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110TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 110–256
Part 1

FARM, NUTRITION, AND BIOENERGY ACT OF 2007

R E P O R T

COMMITTEE ON AGRICULTURE

[TO ACCOMPANY H.R. 2419]

JULY 23, 2007.—Ordered to be printed

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Mr. PETERSON of Minnesota, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 2419]

[Including cost estimate of the Congressional Budget Office]

The Committee on Agriculture, to whom was referred the bill (H.R. 2419) to provide for the continuation of agricultural programs through fiscal year 2012, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Farm, Nutrition, and Bioenergy Act of 2007".

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

Sec. 1. Short title and table of contents.

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Sec. 1102. Availability of direct payments.
Sec. 1103. Availability of counter-cyclical payments.
Sec. 1104. Availability of revenue-based counter-cyclical payments.
Sec. 1105. Producer agreement required as condition of provision of direct payments and counter-cyclical payments.
Sec. 1106. Planting flexibility.
Sec. 1107. Period of effectiveness.

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Sec. 1202. Loan rates for nonrecourse marketing assistance loans.
Sec. 1203. Term of loans.
Sec. 1204. Repayment of loans.
Sec. 1205. Loan deficiency payments.
Sec. 1206. Payments in lieu of loan deficiency payments for grazed acreage.
Sec. 1207. Special marketing loan provisions for upland cotton.
Sec. 1208. Special competitive provisions for extra long staple cotton.

Sec. 1209. Availability of recourse loans for high moisture feed grains and seed cotton.
Sec. 1210. Deadline for repayment of marketing assistance loan for peanuts.
Sec. 1211. Commodity quality incentive payments for healthy oilseeds.

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Sec. 1301. Sugar program.
Sec. 1302. United States membership in the international sugar organization.
Sec. 1303. Flexible marketing allotments for sugar.

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Sec. 1401. Dairy product price support program.
Sec. 1402. Dairy forward pricing program.
Sec. 1403. Dairy export incentive program.
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Sec. 1405. Dairy indemnity program.
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Sec. 1503. Payment Limitations.
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TITLE I—COMMODITY PROGRAMS

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SEC. 1001. DEFINITIONS.

In this title:

(1) AGRICULTURAL ACT OF 1949.—The term "Agricultural Act of 1949" means the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as in effect prior to the suspensions under section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301), section 1602(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7992(b)), and section 1502(b) of this Act.

(2) BASE ACRES.—The term "base acres", with respect to a covered commodity on a farm, means the number of acres established under sections 1101 and 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911, 7952), as in effect on the day before the date of the enactment of this Act, subject to any adjustment under section 1101 of this Act.

(3) COMPARABLE UNITED STATES QUALITY.—The term "Comparable United States Quality", with respect to upland cotton, means upland cotton classified as Middling (M) 1 3/32-inch cotton with a micronaire of 3.7 to 4.2, strength 30 grams per tex, and uniformity of 83.

(4) COUNTER-CYCLICAL PAYMENT.—The term "counter-cyclical payment" means a payment made to producers on a farm under section 1103 or 1104.

(5) COVERED COMMODITY.—The term "covered commodity" means wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, peanuts, and other oilseeds.

(6) DIRECT PAYMENT.—The term "direct payment" means a payment made to producers on a farm under section 1102.

(7) EFFECTIVE PRICE.—The term "effective price", with respect to a covered commodity for a crop year, means the price calculated by the Secretary under section 1103 to determine whether counter-cyclical payments are required to be made for that crop year under that section.

(8) 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 of the species, 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.

(9) FAR EAST PRICE.—The term "Far East price" means the Friday through Thursday average price quotation for the three lowest-priced growths of upland cotton, as quoted for Middling (M) 1 3/32-inch cotton, delivered C/F Far East.

(10) LOAN COMMODITY.—The term "loan commodity" means wheat, corn, grain sorghum, feed barley, malt barley, oats, upland cotton, extra long staple cotton, long grain rice, medium grain rice, short grain rice, soybeans, peanuts, other oilseeds, wool, mohair, honey, dry peas, lentils, and small chickpeas.

(11) OTHER OILSEED.—The term "other oilseed" means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or, if designated by the Secretary, another oilseed.

(12) PAYMENT ACRES.—The term "payment acres", with respect to a covered commodity on a farm, means 85 percent of the base acres for the covered commodity, on which direct payments and counter-cyclical payments are made.

(13) PAYMENT YIELD.—The term "payment yield" means the yield established for direct payments and counter-cyclical payments under section 1102 or 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912; 7952), as in effect on the day before the date of the enactment of this Act, for a farm for a covered commodity.

(14) PRODUCER.—

(A) IN GENERAL.—The term "producer" means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

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

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

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

(15) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(16) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(17) TARGET PRICE.—The term "target price" means the price per bushel (or other appropriate unit in the case of upland cotton, rice, peanuts, and other oilseeds) of a covered commodity used to determine the payment rate for counter-cyclical payments under section 1103.

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

(19) UNITED STATES PREMIUM FACTOR.—The term "United States Premium Factor" means the percentage by which the difference in the United States loan schedule premiums for Strict Middling (SM) 1 1/8-inch cotton and for M 1 3/32-inch exceeds the difference in the applicable premiums for comparable international qualities delivered C/F Far East.

Subtitle A—Direct Payments and Counter-Cyclical Payments

SEC. 1101. ADJUSTMENTS TO BASE ACRES.

(a) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—

(1) IN GENERAL.—The Secretary shall provide for an adjustment, as appropriate, in the base acres for covered commodities for a farm whenever either of the following circumstances occurs:

(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) SPECIAL PAYMENT RULES.—For the crop year in which a base acres adjustment under paragraph (1) is first made, the owner of the farm shall elect to receive either direct payments and counter-cyclical payments with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(b) 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 base acres for 1 or more covered commodities for the farm 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 the following:

(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.).

(B) Any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(3) SELECTION OF ACRES.—The Secretary shall give the owner of the farm the opportunity to select the base acres against which the reduction required by paragraph (1) will be made.

(4) EXCEPTION FOR DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall make an exception in the case of double cropping, as determined by the Secretary.

(c) PERMANENT REDUCTION IN BASE ACRES.—

(1) IN GENERAL.—The owner of a farm may reduce, at any time, the base acres for any covered commodity for the farm.

(2) ADMINISTRATION.—The reduction shall be permanent and made in the manner prescribed by the Secretary.

SEC. 1102. AVAILABILITY OF DIRECT PAYMENTS.

(a) PAYMENT REQUIRED.—For each of the 2008 through 2012 crop years of each covered commodity, the Secretary shall make direct payments to producers on farms for which payment yields and base acres are established.

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

(1) Wheat, $0.52 per bushel.
(2) Corn, $0.28 per bushel.
(3) Grain sorghum, $0.35 per bushel.
(4) Barley, $0.24 per bushel.
(5) Oats, $0.024 per bushel.
(6) Upland cotton, $0.0667 per pound.
(7) Rice, $2.35 per hundredweight.
(8) Soybeans, $0.44 per bushel.
(9) Other oilseeds, $0.0080 per pound.
(10) Peanuts, $36.00 per ton.

(c) PAYMENT AMOUNT.—The amount of the direct payment to be paid to the producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (b).
(2) The payment acres of the covered commodity on the farm.
(3) The payment yield for the covered commodity for the farm.

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—In the case of each of the 2008 through 2012 crop years, the Secretary may not make direct payments before October 1 of the calendar year in which the crop of the covered commodity is harvested.

(2) ADVANCE PAYMENTS.—

(A) OPTION.—At the option of the producers on a farm, up to 22 percent of the direct payment for a covered commodity for any of the 2008 through 2011 crop years shall be paid to the producers in advance.

(B) MONTH.—

(i) SELECTION.—The producers shall select the month within which the advance payment for a crop year will be made.

(ii) OPTIONS.—The month selected may be any month during the period beginning on December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested through the month within which the direct payment would otherwise be made.

(iii) CHANGE.—The producers may change the selected month for a subsequent advance payment by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If a producer on a farm that receives an advance direct payment for a crop year ceases to be a producer on that farm, or the extent to which the producer shares in the risk of producing a crop changes, before the date the remainder of the direct payment is made, the producer shall be responsible for repaying the Secretary the applicable amount of the advance payment, as determined by the Secretary.

(e) PROHIBITION ON DE MINIMIS PAYMENTS.—If the total direct payment to be paid to a producer on a farm for all covered commodities is less than $25.00, the Secretary shall not tender the direct payment to the producer.

SEC. 1103. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS.

(a) PAYMENT REQUIRED.—For each of the 2008 through 2012 crop years for each covered commodity, the Secretary shall make counter-cyclical payments to producers on farms for which payment yields and base acres are established with respect to the covered commodity if the Secretary determines that the effective price for the covered commodity is less than the target price for the covered commodity.

(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for a covered commodity is equal to the sum of the following:

(1) The higher of the following:

(A) The national average market price received by producers during the 12-month marketing year for the covered commodity, as determined by the Secretary.

(B) The national average loan rate for a marketing assistance loan for the covered commodity in effect for the applicable period under subtitle B, except that, for the purpose of calculating counter-cyclical payments under this section for rice and barley, the Secretary shall establish national average all rice and all barley loan rates.

(2) The payment rate in effect for the covered commodity under section 1102 for the purpose of making direct payments with respect to the covered commodity.

(c) TARGET PRICE.—For purposes of subsection (a), the target prices for covered commodities shall be as follows:

(1) Wheat, $4.15 per bushel.

(2) Corn, $2.63 per bushel.

(3) Grain sorghum, $2.57 per bushel.

(4) Barley, $2.73 per bushel.

(5) Oats, $1.50 per bushel.

(6) Upland cotton, $0.70 per pound.

(7) Rice, $10.50 per hundredweight.

(8) Soybeans, $6.10 per bushel.

(9) Other oilseeds, $0.1150 per pound.

(10) Peanuts, $495.00 per ton.

(d) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to a covered commodity for a crop year shall be equal to the difference between—

(1) the target price for the covered commodity; and

(2) the effective price determined under subsection (b) for the covered commodity.

(e) PAYMENT AMOUNT.—If counter-cyclical payments are required to be paid under this section for any of the 2008 through 2012 crop years of a covered commodity, the amount of the counter-cyclical payment to be paid to the producers on a farm for that crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (d).

(2) The payment acres of the covered commodity on the farm.

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

(f) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—If the Secretary determines under subsection (a) that counter-cyclical payments are required to be made under this section for the crop of a covered commodity, the Secretary shall make the counter-cyclical payments for the crop as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(2) AVAILABILITY OF PARTIAL PAYMENTS.—If, before the end of the 12-month marketing year for a covered commodity, the Secretary estimates that counter-cyclical payments will be required for the crop of the covered commodity, the Secretary shall give producers on a farm the option to receive partial payments of the counter-cyclical payment projected to be made for that crop of the covered commodity.

(3) TIME FOR PARTIAL PAYMENTS FOR 2008 THROUGH 2010 CROP YEARS.—If the Secretary is required to make partial payments available under paragraph (2) for a covered commodity for any of the 2008 through 2010 crop years—

(A) the first partial payment shall be made after completion of the first 6 months of the marketing year for the covered commodity; and

(B) the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(4) AMOUNT OF PARTIAL PAYMENTS.—

(A) FIRST PARTIAL PAYMENT.—For each of the 2008 through 2010 crop years, the first partial payment under paragraph (3) to the producers on a farm may not exceed 40 percent of the projected counter-cyclical payment for the covered commodity for the crop year, as determined by the Secretary.

(B) FINAL PAYMENT.—The final payment for each of the 2008 through 2010 crop years shall be equal to the difference between—

(i) the actual counter-cyclical payment to be made to the producers for the covered commodity for that crop year; and

(ii) the amount of the partial payment made to the producers under subparagraph (A).

(5) REPAYMENT.—The producers on a farm that receive a partial payment under this subsection for a crop year shall repay to the Secretary the amount, if any, by which the total of the partial payments exceed the actual counter-cyclical payment to be made for the covered commodity for that crop year.

(g) PROHIBITION ON DE MINIMIS PAYMENTS.—If the total counter-cyclical payment to be paid to a producer on a farm for all covered commodities is less than $25.00, the Secretary shall not tender the counter-cyclical payment to the producer.

SEC. 1104. AVAILABILITY OF REVENUE-BASED COUNTER-CYCLICAL PAYMENTS.

(a) AVAILABILITY AND ELECTION OF ALTERNATIVE APPROACH.—

(1) AVAILABILITY OF REVENUE-BASED COUNTER-CYCLICAL PAYMENTS.—As an alternative to receiving counter-cyclical payments under section 1103 with respect to each covered commodity on a farm, the Secretary shall give the producers on the farm an opportunity to elect to instead receive revenue-based counter-cyclical payments under this section for the 2008 through 2012 crop years.

(2) SINGLE ELECTION; TIME FOR ELECTION.—As soon as practicable after the date of enactment of this Act, the Secretary shall provide notice to producers regarding their opportunity to make the election described in paragraph (1). The notice shall include the following:

(A) Notice that the opportunity of the producers on a farm to make the election is being provided only once.

(B) Information regarding the manner in which the election must be made and the time periods and manner in which notice of the election must be submitted to the Secretary.

(3) ELECTION DEADLINE.—Within the time period and in the manner prescribed pursuant to paragraph (2), the producers on a farm shall submit to the Secretary notice of the election made under paragraph (1).

(4) EFFECT OF FAILURE TO MAKE ELECTION.—If the producers on a farm fail to make the election under paragraph (1) or fail to timely notify the Secretary of the election made, as required by paragraph (3), the producers shall be deemed to have made the election to receive counter-cyclical payments under section 1103 for all covered commodities on the farm.

(b) PAYMENT REQUIRED.—In the case of producers on a farm who make the election under subsection (a) to receive revenue-based counter-cyclical payments, the Secretary shall make revenue-based counter-cyclical payments to such producers

with respect to a covered commodity on the farm, if the Secretary determines that the national actual revenue per acre for the covered commodity is less than the national target revenue per acre for the covered commodity, as determined pursuant to this section.

(c) NATIONAL ACTUAL REVENUE PER ACRE.—For each covered commodity for each of the 2008 through 2012 crop years, the Secretary shall establish a national actual revenue per acre by multiplying the national average yield for the given year by the higher of—

(1) the national average market price received by producers of the covered commodity during the 12-month marketing year established by the Secretary; or

(2) the loan rate for the covered commodity under section 1202, except that, for the purpose of calculating national actual revenue per acre for rice and barley, the Secretary shall establish national average all rice and all barley loan rates.

(d) NATIONAL TARGET REVENUE PER ACRE.—The national target revenue per acre shall be, on a per acre basis, as follows:

(1) Wheat, $149.92.
(2) Corn, $344.12.
(3) Grain Sorghum, $131.28.
(4) Barley, $153.30.
(5) Oats, $92.10
(6) Upland cotton, $496.93.
(7) Rice, $548.06.
(8) Soybeans, $231.87.
(9) Other oilseeds, $129.18.
(10) Peanuts, $683.83.

(e) NATIONAL PAYMENT YIELD.—The national payment yield shall be as follows:

(1) Wheat, 36.1 bushels per acre.
(2) Corn, 114.4 bushels per acre.
(3) Grain Sorghum, 58.2 bushels per acre.
(4) Barley, 48.6 bushels per acre.
(5) Oats, 49.8 bushels per acre.
(6) Upland cotton, 634 pounds per acre.
(7) Rice, 51.28 hundredweight per acre.
(8) Soybeans, 34.1 bushels per acre.
(9) Other oilseeds, 1167.6 pounds per acre.
(10) Peanuts, 1.496 tons per acre.

(f) NATIONAL PAYMENT RATE.—The national payment rate used to make revenue-based counter-cyclical payments for a crop year shall be the result of—

(1) the difference between the national target revenue per acre for the covered commodity and the national actual revenue per acre for the covered commodity; divided by

(2) the national payment yield for the covered commodity.

(g) PAYMENT AMOUNT.—If revenue-based counter-cyclical payments are required to be paid for any of the 2008 through 2012 crop years of a covered commodity, the amount of the counter-cyclical payment to be paid to the producers on a farm for that crop year for the covered commodity shall be equal to the product of—

(1) the national payment rate for the covered commodity;

(2) the payment acres of the covered commodity on the farm; and

(3) the payment yield for counter-cyclical payments for the covered commodity.

(h) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—If the Secretary determines that revenue-based counter-cyclical payments are required to be made under this section for the crop of a covered commodity, the Secretary shall make the counter-cyclical payments for the crop as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(2) AVAILABILITY OF PARTIAL PAYMENTS.—If, before the end of the 12-month marketing year for a covered commodity, the Secretary estimates that revenue-based counter-cyclical payments will be required for the crop of the covered commodity, the Secretary shall give producers on a farm the option to receive partial payments of the revenue-based counter-cyclical payments projected to be made for that crop of the covered commodity.

(3) TIME FOR PARTIAL PAYMENTS FOR 2008 THROUGH 2010 CROP YEARS.—If the Secretary is required to make partial payments available under paragraph (2) for a covered commodity for any of the 2008 through 2010 crop years—

(A) the first partial payment shall be made after completion of the first 6 months of the marketing year for the covered commodity; and

(B) the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(4) AMOUNT OF PARTIAL PAYMENTS.—

(A) FIRST PARTIAL PAYMENT.—For each of the 2008 through 2010 crop years, the first partial payment under paragraph (3) to the producers on a farm may not exceed 40 percent of the projected revenue-based counter-cyclical payment for the covered commodity for the crop year, as determined by the Secretary.

(B) FINAL PAYMENT.—The final payment for each of the 2008 through 2010 crop years shall be equal to the difference between—

(i) the actual revenue-based counter-cyclical payments to be made to the producers for the covered commodity for that crop year; and

(ii) the amount of the partial payment made to the producers on a farm under subparagraph (A) for that crop year.

(5) REPAYMENT.—Producers on a farm that receive a partial payment under this subsection for a crop year shall repay to the Secretary the amount, if any, by which the total of the partial payments exceed the actual revenue-based counter-cyclical payments to be made for the covered commodity for that crop year.

(i) PROHIBITION ON DE MINIMIS PAYMENTS.—If the total revenue-based counter-cyclical payment to be paid to a producer on a farm for all covered commodities is less than $25.00, the Secretary shall not tender the revenue-based counter-cyclical payment to the producer.

SEC. 1105. PRODUCER AGREEMENT REQUIRED AS CONDITION OF PROVISION OF DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the producers shall agree, during the crop year for which the payments are made and in exchange for the payments—

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

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

(C) to comply with the planting flexibility requirements of section 1106;

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

(E) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers necessary to ensure producer compliance with the requirements of paragraph (1).

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

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

(1) TERMINATION.—

(A) IN GENERAL.—Except as provided in paragraph (2), a transfer of (or change in) the interest of the producers on a farm in base acres for which direct payments or counter-cyclical 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).

(B) EFFECTIVE DATE.—The termination shall take effect on the date determined by the Secretary.

(2) EXCEPTION.—If a producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with rules issued by the Secretary.

(c) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this subtitle or subtitle B, the Secretary shall require producers on a farm to submit to the Secretary annual acreage reports with respect to all cropland on the farm.

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

(e) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the producers on a farm on a fair and equitable basis.

SEC. 1106. PLANTING FLEXIBILITY.

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

(b) LIMITATIONS REGARDING CERTAIN COMMODITIES.—

(1) GENERAL LIMITATION.—The planting of an agricultural commodity specified in paragraph (3) shall be prohibited on base acres unless the commodity, if planted, is destroyed before harvest.

(2) TREATMENT OF TREES AND OTHER PERENNIALS.—The planting of an agricultural commodity specified in paragraph (3) that is produced on a tree or other perennial plant shall be prohibited on base acres.

(3) COVERED AGRICULTURAL COMMODITIES.—Paragraphs (1) and (2) apply to the following agricultural commodities:

(A) Fruits.

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

(C) Wild rice.

(c) EXCEPTIONS.—Paragraphs (1) and (2) of subsection (b) shall not limit the planting of an agricultural commodity specified in paragraph (3) of that subsection—

(1) in any region in which there is a history of double-cropping of covered commodities with agricultural commodities specified in subsection (b)(3), as determined by the Secretary, in which case the double-cropping shall be permitted;

(2) on a farm that the Secretary determines has a history of planting agricultural commodities specified in subsection (b)(3) on base acres, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such an agricultural commodity; or

(3) by the producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in subsection (b)(3), except that—

(A) the quantity planted may not exceed the average annual planting history of such agricultural commodity by the producers on the farm in the 1991 through 1995 or 1998 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

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

(d) PLANTING TRANSFERABILITY PILOT PROJECT.—

(1) PILOT PROJECT AUTHORIZED.—In addition to the exceptions provided in subsection (c), the Secretary shall carry out a pilot project in the State of Indiana under which paragraphs (1) and (2) of subsection (b) shall not limit the planting of tomatoes grown for processing on up to 10,000 base acres during each of the 2008 through 2012 crop years.

(2) CONTRACT AND MANAGEMENT REQUIREMENTS.— To be eligible for selection to participate in the pilot project, a producer must—

(A) have a contract to grow tomatoes for processing; and

(B) agree to produce the tomatoes as part of a program of crop rotation on the farm to achieve agronomic and pest and disease management benefits.

(3) TEMPORARY REDUCTION IN BASE ACRES.—The base acres on a farm for a crop year shall be reduced by an acre for each acre planted to tomatoes under the pilot program.

(4) DURATION OF REDUCTIONS.—The reduction in the base acres of a farm for a crop year under paragraph (3) shall expire at the end of the crop year, unless the producers on the farm elect to continue to participate in the pilot project for the subsequent crop year.

(5) RECALCULATION OF BASE ACRES.—If the Secretary recalculates base acres for a farm while the farm is included in the pilot project, the planting and production of tomatoes under the pilot project shall be considered to be the same as the planting, prevented planting, or production of a covered commodity. Nothing in this paragraph provides authority for the Secretary to recalculate base acres for a farm.

SEC. 1107. PERIOD OF EFFECTIVENESS.

This subtitle shall be effective beginning with the 2008 crop year of each covered commodity through the 2012 crop year.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR LOAN COMMODITIES.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2008 through 2012 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm.

(2) TERMS AND CONDITIONS.—The marketing assistance loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 1202 for the loan commodity.

(b) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under subsection (a) for any quantity of a loan commodity produced on the farm.

(c) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subtitle, the Secretary shall make loans to producers on a farm that would be eligible to obtain a marketing assistance loan, but for the fact the loan commodity owned by the producers on the farm commingled with loan commodities of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producers obtaining the loan agree to immediately redeem the loan collateral in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

(d) COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the producer shall comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.) during the term of the loan.

(e) PEANUT-RELATED LOAN PROVISIONS.—

(1) OPTIONS FOR OBTAINING LOANS.—A marketing assistance loan for peanuts under this section and loan deficiency payments for peanuts under section 1205 may be obtained at option of the producers on a farm through—

(A) a designated marketing association or marketing cooperative of producers that is approved by the Secretary; or

(B) the Farm Service Agency.

(2) STORAGE OF LOAN PEANUTS.—As a condition on the Secretary's approval of an individual or entity to provide storage for peanuts for which a marketing assistance loan is made under this section, the individual or entity shall agree—

(A) to provide such storage on a nondiscriminatory basis; and

(B) to comply with such additional requirements as the Secretary considers appropriate to accomplish the purposes of this section and promote fairness in the administration of the benefits of this section.

(3) MARKETING.—A marketing association or cooperative may market peanuts for which a loan is made under this section in any manner that conforms to consumer needs, including the separation of peanuts by type and quality.

SEC. 1202. LOAN RATES FOR NONRECOURSE MARKETING ASSISTANCE LOANS.

(a) LOAN RATES.—The loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

(1) In the case of wheat, $2.94 per bushel.

(2) In the case of corn, $1.95 per bushel.

(3) In the case of grain sorghum, $1.95 per bushel.

(4) In the case of malt barley, $2.50 per bushel.

(5) In the case of feed barley, $1.90 per bushel.

(6) In the case of oats, $1.46 per bushel.

(7) In the case of the base quality of upland cotton, $0.52 per pound.

(8) In the case of extra long staple cotton, $0.7977 per pound.

(9) In the case of long grain rice, $6.50 per hundredweight.

(10) In the case of medium grain rice and short grain rice, $6.50 per hundredweight.

(11) In the case of soybeans, $5.00 per bushel.

(12) In the case of other oilseeds, $0.1070 per pound for each of the following kinds of oilseeds:

(A) Sunflower seed.

(B) Rapeseed.

(C) Canola.

(D) Safflower.

(E) Flaxseed.
(F) Mustard seed.
(G) Crambe.
(H) Sesame seed.
(I) Other oilseeds designated by the Secretary.

(13) In the case of dry peas, $5.40 per hundredweight.
(14) In the case of lentils, $11.28 per hundredweight.
(15) In the case of small chickpeas, $8.54 per hundredweight.
(16) In the case of peanuts, $355.00 per ton.
(17) In the case of graded wool, $1.10 per pound.
(18) In the case of nongraded wool, $0.40 per pound.
(19) In the case of honey, $0.60 per pound.
(20) In the case of mohair, $4.20 per pound.

(b) SINGLE COUNTY LOAN RATE FOR OTHER OILSEEDS.—The Secretary shall establish a single loan rate in each county for each kind of other oilseeds described in subsection (a)(12).

(c) SPECIAL RULES FOR CORN AND GRAIN SORGHUM.—

(1) SINGLE COUNTY AND NATIONAL AVERAGE LOAN RATE.—The Secretary shall—

(A) establish a single county loan rate for corn and grain sorghum in each county;

(B) establish a single national average loan rate for corn and grain sorghum; and

(C) determine each county loan rate and the national average loan rate for corn and grain sorghum and any and all other program loan rates applicable to corn and grain sorghum from a data set that includes prices for both commodities.

(2) ADMINISTRATION.—With respect to corn and grain sorghum, the Secretary—

(A) shall administer the applicable loan, marketing loan, counter-cyclical payment, and related programs from a single loan rate for corn and grain sorghum that is identical in each individual county;

(B) shall provide that any adjustment in the loan rate for location shall be determined and applied on the basis of the combined data set such that any transportation adjustment shall be the same for corn and grain sorghum in each individual county; and

(C) may provide for adjustments for grade, type, and quality as appropriate for the corn or grain sorghum involved in each specific transaction.

SEC. 1203. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each loan commodity, a marketing assistance loan under section 1201 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 PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

SEC. 1204. REPAYMENT OF LOANS.

(a) GENERAL RULE.—The Secretary shall permit the producers on a farm to repay a marketing assistance loan under section 1201 for a loan commodity (other than upland cotton, long grain rice, medium grain rice, short grain rice, extra long staple cotton, and confectionery and each other kind of sunflower seed (other than oil sunflower seed)) at the lesser of the following:

(1) The loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

(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, if applicable.

(b) REPAYMENT RATES FOR UPLAND COTTON AND RICE.—The Secretary shall permit producers to repay a marketing assistance loan under section 1201 for upland cotton, long grain rice, medium grain rice, and short grain rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

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

(c) REPAYMENT RATES FOR EXTRA LONG STAPLE COTTON.—Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 1207, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for upland cotton, which shall be based on the Far East price of upland cotton;

(2) a formula to determine the prevailing world market price for—

(A) long grain rice; and

(B) medium and short grain rice;

(3) a mechanism by which the Secretary will announce periodically the prevailing world market price for upland cotton, long grain rice, and medium and short grain rice; and

(4) a mechanism by which the Secretary will make the adjustments, required by subsection (e), to the prevailing world market price for upland cotton, long grain rice, and medium and short grain rice.

(e) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON AND RICE.—

(1) RICE.—The prevailing world market price for long grain, medium grain, and short grain rice determined in subsection (d) shall be adjusted to United States quality and location.

(2) COTTON.—The prevailing world market price for upland cotton, determined in subsection (d) shall be—

(A) adjusted to United States quality and location, with such quality adjustment to include—

(i) any existing United States loan schedule premiums for Comparable United States Quality; and

(ii) a reduction equal to any United States Premium Factor to upland cotton of a quality higher than Middling (M) 1 3/32-inch; and

(B) adjusted to take into account average costs to market the commodity, including average transportation costs, as determined by the Secretary.

(f) ADDITIONAL ADJUSTMENT AUTHORITY REGARDING PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.—

(1) IN GENERAL.—During the period beginning on the date of the enactment of this Act through July 31, 2013, the Secretary may further adjust the prevailing world market price for upland cotton (adjusted under subsection (d)) if the Secretary determines such adjustment necessary—

(A) to minimize potential loan forfeitures;

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

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

(D) to ensure that United States cotton is competitive in world markets; and

(E) to ensure an appropriate transition between current-crop and forward-crop price quotations, except that the Secretary may use forward-crop price quotations prior to July 31 of the current marketing year only if there are less than three current-crop price quotations and only if such forward-crop price quotation is the lowest such quotation available.

(2) GUIDELINES FOR ADDITIONAL ADJUSTMENT.—In further adjusting the prevailing world market price for upland cotton under this subsection, the Secretary shall establish a mechanism for determining and announcing such adjustments in order to avoid undue disruption in the United States market.

(g) REPAYMENT RATES FOR CONFECTIONERY AND OTHER KINDS OF SUNFLOWER SEEDS.—The Secretary shall permit the producers on a farm to repay a marketing assistance loan under section 1201 for confectionery and each other kind of sunflower seed (other than oil sunflower seed) at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

(2) the repayment rate established for oil sunflower seed.

(h) QUALITY GRADES FOR DRY PEAS, LENTILS, AND SMALL CHICKPEAS.—The loan repayment rate for dry peas, lentils, and small chickpeas shall be based on the quality grades for the applicable commodity.

SEC. 1205. LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan under section 1201 with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for loan deficiency payments under this section.

(2) UNSHORN PELTS, HAY, AND SILAGE.—

(A) MARKETING ASSISTANCE LOANS.—Subject to subparagraph (B), nongraded wool in the form of unshorn pelts and hay and silage derived from a loan commodity are not eligible for a marketing assistance loan under section 1201.

(B) LOAN DEFICIENCY PAYMENT.—Effective for the 2008 through 2012 crop years, the Secretary may make loan deficiency payments available under this section to producers on a farm that produce unshorn pelts or hay and silage derived from a loan commodity.

(b) COMPUTATION.—A loan deficiency payment for a loan commodity or commodity referred to in subsection (a)(2) shall be computed by multiplying—

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

(2) the quantity of the commodity produced by the eligible producers, excluding any quantity for which the producers obtain a marketing assistance loan under section 1201.

(c) PAYMENT RATE.—

(1) IN GENERAL.—In the case of a loan commodity, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for the loan commodity; exceeds

(B) the rate at which a marketing assistance loan for the loan commodity may be repaid under section 1204.

(2) UNSHORN PELTS.—In the case of unshorn pelts, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for ungraded wool; exceeds

(B) the rate at which a marketing assistance loan for ungraded wool may be repaid under section 1204.

(3) HAY AND SILAGE.—In the case of hay or silage derived from a loan commodity, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for the loan commodity from which the hay or silage is derived; exceeds

(B) the rate at which a marketing assistance loan for the loan commodity may be repaid under section 1204.

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

(e) EFFECTIVE DATE FOR PAYMENT RATE DETERMINATION.—The Secretary shall determine the amount of the loan deficiency payment to be made under this section to the producers on a farm with respect to a quantity of a loan commodity or commodity referred to in subsection (a)(2) using the payment rate in effect under subsection (c) as of the date the producers request the payment.

SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.

(a) ELIGIBLE PRODUCERS.—

(1) IN GENERAL.—Effective for the 2008 through 2012 crop years, in the case of a producer that would be eligible for a loan deficiency payment under section 1205 for wheat, barley, or oats, but that elects to use acreage planted to the wheat, barley, or oats for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, or oats on that acreage.

(2) GRAZING OF TRITICALE ACREAGE.—Effective for the 2008 through 2012 crop years, with respect to a producer on a farm that uses acreage planted to triticale for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of triticale on that acreage.

(b) PAYMENT AMOUNT.—

(1) IN GENERAL.—The amount of a payment made under this section to a producer on a farm described in subsection (a)(1) shall be equal to the amount determined by multiplying—

(A) the loan deficiency payment rate determined under section 1205(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of wheat, barley, or oats; and

(ii) the payment yield in effect for the calculation of direct payments under subtitle A with respect to that loan commodity on the farm or, in the case of a farm without a payment yield for that loan commodity, an appropriate yield established by the Secretary in a manner consistent with section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912).

(2) GRAZING OF TRITICALE ACREAGE.—The amount of a payment made under this section to a producer on a farm described in subsection (a)(2) shall be equal to the amount determined by multiplying—

(A) the loan deficiency payment rate determined under section 1205(c) in effect for wheat, as of the date of the agreement, for the county in which the farm is located; by

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of triticale; and

(ii) the payment yield in effect for the calculation of direct payments under subtitle A with respect to wheat on the farm or, in the case of a farm without a payment yield for wheat, an appropriate yield established by the Secretary in a manner consistent with section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912).

(c) TIME, MANNER, AND AVAILABILITY OF PAYMENT.—

(1) TIME AND MANNER.—A payment under this section shall be made at the same time and in the same manner as loan deficiency payments are made under section 1205.

(2) AVAILABILITY.—

(A) IN GENERAL.—The Secretary shall establish an availability period for the payments authorized by this section.

(B) CERTAIN COMMODITIES.—In the case of wheat, barley, and oats, the availability period shall be consistent with the availability period for the commodity established by the Secretary for marketing assistance loans authorized by this subtitle.

(d) PROHIBITION ON CROP INSURANCE INDEMNITY OR NONINSURED CROP ASSISTANCE.—A 2008 through 2012 crop of wheat, barley, oats, or triticale planted on acreage that a producer elects, in the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop shall not be eligible for an indemnity under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

(a) SPECIAL IMPORT QUOTA.—

(1) 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.

(2) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the period beginning on the date of the enactment of this Act through July 31, 2013, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—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/F Far East, exceeds the Far East price there shall immediately be in effect a special import quota.

(3) 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.

(4) 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.

(5) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by paragraph (2), except that a special quota period may not be established under this subsection if a quota period has been established under subsection (b).

(6) 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.

(7) 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 10 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.

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

(1) DEFINITIONS.—In this subsection:

(A) 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.

(B) 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—

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

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

(C) 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.

(2) PROGRAM.—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 the 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) 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.

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

(c) ECONOMIC ADJUSTMENT ASSISTANCE TO USERS OF UPLAND COTTON.—

(1) ISSUANCE OF MARKETING CERTIFICATES OR CASH PAYMENTS.—During the period beginning on the date of the enactment of this Act through July 31, 2013, the Secretary shall issue, on a monthly basis, marketing certificates or cash payments, at the option of the recipient, to domestic users of upland cotton for all documented use of upland cotton during the previous monthly period regardless of the origin of the upland cotton.

(2) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be 4 cents per pound.

(3) ALLOWABLE PURPOSES.—Economic adjustment assistance under this subsection shall be made available only to domestic users of upland cotton that certify that such funds shall be used only for acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant, buildings, equipment, facilities, or machinery.

(4) REVIEW OR AUDIT.—The Secretary may conduct such review or audit of the records of a domestic user under this subsection as determined necessary to carry out the provisions of this subsection.

(5) IMPROPER USE OF ASSISTANCE.—If the Secretary determines, after a review or audit of the records of the domestic user, that economic adjustment assistance under this subsection was not used for the purposes specified in paragraph (3), the domestic user shall be liable to repay such assistance to the Secretary, plus interest, as determined by the Secretary, and shall be ineligible to participate in the program established by this subsection for a period of 12 months following the determination of the Secretary.

SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on the date of the enactment of this Act through July 31, 2013, 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. 1209. AVAILABILITY OF RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON.

(a) HIGH MOISTURE FEED GRAINS.—

(1) DEFINITION OF HIGH MOISTURE STATE.—In this subsection, the term "high moisture state" means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 1201.

(2) RECOURSE LOANS AVAILABLE.—For each of the 2008 through 2012 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm that—

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

(B) present—

(i) 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 issued by the Secretary; or

(ii) 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;

(C) 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

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this subsection within deadlines established by the Secretary.

(3) ELIGIBILITY OF ACQUIRED FEED GRAINS.—A loan under this subsection shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(A) the acreage of the corn or grain sorghum in a high moisture state harvested on the producer's farm; by

(B) the lower of the farm program payment yield used to make countercyclical payments under subtitle A 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.

(b) RECOURSE LOANS AVAILABLE FOR SEED COTTON.—For each of the 2008 through 2012 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.

(c) 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 (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

SEC. 1210. DEADLINE FOR REPAYMENT OF MARKETING ASSISTANCE LOAN FOR PEANUTS.

(a) JUNE 30 REDEMPTION DEADLINE.—Notwithstanding any other provision of law, a marketing assistance loan for peanuts may not be redeemed after June 30 of the year subsequent to the year in which the peanuts were harvested.

(b) EFFECT OF FAILURE TO REDEEM.—A marketing assistance loan for peanuts that is not redeemed before the deadline imposed by subsection (a) shall be deemed to be forfeited to the Commodity Credit Corporation.

SEC. 1211. COMMODITY QUALITY INCENTIVE PAYMENTS FOR HEALTHY OILSEEDS.

(a) INCENTIVE PAYMENTS REQUIRED.—Subject to the availability of funds for this purpose, the Secretary shall provide commodity quality incentive payments during the 2009 through 2013 crop years for the production of oilseeds with specialized traits that enhance human health, as determined by the Secretary.

(b) COVERED OILSEEDS.—The Secretary shall make payments under this section only for the production of an oilseed that has, as determined by the Secretary—

(1) been demonstrated to reduce or eliminate the need to partially hydrogenate the oil derived from the oilseed for use in human consumption; and

(2) 1 or more traits for which compelling impediments to commercialization have been identified.

(c) REQUEST FOR PROPOSALS.—

(1) ISSUANCE.—If funds are available to carry out this section for a crop year, the Secretary shall issue a request for proposals for payments under this section.

(2) MULTIYEAR PROPOSALS.—An entity may submit a multiyear proposal for payments under this section.

(3) CONTENT OF PROPOSALS.—A proposal for payments under this section shall include a description of—

(A) each trait of the oilseed described in subsection (b)(2) and the value of the trait as a matter of public policy;

(B) the projected market size and value of the trait;

(C) the projected impact of the proposal on—

(i) the future price of loan commodities; and

(ii) if appropriate, on Federal Government farm program outlays to support loan commodities;

(D) a range for the amount of total per bushel premiums to be paid to producers;

(E) a per bushel amount of incentive payments requested for each year under this section that—

(i) does not exceed ⅓ of the total premium offered for any year; and

(ii) declines over time;

(F) the period of time, of not to exceed 4 years, during which incentive payments are to be provided to producers; and

(G) the targeted total quantity of production and estimated acres needed to produce the targeted quantity for each year under this section.

(d) CONTRACTS FOR PRODUCTION.—

(1) IN GENERAL.—The Secretary shall approve successful proposals submitted under subsection (c) on a timely basis so as to allow successful applicants to offer production contracts to producers beginning in advance of the spring planting season for the 2009 crop year.

(2) MULTIYEAR CONTRACTS.—A successful applicant may enter into a multiyear contract with—

(A) a specific group of producers; or

(B) various groups of producers.

(3) TIMING OF PAYMENTS.—The Secretary shall make payments under this section after the Secretary receives documentation that the total premium offered for crops produced under a contract (including the amount of incentive payments) has been made to covered producers.

(e) ADMINISTRATION.—If funding provided for a crop year is not fully allocated under the initial request for proposals under subsection (c), the Secretary shall issue additional requests for proposals for subsequent years under this section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2009 through 2013.

Subtitle C—Sugar

SEC. 1301. SUGAR PROGRAM.

(a) IN GENERAL.—Section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) is amended to read as follows:

"SEC. 156. SUGAR PROGRAM.

"(a) SUGARCANE.—The Secretary shall make loans for raw cane sugar available to processors of domestically grown sugarcane at a rate equal to 18.5 cents per pound for each of the 2008 through 2012 crop years.

"(b) SUGAR BEETS.—The Secretary shall make loans for refined beet sugar available to processors of domestically grown sugar beets at a rate equal to 23.5 cents per pound for each of the 2008 through 2012 crop years.

"(c) 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 first loan was made; and

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

"(d) 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 the sugar beets and sugarcane delivered by producers to the processor.

"(B) MINIMUM PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary may establish appropriate minimum payments for purposes of this paragraph.

"(ii) LIMITATION.—In the case of sugar beets, the minimum payment established under clause (i) shall not exceed the rate of payment provided for under the applicable contract between a sugar beet producer and a sugar beet processor.

"(3) ADMINISTRATION.—The Secretary may not impose or enforce any prenotification requirement, or similar administrative requirement not otherwise in effect on May 13, 2002, that has the effect of preventing a processor from electing to forfeit the loan collateral (of an acceptable grade and quality) on the maturity of the loan.

"(e) 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 crop.

"(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 by the Secretary 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 of 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 Commodity Credit Corporation.

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

"(i) the difference between—

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

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

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

"(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (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) for the raw cane sugar or refined beet sugar, as appropriate.

"(6) TERM OF LOAN.—The term of a loan made under this subsection for a quantity of in-process sugars and syrups, when combined with the term of a loan made with respect to the raw cane sugar or refined beet sugar derived from the in-process sugars and syrups, may not exceed 9 months, consistent with subsection (c).

"(f) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

"(1) IN GENERAL.—Subject to subsection (d)(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 Commodity Credit 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) BIOENERGY FEEDSTOCK.—If a reduction in the quantity of production accepted under subparagraph (A) involves sugar beets or sugarcane that has already been planted, the sugar beets or sugarcane so planted may not be used for any commercial purpose other than as a bioenergy feedstock.

"(C) ADDITIONAL AUTHORITY.—The authority provided under this paragraph is in addition to any authority of the Commodity Credit Corporation under any other law.

"(g) 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.—As a condition of a loan made to a processor for the benefit of a producer, the Secretary shall require each producer of sugarcane located in a State (other than the Commonwealth of 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 subparagraph (A) to report, in a manner prescribed by the Secretary, the yields of, and acres planted to, sugarcane or sugar beets, respectively, of the producer.

"(3) DUTY OF IMPORTERS TO REPORT.—

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

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

"(4) COLLECTION OF INFORMATION ON MEXICO.—

"(A) COLLECTION.—The Secretary shall collect—

"(i) information on the production, consumption, stocks and trade of sugar in Mexico, including United States exports of sugar to Mexico; and

"(ii) publicly available information on Mexican production, consumption, and trade of high fructose corn syrups, including United States exports of high fructose corn syrups to Mexico.

"(B) PUBLICATION.—The data collected under subparagraph (A) shall be published in each edition of the World Agricultural Supply and Demand Estimates.

"(5) PENALTY.—Any person willfully failing or refusing to furnish the information required to be reported by paragraph (1), (2), or (3), or furnishing willfully false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

"(6) MONTHLY REPORTS.—Taking into consideration the information received under this subsection, the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

"(h) SUBSTITUTION OF REFINED SUGAR.—For purposes of Additional U.S. Note 6 to chapter 17 of the Harmonized Tariff Schedule of the United States and the reexport programs and polyhydric alcohol program administered by the Secretary, all refined sugars (whether derived from sugar beets or sugarcane) produced by cane sugar refineries and beet sugar processors shall be fully substitutable for the export of sugar and sugar-containing products under those programs.

"(i) EFFECTIVE PERIOD.—This section shall be effective only for the 2008 through 2012 crops of sugar beets and sugarcane.".

(b) TRANSITION.—The Secretary of Agriculture shall make loans for raw cane sugar and refined beet sugar available for the 2007 crop year on the terms and conditions provided in section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272), as in effect on the day before the date of the enactment of this Act.

SEC. 1302. UNITED STATES MEMBERSHIP IN THE INTERNATIONAL SUGAR ORGANIZATION.

The Secretary of Agriculture shall work with the Secretary of State to restore United States membership in the International Sugar Organization within one year after the date of enactment of this Act.

SEC. 1303. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

(a) DEFINITION OF HUMAN CONSUMPTION.—Section 359a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) is amended—

(1) by redesignating paragraphs (1) through (4) as paragraphs (2) through (5), respectively; and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph (1):

"(1) HUMAN CONSUMPTION.—The term 'human consumption', when used in the context of a reference to sugar (whether in the form of sugar, in-process sugar, syrup, molasses, or in some other form) for human consumption, includes sugar for use in human food, beverages, or similar products.".

(b) SUGAR ALLOTMENTS.—Section 359b of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb) is amended to read as follows:

"SEC. 359b. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

"(a) SUGAR ESTIMATES.—

"(1) IN GENERAL.—Not later than August 1 before the beginning of each of the 2008 through 2012 crop years for sugarcane and sugar beets, the Secretary shall estimate—

"(A) the quantity of sugar that will be subject to human consumption in the United States during the crop year;

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

"(C) the quantity of sugar that will be available from carry-in stocks for human consumption in the United States during the crop year;

"(D) the quantity of sugar that will be available from the domestic processing of sugarcane, sugar beets, and in-process beet sugar; and

"(E) the quantity of sugars, syrups, and molasses that will be imported for human consumption or to be used for the extraction of sugar for human consumption in the United States during the crop year, whether such articles are under a tariff-rate quota or are in excess or outside of a tariff-rate quota.

"(2) EXCLUSION.—The estimates under this subsection shall not apply to sugar imported for the production of polyhydric alcohol or to any sugar refined and reexported in refined form or in products containing sugar.

"(3) REESTIMATES.—The Secretary shall make reestimates of sugar consumption, stocks, production, and imports for a crop year as necessary, but no later than the beginning of each of the second through fourth quarters of the crop year.

