proposals.''.

SEC. 720. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 721. AQUACULTURE.

Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

SEC. 722. RANGELAND RESEARCH.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''2002'' and inserting ''2006''.

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

SEC. 731. NATIONAL GENETIC RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 732. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended—

(1) by redesignating subsections (e) through (g) as subsections (f) through (h), respectively; and

(2) by inserting after subsection (d) the following:

''(e) GRANT PRIORITY.—In selecting projects for which grants shall be made under this section, the Secretary shall give priority to public and private research or educational institutions and organizations the goals of which include—

''(1) formation of interdisciplinary teams to review or conduct research during the preapproval process for, and answer questions raised by, the re-

lease of new genetically modified agricultural products;

"(2) conduct of studies to answer questions relating to biosafety of genetically modified agricultural products;

"(3) development of an identity preservation system for genetically modified agricultural products based on the International Standards Organization platform; or

"(4) establishment of international partnerships for research and education on biosafety issues, including development of standards to facilitate transboundary movement of plant and animal products of the United States.".

SEC. 733. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(h)) is amended by striking "2002" and inserting "2006".

SEC. 734. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking "2002" and inserting "2006".

SEC. 735. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''and'' at the end;

(B) in paragraph (3), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(4) determining desirable traits for organic commodities using advanced genomics;

''(5) pursuing classical and marker-assisted breeding for publicly held varieties of crops and animals optimized for organic systems; and

''(6) identifying marketing and policy constraints on the expansion of organic agriculture.''; and

(2) in subsection (e), by striking ''2002'' and inserting ''2006''.

SEC. 736. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 737. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking ''2002'' and inserting ''2006''.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

Section 401(b)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)(1)) is amended—

(1) by striking ''IN GENERAL.—'' and inserting ''IN GENERAL.—

''(A) TRANSFERS FOR FISCAL YEARS 1998 THROUGH 2002.—''; and

(2) by inserting at the end the following:

''(B) TRANSFERS FOR FISCAL YEARS 2003 THROUGH 2006.—On October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer $145,000,000 to the Account.''.

SEC. 742. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 743. PRECISION AGRICULTURE.

Section 403(i)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 744. BIOBASED PRODUCTS.

Section 404 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624) is amended—

(1) in subsection (e)(2), by striking ''2001'' and inserting ''2006''; and

(2) in subsection (h), by striking ''2002'' and inserting ''2006''.

SEC. 745. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 746. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) is amended—

(1) by redesignating subsection (e) as subsection (f);

(2) by inserting after subsection (d) the following:

''(e) TERM OF GRANT.—A grant under this section shall have a term of not more than 5 years.''; and

(3) in subsection (f) (as so redesignated), by striking ''2002'' and inserting ''2006''.

SEC. 747. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM.

Section 408 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628) is amended—

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

''(a) RESEARCH GRANTS.—

''(1) IN GENERAL.—To assist health scientists in obtaining a better understanding of foreign and emerging animal diseases and in developing vaccines, diagnostics, and other control measures for animal

diseases, the Secretary may make grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to carry out multi-State research projects that emphasize—

"(A) development and evaluation of rapid diagnostic techniques for animal disease agents considered to be risks for agricultural bioterrorism attack; and

"(B) development of vaccines to prevent animal diseases.

"(2) COLLABORATION.—Research under paragraph (1) shall be conducted in collaboration with scientists from the Department, other Federal agencies, universities, and industry.

"(3) EVALUATION OF DIAGNOSTIC TECHNIQUES AND VACCINES.—Research on an animal disease under paragraph (1) shall include evaluation of diagnostic techniques and vaccines under field conditions in countries in which the animal disease occurs."; and

(2) in subsection (e), by striking "2002" and inserting "2006".

SEC. 748. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C.

7653(f)) is amended by striking ''2002'' and inserting ''2006''.

Subtitle D—Land-Grant Funding

CHAPTER 1—1862 INSTITUTIONS

SEC. 751. CARRYOVER.

Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g) is amended by striking subsection (c) and inserting the following:

''(c) CARRYOVER.—

''(1) IN GENERAL.—The balance of any annual funds provided under this Act to a State agricultural experiment station for a fiscal year that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

''(2) FAILURE TO EXPEND FULL ALLOTMENT.—If any unexpended balance carried over by a State is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the State.''.

SEC. 752. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 7(e) of the Hatch Act of 1887 (7 U.S.C. 361g(e)) is amended by adding at the end the following:

"(5) The technology transfer activities conducted with respect to federally-funded agricultural research.".

SEC. 753. COMPLIANCE WITH MULTISTATE AND INTEGRATION REQUIREMENTS.

(a) MULTISTATE.—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by striking subsection (h) and inserting the following:

"(h) MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—

"(1) DEFINITION OF MULTISTATE ACTIVITY.—In this subsection, the term 'multistate activity' means a cooperative extension activity in which 2 or more States cooperate to resolve problems that concern more than 1 State.

"(2) REQUIREMENT.—

"(A) IN GENERAL.—To receive funding under subsections (b) and (c) for a fiscal year, a State, in the preceding fiscal year, must have expended on multistate activities an amount equivalent to not less than 25 percent of the funds paid to the State under subsections (b) and (c) for the preceding fiscal year.

"(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A),

the Secretary shall include all cooperative extension funds expended by the State in the preceding fiscal year, including Federal, State, and local funds.

''(3) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for multistate activities under paragraph (2) by a State in a case of hardship, infeasibility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

''(4) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 4 a description of the manner in which the State will meet the requirements of this subsection.

''(5) APPLICABILITY.—This subsection does not apply to funds provided—

''(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

''(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.''.

(b) INTEGRATED.—Section 3 of the Hatch Act of 1887 (7 U.S.C. 361c) is amended by striking subsection (i) and inserting the following:

"(i) INTEGRATED RESEARCH AND EXTENSION ACTIVITIES.—

"(1) IN GENERAL.—

"(A) REQUIREMENT.—To receive funding under this Act and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for a fiscal year, a State, in the preceding fiscal year, must have expended on activities that integrate cooperative research and extension (referred to in this section as 'integrated activities') an amount equivalent to not less than 25 percent of the funds paid to the State under this section and subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343) for the preceding fiscal year.

"(B) DETERMINATION OF AMOUNT.—In determining compliance with subparagraph (A), the Secretary shall include all cooperative research and extension funds expended by the State in the prior fiscal year, including Federal, State, and local funds.

"(2) REDUCTION OF PERCENTAGE.—The Secretary may reduce the minimum percentage required to be expended for integrated activities under paragraph (1) by a State in a case of hardship, infeasi-

bility, or other similar circumstances beyond the control of the State, as determined by the Secretary.

"(3) PLAN OF WORK.—The State shall include in the plan of work of the State required under section 7 of this Act and under section 4 of the Smith-Lever Act (7 U.S.C. 344), as applicable, a description of the manner in which the State will meet the requirements of this subsection.

"(4) APPLICABILITY.—This subsection does not apply to funds provided—

"(A) to a 1994 Institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)); or

"(B) to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

"(5) RELATIONSHIP TO OTHER REQUIREMENTS.—Funds described in paragraph (1)(B) that a State uses to calculate the required amount of expenditures for integrated activities under paragraph (1)(A) may also be used in the same fiscal year to calculate the amount of expenditures for multistate activities required under subsection (c)(3) of this section and section 3(h) of the Smith-Lever Act (7 U.S.C. 343(h)).".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

CHAPTER 2—1994 INSTITUTIONS

SEC. 754. EXTENSION AT 1994 INSTITUTIONS.

Section 3(b) of the Smith-Lever Act (7 U.S.C. 343(b)) is amended by striking paragraph (3) and inserting the following:

"(3) EXTENSION AT 1994 INSTITUTIONS.—

"(A) IN GENERAL.—There are authorized to be appropriated for fiscal year 2002 and each subsequent fiscal year, for payment to 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)), such sums as are necessary for the purposes set forth in section 2, to remain available until expended.

"(B) DISTRIBUTION.—Amounts made available under subparagraph (A)—

"(i) shall be distributed on the basis of a formula to be developed and implemented by the Secretary, in consultation with the 1994 Institutions; and

"(ii) may include payments for extension activities carried out during 1 or more fiscal years.

"(C) COOPERATIVE AGREEMENT.—In accordance with such regulations as the Secretary may promulgate, a 1994 Institution may administer funds received under this paragraph through a cooperative agreement with an 1862 Institution or an 1890 Institution (as those terms are defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)).".

SEC. 755. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) TECHNICAL AMENDMENT TO REFLECT NAME CHANGES.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking paragraphs (1) through (30) and inserting the following:

"(1) Bay Mills Community College.

"(2) Blackfeet Community College.

"(3) Cankdeska Cikana Community College.

"(4) College of Menominee Nation.

"(5) Crownpoint Institute of Technology.

"(6) D-Q University.

"(7) Diné College.

"(8) Dull Knife Memorial College.

"(9) Fond du Lac Tribal and Community College.

"(10) Fort Belknap College.

"(11) Fort Berthold Community College.

"(12) Fort Peck Community College.

"(13) Haskell Indian Nations University.

"(14) Institute of American Indian and Alaska Native Culture and Arts Development.

"(15) Lac Courte Oreilles Ojibwa Community College.

"(16) Leech Lake Tribal College.

"(17) Little Big Horn College.

"(18) Little Priest Tribal College.

"(19) Nebraska Indian Community College.

"(20) Northwest Indian College.

"(21) Oglala Lakota College.

"(22) Salish Kootenai College.

"(23) Sinte Gleska University.

"(24) Sisseton Wahpeton Community College.

"(25) Si Tanka/Huron University.

"(26) Sitting Bull College.

"(27) Southwestern Indian Polytechnic Institute.

"(28) Stone Child College.

"(29) Turtle Mountain Community College.

"(30) United Tribes Technical College.

"(31) White Earth Tribal and Community College.".

(b) ACCREDITATION REQUIREMENT FOR RESEARCH GRANTS.—Section 533(a)(3) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "sections 534 and 535" and inserting "sections 534, 535, and 536".

(c) LAND-GRANT STATUS FOR 1994 INSTITUTIONS.—Section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "$4,600,000 for each of fiscal years 1996 through 2002" and inserting "such sums as are necessary for each of fiscal years 2002 through 2006".

(d) CHANGE OF INDIAN STUDENT COUNT FORMULA.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "(as defined in section 390(3) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2397h(3)) for each 1994 Institution for the fiscal year" and inserting "(as defined in section 2(a) of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a)))".

(e) INCREASE IN INSTITUTIONAL PAYMENTS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''$50,000'' and inserting ''$100,000''.

(f) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) in subsection (b)(1), by striking ''2002'' and inserting ''2006''; and

(2) in subsection (c), by striking ''$1,700,000 for each of fiscal years 1996 through 2002'' and inserting ''such sums as are necessary for each of fiscal years 2002 through 2006''.

(g) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''2002'' and inserting ''2006''.

SEC. 756. ELIGIBILITY FOR INTEGRATED GRANTS PROGRAM.

Section 406(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(b)) is amended by inserting ''and 1994 Institutions'' before ''on a competitive basis''.

CHAPTER 3—1890 INSTITUTIONS

SEC. 757. AUTHORIZATION PERCENTAGES FOR RESEARCH AND EXTENSION FORMULA FUNDS.

(a) EXTENSION.—Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended—

(1) by striking the second sentence; and

(2) in the third sentence, by striking ''Beginning'' through ''6 per centum'' and inserting ''Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 15 percent''.

(b) RESEARCH.—Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)) is amended—

(1) by striking ''(a) There'' and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There'';

(2) by striking the second sentence and inserting the following:

''(2) MINIMUM AMOUNT.—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 25 percent of the total appropriations for

the fiscal year under section 3 of the Hatch Act of 1887 (7 U.S.C. 361c).";

(3) by striking "Funds appropriated" and inserting the following:

"(3) USES.—Funds appropriated";

(4) by striking "The eligible" and inserting the following:

"(4) COORDINATION.—The eligible"; and

(5) by striking "No more" and inserting the following:

"(5) CARRYOVER.—No more".

SEC. 758. CARRYOVER.

Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a) (as amended by section 757(b)) is amended by striking paragraph (5) and inserting the following:

"(5) CARRYOVER.—

"(A) IN GENERAL.—The balance of any annual funds provided to an eligible institution for a fiscal year under this section that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

"(B) FAILURE TO EXPEND FULL AMOUNT.—If any unexpended balance carried

over by an eligible institution is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the eligible institution.''.

SEC. 759. REPORTING OF TECHNOLOGY TRANSFER ACTIVITIES.

Section 1445(c)(3) of the National Agriculture Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(c)(3)) is amended by adding at the end the following:

''(F) The technology transfer activities conducted with respect to federally-funded agricultural research.''.

SEC. 760. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''$15,000,000 for each of fiscal years 1996 through 2002'' and inserting ''$25,000,000 for each of fiscal years 2002 through 2006''.

SEC. 761. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking ''2002'' each place it appears in subsections (a)(1) and (f) and inserting ''2006''.

SEC. 762. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended by striking subsections (c) and (d) and inserting the following:

''(c) MATCHING FORMULA.—

''(1) IN GENERAL.—For each of fiscal years 2003 through 2006, the State shall provide matching funds from non-Federal sources.

''(2) AMOUNT.—The amount of the matching funds shall be equal to not less than—

''(A) for fiscal year 2003, 60 percent of the formula funds to be distributed to the eligible institution; and

''(B) for each of fiscal years 2004 through 2006, 110 percent of the amount required under this paragraph for the preceding fiscal year.

"(d) WAIVERS.—Notwithstanding subsection (f), for any of fiscal years 2003 through 2006, the Secretary may waive the matching funds requirement under subsection (c) for any amount above the level of 50 percent for an eligible institution of a State if the Secretary determines that the State will be unlikely to meet the matching requirement.".

CHAPTER 4—LAND-GRANT INSTITUTIONS

Subchapter A—General

SEC. 771. PRIORITY-SETTING PROCESS.

Section 102(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(c)) is amended—

(1) by striking "establish and implement a process for obtaining" and inserting "obtain public"; and

(2) by striking the period at the end and inserting the following: "through a process that reflects transparency and opportunity for input from diverse agricultural crop, geographic, and cultural communities.".

Subchapter B—Land-Grant Institutions in Insular Areas

SEC. 775. DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end the following:

"Subtitle N—Land Grant Institutions in Insular Areas

"SEC. 1484. DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.

''(a) IN GENERAL.—The Secretary may make competitive or noncompetitive grants to State cooperative institutions in insular areas to strengthen the capacity of State cooperative institutions to carry out distance food and agricultural education programs using digital network technologies.

''(b) USE.—Grants made under this section shall be used—

''(1) to acquire the equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure necessary to teach students and teachers about technology in the classroom;

"(2) to develop and provide educational services (including faculty development) to prepare students or faculty seeking a degree or certificate that is approved by the State or a regional accrediting body recognized by the Secretary of Education;

"(3) to provide teacher education, library and media specialist training, and preschool and teacher aid certification to individuals who seek to acquire or enhance technology skills in order to use technology in the classroom or instructional process;

"(4) to implement a joint project to provide education regarding technology in the classroom with a local educational agency, community-based organization, national nonprofit organization, or business, including a minority business or a business located in a HUBZone established under section 31 of the Small Business Act (15 U.S.C. 657a); or

"(5) to provide leadership development to administrators, board members, and faculty of eligible institutions with institutional responsibility for technology education.