"(b) SUGAR ALLOTMENTS.—

"(1) ESTABLISHMENT.—By the beginning of each crop year, the Secretary shall establish for that crop year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar cane or sugar beets or in-process beet sugar (whether such sugar beets or in-process beet sugar was produced domestically or imported) at a level sufficient to maintain raw and refined sugar prices above forfeiture levels so that there will be no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar established under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272).

"(2) MINIMUM.—The level of allotments established under paragraph (1) may not be less than 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year.

"(3) PRODUCTS.—The Secretary may include sugar products, whose majority content is sucrose, in the allotments established under paragraph (1) if the Secretary determines that the inclusion of such sugar products is appropriate for controlling the supply of sugar for human consumption.

"(c) COVERAGE OF ALLOTMENTS.—

"(1) IN GENERAL.—The marketing allotments provided for in this part shall apply to the marketing by processors of sugar intended for domestic human consumption that has been processed from sugar cane or sugar beets or in-process beet sugar (whether such sugar beets or in-process beet sugar was produced domestically or imported).

"(2) EXCEPTIONS.—Consistent with the administration of marketing allotments during crop years 2002 through 2007, the marketing allotments shall not apply to sugar sold—

"(A) to facilitate the exportation of such sugar to a foreign country, except that such exports of sugar shall not be eligible to receive credits under re-export programs for refined sugar or sugar containing products administered by the Secretary;

"(B) to enable another processor to fulfill an allocation established for such other processor, except that such sales must be made before May 1 and must be reported to the Secretary; or

"(C) for uses other than domestic human consumption.

"(d) PROHIBITIONS.—

"(1) IN GENERAL.—During any crop year or portion thereof for which marketing allotments have been established, no processor of sugar beets or sugarcane shall market for domestic human consumption a quantity of sugar in excess of the allocation established for such processor, except to enable another processor to fulfill an allocation established for such other processor or to facilitate the exportation of such sugar.

"(2) CIVIL PENALTY.—Any processor who knowingly violates paragraph (1) shall be liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the United States market value, at the time of the commission of the violation, of that quantity of sugar involved in the violation.

"(3) DEFINITION OF MARKET.—For purposes of this part, the term 'market' shall mean to sell or otherwise dispose of in commerce in the United States, including—

"(A) the forfeiture of sugar under the loan program for sugar under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) and such forfeited sugar shall be deemed to have been marketed during the crop year in which the loan was made;

"(B) with respect to any integrated processor and refiner, the movement of raw cane sugar into the refining process; and

"(C) the sale of sugar for the production of ethanol or other bioenergy product, if such ethanol or bioenergy product is the subject of a payment under the feedstock flexibility program for bioenergy producers.".

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

(1) by striking subsection (b) and inserting the following new subsection:

"(b) OVERALL ALLOTMENT QUANTITY.—

"(1) IN GENERAL.—The Secretary shall establish the overall quantity of sugar to be allotted for the crop year (in this part referred to as the 'overall allotment quantity') at a level sufficient to maintain raw and refined sugar prices above forfeiture levels to avoid the forfeiture of sugar to the Commodity Credit Corporation.

"(2) MINIMUM.—The overall allotment quantity established under paragraph (1) may not be less than 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year.

"(3) ADJUSTMENT.—Subject to paragraphs (1) and (2), the Secretary shall adjust the overall allotment quantity—

"(A) to maintain raw and refined sugar prices above forfeiture levels to avoid the forfeiture of sugar to the Commodity Credit Corporation; and

"(B) to maintain adequate supplies of raw and refined sugar in the domestic market.";

(2) in subsection (d)(2), by inserting before the period the following: "or in-process beet sugar";

(3) in subsection (g)(1), by inserting at the end the following new sentence: "However, the overall allotment quantity may not be reduced to a quantity less than 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year."; and

(4) by striking subsection (h).

(d) ALLOCATION OF MARKETING ALLOTMENTS.—Section 359d(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359dd(b)) is amended—

(1) in paragraph (1)(F), by striking "Except as otherwise provided in section 359f(c)(8), if" and inserting "If"; and

(2) in paragraph (2), by striking subparagraphs (H) and (I) and inserting the following new subparagraph:

"(H) NEW ENTRANTS STARTING PRODUCTION, REOPENING, OR ACQUIRING AN EXISTING FACTORY WITH PRODUCTION HISTORY.—

"(i) ALLOCATION FOR A NEW ENTRANT THAT HAS CONSTRUCTED A NEW FACTORY OR REOPENED A FACTORY THAT WAS NOT OPERATING SINCE BEFORE 1998.—If a New Entrant constructs a new sugar beet processing factory, or acquires and reopens a sugar beet processing factory that

last processed sugar beets prior to the 1998 crop year and there is no allocation currently associated with the factory, the Secretary shall—

"(I) assign an allocation for beet sugar to the New Entrant that provides a fair and equitable distribution of the allocations for beet sugar in order to enable the New Entrant to achieve a factory utilization rate comparable to the factory utilization rates of other similarly situated processors; and

"(II) reduce the allocations for beet sugar of all other processors on a pro rata basis to reflect the allocation to the New Entrant.

"(ii) ALLOCATION FOR A NEW ENTRANT THAT HAS ACQUIRED AN EXISTING FACTORY WITH A PRODUCTION HISTORY.—If a New Entrant acquires an existing factory that has processed sugar beets from the 1998 or later crop years and has a production history, then, upon the mutual agreement of the New Entrant and the company currently holding the allocation associated with the factory, the Secretary shall transfer to the New Entrant a portion of allocation of the current allocation holder to reflect the historical contribution of the production of the acquired factory to the total allocation of the current allocation holder. In the absence of mutual agreement, the new entrant shall be ineligible for a beet sugar allocation.

"(iii) APPEALS.—Any decision made under this subsection may be appealed to the Secretary pursuant to section 359i.

"(iv) DEFINITION.—In this subparagraph, the term 'New Entrant' means an individual, corporation, or other entity that does not have an allocation of the beet sugar allotment under this part, is not affiliated with any other individual, corporation, or entity that has an allocation of beet sugar under this part (known as a 'third party'), and will process sugar beets produced by sugar beet growers under contract with the New Entrant for the production of sugar at the new or re-opened factory that is the basis for the New Entrant allocation.

"(v) AFFILIATION.—For purposes of this subparagraph, a New Entrant and a third party shall be deemed to be 'affiliated' if—

"(I) the third party has an ownership interest in the New Entrant;

"(II) the New Entrant and the third party have owners in common;

"(III) the third party has the ability to exercise control over the New Entrant by organizational rights, contractual rights, or any other means;

"(IV) the third party has a contractual relationship with the New Entrant by which the New Entrant will make use of the facilities or assets of such third party; or

"(V) any other similar circumstance exists by which the Secretary determines that the New Entrant and the third party are affiliated.".

(e) REASSIGNMENT OF DEFICITS.—Section 359e(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is amended in both paragraphs (1)(D) and (2)(C) by inserting "of raw cane sugar" after "imports".

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

(1) in paragraph (2), by striking "quantity of sugarcane" and inserting "quantity of sugar produced from sugarcane";

(2) in paragraph (5)(C), by inserting "for sugar" before "in excess of the farm's proportionate share";

(3) in paragraph (7), by striking "amount of sugarcane" and inserting "amount of sugar from sugarcane"; and

(4) by striking paragraph (8) and inserting the following new paragraph:

"(8) SEED DEFINITION.—In this subsection, the term 'seed' includes only varieties of seed dedicated to the production of sugarcane from which is produced sugar for human consumption, and excludes seed of high-fiber cane varieties dedicated to other uses, as determined by the Secretary.".

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

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

"(a) TRANSFER OF ACREAGE BASE HISTORY.—

"(1) TRANSFER AUTHORIZED.—For the purpose of establishing proportionate shares for sugarcane farms under section 359f(c), the Secretary, on application of any producer, with the written consent of all owners of a farm, may transfer

the acreage base history of the farm to any other parcels of land of the applicant.

"(2) CONVERTED ACREAGE BASE.—

"(A) IN GENERAL.—Sugarcane base acreage established under section 359f(c) that has been or is converted to non-agricultural use on or after May 13, 2002, may be transferred to other land suitable for the production of sugarcane that can be delivered to a processor in a proportionate share State in accordance with this paragraph.

"(B) NOTIFICATION.—Not later than 90 days after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, or the subsequent conversion of sugarcane base acreage to a non-agricultural use, the Secretary, acting through the Farm Service Agency, shall notify the affected landowner (or landowners) of the transferability of the applicable sugarcane base acreage.

"(C) INITIAL TRANSFER PERIOD.—The owner of the base attributable to the acreage at the time of the conversion shall be afforded 90 days from the date of the receipt of the notification under subparagraph (B) to transfer the base to one or more farms owned by the owner.

"(D) GROWER OF RECORD.—If the transfer under subparagraph (C) cannot be accomplished within the time period prescribed in such subparagraph, then the grower of record with regard to the base acreage on the date on which the acreage was converted to non-agricultural use shall be so notified, and shall be afforded 90 days from the date of the receipt of such notification to transfer the base to one or more farms operated by the grower.

"(E) POOL DISTRIBUTION.—If the transfers under subparagraphs (B) and (C) cannot be accomplished within the time periods prescribed therein, then the county committee for the applicable parish shall place the acreage base in a pool for possible assignment to other farms. After providing reasonable notice to farm owners, operators, and growers of record in the parish, the county committee shall accept requests from owners, operators, and growers of record in the parish. The county committee shall assign the base to other farms in the parish that are eligible and capable of accepting such base, based on a random drawing from among the requests received from owners, operators, and growers of record with eligible farms.

"(F) STATEWIDE REALLOCATION.—Any base remaining unassigned after the processes in subparagraphs (A) through (E) shall be made available to the State committee for allocation among the remaining county committees in the State representing parishes with farms eligible for assignment of the base. The remaining base shall be reallocated to requesting county committees based on a random drawing. Any county committee receiving base under this subparagraph shall allocate the base to eligible farms using the process described in subparagraph (E).

"(G) STATUS OF REASSIGNED BASE.—Once reassigned pursuant to this paragraph, the acreage base shall remain on the farm, and will be subject to the transfer provisions of paragraph (1).";

(2) by striking subsection (d) and inserting the following new subsection:

"(d) TRANSFERS OF MILL ALLOCATIONS.—

"(1) TRANSFER AUTHORIZED.—A producer in a proportionate share State, upon written consent from all affected crop-share owners (or the representative of the crop-share owners) of a farm may deliver sugarcane to another processing company if the additional delivery, when combined with such other processing company's existing deliveries, does not exceed the processing capacity of the company.

"(2) ALLOCATION ADJUSTMENT.—Notwithstanding section 359d, the Secretary shall adjust the allocations of each of such processing companies affected by a transfer under paragraph (1) to reflect the change in deliveries, based on—

"(A) the number of acres of sugarcane base being transferred; and

"(B) the pro-rata amount of allocation at the processing company holding the applicable allocation that equals the grower's contribution to the processing company's allocation for the sugarcane base acres being transferred.".

(h) APPEALS.—Section 359i of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ii) is amended—

(1) in subsection (a), by inserting "or 359g(d)" after "359f"; and

(2) by striking subsection (c).

(i) ADMINISTRATION OF TARIFF RATE QUOTAS.—The Agricultural Adjustment Act of 1938 is amended by striking section 359k (7 U.S.C. 1359kk) and inserting the following new section:

"SEC. 359k. ADMINISTRATION OF TARIFF RATE QUOTAS.

"(a) ESTABLISHMENT.—Notwithstanding any other provision of law, at the beginning of the quota year, the Secretary shall establish the tariff-rate quotas for raw cane sugar and refined sugars at the minimum necessary to comply with obligations under international trade agreements that have been approved by the Congress. This subsection shall not apply to specialty sugar.

"(b) ADJUSTMENT.—

"(1) BEFORE APRIL 1.—

"(A) INITIAL ADJUSTMENT REQUIRED.—Before April 1 of a fiscal year, in the event that there is an emergency shortage of sugar in the United States market that is caused by war, floods, hurricanes, or other natural disaster, or other similar event, the Secretary shall take action to increase supply as provided under sections 359c(b)(2) and 359e(b), including an increase in the tariff-rate quota for raw cane sugar to accommodate the reassignment to imports.

"(B) ADDITIONAL ADJUSTMENT.—If, after adjustment under subparagraph (A), there is still a shortage of sugar in the United States market, and marketings of domestic sugar have been maximized, the Secretary may increase the tariff-rate quota for refined sugars sufficient to accommodate the supply increase, if such further increase will not threaten to result in the forfeiture of sugar pledged as collateral for a loan under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272).

"(2) ON OR AFTER APRIL 1.—

"(A) INITIAL ADJUSTMENT AUTHORIZED.—On or after April 1 of a fiscal year, the Secretary may take action to increase supply as provided under sections 359c(b)(2) and 359e(b), including an increase in the tariff-rate quota for raw cane sugar to accommodate the reassignment to imports.

"(B) ADDITIONAL ADJUSTMENT.—If, after adjustment under subparagraph (A), there is still a shortage of sugar in the United States market, and marketings of domestic sugar have been maximized, the Secretary may increase the tariff-rate quota for raw cane sugar if such further increase will not threaten to result in the forfeiture of sugar pledged as collateral for a loan under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272).

"(c) ORDERLY SHIPPING PATTERNS FOR MAJOR SUPPLIERS.—

"(1) IN GENERAL.—The Secretary of Agriculture shall establish orderly shipping patterns for major suppliers of sugar to the United States under the tariff rate quotas in accordance with this subsection.

"(2) VERY LARGE MAJOR SUPPLIERS.—If a country holds quota allocations of at least 100,000 metric tons of sugar, the Secretary shall allow the country to export up to 25 percent of the country's quota allocation to the United States in each calendar quarter. Sugar permitted to enter into the United States in a calendar quarter, but not actually entered in that quarter, may be entered into the United States at any time during the remainder of the fiscal year.

"(3) LARGE MAJOR SUPPLIERS.—For countries holding quota allocations of more than 45,000 metric tons of sugar, but less than 100,000 metric tons of sugar, the Secretary shall require that the country may ship not more than 50 percent of the country's quota sugar to the United States in the first six months of the year.".

(j) EFFECTIVE DATE.—The Agricultural Adjustment Act of 1938 is amended by inserting after section 359k (7 U.S.C. 1359kk) the following new section:

"SEC. 359l. EFFECTIVE PERIOD.

"This part shall be effective only for the 2008 through 2012 crop years for sugar.".

(k) TRANSITION.—The Secretary of Agriculture shall administer flexible marketing allotments for sugar for the 2007 crop year for sugar on the terms and conditions provided in part VII of title III of the Agricultural Adjustment Act of 1938, as in effect on the day before the date of the enactment of this Act.

Subtitle D—Dairy-Related Provisions

SEC. 1401. DAIRY PRODUCT PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—During the period beginning on January 1, 2008, through December 31, 2012, the Secretary of Agriculture shall support the price of cheddar cheese, butter, and nonfat dry milk through the purchase of such products made from milk produced in the United States.

(b) PURCHASE PRICE.—To carry out subsection (a) during the period specified in such subsection, the Secretary shall purchase—

(1) cheddar cheese in blocks at not less than $1.13 per pound;
(2) cheddar cheese in barrels at not less than $1.10 per pound;
(3) butter at not less than $1.05 per pound; and
(4) nonfat dry milk at not less than $0.80 per pound.

(c) TEMPORARY PRICE ADJUSTMENT TO AVOID EXCESS INVENTORIES.—

(1) ADJUSTMENTS AUTHORIZED.—The Secretary may adjust the minimum purchase prices established under subsection (b) only as permitted under this subsection.

(2) CHEESE INVENTORIES IN EXCESS OF 200 MILLION POUNDS.—If net removals for a period of 12 consecutive months exceed 200 million pounds of cheese, but do not exceed 400 million pounds, the Secretary may reduce the purchase prices under paragraphs (1) and (2) of subsection (b) during the immediately following month by not more than 10 cents per pound.

(3) CHEESE INVENTORIES IN EXCESS OF 400 MILLION POUNDS.—If net removals for a period of 12 consecutive months exceed 400 million pounds of cheese, the Secretary may reduce the purchase prices under paragraphs (1) and (2) of subsection (b) during the immediately following month by not more than 20 cents per pound.

(4) BUTTER INVENTORIES IN EXCESS OF 450 MILLION POUNDS.—If net removals for a period of 12 consecutive months exceed 450 million pounds of butter, but do not exceed 650 million pounds, the Secretary may reduce the purchase price under subsection (b)(3) during the immediately following month by not more than 10 cents per pound.

(5) BUTTER INVENTORIES IN EXCESS OF 650 MILLION POUNDS.—If net removals for a period of 12 consecutive months exceed 650 million pounds of butter, the Secretary may reduce the purchase price under subsection (b)(3) during the immediately following month by not more than 20 cents per pound.

(6) NONFAT DRY MILK INVENTORIES IN EXCESS OF 600 MILLION POUNDS.—If net removals for a period of 12 consecutive months exceed 600 million pounds of nonfat dry milk, but do not exceed 800 million pounds, the Secretary may reduce the purchase price under subsection (b)(4) during the immediately following month by not more than 5 cents per pound.

(7) NONFAT DRY MILK INVENTORIES IN EXCESS OF 800 MILLION POUNDS.—If net removals for a period of 12 consecutive months exceed 800 million pounds of nonfat dry milk, the Secretary may reduce the purchase price under subsection (b)(4) during the immediately following month by not more than 10 cents per pound.

(d) UNIFORM PURCHASE PRICE.—The prices that the Secretary pays for cheese, butter, or nonfat dry milk, respectively, under subsection (a) shall be uniform for all regions of the United States.

(e) SALES FROM INVENTORIES.—In the case of each commodity specified in subsection (b) that is available for unrestricted use in inventories of the Commodity Credit Corporation, the Secretary may sell the commodity at the market prices prevailing for that commodity at the time of sale, except that the sale price may not be less than 110 percent of the minimum purchase price specified in subsection (b) for that commodity.

(f) NET REMOVALS DEFINED.—In this section, the term "net removals" means—

(1) the sum of the quantity of a product described in subsection (a) purchased by the Commodity Credit Corporation under this section and the quantity of such product exported under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14); less

(2) the amount of such product sold for unrestricted use by the Commodity Credit Corporation.

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

SEC. 1402. DAIRY FORWARD PRICING PROGRAM.

(a) PROGRAM REQUIRED.—The Secretary of Agriculture shall establish a program under which milk producers and cooperative associations of producers are authorized to voluntarily enter into forward price contracts with milk handlers.

(b) MINIMUM MILK PRICE REQUIREMENTS.—Payments made by milk handlers to milk producers and cooperative associations of producers, and prices received by milk producers and cooperative associations, in accordance with the terms of a forward price contract authorized by subsection (a), shall be deemed to satisfy —

(1) all uniform and minimum milk price requirements of paragraphs (B) and (F) of subsection (5) of section 8c of the Agricultural Adjustment Act (7 U.S.C. 627), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937; and

(2) the total payment requirement of paragraph (C) of such subsection.

(c) MILK COVERED BY PROGRAM.—

(1) COVERED MILK.—The program shall apply only with respect to the marketing of federally regulated milk that—

(A) is not classified as Class I milk or otherwise intended for fluid use; and

(B) is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in federally regulated milk.

(2) RELATION TO CLASS I MILK.—To assist milk handlers in complying with the limitation in paragraph (1)(A) without having to segregate or otherwise individually track the source and disposition of milk, a milk handler may allocate milk receipts from producers, cooperatives, and other sources that are not subject to a forward contract to satisfy the handler's obligations with regard to Class I milk usage.

(d) VOLUNTARY PROGRAM.—A milk handler may not require participation in a forward pricing contract as a condition of the handler receiving milk from a producer or cooperative association of producers, and such producer or cooperative association may continue to have their milk priced under the order's minimum payment provisions. The Secretary shall investigate complaints made by producers or cooperative associations of coercion by handlers to enter into forward contracts, and if the Secretary finds evidence of such coercion, the Secretary shall take appropriate action.

(e) DURATION.—No forward price contract may be entered into under this program after September 30, 2012, and no forward contract entered into under the program may extend beyond September 30, 2015.

SEC. 1403. DAIRY EXPORT INCENTIVE PROGRAM.

(a) EXTENSION.—Subsection (a) of section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14) is amended by striking "2007" and inserting "2012".

(b) COMPLIANCE WITH TRADE AGREEMENTS.—Section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14) is amended—

(1) in subsection (c), by striking paragraph (3) and inserting the following new paragraph:

"(3) the maximum volume of dairy product exports allowable consistent with the obligations of the United States under the Uruguay Round Agreements approved under section 101 of the Uruguay Round Agreements Act (19 U.S.C. 3511) is exported under the program each year (minus the volume sold under section 1163 of this Act (Public Law 99–198; 7 U.S.C. 1731 note) during that year), except to the extent that the export of such a volume under the program would, in the judgment of the Secretary, exceed the limitations on the value set forth in subsection (f); and"; and.

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

"(1) FUNDS AND COMMODITIES.—Except as provided in paragraph (2), the Commodity Credit Corporation shall in each year use money and commodities for the program under this section in the maximum amount consistent with the obligations of the United States under the Uruguay Round Agreements approved under section 101 of the Uruguay Round Agreements Act (19 U.S.C. 3511), minus the amount expended under section 1163 of this Act (Public Law 99–198; 7 U.S.C. 1731 note) during that year.".

SEC. 1404. REVISION OF FEDERAL MARKETING ORDER AMENDMENT PROCEDURES.

Subsection (17) of section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended to read as follows:

"(17) PROVISIONS APPLICABLE TO AMENDMENTS.—

"(A) APPLICABILITY TO AMENDMENTS.—The provisions of this section and section 8d, applicable to orders shall be applicable to amendments to orders.

"(B) ADVANCE NOTICE OF HEARING.—Notice of a hearing upon a proposed amendment to any order issued pursuant to this section shall be given not less than 3 days before the date fixed for the hearing, and such notice shall be deemed to be due notice of the hearing.

"(C) PROMPT RESPONSE TO REQUESTS FOR AMENDMENT HEARINGS.—Not more than 30 days after receipt of a written request for an amendment hearing regarding a milk marketing order, the Secretary shall—

"(i) issue a denial of the request; or

"(ii) issue notice of the hearing, which shall begin no more than 60 days, and conclude no more than 90 days, after receipt of the request.

"(D) SUBMISSION AND USE OF EVIDENCE.—The proponents of any amendment proposed to be made to a milk marketing order shall file with the Secretary all testimony and other evidence in support of the amendment, in written form, at

least 7 business days before the date fixed for the hearing. The Secretary shall make such written testimony and other evidence available to interested members of the public. Subject to any evidentiary objections and cross examination of submitting witness, the written testimony and evidence shall be entered into evidence without being read at the hearing.

"(E) ISSUANCE OF DECISION.—The Secretary shall issue a recommended decision on a proposed amendment to a milk marketing order not later than 90 days after the date set by the Administrative Law Judge for the submission of post-hearing proposed findings and conclusions and written arguments or briefs. The final decision shall be issued not later than 60 days after the date on which the recommended decision was issued.

"(F) AVOIDING DUPLICATION.—The Secretary shall not be required to call a hearing on any amendment proposed to be made to a milk marketing order in response to an application for a hearing on such proposed amendment if the application requesting the hearing is received by the Secretary within 90 days after the date on which the Secretary has announced the decision on a previously proposed amendment to that order and the two proposed amendments are essentially the same.".

SEC. 1405. DAIRY INDEMNITY PROGRAM.

Section 3 of Public Law 90–484 (7 U.S.C. 450*l*) is amended by striking "2007" and inserting "2012".

SEC. 1406. EXTENSION OF MILK INCOME LOSS CONTRACT PROGRAM.

Section 1502(c)(3)(B) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7982(c)(3)(B)), as amended by section 9006(a) of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110–28, 121 Stat. 217), is amended by striking "2007" and inserting "2012".

SEC. 1407. DAIRY PROMOTION AND RESEARCH PROGRAM.

(a) EXTENSION OF PROMOTION AUTHORITY.—Section 113(e)(2) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by striking "2007" and inserting "2012".

(b) DEFINITION OF UNITED STATES FOR PROMOTION PROGRAM.—Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended—

(1) by striking subsection (l) and inserting the following new subsection:

"(l) the term 'United States', when used in a geographical sense, means all of the States, the District of Columbia, and the Commonwealth of Puerto Rico;"; and

(2) in subsection (m), by striking "(as defined in subsection (l))".

(c) DEFINITION OF UNITED STATES FOR RESEARCH PROGRAM.—Section 130 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4531)) is amended by striking paragraph (12) and inserting the following new paragraph:

"(12) the term 'United States', when used in a geographical sense, means all of the States, the District of Columbia, and the Commonwealth of Puerto Rico.".

SEC. 1408. REPORT ON DEPARTMENT OF AGRICULTURE REPORTING PROCEDURES FOR NONFAT DRY MILK.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit to Congress a report regarding Department of Agriculture reporting procedures for nonfat dry milk and the impact of these procedures on Federal milk marketing order minimum prices during the period beginning on July 1, 2006, and ending on the date of the enactment of this Act.

SEC. 1409. FEDERAL MILK MARKETING ORDER REVIEW COMMISSION.

(a) ESTABLISHMENT.—Subject to the availability of appropriations to carry out this section, the Secretary of Agriculture shall establish a commission to be known as the "Federal Milk Marketing Order Review Commission", in this section referred to as the "commission", which shall conduct a comprehensive review and evaluation of—

(1) the current Federal milk marketing order system; and

(2) non-Federal milk marketing order systems.

(b) ELEMENTS OF REVIEW AND EVALUATION.—As part of the review and evaluation under subsection (a), the commission shall consider legislative and regulatory options for—

(1) ensuring that the competitiveness of dairy products with other competing products in the marketplace is preserved and enhanced;

(2) enhancing the competitiveness of American dairy producers in world markets;

(3) increasing the responsiveness of the Federal milk marketing order system to market forces;

(4) streamlining and expediting the process by which amendments to Federal milk market orders are adopted;

(5) simplifying the Federal milk marketing order system;

(6) evaluating whether the Federal milk marketing order system, established during the Great Depression, continues to serve the interests of the public, dairy processors, and dairy farmers;

(7) evaluating whether Federal milk marketing orders are operating in a manner to minimize costs to taxpayers and consumers; and

(8) evaluating the nutritional composition of milk, including the potential benefits and costs of adjusting the milk content standards.

(c) MEMBERSHIP.—

(1) COMPOSITION.—The commission shall consist of 16 members.

(2) MEMBERS.—As soon as practicable after the date on which funds are first made available to carry out this section, commission members shall be appointed as follows:

(A) Two members appointed by the Chairman of the Committee on Agriculture of the House of Representatives, in consultation with the ranking member of the Committee on Agriculture of the House of Representatives.

(B) Two members appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate, in consultation with the ranking member of the Committee on Agriculture, Nutrition and Forestry of the Senate.

(C) Fourteen members appointed by the Secretary of Agriculture.

(3) SPECIAL APPOINTMENT REQUIREMENTS.—In the case of the members to be appointed under paragraph (2)(E), the Secretary shall comply with the following requirements:

(A) At least one member shall represent a national consumer organization.

(B) At least four members shall represent land-grant universities or ASCARR institution with accredited dairy economic programs, with two of these members being experts in the field of economics.

(C) At least one member shall represent the food and beverage retail sector.

(D) Four dairy producer and four dairy processors, appointed so as to balance geographical distribution of milk production and dairy processing, reflect all segments of dairy processing, and represent all regions of the United States equitably, including States that operate outside of a Federal milk marketing order.

(4) CHAIR.—The commission shall elect one of its appointed members to serve as chairperson for the duration of the commission's proceedings.

(5) VACANCY.—Any vacancy occurring before the termination of the commission shall be filled in the same manner as the original appointment.

(6) COMPENSATION.—Members of the commission shall serve without compensation, but shall be reimbursed by the Secretary of Agriculture from existing budget authority for necessary and reasonable expenses incurred in the performance of the duties of the commission.

(d) REPORT.—Not later than two years after the date of the first meeting of the commission, the commission shall submit to the Secretary of Agriculture and Congress a report setting forth the results of the review and evaluation conducted under this section, including such recommendations regarding the legislative and regulatory options considered under subsection (b) as the commission considers to be appropriate. The report findings shall reflect, to the extent practicable, a consensus opinion of the commission members, but the report may include majority and minority findings regarding those matters for which consensus was not reached.

(e) ADVISORY NATURE.—The commission is wholly advisory in nature, and the recommendations of the commission are non-binding.

(f) NO EFFECT ON EXISTING PROGRAMS.—The Secretary shall not allow the existence of the commission to impede, delay, or otherwise affect any decision making process of the Department of Agriculture, including any rulemaking procedures planned, proposed, or near completion.

(g) ADMINISTRATIVE ASSISTANCE.—The Secretary shall provide administrative support to the commission, and expend such funds as necessary from existing budget authority to carry out this responsibility.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

(i) TERMINATION.—The commission shall terminate immediately after submission of the report under subsection (d).

Subtitle E—Administration

SEC. 1501. ADMINISTRATION GENERALLY.

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

(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 and administration of this title shall be made without regard to—

(A) chapter 35 of title 44, United States Code (commonly known as the "Paperwork Reduction Act");

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

(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) ADJUSTMENT AUTHORITY RELATED TO TRADE AGREEMENTS COMPLIANCE.—

(1) REQUIRED DETERMINATION; ADJUSTMENT.—If the Secretary determines that expenditures under subtitles A through E that are subject to the total allowable domestic support levels under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501)), as in effect on the date of enactment of this Act, will exceed such allowable levels for any applicable reporting period, the Secretary shall, to the maximum extent practicable, make adjustments in the amount of such expenditures during that period to ensure that such expenditures do not exceed such allowable levels.

(2) CONGRESSIONAL NOTIFICATION.—Before making any adjustment under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives or the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the determination made under that paragraph and the extent of the adjustment to be made.

SEC. 1502. SUSPENSION OF PERMANENT 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 2008 through 2012 crops of covered commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2012:

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

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

(3) Subtitle D of title III (7 U.S.C. 1379a et seq.).

(4) Title IV (7 U.S.C. 1401 et seq.).

(b) AGRICULTURAL ACT OF 1949.—The following provisions of the Agricultural Act of 1949 shall not be applicable to the 2008 through 2012 crops of covered commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act and through December 31, 2012:

(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 et seq.).

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

(11) Title V (7 U.S.C. 1461 et seq.).

(12) Title VI (7 U.S.C. 1471 et seq.).

(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 2008 through 2012.

SEC. 1503. PAYMENT LIMITATIONS.

(a) EXTENSION AND REVISION OF LIMITATIONS.—

(1) EXTENSION.—Sections 1001 and 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308, 1308–3(a)) are amended by striking "Farm Security and Rural Investment Act of 2002" each place it appears (other than in subsection (d)(1) of section 1001 of such Act) and inserting "Farm, Nutrition, and Bioenergy Act of 2007".

(2) COMBINATION OF LIMITS.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking subsections (b) and (c) and inserting the following new subsections:

"(b) LIMITATION ON DIRECT AND COUNTER-CYCLICAL PAYMENTS FOR COVERED COMMODITIES (OTHER THAN PEANUTS).—

"(1) DIRECT PAYMENTS.—The total amount of direct payments received, directly or indirectly, by a person or any legal entity (except a joint venture or a general partnership) in any crop year under subtitle A of title I of the Farm, Nutrition, and Bioenergy Act of 2007 for 1 or more covered commodities (except for peanuts) may not exceed $60,000.

"(2) COUNTER-CYCLICAL PAYMENTS.—The total amount of counter-cyclical payments received, directly or indirectly, by a person or any legal entity (except a joint venture or a general partnership in any crop year under subtitle A of title I of the Farm, Nutrition, and Bioenergy Act of 2007 for one or more covered commodities (except for peanuts) may not exceed $65,000.

"(c) LIMITATION ON DIRECT AND COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.—

"(1) DIRECT PAYMENTS.—The total amount of direct payments received, directly or indirectly, by a person or any legal entity (except a joint venture or a general partnership) in any crop year under subtitle A of title I of the Farm, Nutrition, and Bioenergy Act of 2007 for peanuts may not exceed $60,000.

"(2) COUNTER-CYCLICAL PAYMENTS.—The total amount of counter-cyclical payments received, directly or indirectly, by a person or any legal entity (except a joint venture or a general partnership in any crop year under subtitle A of title I of the Farm, Nutrition, and Bioenergy Act of 2007 for peanuts may not exceed $65,000.".

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

(1) in subsection (a)—

(A) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively; and

(B) by inserting after paragraph (1) the following new paragraphs:

"(2) LEGAL ENTITY.—The term 'legal entity' means an entity that is created under Federal or State law and that—

"(A) owns land or an agricultural commodity; or

"(B) produces an agricultural commodity.

"(3) PERSON.—The term 'person' means a natural person, and does not include a legal entity.";

(2) by striking subsections (d) through (e) and inserting the following new subsections:

"(d) ATTRIBUTION OF PAYMENTS.—

"(1) IN GENERAL.—In implementing subsections (b) and (c), the Secretary shall issue such regulations as are necessary to ensure that the total amount of payments are attributed to a person by taking into account the direct and indirect ownership interests of the person in a legal entity that is eligible to receive such payments.

"(2) PAYMENTS TO A PERSON.—Every payment made directly to a person shall be combined with the person's pro rata interest in payments received by a legal entity in which the person has a direct or indirect ownership interest.

"(3) PAYMENTS TO A LEGAL ENTITY.—

"(A) IN GENERAL.—Every payment made to a legal entity shall be attributed to those persons who have a direct or indirect ownership interest in the legal entity.

"(B) ATTRIBUTION OF PAYMENTS.—

"(i) PAYMENT LIMITS.—Except as provided in clause (ii), payments made to a legal entity shall not exceed the amounts specified in subsections (b) and (c).

"(ii) EXCEPTION.—Payments made to a joint venture or a general partnership shall not exceed, for each payment specified in subsections

(b) and (c), the amount determined by multiplying the maximum payment amount specified in subsections (b) and (c) by the number of persons and legal entities (other than joint ventures and general partnerships) that comprise the ownership of the joint venture or general partnership.

"(4) FOUR LEVELS OF ATTRIBUTION FOR EMBEDDED ENTITIES.—

"(A) IN GENERAL.—Attribution of payments made to legal entities shall be traced through four levels of ownership in entities.

"(B) FIRST LEVEL.—Any payments made to a legal entity (a first-tier entity) that is owned in whole or in part by a person shall be attributed to the person in an amount that represents the direct ownership in the first-tier entity by the person.

"(C) SECOND LEVEL.—Any payments made to a first-tier entity that is owned in whole or in part by another legal entity (a second-tier entity) shall be attributed to the second-tier entity in proportion to the second-tier entity's ownership in the first-tier entity. If the second-tier entity is owned in whole or in part by a person, the amount of the payment made to the first-tier entity shall be attributed to the person in the amount that represents the indirect ownership in the first-tier entity by the person.

"(D) THIRD AND FOURTH LEVELS.—The Secretary shall attribute payments at the third and fourth tiers of ownership in the same manner as specified in subparagraph (C) unless the fourth-tier of ownership is that of a fourth-tier entity and not that of a person, in which case the Secretary shall reduce the amount of the payment to be made to the first-tier entity in the amount that represents the indirect ownership in the first-tier entity by the fourth-tier entity.

"(e) SPECIAL RULES.—

"(1) MINOR CHILDREN.—Payments received by a child under the age of 18 shall be attributed to the child's parents, except that the Secretary shall issue regulations which provide the conditions under which payments received by a child under the age of 18 will not be attributed to the child's parents.

"(2) MARKETING COOPERATIVES.—Subsections (b) and (c) shall not apply to a cooperative association of producers with respect to commodities produced by its members which are marketed by such association on behalf of its members but shall apply to such producers as persons.

"(3) TRUSTS AND ESTATES.—

"(A) IN GENERAL.—With respect to irrevocable trusts and estates, the Secretary shall administer the provisions of this subtitle in such manner as the Secretary determines will ensure that fair and equitable treatment of the beneficiaries of such trusts and estates.

"(B) IRREVOCABLE TRUST.—In order for a trust to be considered an irrevocable trust, the terms of the trust agreement must not allow for modification or termination of the trust by the grantor, allow for the grantor to have any future, contingent, or remainder interest in the corpus of the trust, or provide for the transfer of the corpus of the trust to the remainder beneficiary in less than 20 years from the date the trust is established except in cases where the transfer is contingent on the remainder beneficiary achieving at least the age of majority or is contingent on the death of the grantor or income beneficiary.

"(C) REVOCABLE TRUST.—A revocable trust shall be considered to be the same person as the grantor of the trust.

"(4) CASH RENT TENANTS.—

"(A) DEFINITION.—In this paragraph, the term 'cash rent tenant' means a person or legal entity that rents land—

"(i) for cash; or

"(ii) for a crop share guaranteed as to the amount of the commodity to be paid in rent.

"(B) RESTRICTION.—A cash rent tenant who makes a significant contribution of active personal management, but not of personal labor, with respect to a farming operation is eligible to receive a payment described in subsection (b) only if the tenant makes a significant contribution of equipment used in the farming operation.

"(5) FEDERAL AGENCIES.—

"(A) IN GENERAL.—Federal agencies shall not be eligible to receive any payment described in subsection (b) or (c).

"(B) RENTS LAND.—A person or legal entity that rents land owned by a Federal agency may receive such payments.

"(6) STATE AND LOCAL GOVERNMENTS.—

"(A) GOVERNMENTS INELIGIBLE.—

"(i) IN GENERAL.—Except as provided in subparagraphs (B) and (C), State and local governments and political subdivisions and agencies of such governments, shall not be eligible to receive payments described in subsections (b) and (c).

"(ii) TENANTS.—A person or legal entity that rents land owned by a State or local government or a political subdivision or agency of such government, may receive payments described in subsections (b) and (c) if they otherwise meet all applicable criteria.

"(B) EXCEPTION.—

"(i) IN GENERAL.—Within the limitation described in clause (ii), a State and the political subdivisions and agencies of such governments, may receive payments described in subsections (b) and (c), if the State or a political subdivision or agency of such government—

"(I) is the producer of all crops produced on a farm; and

"(II) the proceeds from the crop production are used to maintain a public school.

"(ii) LIMITATION.—For each State, the total amount of payments described in subsections (b) and (c) that are received collectively by the State and all political subdivisions or agencies of such governments shall not exceed the amounts that one legal entity may receive in one year as specified in subsections (b) and (c).

"(C) SHARE LEASES.—A State and the political subdivisions and agencies of such governments may, without regard to the provisions of subparagraph (B), receive payments described in subsections (b) and (c) if—

"(i) the payments are received with respect to land that is share leased to a private party;

"(ii) the lease was in effect on the date of enactment of the Farm, Nutrition, and Bioenergy Act of 2007; and

"(iii) the land is used to maintain a public school.

"(7) CHANGES IN FARMING OPERATIONS.—In the administration of this subtitle, the Secretary may not approve any change in a farming operation that otherwise will increase the number of persons to which the limitations under this section are applied unless the Secretary determines that the change is bona fide and substantive. The addition of a family member to a farming operation under the criteria set out in section 1001A shall be considered a bona fide and substantive change in the farming operation.

"(8) DENIAL OF PROGRAM BENEFITS.—

"(A) TWO YEAR DENIAL OF PAYMENT.—A person or legal entity shall be ineligible to receive payments specified in subsections (b) and (c) for that year, and the succeeding crop year, in which the Secretary determines that the person or entity engaged in an activity in which the primary purpose of the activity was to avoid the application of the provisions of this subtitle to the person, legal entity or any other person or legal entity.

"(B) EXTENDED INELIGIBILITY.—If the Secretary determines that a person or legal entity, for their benefit or the benefit of any other person or legal entity, has knowingly engaged in, or aided in the creation of fraudulent documents, failed to disclose material information relevant to the administration of this subtitle requested by the Secretary, or committed other equally serious actions as identified in regulations issued by the Secretary, the Secretary may for a period not to exceed five crop years deny the issuance of payments to the person or legal entity.

"(C) PRO RATA DENIAL.—Payments otherwise owed to a person or legal entity covered by subparagraphs (A) or (B) shall be denied in a pro rata manner based upon the ownership interest of the person or legal entity in a farm, and payments otherwise payable to the person or legal entity who is a cash rent tenant on a farm owned or under the control of such person or legal entity shall be denied.

"(9) DEATH OF OWNER.—In the event of a transfer of any ownership interest in land or a commodity as the result of the death of a program participant, the new owner of such land or commodity may, if such person is otherwise eligible to participate in the applicable program, succeed to the prior owner's contract and receive payments subject to this section without regard to the amount of payments received by the new owner. Payments made pursuant to this subsection shall not exceed the amount to which the previous owner was entitled to receive under the terms of the contract at the time of the death of the prior owner.".

(c) REPEAL OF THREE-ENTITY RULE.—Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(1) in the section heading, by striking "**PREVENTION OF CREATION OF ENTITIES TO QUALIFY AS SEPARATE PERSONS**"and inserting "**NOTIFICATION OF INTERESTS**"; and

(2) by striking subsection (a) and inserting the following new subsection:

"(a) NOTIFICATION OF INTERESTS.—To facilitate administration of sections 1001 and this section, each entity or person receiving payments described in subsections (b) and (c) of section 1001 as a separate person shall provide to the Secretary of Agriculture, at such times and in such manner as prescribed by the Secretary, the name and social security number of each individual, or the name and taxpayer identification number of each entity, that holds or acquires an ownership interest in such separate person and shall provide such information regarding each entity in which such separate person holds an ownership interest.".

(d) AMENDMENT FOR CONSISTENCY.—Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended by striking subsection (b) and inserting the following new subsections:

"(b) ACTIVELY ENGAGED.—

"(1) IN GENERAL.—To be eligible to receive a payment described in subsection (b) and (c) of section 1001, a person or legal entity must be actively engaged in farming as provided in this subsection or subsection (c).

"(2) CLASSES ACTIVELY ENGAGED.—Except as provided in subsections (c) and (d)—

"(A) a person, including a person participating in a farming operation as a partner in a general partnership, a participant in a joint venture, a grantor of a revocable trust, or a participant in a similar entity as determined by the secretary, shall be considered to be actively engaged in farming with respect to a farm operation if—

"(i) the person makes a significant contribution (based on the total value of the farming operation) to the farming operation of—

"(I) capital, equipment, or land; and

"(II) personal labor or active personal management;

"(ii) the person's share of the profits or losses from the farming operation is commensurate with the contributions of the person to the farming operation; and

"(iii) the contributions of the person are at risk;

"(B) a legal entity that is a corporation, joint stock company, association, limited partnership, charitable organization, or other similar entity determined by the Secretary, including any such entity participating in the farming operation as a partner in a general partnership, a participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar entity as determined by the Secretary shall be considered as actively engaged in farming with respect to a farming operation if—

"(i) the entity separately makes a significant contribution (based on the total value of the farming operation) of capital, equipment, or land;

"(ii) the stockholders or members collectively make a significant contribution of personal labor or active personal management to the operation; and

"(iii) the standards provided in clauses (ii) and (iii) of paragraph (A), as applied to the entity, are met by the entity;

"(C) if a legal entity that is a general partnership, joint venture, or similar entity, as determined by the Secretary, separately makes a significant contribution (based on the total value of the farming operation involved) of capital, equipment, or land, and the standards provided in clauses (ii) and (iii) of paragraph (A), as applied to the entity, are met by the entity, the partners or members making a significant contribution of personal labor or active personal management shall be considered to be actively engaged in farming with respect to the farming operation involved; and

"(D) in making determinations under this subsection regarding equipment and personal labor, the Secretary shall take into consideration the equipment and personal labor normally and customarily provided by farm operators in the area involved to produce program crops.

"(c) SPECIAL CLASSES ACTIVELY ENGAGED.—

"(1) LANDOWNER.—A person or legal entity that is a landowner contributing the owned land to a farming operation shall be considered to be actively engaged in farming with respect to the farming operation if the landowner receives rent or income for such use of the land based on the land's production or the operation's operating results, and the person or legal entity meets the standard provided in clauses (ii) and (iii) of subsection (b)(2)(A).

"(2) ADULT FAMILY MEMBER.—With respect to a farming operation when a majority of the participants are family members, an adult family member shall be

considered to be actively engaged in farming with respect to the farming operation if the person—

"(A) makes a significant contribution, based on the total value of the farming operation, of active personal management or personal labor; and

"(B) such contribution meets the standards provided in clauses (ii) and (iii) of subsection (b)(2)(A).

"(3) SHARECROPPER.—A sharecropper who makes a significant contribution of personal labor to a farming operation shall be considered to be actively engaged in farming with respect to the farming operation if such contribution meets the standards provided in clauses (ii) and (iii) of subsection (b)(2)(A).

"(4) GROWERS OF HYBRID SEED.—In determining whether a person or legal entity growing hybrid seed under contract shall be considered to be actively engaged in farming, the Secretary shall not take into consideration the existence of a hybrid seed contract.

"(5) CUSTOM FARMING SERVICES.—A person or legal entity receiving custom farming services will be considered separately eligible for payment limitation purposes if such person or legal entity is actively engaged in farming based on subsection (b)(2) or paragraphs (1) through (5) of this subsection. No other rules with respect to custom farming shall apply in making a determination under this section.

"(6) SPOUSE.—Where one spouse is determined to be actively engaged, the other spouse shall be determined to have met the requirements of subclause (II) of subsection (b)(2)(A)(i) of this section.

"(d) CLASSES NOT ACTIVELY ENGAGED.—

"(1) CASH RENT LANDLORD.—A landlord contributing land to a farming operation shall not be considered to be actively engaged in farming with respect to the farming operation if the landlord receives cash rent, or a crop share guaranteed as to the amount of the commodity to be paid in rent, for such use of the land.

"(2) OTHER PERSONS.—Any other person determined by the Secretary as failing to meet the standards set out in subsections (b)(2) and (c) shall not be considered to be actively engaged in farming with respect to a farming operation.".

(e) TRANSITION.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 2007 crop of any covered commodity.

SEC. 1504. ADJUSTED GROSS INCOME LIMITATION.

(a) EXTENSION OF ADJUSTED GROSS INCOME LIMITATION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a) is amended—

(1) in subsection (b)(2), by striking "Farm Security and Rural Investment Act of 2002" each place it appears and inserting "Farm, Nutrition, and Bioenergy Act of 2007"; and

(2) in subsection (e), by striking "2007" and inserting "2012".

(b) MODIFICATION OF LIMITATION.—Section 1001D(b) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended—

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

"(1) CAPS.—

"(A) UPPER LIMIT.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2) during a crop year if the average adjusted gross income of the individual or entity exceeds $1,000,000.

"(B) PRODUCER EXEMPTION.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2) during a crop year if the average adjusted gross income of the individual or entity exceeds $500,000, unless not less than 66.66 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.";

(2) in paragraph (2)(A), by striking "or C"; and

(3) by adding at the end the following new paragraph:

"(3) INCOME DERIVED FROM FARMING, RANCHING OR FORESTRY OPERATIONS.—In determining what portion of the average adjusted gross income of an individual or entity is derived from farming, ranching, or forestry operations, the Secretary shall include income derived from the following:

"(A) The production of crops, livestock, or unfinished raw forestry products.

"(B) The sale, including the sale of easements and development rights, of farm, ranch, or forestry land or water rights.

"(C) The sale, but not as a dealer, of equipment purchased to conduct farm, ranch, or forestry operations when the equipment is otherwise subject to depreciation expense.

"(D) The rental of land used for farming, ranching, or forestry operations.

"(E) The provision of production inputs and services to farmers, ranchers, and foresters.

"(F) The processing, storing, and transporting of farm, ranch, and forestry commodities.

"(G) The sale of land that has been used for agriculture.".

SEC. 1505. ADJUSTMENTS OF LOANS.

Section 162 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282) is amended—

(1) in subsection (a), by inserting "(except for cotton and long grain, medium grain, and short grain rice)" after "commodity";

(2) in subsection (b), by striking "Farm Security and Rural Investment Act of 2002" and inserting "Farm, Nutrition, and Bioenergy Act of 2007"; and

(3) by adding at the end the following new subsections:

"(d) ADJUSTMENT IN LOAN RATE FOR COTTON.—

"(1) ADJUSTMENT AUTHORITY.—The Secretary may make appropriate adjustments in the loan rate for cotton for differences in quality factors.

"(2) REVISIONS TO QUALITY ADJUSTMENTS FOR UPLAND COTTON.—

"(A) REVISION.—Within 180 days after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Secretary, after consultation with the private sector as provided in paragraph (3), shall implement revisions in the administration of the marketing assistance loan program for upland cotton to more accurately and efficiently reflect market values for upland cotton.

"(B) MANDATORY REVISIONS.—The revisions required under subparagraph (A) shall include the following:

"(i) The elimination or adjustment of warehouse location differentials to reflect market conditions.

"(ii) The establishment of differentials for the various quality factors and staple lengths of cotton based on a three-year, weighted moving average of the weighted designated spot market regions as determined by regional production.

"(iii) The elimination of any artificial split in the premium or discount between upland cotton with a 32 or 33 staple length due to micronaire;

"(iv) A mechanism to ensure that no premium or discount is established that exceeds the premium or discount associated with a leaf grade that is one better than the applicable color grade.

"(C) DISCRETIONARY REVISIONS.—The revisions under subparagraph (A) may include, at a minimum, the following:

"(i) The use of non-spot market price data, in addition to spot market price data, that would enhance the accuracy of the price information used in determining quality adjustments under this subsection.

"(ii) Adjustments in the premiums or discounts associated with upland cotton with a staple length of 33 or above due to micronaire with the goal of eliminating any unnecessary artificial splits in the calculations of such premiums or discounts.

"(iii) Such other adjustments determined appropriate by the Secretary, after consultations conducted in accordance with paragraph (3).

"(3) CONSULTATION WITH PRIVATE SECTOR.—

"(A) PRIOR TO REVISION.—Prior to implementing any revisions to the administration of the marketing assistance loan program for upland cotton, the Secretary should endeavor to consult with an existing private sector committee whose membership includes representatives of the production, ginning, warehousing, cooperative, and merchandising segments of the United States cotton industry and that has developed recommendations concerning such revisions.

"(B) UPON REVIEW.—The Secretary shall also consult with the committee referred to in subparagraph (A) when conducting a review of adjustments in the operation of the loan program as provided in paragraph (4).

"(C) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to consultations under this paragraph with the committee referred to in subparagraph (A).

"(4) REVIEW OF ADJUSTMENTS.—The Secretary may review the operation of the upland cotton quality adjustments implemented pursuant to this subsection and may make further revisions to the administration of the loan program, by either revoking or revising the actions taken pursuant to paragraph (2)(B) or by revoking or revising any actions taken or authorized to be taken under paragraph (2)(B).

"(5) ADJUSTMENTS IN EFFECT PRIOR TO REVISION.—The quality differences (premiums and discounts for quality factors) applicable to the upland cotton loan program (prior to any revisions in accordance with this subsection) shall be established by the Secretary by giving equal weight—

"(A) to loan differences for the preceding crop; and

"(B) to market differences for such crop in the designated United States spot markets.

"(e) RICE LIMITATION.—With respect to long grain rice and medium and short grain rice, the Secretary shall not make adjustments in the loan rates for such commodities, except for differences in grade and quality (including milling yields).".

SEC. 1506. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.

Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284) is amended by striking "Farm Security and Rural Investment Act of 2002" each place it appears and inserting "Farm, Nutrition, and Bioenergy Act of 2007".

SEC. 1507. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.

Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286) is amended in subsections (a) and (c)(1) by striking "subtitle B and C of title I of the Farm Security and Rural Investment Act of 2002" each place it appears and inserting "subtitle B of title I of the Farm, Nutrition, and Bioenergy Act of 2007".

SEC. 1508. 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 the authority of this title.

(b) NOTICE.—The producer 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. 1509. TRACKING OF BENEFITS.

As soon as practicable after the date of enactment of this Act, the Secretary shall track the benefits provided, directly or indirectly, to individuals and entities under titles I and II and the amendments made by those titles.

SEC. 1510. UPLAND COTTON STORAGE PAYMENTS.

Beginning with the 2012 crop of upland cotton, the Secretary may not use the funds of the Commodity Credit Corporation to pay storage, handling, and other costs associated with the storage of upland cotton for which a marketing assistance loan is made under section 1201.

SEC. 1511. GOVERNMENT PUBLICATION OF COTTON PRICE FORECASTS.

Section 15 of the Agricultural Marketing Act (12 U.S.C. 1141j) is amended by striking subsection (d).

TITLE II—CONSERVATION

Subtitle A—Conservation Programs of the Food Security Act of 1985

Sec. 2101. Conservation reserve program.
Sec. 2102. Wetlands reserve program.
Sec. 2103. Conservation security program.
Sec. 2104. Grassland reserve program.
Sec. 2105. Environmental quality incentives program.
Sec. 2106. Regional water enhancement program.
Sec. 2107. Grassroots source water protection program.
Sec. 2108. Conservation of private grazing land.
Sec. 2109. Great Lakes basin program for soil erosion and sediment control.
Sec. 2110. Farm and ranchland protection program.
Sec. 2111. Farm viability program.
Sec. 2112. Wildlife habitat incentive program.

Subtitle B—Conservation Programs Under Other Laws

Sec. 2201. Agricultural management assistance program.
Sec. 2202. Resource Conservation and Development Program.
Sec. 2203. Small watershed rehabilitation program.

Subtitle C—Additional Conservation Programs

Sec. 2301. Chesapeake Bay program for nutrient reduction and sediment control.
Sec. 2302. Voluntary public access and habitat incentive program.

Subtitle D—Administration and Funding

Sec. 2401. Funding of conservation programs under Food Security Act of 1985.
Sec. 2402. Improved provision of technical assistance under conservation programs.
Sec. 2403. Cooperative conservation partnership initiative.
Sec. 2404. Regional equity and flexibility.
Sec. 2405. Administrative requirements for conservation programs.
Sec. 2406. Annual report on participation by specialty crop producers in conservation programs.
Sec. 2407. Promotion of market-based approaches to conservation.
Sec. 2408. Establishment of State technical committees and their responsibilities.
Sec. 2409. Payment limitations.

Subtitle E—Miscellaneous Provisions

Sec. 2501. Inclusion of income from affiliated packing and handling operations as income derived from farming for application of adjusted gross income limitation on eligibility for conservation programs.
Sec. 2502. Encouragement of voluntary sustainability practices guidelines.
Sec. 2503. Farmland resource information.

Subtitle A—Conservation Programs of the Food Security Act of 1985

SEC. 2101. CONSERVATION RESERVE PROGRAM.

(a) AUTHORIZATION AND ELIGIBLE LAND.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(1) in subsection (a)—

(A) by striking "2007" and inserting "2012"; and

(B) by inserting before the period the following: "and to address issues raised by State, regional, and national conservation initiatives"; and

(2) in subsection (b)—

(A) in paragraph (1)(B)—

(i) by striking "the Farm Security and Rural Investment Act of 2002" and inserting "the Farm, Nutrition, and Bioenergy Act of 2007"; and

(ii) by striking the period at the end and inserting a semicolon; and

(B) in paragraph (4), by striking the semicolon at the end of subparagraph (E) and inserting "; or".

(b) MAXIMUM ENROLLMENT.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by striking "2007" and inserting "2012".

(c) CONSERVATION PRIORITY AREAS.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C. 3831(f)) is amended by striking "the Chesapeake Bay Region (Pennsylvania, Maryland, and Virginia)" and inserting "the Chesapeake Bay Region".

(d) TREATMENT OF MULTI-YEAR GRASSES AND LEGUMES.—Subsection (g) of section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended to read as follows:

"(g) MULTI-YEAR GRASSES AND LEGUMES.—

"(1) IN GENERAL.—For purposes of this subchapter, alfalfa and other multi-year grasses and legumes in a rotation practice, approved by the Secretary, shall be considered agricultural commodities.

"(2) CROPPING HISTORY.—Alfalfa, when grown as part of a rotation practice, as determined by the Secretary, is an agricultural commodity subject to the cropping history criteria under subsection (b)(1)(B) for the purpose of determining whether highly erodible cropland has been planted or considered planted for 4 of the 6 years referred to in such subsection.".

(e) PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.—Section 1231(h)(1)(A) of the Food Security Act of 1985 (16 U.S.C. 3831(h)(1)(A)) is amended by striking "2007" and inserting "2012".

(f) MANAGED HAYING AND GRAZING.—Section 1232(a)(7) of the Food Security Act of 1985 (16 U.S.C. 3832(a)(7)) is amended—

(1) in subparagraph (A)—

(A) by inserting "and prescribed grazing for the control of invasive species" after "biomass"; and

(B) by striking "and" at the end of the subparagraph;

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraph:

"(B) managed grazing during the year, except that in permitting such grazing, the Secretary shall—

"(i) reduce the rental payment otherwise payable under the contract by a percentage determined by the Secretary to be appropriate; and

"(ii) require a management plan, including a grazing rate, approved by the Secretary that is consistent with section 1231(a);

"(C) dryland crop production and grazing practices on acreage enrolled into the conservation reserve enhancement program announced on May 27, 1998 (63 Fed. Reg. 28965) where the conservation reserve enhancement program is initiated to address declining groundwater or surface water resources and water quality issues associated with declining groundwater or surface water resources and the conservation reserve enhancement contract requires the owner or operator to retire a water right, except that in permitting dryland crop production and grazing, the Secretary shall—

"(i) develop an appropriate working lands conservation plan that implements conservation practices suitable to the region to address soil conservation, water quality, wildlife habitat, or other environmental benefits;

"(ii) apply the provisions of section 11005 of the Farm, Nutrition, and Bioenergy Act of 2007 in determining the eligibility for crop insurance of dryland crop production and grazing activities allowed under a conservation reserve enhancement contract for the purposes of this section, dryland crop production and grazing activities allowed under a conservation reserve enhancement contract shall be considered 'noncropland' in applying the provisions of section 11005 of the Farm, Nutrition, and Bioenergy Act of 2007;

"(iii) reduce the rental payment otherwise payable under the contract by an amount commensurate with the economic value of the crop production or grazing activity, while still leaving sufficient financial incentives for the owner or operator to participate in the conservation reserve enhancement; and

"(iv) at the request of a State that has previously entered into a conservation reserve enhancement program agreement, renegotiate the agreement to allow for the dryland crop production and grazing in accordance with this section; and".

(g) RENTAL RATES.—Section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is amended by adding at the end the following new paragraph:

"(5) COUNTY AVERAGE MARKET DRY-LAND AND IRRIGATED CASH RENTAL RATES.—

"(A) ANNUAL ESTIMATES.—Beginning not later than one year after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the National Agricultural Statistics Service shall conduct an annual survey of per acre estimates of county average market dry-land and irrigated cash rental rates for cropland and pastureland in all counties or equivalent subdivisions within each State with 20,000 acres or more of cropland and pastureland.

"(B) PUBLIC AVAILABILITY OF ESTIMATES.— The estimates derived as a result of the annual survey conducted under subparagraph (A) shall be maintained on a website of the Department of Agriculture for use by the general public.

"(C) FUNDING.—Funds to conduct the annual survey required by subparagraph (A) shall come from funds made available for the conservation reserve program under this subchapter.".

(h) CONSERVATION RESERVE PROGRAM TRANSITION INCENTIVES.—Section 1235 of the Food Security Act of 1985 (16 U.S.C. 3835) is amended—

(1) in subsection (c)(1)(B)—

(A) in clause (ii), by striking "or" at the end;

(B) by redesignating clause (iii) as clause (iv); and

(C) by inserting after clause (ii) the following new clause:

"(iii) to facilitate a transition of land subject to the contract from a retired or retiring owner or operator to a beginning farmer or rancher, socially disadvantaged farmer or rancher, or limited resource farmer or rancher for the purpose of returning some or all of the land into production using sustainable grazing or crop production methods; or"; and

(2) by adding at the end the following new subsection:

"(f) TRANSITION OPTION FOR CERTAIN FARMERS OR RANCHERS.—

"(1) DUTIES OF THE SECRETARY.—In the case of a contract modification approved in order to facilitate the transfer of land subject to a contract from a retired or retiring owner or operator under subsection (c)(1)(B)(iii) to a beginning farmer or rancher, socially disadvantaged farmer or rancher, or limited resource farmer or rancher (in this subsection referred to as a 'covered farmer or rancher') the Secretary shall—

"(A) beginning on the date that is 1 year before the date of termination of the contract—

"(i) allow the covered farmer or rancher, in conjunction with the retired or retiring owner or operator, to make conservation and land improvements; and

"(ii) allow the covered farmer or rancher, at the election of the covered farmer or rancher, to begin the certification process under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.);

"(B) beginning on the date of termination of the contract, require the retired or retiring owner or operator to sell or lease (under a long-term lease or a lease with an option to purchase) to the covered farmer or rancher the land subject to the contract for production purposes;

"(C) require the covered farmer or rancher to develop and implement a comprehensive conservation plan that meets such sustainability criteria as the Secretary may establish;

"(D) provide to the covered farmer or rancher an opportunity to enroll in the conservation security program or the environmental quality incentives program by not later than the date on which the farmer or rancher takes possession of the land through ownership or lease; and

"(E) continue to make annual payments to the retired or retiring owner or operator for not more than an additional 2 years after the date of termination of the contract, if the retired or retiring owner or operator is not a family member (as defined in section 1001A(b)(3)(B) of this Act) of the covered farmer or rancher.

"(2) REENROLLMENT.—The Secretary shall provide to a beginning farmer or rancher, socially disadvantaged farmer or rancher, or limited resource farmer or rancher described in paragraph (1) the option to reenroll any applicable partial field conservation practice that is—

"(A) eligible for enrollment under the continuous signup requirement of section 1231(h)(4)(B); and

"(B) part of an approved comprehensive conservation plan.".

(i) EARLY TERMINATION.—Section 1235(e)(1) of the Food Security Act of 1985 (16 U.S.C. 3835(e)(1)) is amended by striking "before January 1, 1995,".

SEC. 2102. WETLANDS RESERVE PROGRAM.

(a) ESTABLISHMENT AND PURPOSE.—Subsection (a) of section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended to read as follows:

"(a) ESTABLISHMENT AND PURPOSES.—

"(1) ESTABLISHMENT.—The Secretary shall establish a wetlands reserve program to assist owners of eligible lands in restoring and protecting wetlands.

"(2) PURPOSES.—The purposes of the wetlands reserve program are—

"(A) to restore, to create, to protect, or to enhance wetlands on lands that are eligible under subsections (c) and (d); and

"(B) to authorize the Secretary, at the sole discretion of the Secretary, to purchase flood-plain easements.".

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

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

"(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the wetlands reserve program shall not exceed 3,605,000 acres."; and

(2) by adding at the end the following new paragraphs:

"(3) ANNUAL ENROLLMENT GOAL.—Of the total number of acres authorized by paragraph (1), to the maximum extent practicable, the Secretary shall enroll 250,000 acres in each fiscal year.

"(4) FLOOD-PLAIN EASEMENTS.—Of the acres to be enrolled each fiscal year, not more than 10,000 acres may be enrolled using flood-plain easements.".

(c) ELIGIBLE LANDS.—Subsection (c) of section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended to read as follows:

"(c) ELIGIBILITY.—For purposes of enrolling land into the wetland reserve program established under this subchapter during the 2008 through 2012 fiscal years, land shall be eligible to be placed into such reserve if the Secretary determines that—

"(1) in the case of wetlands—

"(A) the land maximizes wetland values and functions and wildlife benefits;

"(B) the land is farmed wetland or converted wetland, together with adjacent lands that are functionally dependent on such wetlands, except that converted wetlands where the conversion was not commenced prior to December 23, 1985, shall not be eligible to be enrolled in the program under this section;

"(C) the likelihood of the successful restoration of such land, and the resultant wetland values, merit inclusion of the land into the program taking into consideration the cost of such restoration; and

"(D) the land consists of riparian areas, including areas that link wetlands that are protected by easements or some other device or circumstance that achieves the same purpose as an easement; or

"(2) in the case of flood-plain lands—

"(A) the flood-plain land has been damaged by flooding at least once within the previous calendar year, or has been subject to flood damage at least twice within the previous 10 years; or

"(B) the enrollment of other land within the flood plain would contribute to the restoration of the flood storage and flow or erosion control.".

(d) INELIGIBLE LANDS.—Subsection (e) of section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended to read as follows:

"(e) INELIGIBLE LAND.—The Secretary may not acquire easements on—

"(1) in the case of wetlands—

"(A) land that contains timber stands established under the conservation reserve under subchapter B; or

"(B) pasture land established to trees under the conservation reserve under subchapter B; or

"(2) in the case of flood-plain lands—

"(A) land on which implementation of restoration practices would not be productive; or

"(B) land that is subject to an existing easement or deed restriction, and the easement or deed provides sufficient protection or restoration of the flood plain's functions and values, as determined by the Secretary.".

(e) EASEMENTS AND AGREEMENTS.—Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended—

(1) in subsection (a)(2), by inserting "if applicable," after "(2)";

(2) in subsection (b)—

(A) in the matter before paragraph (1), by inserting "or flood-plain land" after "values of wetland";

(B) in paragraph (1)(B), by inserting "or flood-plain land" after "wetland"; and

(C) in paragraph (3), by inserting "or flood-plain lands" after "wetlands";

(3) in subsection (f)—

(A) by striking "Compensation for" in the first sentence and inserting the following:

"(1) COMPENSATION PROVIDED; AMOUNT.—Compensation for"; and

(B) by adding at the end the following new paragraph:

"(2) METHOD FOR DETERMINATION OF FAIR MARKET VALUE.—The Secretary shall determine the fair market value of land under paragraph (1) based on the option specified in subparagraph (A), (B), (C), or (D) that results in the lowest amount of compensation to be paid by the Secretary:

"(A) A percentage of the fair market value based on the Uniform Standards for Professional Appraisals Procedures, as determined by the Secretary.

"(B) A percentage of the market value determined by an area wide market survey.

"(C) A geographic cap, prescribed in regulations issued by the Secretary.

"(D) The offer made by the owner of the land."; and

(4) by adding at the end the following new subsection:

"(h) ACCEPTANCE OF CONTRIBUTIONS.—The Secretary may accept and use contributions of non-Federal funds to administer the program under this subchapter.".

(f) DUTIES OF THE SECRETARY.—Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended—

(1) in subsection (a)(1)—

(A) by inserting "including necessary maitenance activities," after "values,"; and

(B) by inserting "or flood plains land" after "wetland"; and

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

"(c) RANKING OF OFFERS.—

"(1) IN GENERAL.—When evaluating offers from landowners, the Secretary may consider—

"(A) the conservation benefits of obtaining an easement or other interest in the land;

"(B) the cost-effectiveness of each easement or other interest in eligible land, so as to maximize the environmental benefits per dollar expended; and

"(C) whether the landowner or another person is offering to contribute financially to the cost of the easement or other interest in the land to leverage Federal funds.

"(2) CONSERVATION BENEFITS.—In determining the acceptability of easement offers, the Secretary may take into consideration—

"(A) in the case of wetlands—

"(i) the extent to which the purposes of the easement program would be achieved on the land;

"(ii) the productivity of the land; and

"(iii) the on-farm and off-farm environmental threats if the land is used for the production of agricultural commodities; and

"(B) in the case of flood-plain lands—

"(i) the extent to which the purposes of the easement program would be achieved on the land;

"(ii) whether the land has been repeatedly flooded over the last ten years;

"(iii) the extent to which an easement on the flood-plain land would contribute to the restoration or management of land in the area surrounding the flood-plain land; and

"(iv) other factors, as determined by the Secretary.".

(g) WETLANDS RESERVE ENHANCEMENT.—Section 1237D(c) of the Food Security Act of 1985 (16 U.S.C. 3837d(c)) is amended by striking paragraph (4) and inserting the following new paragraph:

"(4) WETLANDS RESERVE ENHANCEMENT.—

"(A) IN GENERAL.—The provisions of this subchapter that limit payments to any person, and section 1305(d) of the Agricultural Reconciliation Act of 1987 (Public Law 100–203; 7 U.S.C. 1308 note), shall not apply to payments received by a State, political subdivision, or agency thereof in connection with agreements entered into under a special wetlands reserve enhancement program carried out by that entity that has been approved by the Secretary.

"(B) AGREEMENTS.—The Secretary may enter into agreements with States (including political subdivisions and agencies of States) regarding payments described in subparagraph (A) that the Secretary determines will advance the purposes of this subchapter.".

(h) AUTHORIZATION.—The Food Security Act of 1985 is amended by inserting after section 1237F (16 U.S.C. 3837f) the following new section:

"SEC. 1237G. PERIOD OF AUTHORIZATION.

"This subchapter is authorized to be carried out for the 2008 through 2012 fiscal years.".

SEC. 2103. CONSERVATION SECURITY PROGRAM.

(a) ESTABLISHMENT OF NEW CONSERVATION SECURITY PROGRAM THROUGH 2017.—Subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is amended to read as follows:

"Subchapter A—Conservation Security Program

"SEC. 1238. DEFINITIONS.

"In this subchapter:

"(1) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has the meaning given the term under section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)).

"(2) CONSERVATION PLAN.—The term 'conservation plan' means a plan that—

"(A) identifies resources of concern, inventories resources, and establishes benchmark data and stewardship enhancement objectives;

"(B) describes improvements that will enable the producer to meet and exceed the stewardship threshold for all applicable resources of concern; and

"(C) contains a schedule and evaluation plan for the planning, installing, maintaining, and managing new conservation practices, activities, and management measures and maintaining, managing, and improving existing conservation practices, activities, and management measures.

"(3) CONSERVATION PRACTICE.—The term 'conservation practice' means a site-specific land management practice or activity, or a supporting structural practice, that is part of an implemented management system designed to address a priority resource of concern.

"(4) CONSERVATION SECURITY CONTRACT.—The term 'conservation security contract' means a contract entered into under this subchapter.

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

"(6) MANAGEMENT INTENSITY.— The term 'management intensity' means the degree, scope, and comprehensiveness of conservation practices, activities, or management measures taken by a producer to address a priority resource of concern to a level exceeding the stewardship threshold.

"(7) NONDEGRADATION STANDARD.—The term 'nondegradation standard' means the level of natural resource conservation and environmental management measures required to improve and sustain the status and condition of natural and environmental resources to a level that, as determined by the Secretary—

"(A) prevents impairment of soil, water, and air quality and the quality of fish and wildlife habitat; and

"(B) sustains the long-term productivity of agricultural resources.

"(8) PRIORITY RESOURCE OF CONCERN.—The term 'priority resource of concern' means a resource of concern identified by the Secretary, consistent with the requirements of section 1238C(a), that must be addressed by participants in the conservation security program in a particular watershed or other area within that State.

"(9) PRODUCER.—The term 'producer' means an owner, operator, landlord, tenant, or sharecropper that——

"(A) shares in the risk of producing any crop or livestock; and

"(B) is entitled to share in the crop or livestock available for marketing from a farm (or would have shared had the crop or livestock been produced).

"(10) RESOURCE-SPECIFIC INDEX.—The term 'resource-specific index' means an index of management intensity or other similar index, developed by the Secretary, that estimates the expected level of resource and environmental outcomes of the conservation practices, activities, and management measures employed by a producer.

"(11) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term under section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)).

"(12) STRUCTURAL PRACTICE.—The term 'structural practice' means a site-specific, constructed conservation practice that is integrated with and essential to the successful implementation of the system of land management practices and activities that are the basis of a conservation security contract.

"SEC. 1238A. CONSERVATION SECURITY PROGRAM.

"(a) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish, and for each of fiscal years 2012 through 2017, carry out a conservation security program to assist producers in improving environmental quality by addressing priority resources of concern in a comprehensive manner.

"(b) ELIGIBLE PRODUCERS.—To be eligible to participate in the conservation security program, a producer shall—

"(1) demonstrate that the producer is addressing at least one priority resource of concern to a minimum level of management intensity determined by the Secretary; and

"(2) develop and submit to the Secretary, and obtain the approval of the Secretary of, a conservation offer.

"(c) ELIGIBLE LAND.—

"(1) IN GENERAL.—Except as provided in paragraph (2), private agricultural land (including cropland, grassland, prairie land, improved pasture land, forest land and rangeland) and land under the jurisdiction of an Indian tribe (as defined by the Secretary) shall be eligible for enrollment in the conservation security program.

"(2) EXCLUSIONS.—

"(A) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Except as provided in subsection (f)(3)(A), the following lands are not eligible for enrollment in the conservation security program:

"(i) Lands enrolled in the conservation reserve program under subchapter B of chapter 1.

"(ii) Land enrolled in the wetlands reserve program established under subchapter C of chapter 1.

"(iii) Land enrolled in the grassland reserve program established under subchapter C of chapter 2.

"(B) CONVERSION TO CROPLAND.—Land used for crop production after October 1, 2011, that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date

(except for land enrolled in the conservation reserve program or that has been maintained using long-term crop rotation practices, as determined by the Secretary) shall not be the basis for any payment under the conservation security program.

"(d) ECONOMIC USES.—With respect to eligible land covered by a conservation security contract, the Secretary shall permit economic uses of the land that—

"(1) maintain the agricultural nature of the land; and

"(2) are consistent with the conservation purposes of the conservation security program.

"(e) CONSERVATION SECURITY CONTRACTS.—

"(1) IN GENERAL.—After a determination that a producer is eligible for the conservation security program, and on approval of the conservation offer of the producer, the Secretary shall enter into a conservation security contract with the producer to enroll the land to be covered by the contract in the conservation security program.

"(2) TERM.—A conservation security contract shall be for a term of 5 years.

"(3) AGRICULTURAL OPERATION.—All the acres of the agricultural operation that are under the producer's effective control at the time the producer enters into a conservation security contract shall be covered by the conservation security contract.

"(4) PROVISIONS.—The conservation security contract of a producer shall—

"(A) include a conservation plan approved by the Secretary;

"(B) describe the land covered by the conservation security contract;

"(C) state the amount of the stewardship enhancement payment the Secretary agrees to make to the producer each year of the conservation security contract under section 1238C(c);

"(D) describe the new conservation practices and activities the producer is required to implement during the term of the conservation security contract in order to increase the level of management intensity with which the producer addresses a priority resource of concern or priority resources of concern, as designated by the Secretary under section 1238C(a)(1); and

"(E) include such other provisions as the Secretary determines necessary to ensure the conservation purposes of the conservation security program are met.

"(5) ON-FARM RESEARCH AND DEMONSTRATION OR PILOT TESTING.—The Secretary may approve a conservation security contract that includes—

"(A) on-farm conservation research and demonstration activities; and

"(B) pilot testing of new technologies or innovative conservation practices.

"(f) MODIFICATION.—The Secretary may allow a producer to modify a conservation security contract before the expiration of the contract if the Secretary determines that failure to modify the contract would significantly interfere with achieving the purposes of the conservation security program.

"(g) CONTRACT TERMINATION.—

"(1) VOLUNTARY TERMINATION.—A producer may terminate a conservation security contract if the Secretary determines that termination of the contract would not defeat the purposes of the conservation plan of the producer.

"(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this subchapter if the Secretary determines that the producer violated the contract.

"(3) TRANSFER OR CHANGE OF INTEREST IN LAND SUBJECT TO CONSERVATION SECURITY CONTRACT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the transfer, or change in the interest, of a producer in land subject to a conservation security contract shall result in the termination of the conservation security contract.

"(B) TRANSFER OF DUTIES AND RIGHTS.—Subparagraph (A) shall not apply if, within a reasonable period of time 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, and assumed by, the transferee. The Secretary shall specify what will be considered a reasonable period of time for purposes of providing the notification required by this subparagraph.

"(h) CONTRACT RENEWAL.—At the end of an initial conservation security contract of a producer, the Secretary may allow the producer to renew the contract for one additional five-year period if the producer—

"(1) demonstrates compliance with the terms of the existing contract, including a demonstration that the producer has complied with the schedule for the implementation of new practices and activities included in the conservation se-

curity contract and has met the stated goals for increasing the level of management intensity with which the producer is addressing the designated priority resource of concern or priority resources of concern; and

"(2) agrees to implement and maintain such additional new conservation practices and activities as the Secretary determines necessary and feasible to achieve higher levels of management intensity with which the producer addresses the designated priority resource of concern or priority resources of concern.

"(i) EFFECT OF NONCOMPLIANCE DUE TO CIRCUMSTANCES BEYOND THE CONTROL OF PRODUCERS.—The Secretary shall include in the conservation security contract a provision to ensure that a producer 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 producer, including a disaster or related condition, as determined by the Secretary.

"(j) EVALUATION OF OFFERS.—In evaluating applications by producers to enroll in the conservation security program, the Secretary shall—

"(1) consider the extent to which the anticipated environmental benefits from the contract are provided at least cost relative to other similar activities;

"(2) consider the extent to which the producer proposes to increase the level of performance on applicable resource-specific indices or the level of management intensity with which the producer addresses the designated priority resources of concern;

"(3) consider the extent to which the environmental benefits expected to result from the contract complements other conservation efforts in the watershed or region;

"(4) consider the multiple benefits of conservation-based farming systems, including resource-conservation crop rotations, managed rotational grazing, and the adoption of certified production under the national organic production program under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et. seq.); and

"(5) develop any additional criteria for evaluating applications that the Secretary determines are necessary to ensure that national, State, and local conservation priorities are effectively addressed.

"(k) COORDINATION WITH ORGANIC CERTIFICATION.—Within 90 days after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Secretary shall establish a transparent and producer-friendly means by which producers may coordinate and simultaneously certify eligibly under a conservation security contract and under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et. seq.).

"SEC. 1238B. DUTIES OF PRODUCERS.

"(a) AGREEMENT BY PRODUCER.—Under a conservation security contract, a producer shall agree—

"(1) to implement during the term of the conservation security contract the conservation plan approved by the Secretary;

"(2) to maintain, 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 contract; and

"(3) not to engage in any activity during the term of the conservation security contract that would interfere with the purposes of the conservation security program.

"(b) EFFECT OF VIOLATION.—On the violation of a term or condition of the conservation security contract of a producer—

"(1) if the Secretary determines that the violation warrants termination of the conservation security contract, the producer shall—

"(A) forfeit all rights to receive payments under the conservation security contract; and

"(B) refund to the Secretary all or a portion of the payments received by the producer under the conservation security contract, including any advance payments and interest on the payments, as determined by the Secretary;

"(2) if the Secretary determines that the violation does not warrant termination of the conservation security contract, the producer shall refund to the Secretary, or accept adjustments to, the payments provided to the producer, as the Secretary determines to be appropriate; or

"(3) some combination of the remedies authorized by paragraphs (1) and (2), as determined by the Secretary to be appropriate.

"SEC. 1238C. DUTIES OF THE SECRETARY.

"(a) IDENTIFICATION OF PRIORITY RESOURCES OF CONCERN.—

"(1) IDENTIFICATION AT STATE LEVEL.—The Secretary shall ensure that the identification of priority resources of concern is made at the State level so that each priority resource of concern—

"(A) represents a significant environmental concern, including watershed management or wildlife habitat, in the State to which agricultural activities are contributing; and

"(B) is likely to be addressed successfully through the implementation of conservation practices and other activities by producers.

"(2) LIMITATION.—The Secretary shall identify not more than 5 resources of concern as priority resources of concern in a particular watershed or other appropriate region or area within a State.

"(3) ADVICE AND CONSULTATION.—The Secretary, with the advice of the appropriate State technical committee and in consultation with Federal and State agencies with expertise related to natural resources and environmental quality, shall designate, to the extent practicable, each priority resource of concern identified under paragraph (1) as either a primary, secondary, or tertiary resource of concern.

"(b) DEVELOPMENT OF RESOURCE-SPECIFIC INDICES.—The Secretary shall develop resource-specific indices to measure the management intensity with which specific resources of concern are addressed, for purposes of determining eligibility and payments for participants in the conservation security program.

"(c) STEWARDSHIP ENHANCEMENT PAYMENT.—

"(1) TIMING OF PAYMENT.—The Secretary shall make a payment under a conservation security contract as soon as practicable after October 1 of each fiscal year.

"(2) EXCLUSIONS.—A payment to a producer under this subsection shall not be provided for—

"(A) the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations; or

"(B) conservation practices and activities for which there is no net cost or loss of income to the producer, as determined by the Secretary.

"(3) AVAILABILITY OF PAYMENTS.—The Secretary shall provide a stewardship enhancement payment to a producer under a conservation security contract to compensate the producer for—

"(A) ongoing implementation and maintenance of conservation practices, activities, and management measures in place on the producers operation at the time the conservation security contract is accepted; and

"(B) installation and adoption of new conservation practices, activities, and management measures or improvements to conservation practices, activities, and management measures in place on the producer's operation, as required by the conservation security contract.

"(4) PAYMENT AMOUNT.—The amount of the stewardship enhancement payment shall be determined by the Secretary and shall be based, to the maximum extent feasible, on—

"(A) a portion of the actual costs incurred by the producer; and

"(B) the income forgone by the producer; and

"(C) resource-specific indices, in any case in which such indices have been developed and implemented..

"(d) PAYMENT LIMITATIONS.—An individual or entity may not receive, directly or indirectly, payments under a conservation security contract that, in the aggregate, exceed $150,000 for the 5-year term of the conservation security contract, excluding funding arrangements with federally recognized Indian Tribes or Alaska Native Corporations.

"(e) REGULATIONS.—The Secretary shall promulgate regulations that—

"(1) provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing payments, on a fair and equitable basis; and

"(2) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsection (d).

"(f) ALLOCATION TO STATES.—When making allocations to States of funds made available to carry out the conservation security program, the Secretary shall give significant consideration to the extent and magnitude of the environmental needs associated with agricultural production in each State, the degree to which implementation of the conservation security program in the State is, or will be, effective in helping producers address these needs, and other considerations to achieve equitable geographic distributions of funds, as determined by the Secretary.

"(g) TECHNICAL ASSISTANCE.—For each of fiscal years 2008 through 2017, the Secretary shall provide appropriate technical assistance to producers for the development and implementation of conservation security contracts, in an amount not to exceed 15 percent of the amounts expended for the fiscal year.

"(h) DATA.—The Secretary shall maintain conservation security program contract and payment data in a manner that provides detailed and segmented data that allows for quantification of the amount of payments made to producers for—

"(1) the maintenance of conservation practices, activities, and management measures in place on the producer's operation at the time the conservation security offer is accepted by the Secretary;

"(2) the installation and adoption of new conservation practices, activities, and management measures and the improvements to conservation practices, activities, and management measures in place on the producer's operation at the time the conservation security offer is accepted by the Secretary;

"(3) participation in research, demonstration, and pilot projects; and

"(4) the development and periodic assessment and evaluation of comprehensive conservation plans.".

(b) EFFECT ON EXISTING CONSERVATION SECURITY CONTRACTS.—Subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.), as in effect on the day before the date of the enactment of this Act, shall continue to apply to conservation security contracts entered into before October 1, 2007. The Secretary of Agriculture may continue to make payments under such subchapter, as so in effect, with respect to such a conservation security contracts during the term of the contract.

(c) PROHIBITION ON NEW CONTRACTS.—A conservation security contract may not be entered into or renewed under subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.), as in effect on the day before the date of the enactment of this Act, after September 30, 2007.

SEC. 2104. GRASSLAND RESERVE PROGRAM.

(a) ENROLLMENT PRIORITY.—Subsection (b) of section 1238N of the Food Security Act of 1985 (16 U.S.C. 3838n) is amended by striking paragraph (3) and inserting the following new paragraph:

"(3) PRIORITY FOR LONG-TERM AGREEMENTS AND EASEMENTS.—Of the total number of acres enrolled in the program at any one time through the methods described in paragraph (2)(A), the Secretary shall ensure that at least 60 percent of the acres were enrolled through the use of 30-year rental agreements and permanent and long-term easements described in clause (ii) of such paragraph.".

(b) ENROLLMENT OF ACREAGE.—Subsection (b) of section 1238N of the Food Security Act of 1985 (16 U.S.C. 3838n) is amended by striking paragraph (1) and inserting the following new paragraph:

"(1) ENROLLMENT.—The Secretary shall enroll an additional 1,000,000 acres of restored or improved grassland, rangeland, and pastureland in the grassland reserve program during fiscal years 2008 through 2012.".

(c) ENROLLMENT OF CONSERVATION RESERVE PROGRAM LAND.—Section 1238N of the Food Security Act of 1985 (16 U.S.C. 3838n) is amended by adding at the end the following new subsections:

"(d) ENROLLMENT OF CONSERVATION RESERVE PROGRAM LAND.—

"(1) ENROLLMENT AUTHORIZED.—Subject to the eligibility requirements of subsection (c) and all other requirements of this subchapter, land enrolled in the conservation reserve program may be enrolled in the grassland reserve program if the Secretary determines that the land is of high ecological value and under significant threat of conversion to other uses.

"(2) MAXIMUM ENROLLMENT.—The number of acres of conservation reserve program land enrolled under this subsection in a calendar year shall not exceed 10 percent of the total number of acres enrolled in the grassland reserve program in that calendar year.

"(3) PROHIBITION ON DUPLICATION OF PAYMENTS.—Land enrolled in the program under this subsection shall no longer be eligible for payments under the conservation reserve program.

"(e) METHOD FOR DETERMINATION OF FAIR MARKET VALUE.—The Secretary shall determine the fair market value of land to be enrolled in program based on the option specified in paragraph (1), (2), (3), or (4) that results in the lowest amount of compensation to be paid by the Secretary:

"(1) A percentage of the fair market value based on the Uniform Standards for Professional Appraisals Procedures, as determined by the Secretary.

"(2) A percentage of the market value determined by an area wide market survey.

"(3) A geographic cap, as prescribed in regulations issued by the Secretary.

"(4) The offer made by the owner of the land.".

(d) GRASSLAND RESERVE ENHANCEMENT.—Section 1238N of the Food Security Act of 1985 (16 U.S.C. 3838n) is amended by inserting after subsection (d), as added by subsection (b), the following new subsection:

"(e) GRASSLAND RESERVE ENHANCEMENT.—The Secretary may enter into such agreements with States, including political subdivisions and agencies of States, that the Secretary determines will advance the purposes of the grassland reserve program. Section 1305(d) of the Agricultural Reconciliation Act of 1987 (Public Law 100-203; 7 U.S.C. 1308 note) shall not apply to payments received by a State or political subdivision or agency thereof in connection with such an agreement.".

(e) USE OF PRIVATE ORGANIZATIONS OR STATE AGENCIES.—Section 1238Q of the Food Security Act of 1985 (16 U.S.C. 3838q) is amended—

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

"(a) AUTHORITY TO USE PRIVATE ORGANIZATIONS OR STATES.—The Secretary shall permit a private conservation or land trust organization (referred to in this section as a 'private organization') or a State agency to own, write, and enforce an easement under this subchapter, in lieu of the Secretary, subject to the right of the Secretary to conduct periodic inspections and enforce the easement, if—

"(1) the Secretary determines that granting the permission will promote protection of grassland, land that contains forbs, and shrubland;

"(2) the owner authorizes the private organization or State agency to hold and enforce the easement; and

"(3) the private organization or State agency agrees to assume the costs incurred in administering and enforcing the easement, including the costs of restoration or rehabilitation of the land as specified by the owner and the private organization or State agency.";

(2) in subsection (b), by striking "hold" and inserting "own, write,"; and

(3) in subsection (c), by striking "hold" and inserting "own, write,".

SEC. 2105. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) PURPOSES.—Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended—

(1) in the matter preceding paragraph (1), by inserting ", forest management, organic transition," after "agricultural production"; and

(2) by striking paragraphs (3) and (4) and inserting the following new paragraphs:

"(3) providing flexible assistance to producers to install and maintain conservation practices that, while sustaining production of food and fiber—

"(A) enhance soil, water, and related natural resources, including grazing land, forestland, wetland, and wildlife; and

"(B) conserve energy;

"(4) assisting producers to make beneficial, cost effective changes to cropping systems, grazing management, energy use, forest management, nutrient management associated with livestock, pest or irrigation management, or other practices on agricultural and forested land; and".

(b) DEFINITIONS.—Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

(1) by striking paragraph (3) and inserting the following new paragraph:

"(3) LAND MANAGEMENT PRACTICE.—

"(A) IN GENERAL.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, air quality management, forest management, silvicultural practice, or other land management practice carried out on eligible land that the Secretary determines is needed to protect from degradation, in the most cost-effective manner, water, soil, or related resources.

"(B) FOREST MANAGEMENT PRACTICES.—For purposes of subparagraph (A), forest management practices may include activities that the Secretary determines are needed to—

"(i) improve water quality;

"(ii) restore forest biodiversity; or

"(iii) control invasive species.

"(C) COORDINATED IMPLEMENTATION.—A land management practice may involve multiple landowners implementing eligible conservation activities in a coordinated fashion.";

(2) in paragraph (4), by inserting "alpacas, bison," after "sheep,";

(3) by redesignating paragraphs (3), (4), (5), and (6), as so amended, as paragraphs (4), (5), (6), and (8), respectively;

(4) by inserting after paragraph (2) the following new paragraph:

"(3) INTEGRATED PEST MANAGEMENT.—The term 'integrated pest management' means a sustainable approach to managing pests by combining biological, cultural, physical, and chemical tools in a way that minimizes economic, health, an environmental risks."; and

(5) by inserting after paragraph (6), as so redesignated, the following new paragraph:

"(7) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term under section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)).".

(c) ELIGIBLE PRACTICES.—Section 1240B(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)) is amended—

(1) in paragraph (1), by striking "2010" and inserting "2012"; and

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting "or receives organic certification" after "chapter"; and

(B) by striking subparagraph (B) and inserting the following new subparagraph:

"(B) a producer that implements a land management practice, receives technical services from an approved third-party provider, develops a comprehensive nutrient management plan, or implements energy efficiency improvements or renewable energy systems, in accordance with this chapter shall be eligible to receive incentive payments.".

(d) BEGINNING FARMERS OR RANCHERS AND SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.—Section 1240B(d)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(d)(2)) is amended by striking subparagraph (A) and inserting the following new subparagraph:

"(A) INCREASED COST-SHARE FOR CERTAIN PRODUCERS.—The Secretary shall increase the amount provided under paragraph (1) to a producer that is a beginning farmer or rancher, socially disadvantaged farmer or rancher, or limited resource farmer or rancher to 90 percent of the cost of the practice, as determined by the Secretary.".

(e) ADDITIONAL SUPPORT FOR USE OF GASIFIER TECHNOLOGY.—Section 1240B(d)(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(d)(2)) is amended by adding at the end the following new subparagraph:

"(C) INCREASED COST-SHARE FOR USE OF GASIFIER TECHNOLOGY.—In carrying out this chapter, the Secretary shall promote air quality by providing for a 90 percent cost share for those projects that utilize gasifier technology for the purposes of the disposal of animal carcasses and by-products.".

(f) INCENTIVE PAYMENTS.—Section 1240B(e) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(e)) is amended—

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

"(1) AVAILABILITY OF INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer—

"(A) to perform 1 or more land management practices;

"(B) to receive technical services from an approved third-party provider;

"(C) to develop a comprehensive nutrient management plan; or

"(D) to implement energy efficiency improvements or renewable energy systems."; and

(2) in paragraph (2), by inserting "pollinator habitat," after "invasive species,".