"(c) LIMITATION ON USE OF GRANT FUNDS.—Funds provided under this section shall not be used for the planning, acquisition, construction, rehabilitation, or repair of a building or facility.

"(d) ADMINISTRATION OF PROGRAM.—The Secretary may carry out this section in a manner that recognizes the different needs and opportunities for State cooperative institutions in the Atlantic and Pacific Oceans.

"(e) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—The Secretary may establishment a requirement that a State cooperative institution receiving a grant under this section shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the grant.

"(2) WAIVERS.—If the Secretary establishes a matching requirement under paragraph (1), the requirement shall include an option for the Secretary to waive the requirement for an insular area State cooperative institution for any fiscal year if the Secretary determines that the institution will be unlikely to meet the matching requirement for the fiscal year.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $4,000,000 for each of fiscal years 2002 through 2006.".

SEC. 776. MATCHING REQUIREMENTS FOR RESEARCH AND EXTENSION FORMULA FUNDS FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

(a) EXPERIMENT STATIONS.—Section 3(d) of the Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by striking paragraph (4) and inserting the following:

"(4) EXCEPTION FOR INSULAR AREAS.—

"(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

"(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.".

(b) COOPERATIVE AGRICULTURAL EXTENSION.—Section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is

amended by striking paragraph (4) and inserting the following:

"(4) EXCEPTION FOR INSULAR AREAS.—

"(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

"(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.".

SEC. 777. EDUCATION GRANTS FOR PACIFIC ISLANDER SERVING INSTITUTIONS.

Section 759(b) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (7 U.S.C. 3242(b)), is amended—

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

(2) by inserting after the subsection heading the following:

"(1) DEFINITION OF PACIFIC ISLANDER SERVING INSTITUTION.—In this subsection, the term 'Pacific Islander serving institution' includes—

"(A) a land-grant institution in Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands; and

"(B) the College of Micronesia.";

(3) in paragraph (2) (as so redesignated), by striking "Native Hawaiian serving institutions" the second place it appears and inserting "Native Hawaiian serving institutions or Pacific Islander serving institutions; and

(4) in paragraph (3) (as so redesignated)—

(A) by striking "Native Hawaiian serving institutions" each place it appears and inserting "Native Hawaiian serving institutions or Pacific Islander serving institutions"; and

(B) in subparagraph (C), by inserting "and affiliated Pacific insular areas served by Pacific Islander serving institutions" after "United States".

Subtitle E—Other Laws

SEC. 781. CRITICAL AGRICULTURAL MATERIALS.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 782. RESEARCH FACILITIES.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 783. FEDERAL AGRICULTURAL RESEARCH FACILITIES.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking ''2002'' and inserting ''2006''.

SEC. 784. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended in subsection (b)—

(1) in paragraph (2), by striking ''in—'' and all that follows and inserting '', as those needs are determined by the Secretary, in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board, not later than July 1 of each fiscal year for the purposes of the following fiscal year.''; and

(2) in paragraph (10), by striking ''2002'' and inserting ''2006''.

SEC. 785. RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS AND RANCHERS.

Section 524(a)(3) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)(3)) is amended by striking subparagraph (A) and inserting the following:

''(A) AUTHORITY.— The Secretary, acting through the Cooperative State Research, Education, and Extension Service, shall establish a program under which competitive grants are made to qualified public and private entities (including land-grant colleges and universities, cooperative extension services, colleges or universities, and community colleges), as determined by the Secretary, for the purpose of—

''(i) educating producers generally about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, and other risk management strategies; or

"(ii) educating beginning farmers and ranchers—

"(I) in the areas described in clause (i); and

"(II) in risk management strategies, as part of programs that are specifically targeted at beginning farmers and ranchers.".

SEC. 786. AQUACULTURE.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking "2002" each place it appears and inserting "2006".

Subtitle F—New Authorities

SEC. 791. DEFINITIONS.

In this subtitle:

(1) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(2) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

SEC. 792. REGULATORY AND INSPECTION RESEARCH.

(a) DEFINITIONS.—In this section:

(1) INSPECTION OR REGULATORY AGENCY OF THE DEPARTMENT.—The term "inspection or regulatory agency of the Department" includes—

(A) the Animal and Plant Health Inspection Service;

(B) the Food Safety and Inspection Service;

(C) the Grain Inspection, Packers, and Stockyards Administration; and

(D) the Agricultural Marketing Service.

(2) URGENT APPLIED RESEARCH NEEDS.—The term ''urgent, applied research needs'' includes research necessary to carry out—

(A) agricultural marketing programs;

(B) programs to protect the animal and plant resources of the United States; and

(C) educational programs or special studies to improve the safety of the food supply of the United States.

(b) TIMELY, COST-EFFECTIVE RESEARCH.—To meet the urgent applied research needs of inspection or regulatory agencies of the Department, the Secretary—

(1) may use a public or private source; and

(2) shall use the most practicable source to provide timely, cost-effective means of providing the research.

(c) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent any conflict of interest that

may arise if an inspection or regulatory agency of the Department obtains research from any Federal agency the work or technology transfer efforts of which are funded in part by an industry subject to the jurisdiction of the inspection or regulatory agency of the Department.

(d) REGULATIONS.—The Secretary may promulgate such regulations as are necessary to carry out this section.

SEC. 793. EMERGENCY RESEARCH TRANSFER AUTHORITY.

(a) IN GENERAL.—Subject to subsection (b), in addition to any other authority that the Secretary may have to transfer appropriated funds, the Secretary may transfer up to 2 percent of any appropriated funds made available to an office or agency of the Department for a fiscal year for agricultural research, extension, marketing, animal and plant health, nutrition, food safety, nutrition education, or forestry programs to any other appropriation for an office or agency of the Department for emergency research, extension, or education activities needed to address imminent threats to animal and plant health, food safety, or human nutrition, including bioterrorism.

(b) LIMITATIONS.—The Secretary may transfer funds under subsection (a) only—

(1) on a determination by the Secretary that the need is so imminent that the need will not be

timely met by annual, supplemental, or emergency appropriations;

(2) in an aggregate amount that does not exceed $5,000,000 for any fiscal year; and

(3) with the approval of the Director of the Office of Management and Budget.

SEC. 794. REVIEW OF AGRICULTURAL RESEARCH SERVICE.

(a) IN GENERAL.—The Secretary shall conduct a review of the purpose, efficiency, effectiveness, and impact on agricultural research of the Agricultural Research Service.

(b) ADMINISTRATION.—In conducting the review, the Secretary shall use persons outside the Department, including—

(1) Federal scientists;

(2) college and university faculty;

(3) private and nonprofit scientists; or

(4) other persons familiar with the Agricultural Research Service and the role of the Service in conducting agricultural research in the United States.

(c) REPORT.—Not later than September 30, 2004, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the review.

(d) FUNDING.—The Secretary shall use to carry out this section not more than 0.1 percent of the amount of appropriations made available to the Agricultural Research Service for each of fiscal years 2002 through 2004.

SEC. 795. TECHNOLOGY TRANSFER FOR RURAL DEVELOPMENT.

(a) IN GENERAL.—The Secretary, acting through the Rural Business-Cooperative Service and the Agricultural Research Service, shall establish a program to promote the availability of technology transfer opportunities of the Department to rural businesses and residents.

(b) COMPONENTS OF PROGRAM.—The program shall, to the maximum extent practicable, include—

(1) a website featuring information about the program and technology transfer opportunities of the Department;

(2) an annual joint program for State economic development directors and Department rural development directors regarding technology transfer opportunities of the Agricultural Research Service and other offices and agencies of the Department; and

(3) technology transfer opportunity programs at each Agricultural Research Service laboratory, conducted at least biennially, which may include partici-

pation by other local Federal laboratories, as appropriate.

(c) FUNDING.—The Secretary shall use to carry out this section—

(1) amounts made available to the Agricultural Research Service; and

(2) amounts made available to the Rural Business-Cooperative Service for salaries and expenses.

SEC. 796. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

(a) DEFINITION OF BEGINNING FARMER OR RANCHER.—In this section, the term ''beginning farmer or rancher'' means a person that—

(1)(A) has not operated a farm or ranch; or

(B) has operated a farm or ranch for not more than 10 years; and

(2) meets such other criteria as the Secretary may establish.

(b) PROGRAM.—The Secretary shall establish a beginning farmer and rancher development program to foster training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.

(c) GRANTS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall make competitive grants to sup-

port new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers, including programs and services (as appropriate) relating to—

(A) mentoring, apprenticeships, and internships;

(B) resources and referral;

(C) assisting beginning farmers or ranchers in acquiring land from retiring farmers and ranchers;

(D) innovative farm and ranch transfer strategies;

(E) entrepreneurship and business training;

(F) model land leasing contracts;

(G) financial management training;

(H) whole farm planning;

(I) conservation assistance;

(J) risk management education;

(K) diversification and marketing strategies;

(L) curriculum development;

(M) understanding the impact of combination and globalization;

(N) basic livestock and crop farming practices;

(O) the acquisition and management of agricultural credit;

(P) environmental compliance;

(Q) information processing; and

(R) other similar subject areas of use to beginning farmers or ranchers.

(2) ELIGIBILITY.—To be eligible to receive a grant under this subsection, the recipient shall be a collaborative State, local, or regionally-based network or partnership of public or private entities, which may include—

(A) a State cooperative extension service;

(B) a Federal or State agency;

(C) a community-based and nongovernmental organization;

(D) a college or university (including an institution awarding an associate's degree); or

(E) any other appropriate partner, as determined by the Secretary.

(3) TERM OF GRANT.—The term of a grant under this subsection shall not exceed 3 years.

(4) MATCHING REQUIREMENT.—To be eligible to receive a grant under this subsection, a recipient

shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the funds provided by the grant.

(5) SET-ASIDE.—Not less than 25 percent of funds used to carry out this subsection for a fiscal year shall be used to support programs and services that address the needs of limited resource and socially disadvantaged beginning farmers or ranchers.

(6) PROHIBITION.—A grant made under this subsection may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

(d) EDUCATION TEAMS.—

(1) IN GENERAL.—The Secretary shall establish, and develop curricula for, beginning farmer and rancher education teams to conduct educational programs and workshops for beginning farmers or ranchers in diverse geographical areas of the United States.

(2) CURRICULUM.—In developing the curricula for the education teams, the Secretary shall, to the maximum extent practicable, include modules tailored to specific audiences of beginning farmers or ranchers, based on crop or regional diversity.

(3) COMPOSITION.—In establishing an education team for a specific program or workshop, the Secretary shall, to the maximum extent practicable—

(A) obtain the short-term services of specialists with knowledge and expertise in programs serving beginning farmers or ranchers; and

(B) use officers and employees of the Department with direct experience in programs of the Department that may be taught as part of the curriculum for the program or workshop.

(4) COOPERATION.—In carrying out this subsection, the Secretary shall cooperate, to the maximum extent practicable, with—

(A) State cooperative extension services;

(B) Federal and State agencies;

(C) community-based and nongovernmental organizations;

(D) colleges and universities (including community colleges) or research foundations maintained by a college or university; and

(E) other appropriate partners, as determined by the Secretary.

(e) CURRICULUM AND TRAINING CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to beginning farmers or ranchers education curricula and training materials and programs, which may include online courses for direct use by beginning farmers or ranchers.

(f) STAKEHOLDER INPUT.—In carrying out this section, the Secretary shall seek stakeholder input from—

(1) beginning farmers and ranchers; and

(2) national, State, and local organizations and other persons with expertise in operating beginning farmer and rancher programs.

(g) PARTICIPATION BY OTHER FARMERS AND RANCHERS.—Nothing in this section prohibits the Secretary from allowing farmers and ranchers who are not beginning farmers or ranchers from participating in programs authorized under this section to the extent that the Secretary determines that such participation is appropriate and will not detract from the primary purpose of educating beginning farmers and ranchers.

(h) FUNDING.—

(1) FEES AND CONTRIBUTIONS.—

(A) IN GENERAL.—The Secretary may—

(i) charge a fee to cover all or part of the costs of curriculum development and

the delivery of programs or workshops provided by—

(I) a beginning farmer and rancher education team established under subsection (d); or

(II) the online clearinghouse established under subsection (e); and

(ii) notwithstanding chapter 63 of title 31, United States Code, accept contributions from cooperating entities to cover all or part of the costs for the delivery of programs or workshops by the beginning farmer and rancher education teams.

(B) AVAILABILITY.—Fees and contributions received by the Secretary under subparagraph (A) shall—

(i) be deposited in the account that incurred the costs to carry out this section;

(ii) be available to the Secretary without further appropriation;

(iii) remain available until expended; and

(iv) be in addition to any funds made available under paragraph (2).

(2) TRANSFERS.—

(A) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available for 2 years.

(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under subparagraph (A), without further appropriation.

SEC. 797. SENSE OF CONGRESS REGARDING DOUBLING OF FUNDING FOR AGRICULTURAL RESEARCH AND INCREASING CAPACITY FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT HEALTH DISEASES.

(a) DOUBLING OF FUNDING FOR AGRICULTURAL RESEARCH.—It is the sense of Congress that—

(1) Federal funding for food and agricultural research has been essentially constant for 2 decades, putting at risk the scientific base on which food and agricultural advances have been made;

(2) the resulting increase in the relative proportion of private sector, industry investments in food and agricultural research has led to questions about the independence and objectivity of research and outreach conducted by the Federal and university research sectors; and

(3) funding for food and agricultural research should be at least doubled over the next 5 fiscal years—

(A) to restore the balance between public and private sector funding for food and agricultural research; and

(B) to maintain the scientific base on which food and agricultural advances are made.

(b) INCREASING CAPACITY FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT HEALTH DISEASES.—It is the sense of Congress that funding for the Agricultural Research Service, the Animal and Plant Health Inspection Service, and other agencies of the Department of Agriculture with responsibilities for biosecurity should be increased as necessary to improve the capacity of the agencies to conduct research and analysis of, and respond to, bioterrorism and animal and plant diseases.

SEC. 798. RURAL POLICY RESEARCH.

(a) IN GENERAL.—There is established in the Treasury of the United States an account to be known as the ''Rural Research Fund Account'' (referred to in this section as the ''Account'') to provide funds for activities described in subsection (c).

(b) FUNDING.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Account to carry out this section $15,000,000, to remain available for 2 years.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

(c) PURPOSES.—The Secretary shall use the funds in the Account to make competitive research grants for applied and outcome oriented research and policy research and analysis of rural issues relating to—

(1) rural sociology;

(2) effects of demographic change, including aging population, outmigration, and labor resources;

(3) needs of groups of rural citizens, including senior citizens, families, youth, children, and socially disadvantaged individuals;

(4) rural community development;

(5) rural infrastructure, including water and waste, community facilities, telecommunications, electricity, and high-speed broadband services;

(6) rural business development, including credit, venture capital, cooperatives, value-added enterprises, new and alternative markets, farm and rural enterprise formation, and entrepreneurship;

(7) farm management, including strategic planning, business and marketing opportunities, risk management, natural resources and environmental management, organic and sustainable farming systems, and intergenerational transfer strategies;

(8) rural education and extension programs, including methods of delivery, availability of resources, and use of distance learning; and

(9) rural health, including mental health, on-farm safety, and food safety.

(d) REQUIREMENTS.—In making grants under this section, the Secretary shall—

(1) solicit and consider public input from persons who conduct or use agricultural research, ex-

tension, education, or rural development programs; and

(2) ensure that funded proposals will provide high-quality research that may be of use to public policymakers and private entities in making decisions that affect development in rural areas.