(g) ALLOCATION OF FUNDING.—Section 1240B(g) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(g)) is amended—

(1) by striking "For each" and inserting the following:

"(1) ALLOCATION FOR LIVESTOCK PRODUCTION PRACTICES.—For each";

(2) in such paragraph, as so designated, by striking "2007" and inserting "2012"; and

(3) by adding at the end the following new paragraph:

"(2) ALLOCATION FOR CERTAIN PRODUCERS.—For each of fiscal years 2007 through 2012, of the funds made available for cost-share payments and incentive payments under this chapter, the Secretary shall reserve, for a period of not less than 90 days after the date on which the funds are made available for the fiscal year—

"(A) not less than 5 percent for beginning farmers and ranchers; and

"(B) not less than 5 percent of funds for socially disadvantaged farmers and ranchers and limited resource farmers and ranchers.".

(h) ELIGIBILITY OF MARKET AGENCIES AND CUSTOM FEEDING BUSINESSES.—Section 1240B of the Food Security Act of 1985 (16 U.S.C. 3839aa–2) is amended by adding at the end the following new subsection:

"(i) ELIGIBILITY OF MARKET AGENCIES AND CUSTOM FEEDING BUSINESSES FOR ASSISTANCE.—A market agency (as defined in section 301(c) of the Packers and Stockyards Act, 1921 (7 U.S.C. 201(c))) or custom feeding business may receive technical assistance, cost-share payments, or incentive payments under the program. Any reference to 'producer' in this chapter shall be deemed to include a market agency or custom feeding business.".

(i) EVALUATION OF APPLICATIONS FOR COST-SHARE PAYMENTS AND INCENTIVE PAYMENTS.—Section 1240C of the Food Security Act of 1985 (16 U.S.C. 3839aa–3) is amended to read as follows:

"SEC. 1240C. EVALUATION OF APPLICATIONS FOR COST-SHARE PAYMENTS AND INCENTIVE PAYMENTS.

"(a) PRIORITIES AND GROUPING OF APPLICATIONS.—In evaluating applications for cost-share payments and incentive payments, the Secretary shall—

"(1) prioritize applications based on their overall level of cost-effectiveness to ensure that the conservation practices and approaches proposed are the most efficient means of achieving the anticipated environmental benefits of the project;

"(2) prioritize applications based on how effectively and comprehensively the project addresses the designated resource concern or resource concerns;

"(3) prioritize applications that best fulfill the purpose of the environmental quality incentives program specified in section 1240(1);

"(4) develop criteria for evaluating applications that will ensure that national, State, and local conservation priorities are effectively addressed; and

"(5) to the greatest extent practicable, group applications of similar crop or livestock operations for evaluation purposes or otherwise evaluate applications relative to other applications for similar farming operations.

"(b) EVALUATION PROCESS.—The Secretary shall ensure that the evaluation process is as streamlined and efficient as practicable in the case of applications that—

"(1) involve operations with substantial and sound environmental management systems; and

"(2) seek a single practice or a limited number of practices to further improve the environmental performance of that system.".

(j) DUTIES OF PRODUCERS.—Section 1240D(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–4(2)) is amended by striking "or ranch" and inserting ", ranch, or forestland".

(k) PROGRAM PLAN.—Section 1240E of the Food Security Act of 1985 (16 U.S.C. 3839aa–5) is amended by striking subsections (a) and (b) and inserting the following new subsections:

"(a) PLAN OF OPERATIONS.—To be eligible to receive cost-share payments or incentive payments under the program, a producer shall submit to the Secretary for approval a plan of operations that—

"(1) specifies practices covered under the program;

"(2) includes such terms and conditions as the Secretary considers necessary to carry out the program, including a description of the purposes to be met by the implementation of the plan;

"(3) in the case of a confined livestock feeding operation, provides for development and implementation of a comprehensive nutrient management plan, if applicable; and

"(4) in the case of forestland, is consistent with the provisions of a forest management plan meeting with the approval of the Secretary, which may include a forest stewardship plan, as specified in section 5 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a), other practice plan approved by the State forester, or other plan determined appropriate by the Secretary.

"(b) AVOIDANCE OF DUPLICATION.—The Secretary shall—

"(1) consider a permit acquired under a water or air quality regulatory program as the equivalent of a plan of operations under subsection (a); and

"(2) to the maximum extent practicable, eliminate duplication of planning activities under the program under this chapter and comparable conservation programs.".

(l) DUTIES OF THE SECRETARY.—Section 1240F of the Food Security Act of 1985 (16 U.S.C. 3839aa–6) is amended—

(1) by striking "To the extent" and inserting "(a) PROVISION OF ASSISTANCE.—To the extent"; and

(2) by adding at the end the following new subsection:

"(b) WATER SAVINGS.—In the case of a practice primarily intended to conserve water, the Secretary may provide assistance to a producer under this section only if the Secretary determines that—

"(1) the practice results in a minimum reduction, as determined by the Secretary, in the total consumptive use of ground water or surface water resources affected by the practice;

"(2) any saved water remains in the source for the useful life of the practice; and

"(3) the practice will not result, directly or indirectly, in an increase in the consumptive use of water in the agriculture operation of the producer.".

(m) CONSERVATION INNOVATION GRANTS.—Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended to read as follows:

"SEC. 1240H. CONSERVATION INNOVATION GRANTS.

"(a) COMPETITIVE GRANTS.—The Secretary shall pay the cost of competitive grants that are intended to stimulate innovative approaches to leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production or forest resource management, through the program.

"(b) USE.—The Secretary may provide grants under this section to governmental and non-governmental organizations and persons, on a competitive basis, to carry out projects that—

"(1) involve producers that are eligible for payments or technical assistance under the program;

"(2) leverage funds made available to carry out the program under this chapter with matching funds provided by State and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production;

"(3) ensure efficient and effective transfer of innovative technologies and approaches demonstrated through projects that receive funding under this section; and

"(4) provide environmental and resource conservation benefits through increased participation by producers of specialty crops.

"(c) PILOT PROGRAM FOR COMPREHENSIVE CONSERVATION PLANNING.—

"(1) PILOT PROGRAM REQUIRED.—The Secretary shall establish a pilot program to undertake comprehensive conservation planning to assist producers before they submit an application for assistance under any of the conservation programs authorized by this subtitle.

"(2) CONSERVATION PLANNING ASSISTANCE.—The Secretary shall undertake pilot projects under the pilot program in the locations specified in paragraph (3) to assist producers by making a comprehensive assessment of the resource concerns, needs, and alternative solutions for the producer's entire operation, as determined by the Secretary, following the procedures in the Natural Resources Conservation Service conservation planning manual. The assistance shall be provided by the Secretary directly or through third party providers certified by the Secretary, and shall not be at the expense of the producer. The results of the comprehensive planning assistance shall be provided to the producer to enable informed choices on the type of financial assistance available under this subtitle that would most effectively address the resource needs of the operation consistent with the environmental goals for the area in which the operation is located.

"(3) PILOT PROJECTS.—Pilot projects in comprehensive conservation planning shall be undertaken in the Chesapeake Bay watershed, and shall include the identification of hydrologic, soil, and rural land use factors that are unique to the Delmarva Peninsula.

"(4) REPORT.—The Secretary shall conduct an assessment of the effectiveness of the pilot program and publish a report, available to the public, of the results of the assessment. Such assessments shall be undertaken in the second year and the fifth year of the pilot program.

"(d) FUNDING.—

"(1) AVAILABILITY OF FUNDS.—Of the funds made available under section 1241(a)(6) for fiscal years 2008 through 2012, the Secretary shall use $30,000,000 for fiscal year 2008, $35,000,000 for fiscal year 2009, $50,000,000 for fiscal year 2010, $60,000,000 for fiscal year 2011, and $75,000,000 for fiscal year 2012.

"(2) OUTREACH FOR CERTAIN PRODUCERS.—Of the funds made available under paragraph (1) for a fiscal year, the Secretary shall use $5,000,000 to make grants to support effective outreach and innovative approaches for outreach and to serve organic producers and producers of specialty crops (as defined in sec-

tion 3 of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note).

"(3) COMPREHENSIVE CONSERVATION PLANNING.—Of the funds made available under paragraph (1) for a fiscal year, the Secretary shall use $5,000,000 to carry out the comprehensive conservation planning pilot program under subsection (c).

"(4) AIR QUALITY.—Of the funds made available under paragraph (1), the Secretary shall use $10,000,000 for fiscal year 2008, $15,000,000 for fiscal year 2009, $30,000,000 for fiscal year 2010, $40,000,000 for fiscal year 2011, and $55,000,000 for fiscal year 2012 to support air quality improvement and performance incentives for States to help meet State and local regulatory requirements related to air quality.".

SEC. 2106. REGIONAL WATER ENHANCEMENT PROGRAM.

(a) PURPOSE AND GOALS.—The purpose of this section is to authorize a regional water enhancement program, within the environmental quality incentives program, to enhance performance-based, cost-effective conservation carried out through cooperative agreements entered into by the Secretary of Agriculture with producers, governmental entities, and Indian tribes. The goal of the program is to improve water quality or ground and surface water quantity through coordinated program activities on agricultural lands. The Secretary will develop goals and provide coordinated program assistance for water quality or water quantity improvement projects.

(b) ESTABLISHMENT OF PROGRAM.—Section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9) is amended to read as follows:

"SEC. 1240I. REGIONAL WATER ENHANCEMENT PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) REGIONAL WATER ENHANCEMENT ACTIVITIES.—The term 'regional water enhancement activities' includes resource condition assessment and modeling, water quality, water quantity or water conservation plan development, management system and environmental monitoring and evaluation, cost-share of restoration or enhancement projects, incentive payments for land management practices, easement purchases, conservation contracts with landowners, improved irrigation systems, water banking and other forms of water transactions, groundwater recharge and other conservation related activities that the Secretary determines will help to achieve the water quality or water quantity benefits on agricultural lands identified in a partnership agreement.

"(2) PARTNERSHIP AGREEMENT.—The term 'partnership agreement' means an agreement between the Secretary and a partner under subsection (d).

"(3) PARTNER.—The term 'partner' means an entity that enters into a partnership agreement with the Secretary to carry out regional water enhancement activities. The term includes—

"(A) an agricultural producer, agricultural or silvicultural producer association, or other group of such producers;

"(B) a State or unit of local government, including an irrigation or water district; or

"(C) a federally recognized Indian tribe.

"(b) ESTABLISHMENT OF PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary shall establish a regional water enhancement program in accordance with this section to improve water quality or water quantity on a regional scale to benefit working agricultural land and other lands surrounding agricultural land.

"(2) IDENTIFICATION OF WATER QUALITY AND WATER QUANTITY PRIORITY AREAS.—The Secretary shall identify areas where protecting or improving water quality, water quantity, or both is a priority. In identifying these areas, the Secretary shall prioritize the Chesapeake Bay, the Upper Mississippi River basin, the Everglades, and the Klamath River basin. Not more than 50 percent of the funds made available for the regional water enhancement program shall be reserved for priority areas identified in this paragraph.

"(c) SELECTION OF PARTNERS.—

"(1) SOLICITATION OF PARTNERSHIP PROPOSALS.—Not later than 90 days after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Secretary shall invite prospective partners to submit competitive grant proposals for regional water enhancement partnerships.

"(2) ELEMENTS.—To be eligible for consideration for participation in the program, a proposal submitted by a partner shall contain the following elements:

"(A) Identification of the exact geographic area for which the partnership is proposed, which may be based on—

"(i) a watershed (or portion thereof);

"(ii) an irrigation, water, drainage district, including service area; or

"(iii) some other geographic area with characteristics making it suitable for landscape-wide program implementation, as may be determined by the Secretary.

"(B) Identification of the water quality or water quantity issues that are of concern in the area.

"(C) A method for determining a baseline assessment of water quality, water quantity, and other resource conditions in the region.

"(D) A detailed description of the proposed regional water enhancement activities to be undertaken in the area, including an estimated timeline and budget for each activity.

"(E) A description of the performance measures to be used to gauge the effectiveness of the regional water enhancement activities.

"(F) A description of other regional water enhancement activities carried out by the Secretary.

"(G) A description of regional water enhancement activities carried out by partners through other means.

"(3) SELECTION OF PROPOSALS.—The Secretary shall award grants competitively, based on the following criteria applied by the Secretary:

"(A) Proposals that will result in the inclusion of the highest percentage of agricultural lands and producers in the area.

"(B) Proposals that will result in the highest percentage of on-the-ground activities versus administrative costs.

"(C) Proposals that will provide the greatest contribution to sustaining or enhancing agricultural production in the area or rural economic development.

"(D) Proposals that include performance measures that will allow post-activity conditions to be satisfactorily measured to gauge overall effectiveness.

"(E) Proposals that will capture surface-water runoff on farms through the construction, improvement, or maintenance of irrigation ponds.

"(F) Proposals that have the highest likelihood of improving issues of concern for the area through the participation of multiple interested persons.

"(G) Proposals that will assist producers in meeting a regulatory requirement imposed on lands in agriculture production that reduces the economic scope of the producer's operation.

"(4) DURATION.—Grants under this subsection shall be made on a multi-year basis, not to exceed 5 years total, except that the Secretary may terminate a grant earlier if the performance measures are not being met.

"(d) PARTNERSHIP AGREEMENTS.—

"(1) GENERALLY.—Not later than 30 days after the award of a grant to a partner under subsection (c), the Secretary shall enter into a partnership agreement with the grant recipient. At a minimum, the agreement shall contain—

"(A) a description of the respective duties and responsibilities of the Secretary and the partner in carrying out regional water enhancement activities; and

"(B) the criteria that the Secretary will use to measure the overall effectiveness of the regional water enhancement activities funded by the grant in improving the water quality or quantity conditions of the region relative to the performance measures in the grant proposal.

"(2) ACCEPTANCE OF CONTRIBUTIONS.—The Secretary may accept and use contributions of non-Federal funds to administer the program under this section.

"(3) WAIVER AUTHORITY.—The Secretary shall waive the limitation in section 1001D of this Act if the Secretary determines that doing so is necessary to fulfill the objectives of the regional water enhancement program.

"(e) MODIFICATION OF SECRETARIAL AUTHORITY.—To the extent that the Secretary will be carrying out regional water enhancement activities in an area, the Secretary may use the general authorities provided in this subtitle to ensure that all producers and landowners in the region have the opportunity to participate in such activities.

"(f) RELATIONSHIP WITH OTHER PROGRAMS.—The Secretary shall ensure that, to the extent producers and landowners are individually participating in other programs under this subtitle in a region where the regional water enhancement program is in effect, any improvements to water quality or water quantity attributable to such individual participation is included in the evaluation criteria developed under subparagraph (d)(1)(B).

"(g) CONSISTENCY WITH STATE LAW.—Any regional water enhancement activity conducted under this section shall be consistent with State water laws.

"(h) FUNDING.—

"(1) AVAILABILITY OF FUNDS.—In addition to funds made available to carry out this chapter under section 1241(a)(6), the Secretary shall use funds of the Com-

modity Credit Corporation to carry out this section in the amount of, to the maximum extent practicable, $60,000,000 for each of fiscal years 2008 through 2012.

"(2) LIMITATION ON ADMINISTRATIVE EXPENSES.—Not more than 3 percent of the funds made available under paragraph (1) for a fiscal year may be used for administrative expenses of the Secretary.".

SEC. 2107. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 1240O(b) of the Food Security Act of 1985 (16 U.S.C. 3839bb–2(b)) is amended by striking "$5,000,000 for each of fiscal years 2002 through 2007" and inserting "$20,000,000 for each of fiscal years 2008 through 2012".

(b) ADDITIONAL FUNDING.—Section 1240O of the Food Security Act of 1985 (16 U.S.C. 3839bb–2) is amended by adding at the end the following new subsection:

"(c) ONE-TIME INFUSION OF FUNDS.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available, on a one-time basis, $10,000,000 to carry out this section. Such funds shall remain available until expended.".

SEC. 2108. CONSERVATION OF PRIVATE GRAZING LAND.

Section 1240M(e) of the Food Security Act of 1985 (16 U.S.C. 3839bb(e)) is amended by striking "2007" and inserting "2012".

SEC. 2109. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.

Section 1240P(c) of the Food Security Act of 1985 (16 U.S.C. 3839bb–3(c)) is amended by striking "2007" and inserting "2012".

SEC. 2110. FARM AND RANCHLAND PROTECTION PROGRAM.

Subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838h et seq.) is amended to read as follows:

"Subchapter B—Farm and Ranchland Protection Program

"SEC. 1238H. DEFINITIONS.

"In this subchapter:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means any of the following:

"(A) An agency of a State or local government or an Indian tribe (including a farmland protection board or land resource council established under State law).

"(B) An organization that 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), (iii), or (iv) of section 170(h)(4)(A) of the Internal Revenue Code of 1986.

"(C) An organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of that Code.

"(D) An organization described in section 509(a)(2) of the Internal Revenue Code of 1986.

"(E) An organization described in section 509(a)(3) of the Internal Revenue Code of 1986 that is controlled by an organization described in section 509(a)(2), of that Code.

"(2) ELIGIBLE LAND.—The term 'eligible land' means land on a farm or ranch that—

"(A) is cropland;

"(B) is rangeland;

"(C) is grassland;

"(D) is pasture land;

"(E) is forest land that is an incidental part of an agricultural operation, as determined by the Secretary; or

"(F) contains historical or archaeological resources.

"(3) 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).

"(4) PROGRAM.—The term 'program' means the farm and ranchland protection program established under section 1238I(a).

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

"SEC. 1238I. FARM AND RANCHLAND PROTECTION PROGRAM.

"(a) ESTABLISHMENT.—

"(1) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish and carry out a farm and ranchland protection program under which the Secretary shall facilitate and provide funding for the purchase of conservation easements or

other interests in eligible land that is subject to a pending offer from a certified State or eligible entity for the purpose of protecting the agricultural use and related conservation values of the land by limiting incompatible nonagricultural uses of the land.

"(2) PRIORITY.—In carrying out the program, the Secretary shall give the highest priority—

"(A) to protecting farm and ranchland with prime, unique or other productive soils that are at risk of non-agricultural development; or

"(B) to projects that further a State or local policy consistent with the purposes of the program.

"(b) GRANTS TO CERTIFIED STATES.—The Secretary shall make grants to States certified by the Secretary under subsection (c). Such grants shall be made based on demonstrated need for farm and ranch land protection. Grants may be made for multiple transactions so long as all funds provided under the program are used to purchase conservation easements or other interests in land in a timely and effective manner. A State receiving a grant under this subsection may use up to 10 percent of the grant funds for reasonable costs of purchasing and enforcing conservation easements.

"(c) CERTIFICATION OF STATES FOR GRANTS.—

"(1) CERTIFICATION PROCESS.—The Secretary shall implement a process, to be published in the Federal Register, for certifying States as eligible to participate in the program. The Secretary may provide a reasonable transitional period, not to extend past September 30, 2008, in order to allow continued operation of the program for such time as needed for the Secretary to implement the certification process.

"(2) CERTIFICATION REQUIREMENTS.—To be certified under the process implemented under paragraph (1), a State shall demonstrate, at a minimum, the following:

"(A) A legislative or organizational purpose consistent with the purposes of the program.

"(B) The necessary authority and the resources and technical ability to monitor and enforce the terms of conservation easements or other interests in land or to require the holder of such easements or other interests in land acquired with the use of funding under the program to monitor and enforce the terms of such easements or other interests in land.

"(C) The capacity to provide the necessary matching funds from non-Federal sources for projects undertaken under the program and to use program funds in a timely and effective manner.

"(D) Policies and procedures to ensure that, on average, the purchase price of conservation easements or other interests in land purchased with program funds do not exceed the fair market value of the easements or other interests in land.

"(E) Policies and procedures that ensure that conservation easements or other interests in land purchased with program funds will continue to protect the agricultural use and related conservation values of the land.

"(F) Provision for continued stewardship of the conservation easements or other interest in land purchased with program funds in the event the State loses its certification under the program.

"(G) A determination of its own criteria and priorities for purchasing conservation easements and other interests in land under the program.

"(d) AGREEMENTS WITH ELIGIBLE ENTITIES.—

"(1) AGREEMENTS AUTHORIZED.—The Secretary may enter into an agreement with an eligible entity, under which the entity may purchase conservation easements using a combination of its own funds and funds distributed by the Secretary under the program.

"(2) TERMS AND CONDITIONS.—An agreement under this subsection shall stipulate the terms and conditions under which the eligible entity shall use funds provided by the Secretary under the program. The eligible entity shall be authorized to use its own terms and conditions for conservation easements and other purchases of interests in land, so long as—

"(A) such terms and conditions are consistent with the purposes of the program and permit effective enforcement of the conservation purposes of such easements or other interests;

"(B) the eligible entity has in place a requirement consistent with agricultural activities regarding the impervious surfaces to be allowed for any conservation easement or other interest in land purchased using funds provided under the program; and

"(C) the eligible entity requires use of a conservation plan for any highly erodible cropland for which a conservation easement or other interest in land has been purchased using funds provided under the program.

"(e) FEDERAL CONTINGENT RIGHT OF ENFORCEMENT.—The Secretary may require the inclusion of a Federal contingent right of enforcement or executory limitation in a conservation easement or other interest in land for conservation purposes purchased with Federal funds provided under the program, in order to preserve the easement as a party of last resort. The inclusion of such a right or interest shall not be considered to be the Federal acquisition of real property and the Federal standards and procedures for land acquisition shall not apply to the inclusion of the right or interest

"(f) REVIEW; REVOCATION.—

"(1) REVIEW.—Every 3 years, the Secretary shall review the certification of States under subsection (c) and the performance of eligible entities in meeting the terms and conditions of an agreement under subsection (d).

"(2) REVOCATION.— If, in the determination of the Secretary, a State no longer meets the qualifications described in subsection (c)(2) or an eligible entity is not meeting the terms and conditions of an agreement under subsection (d), the Secretary may—

"(A) revoke the certification of the State or terminate the agreement with the eligible entity; or

"(B) allow the State or eligible entity a specified period of time in which to take such actions as may be necessary to retain its certification or to meet the terms and conditions of the agreement, as the case may be.

"(g) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased under this subchapter shall be subject to the requirements of a conservation plan. In the case of an easement or other interest in land that is perpetual in duration, the Secretary may not require the conversion of the cropland to less intensive uses if, under such plan, soil erosion can be reduced to 'T' or below.

"(h) COST SHARING.—The share of the cost provided under this section for purchasing a conservation easement or other interest in land shall not exceed 50 percent of the appraised fair market value of the conservation easement or other interest in eligible land. Fair market value shall be determined on the basis of an appraisal of the conservation easement or other interest in eligible land using an industry-approved methodology determined by the entity.".

SEC. 2111. FARM VIABILITY PROGRAM.

Section 1238J(b) of the Food Security Act of 1985 (16 U.S.C. 3838j(b)) is amended by striking "2007" and inserting "2012".

SEC. 2112. WILDLIFE HABITAT INCENTIVE PROGRAM.

(a) REAUTHORIZATION.—Section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) is amended by adding at the end the following new subsection:

"(d) DURATION OF PROGRAM.—Using funds made available under section 1241(a)(7), the Secretary shall carry out the program during fiscal years 2008 through 2012.".

(b) COST SHARE FOR LONG-TERM AGREEMENTS AND IMPACT ON SCOPE OF OPERATIONS.—Section 1240N(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3839bb–1(b)(2)) is amended—

(1) in the paragraph heading by inserting "AND IMPACT ON SCOPE OF OPERATIONS" after "AGREEMENTS";

(2) in subparagraph (A), by striking "years," and inserting "years, or that will assist producers in meeting a regulatory requirement imposed on lands in agriculture production that reduces the economic scope of the producer's operation,"; and

(3) in subparagraph (B), by striking "15 percent" and inserting "25 percent".

Subtitle B—Conservation Programs Under Other Laws

SEC. 2201. AGRICULTURAL MANAGEMENT ASSISTANCE PROGRAM.

(a) ELIGIBLE STATES.—Section 524(b)(1) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(1)) is amended—

(1) by inserting "Hawaii," after "Delaware,"; and

(2) by inserting "Virginia," after "Vermont,".

(b) TECHNICAL CORRECTION.—Section 524(b)(4)(B)(i) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(4)(B)(i)) is amended by striking "Except as provided in clauses (ii) and (iii), the" and inserting "The".

(c) CERTAIN USES.—Section 524(b)(4) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(4)(B)) is amended by adding at the end the following new subparagraph:

"(C) CERTAIN USES.—Of the amounts made available to carry out this subsection for a fiscal year, the Commodity Credit Corporation shall use not less than—

"(i) 50 percent to carry out subparagraphs (A), (B), and (C) of paragraph (2) through the Natural Resources Conservation Service;

"(ii) 10 percent to provide organic certification cost share assistance through the Agricultural Marketing Service; and

"(iii) 40 percent to conduct activities to carry out subparagraph (F) of paragraph (2) through the Risk Management Agency.".

SEC. 2202. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

(a) LOCALLY LED PLANNING PROCESS.—Section 1528 of the Agriculture and Food Act of 1981 (16 U.S.C. 3451) is amended—

(1) in paragraph (1), by striking "planning process" in the matter preceding subparagraph (A) and inserting "locally led planning process"; and

(2) in paragraph (9), by striking "council" and inserting "locally led council".

(b) AUTHORIZED TECHNICAL ASSISTANCE.—Section 1528(13) of the Agriculture and Food Act of 1981 (16 U.S.C. 3451(13)) is amended by striking subparagraphs (C) and (D) and inserting the following new subparagraphs:

"(C) providing assistance for the implementation of area plans and projects; and

"(D) providing services which bring to bear the resources of Department of Agriculture programs in a local community, as defined in the locally led planning process.".

(c) IMPROVED PROVISION OF TECHNICAL ASSISTANCE.—Section 1531 of the Agriculture and Food Act of 1981 (16 U.S.C. 3454) is amended—

(1) by inserting "(a) IN GENERAL.—" before "In carrying"; and

(2) by adding at the end the following new subsection:

"(b) COORDINATOR.—To improve the provision of technical assistance to councils under this subtitle, the Secretary shall designate an individual, to be known as the 'Coordinator', for each council. The Coordinator shall be directly responsible for the provision of technical assistance to the council.".

(d) PROGRAM EVALUATION.—Section 1534 of the Agriculture and Food Act of 1981 (16 U.S.C. 3457) is repealed.

SEC. 2203. SMALL WATERSHED REHABILITATION PROGRAM.

(a) AVAILABILITY OF FUNDS.—Section 14(h)(1) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(1)) is amended by adding at the end the following new subparagraph:

"(G) $50,000,000 for each of fiscal years 2009 through 2012.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 14(h)(2)(E) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is amended by striking "fiscal year 2007" and inserting "each of fiscal years 2007 through 2012".

Subtitle C—Additional Conservation Programs

SEC. 2301. CHESAPEAKE BAY PROGRAM FOR NUTRIENT REDUCTION AND SEDIMENT CONTROL.

Chapter 5 of subtitle D of the Food Security Act of 1985 is amended by inserting after section 1240P (16 U.S.C. 3839bb–3) the following new section:

"SEC. 1240Q. RIVER RESTORATION IN THE CHESAPEAKE BAY WATERSHED.

"(a) CHESAPEAKE BAY WATERSHED DEFINED.—In this section, the term 'Chesapeake Bay watershed' means all tributaries, backwaters, and side channels, including their watersheds, draining into the Chesapeake Bay.

"(b) COMPREHENSIVE PLAN FOR CHESAPEAKE BAY WATERSHED.—

"(1) DEVELOPMENT.—The Secretary of Agriculture shall develop, as expeditiously as practicable, a proposed comprehensive plan for the purpose of restoring, preserving, and protecting the Chesapeake bay watershed.

"(2) PROVEN TECHNOLOGIES AND INNOVATIVE APPROACHES.—The comprehensive plan shall provide for the development of new technologies and innovative approaches to advance the following goals:

"(A) Improvement of water quality and quantity within the Chesapeake Bay.

"(B) Restoration, enhancement, and preservation of habitat for plants and wildlife.

"(C) Increase economic opportunity for producers and rural communities.

"(3) SPECIFIC COMPONENTS.—The comprehensive plan shall include such features as are necessary to provide for—

"(A) the development and implementation of a program for erosion prevention and control, sediment control and sediment removal, and reduction of nutrient loads;

"(B) the development and implementation of a program for—

"(i) the planning, conservation, evaluation, and construction of measures for fish and wildlife habitat conservation and rehabilitation; and

"(ii) stabilization and enhancement of land and water resources; and

"(C) the development and implementation of a long-term resource monitoring program.

"(4) CONSULTATION.—The comprehensive plan shall be developed by the Secretary in consultation with appropriate Federal and State agencies.

"(c) SUBMISSION OF PLAN.—

"(1) SUBMISSION.—Not later than 2 years after the date of enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Secretary shall transmit to Congress a report containing the comprehensive plan.

"(2) ADDITIONAL STUDIES AND ANALYSES.—After submission of the report required by paragraph (1), the Secretary shall continue to conduct such studies and analyses related to the comprehensive plan as are necessary, consistent with this subsection.

"(d) RESTORATION ENHANCEMENT AND PRESERVATION PROJECTS.—

"(1) PROJECT AUTHORITY.—In cooperation with appropriate Federal and State agencies, the Secretary shall carry out restoration enhancement and preservation projects for the Chesapeake Bay watershed to address the goals specified in subsection (b)(2). To achieve the restoration, preservation, and protection benefits of a project, the Secretary shall proceed expeditiously with the implementation of the project consistent with the comprehensive plan.

"(2) CRITICAL PROJECTS.—In carrying out this subsection, the Secretary shall begin with the Susquehanna River, the Shenandoah River, the Potomac River, and the Patuxent River.

"(3) AVAILABILITY OF FUNDS.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out projects under this subsection the following amounts:

"(A) $10,000,000 for fiscal year 2008.

"(B) $15,000,000 for fiscal year 2009.

"(C) $30,000,000 for fiscal year 2010.

"(D) $40,000,000 for fiscal year 2011.

"(E) $55,000,000 for fiscal year 2012.

"(4) FEDERAL SHARE.—The Federal share of the cost of carrying out any individual project under this subsection shall not exceed $5,000,000.

"(e) GENERAL PROVISIONS.—

"(1) WATER QUALITY.—In carrying out projects and activities under this section, the Secretary shall take into account the protection of water quality by considering applicable State water quality standards.

"(2) PUBLIC PARTICIPATION.—In developing the comprehensive plan under subsection (b) and carrying out projects under subsection (d), the Secretary shall implement procedures to facilitate public participation, including providing advance notice of meetings, providing adequate opportunity for public input and comment, maintaining appropriate records, and making a record of the proceeding of meetings available for public inspection.

"(f) COORDINATION.—The Secretary shall integrate and coordinate projects and activities carried out under this section with other Federal and State programs, projects, and activities.

"(g) COST SHARING.—

"(1) NON-FEDERAL SHARE.—Subject to subsection (d)(4), the non-Federal share of the cost of projects and activities carried out under this section shall be not less than 35 percent.

"(2) OPERATION, MAINTENANCE, REHABILITATION, AND REPLACEMENT.—The operation, maintenance, rehabilitation, and replacement of projects carried out under this section shall be a non-Federal responsibility.

"(h) SENSE OF CONGRESS REGARDING CHESAPEAKE BAY EXECUTIVE COUNCIL.—

"(1) FINDINGS.—Congress finds the following:

"(A) One of the stated goals of the Chesapeake Bay Agreement is to 'develop, promote, and achieve sound land use practices which protect and restore watershed resources and water quality, maintain reduced pollutant

loadings for the Bay and its tributaries, and restore and preserve aquatic living resources'.

"(B) Department of Agriculture conservation programs are integral to the restoration of the Chesapeake Bay and achieving the water quality goals for the Chesapeake Bay program.

"(2) SENSE OF CONGRESS.—In light of the findings specified in paragraph (1), it is the sense of Congress that the Secretary of Agriculture should be a member of the Chesapeake Bay Executive Council, and is authorized to do so under section 1(3) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a(3)).".

SEC. 2302. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.

Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 is amended by inserting after section 1240Q, as added by section 2301, the following new section:

"SEC. 1240R. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a voluntary public access program under which States and tribal governments may apply for grants to encourage owners and operators of privately-held farm, ranch, and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting or fishing, under programs administered by the States and tribal governments.

"(b) APPLICATIONS.—In submitting applications for a grant under the program, a State or tribal government shall describe—

"(1) the benefits that the State or tribal government intends to achieve by encouraging public access to private farm and ranch land for—

"(A) hunting and fishing; and

"(B) to the maximum extent practicable, other recreational purposes; and

"(2) the methods that will be used to achieve those benefits.

"(c) PRIORITY.—In approving applications and awarding grants under the program, the Secretary shall give priority to States and tribal governments that—

"(1) have consistent opening dates for migratory bird hunting for both residents and non-residents;

"(2) propose to maximize participation by offering a program the terms of which are likely to meet with widespread acceptance among landowners;

"(3) propose to ensure that land enrolled under the State or tribal government program has appropriate wildlife habitat;

"(4) propose to strengthen wildlife habitat improvement efforts on land enrolled in a special conservation reserve enhancement program described in 1234(f)(4) by providing incentives to increase public hunting and other recreational access on that land; and

"(5) propose to use additional Federal, State, tribal government, or private resources in carrying out the program.

"(d) RELATIONSHIP TO OTHER LAWS.—Nothing in this section preempts a State or tribal government law, including any State or tribal government liability law.

"(e) REGULATIONS.—The Secretary shall promulgate such regulations as are necessary to carry out this section.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary $20,000,000 for each of fiscal years 2008 through 2012 to carry out this section.".

Subtitle D—Administration and Funding

SEC. 2401. FUNDING OF CONSERVATION PROGRAMS UNDER FOOD SECURITY ACT OF 1985.

(a) IN GENERAL.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended in the matter preceding paragraph (1), by striking "2007" and inserting "2012".

(b) CONSERVATION SECURITY PROGRAM.—Paragraph (3) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(3) The conservation security program under subchapter A of chapter 2, using, to the maximum extent practicable—

"(A) in the case of conservation security contracts entered into before October 1, 2007, under such subchapter, as in effect on the day before the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007—

"(i) $1,454,000,000 for the period of fiscal years 2007 through 2012; and

"(ii) $1,927,000,000 for the period of fiscal years 2007 through 2017; and

"(B) in the case of conservation security contracts entered into on or after October 1, 2011, under such subchapter—

"(i) $501,000,000 for fiscal year 2012; and

"(ii) $4,646,000,000 for the period of fiscal years 2012 through 2017.".

(c) FARM AND RANCHLAND PROTECTION PROGRAM.—Paragraph (4) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(4) The farm and ranchland protection program under subchapter B of chapter 2, using, to the maximum extent practicable—

"(A) $125,000,000 in fiscal year 2008;

"(B) $150,000,000 in fiscal year 2009;

"(C) $200,000,000 in fiscal year 2010;

"(D) $240,000,000 in fiscal year 2011; and

"(E) $280,000,000 in fiscal year 2012.".

(d) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—Paragraph (6) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(6) The environmental quality incentives program under chapter 4, using, to the maximum extent practicable—

"(A) $1,500,000,000 in fiscal year 2008;

"(B) $1,600,000,000 in fiscal year 2009;

"(C) $1,700,000,000 in fiscal year 2010;

"(D) $1,800,000,000 in fiscal year 2011; and

"(E) $2,000,000,000 in fiscal year 2012.".

(e) WILDLIFE HABITAT INCENTIVES PROGRAM.—Paragraph (7)(D) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended by striking "2007" and inserting "2012".

SEC. 2402. IMPROVED PROVISION OF TECHNICAL ASSISTANCE UNDER CONSERVATION PROGRAMS.

Section 1242 of the Food Security Act of 1985 (16 U.S.C. 3842) is amended—

(1) in subsection (a)—

(A) by striking "or" at the end of paragraph (1); and

(B) by striking paragraph (2) and inserting the following new paragraphs:

"(2) through a contract with an approved third party, if available; or

"(3) at the option of the producer, through a payment as determined by the Secretary, directly to an approved third party, if available, or to the producer for an approved third party, if available.";

(2) in subsection (b)—

(A) by striking "technical assistance" each place it appears and inserting "technical services"; and

(B) in paragraph (1)(B), by striking "that assistance" and inserting "those technical services"; and

(3) by adding at the end the following new subsections:

"(c) PAYMENT AMOUNTS.—

"(1) USE OF PREVAILING MARKET RATES.—The Secretary shall set the amounts of payments under subsection (b)(1)(B) for technical services at levels not less than prevailing private market rates.

"(2) EXCEPTION.—Paragraph (1) shall not apply in instances where personnel of the Department of Agriculture are immediately available to provide comparable technical services to eligible producers.

"(d) REVIEW AND EXPEDITED APPROVAL OF TECHNICAL ASSISTANCE SPECIFICATIONS.—

"(1) REVIEW OF EXISTING TECHNICAL ASSISTANCE SPECIFICATIONS.—

"(A) REVIEW OF SPECIFICATIONS.—The Secretary shall direct each State to review and ensure, to the maximum extent practicable, the completeness and relevance of technical assistance specifications in effect as of the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007.

"(B) CONSULTATION.—In conducting the assessment under subparagraph (A), a State shall consult with specialty crop producers, crop consultants, cooperative extension and land-grant universities, nongovernmental organizations, and other qualified entities.

"(C) EXPEDITED REVISION OF SPECIFICATIONS.—If a State determines under subparagraph (A) that revisions to its technical assistance specifications are necessary, the State shall establish an administrative process for expediting the revisions.

"(2) ADDRESSING CONCERNS OF SPECIALTY CROP PRODUCERS.—

"(A) IN GENERAL.—The Secretary shall direct each State to fully incorporate into its technical assistance specifications and provide for the appropriate range of conservation practices and resource mitigation measures available to specialty crop producers.

"(B) AVAILABILITY OF ADEQUATE TECHNICAL ASSISTANCE.—The Secretary shall ensure that adequate technical assistance is available for the implementation of conservation practices by specialty crop producers through Federal conservation programs. In carrying out this requirement, the Secretary shall develop—

"(i) programs that meet specific needs of specialty crop producers through cooperative agreements with other agencies and nongovernmental organizations; and

"(ii) program specifications that allow for innovative approaches that engage local resources in providing technical assistance for planning and implementation of conservation practices.

"(e) NON-FEDERAL ASSISTANCE.—The Secretary may request the services of, and enter into cooperative agreements or contracts with, non-Federal entities to assist the Secretary in providing technical assistance necessary to develop and implement conservation programs under this title.".

SEC. 2403. COOPERATIVE CONSERVATION PARTNERSHIP INITIATIVE.

(a) TRANSFER OF EXISTING PROVISIONS.—Subsections (b), (c), and (d) of section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) are—

(1) redesignated as subsections (c), (d), and (e), respectively; and

(2) transferred to appear at the end of section 1244 of such Act (16 U.S.C. 3844).

(b) ESTABLISHMENT OF PARTNERSHIP INITIATIVE.—Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843), as amended by subsection (a), is amended to read as follows:

"SEC. 1243. COOPERATIVE CONSERVATION PARTNERSHIP INITIATIVE.

"(a) ESTABLISHMENT OF INITIATIVE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a cooperative conservation partnership initiative (in this section referred to as the 'Partnership') within each program described in subsection (b) to address conservation issues involving production agriculture on local, regional, or State levels.

"(2) ADMINISTRATION.—The Secretary shall carry out the Partnership—

"(A) by selecting proposals for grants and agreements by eligible entities described in subsection (c) through a competitive selection process;

"(B) by making grants to, and entering into agreements with, with eligible entities described in subsection (c) for not less than 2 years, but not more than 5 years, in duration; and

"(C) by providing producers that are participating in a special project and initiative of an eligible entity preferential enrollment into 1 or more of the programs described in subsection (b).

"(3) PURPOSES.—The purposes of the Partnership are to carry out special projects and initiatives—

"(A) to address conservation issues involving production agriculture on local, regional, or State levels through producers and eligible entities;

"(B) to address community and economic development needs and opportunities; and

"(C) to increase access to, and participation in, the programs described in subsection (b) by producers of specialty crops (as defined in section 3 of the Specialty Crops Competitiveness Act of 2004, Pub. L. 108–465 (7 U.S.C. 1621 note).

"(b) COVERED PROGRAMS.—The conservation programs covered by this section are the following:

"(1) Conservation security program.

"(2) Environmental quality incentives program.

"(3) Wildlife habitat incentive program.

"(c) ELIGIBLE PARTNERS.—Grants may be made or agreements may be entered into under this section with any of the following (or a combination thereof):

"(1) States and agencies of States.

"(2) Political subdivisions of States, including counties and State- or county-sponsored conservation districts.

"(3) Indian tribes.

"(4) Nongovernmental organizations and associations, including producer associations, farmer cooperatives, extension associations, and conservation organizations with a history of working cooperatively with producers to effectively ad-

dress resource concerns related to agricultural production, as determined by the Secretary.

"(5) A combination of partners specified in a preceding paragraph.

"(d) APPLICATIONS.—

"(1) COMPETITIVE PROCESS.—The Secretary shall establish a competitive process for considering applications for grants or agreements under this section consistent with the evaluation criteria listed in subsection (e).

"(2) PROGRAM ALLOCATION.—Applications shall include—

"(A) specification of the amount of funding or acres, or both, of 1 or more covered programs specified in subsection (b) proposed to be allocated to carry out the special project or initiative; and

"(B) a schedule for utilization of funding or acres over the life of the proposed project or initiative.

"(e) EVALUATION CRITERIA.—In evaluating applications for grants or agreements under this section the Secretary shall consider the extent to which—

"(1) preferential enrollment in the covered programs specified in the application will effectively address the environmental objectives established for the special project or initiative; and

"(2) the special project or initiative covered by the application—

"(A) enjoys local and regional support from producers and other interested persons, including governmental and nongovernmental organizations with appropriate expertise on the issues the project or initiative seeks to address;

"(B) includes clear environmental objectives;

"(C) includes a well defined project or initiative plan that identifies sensitive areas requiring treatment and prioritizes conservation practices and activities needed to achieve environmental objectives;

"(D) promises adequate and coordinated participation to achieve the objectives of the project or initiative;

"(E) coordinates integration of local, State, and Federal efforts to make the best use of available resources and maximize cost-effective investments;

"(F) leverages financial and technical resources from sources other than the programs authorized by this subtitle, including financial and technical resources provided by Federal and State agencies, local governments, nongovernmental organizations and associations, and other private sector entities;

"(G) describes how all necessary technical assistance will be provided to each producer participating in the project or initiative, including cost estimates for technical assistance and whether such assistance will be provided by technical service providers;

"(H) describes how the administrative costs of the project or initiative will be minimized;

"(I) addresses a local, State, regional, or national environmental priority or priorities, with particular emphasis on any priority for which there is an existing State or federally approved plan in place for addressing that priority;

"(J) includes a plan to evaluate progress, measure results, and meet the purposes of the agreement;

"(K) clearly demonstrates that enrollment of producers in covered programs will be consistent with the purposes and policies of each individual program, as established in statute, rules and regulations, and program guidance promulgated by implementing agencies;

"(L) links resource and environmental objectives with community development or agritourism objectives that can be improved as a result of addressing the resources of concern;

"(M) demonstrates innovation in linking environmental and community development objectives; and

"(N) addresses the needs of beginning farmers and ranchers, socially disadvantaged farmers and ranchers, and limited resource farmers and ranchers.

"(f) PRIORITIES.—To the maximum extent practicable, consistent with the requirements of subsection (d), the Secretary shall ensure that, each fiscal year, grants are awarded and agreements are entered into under this section to support projects and initiatives that collectively address the resource concerns facing producers, ranchers, and nonindustrial private forest landowners, including specifically projects and initiatives that are designed—

"(1) to achieve improvements in water quality in watersheds impacted by agriculture, particularly by increasing the participation of producers in imple-

menting best management practices in a watershed or developing environmentally and economically viable alternative uses for manure and litter;

"(2) to achieve improvements in air quality in a geographical area where agricultural operations impact air quality;

"(3) to support State activities to efficiently manage and utilize their water resources in regions, States or local areas where water quantity is a concern;

"(4) to assist in carrying out a State Wildlife Habitat Incentives Program plan or other State, regional, or national conservation initiative.

"(5) to control invasive species on rangeland or other agricultural land through the cooperative efforts of multiple producers in a geographical area;

"(6) to address a specific resource of concern or set of concerns on private, non-industrial forest land;

"(7) to reduce losses of pesticides to the environment by engaging multiple producers in a geographic area in adoption of integrated pest management practices and approaches;

"(8) to protect farmland and ranch land facing development pressures from being converted to non-agricultural use; or

"(9) to assist producers in carrying out good management practices to enhance food safety.

"(g) DUTIES OF PARTNERS.—Eligible partners shall—

"(1) identify conservation issues affecting production agriculture on local, regional, or State levels that could be addressed through special projects and initiatives;

"(2) enter into agreements or obtain grants from the Secretary to carry out special projects and initiatives;

"(3) identify through outreach efforts producers that can participate in the special project or initiative of the eligible entity if the producer is otherwise eligible to be enrolled, as determined by the Secretary, or has already enrolled, in the applicable program described in subsection (b); and

"(4) carry out the special project and initiative.

"(h) DUTIES OF THE SECRETARY.—

"(1) ADDITIONAL DUTIES.—In addition to the normal administration of the programs described in subsection (b), the Secretary shall be responsible for basic administrative and oversight functions relating to the special projects and initiatives, including—

"(A) rules and procedures relating to conservation standards and specifications;

"(B) conservation compliance;

"(C) appeals;

"(D) adjusted gross income limitations;

"(E) direct attribution; and

"(F) such other similar functions as the Secretary might designate.

"(2) FLEXIBILITY.—The Secretary may adjust eligibility criteria, approved practices, practice standards, innovative conservation practices, and other elements of the programs described in subsection (b) to better reflect unique local circumstances and purposes if the Secretary determines such adjustments would—

"(A) improve environmental enhancement and long-term sustainability of the natural resource base; and

"(B) be consistent with the purposes of the program and the special project and initiative.

"(3) PREFERENTIAL ENROLLMENT.—Subject to the limitations under subsection (j), the Secretary shall provide preferential enrollment to producers that are eligible—

"(A) for the applicable program described in subsection (b); and

"(B) to participate in the special project and initiative of an eligible partner.

"(i) COST SHARE.—The Secretary shall not require more than 25 percent of the cost of a project or initiative supported under a grant or agreement entered into under this section to come from non-Federal sources. However, the Secretary may give higher priority to projects or initiatives offering to cover a higher percentage of the cost of the project or initiative from non-Federal sources.

"(j) INCENTIVE AND BONUS PAYMENTS.—

"(1) AVAILABILITY.—Applications submitted under subsection (d)(2) may include proposals for special incentive and bonus payments, consistent with the statutory purposes of the programs involved, to producers that—

"(A) restore land, water, or habitat as a community development asset; or

"(B) provide public access to enrolled land.

"(2) CRITERIA.—The Secretary shall develop and publish criteria for providing special incentive or bonus payments to producers under paragraph (1).

"(k) FUNDING.—

"(1) SET-ASIDE.—Of the funds provided for each of fiscal years 2008 through 2012 to implement the programs specified in subsection (b), the Secretary shall reserve 10 percent to ensure an adequate source of funds for grants, agreements, financial assistance to producers under this section.

"(2) ALLOCATION TO STATES.—The Secretary shall allocate to States 90 percent of the funds reserved under paragraph (1) for a fiscal year to allow State Conservationists, with the advice of State technical committees, to select projects and initiatives for funding under this section at the State level. The Secretary shall develop criteria for this allocation made on a similar basis as to the program priorities under subsection (f).

"(3) UNUSED FUNDING.—Any funds reserved for a fiscal year under paragraph (1) that are not obligated by April 1 of that fiscal year may be used to carry out other activities under conservation programs under subtitle D during the remainder of that fiscal year.

"(4) ADMINISTRATIVE COSTS FUNDING CAP.—Of the funds made available under this section for a particular project or initiative, not more than 5 percent may be expended by the eligible entity on the administrative costs of the project or initiative.".

SEC. 2404. REGIONAL EQUITY AND FLEXIBILITY.

Section 1241(d) of the Food Security Act of 1985 (16 U.S.C. 3841(d)) is amended by striking "$12,000,000" and inserting "$15,000,000".

SEC. 2405. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

(a) INCENTIVES FOR CERTAIN PRODUCERS.—Section 1244(a) of the Food Security Act of 1985 (16 U.S.C. 3844(a)) is amended—

(1) in the subsection heading, by striking "BEGINNING" and inserting "INCENTIVES FOR CERTAIN";

(2) by inserting ", socially disadvantaged farmers and ranchers, limited resource farmers and ranchers," after "beginning farmers and ranchers"; and

(3) by striking "and limited resource agricultural producers".

(b) SINGLE, SIMPLIFIED APPLICATION PROCESS FOR CONSERVATION PROGRAMS.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844), as amended by section 2403, is amended by adding at the end the following new subsection:

"(f) SINGLE, SIMPLIFIED APPLICATION PROCESS.—

"(1) ESTABLISHMENT.—In carrying out any of the conservation programs under this title administered by the Natural Resources Conservation Service, the Secretary shall establish and make available to producers and landowners a single, simplified application process to be used by producers and landowners in initially requesting assistance under such programs. The Secretary shall ensure that—

"(A) conservation program applicants are not required to provide information that duplicates information and resources already available to the Secretary regarding that applicant and for that specific operation; and

"(B) the application process is streamlined to minimize complexity and redundancy.

"(2) REVIEW OF APPLICATION PROCESS.—The Secretary shall review the conservation application process and the forms and related mechanisms used to receive assistance requests from producers and landowners. The purpose of the review shall be to determine what information the applicant is actually required to submit during the application process, including—

"(A) identification information for the applicant;

"(B) identification and location information for the land parcel or tract of concern;

"(C) a general statement of the applicant's resource concern or concerns for the land parcel or tract; and

"(D) the minimum amount of other information the Secretary considers essential for the applicant to provide.

"(3) REVISION AND STREAMLINING.—The Secretary shall carry out a revision of the application forms and processes for conservation programs covered in this subsection to enable utilization of information technology as an avenue to incorporate appropriate data and information concerning the conservation needs and solutions appropriate for the land area identified by the applicant. The revision shall seek to streamline the application process to minimize the burden placed on the applicant.

"(4) CONSERVATION PROGRAM APPLICATION.—When the needs of an applicant are adequately assessed by the Secretary, directly or through a third-party pro-

vider under section 1242, in order to determine the conservation programs under this title that best match the needs of the applicant, with the approval of the applicant, the Secretary may convert the initial application into a specific application for assistance for a specific program. To the maximum extent practical, the specific application for conservation program assistance shall be carried out by the Secretary by requesting only that specific further information from the applicant that is not already available to the Secretary.

"(5) IMPLEMENTATION AND NOTIFICATION.—Not later than one year after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Secretary shall complete the requirements of this subsection and shall submit to Congress a written notification of such completion.".

SEC. 2406. ANNUAL REPORT ON PARTICIPATION BY SPECIALTY CROP PRODUCERS IN CONSERVATION PROGRAMS.

(a) REPORT REQUIRED.—Subtitle F of title XII of the Food Security Act of 1985 is amended by inserting after section 1251 (16 U.S.C. 2005a) the following new section:

"SEC. 1252. ANNUAL REPORT ON PARTICIPATION BY SPECIALTY CROP PRODUCERS IN CONSERVATION PROGRAMS.

"(a) REPORT REQUIRED.—The Secretary of Agriculture 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—

"(1) documents and analyzes the participation by producers of specialty crops in conservation programs under subtitle D, including the conservation security program and the environmental quality incentives program;

"(2) tracks such participation by crop and livestock type; and

"(3) describes the results of implementing the plan required by subsection (b), as well as any modifications to the plan that the Secretary finds necessary to increase its effectiveness.

"(b) ACCESS PLAN.—As part of each report submitted under subsection (a), the Secretary shall set forth a plan to improve the access of producers of specialty crops to, and their participation in, conservation programs under subtitle D. In developing the plan, the Secretary shall consult with organizations representing producers of specialty crops.

"(c) SPECIALTY CROP DEFINED.—In this section, the term 'specialty crop' has the meaning given such term by section 3(1) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note).".

(b) INITIAL REPORT.—The first report required under section 1252 of the Food Security Act of 1985, as added by subsection (a), shall be submitted not later than 180 days after the date of the enactment of this Act. Subsection (a)(2) of such section shall not apply with respect to the first report.

SEC. 2407. PROMOTION OF MARKET-BASED APPROACHES TO CONSERVATION.

(a) FINDINGS.—Congress finds the following:

(1) Many of the conservation and environmental benefits produced on farms, ranches, and private forest lands in the United States do not have an assigned value in the market place or lack a private market altogether.

(2) While private markets for environmental goods and services are emerging, their viability has been hampered by several barriers.

(3) The Federal Government can help overcome these barriers and promote the establishment of markets for agricultural and forestry conservation activities.

(4) Generating substantial private-sector demand for environmental goods and services hinges on the ability to use environmental credits generated by agricultural and forest conservation activities.

(b) MARKET-BASED APPROACHES.—Subtitle E of title XII of the Food Security Act of 1985 is amended by inserting after section 1244 (16 U.S.C. 3844) the following new section:

"SEC. 1245. MARKET-BASED APPROACHES TO CONSERVATION.

"(a) IMPLEMENTATION.—To facilitate the development and effective operation of private sector market-based approaches for environmental goods and services produced by farmers, ranchers, and owners of private forest land, the Secretary may conduct research and analysis, enter into contracts and cooperative agreements, and award grants for the purpose of—

"(1) promoting the development of consistent standards and processes for quantifying environmental benefits, including the creation of performance standards or baselines;

"(2) promoting the establishment of reporting and credit registries, including third-party verification and certification; and

"(3) promoting actions that facilitate the development and functioning of private-sector market-based approaches for environmental goods and services involving agriculture and forestry.

"(b) ENVIRONMENTAL SERVICES STANDARDS BOARD.—

"(1) ESTABLISHMENT.—There is to be established an Environmental Services Standards Board to develop consistent performance standards for quantifying environmental services from land management and agricultural activities in order to facilitate the development of credit markets for conservation and land management activities that are agriculture or forest based.

"(2) CHAIRPERSON.—The Secretary of Agriculture shall serve as chair of the Environmental Services Standards Board.

"(3) MEMBERSHIP.—The Environmental Services Standards Board shall be comprised of the Secretary of Agriculture, the Secretary of the Interior, the Secretary of Energy, the Secretary of Commerce, the Secretary of Transportation, the Administrator of the Environmental Protection Agency, the Commander of the Army Corps of Engineers, and such other representatives as determined by the President.

"(4) SUBCOMMITTEES.—The Environmental Services Standards Board may form subcommittees to address specific issues.

"(c) DISSEMINATION OF PERFORMANCE STANDARDS.—Federal agencies are authorized to adopt performance standards developed by the Environmental Services Standards Board for quantifying environmental services that establish credits to meet requirements of environmental and conservation programs.

"(d) FUNDING .—There is authorized to be appropriated $50,000,000 to carry out this section. Amounts so appropriated shall remain available until expended.

"(e) DEFINITIONS.—In this section:

"(1) BASELINE.—The term 'baseline' means a level of effort or performance that is expected to be met before an entity can generate marketable credits.

"(2) PERFORMANCE STANDARD.—The term 'performance standard' means a defined level of environmental performance, expressed as a narrative or measurable number, which specifies the minimum acceptable environmental performance of an operation or practice.".

SEC. 2408. ESTABLISHMENT OF STATE TECHNICAL COMMITTEES AND THEIR RESPONSIBILITIES.

Subtitle G of title XII of the Farm Security Act of 1985 (16 U.S.C. 3861, 3862) is amended to read as follows:

"Subtitle G—State Technical Committees

"SEC. 1261. ESTABLISHMENT OF STATE TECHNICAL COMMITTEES.

"(a) ESTABLISHMENT.—The Secretary shall establish a technical committee in each State to assist the Secretary in the considerations relating to implementation and technical aspects of the conservation programs under this title.

"(b) COMPOSITION.—Each State technical committee shall be composed of agricultural producers and other professionals that represent a variety of disciplines in the soil, water, wetland, and wildlife sciences. The technical committee for a State shall include representatives from among the following:

"(1) The Natural Resources Conservation Service.

"(2) The Farm Service Agency.

"(3) The Forest Service.

"(4) The Cooperative State Research, Education, and Extension Service.

"(5) The State fish and wildlife agency.

"(6) The State forester or equivalent State official.

"(7) The State water resources agency.

"(8) The State department of agriculture.

"(9) The State association of soil and water conservation districts.

"(10) At least 12 agricultural producers representing the variety of crops and livestock or poultry grown within the State.

"(11) Nonprofit organizations within the meaning of section 501(c)(2) of the Internal Revenue Code of 1986 with demonstrable conservation expertise and experience working with agriculture producers in the State.

"(12) Agribusiness.

"(c) SUBCOMMITTEES.—A State technical committee shall convene one or more subcommittees to provide technical guidance and implementation recommendations. The topics that a subcommittee shall address shall include, at a minimum, the following:

"(1) Establishing priorities and criteria for State initiatives under the programs in this title, including the review of whether local working groups are addressing those priorities.

"(2) Issues related to private forestlands protection and enhancement.

"(3) Issues related to water quality and water quantity.

"(4) In those States where applicable, issues related to air quality.

"(5) Issues related to wildlife habitat, including the protection of nesting wildlife.

"(6) Issues related to wetland protection, restoration, and mitigation requirements.

"(7) Other issues as the Secretary determines would be useful.

"SEC. 1262. RESPONSIBILITIES.

"(a) IN GENERAL.—Each State technical committee established under section 1261 shall meet regularly to provide information, analysis, and recommendations to appropriate officials of the Department of Agriculture who are charged with implementing the conservation provisions of this title.

"(b) PUBLIC NOTICE AND ATTENDANCE.—Each State technical committee shall provide public notice of, and permit public attendance at, meetings considering issues of concern related to carrying out this title.

"(c) ADVISORY ROLE.—The role of a State technical committee is advisory in nature, and the committee shall have no implementation or enforcement authority. However, the Secretary shall give strong consideration to the recommendations of the committee in administering the programs under this title.

"(d) FACA REQUIREMENTS.—Except as provided in subsection (b), a State technical committee, including any subcommittee of State technical committee, is exempt from the Federal Advisory Committee Act (5 U.S.C. App.).".

SEC. 2409. PAYMENT LIMITATIONS.

(a) IN GENERAL.—The Food Security Act of 1985 is amended by inserting after section 1245, as added by section 2407, the following new section:

"SEC. 1246. PAYMENT LIMITATIONS.

"(a) PAYMENTS FOR CONSERVATION PRACTICES.—The total amount of payments that a person or a legal entity (except a joint venture or a general partnership) may receive, directly or indirectly, in any fiscal year shall not exceed—

"(1) $60,000 from any single program under this title or as agricultural management assistance under section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 524(b)); or

"(2) $125,000 from more than one program under this title and as agricultural management assistance under section 524(b) of the Federal Crop Insurance Act.

"(b) EXCEPTIONS.—The limitations under subsection (a) shall not apply with respect to the following:

"(1) The wetlands reserve program under subchapter C of chapter 1 of subtitle D.

"(2) The farm and ranchland protection program under subchapter B of chapter 2 of such subtitle.

"(3) The grassland reserve program under subchapter C of chapter 2 of such subtitle.

"(c) DIRECT ATTRIBUTION.—

"(1) IN GENERAL.—In implementing the payment limitations in subsection (a), the Secretary shall issue such regulations as are necessary to ensure that the total amount of payments are attributed to a person by taking into account the direct and indirect ownership interests of the person in a legal entity that is eligible to receive such payments.

"(2) PAYMENTS TO A PERSON.—Every payment made directly to a person shall be combined with the person's pro rata interest in payments received by a legal entity in which the person has a direct or indirect ownership interest.

"(3) PAYMENTS TO A LEGAL ENTITY.—

"(A) IN GENERAL.—Every payment made to a legal entity shall be attributed to those persons who have a direct or indirect ownership interest in the legal entity.

"(B) ATTRIBUTION OF PAYMENTS.—

"(i) PAYMENT LIMITS.—Except as provided in clause (ii), payments made to a legal entity shall not exceed the amounts specified in subsection (a).

"(ii) EXCEPTION.—Payments made to a joint venture or a general partnership shall not exceed, for each payment specified in subsection (a), the amount determined by multiplying the maximum payment amount specified in subsection (a) by the number of persons and legal

entities (other than joint ventures and general partnerships) that comprise the ownership of the joint venture or general partnership.".

(b) CONFORMING AMENDMENTS.—

(1) EXISTING PAYMENT LIMITATIONS IN CONSERVATION PROGRAMS.—Title XII of the Food Security Act of 1985 is amended—

(A) in section 1234 (16 U.S.C. 3834) by striking subsection (f);

(B) in section 1238C (16 U.S.C. 3838c), as amended by section 2103, by striking subsections (d) and (e); and

(C) by striking section 1240G (16 U.S.C. 3839aa–7).

(2) AGRICULTURAL MANAGEMENT ASSISTANCE.—Section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 524) is amended by striking paragraph (3).

Subtitle E—Miscellaneous Provisions

SEC. 2501. INCLUSION OF INCOME FROM AFFILIATED PACKING AND HANDLING OPERATIONS AS INCOME DERIVED FROM FARMING FOR APPLICATION OF ADJUSTED GROSS INCOME LIMITATION ON ELIGIBILITY FOR CONSERVATION PROGRAMS.

Section 1001D(b)(1) of the Food Security Act of 1985 (7 U.S.C. 1308-3a(b)(1)) is amended by inserting "(including, for purposes of paragraph (2)(C), affiliated packing and handling operations)" after "derived from farming".

SEC. 2502. ENCOURAGEMENT OF VOLUNTARY SUSTAINABILITY PRACTICES GUIDELINES.

In administering this title and the amendments made by this title, the Secretary of Agriculture may encourage the development of voluntary sustainable practices guidelines for producers and processors of specialty crops.

SEC. 2503. FARMLAND RESOURCE INFORMATION.

(a) DEVELOPMENT AND DISSEMINATION OF FARMLAND RESOURCE INFORMATION.—The Secretary of Agriculture shall design and implement educational programs and materials emphasizing the importance of productive farmland to the Nation's well-being and distribute educational materials through communications media, schools, groups, and other Federal agencies. The Secretary shall carry out this subsection through existing agencies or interagency groups and in cooperation with nonprofit organizations and the cooperative extension services of States.

(b) FARMLAND INFORMATION CENTERS.—The Secretary shall designate 1 or more farmland information centers to provide technical assistance and serve as central depositories and distribution points for information on farmland issues. Information provided by a center shall include online access to data on land cover and use changes and trends and literature, laws, historical archives, policies, programs, and innovative actions or proposals by local and State governments or nonprofit organizations related to farmland protection.

(c) FUNDING.—Funds for the farmland information centers designated under subsection (b) shall be provided using funds made available for the farm and ranchland protection program established under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838h et seq.). Such funding for a fiscal year shall not exceed one-half of 1 percent of the funds made available for the farm and ranchland protection program for that fiscal year, but no less than $400,000 annually.

(d) MATCHING FUNDS.—Federal funding for a farmland information center designated under subsection (b) shall be matched with non-Federal funds, through cash or in-kind contributions.

TITLE III—TRADE

Sec. 3001. Agricultural Trade Development and Assistance Act of 1954.
Sec. 3002. Export credit guarantee program.
Sec. 3003. Market access program.
Sec. 3004. Food for Progress Act of 1985.
Sec. 3005. McGovern-Dole International Food for Education and Child Nutrition program.
Sec. 3006. Bill Emerson Humanitarian Trust.
Sec. 3007. Technical assistance for specialty crops.
Sec. 3008. Technical assistance for the resolution of trade disputes.
Sec. 3009. Representation by the United States at international standard-setting bodies.
Sec. 3010. Foreign market development cooperator program.
Sec. 3011. Emerging markets.
Sec. 3012. Export Enhancement Program.
Sec. 3013. Minimum level of nonemergency food assistance.
Sec. 3014. Germplasm conservation.

SEC. 3001. AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954.

(a) PURPOSE OF PROGRAM.—Section 201 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721) is amended so that paragraph (1) reads as follows:

"(1) address famine and food crises and respond to emergency food needs arising from manmade disasters, and natural disasters.".

(b) SUPPORT FOR ELIGIBLE ORGANIZATIONS.—Section 202(e)(1) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722(e)(1)) is amended—

(1) by striking "not less than 5 percent nor more than 10 percent of the funds" and inserting "not less than 7 percent nor more than 12 percent of the funds";

(2) striking "and" at the end of subparagraph (A);

(3) striking the period at the end of subparagraph (B) and inserting "; and"; and

(4) inserting after subparagraph (B) the following:

"(C) developing, implementing and improving monitoring systems of programs receiving funds under this title.".

(c) GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.— Subsection (b) of section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended by striking "1 or more recipient countries" and inserting "in 1 or more recipient countries".

(d) LEVELS OF ASSISTANCE.—Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1) by striking "2002 through 2007" and inserting "2008 through 2012"; and

(2) in paragraph (2) by striking "2002 through 2007" and inserting "2008 through 2012".

(e) FOOD AID CONSULTATIVE GROUP.—Section 205(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725(f)) is amended by striking "2007" and inserting "2012".

(f) DENIAL OF PROPOSALS.—Paragraph (3) of section 207(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a(a)) is amended to read as follows:

"(3) DENIAL.—If a proposal under paragraph (1) is denied, the response shall specify the reasons for denial.".

(g) PROGRAM OVERSIGHT, MONITORING, AND EVALUATION.—Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended by adding at the end the following:

"(f) PROGRAM OVERSIGHT, MONITORING, AND EVALUATION.—

"(1) IN GENERAL.—The Administrator, in consultation with the Secretary, shall establish systems to improve, monitor, and evaluate the effectiveness and efficiency of assistance provided under this title in order to maximize the impact of such assistance. Such systems shall include the following:

"(A) program monitors in countries receiving assistance under this title;

"(B) country and regional food aid impact evaluations;

"(C) evaluations of best practices for food aid programs;

"(D) evaluation of monetization programs;

"(E) early warning assessments to prevent famines; and

"(F) upgraded information technology systems.

"(2) IMPLEMENTATION REPORT.—Not later than 180 days after the date of enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Administrator shall submit to the appropriate congressional committees a report on efforts undertaken to implement (1).

"(3) ANNUAL REPORT.—Not later than February 1 of each year, the Administrator shall submit to the appropriate congressional committees a report assessing the systems implemented under paragraph (1) and their impact on the effectiveness and efficiency of assistance provided under this title.

"(4) FUNDING.—In addition to other funds made available for the Administrator to perform monitoring of emergency food assistance, the Administrator may implement this subsection using up to $15,000,000 of funds made available under this title for each of the fiscal years 2008 through 2012, except for paragraph (1)(F), for which only $2,500,000 shall be made available during fiscal year 2008.".

(h) 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—

(1) by striking "2007" and insert "2012"; and

(2) by striking "$3,000,000" and inserting "$7,000,000"

(i) PREPOSITIONING.—Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4)) is amended—

(1) by striking "2007" and inserting "2012"; and

(2) by striking "$2,000,000" and inserting "$8,000,000".

(j) ANNUAL REPORTS.—Section 407(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(f)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (B), by adding at the end before the semicolon the following: ", and the amount of funds, tonnage levels, and types of activities for non-emergency food assistance programs under title II of this Act";

(B) in subparagraph (C), by adding at the end before the semicolon the following: ", and a general description of the projects and activities implemented"; and

(C) so that subparagraph (D) reads as follows:

"(D) an assessment of the progress toward reducing food insecurity in the populations receiving food assistance from the United States."; and

(2) in paragraph (3), by striking "January 15" and inserting "March 1".

(k) EXPIRATION OF ASSISTANCE.—Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking "2007" and inserting "2012".

(l) MICRONUTRIENT FORTIFICATION PROGRAM .—Section 415(d) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g–2) is amended by striking "2007" and inserting "2012".

(m) JOHN OGONOWSKI AND DOUG BEREUTER FARMER-TO-FARMER PROGRAM.—

(1) MINIMUM FUNDING.—Section 501(d) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(d)) is amended—

(A) by inserting "or $10,000,000, whichever amount is greater," after "not less than 0.5 percent"; and

(B) by striking "2002 through 2007" and inserting "2008 through 2012".

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 501(e) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737(e)) is amended by striking paragraph (1) and inserting the following new paragraph:

"(1) IN GENERAL.—To carry out programs under this section, there is authorized to be appropriated for each of fiscal years 2008 through 2012 the following amounts:

"(A) $10,000,000 for sub-Saharan African and Caribbean Basin countries.

"(B) $5,000,000 for all other countries not included in subparagraph (A).".

(n) REFERENCES TO COMMITTEE.—The Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) is amended by striking "Committee on International Relations" each place it appears and inserting "Committee on Foreign Affairs".

SEC. 3002. EXPORT CREDIT GUARANTEE PROGRAM.

(a) REPEAL OF SUPPLIER CREDIT GUARANTEE PROGRAM AND INTERMEDIATE EXPORT CREDIT GUARANTEE PROGRAM.—

(1) REPEALS.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking "(1)" and all that follows through "The Commodity" and inserting "The Commodity"; and

(ii) by striking paragraphs (2) and (3);

(B) by striking subsections (b) and (c); and

(C) by redesignating subsections (d) through (l) as subsections (b) through (j), respectively.

(2) CONFORMING AMENDMENTS.—The Agricultural Trade Act of 1978 is amended—

(A) in section 202 (7 U.S.C. 5622)—

(i) in subsection (b)(4) (as redesignated by paragraph (1)(C)), by striking ", consistent with the provisions of subsection (c)";

(ii) in subsection (d) (as redesignated by paragraph (1)(C))—

(I) by striking "(1)" and all that follows through "The Commodity" and inserting "The Commodity"; and

(II) by striking paragraph (2); and

(iii) in subsection (g)(2) (as redesignated by paragraph (1)(C)), by striking "subsections (a) and (b)" and inserting "subsection (a)"; and

(B) in section 211 (7 U.S.C. 5641), by striking subsection (b) and inserting the following:

"(b) EXPORT CREDIT GUARANTEE PROGRAMS.—(1) The Commodity Credit Corporation shall make available for each of fiscal years 2008 through 2012 not less than $5,500,000,000 in credit guarantees under section 202(a).

"(2) Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking '2007' and inserting '2012'.".

SEC. 3003. MARKET ACCESS PROGRAM.

(a) ORGANIC COMMODITIES.—Section 203(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5623(a)) is amended by inserting after "agricultural commodities" the following: "(including commodities that are organically produced (as defined in section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502))".

(b) FUNDING.—Section 211(c)(1)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking ", and $200,000,000 for each of fiscal years 2006 and 2007" and inserting "$200,000,000 for each of fiscal years 2006 and 2007, and $225,000,000 for each of fiscal years 2008 through 2012".

(c) AVAILABILITY OF FUNDS FOR ACTIVITIES TO DEVELOP, MAINTAIN, OR EXPAND FOREIGN MARKETS FOR LEAF TOBACCO.—Section 1302(b)(3) of the Agricultural Reconciliation Act of 1993 (7 U.S.C. 5623 note) is amended by inserting ", other than leaf tobacco" after "tobacco".

SEC. 3004. FOOD FOR PROGRESS ACT OF 1985.

The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended by striking "2007" each place it appears and inserting "2012".

SEC. 3005. MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM.

Section 3107(l)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1(l)(2)) is amended by striking "2007" and inserting "2012".

SEC. 3006. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended by striking "2007" each place it appears in subsection (b)(2)(B)(i) and paragraphs (1) and (2) of subsection (h) and inserting "2012".

SEC. 3007. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.

Section 3205 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5680) is amended so that subsection (d) reads as follows:

"(d) FUNDING.—

"(1) COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

"(2) FUNDING AMOUNT.—The Secretary shall use the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation to carry out this section —

"(A) $4,000,000 for fiscal year 2008;

"(B) $6,000,000 for fiscal year 2009;

"(C) $8,000,000 for fiscal year 2010;

"(D) $10,000,000 for each of fiscal years 2011 through 2012.".

SEC. 3008. TECHNICAL ASSISTANCE FOR THE RESOLUTION OF TRADE DISPUTES.

(a) IN GENERAL.—The Secretary of Agriculture may provide monitoring, analytic support, and other technical assistance to limited resource persons and organizations associated with agricultural trade (as determined by the Secretary) to address unfair trade practices of foreign countries and to reduce trade barriers.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized such sums as necessary to carry out subsection (a).

SEC. 3009. REPRESENTATION BY THE UNITED STATES AT INTERNATIONAL STANDARD-SETTING BODIES.

(a) IN GENERAL.—Pursuant to the authority of the Secretary provided by section 1458(a)(3) of the Food and Agriculture Act of 1977 (7 U.S.C. 3291(a)(3)), the Secretary is authorized to enhance United States support for international organizations, including the Food and Agriculture Organization, the Codex Alimentarius Commission, the International Plant Protection Convention, and the World Organization for Animal Health, that establish international standards regarding food, food safety, plants, and animals, respectively, by funding additional positions of Associate Professional Officers to address sanitary and phytosanitary priorities of the United States within applicable international organizations.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as necessary to carry out this section for each of fiscal years 2007-2012.

SEC. 3010. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

Section 703(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5723(a)) is amended by striking "2007" and inserting "2012".

SEC. 3011. EMERGING MARKETS.

The Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101-624) is amended in each of subsections (a) and (d)(1)(A)(i) by striking "2007" and inserting "2012.

SEC. 3012. EXPORT ENHANCEMENT PROGRAM.

Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by striking "2007" and inserting "2012".

SEC. 3013. MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.

Section 412 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736f) is amended by inserting at the end the following new subsection:

"(e) MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.—

"(1) FUNDS.—Of the amounts made available to carry out emergency and nonemergency food assistance programs under title II, not less than $450,000,000 for each of fiscal years 2008 through 2012 shall be expended for nonemergency food assistance programs under title II.

"(2) EXCEPTION.—The Administrator may use less than the amount specified in paragraph (1) for a fiscal year for nonemergency food assistance programs under title II if—

"(A) the Administrator submits to the Committees on International Relations, Agriculture, and Appropriations of the House of Representatives and the Committees on Appropriations and Agriculture, Nutrition, and Forestry of the Senate a report requesting the reduction and containing the reasons for the reduction; and

"(B) following submission of the report, Congress enacts a law approving the Administrator's request.".

SEC. 3014. GERMPLASM CONSERVATION.

(a) CONTRIBUTION.—The Administrator of the United States Agency for International Development shall contribute funds to endow the Global Crop Diversity Trust (in this section referred to as the "Trust") to assist in the conservation of genetic diversity in food crops through the collection and storage of the germplasm of such crops in a manner that provides for—

(1) the maintenance and storage of seed collections;

(2) the documentation and cataloguing of the genetics and characteristics of conserved seeds to ensure efficient reference for researchers, plant breeders, and the public;

(3) building the capacity of seed collection in developing countries;

(4) making information regarding crop genetic data publicly available for researchers, plant breeders, and the public (for example, through the provision of an accessible Internet site);

(5) the operation and maintenance of a back-up facility wherein is stored duplicate samples of seeds, as a hedge against natural or man-made disasters; and

(6) oversight designed to ensure international coordination of these actions and efficient, public accessibility to this diversity through a cost-effective system.

(b) UNITED STATES CONTRIBUTION LIMIT.—The aggregate contributions of United States Government funds provided to the Trust shall not exceed 25 percent of the total of the funds contributed to the Trust from all sources.

(c) AUTHORIZATION.—There are authorized to be appropriated to carry out this section a total of $60,000,000 over the period of fiscal year 2008 through fiscal year 2012.

TITLE IV—NUTRITION PROGRAMS

Subtitle A—Food Stamp Program

Sec. 4001. Renaming the food stamp program.
Sec. 4002. Definition of drug addiction or alcoholic treatment and rehabilitation program.
Sec. 4003. Nutrition education.
Sec. 4004. Food distribution on Indian reservations.
Sec. 4005. Deobligate food stamp coupons.
Sec. 4006. Allow for the accrual of benefits.
Sec. 4007. State option for telephonic signature.
Sec. 4008. Review of major changes in program design.
Sec. 4009. Grants for simple application and eligibility determination systems and improved access to benefits.
Sec. 4010. Civil money penalties and disqualification of retail food stores and wholesale food concerns.
Sec. 4011. Major systems failures.
Sec. 4012. Funding of employment and training programs.
Sec. 4013. Reductions in payments for administrative costs.
Sec. 4014. Cash payment pilot projects.
Sec. 4015. Findings of Congress regarding Secure Supplemental Nutrition Assistance program nutrition education.

Sec. 4016. Nutrition education and promotion initiative to address obesity.
Sec. 4017. Authorization of appropriations.
Sec. 4018. Consolidated block grants for Puerto Rico and American Samoa.
Sec. 4019. Study on comparable access to Secure Supplemental Nutrition Assistance Program benefits for Puerto Rico.
Sec. 4020. Reauthorization of community food project competitive grants.
Sec. 4021. Emergency food assistance.

Subtitle B—Commodity Distribution

Sec. 4201. Authorization of appropriations.
Sec. 4202. Distribution of surplus commodities; special nutrition projects.
Sec. 4203. Commodity distribution program.

Subtitle C—Child Nutrition and Related Programs

Sec. 4301. Purchase of fresh fruits and vegetables for distribution to schools and service institutions.
Sec. 4302. Buy American requirements.
Sec. 4303. Expansion of fresh fruit and vegetable program.
Sec. 4304. Purchases of locally produced foods.

Subtitle D—Miscellaneous

Sec. 4401. Seniors farmers' market nutrition program.
Sec. 4402. Congressional Hunger Center.
Sec. 4403. Joint nutrition monitoring and related research activities.

Subtitle A—Food Stamp Program

SEC. 4001. RENAMING THE FOOD STAMP PROGRAM.

(a) AMENDMENTS TO THE FOOD STAMP ACT OF 1977.—

(1) REFERENCES AMENDED.—The provisions of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq,)—

(A) specified in paragraph (2)(A) are amended in the section heading by striking "**FOOD STAMP**" each place it appears and inserting "**SECURE SUPPLEMENTAL NUTRITION ASSISTANCE**";

(B) specified in paragraph (2)(B) are amended in the subsection heading by striking "FOOD STAMP" each place it appears and inserting "SECURE SUPPLEMENTAL NUTRITION ASSISTANCE";

(C) specified in paragraph (2)(C) are amended by striking each place it appears "food stamp recipient" and inserting "member of a household that receives Secure Supplemental Nutrition Assistance Program benefits",

(D) specified in paragraph (2)(D) are amended by striking "food stamp recipients" each place it appears and inserting "members of households that receive Secure Supplemental Nutrition Assistance Program benefits",

(E) specified in paragraph (2)(E) are amended by striking "food stamp households" each place it appears and inserting "households that receive Secure Supplemental Nutrition Assistance Program benefits";

(F) specified in paragraph (2)(F) are amended by striking "Simplified Food Stamp Program" each place it appears and inserting "Simplified Secure Supplemental Nutrition Assistance Program";

(G) specified in paragraph (2)(H) are amended by striking "food stamp participants" each place it appears and inserting "participants in the Secure Supplemental Nutrition Assistance Program";

(H) specified in paragraph (2)(I) are amended by striking "food stamp informational activities" each place it appears and inserting "informational activities relating to the Secure Supplemental Nutrition Assistance Program";

(I) specified in paragraph (2)(J) are amended by striking "food stamp caseload" each place it appears and inserting "caseload under the Secure Supplemental Nutrition Assistance Program";

(J) specified in paragraph (2)(K) are amended by striking "State's food stamp households" each place it appears and inserting "the number of households in the State receiving Secure Supplemental Nutrition Assistance Program benefits";

(K) specified in paragraph (2)(L) are amended in the section heading by striking "**FOOD STAMP PORTION**" each place it appears and inserting "**SECURE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS**";

(L) specified in paragraph (2)(M) are amended by striking "food stamps" each place it appears and inserting "Secure Supplemental Assistance Nutrition Program benefits";

(M) specified in paragraph (2)(N) are amended by striking "Food stamp program" each place it appears and inserting "Secure Supplemental Nutrition Assistance Program";

(N) specified in paragraph (2)(o) are amended by striking "food stamp program benefits" each place it appears and inserting "Secure Supplemental Nutrition Program benefits"; and

(O) specified in paragraph (2)(O) are amended by striking "food stamp program" each place it appears and inserting "Secure Supplemental Nutrition Assistance Nutrition Program".

(2) PROVISIONS REFERRED TO.—The provisions of the of the Food Stamp Act of 1977 referred to in paragraph (1) are the following:

(A) Sections 4 and 26.
(B) Section 6(j).
(C) Section 6(o)(6)(A)(ii).
(D)(i) Subparagraphs (D) and (E) of section 6(o)(6);
(ii) sections 16(h)(1)(E)(i) and 12(a); and
(iii) paragraphs (1)(B)(ii)(II) and (3)(B) of section 17(b).
(E) Sections 7(h)(3)(B)(ii), 9(b)(1), 12(a), and 17(b)(1)(B)(ii)(I).
(F) Sections 11(e)(25) and 26(b).
(G) Section 11(f)(2)(B).
(H) Section 16(a).
(I) Section 16(e)(9)(C).
(J) Section 17(b)(1)(B)(iii)(I).
(K) Section 22.
(L)(i) Subsections (d)(3) and (o)(6)(A)(i) of section 6;
(i) paragraphs (2)(B)(v)(II) and (14) of section 11(e);and
(i) sections 12(e)(16), 17(b)(3)(C), and 18(a)(3)(A)(ii).
(M) Section 3(h)
(N)(i) In section 6—
(I) subsection (h); and
(II) in subsection (o)—
(aa) paragraph (2); and
(bb) subclauses (IV) and (V) of paragraph (6)(A)(ii).
(ii) Section 7(k)(2).
(iii) In section 11—
(I) subsection (e)(25)(A);
(II) paragraphs (1), (2), and (3) of subsection (s); and
(III) subsection (t)(1)(B).
(iv) In section 17—
(I) subsection (a)(2);
(II) paragraphs (1)(A), (2), and (3)(D) of subsection (b);
(III) paragraphs (1)(B), (2)(C)(ii), and (3)(E) of subsection (d); and
(IV) subsections (e) and (f).
(v) Section 21(d)(3).
(O)(i) Sections 2, 3(h), and 4.
(ii) In section 5—
(I) subsections (a), (b), (c), and (d);
(II) clauses (ii)(III) and (iv)(IV) of subsection (e)(6)(C);
(III) paragraphs (1), (3), and (6)(B)(iv) of subsection (g); and
(IV) subsections (h)(2)(A) and (k)(4)(B).
(iii) In section 6—
(I) subsections (a) and (b);
(II) in subsection (d)(1)—
(aa) subparagraphs (A) and (B);
(bb) clauses (i), (ii), and (iii) of subparagraph (C); and
(cc) clauses (v) and (vi) of subparagraph (D);
(III) paragraphs (2)(C), (3), and (4)(A)(i) of subsection (d);
(IV) subsections (e), (f), and (h);
(V) paragraphs (1) and (2) of subsection (i); and
(VI) subsections (j), (k), (l)(1), (m)(1), (n), (o)(5)(A);
(iv) In section 7—
(I) subsections (a), (b), and (g);
(II) paragraphs (1) and (2)(B) of subsection (j); and
(III) in subsection (k)—
(aa) paragraph (3); and
(bb) subparagraphs (B)(ii) and (C) of paragraph (4).
(v) In section 8—
(I) subsections (a), (c)(2), and (d)(2);
(II) in subsection (f)—
(aa) clauses (i)(II)(aa), (ii)(I), and (iv) of paragraph (1)(D), and
(bb) paragraph (3)(B)(ii)(II)(bb).
(vi) In section 9—

(I) paragraphs (1) and (3) of subsection (a); and
(II) subsections (b)(1), (d), (e), and (g).
(vii) In section 11—
(I) subsections (c) and (d);
(II) in subsection (e)—
(aa) paragraph (1)(A);
(bb) clauses (i) and (iv) of paragraph (2)(B); and
(cc) paragraphs (10), (17), (20)(B), and (22);
(III) subsections (f)(1), (g), (i), and (j)(1);
(IV) paragraphs (1), (2), (3), and (4) of subsection (o);
(V) subsections (p) and (q); and
(VI) paragraphs (2)(A) and (B)(4)(A) of subsection (t).
(viii) Sections 12(a) and 14(a)(1).
(ix) Subsections (b)(1) and (c) of section 15.
(x) In section 16—
(I) subsection (a);
(II) paragraph (1), (2), and (3) of subsection (b);
(III) in subsection (c)—
(aa) the matter preceding subparagraph (A);
(bb) subparagraphs (D)(i)(II) and (F)(iii)(I) of paragraph (1); and
(cc) subparagraphs (A), (B), and (C) of paragraph (9);
(IV) subsections (e), (g), and (i)(1); and
(V) in subsection (k)—
(aa) subparagraphs (A) and (B) of paragraph (2);
(bb) subparagraphs (A) and (B)(i) of paragraph (3); and
(cc) subparagraphs (A)(ii) and (B)(iv)(II) of paragraph (5).
(xi) In section 17—
(I) subsection (a)(1);
(II) in subsection (b)—
(aa) subparagraphs (A) and (B)(i) of paragraph (1); and
(bb) subparagraph (2);
(III) subsection (c);
(IV) subparagraphs (A) and (C) of subsection (d) (2); and
(V) subsections (e), (g), and (h)(2).
(xii) Subsections (a)(3)(D), (b), (d), and (e) of section 18.
(xiii) Subsections (a)(1) and (f) of section 20.
(xiv) In section 21—
(I) subsection (a);
(II) in subsection (b)—
(aa) in paragraph (2)—
(AA) clause (i) and (ii) of subparagraph (A);
(BB) subparagraphs (B) and (C)(i);
(CC) clause (ii), and subclauses (II), (III), and (IV) of clause (iii), of subparagraph (F); and
(DD) subparagraph (G)(i);
(bb) paragraph (3);
(cc) in paragraph (4)—
(AA) subparagraphs (A) and (B); and
(BB) the flush text at the end;
(dd) paragraphs (5) and (7);
(III) subsection (C)(2)(B);
(IV) paragraphs (1)(A), (2), and (3) of subsection (d); and
(V) paragraphs (1) and (2) of subsection (f).
(xv) In section 22—
(I) subsection (a)(1);
(II) in subsection (b)—
(aa) paragraph (2);
(bb) in paragraph (3)—
(AA) subparagraphs (A) and (B)(ii);
(BB) clauses (ii) and (iii) of subparagraph (C);
(CC) subparagraph (D)(ii); and
(DD) clauses (i), (ii), and (iv) of subparagraph (E);
(cc) paragraph (5);
(dd) subparagraphs (B) and (C) of paragraph (6);
(ee) subparagraphs (A) and (B) of paragraph (7);
(ff) paragraphs (8) and (9);
(gg) in paragraph (10)—
(AA) subparagraph (A)
(BB) clauses (i) and (ii) of subparagraph (B); and

(CC) subparagraph (C); and
(hh) paragraphs (11), (12), and (13);
(III) in subsection (d)—
(aa) paragraph (1)(B)(i); and
(bb) paragraph (3); and
(IV) subsections (g)1 and (h).
(xvi) Section 23(c).
(xvii) In section 26—
(I) subparagraphs (B) and (C) of subsection (c)(4); and
(II) subsection (f)(1).

(b) REFERENCES IN OTHER LAWS, DOCUMENT, AND RECORDS OF THE UNITED STATES.—In any law (excluding the Food Stamp Act of 1977), regulation, rule, document, or record of the United States—

(1) a reference to food stamp recipients shall be deemed to be a reference to recipients of Secure Supplemental Nutrition Assistance Program benefits;

(2) a reference to food stamp households shall be deemed to be a reference to households that receive Secure Supplemental Nutrition Assistance Program benefits;

(3) a reference to the Simplified Food Stamp Program shall be deemed to be a reference to the Simplified Secure Supplemental Nutrition Assistance Program;

(4) a reference to food stamp participants shall be deemed to be a reference to participants in the Secure Supplemental Nutrition Assistance Program;

(5) a reference to food stamp informational activities shall be deemed to be a reference to informational activities relating to the Secure Supplemental Nutrition Assistance Program;

(6) a reference to food stamp caseload shall be deemed to be a reference to caseload under the Secure Supplemental Nutrition Assistance Program;

(7) a reference to food stamps shall be deemed to be a reference to Secure Supplemental Nutrition Assistance Program benefits; and

(8) a reference to the food stamp program shall be deemed to be a reference to Secure Supplemental Nutrition Assistance Program.

SEC. 4002. DEFINITION OF DRUG ADDICTION OR ALCOHOLIC TREATMENT AND REHABILITATION PROGRAM.

Section 3(f) of the Food Stamp Act of 1977 (7 U.S.C. 2012(f)) is amended by striking " center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.)" and inserting "center, that is—

"(1) tax exempt; and

"(2) certified by the State title XIX agency, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.), as receiving funding under part B, eligible to receive funding under part B even if no funds are being received, or operating to further the purposes of part B, except that nothing in this paragraph shall be construed to require State or Federal licensure to meet these requirements;".

SEC. 4003. NUTRITION EDUCATION.

(a) AUTHORITY TO PROVIDE NUTRITION EDUCATION.—Section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended in the first sentence by inserting "and through an approved State plan, nutrition education" after "an allotment".

(b) IMPLEMENTATION.—Section 11(f) of the Food and Nutrition Act of 1977 (7 U.S.C. 2020(f)) is amended to read as follows:

"(f) NUTRITION EDUCATION.—

"(1) IN GENERAL.—State agencies may implement a nutrition education program for individuals eligible for Secure Supplemental Nutrition Assistance Program benefits that promotes healthy food choices consistent with current Dietary Guidelines.

"(2) DELIVERY OF NUTRITION EDUCATION.—State agencies may deliver nutrition education directly to eligible persons or through agreements with the Cooperative State Research, Education and Extension Service, including through the expanded food and nutrition education under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), and other State and community health and nutrition providers and organizations.

"(3) NUTRITION EDUCATION STATE PLANS.—State agencies wishing to provide nutrition education under this subsection shall submit a Nutrition Education State Plan to the Food and Nutrition Service for approval. The plan shall identify the uses of the funding for local projects and conform to standards set forth by the Secretary in regulations or guidance. State costs for providing nutrition education under this subsection shall be reimbursed pursuant to section 16(a).

"(4) NOTIFICATION.—Whenever practicable, State agencies shall notify applicants, participants, and eligible program participants of the availability of nutrition education under this subsection.".

SEC. 4004. FOOD DISTRIBUTION ON INDIAN RESERVATIONS.

(a) IN GENERAL.—Section 4 of the Food Stamp Act of 1977 (7 U.S.C. 2013) is amended by striking subsection (b) and inserting the following:

"(b) FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.—

"(1) IN GENERAL.—Distribution of commodities, with or without the Secure Supplemental Nutrition Assistance Program, shall be made whenever a request for concurrent or separate food program operations, respectively, is made by a tribal organization.

"(2) ADMINISTRATION.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), in the event of distribution on all or part of an Indian reservation, the appropriate agency of the State government in the area involved shall be responsible for the distribution.

"(B) ADMINISTRATION BY TRIBAL ORGANIZATION.—If the Secretary determines that a tribal organization is capable of effectively and efficiently administering a distribution described in subparagraph (A), then the tribal organization shall administer the distribution.

"(C) PROHIBITION.—The Secretary shall not approve any plan for a distribution described in subparagraph (A) that permits any household on any Indian reservation to participate simultaneously in the Secure Supplemental Nutrition Assistance Program and the distribution of federally donated foods.