(e) ELIGIBLE GRANTEES.—The Secretary may make a grant under this section to—

(1) an individual;

(2) a college or university or a research foundation maintained by a college or university;

(3) a State cooperative institution;

(4) a community college;

(5) a nonprofit organization, institution, or association;

(6) a business association;

(7) an agency of a State, local, or tribal government; or

(8) a regional partnership of public and private agencies.

(f) TERM.—A grant under this section shall have a term that does not exceed 5 years.

(g) MATCHING FUNDS.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may require as a condition of the

grant that the grant funding be matched, in whole or in part, with matching funds from a non-Federal source.

(2) BUSINESS ASSOCIATIONS.—The Secretary shall require that a grant to a business association be matched with equal matching funds from a non-Federal source.

(h) ADMINISTRATIVE COSTS.—The Secretary may use not more than 4 percent of the funds made available for grants under this section to pay administrative costs incurred by the Secretary in carrying out this section.

SEC. 798A. PRIORITY FOR FARMERS AND RANCHERS PARTICIPATING IN CONSERVATION PROGRAMS.

In carrying out new on-farm research or extension programs or projects authorized by this Act or any Act enacted after the date of enactment of this Act, the Secretary of Agriculture shall give priority in carrying out the programs or projects to using farms or ranches of farmers or ranchers that participate in Federal agricultural conservation programs.

SEC. 798B. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

The Secretary shall ensure that segregated data on the production and marketing of organic agricultural

products is included in the ongoing baseline of data collection regarding agricultural production and marketing.

Subtitle G—Administration

SEC. 799. EFFECT OF AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided in this title and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary of Agriculture to carry out a research, extension, or education program for any of the 1996 through 2002 fiscal years under a provision of law in effect immediately before the date of enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect immediately before the date of enactment of this Act.

TITLE VIII—FORESTRY

SEC. 801. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 802. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly known as the McIntire-Stennis Cooperative Forestry Act.

SEC. 803. SUSTAINABLE FORESTRY OUTREACH INITIATIVE; RENEWABLE RESOURCES EXTENSION ACTIVITIES.

(a) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following:

"SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.

''The Secretary shall establish a program, to be known as the 'Sustainable Forestry Outreach Initiative', to educate landowners concerning—

''(1) the value and benefits of practicing sustainable forestry;

''(2) the importance of professional forestry advice in achieving sustainable forestry objectives; and

''(3) the variety of public and private sector resources available to assist the landowners in planning for and practicing sustainable forestry.''.

(b) RENEWABLE RESOURCES EXTENSION ACTIVITIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended in the first sentence by striking ''2002'' and inserting ''2006''.

(2) EFFECTIVE DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking ''2000'' and inserting ''2006''.

SEC. 804. FORESTRY INCENTIVES PROGRAM.

Section 4(j) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103(j)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 805. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5 (16 U.S.C. 2103a) the following:

''SEC. 5A. SUSTAINABLE FORESTRY COOPERATIVE PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) FORESTRY COOPERATIVE.—The term 'forestry cooperative' means an association that is—

''(A) owned and operated by nonindustrial private forest landowners; and

''(B) comprised of members—

"(i) of which at least 50 percent are farmers or ranchers; and

"(ii) that use sustainable harvesting practices on private forest land to create a long-term, sustainable income stream.

"(2) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

"(b) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'sustainable forestry cooperative program', under which the Secretary shall provide, to nonprofit organizations on a competitive basis, grants to establish, and support sustainable harvesting practices carried out by members of, forestry cooperatives.

"(c) USE OF FUNDS.—

"(1) IN GENERAL.—Subject to paragraph (2), funds from a grant provided under this section shall be used for—

"(A) predevelopment, development, start-up, capital acquisition, and marketing costs associated with a forestry cooperative; or

"(B) the development or support of a sustainable forestry practice of a member of a forestry cooperative.

"(2) CONDITIONS.—

"(A) DEVELOPMENT.—The Secretary shall provide funds under paragraph (1)(A) for the development of a new forestry cooperative only to a nonprofit organization with demonstrated expertise in cooperative development, as determined by the Secretary.

"(B) COMPLIANCE WITH PLAN.—A sustainable forestry practice developed or supported through the use of funds from a grant under this section shall comply with any applicable standards for sustainable forestry described in a comprehensive forest management plan (as defined in section 6(b)(4)) approved by the State forester (or equivalent State official).

"(d) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $2,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.".

SEC. 806. SUSTAINABLE FOREST MANAGEMENT PROGRAM.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 6 (16 U.S.C. 2103b) the following:

"SEC. 6A. SUSTAINABLE FOREST MANAGEMENT PROGRAM.

"(a) FINDINGS AND PURPOSES.—

"(1) FINDINGS.—Congress finds that—

"(A) the United States is becoming increasingly dependent on nonindustrial private forest land to supply necessary market commodities and nonmarket conservation values;

"(B) there is a strong demand for expanded assistance programs for owners of nonindustrial private forest land because the majority of the wood supply of the United States comes from nonindustrial private forest land;

"(C) soil, water, and air quality, fish and wildlife habitat, aesthetic values, and opportunities for outdoor recreation in the United States would be maintained and improved through

good stewardship of nonindustrial private forest land;

''(D) the products and services resulting from stewardship of nonindustrial private forest land contribute to the economic, social, and ecological health and diversity of rural communities;

''(E) catastrophic wildfires threaten human lives, property, forests, and other resources;

''(F) Federal and State cooperation in forest fire prevention and control has proven effective and valuable because properly managed forest stands are less susceptible to catastrophic fire, as demonstrated by the catastrophic fire seasons of 1998 and 2000;

''(G) owners of private nonindustrial forest land face increased pressure to make that land available for development and other uses, resulting in forest land loss and fragmentation that reduces the ability of private forest land to provide a full range of societal benefits;

''(H)(i) complex, long-rotation forest investments, including sustainable hardwood management are often the most difficult commit-

ments for owners of nonindustrial private forest land; and

"(ii) such investments on nonindustrial private forest land should receive consideration equal to that given to owners with other management objectives for nonindustrial private forest land under cost-share programs;

"(I) the investment of a single Federal dollar in State and private forestry programs is estimated to leverage, on the average, $9 from State, local, and private sources; and

"(J) comprehensive, multiresource planning assistance made available to each landowner before the provision of technical assistance would provide an opportunity to ensure that the landowner is aware of the many projects and activities eligible for cost-share assistance.

"(2) PURPOSES.—The purposes of this section are—

"(A) to strengthen the commitment of the Secretary to sustainable forest management to enhance the productivity of timber, fish and wildlife habitat, soil and water quality, wetland,

recreational resources, and aesthetic values of forest land; and

"(B) to establish a coordinated and cooperative Federal, State, and local sustainable forestry program for the establishment, management, maintenance, enhancement, and restoration of forests on nonindustrial private forest land.

"(b) DEFINITIONS.—In this section:

"(1) COMMITTEE.—The term 'Committee' means a State Forest Stewardship Coordinating Committee.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) INITIATIVE.—The term 'initiative' means the Sustainable Forest Management Program established under subsection (c)(1).

"(4) MANAGEMENT PLAN.—The term 'management plan' means a comprehensive stewardship or forest management plan submitted under section 5(f)(1).

"(5) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land'

has the meaning given the term 'nonindustrial private forest lands' in section 5(c).

"(6) OWNER.—The term 'owner' means an owner of nonindustrial private forest land.

"(7) STATE FORESTER.—The term 'State forester' means the director or other head of a State forestry agency (or an equivalent State official).

"(c) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a sustainable forest management program to—

"(A) provide financial assistance to State foresters; and

"(B) encourage the long-term sustainability of nonindustrial private forest land in the United States by assisting the owners of nonindustrial private forest land in more actively managing the nonindustrial private forest land and related resources of those owners through the use of State, Federal, and private sector resource management expertise, financial assistance, and educational programs.

"(2) COORDINATION.—The Secretary, through the State foresters, shall implement the initiative—

"(A) in coordination with the Committees; and

"(B) in consultation with—

"(i) other Federal, State, and local natural resource management agencies;

"(ii) institutions of higher education; and

"(iii) a full range of private sector interests.

"(d) STATE PRIORITY PLAN.—

"(1) IN GENERAL.—As a condition of receipt of funding under the initiative, a State Forester and the Committee of the State shall jointly develop and submit to the Secretary a 5-year plan that describes the funding priorities of the State in meeting the goals of the initiative.

"(2) PUBLIC PARTICIPATION.—The plan submitted to the Secretary under paragraph (1) shall include documentation of the efforts of the State to provide for public participation in the development of the plan.

"(e) OBJECTIVES.—The Secretary shall allocate resources of the Secretary among States in accordance with subsection (k) to ensure, in accordance with the plan of each State described in subsection (d)—

"(1) the investment in practices to establish, restore, protect, manage, maintain, and enhance the

health and productivity of the nonindustrial private forest land in the United States;

''(2) the occurrence of afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices as needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to—

''(A) meet projected public demand for forest resources; and

''(B) provide environmental benefits;

''(3) the protection of riparian buffers and forest wetland;

''(4) the maintenance and enhancement of fish and wildlife habitat;

''(5) the enhancement of soil, air, and water quality;

''(6) through the use of agroforestry practices, the reduction of soil erosion and maintenance of soil quality;

''(7) the maintenance and enhancement of the forest landbase;

''(8) the reduction of the threat of catastrophic wildfires; and

"(9) the preservation of aesthetic quality and opportunities for outdoor recreation.

"(f) ELIGIBILITY.—

"(1) COST SHARE ASSISTANCE.—

"(A) IN GENERAL.—Except as provided in paragraph (2), an owner shall be eligible to receive cost-share assistance from a State forester under the initiative if the owner—

"(i) develops a management plan in accordance with subsection (g) that—

"(I) addresses site-specific activities and practices; and

"(II) is approved by the State forester;

"(ii) agrees to implement approved activities in accordance with a management plan for a period of not less than 10 years, unless the State forester approves a modification to the management plan; and

"(iii) except as provided in subparagraph (B), owns not more than 1,000 acres of nonindustrial private forest land.

"(B) EXCEPTION FOR SIGNIFICANT PUBLIC BENEFITS.—The Secretary may approve the provision of cost-share assistance to an

owner that owns more than 1,000 but less than 5,000 acres of nonindustrial private forest land if the Secretary, in consultation with the appropriate Committee, determines that significant public benefits will accrue as a result of the approval.

"(2) PAYMENT FOR PLAN DEVELOPMENT.—The Secretary, through a State forester, may provide cost-share assistance to an owner to develop a management plan.

"(3) LIMITATIONS.—An owner shall receive no cost-share assistance for management of nonindustrial private forest land under this section if the owner receives cost-share assistance for that land under—

"(A) the forestry incentives program under section 4; or

"(B) the stewardship incentives program under section 6.

"(4) RATE; SCHEDULE.—The Secretary shall determine the rate and timing of cost-share payments.

"(5) AMOUNT.—

"(A) PERCENTAGE OF COST.—Subject to subparagraph (B), a cost-share payment shall not exceed the lesser of an amount equal to—

"(i) 75 percent of the total cost of implementing the project or activity; or

"(ii) such lesser percentage of the total cost of implementing the project or activity as is determined by the appropriate State forester.

"(B) AGGREGATE PAYMENT LIMIT.—The Secretary shall determine the maximum aggregate amount of cost-share payments that an owner may receive under this section.

"(6) STATE PRIORITIES.—The Secretary, in consultation with the appropriate State forester and Committee, and in consultation with a professional resource manager, may establish State priorities for cost sharing under the initiative that, consistent with the objectives of the initiative, will promote the forest management objectives of the State.

"(g) MANAGEMENT PLAN.—An owner that seeks to enroll nonindustrial private forest land in the initiative shall—

"(1) submit to the State forester a management plan that—

"(A) meets the requirements of this section; and

"(B)(i) is prepared by a professional resource manager;

"(ii) identifies and describes projects and activities to be carried out by the owner to protect soil, water, air, range, and aesthetic quality, recreation, timber, water, wetland, and fish and wildlife resources on the land in a manner that is compatible with the objectives of the owner;

"(iii) addresses any criteria established by the applicable State and the applicable Committee; and

"(iv)(I) at a minimum, applies to the portion of the land on which any project or activity funded under the initiative will be carried out; or

"(II) in a case in which a project or activity described in subclause (I) may affect acreage outside the portion of the land on which the project or activity is carried out, applies to all land of the owner that is in forest cover and that may potentially be affected by the project or activity; and

"(2) agree that all projects and activities conducted on the land shall be consistent with the management plan.

"(h) APPROVED ACTIVITIES.—

"(1) IN GENERAL.—The Secretary, in consultation with the State forester and the appropriate Committee, shall develop for each State a list of approved forest activities and practices eligible for cost-share assistance under the initiative.

"(2) TYPES OF ACTIVITIES.—Approved activities and practices under paragraph (1) shall consist of activities and practices to establish, restore, manage, maintain, and enhance forests and trees through—

"(A) the establishment, management, maintenance, and restoration of forests for shelterbelts, windbreaks, aesthetic quality, and other conservation purposes;

"(B) the sustainable growth and management of forests for timber production;

"(C) the restoration, use, and enhancement of forest wetland and riparian areas;

"(D) the protection of water quality and watersheds through—

"(i) the planting of trees in riparian areas; and

"(ii) the enhanced management and maintenance of native vegetation on land vital to water quality;

"(E) the preservation, restoration, or development of habitat for plants, fish, and wildlife;

"(F)(i) the control, detection, monitoring, and prevention of the spread of invasive species and pests on nonindustrial private forest land; and

"(ii) the provision of resources for the restoration of nonindustrial private forest land affected by invasive species and pests;

"(G) the restoration of natural forests;

"(H) the conduct of other management activities, such as the reduction of hazardous fuel use, that reduce the risks to forests posed by, and that restore, recover, and mitigate the damage to forests caused by, fire;

"(I) the development of management plans;

"(J) the acquisition of permanent easements to maintain natural forest cover and protect important forest values; and

"(K) the conduct of other activities approved by the Secretary, in consultation with the State forester and the appropriate Committees.

"(i) FAILURE TO COMPLY.—

"(1) IN GENERAL.—The Secretary shall establish a procedure to recoup cost-share payments made to an owner under this section in any case in which the owner fails to implement a project or activity in accordance with the management plan.

"(2) ADDITIONAL AUTHORITY.—The authority under paragraph (1) is in addition to any other authority available to the Secretary.

"(j) REPORTS.—

"(1) INTERIM REPORT.—Not later than 2 years and 180 days after the date of implementation of a State priority plan under subsection (d), the State implementing the plan shall submit to the Secretary an interim report describing the status of projects and activities funded under the plan as of that date.

"(2) FINAL REPORT.—Not later than 5 years after the date of implementation of a State priority

plan under subsection (d), the State implementing the plan shall submit to the Secretary a final report describing the status of all projects and activities funded under the plan as of that date.

"(k) DISTRIBUTION.—The Secretary, through the State foresters, shall distribute funds available for cost sharing under the initiative only after—

"(1) assessing public benefits that would result from the distribution; and

"(2) considering—

"(A) the total acreage of nonindustrial private forest land in each State (considering the objectives of the initiative as described in subsection (e));

"(B) the potential productivity of that land;

"(C) the number of owners eligible for cost sharing in each State;

"(D) the opportunities to enhance nontimber resources on that land, including—

"(i) the protection of riparian buffers and forest wetland;

"(ii) the preservation of fish and wildlife habitat;

"(iii) the enhancement of soil, air, and water quality; and

"(iv) the preservation of aesthetic quality and opportunities for outdoor recreation;

"(E) the anticipated demand for timber and nontimber resources in each State;

"(F) the need to improve forest health to minimize the damaging effects of catastrophic fire, insects, disease, or weather;

"(G) the need and demand for agroforestry practices in each State;

"(H) the need to maintain and enhance the forest landbase; and

"(I) the need for afforestation, reforestation, and timber stand improvement.