"(3) DISQUALIFIED PARTICIPANTS.—The Secretary shall ensure that an individual who is disqualified from participation in the Food Distribution Program on Indian Reservations under this subsection is not eligible to participate in the Secure Supplemental Nutrition Assistance Program under this Act.

"(4) ADMINISTRATIVE COSTS.—The Secretary is authorized to pay such amounts for administrative costs of such distribution on Indian reservations as the Secretary finds necessary for effective administration of such distribution by a State agency or tribal organization.

"(5) TRADITIONAL AND LOCAL FOODS FUND.—

"(A) IN GENERAL.—The Secretary shall establish a fund to purchase traditional and locally-grown food, designated by region, for recipients of food distributed under this subsection.

"(B) NATIVE AMERICAN PRODUCERS.—For recipients of food distributed under subparagraph (A), at least 50 percent shall be produced by Native American farmers, ranchers, and producers.

"(C) DEFINITION OF TRADITIONAL AND LOCALLY GROWN.—The Secretary, in conjunction with the Indian Tribal Organizations, will determine the definition of traditional and locally-grown.

"(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary $5,000,000 for each of the fiscal years 2008 through 2012 to carry out subparagraph (A).".

(b) FDPIR FOOD PACKAGE.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture 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 that describes—

(1) how the Secretary derives the process for determining the food package under the Food Distribution Program on Indian Reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) (referred to in this subsection as the "food package");

(2) the extent to which the food package—

(A) conforms (or fails to conform) to the 2005 Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341);

(B) addresses (or fails to address) the nutritional and health challenges that are specific to Native Americans; and

(C) addresses the nutritional needs of low-income Native Americans, compared to the Secure Supplemental Nutrition Assistance Program;

(3) any plans of the Secretary to revise and update the food package to conform with the most recent Dietary Guidelines for Americans, including any costs associated with the planned changes; and

(4) if the Secretary does not plan changes to the food package, the rationale of the Secretary for retaining the food package.

SEC. 4005. DEOBLIGATE FOOD STAMP COUPONS.

(a) IN GENERAL.—Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended—

(1) by striking the section designation and heading and all that follows through "subsection (j)) shall be" and inserting the following:

"SEC. 7. ISSUANCE AND USE OF BENEFITS.

"(a) IN GENERAL.—Except as provided in subsection (j), EBT cards shall be".

(2) in subsection (b)—

(A) by striking "(b) Coupons" and inserting the following:

"(b) USE.—Benefits"; and

(B) by striking ": *Provided further*" and all that follows through "denominations issued" ;

(3) in subsection (c)—

(A) by striking "(c) Coupons" and inserting the following:

"(c) DESIGN.—

"(1) IN GENERAL.—EBT cards";

(B) in the 1st sentence by striking "and define their denomination"; and

(C) by striking the 2d sentence and inserting the following:

"(2) PROHIBITION.—The name of any public official shall not appear on any EBT card.";

(4) by striking subsection (d);

(5) in subsection (e)—

(A) by striking "coupons" each place it appears and inserting "benefits"; and

(B) by striking "coupon issuers" each place it appears and inserting "benefit issuers";

(6) in subsection (f)—

(A) by striking "coupons" each place it appears and inserting "benefits";

(B) by striking "coupon issuer" and inserting "benefit issuer"; and

(C) by striking "section 11(e)(20)" and all that follows through the period and inserting "section 11(e)(19).";

(7) by amending subsection (g) to read as follows:

"(g) BENEFIT SYSTEM.—

"(1) COST.—The cost of documents or systems that may be required by subsection (i) may not be imposed upon a retail food store participating in the Secure Supplemental Nutrition Assistance Program.

"(2) DEVALUATION AND TERMINATION OF ISSUANCE OF PAPER COUPONS.—

"(A) COUPON ISSUANCE.—Beginning on the effective date of this subsection, no State shall issue any coupon, stamp, certificate, or authorization card to a household that receives benefits under this Act.

"(B) EBT CARDS.—Beginning 1 year after the effective date of this subsection, only an EBT card issued under subsection (i) shall be eligible for exchange at any retail food store.

"(C) DE-OBLIGATION OF COUPONS.—Coupons not redeemed in the 1-year period beginning on the effective date of this subsection will no longer be an obligation of the Federal Government and shall not be redeemable.".

(8) in subsection (h)(1) by striking "coupons" and inserting "benefits";

(9) in subsection (j)—

(A) in paragraph (2)(A)(ii) by striking "printing, shipping, and redeeming coupons" and inserting "issuing and redeeming benefits"; and

(B) in paragraph (5) by striking "coupon" and inserting "benefit"; and

(10) in subsection (k)—

(A) by striking "coupons in the form of" each place it appears and inserting "benefits in the form of"; and

(B) by striking "a coupon issued in the form of" each place it appears and inserting "benefits in the form of".

(b) CONFORMING AMENDMENTS.—

(1) Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended—

(A) in subsection (a) by striking "coupons" and inserting "benefits";

(B) by amending subsection (b) to read as follows:

"(b) 'Benefit' means the value of assistance provided under this Act to a household by means of an electronic benefit transfer under section 7(i), or other means of providing assistance, as determined by the Secretary.";

(C) in the 1st sentence of subsection (c) by striking "authorization cards" and inserting "benefits";

(D) in subsection (d) by striking "or access device" and all that follows through "number" ;

(E) in subsection (e)—

(i) by striking "coupon issuer" and inserting "benefit issuer"; and

(ii) by striking "coupons" and inserting "benefits";

(F) by after paragraph (f) the following:

"(f-1) EBT CARD.—The term 'EBT card' means an electronic benefit transfer card issued under section 7(i).";

(G) in subsection (i)(5)(D) by striking "coupons" and inserting "benefits"; and

(H) in subsection (t) by inserting "including point of sale devices," after "other means of access".

(2) Section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended—

(A) by striking "coupons" each place it appears and inserting "benefits"; and

(B) by striking "coupons issued" and inserting "benefits issued".

(3) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended by striking ", as defined in section 3(i) of this Act,".

(4) Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(A) in subparagraph (B) by striking "coupons or authorization cards" and inserting "benefits"; and

(B) by striking "coupons" each place it appears and inserting "benefits".

(5) Section 7(j)(5) is amended by striking "coupon" and inserting "benefit".

(6) Section 8(b) of the Food Stamp Act of 1977 (7 U.S.C. 2017(b)) is amended by striking ", whether through coupons, access devices, or otherwise".

(7) Section 9 of the Food Stamp Act of 1977 (7 U.S.C. 2018) is amended—

(A) by striking "coupons" each place it appears and inserting "benefits"; and

(B) in subsection (a)—

(i) in paragraph (1) by striking "coupon" and inserting "benefit"; and

(ii) in paragraph (3) by striking "coupons, or to redeem,".

(8) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended—

(A) by striking the section designation and heading and all that follows through "Regulations" and inserting the following:

"SEC. 10. REDEMPTION OF BENEFITS.

"Regulations"; and

(B) by striking "coupons" each place it appears and inserting "benefits".

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

(A) in subsection (e)—

(i) in paragraph (15) by striking "when using its authorization card in order to receive its coupons" and inserting "when receiving benefits"; and

(ii) in paragraph (19) by striking "that," and all that follows through "paragraph;" and inserting "that eligible households may be required to present photographic identification cards in order to receive their benefits.";

(B) in subsection (h) by striking "coupon or coupons" and inserting "benefits";

(C) by striking "coupon" each place it appears and inserting "benefit"; and

(D) by striking "coupons" each place it appears and inserting "benefits".

(10) Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended by striking "coupons" each place it appears and inserting "benefits".

(11) Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended—

(A) in subsection (a) by striking "coupons" and inserting "benefits";

(B) in subsection (b)(1)—

(i) by striking "coupons" each place it appears and inserting "benefits";

(ii) by striking "coupons or authorization cards" and inserting "benefits"; and

(iii) by striking "access device" each place it appears and inserting "benefit";

(C) in subsection (c) by striking "coupons" each place it appears and inserting "benefits";

(D) in subsection (d) by striking "Coupons" and inserting "Benefits";

(E) in subsections (e) and (f) by striking "coupon" each place it appears and inserting "benefit"; and

(F) in subsection (g) by striking "coupon, authorization cards or access devices" and inserting "benefits"; and

(12) Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "coupons" each place it appears and inserting "benefits".

(13) Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended—

(A) in subsection (a)(2) by striking "coupon" and inserting "benefit";

(B) in subsection (b)(1)—

(i) in subparagraph (B)(v)—

(I) by striking "countersigned food coupons or similar"; and

(II) by striking "food coupons" and inserting "EBT cards"; and

(ii) in subparagraph (C)(i)(I) by striking "coupons" and inserting "EBT cards"; and

(C) in subsection (j) by striking "coupon" and inserting "benefit".

(14) Section 21 of the Food Stamp Act of 1977 (7 U.S.C. 2030) is amended—

(A) in subsection (d)(3)—

(i) by striking "food coupons" and inserting "benefits"; and

(ii) by striking "food stamp benefits" and inserting "benefits".

(15) Section 22 of the Food Stamp Act of 1977 (7 U.S.C. 2031) is amended—

(A) by striking "food coupons" each place it appears and inserting "benefits";

(B) by striking "coupons" each place it appears and inserting "benefits"; and

(C) in subsection (g)(1)(A) by striking "coupon" and inserting "benefit".

(c) REFERENCES IN OTHER LAWS, DOCUMENTS, AND RECORDS OF THE UNITED STATES.—In any law (excluding the Food Stamp Act of 1977), regulation, rule, document, or record of the United States, a reference to "coupon", "authorization card", or "other access device" as used in the Food Stamp Act of 1977 as in effect before the date of the enactment of this Act shall be deemed to be a reference to "benefit" as defined in such Act as in effect after the date of the enactment of this Act.

SEC. 4006. ALLOW FOR THE ACCRUAL OF BENEFITS.

Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended by adding at the end the following:

"(12) RECOVERING ELECTRONIC BENEFITS.—

"(A) A State agency may recover benefits from a household's electronic benefits account because of inactivity in the account after the household has not accessed the account the lesser of—

"(i) 3 months during which the account has continuously had a balance in excess of $1,000, adjusted for changes in the thrifty food plan since June 2007; or

"(ii) 12 months.

"(B) A household whose benefits are recovered under subparagraph (A) shall receive notice and shall have the benefits made available again upon a request made during a period of not less than 12 months after the recovery.".

SEC. 4007. STATE OPTION FOR TELEPHONIC SIGNATURE.

Section 11(e)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)(C)) is amended—

(1) by inserting "(i)" after "(C)"; and

(2) by adding at the end the following:

"(ii) A State agency may establish a system by which an applicant household may sign an application through a recorded verbal assent over the telephone. Any such system shall—

"(I) record for future reference the household member's verbal assent and the information to which assent was given;

"(II) include effective safeguards against impersonation, identity theft, or invasions of privacy;

"(III) not deny or interfere with the right of the household to apply in writing;

"(IV) promptly send the household member a written copy of the application, with instructions on a simple procedure for correcting any errors or omissions;

"(V) comply with paragraph (1)(B);

"(VI) satisfy all requirements for a signature on an application under this Act and other laws applicable to the Secure Supplemental Nutrition Assistance Program, with the date on which the household member provides verbal assent effective as the date of application for all purposes; and

"(VII) comply with such other standards as the Secretary may establish.".

SEC. 4008. REVIEW OF MAJOR CHANGES IN PROGRAM DESIGN.

(a) PROHIBITION.—Section 11(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

(1) in subparagraph (A) by striking "and" at the end;

(2) by striking subparagraph (B) and inserting the following:

"(B) except as provided in section 5(h)(4), only State employees employed in accordance with the current standards for a Merit System of Personnel Administration, or any standards later prescribed by the Office of Personnel Management pursuant to section 208 of the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728) modifying or superseding such standards relating to the establishment and maintenance of personnel standards on a merit basis, shall undertake such certifications and shall—

"(i) represent the State agency in any official communications with a prospective applicant, applicant, or recipient household regarding their application or participation, except that a nonprofit organization may assist a household under paragraph (1) through activities allowable under section 16(a)(4);

"(ii) participate in making any determinations relating to a household's substantive or procedural compliance with the requirements of this Act or implementing regulations, including the adequacy of the household's application or of verification of other information the household has submitted in support of that application; or

"(iii) participate in making any other determinations required under this subsection;

except that nothing in this subparagraph shall prevent a State agency from contracting for automated systems, issuance services or program information activities reimbursed under paragraphs (2), (3), (4), or (6) of section 16(a) or under section 16(g) or for assisting in the verification of an applicant's identity; and

"(C) the State agency shall not use any Federal funds—

"(i) to implement, to perform, or to carry out any contract that does not comply with the requirements in effect under subparagraph (B); or

"(ii) to pay any cost associated with the termination, breach, or full or partial abrogation, of any contract that does not comply with the requirements in effect under such subparagraph;".

(b) WAIVERS.—Section 17(b)(1)(B)(iv)(III)(ff) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(ff)) is amended by inserting "or 11(e)(6)(B)" before the semicolon at the end.

(c) PROJECTS.—Section 26(f)(3)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2035(f)(3)(E)) is amended by inserting "(6)(B)," after "paragraphs".

(d) DISASTERS.—Section 5(h) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)) is amended by inserting at the end:

"(4) The Secretary may authorize a state agency, on a temporary basis, to use employees or individuals that do not meet the standards prescribed under section 11(e)(6)(B) in order to determine eligibility for a disaster food stamp program under this subsection.".

(e) DISALLOWANCE OF FUNDS.—No funds shall be available under any appropriations act for implementing or continuing any contract that does not comply with section 11(e)(6)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)(B)) as amended by subsection (a) nor for any costs associated with the termination or full or partial abrogation of such contract.

(f) TRANSITION PERIOD.—Subsection (e) shall not apply to the costs of implementing, continuing, or renegotiating any contract concluded before January 1, 2007, (but shall apply to any costs associated with the termination or full or partial abrogation of such contract) until the first day of the first month beginning at least 120 days after the date of enactment of this Act.

SEC. 4009. GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.

Section 11(t)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(t)(1)) is amended by striking "2007" and inserting "2012".

SEC. 4010. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended—

(1) by striking the section heading and all that follows through "(a) Any approved", and inserting the following:

"SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

"(a) DISQUALIFICATION.—

"(1) IN GENERAL.—An approved";

(2) in subsection (a)—

(A) in the 1st sentence by striking "$10,000 for each violation" and all that follows through the period at the end, and inserting "$100,000 for each violation."; and

(B) in the 2d sentence—

(i) by striking "Regulations" and inserting the following:

"(2) REGULATIONS.—Regulations";

(ii) by striking "violation and" and inserting "violation of";

(iii) by inserting a comma after "disqualification of"; and

(iv) by striking "a retail store" and inserting "and the assessment of a civil money penalty against, a retail store";

(3) in subsection (b)—

(A) by striking "(b) Disqualification" and all that follows through "shall be—", and inserting the following:

"(b) PERIOD OF DISQUALIFICATION.—Subject to subsection (c), a disqualification shall be—";

(B) in paragraph (1) by striking "of no less than six months nor more than five years" and inserting "not to exceed 5 years";

(C) in paragraph (2) by striking "of no less than twelve months nor more than ten years" and inserting "not to exceed 10 years.";

(D) in paragraph (3)—

(i) in subparagraph (B)—

(I) by striking "coupons or trafficking in coupons or authorization cards" each place it appears, and inserting "program access devices or benefit instruments or trafficking in program access devices or benefit instruments"; and

(II) by inserting "or a finding of the unauthorized redemption, use, transfer, acquisition, alteration, or possession of benefits or access devices" after "concern" the 1st place it appears;

(4) in paragraph (3)(C) by striking "and" at the end;

(5) in subsection (c)—

(A) by striking "(c) The action" and inserting the following:

"(c) TREATMENT OF DISQUALIFICATION AND PENALTY DETERMINATIONS.—

"(1) REVIEW.—The action"; and

(B) by striking "coupons" and inserting "benefits";

(6) in subsection (d) by striking "coupons" in each place it appears and inserting "benefits";

(7) in subsection (f) by striking "food coupons" and inserting "benefits";

(8) by redesignating subsection (c) through (g) as subsection (d) through (h), respectively;

(9) inserting after subsection (b) the following:

"(c) In addition to a disqualification under subsection (b), the Secretary may assess a civil monetary penalty of up to $100,000;"; and

(10) by adding at the end:

"(i) The Secretary shall, in consultation with the Inspector General of the Department of Agriculture, provide for procedures by which the processing of benefit redemptions for certain retail food stores and wholesale food concerns may be immediately suspended pending administrative action to disqualify such a store or concern. Under the procedures prescribed pursuant to this subsection, if the Secretary, in consultation with the Inspector General, determines that a retail food store or wholesale food concern is engaged in flagrant violations of this Act or the regulations issued pursuant to this Act, unsettled benefits that have been redeemed by the retail food store or wholesale food concern may be suspended and, if the suspension is upheld, subject to forfeiture pursuant to section 12(g). If the disqualification action not upheld, suspended funds held by the Secretary shall be released to such store or such concern. The Secretary shall not be liable for the value of any interest on funds suspended under this subsection.".

SEC. 4011. MAJOR SYSTEMS FAILURES.

Section 13(b) of the Food Stamp Act of 1977 (7 U.S.C. 2022(b)) is amended by adding at the end the following:

"(5) OVER ISSUANCES CAUSED BY SYSTEMIC STATE ERRORS.—

"(A) IN GENERAL.—If the Secretary determines that a State agency over issued benefits to a substantial number of households in a fiscal year as a result of a major systemic error by the State agency, as determined by the Secretary, the Secretary may prohibit the State agency from collecting these over issuances from some or all households.

"(B) PROCEDURES.—

"(i) INFORMATION REPORTING BY STATES.—Every State agency shall provide to the Secretary all information requested by the Secretary concerning the issuance of benefits to households by the State agency in the applicable fiscal year.

"(ii) FINAL DETERMINATION.—After reviewing relevant information provided by a State agency, the Secretary shall make a final determination—

"(I) whether the State agency over issued benefits to a substantial number of households as a result of a systemic error in the applicable fiscal year; and

"(II) as to the amount of the over issuance in the applicable fiscal year for which the State agency is liable.

"(iii) ESTABLISHING A CLAIM.—Upon determining under clause (ii) that a State agency has over issued benefits to households due to a major systemic error determined under subparagraph (A), the Secretary shall establish a claim against the State agency equal to the value of the over issuance caused by the systemic error.

"(iv) ADMINISTRATIVE AND JUDICIAL REVIEW.—Administrative and judicial review, as provided in section 14, shall apply to the final determinations by the Secretary under clause (ii).

"(v) REMISSION TO THE SECRETARY.—

"(I) DETERMINATION NOT APPEALED.—If the determination of the Secretary under clause (ii) is not appealed, the State agency shall, as soon as practicable, remit to the Secretary the dollar amount specified in the claim under clause (iii).

"(II) DETERMINATION APPEALED.—If the determination of the Secretary under clause (ii) is appealed, upon completion of administrative and judicial review under clause (iv), and a finding of liability on the part of the State, the appealing State agency shall, as soon as practicable, remit to the Secretary a dollar amount subject to the finding of the administrative and judicial review.

"(vi) ALTERNATIVE METHOD OF COLLECTION.—

"(I) IN GENERAL.—If a State agency fails to make a payment under clause (v) within a reasonable period of time, as determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this Act by the amount due.

"(II) ACCRUAL OF INTEREST.—During the period of time determined by the Secretary to be reasonable under subclause (I), interest in the amount owed shall not accrue.

"(vii) LIMITATION.—Any liability amount established under section 16(c)(1)(C) shall be reduced by the amount of the claim established under this subparagraph.".

SEC. 4012. FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.

Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)(vii) by striking "fiscal years 2002 through 2007" and inserting "fiscal years 2008 through 2012"; and

(2) in subparagraph (E)(i) by striking "fiscal years 2002 through 2007" and inserting "fiscal years 2008 through 2012".

SEC. 4013. 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 subparagraph (A) by striking "2007" and inserting "2012"; and

(2) in subparagraph (B)(ii) by striking "2007" and inserting "2012".

SEC. 4014. 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 "2007" and inserting "2012".

SEC. 4015. FINDINGS OF CONGRESS REGARDING SECURE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM NUTRITION EDUCATION.

(a) FINDINGS.—The Congress finds the following:

(1) Nutrition education under the Food Stamp Act of 1977 plays an essential role in improving the dietary and physical activity practices of low income Americans, helping to reduce food insecurity, prevent obesity, and reduce the risks of chronic disease.

(2) Expert bodies, such as the Institute of Medicine, indicate that dietary and physical activity behavior change is more likely to result from the combined application of public health approaches and education than from individual education alone.

(3) State programs are currently implementing such nutrition education using effective strategies, including direct education, group activities, and social marketing.

(b) SUPPORT NUTRITION EDUCATION.—The Secretary of Agriculture should support and encourage the most effective interventions for nutrition education under the Food Stamp Act of 1977, including public health approaches as well as traditional education, to increase the likelihood that recipients of Secure Supplemental Nutrition Assistance benefits and those who are potentially eligible for such benefits will choose diets and physical activity practices consistent with the Dietary Guidelines for Americans. To promote the most effective implementation of publicly funded programs, State nutrition education activities under the Food Stamp Act of 1977 should be coordinated with other federally funded food assistance and public health programs and should leverage public/private partnerships to maximize resources and impact.

SEC. 4016. NUTRITION EDUCATION AND PROMOTION INITIATIVE TO ADDRESS OBESITY.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by adding at the end the following:

"(k) NUTRITION EDUCATION AND PROMOTION INITIATIVE TO ADDRESS OBESITY.—

"(1) IN GENERAL.—The Secretary shall establish a demonstration program, to be known as the 'Initiative to Address Obesity Among Low-Income Americans' (referred to in this subsection as the 'Initiative'), to develop and implement solutions to reduce obesity in the United States.

"(A) SELECTION.—The Secretary shall solicit and competitively select demonstration proposals for strategies to address obesity among low-income Americans.

"(B) EVALUATION.—The effectiveness of these strategies shall be rigorously evaluated to assess the impact on overweight and obesity among low-income persons.

"(C) DISSEMINATION.—Evaluation results shall be shared broadly to inform policy makers, service providers, other partners, and the public in order to promote wide use of successful strategies.

"(2) GRANTS.—

"(A) IN GENERAL.—In carrying out the Initiative, the Secretary may enter into competitively awarded contracts or cooperative agreements with, or grants to, public or private organizations or agencies as defined by the Secretary, for use in accordance with projects that meet the strategy goals of the Initiative.

"(B) APPLICATION.—To be eligible to receive a contract, cooperative agreement, or grant under this paragraph, an organization shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

"(C) SELECTION CRITERIA.—Demonstration proposals shall be evaluated against publicly disseminated criteria that include—

"(i) identification of a low-income target audience that corresponds to individuals living in households with incomes at or below 185 percent of the poverty level;

"(ii) incorporation of a scientifically-based strategy that is designed to improve diet quality through more healthful food purchases, preparation, or consumption;

"(iii) a commitment to a demonstration plan that allows for a rigorous outcome evaluation, including data collection; and

"(iv) other criteria, as determined by the Secretary.

"(D) USE OF FUNDS.—

"(i) PROHIBITION.—Funds shall not be used for projects that limit the use of benefits.

"(ii) MONITORING AND EVALUATION.—The Secretary may use funds provided for the Initiative to pay costs associated with monitoring, evaluation, and dissemination of the Initiative's findings.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $10,000,000 for each of the fiscal years 2008 through 2012, except that no new grants may be made under this subsection after September 30, 2012.".

SEC. 4017. AUTHORIZATION OF APPROPRIATIONS.

Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "2003 through 2007" and inserting "2008 through 2012".

SEC. 4018. CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.

Section 19(a)(2)(A)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(2)(A)(ii)) is amended in subparagraph (A)(ii) by striking "2007" and inserting "2012".

SEC. 4019. STUDY ON COMPARABLE ACCESS TO SECURE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS FOR PUERTO RICO.

Section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by adding at the end the following:

"(e) STUDY.—The Secretary shall conduct a study of the feasibility and effects of including the Commonwealth of Puerto Rico under section 3(m), in lieu of providing the block grant under this section. The study shall include—

"(1) an assessment of the administrative, financial management, and other changes that would be required by the Commonwealth to establish a comparable Secure Supplemental Nutrition Assistance Program;

"(2) a discussion of the appropriate program rules under the other sections of the Act, such as benefit levels under section 3(o), income eligibility standards under sections 5 and 6, and deduction levels under section 5(e), for the Commonwealth to establish a comparable Secure Supplemental Nutrition Assistance Program;

"(3) an estimate of the impact on Federal and Commonwealth benefit and administrative costs;

"(4) an estimate of the impact of the Secure Supplemental Nutrition Assistance Program on hunger and food insecurity among low-income Puerto Ricans, and

"(5) such other findings as the Secretary deems appropriate.".

SEC. 4020. REAUTHORIZATION OF COMMUNITY FOOD PROJECT COMPETITIVE GRANTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 25 of the Food Stamp Act of 1977 (U.S.C. 2034) is amended—

(1) in subsections (c), (d), (e)(1), and (f)(1) by striking "subsection (b)" each place it appears and inserting "subsection (g)";

(2) by striking subsection (b);

(3) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively; and

(4) by inserting after paragraph (f) the following:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to make grants available to assist eligible private nonprofit entities to establish and carry out community food projects $30,000,000 for each of the fiscal years 2008 through 2012.".

(b) PREFERENCES FOR CERTAIN PROJECTS.—Subsection (c) of section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034), as so redesignated by subsection (a) of this section, is amended—

(1) in paragraph (3) by striking "or" at the end;

(2) in paragraph (4) by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(5) serve special needs in areas of—

"(A) transportation and processing for expanding institutional and emergency food service demand for local food;

"(B) retail access to healthy foods in underserved markets;

"(C) integration of urban and metro-area food production in food projects; and

"(D) technical assistance for youth, socially disadvantaged individuals, and limited resource groups."

(c) MATCHING FUND REQUIREMENTS.—Subsection (d)(1) of section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034), as so redesignated by subsection (a) of this section, is amended by striking "50" and inserting "75".

(d) TERM OF GRANT.—Subsection (e)(2) of section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034(e)(2)), as so redesignated by subsection (a) of this section, is amended by striking "3" and inserting "5".

(e) FUNDING FOR INNOVATIVE PROGRAMS.—Subsection (h)(4) of section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034), as so redesignated by subsection (a) of this section, is amended—

(1) by striking "fiscal years 2003 though 2007" and inserting "fiscal years 2008 through 2012"; and

(2) by striking "200,000" and inserting "$500,000".

SEC. 4021. EMERGENCY FOOD ASSISTANCE.

Section 27(a) of the Food Stamp Act of 1977 (7 U.S.C. 2036(a)) is amended by striking "2007" and inserting "2012".

Subtitle B—Commodity Distribution

SEC. 4201. AUTHORIZATION OF APPROPRIATIONS.

Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended by striking "$60,000,000 for each of the fiscal years 2003 through 2007" and inserting " $100,000,000 for each of the fiscal years 2008 through 2012".

SEC. 4202. DISTRIBUTION OF SURPLUS COMMODITIES; SPECIAL NUTRITION PROJECTS.

Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(a)(2)(A)) is amended by striking "2007" and inserting "2012".

SEC. 4203. COMMODITY DISTRIBUTION PROGRAM.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by striking "2007" and inserting "2012".

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act (7 U.S.C. 612c note) is amended—

(1) in subsection (a)—

(A) in paragraph (1) by striking "fiscal years 2003 through 2007" and inserting "for fiscal year 2008 and each fiscal year thereafter"; and

(B) in paragraph (2)(B)—

(i) in the heading by striking in "2007" and inserting "2012"; and

(ii) by striking "2007" and inserting "2012";

(2) in subsection (d)(2) by inserting ", and for each fiscal year thereafter," after "2007";

(3) by amending subsection (g) to read as follows:

"(g) USE OF RESOURCES.—Each local agency shall use funds made available to the agency to provide assistance under the program to low-income elderly individuals, women, infants, and children in need for food assistance in accordance with such regulations as the Secretary may prescribe.";

(4) in paragraphs (2) and (3) of subsection (h) by inserting "elderly individuals," before "pregnant"; and

(5) by adding at the end the following:

"(m) INCOME ELIGIBILITY STANDARDS.—The Secretary shall establish maximum income eligibility standards to be used in conjunction with such other risk criteria as may be appropriate in determining eligibility for the program. Such income standards shall be the same for all pregnant, postpartum, and breastfeeding women, for infants, for children, and for elderly individuals qualifying for the program, and shall not exceed the maximum income limit prescribed under section 17(d)(2)(A)(i) of the Child Nutrition Action of 1966 (42 U.S.C. 1786(d)(2)(A)(i)).".

Subtitle C—Child Nutrition and Related Programs

SEC. 4301. PURCHASE OF FRESH FRUITS AND VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND SERVICE INSTITUTIONS.

Section 10603 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 612c–4) is amended by striking subsection (b) and inserting the following new subsection:

"(b) PURCHASE OF FRESH FRUITS AND VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND SERVICE INSTITUTIONS.—

"(1) PURCHASE AUTHORITY.—The Secretary of Agriculture shall purchase fresh fruits and vegetables for distribution to schools and service institutions in accordance with section 6(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(a)), using, of the amount specified in subsection (a)—

"(A) not less than $50,000,000 for each of fiscal years 2008 and 2009; and

"(B) not less than $75,000,000 for each of fiscal years 2010 through 2012.

"(2) SERVICING AGENCY.—The Secretary of Agriculture may provide for the Secretary of Defense to serve as the servicing agency for the procurement of the fresh fruits and vegetables under this subsection on the same terms and conditions as provided in the memorandum of agreement entered into between the Agricultural Marketing Service, the Food and Consumer Service, and the Defense Personnel Support Center during August 1995 (or any successor memorandum of agreement).".

SEC. 4302. BUY AMERICAN REQUIREMENTS.

(a) FINDINGS.—The Congress finds the following:

(1) Federal law requires that commodities and products purchased with Federal funds be, to the extent practicable, of domestic origin.

(2) Federal Buy American statutory requirements seek to ensure that purchases made with Federal funds benefit domestic producers.

(3) The Richard B. Russell National School Lunch Act requires the use of domestic food products for all meals served under the program, including foods products purchased with local funds.

(b) BUY AMERICAN STATUTORY REQUIREMENTS.—The Department of Agriculture should undertake training, guidance, and enforcement of the various current Buy American statutory requirements and regulations, including those of the National School Lunch Act and the DOD Fresh program.

SEC. 4303. EXPANSION OF FRESH FRUIT AND VEGETABLE PROGRAM.

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

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "July 2004" and inserting "July 2007"; and

(B) in paragraph (1) by amending subparagraphs (A) and (B) to read as follows:

"(A) 35 elementary or secondary schools in each State;

"(B) additional elementary or secondary schools in each State in proportion to the student population of the State; and";

(2) in paragraph (3)(A) by striking "paragraph (1)(B)" and inserting "paragraph (1)";

(3) in paragraph (5) in each of subparagraphs (A) and (B), by striking "2008" and inserting "2012"; and

(4) in paragraph (6)(B)—

(A) in clause (i)—

(i) by striking "October 1, 2004, and on each October 1 thereafter," and inserting "October 1, 2007, and on each October 1 thereafter,"; and

(ii) by striking "$9,000,000" and inserting "$70,000,000"; and

(B) by adding at the end the following:

"(iii) ADMINISTRATIVE EXPENSES.—For fiscal year 2009 and each fiscal year thereafter, of the amount available to carry out this subsection, the Secretary may reserve not more than 1 percent of that amount for administrative expenses in carrying out this subsection.

"(iv) STATE ADMINISTRATIVE COSTS.—For fiscal year 2009 and each fiscal year thereafter, of the amount received by a State to carry out this subsection, the State may use not more than 5 percent of that amount for administrative expenses in carrying out this subsection. To be eligible to use such funds for such expenses, the State must submit to the Secretary a plan indicating how the State intends to use such funds.

"(v) FEDERAL REQUIREMENTS.—The Secretary shall establish requirements to be followed by States in administering this subsection. The initial set of requirements shall be established not later than 1 year after the date of the enactment of this clause.".

SEC. 4304. PURCHASES OF LOCALLY PRODUCED FOODS.

Section 9(j) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)) is amended to read as follows:

"(j) PURCHASES OF LOCALLY PRODUCED FOODS.—The Secretary shall—

"(1) encourage institutions receiving funds under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) to purchase locally produced foods, to the maximum extent practicable and appropriate;

"(2) advise institutions participating in a program described in paragraph (1) of the policy described in that paragraph and post information concerning the policy on the website maintained by the Secretary; and

"(3) allow institutions receiving funds under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), including the Department of Defense Fresh Fruit and Vegetable Program, to use a geographic preference for the procurement of locally produced foods.".

Subtitle D—Miscellaneous

SEC. 4401. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) AMENDMENT.—Section 4402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007) is amended—

(1) by amending subsection (a) to read as follows:

"(a) AUTHORIZATION.—

"(1) The Secretary of Agriculture shall use $15,000,000 for each of fiscal years 2008 through 2012 of the funds available to the Commodity Credit Corporation to carry out and expand the seniors farmers' market nutrition program.

"(2) There are authorized to be appropriated $20,000,000 for fiscal year 2008, $30,000,000 for fiscal year 2009, $45,000,000 for fiscal year 2010, $60,000,000 for fiscal year 2011, and $75,000,000 for fiscal year 2012 to carry out and expand the seniors farmers' market nutrition program.";

(2) in subsection (b)(1) by inserting "honey," after "vegetables,";

(3) by amending subsection (c) to read as follows:

"(c) EXCLUSION OF BENEFITS IN DETERMINING ELIGIBILITY FOR OTHER PROGRAMS.—The value of any benefit provided to any eligible seniors farmers' market nutrition program recipient under this section shall not be considered to be income or resources for any purposes under any Federal, State, or local law."; and

(4) by adding at the end the following:

"(d) PROHIBITION ON COLLECTION OF SALES TAX.—The State shall ensure that no State or local taxes are collected within the State on purchases of food with coupons distributed under the seniors farmers' market nutrition program.

"(e) REGULATIONS.—The Secretary may issue such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program.".

SEC. 4402. CONGRESSIONAL HUNGER CENTER.

Section 4404 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1621 note) is amended to read as follows:

"SEC. 4404. BILL EMERSON NATIONAL HUNGER FELLOWS AND MICKEY LELAND INTERNATIONAL HUNGER FELLOWS.

"(a) SHORT TITLE.—This section may be cited as the 'Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Program Act of 2007'.

"(b) FINDINGS.—The Congress finds as follows:

"(1) There is a critical need for compassionate individuals who are committed to assisting people who suffer from hunger to initiate and administer solutions to the hunger problem.

"(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated his commitment to solving the problem of hunger in a bipartisan manner, his commitment to public service, and his great affection for the institution and ideals of the Congress of the United States.

"(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated his compassion for those in need, his high regard for public service, and 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.

"(5) These two 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, and therefore it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by creating 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) ADMINISTRATOR.—The term 'Administrator' means—

"(A) if the Secretary of Agriculture enters into a contract described in subsection (d)(3), the head of the Congressional Hunger Center; or

"(B) if the Secretary does not enter into such a contract, the Secretary.

"(2) FELLOW.—The term 'fellow' means—

"(A) a Bill Emerson Hunger Fellow; or

"(B) a Mickey Leland Hunger Fellow

"(3) FELLOWSHIP PROGRAMS.—The term 'Fellowship Programs' means the Bill Emerson National Hunger Fellowship Program and the Mickey Leland International Hunger Fellowship Program established by subsection (d).

"(d) FELLOWSHIP PROGRAM.—There is established in the Department of Agriculture the Bill Emerson National Hunger Fellowship Program and the Mickey Leland International Hunger Fellowship Program.

"(1) PURPOSES.—The purposes of the Fellowship Programs are—

"(A) to encourage future leaders of the United States to pursue careers in humanitarian and public service, to recognize the needs of low-income people and hungry people, and to provide assistance to people in need; and

"(B) to seek public policy solutions to the challenges of hunger and poverty, to provide training and development opportunities for such leaders through placement in programs operated by appropriate organizations or entities.

"(2) FOCUS OF PROGRAMS.—

"(A) FOCUS OF BILL EMERSON HUNGER FELLOWSHIP PROGRAM.—The Bill Emerson Hunger Fellowship Program shall address hunger and poverty in the United States.

"(B) FOCUS OF MICKEY LELAND HUNGER FELLOWSHIP PROGRAM.—The Mickey Leland Hunger Fellowship Program shall address international hunger and other humanitarian needs.

"(3) ADMINISTRATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall offer to enter into a contract with the Congressional Hunger Center to administer the Fellowship Programs.

"(B) REQUIREMENT.—As a condition of a contract described in subparagraph (A), the Congressional Hunger Center shall agree to submit to Congress each year the results of an independent financial audit that demonstrates that the Congressional Hunger Center uses accounting procedures that conform to generally accepted accounting principles and auditing procedures that conform to chapter 75 of title 31, United States Code (commonly known as the 'Single Audit Act of 1984').

"(e) FELLOWSHIPS.—

"(1) IN GENERAL.—The Administrator shall make available Bill Emerson Hunger Fellowships and Mickey Leland Hunger Fellowships in accordance with this subsection.

"(2) CURRICULUM.—

"(A) IN GENERAL.—The fellowship programs shall provide experience and training to develop the skills necessary to train fellows to carry out the purposes described in subsection (d)(1), including—

"(i) training in direct service programs for the hungry and other anti-hunger programs in conjunction with community-based organizations through a program of field placement; and

"(ii) providing experience in policy development through placement in a governmental entity or nongovernmental, nonprofit, or private sector organization.

"(B) WORK PLAN.—To carry out subparagraph (A) and assist in the evaluation of the fellowships under paragraph (6), the Administrator shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including specific duties and responsibilities relating to those objectives.

"(3) PERIOD OF FELLOWSHIP.—

"(A) EMERSON FELLOW.—A Bill Emerson Hunger Fellowship awarded under this subsection shall be for not more than 15 months.

"(B) LELAND FELLOW.—A Mickey Leland Hunger Fellowship awarded under this subsection shall be for not more than 2 years.

"(4) SELECTION OF FELLOWS.—

"(A) IN GENERAL.—Fellowships shall be awarded pursuant to a nationwide competition established by the Administrator.

"(B) QUALIFICATIONS.—A successful program 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) leadership potential or actual leadership experience;

"(iii) diverse life experience;

"(iv) proficient writing and speaking skills;

"(v) an ability to live in poor or diverse communities; and

"(vi) such other attributes as are considered to be appropriate by the Administrator.

"(5) AMOUNT OF AWARD.—

"(A) IN GENERAL.—A fellow shall receive a living allowance during the term of the Fellowship and, subject to subparagraph (B), an end-of-service award.

"(B) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each fellow shall be entitled to receive an end-of-service award at an appropriate

rate for each month of satisfactory service completed, as determined by the Administrator.

"(C) TERMS OF FELLOWSHIP.—A fellow shall not be considered an employee of—

"(i) the Department of Agriculture;

"(ii) the Congressional Hunger Center; or

"(iii) a host agency in the field or policy placement of the fellow.

"(D) RECOGNITION OF FELLOWSHIP AWARD.—

"(i) EMERSON FELLOW.—An individual awarded a fellowship from the Bill Emerson Hunger Fellowship shall be known as an 'Emerson Fellow'.

"(ii) LELAND FELLOW.—An individual awarded a fellowship from the Mickey Leland Hunger Fellowship shall be known as a 'Leland Fellow'.

"(6) EVALUATION.—The Administrator shall conduct periodic evaluations of the Fellowship Programs.

"(f) AUTHORITY.—

"(1) IN GENERAL.—Subject to paragraph (2), in carrying out this section, the Administrator may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of facilitating the work of the Fellowship Programs.

"(2) LIMITATION.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be used exclusively for the purposes of the Fellowship Programs.

"(g) REPORT.—Each year, the Administrator 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 that describes the activities and expenditures of the Fellowship Programs during the preceding fiscal year.

"(h) FUNDING.—There is authorized to be appropriated to the Secretary to carry out this section $3,000,000 for each of the fiscal years 2008 through 2012.".

SEC. 4403. JOINT NUTRITION MONITORING AND RELATED RESEARCH ACTIVITIES.

Subtitle D of title IV of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 333) is amended—

(1) by redesignating section 4405 (2 U.S.C. 1161 note; Public Law 107–171) as section 4406; and

(2) by inserting after section 4404 the following:

"SEC. 4405. JOINT NUTRITION MONITORING AND RELATED RESEARCH ACTIVITIES.

"The Secretary of Agriculture and the Secretary of Health and Human Services shall continue to provide jointly for national nutrition monitoring and related research activities carried out as of the date of enactment of this section—

"(1) to collect continuous dietary, health, physical activity, and diet and health knowledge data on a nationally representative sample;

"(2) to periodically collect data on special at-risk populations, as identified by the Secretaries;

"(3) to distribute information on health, nutrition, the environment, and physical activity to the public in a timely fashion;

"(4) to analyze new data that becomes available;

"(5) to continuously update food composition tables; and

"(6) to research and develop data collection methods and standards.".

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

Sec. 5001. Conservation loan guarantee program.
Sec. 5002. Limitations on amount of ownership loans.
Sec. 5003. Down payment loan program.
Sec. 5004. Beginning farmer and rancher contract land sales program.

Subtitle B—Operating Loans

Sec. 5011. Limitations on amount of operating loans.
Sec. 5012. Suspension of limitation on period for which borrowers are eligible for guaranteed assistance.

Subtitle C—Administrative Provisions

Sec. 5021. Inventory sales preferences.
Sec. 5022. Loan fund set-asides.
Sec. 5023. Transition to private commercial or other sources of credit.
Sec. 5024. Extension of the right of first refusal to reacquire homestead property to immediate family members of borrower-owner.
Sec. 5025. Rural development and farm loan program activities.

Subtitle D—Farm Credit

Sec. 5031. Agribusiness loan eligibility.
Sec. 5032. Loan-to-asset value requirements.
Sec. 5033. Population limit for single-family housing loans.
Sec. 5034. Bank for cooperatives voting stock.
Sec. 5035. Majority farmer control requirement.
Sec. 5036. Borrower stock requirement.
Sec. 5037. Rural utility loans.
Sec. 5038. Farm Credit System Insurance Corporation.
Sec. 5039. Risk-based capital levels.
Sec. 5040. Loans to purchasers of highly fractioned lands.

Subtitle A—Farm Ownership Loans

SEC. 5001. CONSERVATION LOAN GUARANTEE PROGRAM.

Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended to read as follows:

"SEC. 304. CONSERVATION LOAN GUARANTEE PROGRAM.

"(a) IN GENERAL.—The Secretary may provide a loan guarantee, an interest subsidy, or both, to enable an eligible borrower to obtain a qualified conservation loan.

"(b) PRIORITY.—In providing loan guarantees under this section, the Secretary shall give priority to—

"(1) qualified beginning farmers or ranchers;

"(2) socially disadvantaged farmers or ranchers (as defined in section 355(e)(2));

"(3) owners or tenants who use the loans to covert to sustainable or organic agricultural production systems; and

"(4) producers who use the loans to build conservation structures or establish conservation practices to comply with section 1212 of the Food Security Act of 1985.

"(c) DEFINITIONS.—In this section:

"(1) ELIGIBLE BORROWER.—The term 'eligible borrower' means a farmer, rancher, farm cooperative, private domestic corporation, partnership, joint operation, trust, or limited liability company, that is engaged primarily and directly in agricultural production in the United States.

"(2) QUALIFIED CONSERVATION LOAN.—The term 'qualified conservation loan' means a loan that meets the following requirements:

"(A) PURPOSE.—The loan proceeds are required to be used to cover the costs to the borrower of carrying out a qualified conservation project.

"(B) PRINCIPAL AMOUNT.—The principal amount of the loan is not more than $1,000,000.

"(C) REPAYMENT PERIOD.—The loan repayment period shall not exceed 10 years.

"(D) LIMITED PROCESSING FEE.—The total of all processing fees charged with respect to the loan does not exceed such amount as shall be prescribed by the Secretary.

"(3) QUALIFIED CONSERVATION PROJECT.—The term 'qualified conservation project' means, with respect to an eligible borrower, conservation measures that address provisions of a conservation plan of the borrower.

"(4) CONSERVATION PLAN.—The term 'conservation plan' means a plan, approved by the Secretary, that, for a farming or ranching operation, identifies the conservation activities that will be addressed with guaranteed loan funds provided under this section, including—

"(A) the installation of conservation structures;

"(B) the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes;

"(C) the installation of water conservation measures;

"(D) the installation of waste management systems;

"(E) the establishment or improvement of permanent pasture;

"(F) compliance with section 1212 of the Food Security Act of 1985;

"(G) other purposes consistent with the plan; and

"(H) any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.

"(d) LIMITATIONS APPLICABLE TO LOAN GUARANTEES.—

"(1) LIMITATION ON AMOUNT OF GUARANTEE.—The portion of a loan that the Secretary may guarantee under this section shall be not less than 80 percent and not more than 90 percent of the principal amount of the loan.

"(2) LIMITATION ON TOTAL AMOUNT OUTSTANDING.—The aggregate principal amount of outstanding loans guaranteed by the Secretary under this section shall not exceed $1,000,000.

"(e) LIMITATION ON AMOUNT OF INTEREST SUBSIDY.—The interest subsidy which the Secretary may provide under this section with respect to a loan shall result in a reduction of the interest rate agreed upon by the borrower and the lender (but to not less than zero) by—

"(1) 500 basis points, if the principal amount of the loan is less than $100,000;

"(2) 400 basis points, if the principal amount of the loan is not less than $100,000 and is less than $500,000; and

"(3) 300 basis points, in any other case.