"(l) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $48,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.".

SEC. 807. ENHANCED COMMUNITY FIRE PROTECTION.

(a) FINDINGS.—Congress finds that—

(1) the severity and intensity of wildfires have increased dramatically over the past few decades as a result of past fire and land management policies;

(2) the record 2000 fire season is a prime example of what can be expected if action is not taken to reduce the risk of catastrophic wildfires;

(3) wildfires threaten not only the forested resources of the United States, but also the thousands of communities intermingled with wildland in the wildland-urban interface;

(4) wetland forests provide essential ecological services, such as filtering pollutants, buffering important rivers and estuaries, and minimizing flooding, that make the protection and restoration of those forests worthy of special focus;

(5) the National Fire Plan, if implemented to achieve appropriate priorities, is the proper, coordinated, and most effective means to address the issue of wildfires;

(6) while adequate authorities exist to address the problem of wildfires at the landscape level on Federal land, there is limited authority to take action on most private land where the largest threat to life and property lies; and

(7) there is a significant Federal interest in enhancing the protection of communities from wildfire.

(b) ENHANCED PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following:

"SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.

''(a) COOPERATIVE MANAGEMENT RELATING TO WILDFIRE THREATS.—Notwithstanding the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2201 et seq.), the Secretary may cooperate with State foresters and equivalent State officials to—

''(1) assist in the prevention, control, suppression, and prescribed use of fires (including through the provision of financial, technical, and related assistance);

''(2) protect communities from wildfire threats;

''(3) enhance the growth and maintenance of trees and forests in a manner that promotes overall forest health; and

"(4) ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

"(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a program to be known as the 'Community and Private Land Fire Assistance Program' (referred to in this section as the 'Program')—

"(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;

"(B) to provide increased assistance to Federal projects that establish landscape level protection from wildfires;

"(C) to expand outreach and education programs concerning fire prevention to homeowners and communities; and

"(D) to establish defensible space against wildfires around the homes and property of private landowners.

"(2) ADMINISTRATION AND IMPLEMENTATION.—The Program shall be administered by the

Secretary and carried out through the State forester or equivalent State official.

"(3) COMPONENTS.—Notwithstanding any other provision of law, the Secretary may carry out under the Program, on National Forest System land and non-Federal land determined by the Secretary in consultation with State foresters and Committees—

"(A) fuel hazard mitigation and prevention;

"(B) invasive species management;

"(C) multiresource wildfire and community protection planning for traditionally non-commercial wood;

"(D) community and landowner education enterprises, including the program known as 'FIREWISE';

"(E) market development and expansion;

"(F) improved use of wood; and

"(G) restoration projects.

"(4) CONSIDERATIONS.—Notwithstanding the Competition in Contracting Act of 1984 (10 U.S.C. 2340 note; 98 Stat. 1175) or any other applicable law, in carrying out projects under the Program, the

Secretary shall contract with local persons or entities to the maximum extent practicable.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $35,000,000 for each of fiscal years 2002 through 2006.".

SEC. 808. WATERSHED FORESTRY ASSISTANCE PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) there has been a dramatic shift in public attitudes and perceptions about forest management, particularly in the understanding and practice of sustainable forest management;

(2) it is commonly recognized that proper stewardship of forest land is essential to—

(A) sustain and restore watershed health;

(B) produce clean water; and

(C) maintain healthy aquatic systems;

(3) forests are increasingly important to the protection and sustainability of drinking water supplies for more than 1/2 of the population of the United States;

(4) forest loss and fragmentation in urbanizing areas are contributing to flooding, degradation of urban stream habitat and water quality, and public health concerns;

(5) scientific evidence and public awareness with respect to the manner in which forest management can positively affect water quality and quantity, and the manner in which trees, forests, and forestry practices (such as forest buffers) can serve as solutions to water quality problems in rural and urban areas, are increasing;

(6) the application of forestry best management practices developed at the State level has been found to greatly facilitate the achievement of water quality goals;

(7) significant efforts are underway to revisit and make improvements on needed forestry best management practices;

(8) according to a report #FS-660 of the Forest Service entitled ''Water and the Forest Service'', forests are a requirement for maintenance of clean water because—

(A) approximately 66 percent of the freshwater resources of the United States originate on forests; and

(B) forests cover approximately 1/3 of the land area of the United States;

(8) because almost 500,000,000 acres, or approximately 2/3, of the forest land of the United

States is owned by non-Federal entities, a significant burden is placed on private forest landowners to provide or maintain the clean water needed by the public for drinking, swimming, fishing, and a number of other water uses;

(9) because the decisions made by individual landowners and communities will affect the ability to maintain the health of rural and urban watersheds in the future, there is a need to integrate forest management, conservation, restoration, and stewardship in watershed management;

(10) although water management is the primary responsibility of States, the Federal Government has a responsibility to promote and encourage the ability of States and private forest landowners to sustain the delivery of clean, abundant water from forest land;

(11) as of the date of enactment of this Act, the availability of Federal assistance to support forest landowners to achieve the water goals identified in many Federal laws (including regulations) is lacking; and

(12) increased research for, education for, and technical and financial assistance provided to, forest landowners and communities that relate to the pro-

tection of watersheds and improvement of water quality, are needed to realize the expectations of the general public for clean water and healthy aquatic systems.

(b) PURPOSES.—The purposes of this section are to—

(1) improve the understanding of landowners and the public with respect to the relationship between water quality and forest management;

(2) encourage landowners to maintain tree cover and use tree plantings and vegetative treatments as creative solutions to water quality and quantity problems associated with varying land uses;

(3) enhance and complement source water protection in watersheds that provide drinking water for municipalities;

(4) establish new partnerships and collaborative watershed approaches to forest management, stewardship, and protection; and

(5) provide technical and financial assistance to States to deliver a coordinated program that through the provision of technical, financial, and educational assistance to qualified individuals and entities—

(A) enhances State forestry best management practices programs; and

(B) protects and improves water quality on forest land.

(c) PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 5A (as added by section 805) the following:

"SEC. 5B. WATERSHED FORESTRY ASSISTANCE PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a watershed forestry assistance program (referred to in this section as the 'program') to provide to States, through State foresters (as defined in section 6A), technical, financial, and related assistance to—

"(1) expand forest stewardship capacities and activities through State forestry best management practices and other means at the State level; and

"(2) prevent water quality degradation, and address watershed issues, on non-Federal forest land.

"(b) WATERSHED FORESTRY EDUCATION, TECHNICAL ASSISTANCE, AND PLANNING.—

"(1) PLAN.—

"(A) IN GENERAL.—In carrying out the program, the Secretary shall cooperate with State foresters to develop a plan, to be administered by the Secretary and implemented by State foresters, to provide technical assistance

to assist States in preventing and mitigating water quality degradation.

"(B) PARTICIPATION.—In developing the plan under subparagraph (A), the Secretary shall encourage participation of interested members of the public (including nonprofit private organizations and local watershed councils).

"(2) COMPONENTS.—The plan described in paragraph (1) shall include provisions to—

"(A) build and strengthen watershed partnerships focusing on forest land at the national, State, regional, and local levels;

"(B) provide State forestry best management practices and water quality technical assistance directly to private landowners;

"(C) provide technical guidance relating to water quality management through forest management in degraded watersheds to land managers and policymakers;

"(D)(i) complement State nonpoint source assessment and management plans established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

"(ii) provide enhanced opportunities for coordination and cooperation among Federal and

State agencies having responsibility for water and watershed management under that Act; and

"(E) provide enhanced forest resource data and support for improved implementation of State forestry best management practices, including—

"(i) designing and conducting effectiveness and implementation studies; and

"(ii) meeting in-State water quality assessment needs, such as the development of water quality models that correlate the management of forest land to water quality measures and standards.

"(c) WATERSHED FORESTRY COST-SHARE PROGRAM.—

"(1) ESTABLISHMENT.—In carrying out the program, the Secretary shall establish a watershed forestry cost-share program, to be administered by the Secretary and implemented by State foresters, to provide grants and other assistance for eligible programs and projects described in paragraph (2).

"(2) ELIGIBLE PROGRAMS AND PROJECTS.—A State forestry best management practices program or a watershed forestry project may receive a grant

or assistance under this subsection if the program or project, as determined by the Secretary—

"(A) is consistent with—

"(i) State nonpoint source assessment and management plan objectives established under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329); and

"(ii) the cost-share requirements of this section; and

"(B) is designed to address critical forest stewardship, watershed protection, and restoration needs of a State through—

"(i) the use of trees and forests as solutions to water quality problems in urban and agricultural areas;

"(ii) community-based planning, involvement, and action through State, local and nonprofit partnerships;

"(iii) the application of and dissemination of information on forestry best management practices relating to water quality;

"(iv) watershed-scale forest management activities and conservation planning; and

"(v) the restoration of wetland and stream side forests and establishment of riparian vegetative buffers.

"(3) ALLOCATION.—

"(A) IN GENERAL.—After taking into consideration the criteria described in subparagraph (B), the Secretary shall allocate among States, for award by State foresters under paragraph (4), the amounts made available to carry out this subsection.

"(B) CRITERIA.—The criteria referred to in subparagraph (A) are—

"(i) the number of acres of forest land, and land that could be converted to forest land, in each State;

"(ii) the nonpoint source assessment and management plans of each State, as developed under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329);

"(iii) the acres of wetland forests that have been lost or degraded or cases in

which forests may play a role in restoring wetland resources;

"(iv) the number of non-Federal forest landowners in each State; and

"(v) the extent to which the priorities of States are designed to achieve a reasonable range of the purposes of the program and, as a result, contribute to the water-related goals of the United States.

"(4) AWARD OF GRANTS AND ASSISTANCE.—

"(A) IN GENERAL.—In implementing the program under this subsection, the State forester, in coordination with the State Coordinating Committee established under section 19(b), shall provide annual cost-share assistance to communities, nonprofit groups, and landowners to carry out eligible programs and projects described in paragraph (2).

"(B) APPLICATION.—A community, nonprofit group, or landowner that seeks to receive cost-share assistance under this subsection shall submit to the Secretary an application, in such form and containing such information as the Secretary may prescribe, for the assistance.

"(C) PRIORITIZATION.—In awarding cost-share assistance under this subsection, the Secretary shall give priority to eligible programs and projects that are identified by the State foresters and the State Stewardship Committees as having a greater need for assistance.

"(D) AWARD.—On approval by the Secretary of an application under subparagraph (B), the State forester shall award to the applicant, from funds allocated to the State under paragraph (3), such amount of cost-share assistance as is requested in the application.

"(5) COST SHARING.—

"(A) FEDERAL SHARE.—The Federal share of the cost of carrying out any eligible program or project under this subsection shall not exceed 75 percent, of which not more than 50 percent may be in the form of assistance provided under this subsection.

"(B) NON-FEDERAL SHARE.—The non-Federal share of the cost of carrying out any eligible program or project under this subsection may be provided in the form of cash, services, or in-kind contributions.

"(d) WATERSHED FORESTER.—In carrying out the program, the Secretary shall provide to each State financial and technical assistance to establish and fill a position of 'Watershed Forester' to lead State-wide programs and coordinate watershed-level projects.

"(e) FUNDING.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2002 through 2006.

"(2) ALLOCATION.—Of the funds made available under paragraph (1)—

"(A) 75 percent shall be used to carry out subsection (c); and

"(B) 25 percent shall be used to carry out provisions of this section other than subsection (c).".

SEC. 809. GENERAL PROVISIONS.

Section 13 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2109) is amended by striking subsection (f) and inserting the following:

"(f) GRANTS, CONTRACTS, AND OTHER AGREEMENTS.—

"(1) IN GENERAL.—In accordance with paragraph (2), the Secretary may make such grants and enter into such contracts, agreements, or other ar-

rangements as the Secretary determines are necessary to carry out this Act.

"(2) ASSISTANCE.—Notwithstanding any other provision of this Act, the Secretary, with the concurrence of the applicable State forester or equivalent State official, may provide assistance under this Act directly to any public or private entity, organization, or individual—

"(A) through a grant; or

"(B) by entering into a contract or cooperative agreement.".

SEC. 810. STATE FOREST STEWARDSHIP COORDINATING COMMITTEES.

Section 19(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)) is amended—

(1) in paragraph (1)(B)(i), by inserting "United States Fish and Wildlife Service," before "Forest Service"; and

(2) in paragraph (2)—

(A) in subparagraph (C), by striking "and" at the end;

(B) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(E) submit to the Secretary, the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, an annual report that describes—

"(i) the list of members on the Committee described in paragraph (1)(B); and

"(ii) for those members that may be included on the Committee, but are not included because a determination that it is not practicable to include the members has been made, an explanation of the reasons for that determination.".

TITLE IX—ENERGY

SEC. 901. FINDINGS.

Congress finds that—

(1) there are many opportunities for the agricultural sector and rural areas to produce renewable energy and increase energy efficiency;

(2) investments in renewable energy and energy efficiency—

(A) enhance the energy security and independence of the United States;

(B) increase farmer and rancher income;

(C) promote rural economic development;

(D) provide environmental and public health benefits such as cleaner air and water; and

(E) improve electricity grid reliability, thereby reducing the likelihood of blackouts and brownouts, particularly during peak usage periods;

(3) the public strongly supports renewable energy generation and energy efficiency improvements as an important component of a national energy strategy;

(4)(A) the Federal Government is the country's largest consumer of a vast array of products, spending in excess of $200,000,000,000 per year;

(B) purchases and use of products by the Federal Government leave a significant mark on the environment; and

(C) accordingly, the Federal Government should lead the way in purchasing biobased products so as to minimize environmental impacts while supporting domestic producers of biobased products;

(5) the agricultural sector is a leading producer of biobased products to meet domestic and international needs;

(6) agriculture can play a significant role in the development of fuel cell and hydrogen-based energy technologies, which are critical technologies for a clean energy future;

(7)(A) wind energy is 1 of the fastest growing clean energy technologies; and

(B) there are tremendous economic development and environmental quality benefits to be achieved by developing both large-scale and small-scale wind power projects on farms and in rural communities;

(8) farm-based renewable energy generation can become one of America's major ''cash crops'', improving the livelihoods of hundreds of thousands of family farmers and others and revitalizing rural communities;

(9)(A) evidence continues to mount that increases in atmospheric concentrations of greenhouse gases are contributing to global climate change; and

(B) agriculture can help in climate change mitigation by—

(i) storing carbon in soils, plants, and forests;

(ii) producing biofuels, chemicals, and power to replace fossil fuels and petroleum-based products; and

(iii) reducing emissions by capturing gases from animal feeding operations, changing agricultural land practices, and becoming more energy efficient;

(10) because agricultural production is energy-intensive, it is incumbent on the Federal Government to aid the agricultural sector in reducing energy consumption and energy costs;

(11)(A) one way to help farmers and others reduce energy use is through professional energy audits;

(B) energy audits provide recommendations for improved energy efficiency that, when acted on, offer an effective means of reducing overall energy use and saving money; and

(C) energy savings of 10 to 30 percent can typically be achieved, and greater savings are often realized;

(12) rural electric utilities are often geographically well situated to develop renewable and distributed energy supplies, enabling the utilities to diversify their energy portfolios and afford their members or customers alternative energy sources, which many such members and customers desire;

(13) fuel cells are a highly efficient, clean, and flexible technology for generating electricity from hydrogen that promises to improve the environment, electricity reliability, and energy security;

(14)(A) because fuel cells can be made in any size, fuel cells can be used for a wide variety of farm applications, including powering farm vehicles, equipment, houses, and other operations; and

(B) much of the initial use of fuel cells is likely to be in remote and off-grid applications in rural areas; and

(15) hydrogen is a clean and flexible fuel that can play a critical role in storing and transporting energy produced on farms from renewable sources (including biomass, wind, and solar energy).

SEC. 902. CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT.

The Consolidated Farm and Rural Development Act (as amended by section 642) is amended by adding at the end the following:

"Subtitle L—Clean Energy

"SEC. 388A. DEFINITIONS.

In this subtitle:

''(1) BIOMASS.—The term 'biomass' means—

"(A) any organic material from a plant that is planted exclusively for the purpose of being used to produce a biobased product; and

"(B) any solid nonhazardous cellulosic waste material that—

"(i) is segregated from other waste material; and

"(ii) is derived from—

"(I) forest-related mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber;

"(II) animal waste;

"(III) urban sources, including waste pallets, crates, dunnage, manufacturing and construction wood waste, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage), or paper that is commonly recycled; or

"(IV) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

"(2) RENEWABLE ENERGY.—The term 'renewable energy' means energy derived from a wind, solar, biomass, geothermal, or hydrogen source.

"(3) RURAL SMALL BUSINESS.—The term 'rural small business' has the meaning that the Secretary shall prescribe by regulation.

"CHAPTER 1—BIOBASED PRODUCT DEVELOPMENT

"SEC. 388B. BIOBASED PRODUCT PURCHASING REQUIREMENT.

"(a) DEFINITIONS.—In this section:

"(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) BIOBASED PRODUCT.—The term 'biobased product' means a commercial or industrial product (other than food or feed) that utilizes biological products or renewable domestic agricultural (plant, animal, and marine) or forestry materials.

"(3) ENVIRONMENTALLY PREFERABLE.—The term 'environmentally preferable', with respect to a product, refers to a product that has a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose.

"(b) BIOBASED PRODUCT PURCHASING.—

"(1) MANDATORY PURCHASING REQUIREMENT FOR LISTED BIOBASED PRODUCTS.—

"(A) IN GENERAL.—Not later than the date that is 180 days after the date of enactment of this subtitle, the head of each Federal agency shall ensure that, except as provided in subparagraph (B), in purchasing any product, the Federal agency purchases a biobased product, rather than a comparable nonbiobased product, if the biobased product is listed on the list of biobased products published under subsection (c)(1).

"(B) BIOBASED PRODUCT NOT REASONABLY COMPARABLE.—A Federal agency shall not be required to purchase a biobased product under subparagraph (A) if the purchasing procurement officer submits to the Secretary and the Office of Federal Procurement Policy a written determination that the biobased product is not reasonably comparable to nonbiobased products in price, performance, or availability.

"(C) CONFLICTING REQUIREMENTS.—The Secretary and the Administrator shall jointly promulgate regulations under which Federal

agencies shall comply in cases of a conflict between the biobased product purchasing requirement under subparagraph (A) and the recovered material purchasing requirement under section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962).

"(2) PURCHASING OF NONLISTED BIOBASED PRODUCTS.—The head of each Federal agency shall encourage, to the maximum extent practicable, when not required to purchase a biobased product that is listed on the list of biobased products published under subsection (c)(1), that the agency purchases available biobased products that are not listed on the list.

"(c) ADMINISTRATIVE ACTION.—

"(1) LIST OF BIOBASED PRODUCTS.—

"(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subtitle, and annually thereafter, the Secretary, in consultation with the Administrator and the National Institute of Standards and Technology, shall publish a list of biobased products.

"(B) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—To the maximum extent practicable, the Secretary shall include on the

list under paragraph (1) biobased products that are environmentally preferable.

"(C) GRANTS.—The Secretary may make grants to eligible (as determined by the Secretary) persons, businesses, or institutions to assist in collecting data concerning the evaluation of and lifecycle analyses of biobased products for use in making the determinations necessary to carry out paragraph (1).

"(2) GUIDANCE.—Not later than 240 days after the date of enactment of this subtitle, the Office of Federal Procurement Policy and FAR Council shall amend the Federal Acquisition Regulation to include guidance on the requirement under subsection (b).

"(d) EDUCATION AND OUTREACH PROGRAM.—The Secretary, in cooperation with the Defense Acquisition University and the Federal Acquisition Institute, shall conduct education programs for all Federal procurement officers regarding the availability and efficacy of biobased products and the requirement of subsection (b).

"(e) LABELING.—

"(1) IN GENERAL.—The Secretary shall develop a program, similar to the Energy Star program of the Department of Energy and the Environmental

Protection Agency, under which the Secretary authorizes producers of environmentally preferable biobased products to use a label that identifies the products as environmentally preferable biobased products.

"(2) ENVIRONMENTALLY PREFERABLE BIOBASED PRODUCTS.—To the maximum extent practicable, the Secretary shall ensure that biobased products authorized to use a label under paragraph (1) are environmentally preferable.

"(3) CONTRACTING.—In carrying out paragraph (1), the Secretary may contract with appropriate entities with expertise in product labeling and standard setting.

"(f) GOAL.—It shall be the goal of each Federal agency in each year to purchase biobased products of an aggregate value that is not less than 5 percent of the aggregate value of all products purchased by the Federal agency during the preceding year.

"(g) REPORTS.—The Secretary and the Office of Federal Procurement Policy shall jointly submit to Congress an annual report that, for the preceding year, describes the extent of—

"(1) compliance by each Federal agency with subsection (b); and

"(2) the success of each Federal agency in achieving the goal stated in subsection (f).

"(h) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $2,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

"SEC. 388C. BIOREFINERY DEVELOPMENT GRANTS.

"(a) PURPOSE.—The purpose of this section is to support the commercialization of new and emerging technologies for the conversion of cellulosic biomass into petroleum substitutes, so as to—

"(1) develop transportation fuels and chemicals from renewable sources;

"(2) reduce the dependence of the United States on imported oil;

"(3) reduce greenhouse gas emissions;

"(4) diversify markets for raw agricultural and forestry products; and

"(5) create jobs and enhance the economic development of the rural economy.

"(b) DEFINITIONS.—In this section:

"(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and Development Technical Advisory Committee established by section 306 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

"(2) BIOREFINERY.—The term 'biorefinery' means equipment and processes that—

"(A) convert cellulosic biomass into bioenergy fuels and chemicals; and

"(B) may produce electricity as a byproduct.

"(3) BOARD.—The term 'Board' means the Biomass Research and Development Board established by section 305 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

"(c) GRANTS.—The Secretary, in addition to exercising authority to make loans and loan guarantees under other law, shall make grants to eligible entities to assist

in paying the cost of development and construction of biorefineries to carry out projects to demonstrate the commercial viability of 1 or more processes for converting cellulosic biomass to fuels or chemicals.

"(d) ELIGIBLE ENTITIES.—A corporation, farm cooperative, association of farmers, national laboratory, university, or consortium comprised of any of those entities shall be eligible to receive a grant under subsection (c).

"(e) COMPETITIVE BASIS FOR AWARDS.—

"(1) IN GENERAL.—The Secretary shall make grants under subsection (c) for not more than 3 projects per year, selected on a competitive basis in consultation with the Board and Advisory Committee.

"(2) SELECTION CRITERIA.—

"(A) IN GENERAL.—The Secretary shall select projects to receive grants under subsection (c)—

"(i) based primarily on the likelihood that the projects will demonstrate the commercial viability of a process for converting cellulosic biomass to fuels or chemicals; and

"(ii) based secondarily on the likelihood that the projects will produce electricity as a byproduct.

"(B) CRITERIA.—The criteria to be considered under subparagraph (A) shall include—

"(i) the potential market for the product or products;

"(ii) the amount of petroleum the product will displace;

"(iii) the level of financial participation by the applicants;

"(iv) the unavailability of adequate funding from other sources;

"(v) the impact on resource conservation and the environment;

"(vi) the participation of producer associations and cooperatives; and

"(vii) the timeframe in which the project will be operational.

"(f) COST SHARING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Federal share of the cost of a project assisted with a grant under subsection (c) shall not exceed 30 percent of the cost of the project.

"(2) INCREASED FEDERAL SHARE.—The Secretary may increase the amount of the Federal share under paragraph (1) to not more than 50 percent for a project that the Secretary finds particularly meritorious.

"(3) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project may be made in the form of cash or the provision of services, material, or other in-kind contributions.

"(g) REGULATIONS.—The Secretary may promulgate such regulations as are appropriate to carry out this section.

"(h) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

"SEC. 388D. BIODIESEL FUEL EDUCATION PROGRAM.

''(a) FINDINGS.—Congress finds that—

''(1) biodiesel fuel use can help reduce greenhouse gas emissions and public health risks associated with air pollution;

''(2) biodiesel fuel use enhances energy security by reducing petroleum consumption;

''(3) biodiesel fuel is nearing the transition from the research and development phase to commercialization;

''(4) biodiesel fuel is still relatively unknown to the public and even to diesel fuel users; and

''(5) education of, and provision of technical support to, current and future biodiesel fuel users will be critical to the widespread use of biodiesel fuel.

''(b) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as are appropriate, offer 1 or more competitive grants to eligible entities to educate the public and major stakeholders about the benefits of biodiesel fuel use.

''(c) ELIGIBLE ENTITIES.—To receive a grant under subsection (b), an entity—

''(1) shall be a nonprofit organization; and

''(2) shall have demonstrated expertise in biodiesel fuel production, use, and distribution.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2002 through 2006, to remain available until expended.

"CHAPTER 2—RENEWABLE ENERGY DEVELOPMENT AND ENERGY EFFICIENCY

"SEC. 388E. RENEWABLE ENERGY DEVELOPMENT GRANT PROGRAM.

"(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, in addition to exercising authority to make loans and loan guarantees under other law, shall establish a program under which the Secretary shall competitively award grants to assist farmers and ranchers in projects to establish new farmer or rancher cooperatives or other rural business ventures to—

"(1) enable farmers and ranchers to become owners of sources of renewable electric energy and marketers of electric energy produced from renewable sources;

"(2) provide new income streams for farmers and ranchers, particularly in rural areas;

"(3) increase the amount of electricity available from renewable energy sources; and

"(4) provide environmental and public health benefits to rural communities and the United States as a whole.

"(b) OWNERSHIP REQUIREMENT.—At least 50 percent of the interest in a rural business venture assisted with a grant under subsection (a) shall be owned by farmers or ranchers.

"(c) MAXIMUM AMOUNT OF GRANT.—The amount of a grant made under subsection (a) shall not exceed $500,000 for a fiscal year.

"(d) COST SHARING.—The Federal share of the cost of a project assisted with a grant under subsection (a) shall not exceed 50 percent of the cost of the project.

"(e) USE OF GRANT FUNDS.—

"(1) PERMITTED USES.—A recipient of a grant under subsection (a) may use the grant funds to—

"(A) develop a business plan or perform a feasibility study to establish a viable marketing opportunity for renewable electric energy generation and sale; or

"(B) provide capital for start-up costs associated with the rural business venture or the promotion of the aggregation of renewable electric energy sources.

"(2) PROHIBITED USES.—A recipient of a grant under subsection (a) shall not use the grant funds for planning, repair, rehabilitation, acquisition, or construction of a building or other facility.

"(f) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $18,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

"SEC. 388F. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

"(a) IN GENERAL.—The Secretary, acting through the Rural Business Cooperative Service, shall make competitive grants to eligible entities to enable the eligible entities to carry out a program to assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology.

"(b) ELIGIBLE ENTITIES.—Entities eligible to carry out a program under subsection (a) include—

"(1) State energy or agricultural offices;

"(2) regional or State-based energy organizations;

"(3) land grant or other universities;

"(4) farm bureaus or farm organizations;

"(5) rural electric cooperatives and utilities; and

"(6) nonprofit organizations.

"(c) MERIT REVIEW.—

"(1) MERIT REVIEW PANEL.—The Secretary shall establish a merit review panel to review applications for grants under subsection (a) that draws on the expertise of other Federal agencies (including the Department of Energy and the Environmental Protection Agency), industry, and nongovernmental organizations.

"(2) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under subsection (a), the merit review panel shall consider—

"(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

"(B) the geographic scope of the program proposed by the eligible entity;

"(C) the number of farmers, ranchers, and rural small businesses to be assisted by the program;

"(D) the potential for energy savings and environmental and public health benefits resulting from the program; and

"(E) the plan of the eligible entity for educating farmers, ranchers, and rural small businesses on the benefits of energy efficiency and renewable energy development.

"(d) USE OF GRANT FUNDS.—A recipient of a grant under subsection (a) shall use the grant funds to—

"(1)(A) conduct energy audits for farmers, ranchers, and rural small businesses to provide farmers, ranchers, and rural small businesses recommendations for energy efficiency and renewable energy development opportunities, especially wind power; and

"(B) conduct workshops on that subject as appropriate;

"(2) make farmers, ranchers, and rural small businesses aware of and ensure that they have access to—

"(A) financial assistance under section 388G; and

"(B) other Federal, State, and local financial assistance programs for which farmers, ranchers, and rural small businesses may be eligible; and

"(3) arrange private financial assistance to farmers, ranchers, and rural small businesses on favorable terms.

"(e) COST SHARING.—

"(1) IN GENERAL.—A recipient of a grant under subsection (a) that conducts an energy audit for a farmer, rancher, or rural small business under subsection (d)(1) shall require the farmer, rancher, or rural small business to pay at least 25 percent of the cost of the audit.

"(2) IMPLEMENTATION OF RECOMMENDATIONS.—If a farmer, rancher, or rural small business substantially implements the recommendations made in connection with an energy audit, the Secretary may reimburse the farmer, rancher, or rural small business the amount that is equal to the share of the cost paid by the farmer, rancher, or rural small business under paragraph (1).

"(f) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $20,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

"SEC. 388G. GRANTS TO FARMERS, RANCHERS, AND RURAL SMALL BUSINESSES FOR RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

"(a) IN GENERAL.—The Secretary, in addition to exercising authority to make loans and loan guarantees under other law, shall make grants to farmers, ranchers, and rural small businesses to—

"(1) purchase renewable energy systems; and

"(2) make energy efficiency improvements.

"(b) ELIGIBILITY OF FARMERS AND RANCHERS.—To be eligible to receive a grant under subsection (a) for a fiscal year, a farmer or rancher shall have produced not

more than $1,000,000 in market value of agricultural products during the preceding fiscal year.

"(c) COST SHARING.—

"(1) RENEWABLE ENERGY SYSTEMS.—

"(A) IN GENERAL.—The Federal share of the cost of a renewable energy system shall not exceed 50 percent of the cost of the renewable energy system.

"(B) CONSIDERATIONS.—In determining the amount of the Federal share, the Secretary shall take into consideration—

"(i) the type of renewable energy system to be purchased, with priority given to wind power systems;

"(ii) the estimated amount of energy to be generated or displaced by the renewable energy system;

"(iii) the expected environmental benefits of the renewable energy system;

"(iv) the extent to which the renewable energy system will be replicable; and

"(v) other factors as appropriate.