"(f) ADMINISTRATIVE PROVISIONS.—

"(1) AUTHORITY TO COLLECT PROCESSING FEE.—The Secretary may assess a fee to cover the cost of processing an application under this section equal to not more than 1 percent of the principal amount of the loan sought by the applicant, as described in the application.

"(2) APPROVAL OF APPLICATION.—The Secretary shall not approve an application submitted pursuant to this section, unless the Secretary has determined that—

"(A) the loan sought by the applicant, as described in the application, would be a qualified conservation loan; and

"(B) the project for which the loan is sought is likely to result in a net benefit to the environment.

"(3) EQUITABLE DISTRIBUTION OF LOAN GUARANTEES AND INTEREST SUBSIDIES.—The Secretary shall ensure that loan guarantees and interest subsidies under this section are equitably distributed among agricultural producers according to the scale of the operations.

"(g) RELATIONSHIP WITH OTHER CONSERVATION PROGRAMS.—Neither the application for, nor the receipt of, a loan guarantee or an interest subsidy under this section shall affect the eligibility of the recipient for assistance under title XII of the Food Security Act of 1985 or the Watershed Protection and Flood Prevention Act.

"(h) AUTHORIZATION OF APPROPRIATIONS.—For each of fiscal years 2008 through 2012, there are authorized to be appropriated to the Secretary such funds as are necessary to carry out this section.".

SEC. 5002. LIMITATIONS ON AMOUNT OF OWNERSHIP LOANS.

Section 305 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925) is amended—

(1) in subsection (a)(2), by striking "$200,000" and inserting "$300,000"; and

(2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and inserting after subsection (a) the following:

"(b) GRADUATION PLAN.—The Secretary shall establish a plan, in coordination with activities under sections 359, 360, 361, and 362, to encourage each borrower with an outstanding loan under this subtitle to graduate to private commercial or other sources of credit.".

SEC. 5003. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (a)(1), by striking "and ranchers" and inserting "or ranchers and socially disadvantaged farmers or ranchers";

(2) in subsection (b)—

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

"(1) PRINCIPAL.—Each loan made under this section shall be in an amount that does not exceed 45 percent of the least of—

"(A) the purchase price of the farm or ranch to be acquired;

"(B) the appraised value of the farm or ranch to be acquired; or

"(C) $500,000.

"(2) INTEREST RATE.—The interest rate on any loan made by the Secretary under this section shall be a rate equal to the greater of—

"(A) the difference obtained by subtracting 4 percent from the interest rate for farm ownership loans under this subtitle; or

"(B) 1 percent."; and

(B) in paragraph (3), by striking "15" and inserting "20";

(3) in subsection (c)—

(A) in paragraph (1), by striking "10" and inserting "5";

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

(C) in paragraph (2)(B) (as so redesignated), by striking "15-year" and inserting "20-year"; and

(4) in subsection (d)—

(A) in paragraph (3)—

(i) by inserting "and socially disadvantaged farmers and ranchers (as defined in section 355(e)(2))" after "ranchers"; and

(ii) by striking "and" at the end;

(B) in paragraph (4), by striking "ranchers." and inserting "ranchers and socially disadvantaged farmers and ranchers (as defined in section 355(e)(2)); and"; and

(C) by adding at the end the following:

"(5) establish annual performance goals to promote the use of the down payment loan program and other joint financing participation loans as the preferred choice for direct real estate loans made by any lender to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as so defined).".

SEC. 5004. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is amended to read as follows:

"SEC. 310F. BEGINNING FARMER AND RANCHER AND SOCIALLY DISADVANTAGED FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

"(a) IN GENERAL.—The Secretary shall, in accordance with this section, guarantee a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as defined in section 355(e)(2)) on a contract land sales basis.

"(b) ELIGIBILITY.—In order to be eligible for a loan guarantee under subsection (a)—

"(1) the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher shall—

"(A) on the date the contract land sale that is subject of the loan is complete, own or operate the farm or ranch that is the subject of the contract land sale;

"(B) have a credit history that—

"(i) includes a record of satisfactory debt repayment, as determined by the Secretary; and

"(ii) is acceptable to the Secretary; and

"(C) demonstrate to the Secretary that the farmer or rancher, as the case may be, is unable to obtain sufficient credit without a guarantee to finance any actual need of the farmer or rancher, as the case may be at a reasonable rate or term;

"(2) the loan shall meet applicable underwriting criteria, as determined by the Secretary; and

"(3) to carry out the loan—

"(A) a commercial lending institution shall agree to serve as an escrow agent; or

"(B) the private seller, in cooperation with the farmer or rancher, shall use an appropriate alternate arrangement, as determined by the Secretary.

"(c) LIMITATIONS.—

"(1) DOWN PAYMENT.—The Secretary shall not provide a loan guarantee under subsection (a) if the contribution of the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher to the down payment for the farm or ranch that is the subject of the contract land sale would be less than 5 percent of the purchase price of the farm or ranch.

"(2) MAXIMUM PURCHASE PRICE.—The Secretary shall not provide a loan guarantee under subsection (a) if the purchase price or the appraisal value of the farm or ranch that is the subject of the contract land sale is greater than $500,000.

"(d) PERIOD OF GUARANTEE.—The period during which a loan guarantee under this section is in effect shall be the 10-year period beginning with the date the guarantee is provided.

"(e) GUARANTEE PLAN.—A private seller of a farm or ranch who makes a loan that is guaranteed by the Secretary under subsection (a) may select—

"(1) a prompt payment guarantee plan, which shall cover—

"(A) 3 amortized annual installments; or

"(B) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments); or

"(2) a standard guarantee plan, which shall cover an amount equal to 90 percent of the outstanding principal of the loan.".

Subtitle B—Operating Loans

SEC. 5011. LIMITATIONS ON AMOUNT OF OPERATING LOANS.

Section 313(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(a)(1)) is amended by striking "$200,000" and inserting "$300,000".

SEC. 5012. SUSPENSION OF LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

Section 5102 of the Farm Security And Rural Investment Act of 2002 (7 U.S.C. 1949 note; Public Law 107-171) is amended by striking "September 30, 2007" and inserting "January 1, 2008".

Subtitle C—Administrative Provisions

SEC. 5021. INVENTORY SALES PREFERENCES.

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 the subparagraph heading, by inserting "; SOCIALLY DISADVANTAGED FARMER OR RANCHER" after "OR RANCHER";

(ii) in clause (i), by inserting "or a socially disadvantaged farmer or rancher" after "or rancher";

(iii) by redesignating clauses (ii) through (iv) as clauses (iii) through (v), respectively;

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

"(ii) PRIORITY TO BE GIVEN TO SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.—In carrying out this subparagraph, the Secretary shall give priority to socially disadvantaged farmers and ranchers.";

(v) in clause (iii) (as so redesignated)—

(I) by inserting "or socially disadvantaged farmer or rancher" after "or rancher"; and

(II) by inserting ", subject to clause (ii)" before the period;

(vi) in clause (iv) (as so redesignated), by inserting "or a socially disadvantaged farmer or rancher" after "or rancher"; and

(vii) in clause (v) (as so redesignated), by inserting "and socially disadvantaged farmers and ranchers" after "and ranchers"; and

(B) in subparagraph (C), by inserting "or a socially disadvantaged farmer or rancher" after "or rancher";

(2) in paragraph (5)(B)—

(A) in clause (i)—

(i) in the clause heading, by inserting "; SOCIALLY DISADVANTAGED FARMER OR RANCHER" after "OR RANCHER";

(ii) by inserting "or a socially disadvantaged farmer or rancher" after "a beginning farmer or rancher"; and

(iii) by inserting "or the socially disadvantaged farmer or rancher" after "the beginning farmer or rancher";

(B) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively;

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

"(ii) PRIORITY TO BE GIVEN TO SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.—In carrying out clause (i), the Secretary shall give priority to socially disadvantaged farmers and ranchers."; and

(D) in clause (iii) (as so redesignated)—

(i) in the matter preceding subclause (I), by inserting "or a socially disadvantaged farmer or rancher" after "or rancher"; and

(ii) in subclause (II), by inserting "or the socially disadvantaged farmer or rancher" after "or rancher";

(3) in paragraph (6)—

(A) in subparagraph (A), by inserting "or a socially disadvantaged farmer or rancher" after "or rancher"; and

(B) in subparagraph (C)—

(i) in clause (i)(I), by inserting "and socially disadvantaged farmers and ranchers" after "and ranchers"; and

(ii) in clause (ii), by inserting "or socially disadvantaged farmers or ranchers" after "or ranchers"; and

(4) by adding at the end the following:

"(7) In this subsection, the term 'socially disadvantaged farmer or rancher' has the meaning given in section 355(e)(2).".

SEC. 5022. LOAN FUND SET-ASIDES.

Section 346(b)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)—

(i) in subclause (I), by striking "70 percent" and inserting "not less than 75 percent of the total amount made available under paragraph (1)"; and

(ii) in subclause (II)—

(I) in the subclause heading, by inserting "; PARTICIPATION LOANS" after "PAYMENT LOANS";

(II) by striking "60 percent" and inserting "not less than ⅔ of the amount reserved under subclause (I)"; and

(III) by inserting "and participation loans" after "section 310E"; and

(B) in clause (ii)(III), by striking "2003 through 2007, 35 percent" and inserting "2008 through 2012, not less than 50 percent of the total amount made available under paragraph (1)"; and

(2) in subparagraph (B)(i), by striking "25 percent" and inserting "not less than 40 percent of the total amount made available under paragraph (1)".

SEC. 5023. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 344 the following:

"SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.

"(a) IN GENERAL.—In making or insuring a farm loan under subtitle A or B, the Secretary shall establish a plan and promulgate regulations (including performance criteria) that promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest practicable period of time.

"(b) COORDINATION.—In carrying out this section, the Secretary shall integrate and coordinate the transition policy described in subsection (a) with—

"(1) the borrower training program established by section 359;

"(2) the loan assessment process established by section 360;

"(3) the supervised credit requirement established by section 361;

"(4) the market placement program established by section 362; and

"(5) other appropriate programs and authorities, as determined by the Secretary.".

SEC. 5024. EXTENSION OF THE RIGHT OF FIRST REFUSAL TO REACQUIRE HOMESTEAD PROPERTY TO IMMEDIATE FAMILY MEMBERS OF BORROWER-OWNER.

Section 352(c)(4)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2000(c)(4)(B)) is amended—

(1) in the 1st sentence, by striking ", the borrower-owner" inserting "of a borrower-owner who is a socially disadvantaged farmer or rancher (as defined in section 355(e)(2)), the borrower-owner or a member of the immediate family of the borrower-owner"; and

(2) in the 2nd sentence, by inserting "or immediate family member, as the case may be," before "from".

SEC. 5025. RURAL DEVELOPMENT AND FARM LOAN PROGRAM ACTIVITIES.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 364 the following:

"SEC. 365. RURAL DEVELOPMENT AND FARM LOAN PROGRAM ACTIVITIES.

"The Secretary may not complete a study of, or enter into a contract with a private party to carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing activity of the Secretary, including support personnel of the Department of Agriculture, relating to rural development or farm loan programs.".

Subtitle D—Farm Credit

SEC. 5031. AGRIBUSINESS LOAN ELIGIBILITY.

(a) LONG TERM LOANS.—

(1) ELIGIBLE BORROWERS.—Section 1.9 of the Farm Credit Act of 1971 (12 U.S.C. 2017) is amended—

(A) by striking "or" at the end of paragraph (2);

(B) by striking the period at the end of paragraph (3) and inserting "; or"; and

(C) by adding at the end the following:

"(4) persons primarily engaged in processing, preparing for market, handling, purchasing, testing, grading, distributing, or marketing farm or aquatic products; or primarily engaged in furnishing farm or aquatic business services, or farm or aquatic supplies, including inputs such as feed or fertilizer, equipment, and other capital goods to farmers, ranchers, or producers or harvesters of aquatic products, but only to the extent that the activities are related to renewable energy, except that a direct loan may not be made available under this title to a person eligible to borrow from a bank for cooperatives under section 3.7 or 3.8 (without regard to subsection (b)(1)(E) or (b)(1)(F) thereof).".

(2) LOAN PURPOSES.—Section 1.11 of such Act (12 U.S.C. 2019) is amended—

(A) in subsection (a)(1), by striking "farmers, ranchers, and producers or harvesters of aquatic products" and inserting "persons eligible under section 1.9(1)";

(B) in subsection (a)(2), by inserting "under paragraph (1)" after "Farm Credit Bank";

(C) in subsection (b)(1), by striking "rural residents" and inserting "persons eligible under section 1.9(3)";

(D) in subsection (c)(1), by striking "persons furnishing farm-related services to farmers and ranchers directly related to their on-farm operating needs" and inserting "persons eligible under section 1.9(2)"; and

(E) by adding at the end the following:

"(d) AGRIBUSINESS LOANS.—Loans to persons primarily engaged in processing, preparing for market, handling, purchasing, testing, grading, distributing, or marketing farm or aquatic products; or primarily engaged in furnishing farm or aquatic business services, or farm or aquatic supplies, including inputs such as feed or fertilizer, equipment, and other capital goods to farmers, ranchers, or producers or harvesters of aquatic products, who are eligible under section 1.9(4) may be made for necessary capital structures and equipment and initial working capital for the activities only to the extent that the activities are related to renewable energy.".

(b) SHORT- AND INTERMEDIATE-TERM LOANS.—Section 2.4(a) of such Act (12 U.S.C. 2075(a)) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; and"; and

(3) by adding at the end the following:

"(4) persons primarily engaged in processing, preparing for market, handling, purchasing, testing, grading, distributing, or marketing farm or aquatic products; or primarily engaged in furnishing farm or aquatic business services, or farm or aquatic supplies, including inputs such as feed or fertilizer, equipment, and other capital goods to farmers, ranchers, or producers or harvesters of aquatic products, but only to the extent that the activities are related to renewable energy, except that a direct loan may not be made available under this subsection to a person eligible to borrow from a bank for cooperatives under section 3.7 or 3.8 (without regard to subsection (b)(1)(E) or (b)(1)(F) thereof).".

(c) BANKS FOR COOPERATIVES LOANS.—Section 3.8(b)(1) of such Act (12 U.S.C. 2129(b)(1)) is amended by adding at the end the following:

"(E) Persons primarily engaged in processing, preparing for market, handling, purchasing, testing, grading, distributing, or marketing farm or aquatic products, or primarily engaged in furnishing farm or aquatic business services, or farm or aquatic supplies, including inputs such as feed or fertilizer, equipment, and other capital goods to farmers, ranchers, or producers or harvesters of aquatic products, but only to the extent that the activities are related to renewable energy, except that a direct loan may not be made available under this subparagraph to a farmer, rancher, or producer or harvester of aquatic products eligible to borrow from a farm credit institution under section 1.9(1) or 2.4(a)(1), or to a service provider eligible to borrow from a farm credit institution under section 1.9(2) or 2.4(a)(3) for all the provider's farm-related or aquatic-related business activities.".

SEC. 5032. LOAN-TO-ASSET VALUE REQUIREMENTS.

Section 1.10(a)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)(C)) is amended by striking "as may be authorized" and inserting "except as may be provided".

SEC. 5033. POPULATION LIMIT FOR SINGLE-FAMILY HOUSING LOANS.

(a) FARM CREDIT BANKS.—Section 1.11(b)(3) of the Farm Credit Act of 1971 (12 U.S.C. 2019(b)(3)) is amended by striking "2,500" and inserting "6,000".

(b) ASSOCIATIONS.—Section 2.4(b)(3) of such Act (12 U.S.C. 2075(b)(3)) is amended by striking "2,500" and inserting "6,000".

SEC. 5034. BANK FOR COOPERATIVES VOTING STOCK.

(a) IN GENERAL.—Section 3.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2124(c)) is amended by striking "and (ii)" and inserting "(ii) other categories of persons and entities described in sections 3.7 and 3.8 eligible to borrow from the bank, as determined by the bank's board of directors; and (iii)".

(b) CONFORMING AMENDMENTS.—Section 4.3A(c)(1)(D) of such Act (12 U.S.C. 2154a(c)(1)(D)) is amended by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and inserting after clause (i) the following:

"(ii) persons and entities eligible to borrow from the banks for cooperatives, as described in section 3.3(c)(ii);".

SEC. 5035. MAJORITY FARMER CONTROL REQUIREMENT.

Section 3.8(b)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)), as amended by section 531(c) of this Act, is amended by adding at the end the following:

"(F) Any association of farmers, or of producers or harvesters of aquatic products, or any federation of such associations, which has producer and investor classes of membership, but only if—

"(i) more than 50 percent of the voting control of the association is held by farmers, or producers or harvesters of aquatic products; and

"(ii) the producer class, if treated as a separate entity, operates on a cooperative basis.".

SEC. 5036. BORROWER STOCK REQUIREMENT.

Section 4.3A(c)(1)(E)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2154a(c)(1)(E)(i)) is amended by striking "not less than $1,000 or 2 percent of the amount of the loan, whichever is less" and inserting "determined by the institution".

SEC. 5037. RURAL UTILITY LOANS.

Section 8.0(9) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)) is amended—

(1) by striking "or" at the end of subparagraph (A)(iii);

(2) by striking the period at the end of subparagraph (B) and inserting "; or"; and

(3) by adding at the end the following:

"(C) that is a loan or interest in a loan for electric or telephone facilities by a cooperative lender to a borrower who has received or is eligible to receive a loan under the Rural Electrification Act (7 U.S.C. 901 et seq.), except that—

"(i) subsections (c) and (d) of section 8.6, and sections 8.8 and 8.9 shall not apply to the loan or interest in the loan or to an obligation backed by a pool of obligations relating to the loan or interest in the loan; and

"(ii) the loan or interest in the loan shall be considered to meet all standards for qualified loans for all purposes under this Act, subject to reasonable underwriting, security appraisal, and repayment standards established by the Corporation.".

SEC. 5038. FARM CREDIT SYSTEM INSURANCE CORPORATION.

(a) AUTHORITY TO PASS ALONG COST OF INSURANCE PREMIUMS.—Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended by striking the last sentence and inserting "The assessment on any such association or other financing institution for any period shall be computed in an equitable manner.".

(b) PREMIUMS; AMOUNT IN FUND NOT EXCEEDING SECURE BASE AMOUNT.—Section 5.55(a) of such Act (12 U.S.C. 2277a-4(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "(2), the annual" and inserting "(3), the";

(B) by striking subparagraphs (A) through (D) and inserting the following:

"(A) the average outstanding insured obligations issued by the bank for the calendar year, after deducting therefrom the percentages of the guaranteed portions of loans and investments described in paragraph (2), multiplied by 0.0020;

"(B) the average principal outstanding for the calendar year on loans made by the bank that are in nonaccrual status, multiplied by 0.0010; and

"(C) the average amount outstanding for the calendar year of other-than-temporarily impaired investments made by the bank, multiplied by 0.0010.";

(2) in paragraph (2), by striking "annual";

(3) in paragraph (3), in the matter preceding subparagraph (A), by striking "As used" and all that follows through "that" and inserting "As used in this section, the term 'government-guaranteed' when applied to loans or investments, means loans, credits, or investments, or portions of loans, credits, or investments, that"; and

(4) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and inserting after paragraph (1) the following:

"(2) DEDUCTIONS FROM AVERAGE OUTSTANDING INSURED OBLIGATIONS.—The average outstanding insured obligations issued by the bank for the calendar year referred to in subsection (a)(1)(A) of this section shall be reduced by deducting therefrom the sum of—

"(A) 90 percent of the sum of—

"(i) the average principal outstanding for such calendar year on the guaranteed portions of Federal government-guaranteed loans made by the bank that are in accrual status; and

"(ii) the average amount outstanding for the calendar year of the guaranteed portions of Federal government-guaranteed investments made by the bank that are not permanently impaired, as determined by the Corporation; and

"(B) 80 percent of the sum of—

"(i) the average principal outstanding for the calendar year on the guaranteed portions of State government-guaranteed loans made by the bank that are in accrual status; and

"(ii) the average amount outstanding for the calendar year of the guaranteed portions of State government-guaranteed investments made by the bank that are not permanently impaired, as determined by the Corporation.".

(c) PREMIUMS; AMOUNT IN FUND EXCEEDING SECURE BASE AMOUNT.—Section 5.55(b) of such Act (12 U.S.C. 2277a-4(b)) is amended by striking "annual".

(d) SECURE BASE AMOUNT.—Section 5.55(c) of such Act (12 U.S.C. 2277a-4(c)) is amended by striking the parenthetical phrase and inserting "(adjusted downward to exclude an amount equal to the sum of (1) 90 percent of (A) the guaranteed portions of principal outstanding on Federal government-guaranteed loans in accrual status made by the banks, and (B) the guaranteed portions of the amount of Federal government-guaranteed investments made by the banks that are not permanently impaired; and (2) 80 percent of (A) the guaranteed portions of principal outstanding on State government-guaranteed loans in accrual status made by the banks, and (B) the guaranteed portions of the amount of State government-guaranteed investments made by the banks that are not permanently impaired, as determined by the Corporation)".

(e) DETERMINATION OF LOAN AND INVESTMENT AMOUNTS.—Section 5.55(d) of such Act (12 U.S.C. 2277a-4(d)) is amended—

(1) in the subsection heading, by striking "PRINCIPAL OUTSTANDING" and inserting "LOAN AND INVESTMENT AMOUNTS";

(2) in the matter preceding paragraph (1), by striking "For" and all that follows through "—" and inserting "For the purpose of subsections (a) and (c) of this section, the principal outstanding on all loans made by an insured System bank or the amount outstanding on all investments made by an insured System bank shall be determined based on all loans or investments made—"; and

(3) in each of paragraphs (1) and (2), by inserting "or investments" before "because".

(f) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—Section 5.55(e) of such Act (12 U.S.C. 2277a-4(e)) is amended—

(1) in paragraph (3), by striking "the average secure base amount for the calendar year (as calculated on an average daily balance basis)" and inserting "the secure base amount";

(2) in paragraph (4), by striking subparagraph (B) and inserting the following:

"(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A) of this paragraph) as the average principal outstanding for the calendar year on insured obligations issued by the bank (after deducting therefrom the percentages of the guaranteed portions of loans and investments described in subsection (a)(2) of this section), bears to the average principal outstanding for the calendar year on insured obligations issued by all insured System

banks (after deducting therefrom the percentages of the guaranteed portions of loans and investments so described).”; and

(3) in paragraph (6)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking “beginning” and all that follows through “2005”;

(ii) by striking clause (i) and inserting the following:

“(i) subject to subparagraph (D), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the balance in its Allocated Insurance Reserves Account; and”; and

(iii) in clause (ii)—

(I) by striking “(C), (E), and (F)” and inserting “(C) and (E)”; and

(II) by striking “outstanding,” and all that follows and inserting “at the time of the termination of the Financial Assistance Corporation, of the balance in the Allocated Insurance Reserves Account established under subparagraph (1)(B).”;

(B) in subparagraph (C)—

(i) in clause (i), by striking “(in addition to the amounts described in subparagraph (F)(ii))”; and

(ii) by striking clause (ii) and inserting the following:

“(ii) TERMINATION OF ACCOUNT.—On disbursement of $56,000,000, the Corporation shall close the Account established under paragraph (1)(B) and transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs.”; and

(C) by striking subparagraph (F).

(g) CERTIFICATION OF PREMIUMS.—

(1) FILING CERTIFIED STATEMENT.—Section 5.56(a) of such Act (12 U.S.C. 2277a-5(a)) is amended to read as follows:

“(a) FILING CERTIFIED STATEMENT.—On a date to be determined in the sole discretion of the Corporation’s Board of Directors, each insured System bank that became insured before the beginning of the period for which premiums are being assessed (in this section referred to as the ‘period’) shall file with the Corporation a certified statement showing—

“(1) the average outstanding insured obligations for the period issued by the bank;

“(2) the average principal outstanding for the period on the guaranteed portion of Federal government-guaranteed loans that are in accrual status and the average amount outstanding for the period of Federal government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

“(3) the average principal outstanding for the period on State government-guaranteed loans that are in accrual status and the average amount outstanding for the period of State government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

“(4) the average principal outstanding for the period on loans that are in nonaccrual status and the average amount outstanding for the period of other-than-temporarily impaired investments; and

“(5) the amount of the premium due the Corporation from the bank for the period.”.

(2) PREMIUM PAYMENTS.—Section 5.56(c) of such Act (12 U.S.C. 2277a-5(c)) is amended to read as follows:

“(c) PREMIUM PAYMENTS.—Each insured System bank shall pay to the Corporation the premium payments required under subsection (a), not more frequently than once in each calendar quarter, in such manner and at such time or times as the Board of Directors shall prescribe, except that the amount of the premium shall be established not later than 60 days after filing the certified statement setting forth the amount of the premium.”.

(3) CONFORMING AMENDMENTS.—Section 5.56 of such Act (12 U.S.C. 2277a-5) is amended by striking subsection (d) and redesignating subsection (e) as subsection (d).

(h) RULES AND REGULATIONS.—Section 5.58(10) of such Act (12 U.S.C. 2277a-7(10)) is amended by inserting “and section 1.12(b)” after “part”.

SEC. 5039. RISK-BASED CAPITAL LEVELS.

Section 8.32(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(a)(1)) is amended by striking all through “a pool of” and inserting the following:

“(1) CREDIT RISK.—

"(A) With respect to securities representing an interest in, or obligations backed by, a pool of qualified loans (as defined in section 8.0(9)(C)), owned or guaranteed by the Corporation, losses occur at a rate of default and severity reasonably related to risks in electric and telephone facility loans, respectively, as determined by the Director.

"(B) With respect to securities representing an interest in, or obligations backed by, a pool of other".

SEC. 5040. LOANS TO PURCHASERS OF HIGHLY FRACTIONED LANDS.

Section 1 of Public Law 91–229 (25 U.S.C. 488) is amended by adding at the end the following: "The Secretary of Agriculture may make and insure loans as provided in section 309 of the Consolidated Farm and Rural Development Act to eligible purchasers of highly fractionated land pursuant to section 204(c) of the Indian Land Consolidation Act. Section 4 of this Act shall not apply to trust or restricted tribal or tribal corporation property mortgaged pursuant to the preceding sentence.".

TITLE VI—RURAL DEVELOPMENT

Sec. 6001. Definition of rural.
Sec. 6002. Water, waste disposal, and wastewater facility grants.
Sec. 6003. Rural business opportunity grants.
Sec. 6004. Rural water and wastewater circuit rider program.
Sec. 6005. Tribal college and university essential community facilities.
Sec. 6006. Emergency and imminent community water assistance grant program.
Sec. 6007. Water systems for rural and native villages in Alaska.
Sec. 6008. Grants to nonprofit organizations to finance the construction, refurbishing, and servicing of individually-owned household water well systems in rural areas for individuals with low or moderate incomes.
Sec. 6009. Rural cooperative development grants.
Sec. 6010. Criteria to be applied in providing loans and loan guarantees under the business and industry loan program.
Sec. 6011. Appropriate technology transfer for rural areas program.
Sec. 6012. Grants to improve technical infrastructure and improve quality of rural health care facilities.
Sec. 6013. Rural entrepreneur and microenterprise assistance program.
Sec. 6014. Criteria to be applied in considering applications for rural development projects.
Sec. 6015. National sheep industry improvement center.
Sec. 6016. National rural development partnership.
Sec. 6017. Historic barn preservation.
Sec. 6018. Grants for NOAA weather radio transmitters.
Sec. 6019. Delta regional authority.
Sec. 6020. Northern great plains regional authority.
Sec. 6021. Rural strategic investment program.
Sec. 6022. Expansion of 911 access.
Sec. 6023. Access to broadband telecommunications services in rural areas.
Sec. 6024. Community connect grant program.
Sec. 6025. Agriculture innovation center demonstration program.
Sec. 6026. Rural firefighters and emergency medical service assistance program.
Sec. 6027. Value-added agricultural market development program.
Sec. 6028. Assistance for rural public television stations.
Sec. 6029. Telemedicine and distance learning services in rural areas.
Sec. 6030. Guarantees for bonds and notes issued for electrification or telephone purposes.
Sec. 6031. Comprehensive rural broadband strategy.
Sec. 6032. Study of railroad issues.

SEC. 6001. DEFINITION OF RURAL.

Not later than 60 days after the date of the enactment of this Act, the Secretary of Agriculture shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) assesses the varying definitions of "rural" used by the Department of Agriculture;

(2) describes the effects those varying definitions have on the programs administered by the Department of Agriculture; and

(3) makes recommendations for ways to better target funds provided through rural development programs.

SEC. 6002. WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.

Section 306(a)(2)(B)(vii) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)(B)(vii)) is amended by striking "2002 through 2007" and inserting "2008 through 2012".

SEC. 6003. 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 "2007" and inserting "2012".

SEC. 6004. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a)(22)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(22)(C)) is amended by striking "$15,000,000 for fiscal year 2003" and inserting "$25,000,000 for fiscal year 2008".

SEC. 6005. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.

Section 306(a)(25) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(25)) is amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) FEDERAL SHARE.—The Secretary shall establish the maximum percentage of the cost of the facility that may be covered by a grant under this paragraph, except that the Secretary may not require non-Federal financial support in an amount that is greater than 5 percent of the total cost."; and

(2) in subparagraph (C), by striking "2003 through 2007" and inserting "2008 through 2012".

SEC. 6006. EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)(2)) is amended by striking "2003 through 2007" and inserting "2008 through 2012".

SEC. 6007. 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 "2001 through 2007" and inserting "2008 through 2012".

SEC. 6008. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

Section 306E(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926e(d)) is amended by striking "2003 through 2007" and inserting "2008 through 2012".

SEC. 6009. RURAL COOPERATIVE DEVELOPMENT GRANTS.

(a) ELIGIBILITY.—Section 310B(e)(5) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(5)) is amended—

(1) in subparagraph (A), by striking "a nationally coordinated, regionally or State-wide operated project" and inserting "activities to promote and assist the development of cooperatively and mutually owned businesses";

(2) in subparagraph (B), by inserting "to promote and assist the development of cooperatively and mutually owned businesses" before the semicolon;

(3) by striking subparagraphs (D) and (F) and redesignating subparagraph (E) as subparagraph (D); and

(4) adding at the end the following:

"(E) demonstrate a commitment to—

"(i) networking with and sharing the results of its efforts with other cooperative development centers and other organizations involved in rural economic development efforts; and

"(ii) developing multi-organization and multi-State approaches to addressing the cooperative and economic development needs of rural areas.".

(b) AUTHORITY TO AWARD MULTI-YEAR GRANTS.—Section 310(B)(e)(6) of such Act (7 U.S.C. 1932(e)(6)) is amended to read as follows:

"(6) Grants awarded to centers that have received no prior funding under this subsection shall be made for a period of 1 year. The Secretary shall evaluate programs receiving assistance under this subsection. The Secretary may award grants for a period of more than 1 year, but not more than 3 years, to centers that have successfully met the criteria under paragraph (5).".

(c) AUTHORITY TO EXTEND GRANT PERIOD FOR 1 YEAR.—Section 310B(e) of such Act (7 U.S.C. 1932(e)) is amended by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively, and inserting after paragraph (6) the following:

"(7) The Secretary may extend for only 1 additional 12-month period the period in which a grantee may use a grant made under this subsection.".

(d) COOPERATIVE RESEARCH PROGRAM.—Section 310B(e) of such Act (7 U.S.C. 1932(e)), as amended by subsection (c) of this section, is amended by redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively, and inserting after paragraph (9) the following:

"(10) The Secretary shall enter into a cooperative research agreement with 1 or more qualified academic institutions in each fiscal year to conduct research on the national economic effects of all types of cooperatives.".

(e) ADDRESSING NEEDS OF MINORITY COMMUNITIES.—Section 310B(e) of such Act (7 U.S.C. 1932(e)), as amended by subsections (c) and (d) of this section, is amended by redesignating paragraph (11) as paragraph (12) and inserting after paragraph (10) the following:

"(11)(A) If the total amount appropriated under paragraph (12) of this subsection for a fiscal year exceeds $7,500,000, the Secretary shall reserve an amount equal to 20 percent of the amount so appropriated for grants for cooperative development centers, individual cooperatives, or groups of cooperatives, serving socially disadvantaged (within the meaning of section 355(e)) communities, a majority of the boards of directors or governing boards of which are comprised of socially disadvantaged (withing such meaning) individuals.

"(B) To the extent that the Secretary determines that funds reserved under subparagraph (A) will not be used for grants described in subparagraph (A) because of insufficient applications for the grants, the Secretary shall use the funds as otherwise authorized by this subsection.".

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 310B(e)(12) of such Act (7 U.S.C. 1932(e)(12)), as so redesignated by subsections (c) through (e) of this section, is amended by striking "2007" and inserting "2012".

SEC. 6010. CRITERIA TO BE APPLIED IN PROVIDING LOANS AND LOAN GUARANTEES UNDER THE BUSINESS AND INDUSTRY LOAN PROGRAM.

Section 310B(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)) is amended by adding at the end the following:

"(9)(A) In providing loans and loan guarantees under this section, the Secretary shall consider an application more favorably when compared to other applications to the extent that the project described in the application supports community development and farm and ranch income by marketing, distributing, storing, aggregating, or processing a locally or regionally produced agricultural product.

"(B) In subparagraph (A), the term 'locally or regionally produced agricultural product' means an agricultural product—

"(I) which is produced and distributed in the locality or region where the finished product is marketed;

"(ii) which has been shipped a total distance of 400 or fewer miles, as determined by the Secretary; and

"(iii) about which the distributor has conveyed to the end-use consumers information regarding the origin of the product or production practices, or other valuable information.".

SEC. 6011. APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS 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:

"(i) APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS PROGRAM.—

"(1) DEFINITION OF NATIONAL NONPROFIT AGRICULTURAL ASSISTANCE INSTITUTION.—In this subsection, the term 'national nonprofit agricultural assistance institution' means an organization that—

"(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under 501(a) of that Code;

"(B) has staff and offices in multiple regions;

"(C) operates national sustainable agriculture technical assistance programs; and

"(D) provides the technical assistance through toll-free hotlines, a website, publications, and work shops.

"(2) ESTABLISHMENT.—The Secretary shall establish a national appropriate technology transfer for rural areas program to assist agricultural producers that are seeking information to help the agricultural producers—

"(A) reduce input costs;

"(B) conserve energy resources;

"(C) diversify operations through new energy crops and energy generation facilities; and

"(D) expand markets for the agricultural commodities produced by the producers through use of sustainable farming practices.

"(3) IMPLEMENTATION.—

"(A) IN GENERAL.—The Secretary shall carry out the program under this subsection by making a grant to, or offering to enter into a cooperative agreement with, a national nonprofit agricultural assistance organization.

"(B) COST SHARE.—A grant made, or cooperative agreement entered into, under subparagraph (A) shall provide 100 percent of the cost of providing information pursuant to paragraph (2).

"(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this subsection $5,000,000 for each fiscal year.".

SEC. 6012. GRANTS TO IMPROVE TECHNICAL INFRASTRUCTURE AND IMPROVE QUALITY OF RURAL HEALTH CARE FACILITIES.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r), as amended by section 5025 of this Act, is amended by inserting after section 365 the following:

"SEC. 366. GRANTS TO IMPROVE TECHNICAL INFRASTRUCTURE AND IMPROVE QUALITY OF RURAL HEALTH CARE FACILITIES.

"(a) IN GENERAL.—The Secretary shall establish a program to award grants to rural health facilities for the purpose of assisting the facilities in—

"(1) purchasing health information technology to improve quality in health care and patient safety; or

"(2) improving health care quality and patient safety, including the development of—

"(A) quality improvement support structures to assist rural health systems and professionals—

"(i) achieve greater integration of personal and population health services; and

"(ii) address safety, effectiveness, patient- or community-centeredness, timeliness, efficiency, and equity; and

"(B) innovative approaches to the financing and delivery of health services to achieve rural health quality goals.

"(b) DEFINITIONS.—In this section:

"(1) HEALTH INFORMATION TECHNOLOGY.—The term 'health information technology' includes total expenditures incurred for—

"(A) purchasing, leasing, and installing computer software and hardware, including handheld computer technologies, and related services;

"(B) making improvements to computer software and hardware;

"(C) purchasing or leasing communications capabilities necessary for clinical data access, storage, and exchange;

"(D) services associated with acquiring, implementing, operating, or optimizing the use of computer software and hardware and clinical health care informatics systems;

"(E) providing education and training to eligible entity staff on information systems and technology designed to improve patient safety and quality of care; and

"(F) purchasing, leasing, subscribing, or servicing support to establish interoperability that—

"(i) integrates patient-specific clinical data with well-established national treatment guidelines;

"(ii) provides ongoing, continuous quality improvement functions that allow providers to assess improvement rates over time and against averages for similar providers; and

"(iii) integrates with larger health networks.

"(2) RURAL AREA.—The term 'rural area' means any area of the United States that is not—

"(A) included within the boundaries of any city, town, borough, or village, whether incorporated or unincorporated, with a population of more than 20,000 inhabitants; or

"(B) the urbanized area contiguous and adjacent to such a city or town.

"(3) RURAL HEALTH FACILITY.—The term 'rural health facility' means any of the following:

"(A) SOLE COMMUNITY HOSPITAL.—A hospital (as defined in section 1886(a)(2) of the Social Security Act (42 U.S.C. 1395ww(a)(2))).

"(B) CRITICAL ACCESS HOSPITAL.—A critical access hospital (as defined in section 1861(mm)(1) of the Social Security Act (42 U.S.C. 1395x(mm)(1))).

"(C) FEDERALLY QUALIFIED HEALTH CENTER IN RURAL AREAS.—A Federally qualified health center (as defined in section 1861(aa)(4) of the Social Security Act (42 U.S.C. 1395x(aa)(4)) that is located in a rural area.

"(D) RURAL PHYSICIAN OR RURAL PHYSICIAN GROUP PRACTICE.—A physician or physician group practice that is located in a rural area.

"(E) RURAL HEALTH CLINIC.—A rural health clinic (as defined in section 1861(aa)(2) of the Social Security Act (42 U.S.C. 1395x(aa)(2))).

"(F) MEDICARE DEPENDENT HOSPITAL.—A medicare-dependent, small rural hospital (as defined in section 1886(d)(5)(G)(iv) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)(iv))).

"(c) AMOUNT OF GRANT.—The Secretary shall determine the amount of a grant awarded under this section.

"(d) FURNISHING THE SECRETARY WITH INFORMATION.—An eligible entity receiving a grant under this section shall furnish the Secretary with such information as the Secretary may require to—

"(1) evaluate the project for which the grant is made; and

"(2) ensure that assistance provided under the grant is expended for the purposes for which the grant is made.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section not more than $30,000,000 for each of the fiscal years 2008 through 2012.".

SEC. 6013. RURAL ENTREPRENEUR AND MICROENTERPRISE ASSISTANCE PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r), as amended by sections 5025 and 6012 of this Act, is amended by inserting after section 366 the following:

"SEC. 367. RURAL ENTREPRENEUR 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 because of 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 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 80 percent of the national median income.

"(5) MICROCREDIT.—The term 'microcredit' means a business loan or loan guarantee of not more than $50,000 that is provided to a rural entrepreneur.

"(6) MICROENTERPRISE.—The term 'microenterprise' means—

"(A) a sole proprietorship; or

"(B) a business entity with not more than 10 full-time-equivalent employees.

"(7) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—

"(A) IN GENERAL.—The term 'microenterprise development organization' means a nonprofit entity that—

"(i) provides training and technical assistance to rural entrepreneurs; and

"(ii) facilitates access to capital or another service described in subsection (b) for 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, or an effective plan to develop a program to deliver microenterprise services to rural entrepreneurs effectively, as determined by the Secretary.

"(8) MICROENTERPRISE DEVELOPMENT PROGRAM.—The term 'microenterprise development program' means a program administered by a qualified 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, or an effective plan to develop a program to deliver microenterprise services to rural entrepreneurs effectively, as determined by the Secretary;

"(B) an intermediary that has a demonstrated record of delivering assistance to microenterprise development organizations or microenterprise development programs;

"(C) an Indian tribe, the tribal government of which certifies to the Secretary that there is no microenterprise development organization or microenterprise development program under the jurisdiction of the Indian tribe;

"(D) a group of 2 or more organizations or Indian tribes described in any of subparagraphs (A) through (C) that agree to act jointly as a qualified organization under this section; or

"(E) for purposes of subsection (b), a public college or university that has a demonstrated record of delivering assistance to microenterprise development organizations or microenterprise development programs.

"(12) RURAL AREA.—The term 'rural area' means any area of the United States that is not—

"(A) included within the boundaries of any city, town, borough, or village, whether incorporated or unincorporated, with a population of more than 20,000 inhabitants; or

"(B) the urbanized area contiguous and adjacent to such a city or town.

"(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) TRIBAL GOVERNMENT.—The term 'tribal government' means the governing body of an Indian tribe.

"(b) RURAL ENTREPRENEURSHIP AND MICROENTERPRISE PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary shall establish a rural entrepreneurship and microenterprise program.

"(2) PURPOSE.—The purpose of the program shall be to provide low-income individuals and moderate-income individuals with—

"(A) the skills necessary to establish new small businesses in rural areas; and

"(B) continuing technical and financial assistance as individuals and business starting or operating small businesses.

"(3) GRANTS.—

"(A) IN GENERAL.—The Secretary may make a grant under the program to a qualified organization—

"(i) to provide training, operational support, or a rural capacity-building service to a qualified organization to assist the qualified organization in developing microenterprise training, technical assistance, market development assistance, and other related services, primarily for business with 10 or fewer full-time-equivalent employees;

"(ii) to assist in researching and developing the best practices in delivering training, technical assistance, and microcredit to rural entrepreneurs; and

"(iii) to carry out such other projects and activities as the Secretary determines to be consistent with the purposes of this section.

"(B) DIVERSITY.—In making grants under this paragraph, the Secretary shall ensure, to the maximum extent practicable, that grant recipients include qualified organizations—

"(i) of varying sizes; and

"(ii) that serve racially and ethnically diverse populations.

"(C) MATCHING REQUIREMENT.—

"(i) IN GENERAL.—As a condition of any grant made to a qualified organization under this paragraph, the Secretary shall require the qualified organization to match not less than 25 percent of the total amount of the grant.

"(ii) SOURCES.—In addition to cash from non-Federal sources, a matching share provided by the qualified organization may include indirect costs or in-kind contributions funded under non-Federal programs.

"(4) RURAL MICROLOAN AND TECHNICAL ASSISTANCE PROGRAM.—

"(A) ESTABLISHMENT.—In carrying out the program, the Secretary may carry out a rural microloan program.

"(B) PURPOSE.—The purpose of the rural microloan program shall be to provide technical and financial assistance through qualified organizations to sole proprietorships and small businesses located in rural areas with a particular focus on businesses with 10 or fewer full-time equivalent employees.

"(C) AUTHORITY OF SECRETARY.—In carrying out the rural microloan program, the Secretary may—

"(i) make loans to qualified organizations for the purpose of making short-term, fixed interest rate microloans to startup, newly established, and growing rural microbusiness concerns; and

"(ii) in conjunction with the loans, provide grants in accordance with subparagraph (E) to the organizations for the purpose of providing intensive marketing, management, and technical assistance to small business concerns that are borrowers under this paragraph.

"(D) LOAN DURATION; INTEREST RATES; CONDITIONS.—

"(i) LOAN DURATION.—A loan made by the Secretary under this paragraph shall be for a term of 20 years.

"(ii) APPLICABLE INTEREST RATES.—A loan made by the Secretary under this paragraph to a qualified organization shall bear an annual interest rate of at least 1 percent.

"(iii) DEFERRAL OF INTEREST AND PRINCIPAL.—The Secretary may permit the deferral of payments, for principal and interest, on a loan made under this paragraph for a period of not more than 2 years, beginning on the date the loan is made.

"(E) GRANT AMOUNTS.—

"(i) IN GENERAL.—Except as otherwise provided in this section, each qualified organization that receives a loan under this paragraph shall be eligible to receive a grant to provide marketing, management, and technical assistance to small business concerns that are borrowers or potential borrowers under this subsection.

"(ii) MAXIMUM AMOUNT FOR MICROENTERPRISE DEVELOPMENT ORGANIZATIONS.—Each microenterprise development organization that receives a loan under this paragraph shall receive an annual grant in an amount equal to not more than 25 percent of the total outstanding balance of loans made to the microenterprise development organization under this paragraph, as of the date the grant is made.

"(iii) MATCHING REQUIREMENT.—

"(I) IN GENERAL.—As a condition of any grant made to a qualified organization under this subparagraph, the Secretary shall require the qualified organization to match not less than 15 percent of the total amount of the grant.

"(II) SOURCES.—In addition to cash from non-Federal sources, a matching share provided by the qualified organization may include indirect costs or in-kind contributions funded under non-Federal programs.

"(c) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of assistance received by a qualified organization for a fiscal year under this section may be used to pay administrative expenses.

"(d) FURNISHING THE SECRETARY WITH INFORMATION.—A qualified organization that receives a grant under subsection (b)(3) or loan under subsection (b)(4) shall furnish the Secretary by December 1 such information as the Secretary may require to ensure that assistance provided under the grant or loan is expended for the purposes for which the grant or loan is made.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section not more than $20,000,000 for each of the fiscal years 2008 through 2012.".

SEC. 6014. CRITERIA TO BE APPLIED IN CONSIDERING APPLICATIONS FOR RURAL DEVELOPMENT PROJECTS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r), as amended by sections 5025, 6012, and 6013 of this Act, is amended by inserting after section 367 the following:

"SEC. 368. CRITERIA TO BE APPLIED IN CONSIDERING APPLICATIONS FOR RURAL DEVELOPMENT PROJECTS.