"(2) ENERGY EFFICIENCY IMPROVEMENTS.—

"(A) IN GENERAL.—The Federal share of the cost of an energy efficiency improvement

shall not exceed 50 percent of the cost of the energy efficiency improvement.

"(B) CONSIDERATIONS.—In determining the amount of the Federal share, the Secretary shall take into consideration—

"(i) the estimated payback period of the improvement;

"(ii) the amount of energy savings expected to be derived from the improvement; and

"(iii) other factors as appropriate.

"(d) ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.—

"(1) PREFERENCE.—In making grants under subsection (a), the Secretary shall give preference to participants in the energy audit and renewable energy development program under section 388F.

"(2) RESERVATION OF FUNDING.—The Secretary shall reserve at least 25 percent of the amount made available to carry out this section for each of fiscal years 2002 through 2006 for grants to participants in the energy audit and renewable energy development program under section 388F.

"(e) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $35,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the and shall accept the funds transferred under paragraph (1), without further appropriation.

"SEC. 388H. HYDROGEN AND FUEL CELL TECHNOLOGIES PROGRAM.

"(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Energy, shall establish a program under which the Secretary shall competitively award grants or enter into contracts or cooperative agreements for—

"(1) projects to demonstrate the use of hydrogen technologies and fuel cell technologies in farm and rural applications; and

"(2) as appropriate, studies of the technical, environmental, and economic viability of innovative hy-

drogen and fuel cell technologies not ready for demonstration.

"(b) SELECTION CRITERIA.—In selecting projects for grants, contracts, and cooperative agreements under subsection (a)(1), the Secretary shall give preference to projects that demonstrate technologies that—

"(1) are innovative;

"(2) use renewable energy sources;

"(3) produce multiple sources of energy;

"(4) provide significant environmental benefits;

"(5) are likely to be economically competitive; and

"(6) have potential for commercialization as mass-produced, farm-sized systems.

"(c) COST SHARING.—The Federal share of the cost of a project assisted with a grant, contract, or cooperative agreement under subsection (a) shall not exceed 50 percent of the cost of the project.

"(d) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this subtitle, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to

carry out this section $5,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.

"SEC. 388I. TECHNICAL ASSISTANCE FOR FARMERS AND RANCHERS TO DEVELOP RENEWABLE ENERGY RESOURCES.

"The Secretary, acting through the Cooperative State Research, Education, and Extension Service and in consultation with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other entities as appropriate, shall provide education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources.

"CHAPTER 3—CARBON SEQUESTRATION RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM

"SEC. 388J. RESEARCH.

"(a) BASIC RESEARCH.—

"(1) IN GENERAL.—The Secretary shall carry out research in the areas of soil science that promote understanding of—

"(A) the net sequestration of organic carbon in soil; and

"(B) net emissions of other greenhouse gases from agriculture.

"(2) AGRICULTURAL RESEARCH SERVICE.—The Secretary, acting through the Agricultural Research Service, shall collaborate with other Federal agencies in developing data and carrying out research addressing soil carbon fluxes (losses and gains) and net emissions of methane and nitrous oxide from cultivation and animal management activities.

"(3) COOPERATIVE STATE RESEARCH EXTENSION AND EDUCATION SERVICE.—

"(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research Extension and Education Service, shall establish a competitive grant program to carry out research on the matters described in paragraph (1) by land grant universities and other research institutions.

"(B) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for basic research under paragraph (1), the Cooperative State Research, Education, and Extension Service shall consult with the Agricultural

Research Service to ensure that proposed research areas are complementary with and do not duplicate research projects underway at the Agricultural Research Service or other Federal agencies.

''(b) APPLIED RESEARCH.—

''(1) IN GENERAL.—The Secretary shall carry out applied research in the areas of soil science, agronomy, agricultural economics, and other agricultural sciences to—

''(A) promote understanding of—

''(i) how agricultural and forestry practices affect the sequestration of organic and inorganic carbon in soil and net emissions of other greenhouse gases;

''(ii) how changes in soil carbon pools are cost-effectively measured, monitored, and verified; and

''(iii) how public programs and private market approaches can be devised to incorporate carbon sequestration in a broader societal greenhouse gas emission reduction effort;

"(B) develop methods for establishing baselines for measuring the quantities of carbon and other greenhouse gases sequestered; and

"(C) evaluate leakage and performance issues.

"(2) REQUIREMENTS.—To the maximum extent practicable, applied research under paragraph (1) shall—

"(A) draw on existing technologies and methods; and

"(B) strive to provide methodologies that are accessible to a nontechnical audience.

"(3) MINIMIZATION OF ADVERSE ENVIRONMENTAL IMPACTS.—All applied research under paragraph (1) shall be conducted with an emphasis on minimizing adverse environmental impacts.

"(4) NATURAL RESOURCES CONSERVATION SERVICE.—The Secretary, acting through the Natural Resources Conservation Service, shall collaborate with other Federal agencies in developing new measuring techniques and equipment or adapting existing techniques and equipment to enable cost-effective and accurate monitoring and verification, for a wide range of agricultural and forestry practices, of—

"(A) changes in soil carbon content in agricultural soils, plants, and trees; and

"(B) net emissions of other greenhouse gases.

"(5) COOPERATIVE STATE RESEARCH EXTENSION AND EDUCATION SERVICE.—

"(A) IN GENERAL.—The Secretary, acting through the Cooperative State Research Extension and Education Service, shall establish a competitive grant program to encourage research on the matters described in paragraph (1) by land grant universities and other research institutions.

"(B) CONSULTATION ON RESEARCH TOPICS.—Before issuing a request for proposals for applied research under paragraph (1), the Cooperative State Research, Education, and Extension Service shall consult with the National Resources Conservation Service and the Agricultural Research Service to ensure that proposed research areas are complementary with and do not duplicate research projects underway at the Agricultural Research Service or other Federal agencies.

"(c) RESEARCH CONSORTIA.—

"(1) IN GENERAL.—The Secretary may designate not more than 2 research consortia to carry out research projects under this section, with the requirement that the consortia propose to conduct basic research under subsection (a) and applied research under subsection (b) .

"(2) SELECTION.—The consortia shall be selected in a competitive manner by the Cooperative State Research, Education, and Extension Service.

"(3) ELIGIBLE CONSORTIUM PARTICIPANTS.—Entities eligible to participate in a consortium include—

"(A) land grant colleges and universities;

"(B) private research institutions;

"(C) State geological surveys;

"(D) agencies of the Department of Agriculture;

"(E) research centers of the National Aeronautics and Space Administration and the Department of Energy;

"(F) other Federal agencies;

"(G) representatives of agricultural businesses and organizations with demonstrated expertise in these areas; and

"(H) representatives of the private sector with demonstrated expertise in these areas.

"(4) RESERVATION OF FUNDING.—If the Secretary designates 1 or 2 consortia, the Secretary shall reserve for research projects carried out by the consortium or consortia not more than 25 percent of the amounts made available to carry out this section for a fiscal year.

"(d) STANDARDS OF PRECISION.—

"(1) CONFERENCE.—Not later than 3 years after the date of enactment of this subtitle, the Secretary, acting through the Agricultural Research Service and in consultation with the Natural Resources Conservation Service, shall convene a conference of key scientific experts on carbon sequestration from various sectors (including the government, academic, and private sectors) to—

"(A) discuss and establish benchmark standards of precision for measuring soil carbon content and net emissions of other greenhouse gases;

"(B) designate packages of measurement techniques and modeling approaches to achieve a level of precision agreed on by the participants in the conference; and

"(C) evaluate results of analyses on baseline, permanence, and leakage issues.

"(2) REPORT.—Not later than 180 days after the conclusion of the conference under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the conference.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

"(2) ALLOCATION.—Of the amounts made available to carry out this section for a fiscal year, at least 50 percent shall be allocated for competitive grants by the Cooperative State Research, Education, and Extension Service.

"SEC. 388K. DEMONSTRATION PROJECTS AND OUTREACH.

"(a) DEMONSTRATION PROJECTS.—

"(1) DEVELOPMENT OF MONITORING PROGRAMS.—

"(A) IN GENERAL.—The Secretary, acting through the Natural Resources Conservation Service and in cooperation with local extension

agents, experts from land grant universities, and other local agricultural or conservation organizations, shall develop user-friendly programs that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and net changes in greenhouse gas emissions.

"(B) BENCHMARK LEVELS OF PRECISION.—The programs developed under subparagraph (A) shall strive to achieve benchmark levels of precision in measurement in a cost-effective manner.

"(2) PROJECTS.—

"(A) IN GENERAL.—The Secretary, acting through the Farm Service Agency, shall establish a program under which projects use the monitoring programs developed under paragraph (1) to demonstrate the feasibility of methods of measuring, verifying, and monitoring—

"(i) changes in organic carbon content and other carbon pools in agricultural soils, plants, and trees; and

"(ii) net changes in emissions of other greenhouse gases.

"(B) EVALUATION OF IMPLICATIONS.—The projects under subparagraph (A) shall include evaluation of the implications for reassessed baselines, carbon or other greenhouse gas leakage, and permanence of sequestration.

"(C) SUBMISSION OF PROPOSALS.—Proposals for projects under subparagraph (A) shall be submitted by the appropriate agency of each State, in cooperation with interested local jurisdictions and State agricultural and conservation organizations.

"(D) LIMITATION.—Not more than 10 projects under subparagraph (A) may be approved in conjunction with applied research projects under section 388J(b) until benchmark measurement and assessment standards are established under section 388J(d).

"(b) OUTREACH.—

"(1) IN GENERAL.—The Cooperative State Research Extension and Education Service shall widely disseminate information about the economic and environmental benefits that can be generated by adoption of conservation practices (including benefits

from increased sequestration of carbon and reduced emission of other greenhouse gases.

"(2) PROJECT RESULTS.—The Cooperative State Research Extension and Education Service shall inform farmers, ranchers, and State agricultural and energy offices in each State of—

"(A) the results of demonstration projects under subsection (a)(2) in the State; and

"(B) the ways in which the methods demonstrated in the projects might be applicable to the operations of those farmers and ranchers.

"(3) POLICY OUTREACH.—On a periodic basis, the Cooperative State Research Extension and Education Service shall disseminate information on the policy nexus between global climate change mitigation strategies and agriculture, so that farmers and ranchers may better understand the global implications of the activities of farmers and ranchers.

"(c) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2006.

"(2) ALLOCATION.—Of the amounts made available to carry out this section for a fiscal year,

at least 50 percent shall be allocated for demonstration projects under subsection (a)(2).''.

SEC. 903. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.

(a) FUNDING.—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is amended—

(1) in section 307, by striking subsection (f);

(2) by redesignating section 310 as section 311; and

(3) by inserting after section 309 the following:

''SEC. 310. FUNDING.

''(a) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $15,000,000, to remain available until expended.

''(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under subsection (a), without further appropriation.''.

(b) TERMINATION OF AUTHORITY.—Section 311 of the Biomass Research and Development Act of 2000 (7

U.S.C. 7624 note; Public Law 106–224) (as redesignated by subsection (a)) is amended by striking ''December 31, 2005'' and inserting ''September 30, 2006''.

SEC. 904. SENSE OF CONGRESS CONCERNING A NATIONAL RENEWABLE FUELS STANDARD.

It is the sense of Congress that—

(1) the Senate supports and encourages adoption of a national renewable fuels program, under which the motor vehicle fuel placed into commerce by a refiner, blender, or importer shall be composed of renewable fuel measured according to a statutory formula for specified calendar years; and

(2) the Secretary should ensure that the policies and programs of the Department of Agriculture promote the production of fuels from renewable fuel sources.

SEC. 905. RURAL ELECTRIFICATION ACT OF 1936.

Title I of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

''SEC. 20. FINANCIAL AND TECHNICAL ASSISTANCE FOR RENEWABLE ENERGY SYSTEMS.

''(a) DEFINITION OF RENEWABLE ENERGY.—In this section, the term 'renewable energy' means energy derived

from a wind, solar, biomass, geothermal, or hydrogen source.

"(b) GRANTS.—The Secretary shall make grants to rural electric cooperatives and other rural utilities to promote the development of economically and environmentally sustainable renewable energy projects to serve the needs of rural communities or for rural economic development.

"(c) USE OF GRANT FUNDS.—A recipient of a grant under subsection (a) may use the grant funds—

"(1) to pay up to 75 percent of the cost of an economic feasibility study or technical assistance for a renewable energy project; and

"(2) if a renewable energy project is determined to be economically feasible, to pay an amount that is equal to not more than 20 percent of the cost of the project.

"(d) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, and on October 1, 2002, and each October 1 thereafter through October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $10,000,000, to remain available until expended.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive the funds and shall accept the funds transferred under paragraph (1), without further appropriation.".

TITLE X—AGRICULTURAL COMPETITION

Subtitle A—Agricultural Fair Practices

SEC. 1001. AGRICULTURAL FAIR PRACTICES.

The Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

"(a) IN GENERAL.—This Act may be cited as the 'Agricultural Fair Practices Act of 1967'.

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

"Sec. 1. Short title; table of contents.
"Sec. 2. Definitions.

"TITLE I—AGRICULTURAL TRADE PRACTICES

"Sec. 101. Office of Special Counsel for Competition Matters.
"Sec. 102. Report on corporate structure.

"TITLE II—UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN AGRICULTURAL COMMERCE

"Sec. 201. Prohibition on unfair or deceptive acts or practices in agricultural commerce.
"Sec. 202. Agricultural contracts.
"Sec. 203. Production contracts.
"Sec. 204. Authority of Secretary to prescribe rules and regulations.
"Sec. 205. Enforcement.
"Sec. 206. Effect on other laws.
"Sec. 207. Assignment of association dues and fees.
"Sec. 208. Severability.

"SEC. 2. DEFINITIONS.

''In this Act:

''(1) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

''(2) AGRICULTURAL CONTRACT.—The term 'agricultural contract' means a marketing contract or a production contract.

''(3) AGRICULTURAL COOPERATIVE.—The term 'agricultural cooperative' means an association of persons engaged in the production, marketing, or processing of an agricultural commodity that meets the requirements of the Act entitled 'An Act to authorize association of producers of agricultural products' (commonly known as the 'Capper-Volstead Act') (7 U.S.C. 291 et seq.).

''(4) ASSOCIATION OF PRODUCERS.—

''(A) IN GENERAL.—The term 'association of producers' means an association of producers of agricultural products that engages in the marketing of agricultural products or of agricultural services.

''(B) INCLUSIONS.—The term 'association of producers' includes—

"(i) a cooperative association (as defined in section 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a))); and

"(ii) an association described in the first section of the Act entitled 'An Act to authorize association of producers of agricultural products' (commonly known as the 'Capper-Volstead Act') (7 U.S.C. 291).

"(5) CAPITAL INVESTMENT.—The term 'capital investment' means an investment in—

"(A) a structure, such as a building or manure storage structure; or

"(B) machinery or equipment associated with producing an agricultural commodity that has a useful life of more than 1 year.

"(6) COMMISSION MERCHANT.—The term 'commission merchant' means any person engaged in the business of receiving in interstate or foreign commerce any agricultural commodity for sale on commission.

"(7) CONTRACT LIVESTOCK FACILITY.—The term 'contract livestock facility' means a facility in which livestock or a product of live livestock is produced under a production contract by a contract producer.

"(8) CONTRACTOR.—The term 'contractor' means a person that, in accordance with a production contract, owns, or will own, an agricultural commodity that is produced by a contract producer.

"(9) CONTRACT PRODUCER.—The term 'contract producer' means a producer that produces an agricultural commodity under a production contract.

"(10) COVERED PERSON.—

"(A) IN GENERAL.—The term 'covered person' means a dealer, handler, contractor, processor, or commission merchant.

"(B) EXCLUSIONS.—The term 'covered person' does not include—

"(i) a person described in subparagraph (A) with respect to sales or marketing of any agricultural commodity of the person's own production that does not exceed $10,000,000 per year; or

"(ii) a person described in subparagraph (A) if the sales of the agricultural commodities of the person are in an amount of less than $10,000,000 per year.

"(11) CROP.—The term 'crop' means an agricultural commodity produced from a plant.

"(12) DEALER.—The term 'dealer' means any person engaged in the business of buying, selling, or marketing agricultural commodities in interstate or foreign commerce.

"(13) DEPARTMENT.—The term 'Department' means the Department of Agriculture.

"(14) HANDLER.—The term 'handler' means any person engaged in the business or practice of—

"(A) acquiring agricultural products from producers or associations of producers for processing or sale;

"(B) grading, packaging, handling, storing, or processing agricultural products received from producers or associations of producers;

"(C) contracting or negotiating contracts or other arrangements, written or oral, with or on behalf of producers or associations of producers with respect to the production or marketing of any agricultural product; or

"(D) acting as an agent or broker for a handler in the performance of any function or act described in subparagraph (A), (B), or (C).

"(15) INVESTMENT REQUIREMENT.—The term 'investment requirement' means a provision in a production contract that requires a contract producer to

make a capital investment associated with producing an agricultural commodity that, but for the production contract, the contract producer would not have made.

''(16) LIVESTOCK.—The term 'livestock' means beef cattle, dairy cattle, swine, sheep, or poultry.

''(17) MARKETING CONTRACT.—The term 'marketing contract' means a written agreement between a covered person and a producer for the purchase of an agricultural commodity produced or raised by the producer.

''(18) PERSON.—The term 'person' includes an individual, partnership, corporation, limited liability company, limited partnership, or association.

''(19) PROCESSOR.—The term 'processor' means—

''(A) any person (other than an agricultural cooperative) engaged in the business of handling, preparing, or manufacturing (including slaughtering) an agricultural commodity or the products of an agricultural commodity for sale or marketing in interstate or foreign commerce; and

''(B) an agricultural cooperative that handles, prepares, or manufactures (including

slaughtering) agricultural commodities of its members' own production.

''(20) PRODUCE.—The term 'produce' means—

''(A) to provide feed or services relating to the care and feeding of livestock, including milking dairy cattle and storing raw milk; or

''(B) to plant, raise, harvest, and store a crop, including preparing soil for planting and applying a fertilizer, soil conditioner, or pesticide to a crop.

''(21) PRODUCER.—The term 'producer' means a person engaged in the production of an agricultural commodity as a farmer, planter, rancher, dairyman, poultryman, or fruit, vegetable, or nut grower.

''(22) PRODUCTION CONTRACT.—

''(A) IN GENERAL.—The term 'production contract' means a written agreement that provides for—

''(i) the production of an agricultural commodity by a contract producer; or

''(ii) the provision of a management service relating to the production of an agricultural commodity by a contract producer.

"(B) INCLUSIONS.—The term 'production contract' includes—

"(i) a contract between a contractor and a contract producer for the production of an agricultural commodity; and

"(ii) a contract between a contractor and a contract producer for the provision of a management service in the production of an agricultural commodity.

"(23) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"TITLE I—AGRICULTURAL TRADE PRACTICES

"SEC. 101. OFFICE OF SPECIAL COUNSEL FOR COMPETITION MATTERS.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established within the Department an office to be known as the 'Office of Special Counsel for Competition Matters'.

"(2) DUTIES.—The Office shall—

"(A) investigate and prosecute violations of this Act and any other Act that the Secretary determines to be appropriate;

"(B) serve as a liaison between the Department and the Department of Justice and

the Federal Trade Commission with respect to competition and trade practices in the food and agricultural sector; and

"(C) maintain a staff of attorneys and other professionals with the appropriate expertise.

"(b) SPECIAL COUNSEL FOR COMPETITION MATTERS.—

"(1) IN GENERAL.—The Office shall be headed by the Special Counsel for Competition Matters, who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) PROSECUTORIAL AUTHORITY.—Notwithstanding title 28, United States Code, the Special Counsel for Competition Matters shall have the authority to bring any civil or administrative action authorized under this Act or any other Act that the Secretary determines to be appropriate.

"SEC. 102. REPORT ON CORPORATE STRUCTURE.

"(a) IN GENERAL.—A covered person with annual sales in excess of $100,000,000 shall annually file with the Secretary a report that describes, with respect to domestic activities and foreign activities, the strategic alliances, ownership in other covered persons, joint ventures,

subsidiaries, brand names, and interlocking boards of directors with other covered persons.

"(b) CONFIDENTIALITY.—A report filed under subsection (a) shall be confidential commercial or financial information for the purposes of section 552(b)(4) of title 5, United States Code.

"TITLE II—UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN AGRICULTURAL COMMERCE

"SEC. 201. PROHIBITION ON UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN AGRICULTURAL COMMERCE.

"(a) UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN AGRICULTURAL COMMERCE.—Any unfair or deceptive act or practice in or affecting the marketing, receiving, purchasing, sale, or contracting for the production of any agricultural commodity by any covered person shall be unlawful.

"(b) UNFAIR OR DECEPTIVE ACTS OR PRACTICES CONCERNING PRODUCER ASSOCIATIONS.—It shall be unlawful for any covered person knowingly—

"(1)(A) to interfere with, restrain, or coerce any producer in the exercise of the right of the producer to join and belong to, or to refrain from joining or belonging to, an association of producers; or

"(B) to refuse to deal with any producer because of the exercise of the right of the producer to join and belong to the association;

"(2) to discriminate against any producer with respect to price, quantity, quality, or other terms of purchase, acquisition, or other handling of an agricultural product because of the membership of the producer in, or the contract of the producer with, an association of producers;

"(3) to coerce or intimidate any producer to enter into, maintain, breach, cancel, or terminate a membership agreement or marketing contract with an association of producers or a contract with a covered person;

"(4) to pay or loan money, give any thing of value, or offer any other inducement or reward to a producer for refusing to or ceasing to belong to an association of producers;

"(5) to make false reports about the finances, management, or activities of an association of producers or handlers;

"(6) to conspire, combine, agree, or arrange with any other person to do, or aid or abet the performance of, any act made unlawful by this Act;

"(7)(A) to interfere with the formation or administration of any association of producers; or

"(B) to contribute financial or other support to an association of producers; or

"(8) to fail to bargain in good faith.

"(c) UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN AGRICULTURAL CONTRACTS.—It shall be unlawful for a covered person that is a party to an agricultural contract—

"(1) to fail to act in good faith (as defined in applicable State law provisions of the Uniform Commercial Code) with respect to the performance and enforcement of the agricultural contract;

"(2) to fail to include 1 or more cover pages that disclose provisions of the agricultural contract relating to—

"(A) duration;

"(B) termination;

"(C) renewal and renegotiation standards;

"(D) responsibility for environmental damage;

"(E) factors to be used in determining payment;

"(F) responsibility for obtaining and complying with Federal, State, and local permits;

"(G) assignability;

"(H) the applicable State law and venue;

"(I) the effect of oral modifications;

"(J) remedies for breach;

"(K) in the case of a livestock or poultry production contract, the minimum number of animals subject to the contract;

"(L) other rules or provisions incorporated in the contract by reference; and

"(M) any other terms that the Secretary determines to be appropriate for disclosure; or

"(3) to violate any of the requirements relating to production contracts under section 203.

"(d) PUBLIC POLICY CONSIDERATIONS.—

"(1) IN GENERAL.—In determining whether an act or practice is unfair, a court may consider established public policies as evidence to be considered with all other evidence.

"(2) LIMITATION.—Notwithstanding paragraph (1), public policy considerations may not serve as a primary basis for the determination.

"SEC. 202. AGRICULTURAL CONTRACTS.

"(a) CONFIDENTIALITY.—Any provision of an agricultural contract that requires that the agricultural contract remain confidential is void, except as the provision

applies to a trade secret to which section 552 of title 5, United States Code, applies.

"(b) ARBITRATION.—Any provision of an agricultural contract that requires arbitration of a dispute arising from the agricultural contract is void.

"SEC. 203. PRODUCTION CONTRACTS.

"(a) RIGHT OF CONTRACT PRODUCERS TO CANCEL PRODUCTION CONTRACTS.—

"(1) IN GENERAL.—A contract producer may cancel a production contract by mailing a cancellation notice to the contractor not later than the later of—

"(A) the date that is 3 business days after the date on which the production contract is executed; or

"(B) any cancellation date specified in the production contract.

"(2) DISCLOSURE.—A production contract shall clearly disclose—

"(A) the right of the contract producer to cancel the production contract;

"(B) the method by which the contract producer may cancel the production contract; and

"(C) the deadline for canceling the production contract.

"(b) PRODUCTION CONTRACT LIENS.—

"(1) DEFINITION OF LIEN STARTING DATE.—In this subsection, the term 'lien starting date' means—

"(A) in the case of an annual crop, the date on which the annual crop is planted;

"(B) in the case of a perennial crop, the starting date on which the perennial crop is subject to a production contract;

"(C) in the case of livestock, the date on which the livestock arrive at the contract livestock facility; and

"(D) in the case of milk or any other product of live livestock, the date on which the milk or other product is produced.

"(2) LIENS.—In the case of a production contract that provides for the production of an agricultural commodity by a contract producer, the contract producer shall have a lien in the amount owed to the contract producer under the production contract on—

"(A)(i) the agricultural commodity until the agricultural commodity is sold or processed (including slaughtered) by the contractor; and

"(ii) the cash proceeds of the sale of the agricultural commodity, including any cash provided as part of the sale; and

"(B) any property of the contractor that may be subject to a security interest.

"(3) LIEN PERIOD.—A lien for the production of an agricultural commodity under this subsection shall apply during the period—

"(A) beginning on the lien starting date; and

"(B) ending 1 year after the agricultural commodity is no longer under the control of the contract producer.

"(4) PERFECTING OF LIENS.—To perfect a lien for the production of an agricultural commodity under this subsection, a contract producer shall file a lien statement under applicable State law provisions based on Article 9 of the Uniform Commercial Code.

"(5) PRIORITY OF LIENS.—A lien created under this subsection shall be superior to, and have priority over, any conflicting lien or security interest in

the agricultural commodity, including a lien or security interest that was perfected prior to the creation of the lien under this subsection.

"(6) ENFORCEMENT.—

"(A) CONTROL.—Before an agricultural commodity leaves the control of a contract producer, the contract producer may foreclose a lien created under this subsection in the manner provided for the foreclosure of a secured transaction under applicable State law provisions based on Article 9 of the Uniform Commercial Code.

"(B) POST-CONTROL.—After an agricultural commodity leaves the control of the contract producer, the contract producer may enforce the lien in the manner provided under applicable State law provisions based on Article 9 of the Uniform Commercial Code.

"(7) ELECTION OF OTHER REMEDIES.—In lieu of obtaining a lien under this subsection, a contract producer described in paragraph (2) may seek to collect funds due under a production contract in accordance with—

"(A) the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.); or

"(B) the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a et seq.).

"(c) PRODUCTION CONTRACTS INVOLVING INVESTMENT REQUIREMENTS.—

"(1) APPLICABILITY.—This subsection applies only to a production contract between a contract producer and a contractor if, but for the production contract, the contract producer would not have made a capital investment of $100,000 or more.

"(2) RESTRICTIONS ON CONTRACT TERMINATION.—

"(A) NOTICE OF TERMINATION.—Except as provided in subparagraph (C), a contractor shall not terminate or cancel a production contract unless the contractor provides the contract producer with written notice of the intention of the contractor to terminate or cancel the production contract at least 90 days before the effective date of the termination or cancellation.

"(B) REQUIREMENTS.—The written notice required under subparagraph (A) shall include alleged causes of the termination.

"(C) EXCEPTIONS.—A contractor may terminate or cancel a production contract without notice as required under subparagraph (A) if

the basis for the termination or cancellation is—

"(i) a voluntary abandonment of the contractual relationship by the contract producer, such as a complete failure of the contract producer to perform under the production contract;

"(ii) the conviction of the contract producer of an offense of fraud or theft committed against the contractor; or

"(iii) the natural end of the production contract in accordance with the terms of the production contract.

"(D) RIGHT TO CURE.—

"(i) IN GENERAL.—If, not later than 90 days after the date on which the contract producer receives written notice under subparagraph (A), the contract producer remedies each cause of the breach of contract alleged in the written notice, the contractor may not terminate or cancel a production contract under this paragraph.

"(ii) NO ADMISSION OF BREACH.—The remedy or attempt to remedy the causes for the breach of contract by the

contract producer under clause (i) does not constitute an admission of breach of contract.

"(d) ADDITIONAL CAPITAL INVESTMENTS IN PRODUCTION CONTRACTS.—

"(1) IN GENERAL.—A covered person shall not require a contract producer to make additional capital investments in connection with a production contract that exceed the initial investment requirements of the production contract.

"(2) EXCEPTIONS.—Notwithstanding paragraph (1), a covered person may require additional capital investments if—

"(A) the additional capital investments are offset by reasonable additional consideration, including compensation or a modification to the terms of the production contract; and

"(B) the contract producer agrees in writing that there is acceptable and satisfactory consideration for the additional capital investment.

"SEC. 204. AUTHORITY OF SECRETARY TO PROMULGATE RULES AND REGULATIONS.

"The Secretary, acting through the Special Counsel for Competition Matters, may promulgate such rules and

regulations as are necessary to carry out this Act, including rules and regulations—

"(1) relating to unfair or deceptive acts or practices in agriculture;

"(2) that define with specificity acts or practices that are to be prohibited as unfair or deceptive acts or practices in agriculture under section 201; and

"(3) to prevent unfair or deceptive acts or practices from occurring in agriculture.

"SEC. 205. ENFORCEMENT.

"(a) CIVIL ACTIONS BY THE SECRETARY AGAINST COVERED PERSONS.—In any case in which the Secretary has reasonable cause to believe that any covered person has engaged in any act or practice that violates this Act, the Secretary may bring a civil action in United States district court by filing a complaint requesting preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order, against the covered person.

"(b) CIVIL ACTIONS BY COVERED PERSONS.—

"(1) PREVENTIVE RELIEF.—

"(A) IN GENERAL.—In any case in which any covered person has engaged, or there are reasonable grounds to believe that any covered

person is about to engage, in any act or practice prohibited by this Act, a civil action for preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order, may be instituted by the person aggrieved.

"(B) SECURITY.—The court may provide that no restraining order or preliminary injunction shall issue unless security is provided by the applicant, in such sum as the court determines to be appropriate, for the payment of such costs and damages as may be incurred or suffered by any party that is found to have been wrongfully enjoined or restrained.

"(2) DAMAGES.—

"(A) IN GENERAL.—Any person injured in the business or property of the person by reason of any violation of, or combination or conspiracy to violate, this Act may bring a civil action in United States district court or any State court of competent jurisdiction to recover—

"(i) damages sustained by the person as a result of the violation; and

"(ii) any additional penalty that the court may allow, but not more than $1,000 per violation.

"(B) LIMITATION ON ACTIONS.—A civil action under subparagraph (A) shall be barred unless commenced within 2 years after the cause of action accrues.

"(3) ATTORNEY'S FEES.—In any action commenced under paragraph (1) or (2), the court may allow the prevailing party a reasonable attorney's fee as part of the costs.

"(c) JURISDICTION OF DISTRICT COURTS.—Not later than 2 years after the date on which a violation of this Act occurs, an action to enforce this Act may be brought in—

"(1) United States district court, notwithstanding the fact that an aggrieved person has not exhausted all administrative or other remedies provided by law; or

"(2) any other court of competent jurisdiction.

"(d) CHOICE OF LAW, JURISDICTION, AND VENUE.—

"(1) CHOICE OF LAW.—Any provision in an agricultural contract requiring the application of the law of a State other than the State in which the producer resides is void and unenforceable.

"(2) JURISDICTION.—A covered person that enters into an agricultural contract with a producer shall be subject to personal jurisdiction in the State in which the producer resides.

"(3) VENUE.—Venue shall be determined on the basis of the residence of the producer.

"(e) LIABILITY FOR ACTS OF AGENTS.—In the construction and enforcement of this Act, the act, omission, or failure of any officer, agent, or person acting for or employed by any other person within the scope of the employment or office of the officer, agent, or person, shall be considered to be the act, omission, or failure of the other person.

"SEC. 206. EFFECT ON OTHER LAWS.

"(a) STATE LAWS.—

"(1) IN GENERAL.—Subject to paragraph (2), this Act does not annul, alter, or affect, or exempt any person subject to this Act from complying with, the law of any State with respect to trade practices in agriculture.

"(2) EXCEPTION.—

"(A) IN GENERAL.—This Act annuls, alters, or affects, or exempts a person from, a State law referred to in paragraph (1) to the

extent the State law is inconsistent with this Act.

"(B) INCONSISTENCY.—For the purposes of this paragraph, a State law is not inconsistent with this Act if the protection that the law affords any producer is greater than the protection provided to a producer by this Act.

"(b) STATE COURTS.—This Act does not deprive a State court of jurisdiction under a State law dealing with the same subject as this Act.

"SEC. 207. ASSIGNMENT OF ASSOCIATION DUES AND FEES.

"(a) IN GENERAL.—A producer of an agricultural product or service may execute, as a clause in an agricultural contract, an assignment of dues or fees to, or the deduction of a sum to be retained by, an association of producers authorized by contract to represent the producer, under which assignment a covered person shall—

"(1) deduct a portion of the amount to be paid for products or services of the producer under a production contract; and

"(2) pay, on behalf of the producer, the portion over to the association as dues or fees or a sum to be retained by the association.

"(b) DUTY OF COVERED PERSON.—After a covered person receives notice from a producer of an assignment under subsection (a), the covered person shall—

"(1) deduct the amount authorized by the assignment from the amount paid for any agricultural product sold by the producer or for any service rendered under any production contract; and

"(2) on payment to producers for the product or service, pay the amount over to the association or the assignee of the association.

"SEC. 208. SEVERABILITY.

"If any provision of this Act or application of any provision of this Act is held invalid, the remainder of this Act and the application of the provision to other persons and circumstances shall not be affected by the invalidity.".

Subtitle B—Packers and Stockyards

SEC. 1011. INVESTIGATION OF LIVE POULTRY DEALERS.

(a) REMOVAL OF POULTRY SLAUGHTER REQUIREMENT FROM DEFINITIONS.—Section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182), is amended—

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

"(8) POULTRY GROWER.—The term 'poultry grower' means any person engaged in the business

of raising or caring for live poultry under a poultry growing arrangement, regardless of whether the poultry is owned by the person or by another person;'';

(2) in paragraph (9), by striking ''and cares for live poultry for delivery, in accord with another's instructions, for slaughter'' and inserting ''or cares for live poultry in accordance with the instructions of another person''; and

(3) in paragraph (10), by striking ''for the purpose of either slaughtering it or selling it for slaughter by another''.

(b) ADMINISTRATIVE ENFORCEMENT AUTHORITY OVER LIVE POULTRY DEALERS.—Sections 203, 204, and 205 of the Packers and Stockyards Act, 1921 (7 U.S.C. 193, 194, 195), are amended by inserting ''or live poultry dealer'' after ''packer'' each place it appears.

(c) AUTHORITY TO REQUEST TEMPORARY INJUNCTION OR RESTRAINING ORDER.—Section 408 of the Packers and Stockyards Act, 1921 (7 U.S.C. 228a), is amended in the first sentence by striking ''on account of poultry'' and inserting ''on account of poultry or poultry care''.

(d) VIOLATIONS BY LIVE POULTRY DEALERS.—Section 411 of the Packers and Stockyards Act, 1921 (7 U.S.C. 228b–2), is amended—

(1) in the first sentence of subsection (a), by striking ''any provision of section 207 or section 410 of''; and

(2) in the first sentence of subsection (b), by striking ''any provisions of section 207 or section 410'' and inserting ''any provision''.

SEC. 1012. APPOINTMENT OF OUTSIDE COUNSEL.

Section 407(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 228(a)), is amended by inserting ''obtain the services of attorneys who are not employees of the Federal Government,'' before ''and make such expenditures''.

Subtitle C—Country of Origin Labeling

SEC. 1021. COUNTRY OF ORIGIN LABELING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

''Subtitle C—Country of Origin Labeling

''SEC. 271. DEFINITIONS.

''In this subtitle:

''(1) BEEF.—The term 'beef' means meat produced from cattle (including veal).

"(2) COVERED COMMODITY.—The term 'covered commodity' means—

"(A) muscle cuts of beef, lamb, and pork;

"(B) ground beef, ground lamb, and ground pork;

"(C) whole farm-raised fish; and

"(D) a perishable agricultural commodity.

"(3) FOOD SERVICE ESTABLISHMENT.—The term 'food service establishment' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

"(4) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

"(5) PERISHABLE AGRICULTURAL COMMODITY; RETAILER.—The terms 'perishable agricultural commodity' and 'retailer' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

"(6) PORK.—The term 'pork' means meat produced from hogs.

"(7) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Agricultural Marketing Service.

"(8) WHOLE FARM-RAISED FISH.—The term 'whole farm-raised fish' means—

"(A) whole farmed-raised fish; and

"(B) filets, steaks, nuggets, and any other flesh from a farm-raised fish.

"SEC. 272. NOTICE OF COUNTRY OF ORIGIN.

"(a) IN GENERAL.—

"(1) REQUIREMENT.—Except as provided in subsection (b), a retailer of a covered commodity shall inform consumers, at the final point of sale of the covered commodity to consumers, of the country of origin of the covered commodity.

"(2) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity may designate the covered commodity as having a United States country of origin only if the covered commodity—

"(A) in the case of beef, lamb, and pork, is exclusively from an animal that is exclusively born, raised, and slaughtered in the United States; and

"(B) in the case of whole farm-raised fish, is born, raised, harvested, and processed in the United States; and

"(C) in the case of a perishable agricultural commodity, is exclusively produced in the United States.

"(b) EXEMPTION FOR FOOD SERVICE ESTABLISHMENTS.—Subsection (a) shall not apply to a covered commodity if the covered commodity is—

"(1) prepared or served in a food service establishment; and

"(2)(A) offered for sale or sold at the food service establishment in normal retail quantities; or

"(B) served to consumers at the food service establishment.

"(c) METHOD OF NOTIFICATION.—

"(1) IN GENERAL.—The information required by subsection (a) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the covered commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

"(2) LABELED COMMODITIES.—If the covered commodity is already individually labeled for retail sale regarding country of origin, the retailer shall not be required to provide any additional information to comply with this section.

"(d) AUDIT VERIFICATION SYSTEM.—The Secretary may require that any person that prepares, stores, handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under section 274.

"(e) INFORMATION.—Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity.

"SEC. 273. ENFORCEMENT.

"Section 253 shall apply to a violation of this subtitle.

"SEC. 274. REGULATIONS.

"(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to carry out this subtitle.

"(b) PARTNERSHIPS WITH STATES.—In promulgating the regulations, the Secretary shall, to the maximum extent practicable, enter into partnerships with States with enforcement infrastructure to carry out this subtitle.

"SEC. 275. APPLICATION.

"This subtitle shall apply to the retail sale of a covered commodity beginning on the date that is 180 days after the date of the enactment of this subtitle.".

Subtitle D—Referenda on Termination of Commodity Promotion Programs

SEC. 1031. REFERENDA ON TERMINATION OF COMMODITY PROMOTION PROGRAMS.

(a) IN GENERAL.—Section 501 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7401) is amended by adding at the end the following:

''(e) PERIODIC REFERENDA.—

''(1) IN GENERAL.—The Secretary shall, not less often than every 5 years, conduct a referendum among persons covered by an order in effect under a commodity promotion law to determine whether the persons favor the termination of the order.

''(2) EFFECT OF REFERENDUM.—If the termination of an order is approved in a referendum conducted under this subsection, the Secretary shall, as soon as practicable, terminate the order and the collection of assessments pursuant to the order.

''(3) ADMINISTRATION.—The Secretary shall conduct a referendum under paragraph (1) in accordance with—

''(A) subsection (f); and

"(B)(i) applicable terms and conditions of the applicable order and commodity promotion law that are consistent with this section; and

"(ii) to the extent that the applicable order and commodity promotion law does not have necessary terms and conditions relating to the termination of the order, terms and conditions determined by the Secretary that are consistent with the Commodity Promotion, Research, and Information Act of 1996 (7 U.S.C. 7411 et seq.)

"(4) CURRENT ORDERS.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in the case of an order issued by the Secretary under a commodity promotion law that is in effect on the date of enactment of this subsection, the Secretary shall conduct the initial referendum under this subsection on the termination of the order not later than 3 years after the date of enactment of this subsection.

"(B) RECENT REFERENDA.—In the case of an order issued by the Secretary under a commodity promotion law with respect to which the Secretary has (during the 2-year period

ending on the date of enactment of this subsection) completed a referendum on the termination of the order (not including an advisory referendum), the Secretary shall conduct the initial referendum under this subsection not later than 5 years after the date of completion of the referendum on the termination of the order.

"(C) CURRENT REFERENDA.—In the case of an order issued by the Secretary under a commodity promotion law with respect to which the Secretary has (as of the date of enactment of this subsection) initiated, but not completed, a referendum on the termination of the order (not including an advisory referendum), the Secretary shall conduct the initial referendum under this subsection not later than 5 years after the date of completion of the referendum on the termination of the order.

"(f) UNIFORM PROCEDURES FOR CONDUCTING REFERENDA.—

"(1) IN GENERAL.—Notwithstanding any commodity promotion law, the Secretary shall promulgate such regulations as are necessary to establish, to the maximum extent practicable, a uniform, pre-

dictable, and transparent procedure applicable to an order issued by the Secretary under each commodity promotion law for conducting any referendum (including an advisory referendum).

"(2) MINIMUM REQUIREMENTS.—In carrying out paragraph (1), the Secretary shall promulgate regulations that, at a minimum, establish accurate and fair procedures—

"(A) in the case of a referendum that is petitioned for by eligible persons, to validate that a sufficient number of eligible persons have requested the referendum;

"(B) to determine the validity of ballots and to tabulate referendum results;

"(C) in the case of a referendum conducted in person, to request, vote, and tabulate absentee ballots;

"(D) to allow for and govern challenges to the eligibility of voters, the validity of ballots, and methods for tabulating ballots;

"(E) to determine the number of persons eligible to petition for (if applicable), or vote, in a referendum, including, to the maximum extent practicable, developing and making available a list of eligible persons prior to the begin-

ning of the petition procedure for the referendum (if applicable) or the Secretary conducting the referendum; and

"(F) to allow eligible persons to vote in a referendum by mail ballot or by such other method, instead of in-person voting, prescribed by the Secretary as will reduce the burden on voters and ensure the integrity of the referendum.

"(3) REGULATIONS.—

"(A) PROPOSED REGULATIONS.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall promulgate proposed regulations to carry out this subsection.

"(B) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall promulgate final regulations to carry out this subsection.

"(g) MARKETING PROMOTION PROGRAMS.—Subsections (e) and (f) do not apply to a promotion program established under a marketing promotion provision referred to in subsection (a)(1).".

(b) TECHNICAL AMENDMENTS.—Section 501(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7401(a)) is amended—

(1) in paragraph (17), by striking ''or'';

(2) in paragraph (18), by striking the period and inserting ''; or''; and

(3) by adding at the end the following:

''(19) any other provision of law enacted after April 4, 1996, that provides for the establishment and operation of a promotion program described in the first sentence.''.

Subtitle E—Perishable Agricultural Commodities

SEC. 1041. DISCIPLINARY VIOLATIONS.

Section 6 of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499f), is amended—

(1) in the section heading, by striking ''**WRITTEN**'';

(2) in subsection (b)—

(A) by striking ''(other than an employee of an agency of the Department of Agriculture administering this Act)''; and

(B) by striking ''written'' each place it appears; and

(3) in subsection (c)—

(A) in paragraph (1), by striking ''written''; and

(B) in paragraph (3), by striking ''written''.

TITLE XI—MISCELLANEOUS

SEC. 1101. COTTON CLASSIFICATION SERVICES.

The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the ''Cotton Statistics and Estimates Act'') (7 U.S.C. 473), is amended by striking ''2002'' and inserting ''2006''.

SEC. 1102. AVAILABILITY OF SECTION 32 FUNDS.

Section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), is amended in the fourth sentence of the second undesignated paragraph by striking ''$300,000,000'' and inserting ''$500,000,000''.

SEC. 1103. PSEUDORABIES ERADICATION PROGRAM.

Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 1104. COLLECTION AND USE OF AGRICULTURAL QUARANTINE AND INSPECTION FEES.

Section 2509(a)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a(a)(1)) is amended by striking ''2002'' and inserting ''2006''.

SEC. 1105. COMMODITY PURCHASES.

Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking ''2001'' and inserting ''2003''.

SEC. 1106. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

The Child Nutrition Act of 1966 is amended by inserting after section 17 (42 U.S.C. 1786) the following:

''SEC. 18. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

''(a) ESTABLISHMENT.—For the period of fiscal years 2002 through 2006, the Secretary shall use $75,000,000 of funds available to the Commodity Credit Corporation to carry out and expand a seniors farmers' market nutrition program.

''(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

''(1) to provide to low-income seniors resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands, and community-supported agriculture programs;

''(2) to increase domestic consumption of agricultural commodities by expanding or assisting in the expansion of domestic farmers' markets, road-

side stands, and community-supported agriculture programs; and

"(3) to develop or aid in the development of new farmers' markets, roadside stands, and community-supported agriculture programs.

"(c) REGULATIONS.—The Secretary may promulgate such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program under this section.

"(d) TERMINATION OF EFFECTIVENESS.—The program established under subsection (a) terminates on September 30, 2006, and shall be considered to have expired notwithstanding section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907).".

SEC. 1107. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture (acting through the Agricultural Marketing Service) shall use $3,500,000 of funds of the Commodity Credit Corporation for fiscal year 2002 to establish a national organic certification cost-share program to assist producers and handlers of agricultural products in obtaining certification under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

(b) FEDERAL SHARE.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall pay under this section not more than 75 percent of the costs incurred by a producer or handler in obtaining certification under the national organic production program, as certified to and approved by the Secretary.

(2) MAXIMUM AMOUNT.—The maximum amount of a payment made to a producer or handler under this section shall be $500.