"(a) IN GENERAL.—The Secretary shall review the income demographics, population, seasonal increases, and other factors as determined by the Secretary, of eligible communities for each program authorized or modified by, or funded pursuant

to, an amendment made by title VI of the Farm, Nutrition, and Bioenergy Act of 2007 or section 306, 306A, 306C, 306D, 306E, 310(c), 310(e), 310B(b), 310B(c), 310B(e), or 379B, or subtitle F, G, H, or I of this Act, and which proposes to serve a rural area (as defined by the applicable law).

"(b) REGULATIONS.—The Secretary shall issue regulations to establish the applicable limitations that a rural area cannot exceed in order to remain eligible for a program referred to in subsection (a).".

SEC. 6015. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

(a) FUNDING.—Section 375(e)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j(e)(6)) is amended by striking paragraphs (B) and (C) and inserting the following:

"(B) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $10,000,000 for each of the fiscal years 2008 through 2012.".

(b) ELIMINATION OF REQUIREMENT TO PRIVATIZE REVOLVING FUND.— Section 375 of such Act (7 U.S.C. 2008j) is amended by striking subsection (j).

SEC. 6016. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Section 378(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008m(g)(1)) is amended by striking "2003 through 2007" and inserting "2008 through 2012".

SEC. 6017. HISTORIC BARN PRESERVATION.

(a) GRANT PRIORITY.—Section 379A(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008o(c)) is amended by redesignating paragraphs (3) and (4) as paragraphs (4) and (5) and inserting after paragraph (2) the following:

"(3) PRIORITY.—In making grants under this subsection, the Secretary shall give the highest priority to funding projects described in paragraph (2)(C).".

(b) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—Section 379A(c)(5) of such Act (7 U.S.C. 2008o(c)(5)), as so redesignated by subsection (a) of this section, is amended by striking "2002 through 2007" and inserting "2008 through 2012".

SEC. 6018. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

Section 379B(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008p(d)) is amended by striking "2002 through 2007" and inserting "2008 through 2012".

SEC. 6019. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-12(a)) is amended by striking "2001 through 2007" and inserting "2008 through 2012".

(b) TERMINATION OF AUTHORITY.—Section 382N of such Act (7 U.S.C. 2009aa-13) is amended by striking "2007" and inserting "2012".

SEC. 6020. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

(a) FEDERAL SHARE OF ADMINISTRATIVE EXPENSES.—Section 383B(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009bb-1(g)(1)) is amended—

(1) in subparagraph (A), by striking "2002" and inserting "2007";

(2) in subparagraph (B), by striking "2003" and inserting "2008"; and

(3) in subparagraph (C), by striking "2004" and inserting "2009".

(b) TECHNICAL AMENDMENT.—Section 383B(d)(6)(A) of such Act (7 U.S.C. 2009bb-1(d)(6)(A)) is amended by inserting "and resource conservation" after "development".

(c) ELIMINATION OF PRIORITIZATION RANKING OF ACTIVITIES TO BE FUNDED.—Section 383C(b)(2) of such Act (7 U.S.C. 2009bb-2(b)(2)) is amended by striking "activities in the following order of priority" and inserting "following activities".

(d) ELIMINATION OF ISOLATED AREA OF DISTRESS DESIGNATION.—

(1) IN GENERAL.—Section 383F(a) of such Act (7 U.S.C. 2009bb-5(a)) is amended—

(A) by adding "and" at the end of paragraph (1);

(B) by striking "; and" at the end of paragraph (2) and inserting a period; and

(C) by striking paragraph (3).

(2) CONFORMING AMENDMENTS.—Section 383F(b) of such Act (7 U.S.C. 2009bb-5(b)) is amended—

(A) in paragraph (1), by striking "and isolated areas of distress"; and

(B) in paragraph (2), by striking "or isolated areas of distress".

(e) REDUCTION OF MINIMUM FUNDS ALLOCATION FOR DISTRESSED COUNTIES.—Section 383F(b)(1) of such Act (7 U.S.C. 2009bb-5(b)(1)) is amended by striking "75" and inserting "50".

(f) ELIMINATION OF PROHIBITION ON PROVIDING FUNDS TO NONDISTRESSED COUNTIES.—Section 383F of such Act (7 U.S.C. 2009bb-5) is amended by striking subsection (c) and redesignating subsection (d) as subsection (c).

(g) INCLUSION OF RENEWABLE ENERGY AMONG OBJECTS OF MINIMUM FUNDS ALLOCATION.—Section 383F(c) of such Act (7 U.S.C. 2009bb-5(c)), as so redesignated by subsection (a) of this section, is amended—

(1) in the subsection heading, by inserting "RENEWABLE ENERGY," after "TELECOMMUNICATION,"; and

(2) by inserting "renewable energy," after "telecommunication".

(h) AUTHORIZATION OF APPROPRIATIONS.—Section 383M(a) of such Act (7 U.S.C. 2009bb-12(a)) is amended by striking "2002 through 2007" and inserting "2008 through 2012".

(i) TERMINATION OF AUTHORITY.—Section 383N of such Act (7 U.S.C. 2009bb-13) is amended by striking "2007" and inserting "2012".

SEC. 6021. RURAL STRATEGIC INVESTMENT PROGRAM.

(a) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—Section 385E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009dd-4) is amended to read as follows:

"SEC. 385E. LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to the Secretary to carry out this subtitle not more than $25,000,000 for each of the fiscal years 2008 through 2012.".

(b) PRESERVATION AND PROMOTION OF RURAL HERITAGE.—

(1) DEFINITION.—Section 385B of such Act (7 U.S.C. 2009dd-1) is amended by adding at the end the following:

"(12) RURAL HERITAGE.—The term 'rural heritage' means historic sites, structures, and districts which may include rural downtown areas and main streets, neighborhoods, farmsteads, scenic and historic trails, and heritage areas and historic landscapes.".

(2) RURAL STRATEGIC INVESTMENT PLANNING GRANTS.—Section 385F(b) of such Act (7 U.S.C. 2009dd-5(b)) is amended—

(A) by striking "and" at the end of paragraph (6); and

(B) by redesignating paragraph (7) as paragraph (8) and inserting after paragraph (6) the following:

"(7) preservation and promotion of rural heritage; and".

(3) INNOVATION GRANTS.—Section 385G(d) of such Act (7 U.S.C. 2009dd-6(d)) is amended—

(A) by striking "and" at the end of paragraph (6); and

(B) by redesignating paragraph (7) as paragraph (8) and inserting after paragraph (6) the following:

"(7) demonstrate a plan to protect and promote rural heritage; and".

SEC. 6022. EXPANSION OF 911 ACCESS.

Section 315(b) of the Rural Electrification Act of 1936 (7 U.S.C. 904e(b)) is amended by striking "2002 through 2007" and inserting "2008 through 2012".

SEC. 6023. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

(a) DEFINITIONS.—Section 601(b) of the Rural Electrification Act of 1936 (7 U.S.C. 950bb(b)) is amended by striking paragraph (2) and inserting the following:

"(2) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means any area of the United States that is not—

"(A) included within the boundaries of any city, town, borough, or village, whether incorporated or unincorporated, with a population of more than 20,000 inhabitants; or

"(B) the urbanized area contiguous and adjacent to such a city or town.".

(b) PRIORITIZATION OF APPLICATIONS.—

(1) DEFINITION.—Section 601(b) of such Act (7 U.S.C. 950bb(b)), as amended by subsection (a) of this section, is amended by adding at the end the following:

"(3) INCUMBENT SERVICE PROVIDER.—The term 'incumbent service provider' means, with respect to an application submitted pursuant to this section, an entity that is providing broadband service to at least 5 percent of the households in the service area proposed in the application.".

(2) PRIORITY BASED ON NUMBER OF INCUMBENT SERVICE PROVIDERS.—Section 601(c) of such Act (7 U.S.C. 950bb(c)) is amended by adding at the end the following:

"(3) APPLICATIONS PRIORITIZED BASED ON NUMBER OF INCUMBENT SERVICE PROVIDERS.—

"(A) IN GENERAL.—In making or guaranteeing loans under paragraph (1), the Secretary shall give priority, in the following order, to applications from eligible rural communities that have—

"(i) no incumbent service provider;

"(ii) 1 incumbent services provider; or

"(iii) 2 incumbent service providers who, together, serve not more than 25 percent of the households in the service area proposed in the application.

"(B) PROHIBITIONS.—In carrying out this section, the Secretary may not—

"(i) make a loan to an eligible community in which there are 3 or more incumbent service providers, unless—

"(I) the loan is to an incumbent service provider of the community;

"(II) the other providers in that community are notified of the application before approval by the Secretary, and have sufficient time to comment on the application; and

"(III) the application includes substantially increasing—

"(aa) the quality of broadband service in the community; and

"(bb) the provision of broadband service to unserved households inside and outside the community; or

"(ii) make a loan for new construction to any community in which more than 75 percent of the households may obtain affordable broadband service, on request, from at least 1 incumbent service provider.".

(c) PAPERWORK REDUCTION.—Section 601(c) of such Act (7 U.S.C. 950bb(c)), as amended by subsection (b)(2) of this section, is amended by adding at the end the following:

"(4) PAPERWORK REDUCTION.—The Secretary shall take steps to reduce the cost and paperwork associated with applying for a loan or loan guarantee under this section by first-time applicants, particularly those who are smaller and start-up Internet providers, including by providing for a new application which shall maintain the ability of the Secretary to make an analysis of the risk associated with the loan involved.".

(d) INCREASE IN MAXIMUM NUMBER OF SUBSCRIBER LINES THAT MAY BE SERVED BY AN ELIGIBLE ENTITY.—Section 601(d)(3) of such Act (7 U.S.C. 950bb(d)(3)) is amended by striking "2" and inserting "10".

(e) LIMITATION ON FUNDS TO ENTITIES WITH MORE THAN 2 PERCENT OF SUBSCRIBER LINES.—Section 601(d) of such Act (7 U.S.C. 950bb(d)) is amended by adding at the end the following:

"(4) LIMITATION ON FUNDS TO ENTITIES WITH MORE THAN 2 PERCENT OF SUBSCRIBER LINES.—Not more than 25 percent of the loans made under this section in a single fiscal year may be approved for entities that serve more than 2 percent of the telephone subscriber lines in the United States.".

(f) LOAN TERM NOT TO EXCEED 35 YEARS.—Section 601(g)(2) of such Act (7 U.S.C. 950bb(g)(2)) is amended by striking "not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit." and inserting "of such length, not exceeding 35 years, as the borrower may request, so long as the Secretary determines that the loan is adequately secured. In determining the term of a loan or loan guarantee, the Secretary shall consider whether the recipient is or would be serving an area that is not receiving broadband services."

(g) ADEQUACY OF SECURITY.—Section 601 of such Act (7 U.S.C. 950bb) is amended by redesignating subsections (h) through (k) as subsections (i) through (l), respectively, and inserting after subsection (g) the following:

"(h) ADEQUACY OF SECURITY.—The Secretary shall ensure that the type, amount, and method of security used to secure any loan or loan guarantee provided under this section is commensurate to the risk involved with the loan or loan guarantee, particularly when the loan or loan guarantee is issued to a financially healthy, strong, and stable entity. In determining the amount and method of security, the Secretary shall consider reducing the security in areas that do not have broadband service.".

(h) GENERAL REPORT ON PROGRAM.—Section 601 of such Act (7 U.S.C. 950bb), as amended by subsection (g) of this section, is amended by redesignating subsections (k) and (l) as subsections (l) and (m), respectively, and inserting after subsection (j) the following:

"(k) GENERAL PROGRAM REPORT.—Not later than December 1 of each year, the Secretary shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that details for the preceding fiscal year—

"(1) the loans made under this section;

"(2) the communities served under this section;

"(3) the speed of the broadband service offered by applicants for, and recipients of, loans or loan guarantees under this section;

"(4) the type of services offered by the applicants and recipients;

"(5) the length of time to approve applications submitted pursuant to this section; and

"(6) the outreach efforts undertaken by the Department of Agriculture to encourage persons in areas without broadband service to submit applications pursuant to this section.".

(i) NATIONAL CENTER FOR RURAL TELECOMMUNICATIONS ASSESSMENT.—Section 601 of such Act (7 U.S.C. 950bb), as amended by subsections (g) and (h) of this section, is amended by redesignating subsections (l) and (m) as subsections (m) and (n), respectively, and inserting after subsection (k) the following:

"(l) NATIONAL CENTER FOR RURAL TELECOMMUNICATIONS ASSESSMENT.—

"(1) ESTABLISHMENT OF CENTER.—The Secretary shall designate a National Center for Rural Telecommunications Assessment (in this subsection referred to as the 'Center').

"(2) CRITERIA.—The Secretary shall use the following criteria in making the designation:

"(A) The Center must be an entity with a focus on rural policy research and a minimum of 5 years experience in rural telecommunications research and assessment.

"(B) The Center must be capable of assessing broadband services in rural areas.

"(C) The Center must have significant experience with other rural economic development centers and organizations in the assessment of rural policies and formulation of policy solutions at the local, State, and Federal level.

"(3) BOARD.—The management of the Center shall be vested in a board of directors that is capable of oversight of the duties set forth in paragraph (4).

"(4) DUTIES.—The Center shall—

"(A) assess the effectiveness of programs provided under subsection (b) in increasing broadband penetration and purchase in rural areas, especially in those rural communities identified by the Secretary as having no service before award of a broadband loan or loan guarantee under subsection (b);

"(B) develop assessments of broadband availability in rural areas, working with existing rural development centers selected by the Center;

"(C) identify policies and initiatives at the local, State and Federal level that have increased broadband penetration and purchase in rural areas;

"(D) conduct a national study of rural households and businesses focusing on the adoption of, barriers to, and utilization of broadband services; and

"(E) provide reports to the public on the activities undertaken under this section.

"(5) REPORTING REQUIREMENTS.—The Center shall report by December 1 of each year to the Secretary its activities, the results of its research, and any such information the Secretary may request regarding the prior fiscal year. In reporting to the Secretary the Center shall include the following:

"(A) Assessments of the programs provided under subsection (b).

"(B) Annual assessments on broadband availability in rural areas under consideration by the Center.

"(C) Annual assessments on the effects of the policy initiatives identified in paragraph (2)(C).

"(D) Results from the national study of rural households and businesses conducted under paragraph (4)(D).

"(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this subsection not more than $1,000,000 for each of the fiscal years 2008 through 2012.".

(j) FUNDING.—Section 601(m) of such Act (7 U.S.C. 950bb(l)) as so redesignated by subsections (g) through (i) of this section, is amended—

(1) by striking paragraph (1);

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

(3) in paragraph (1)(B) (as so redesignated), by striking "2007" and inserting "2012";

(4) in paragraph (2) (as so redesignated), by striking "2003 through 2007" and inserting "2008 through 2012"; and

(5) in paragraph (3) (as so redesignated), by adding at the end the following:

"(D) ELIGIBLE TRIBAL COMMUNITIES.—Of the amounts made available under subparagraph (A) for a fiscal year, 10 percent shall be reserved for entities serving eligible tribal communities.

"(E) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for eligible tribal communities for a fiscal year under subparagraph (D) that are not obligated by June 30 of the fiscal year shall be available to the Secretary to make loans and loan guarantees under this section to eligible entities in any State, as determined by the Secretary.".

(k) EXTENSION OF AUTHORITY TO ISSUE LOANS.—Section 601(n) of such Act (7 U.S.C. 950bb(m)), as so redesignated by subsections (f) through (h) of this section, is amended by striking "2007" and inserting "2012".

SEC. 6024. COMMUNITY CONNECT GRANT PROGRAM.

Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) is amended by adding at the end the following:

"SEC. 602. COMMUNITY CONNECT GRANT PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a grant program to be known as the 'Community Connect Grant Program' to provide financial assistance to eligible applicants to provide broadband transmission service that fosters economic growth and delivers enhanced educational, health care, and public safety services.

"(b) ELIGIBILITY.—To be eligible for a grant under this section, the applicant must—

"(1) be legally organized as an incorporated tribal organization, an Indian tribe, or tribal organization, as defined in subsections (b) and (c) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(b) and (c)), a State or local unit of government, or other legal entity, including a cooperative, private corporation, or limited liability company organized on a for-profit or not-for-profit basis;

"(2) have the legal capacity and authority to own and operate broadband facilities as proposed in its application, to enter into contracts, and to otherwise comply with applicable Federal statutes and regulations; or

"(3) be in an eligible rural community (as defined in section 601(b)(2) of the Rural Electrification Act of 1936).

"(c) INELIGIBLE GRANT PURPOSES.—A grant made under this section may not be used—

"(1) to finance the duplication of any broadband transmission service provided by another entity; or

"(2) with respect to facilities, to provide local exchange telecommunications service to any person or entity receiving the service.

"(d) PRIORITY.—In making grants under this section, the Secretary shall give priority to grants that will enhance community access to telemedicine and distance learning resources.

"(e) MATCHING CONTRIBUTIONS.—

"(1) IN GENERAL.—To be eligible to receive a grant under subsection (a), a grant applicant shall provide a matching contribution of at least 15 percent of the grant amount requested, in funds and in-kind contributions in a proportion to be determined by the Secretary.

"(2) LIMITATIONS.—

"(A) Costs incurred by or on behalf of an applicant, for facilities, installed equipment, or other services rendered before submission of a completed application shall not be considered to be for an eligible grant purpose or a matching contribution.

"(B) Any financial assistance from Federal sources shall not be considered to be a matching contribution for purposes of this section, unless there is a Federal statutory exception specifically authorizing the Federal financial assistance to be so considered.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section not more than $25,000,000 for each of the fiscal years 2008 through 2012.".

SEC. 6025. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.

Section 6402(i) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1621 note; Public Law 107–171) is amended to read as follows:

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $6,000,000 for each of the fiscal years 2008 through 2012.".

SEC. 6026. RURAL FIREFIGHTERS AND EMERGENCY MEDICAL SERVICE ASSISTANCE PROGRAM.

Section 6405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1621 note) is amended to read as follows:

"SEC. 6405. RURAL FIREFIGHTERS AND EMERGENCY MEDICAL SERVICE ASSISTANCE PROGRAM.

"(a) GRANTS.—The Secretary shall award grants to eligible entities to—

"(1) enable the entities to provide for improved emergency medical services in rural areas; and

"(2) 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) ELIGIBILITY.—To be eligible to receive a grant under this section, an entity shall—

"(1) be—

"(A) a State emergency medical services office;

"(B) a State emergency medical services association;

"(C) a State office of rural health;

"(D) a local government entity;

"(E) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

"(F) a State or local ambulance provider; or

"(G) any other entity determined appropriate by the Secretary; and

"(2) prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, that includes—

"(A) a description of the activities to be carried out under the grant; and

"(B) an assurance that the applicant will comply with the matching requirement of subsection (e).

"(c) USE OF FUNDS.—An entity shall use amounts received under a grant made under subsection (a) only in rural areas to—

"(1) hire or recruit emergency medical service personnel;

"(2) recruit or retain volunteer emergency medical service personnel;

"(3) train emergency medical service personnel in emergency response, injury prevention, safety awareness, and other topics relevant to the delivery of emergency medical services;

"(4) fund training to meet State or Federal certification requirements;

"(5) provide training for firefighters and emergency medical personnel for improvements to the training facility, equipment, curricula, and personnel;

"(6) develop new ways to educate emergency health care providers through the use of technology-enhanced educational methods (such as distance learning);

"(7) acquire emergency medical services vehicles, including ambulances;

"(8) acquire emergency medical services equipment, including cardiac defibrillators;

"(9) acquire personal protective equipment for emergency medical services personnel as required by the Occupational Safety and Health Administration; and

"(10) educate the public concerning cardiopulmonary resuscitation (CPR), first aid, injury prevention, safety awareness, illness prevention, and other related emergency preparedness topics.

"(d) PREFERENCE.—In awarding grants under this section, the Secretary shall give preference to—

"(1) applications that reflect a collaborative effort by 2 or more of the entities described in subparagraphs (A) through (G) of subsection (b)(1); and

"(2) applications submitted by entities that intend to use amounts provided under the grant to fund activities described in any of paragraphs (1) through (5) of subsection (c).

"(e) MATCHING REQUIREMENT.—The Secretary may not make a grant under this section to an entity unless the entity agrees that the entity will make available (directly or through contributions from other public or private entities) non-Federal contributions toward the activities to be carried out under the grant in an amount equal to 5 percent of the amount received under the grant.

"(f) EMERGENCY MEDICAL SERVICES.—In this section, the term 'emergency medical services'—

"(1) means resources used by a qualified public or private nonprofit entity, or by any other entity recognized as qualified by the State involved, to deliver medical care outside of a medical facility under emergency conditions that occur as a result of—

"(A) the condition of the patient; or

"(B) a natural disaster or similar situation; and

"(2) includes (compensated or volunteer) services delivered by an emergency medical services provider or other provider recognized by the State involved that is licensed or certified by the State as an emergency medical technician or

the equivalent (as determined by the State), a registered nurse, a physician assistant, or a physician that provides services similar to services provided by such an emergency medical services provider.

"(g) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Secretary to carry out this section not more than $30,000,000 for each of fiscal years 2008 through 2012.

"(2) ADMINISTRATIVE COSTS.—Not more than 10 percent of the amount appropriated under paragraph (1) for a fiscal year may be used for administrative expenses.".

SEC. 6027. VALUE-ADDED AGRICULTURAL MARKET DEVELOPMENT PROGRAM.

(a) DEFINITION OF MID-TIER VALUE CHAIN.—Section 231(a) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended by adding at the end the following:

"(3) MID-TIER VALUE CHAIN.—The term 'mid-tier value chain' means local and regional supply networks that link independent producers with businesses and cooperatives that market value-added agricultural products in a manner that—

"(A) targets and strengthens the profitability and competitiveness of small and medium-sized family farms, as defined in regulations pursuant to Section 302 of the Consolidated Farm and Rural Development Act; and

"(B) obtains agreement from the eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture engaged in the value chain in the method for price determination.".

(b) FUNDING; RESERVATION OF FUNDS; GRANT AWARD CRITERIA.—Section 231(b) of such Act (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by striking paragraph (4) and inserting the following:

"(4) FUNDING.—Not later than 30 days after the date of the enactment of this paragraph, on October 1, 2008, and on each October 1 thereafter through October 1, 2012, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection $30,000,000, to remain available until expended.

"(5) RESERVATION OF FUNDS FOR PROJECTS TO BENEFIT BEGINNING FARMERS AND RANCHERS OR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS AND MID-TIER VALUE CHAINS.—

"(A) IN GENERAL.—The Secretary shall reserve 10 percent of the amounts made available under paragraph (4) to fund projects that benefit beginning farmers and ranchers (as defined in section 343(a)(11) of the Consolidated Farm and Rural Development Act) or socially disadvantaged farmers and ranchers (as defined in section 355(e) of such Act).

"(B) MID-TIER VALUE CHAINS.—The Secretary shall reserve 10 percent of the amounts made available under paragraph (4) to fund applications of eligible entities described in paragraph (1) that propose to develop mid-tier value chains.

"(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserves established under subparagraphs (A) and (B) that are not obligated by June 30 of the fiscal year shall be available to the Secretary to make grants under this section to eligible entities in any State, as determined by the Secretary."; and

(2) by adding at the end the following:

"(6) CRITERIA TO BE APPLIED IN AWARDING GRANTS.—In awarding grants under this section, the Secretary shall consider an application more favorably when compared to other applications to the extent that the project contributes to increasing opportunities for operators of small and medium-size farms and ranches structured as family farms (as defined in regulations prescribed under section 302 of the Consolidated Farm and Rural Development Act).".

SEC. 6028. ASSISTANCE FOR RURAL PUBLIC TELEVISION STATIONS.

Section 2333 of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. Sec. 950aaa-2) is amended by adding at the end the following:

"(j) DIGITAL SERVICE TRANSITION ASSISTANCE FOR PUBLIC TELEVISION STATIONS.—The Secretary may provide grants under this section to noncommercial education television broadcast stations that serve rural areas for the purposes of developing digital facilities, equipment, and infrastructure to enhance digital services to rural areas.".

SEC. 6029. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2335A of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking "2007" and inserting "2012".

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking "2007" and inserting "2012".

SEC. 6030. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

Section 313A(f) of the Rural Electrification Act of 1936 (7 U.S.C. 940c-1(f)) is amended by striking "2007" and inserting "2012".

SEC. 6031. COMPREHENSIVE RURAL BROADBAND STRATEGY.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing a comprehensive rural broadband strategy that includes—

(1) recommendations—

(A) to promote interagency coordination of Federal agencies in regards to policies, procedures, and targeted resources, and to improve and streamline the polices, programs, and services;

(B) to coordinate among Federal agencies regarding existing rural broadband or rural initiatives that could be of value to rural broadband development;

(C) to address both short- and long-term solutions and needs assessments for a rapid build-out of rural broadband solutions and applications for Federal, State, regional, and local government policy makers;

(D) to identify how specific Federal agency programs and resources can best respond to rural broadband requirements and overcome obstacles that currently impede rural broadband deployment; and

(E) to promote successful model deployments and appropriate technologies being used in rural areas so that State, regional, and local governments can benefit from the cataloging and successes of other State, regional, and local governments; and

(2) a description of goals and timeframes to achieve the strategic plans and visions identified in the report.

SEC. 6032. STUDY OF RAILROAD ISSUES.

(a) IN GENERAL.—The Secretary of Agriculture, in coordination with the Secretary of Transportation, shall conduct a study of railroad issues regarding the movement of agricultural products, domestically produced renewable fuels and domestically produced resources for the production of electricity for rural America, and economic development in rural America. The study shall include an examination of the following:

(1) The importance of freight railroads to—

(A) the delivery of equipment, seed, fertilizer, and other such products important to the development of agricultural commodities and products;

(B) the movement of agricultural commodities and products to market;

(C) the delivery of ethanol and other renewable fuels;

(D) the delivery of domestically produced resources for use in the generation of electricity for rural America;

(E) the location of grain elevators, ethanol plants, and other facilities;

(F) the development of manufacturing facilities in rural America; and

(G) the vitality and economic development of rural communities.

(2) The sufficiency in rural America of railroad capacity, the sufficiency of competition in the railroad system, the reliability of rail service, and the reasonableness of railroad prices.

(3) The accessibility to rail customers in rural America of Federal processes for the resolution of rail customer grievances with the railroads.

(b) REPORT TO THE CONGRESS.—Within 9 months after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the Congress a report that contains the results of the study required by subsection (a), and the recommendations of the Secretary for new Federal policies to address any problems identified by the study.

TITLE VII—RESEARCH

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Subtitle A—General Provisions

SEC. 7101. DEFINITIONS.

For purposes of this title:

(1) CAPACITY PROGRAM.—The term "capacity program" means the capacity program in subparagraph (M) and each of the following agricultural research, extension, education, and related programs for which the Secretary has administrative or other authority as of the day before the date of enactment of this Act:

(A) Each program providing funding to any of the 1994 institutions under sections 533, 534(a), and 535 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) (commonly known as financial assistance, technical assistance, and endowments to tribal colleges and the Navajo Community College).

(B) The program established under section 536 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) providing research grants for 1994 institutions.

(C) Each program established under subsections (b), (c), and (d) of section 3 of the Smith-Lever Act (7 U.S.C. 343).

(D) Each program established under the Hatch Act of 1887 (7 U.S.C. 361a et seq.).

(E) Each program established under section 1417(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(4)), including grant programs under that section (commonly known as the 1890 Institution Teaching and Research Capacity Building Grants Program).

(F) The animal health and disease research program established under subtitle E of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191 et seq.).

(G) The program established under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) (commonly known as the Evans-Allen Program).

(H) The program providing grants to upgrade agricultural and food sciences facilities at 1890 Institutions established under section 1447 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b).

(I) The program providing distance education grants for insular areas established under section 1490 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362).

(J) The program providing resident instruction grants for insular areas established under section 1491 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363).

(K) Each research and development and related program established under Public Law 87–788 (commonly known as the McIntire-Stennis Cooperative Forestry Act; 16 U.S.C. 582a et seq.).

(L) Each program established under the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 et seq.).

(M) The capacity building grant program for ASCARR Institutions established under this Act.

(N) Such other programs or parts of programs as determined appropriate by the Secretary.

(O) The program providing competitive extension grants to eligible 1994 institutions under section 3(b)(3) of the Smith-Lever Act (7 U.S.C. 343(b)(3)).

(2) COMPETITIVE PROGRAMS.—The term "competitive programs" means the competitive program in subparagraph (N) and each of the following agricultural research, extension, education, and related programs for which the Secretary has administrative or other authority as of the day before the date of enactment of this Act:

(A) Competitive grant programs authorized or otherwise administered by the Department of Agriculture under the terms of section 2(b) of the Competitive, Special and Facilities Research Grant (7 U.S.C. 450i).

(B) Institution Challenge Grants, administered under 1417(j) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(j)).

(C) Grants and related authorities authorized or otherwise administered by the Secretary of Agriculture under section 1417(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(5)) (commonly known as the Higher Education Multicultural Scholars Program).

(D) Programs authorized or otherwise administered under section 1455 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) (commonly known as educational grant programs for Hispanic-serving institutions).

(E) Integrated research, education, or extension programs authorized or otherwise administered under section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) except as provided under subsection (a)(14).

(F) Sustainable Agriculture Research and Education (7 U.S.C. 5811).

(G) Organic Research and Extension Initiative (7 U.S.C. 5925b).

(H) Higher Education Challenge Grants (7 U.S.C. 3152(b)(1)).

(I) Food and Agriculture Sciences National Needs Graduate and Postgraduate Fellowship Grants (7 U.S.C. 3152(b)(6)).

(J) International Science and Education Competitive Grants (7 U.S.C. 3292b).

(K) Community Food Projects Competitive Grants (7 U.S.C. 2034).

(L) Risk Management Education (7 U.S.C. 1524).

(M) High Priority Research and Extension Areas (7 U.S.C. 5925).

(N) Such other programs or parts of programs as determined appropriate by the Secretary.

(3) CAPACITY PROGRAM CRITICAL BASE FUNDING.—The term "capacity program critical base funding" means the aggregate amount of Federal funds made available for all or individual capacity programs for fiscal year 2007, as appropriate.

(4) COMPETITIVE PROGRAM CRITICAL BASE FUNDING.—The term "competitive program critical base funding" means the aggregate amount of Federal funds made available for all or individual competitive programs for fiscal year 2007, as appropriate.

(5) ASCARR INSTITUTION.—

(A) IN GENERAL.—The term "ASCARR Institution" means a public college or university offering a baccalaureate or higher degree in the study of agriculture.

(B) EXCLUSIONS.—The term "ASCARR Institution" does not include Hispanic-serving agricultural colleges or any institution designated under—

(i) the Act of July 2, 1862 (commonly known as the "First Morrill Act"; 7 U.S.C. 301 et seq.);

(ii) the Act of August 30, 1890 (commonly known as the "Second Morrill Act"; 7 U.S.C. 321 et seq.); or

(iii) the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note).

(6) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(7) DIRECTORS.—The term "Directors" refers to those directors appointed under section 7104.

(8) UNDER SECRETARY.—The term "Under Secretary" means the Under Secretary of Agriculture for Research, Education, and Economics.

(9) HISPANIC-SERVING AGRICULTURAL COLLEGE.—The term "Hispanic-serving agricultural college" means a college or university that—

(A) qualifies as a "Hispanic-serving institution" as defined in section 502(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)(5)); and

(B) offers a baccalaureate degree program in an agricultural or food science-related discipline.

SEC. 7102. BUDGET SUBMISSION AND FUNDING.

(a) BUDGET REQUEST.—The President shall submit to Congress, together with the annual budget submission of the President, a single budget line item reflecting the total amount requested by the President for funding for capacity programs, and a single budget line item reflecting the total amount requested by the President for funding for competitive programs for that fiscal year and for the previous 5 fiscal years.

(b) CAPACITY PROGRAM REQUEST.—

(1) CRITICAL BASE FUNDING.—Up to the amount of the capacity program critical base funding level, any funds requested for capacity programs in the budget submission single line item shall be apportioned among the capacity programs based on priorities established by the Under Secretary in conjunction with the Directors.

(2) ADDITIONAL FUNDING.—Of the funds requested for capacity programs in excess of the capacity program critical base funding level, budgetary emphasis should be placed on enhancing funding for the 1890, 1994, ASCARR Institutions, Hispanic-serving agricultural colleges, and small 1862 institutions.

(c) COMPETITIVE PROGRAM REQUEST.—

(1) CRITICAL BASE FUNDING.—Up to the amount of the competitive program critical base funding level, any funds requested for competitive programs in the budget submission single line item shall be apportioned among the competitive programs based on priorities established by the Under Secretary in conjunction with the Directors.

(2) ADDITIONAL FUNDING.—Of the funds requested for competitive programs in excess of the competitive program critical base funding level, budgetary emphasis shall be placed on enhancing funding for emerging problems and their solutions.

(d) FUNDING.—

(1) CRITICAL BASE FUNDING.—Up to the total aggregate amount of the capacity program critical base funding level and the competitive program critical base funding level, funds appropriated or otherwise made available shall be apportioned among each of the capacity programs and the competitive programs based on priorities established by the Under Secretary in conjunction with the Directors.

(2) ADDITIONAL FUNDING.—

(A) CAPACITY FUNDING.—Of the funds appropriated or otherwise made available for capacity programs in excess of the capacity program critical base funding level, funding emphasis should be placed on enhancing funding for the 1890, 1994, ASCARR Institutions, Hispanic-serving agricultural colleges, and small 1862 institutions.

(B) COMPETITIVE FUNDING.—Of the funds appropriated or otherwise made available for competitive programs in excess of the competitive program critical base funding level, budgetary emphasis shall be placed on enhancing funding for emerging problems and solutions.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as necessary to carry out this section.

(f) COMPETITIVE PROGRAMS.—For the purposes of this section, the term "competitive programs" includes only those programs for which annual appropriations are requested in the President's budget.

SEC. 7103. ADDITIONAL PURPOSES OF AGRICULTURAL RESEARCH AND EXTENSION.

Section 1403 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3102) is amended—

(1) in paragraph (6), by striking "and" at the end;

(2) in paragraph (7), by striking the period and inserting a semicolon; and

(3) by adding after paragraph (7) the following:

"(8) to integrate and organize the administration of the agricultural research, extension, education, and related programs administered by the Secretary of Agriculture to respond to 21st century challenges and continue to meet the needs of society from a local, tribal, State, national, and international perspective;

"(9) to minimize duplication, and maximize coordination and integration, among all of the programs at all levels through a solution-based approach; and

"(10) to position the agricultural research, extension, education, and related programs system to increase the contribution of the system to society through the expansion of the portfolio of the system.".

SEC. 7104. NATIONAL AGRICULTURAL RESEARCH PROGRAM OFFICE.

(a) ESTABLISHMENT.—The Under Secretary shall organize within the office of the Under Secretary 6 research Program Offices to be known collectively as the National Agricultural Research Program Office, which shall coordinate the programs and activities of the research agencies within the mission area in an integrated, multidisciplinary, interdisciplinary, interagency, and interinstitutional manner, to the maximum extent practicable. The Program Offices within the National Agricultural Research Program Office are as follows:

(1) Renewable energy, natural resources, and environment.
(2) Food safety, nutrition, and health.
(3) Plant health and production.
(4) Animal health and production and animal products.
(5) Agriculture systems and technology.
(6) Agriculture economics and rural communities.

(b) QUALIFICATIONS OF DIRECTORS.—

(1) APPOINTMENT AND CLASSIFICATION.—The Under Secretary shall appoint a Director for each Program Office as a senior level position in the competitive service.

(2) QUALIFICATIONS.—To be eligible for appointment as a Director, an individual shall have—

(A) conducted outstanding research, education, or extension in the field of agriculture or forestry;

(B) earned a doctoral level degree at an institution of higher education (as defined in section 101 of Public Law 89–329 (20 U.S.C. 1001)); and

(C) met qualification standards prescribed by the Director of the Office of Personnel Management for appointment to a senior level position of the competitive service.

(c) DUTIES OF DIRECTORS.—Except as otherwise provided in this Act, each Director as appointed by the Secretary shall—

(1) formulate programs in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board (7 U.S.C. 3123) (hereinafter referred to as the "Board");

(2) assess strategic workforce needs of research, education, extension, and other fields;

(3) cooperate with the Board to plan programs that assist in meeting the future personnel needs of disciplines and programs;

(4) develop strategic planning for department-wide research, education, extension, and related activities;

(5) establish department-wide priorities for research, education, extension, and related programs;

(6) communicate with research, education, and extension beneficiaries to identify their needs; and

(7) perform such other duties deemed necessary by the Secretary.

(d) ADMINISTRATION.—The Under Secretary, in conjunction with the Directors and in consultation with the Board, shall direct and coordinate research, education, and extension programs within the relevant agencies of the Department of Agriculture to focus those programs, and the participants, grantees, and other beneficiaries of those programs, on—

(1) understanding important problem areas and opportunities relating to a program;

(2) discovering and implementing solutions to address those problem areas;

(3) exploring other opportunities provided under the programs; and

(4) national, regional and local priorities.

(e) PROGRAM INTEGRATION AND COORDINATION.—

(1) IN GENERAL.—In accordance with applicable law (including regulations), the Under Secretary, in coordination with the Director of each Program Office and taking into consideration the advice of the Board, shall ensure, to the maximum extent practicable, that the research, education, and extension programs are administered, funded, and carried out—

(A) in an integrated, multidisciplinary, interdisciplinary, interagency, and interinstitutional manner that ensures—

(i) the most efficient collaborative use of resources; and

(ii) the focus of all resources and activities on strategic, priority, problem, opportunity, and solution areas identified by the Under Secretary

and the Directors, taking into consideration the advice of the Board; and

(B) among applicable participants, grantees, and beneficiaries, in a coordinated manner that encourages and ensures—

(i) the most efficient collaborative application of resources; and

(ii) the focus of all resources and activities on strategic, priority, problem, opportunity, and solution areas on a local, State, tribal, regional, national, and international basis, as the Under Secretary and each Director, taking into consideration the advice of the Board, determine to be appropriate.

(2) SCOPE.—Each Director, in consultation with the Under Secretary and the Board, shall ensure, through the integration and coordination under paragraph (1), that opportunities are maximized with respect to—

(A) the use of appropriate authorities, agencies, institutions, disciplines, and activities; and

(B) the inclusion of appropriate participants and other beneficiaries in those activities, including intramural, extramural, Government, university, extension, and international, as determined by the Under Secretary.

(f) FUNDING.—The Under Secretary shall fund each Program Office through the appropriations available to the various agencies within the mission area. The aggregate staff for all Program Offices shall not exceed 30 full-time equivalent positions and shall be filled by current full-time equivalent positions.

(g) ORGANIZATION.—The Under Secretary shall integrate leadership functions of the national program staff of the research agencies into the National Agricultural Research Program Office in such form as required to ensure that the Directors of the Program Offices are the primary program leaders for the mission areas of the integrated agencies and that administrative duplication does not occur.

(h) PRIORITIZING FEDERAL RESEARCH ACTIVITIES FOR SPECIALTY CROPS.—The Under Secretary, in coordination with the Directors of relevant Program Offices, shall—

(1) coordinate with and assist producers and organizations comprised of program beneficiaries working together to develop and implement applied research and extension related to the United States specialty crop industry;

(2) facilitate in the delivery of information to beneficiaries in a user-friendly form, in addition to a standard research publication, and reward providers for their abilities to deliver information to both the scientific community and the end-user; and

(3) ensure coordination among research initiatives funded and sponsored by the Department of Agriculture.

SEC. 7105. ESTABLISHMENT OF COMPETITIVE GRANT PROGRAMS UNDER THE NATIONAL INSTITUTE FOR FOOD AND AGRICULTURE.

Any office established to administer competitive programs under section 7101(b)(2), including the Agricultural Bioenergy and Biobased Products Research Initiative, the Specialty Crop Research Initiative, and Fresh Cut Produce Safety Grants created by this Act, shall be referred to as the National Institute of Food and Agriculture.

SEC. 7106. MERGING OF IFAFS AND NRI.

(a) AMENDMENT.—Subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)) is amended to read as follows:

"(b) COMPETITIVE GRANT PROGRAMS.—

"(1) COMPETITIVE BASIS.—The Secretary of Agriculture is authorized to make competitive grants for the purposes and priorities established under this subsection.

"(2) TERM.—The term of a competitive grant made under this subsection may not exceed 10 years.

"(3) GENERAL ADMINISTRATION.—In making grants under this subsection, the Secretary shall—

"(A) seek and accept proposals for grants;

"(B) determine the relevance and merit of proposals through a system of peer and merit review in accordance with section 103 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613);

"(C) award grants on the basis of merit, quality, and relevance to advancing the purposes and priorities established under paragraphs (8) and (12) of this subsection;

"(D) solicit and consider input from persons who conduct or use agricultural research, extension, or education in accordance with section 102(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(b)); and

"(E) in seeking proposals for grants under this subsection and in performing peer review evaluations of such proposals, seek the widest participation of qualified scientists in the Federal Government, colleges and universities, State agricultural experiment stations, and the private sector.

"(4) ELIGIBLE ENTITIES.—The Secretary may make a grant under this subsection to State agricultural experiment stations, all colleges and universities, university research foundations, other research institutions and organizations, Federal agencies, national laboratories, private organizations or corporations, and individuals, for research to further the programs of the Department of Agriculture.

"(5) ADMINISTRATIVE COSTS.—Not more than 4 percent of funds made available pursuant to this subsection may be retained by the Secretary to pay administrative costs incurred by the Secretary in carrying out this subsection.

"(6) CONSTRUCTION PROHIBITED.—Funds made available for grants under this subsection shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement and architect fees).

"(7) PURPOSES.—The purposes of the programs established under paragraph (8) shall reflect the purposes and additional purposes of agricultural research, extension, and education reflected in sections 1402 and 1403 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 and 3102).

"(8) BASIC AND APPLIED RESEARCH PROGRAMS.—The Secretary shall establish 2 distinct programs of agricultural research, one to fund fundamental, basic research pursuant to paragraph (9) to be known as the National Research Initiative and one to fund applied, integrated research, education, and extension pursuant to paragraph (10) to be known as the Initiative for Future Agricultural and Food Systems.

"(9) NATIONAL RESEARCH INITIATIVE.—

"(A) ALLOCATION.—The allocation of funds to the National Research Initiative shall be as follows:

"(i) Not less than 30 percent shall be available to make grants for research to be conducted by multidisciplinary teams.

"(ii) Not less than 20 percent shall be available to make grants for research to be conducted by persons conducting mission-linked systems research.

"(iii) Not less than 10 percent shall be available to make grants under subparagraphs (D), (F), and (G) of paragraph (13) for research and education strengthening and research opportunity.

"(iv) Not more than 2 percent may be used for equipment grants under paragraph (13)(D).

"(B) MATCHING FUNDS.—Except as provided in this subparagraph, the Secretary may not take the offer or availability of matching funds into consideration in making a grant under this subsection. In the case of grants under paragraph (13)(D), the amount provided under this subsection may not exceed 50 percent of the cost of the special research equipment or other equipment acquired. The Secretary may waive all or part of the matching requirement under this subparagraph in the case of a college, university, or research foundation maintained by a college or university that ranks in the lowest one-third of such colleges, universities, and research foundations on the basis of Federal research funds received if the equipment to be acquired costs not more than $25,000 and has multiple uses within a single research project or is usable in more than 1 research project.

"(10) INITIATIVE FOR FUTURE AGRICULTURAL AND FOOD SYSTEMS MATCHING FUNDS.—As a condition of making a grant under this paragraph, the Secretary shall require the funding of the grant be matched with equal matching funds from a non-Federal source if the grant is—

"(A) for applied research that is commodity-specific; and

"(B) not of national scope.

"(11) RESEARCH PRIORITIES.—The research priorities for the programs established in paragraph (8) shall be consistent with the priorities in effect for the National Research Initiative (7 U.S.C. 450i(b)) and Initiative for Future Agricultural and Food Systems (7 U.S.C. 7621) on the day before the date of enactment of this subsection. Priorities under the Initiative for Future Agricultural and Food Systems shall include classical plant and animal breeding.

"(12) PROGRAM ADMINISTRATION.—To the greatest extent possible, the Under Secretary, in conjunction with the Directors of the National Agricultural Research Program Offices established in section 7104 of the Farm, Nutrition, and Bioenergy Act of 2007, shall allocate these grants to high priority research tak-

ing into consideration, when available, the determinations made by the National Agricultural Research, Extension, Education, and Economics Advisory Board (as established under section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123).

"(13) SPECIAL CONSIDERATIONS.—In addition to making research grants under paragraph (9), the Secretary may conduct a program to improve research capabilities in the agricultural, food, and environmental sciences and award the following categories of competitive grants. Grants may be awarded—

"(A) to a single investigator or coinvestigators within the same discipline;

"(B) to teams of researchers from different areas of agricultural research and scientific disciplines;

"(C) to multidisciplinary teams that are proposing research on long-term applied research problems, with technology transfer a major component of all such grant proposals;

"(D) to an institution to allow for the improvement of the research, development, technology transfer, and education capacity of the institution through the acquisition of special research equipment and the improvement of agricultural education and teaching; however the Secretary shall use not less than 25 percent of the funds made available for grants under this subparagraph to provide fellowships to outstanding pre- and post-doctoral students for research in the agricultural sciences;

"(E) to a single investigator or coinvestigators who are beginning their research careers and do not have an extensive research publication record; however, to be eligible for a grant under this subparagraph, an individual shall be within 5 years of the individual's initial career track position;

"(F) to ensure that the faculty of small and mid-sized institutions who have not previously been successful in obtaining competitive grants under this subsection receive a portion of the grants; and

"(G) to improve research capabilities in States (as defined in the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.)) in which institutions have been less successful in receiving funding under this subsection, based on a 3-year rolling average of funding levels.

"(14) DIVISION OF FUNDS.—Of the funds made available to carry out this subsection, 60 percent shall be used to fund programs under paragraph (9) and 40 percent shall be used to fund programs under paragraph (10).

"(15) TRANSFER OF FUNDS FROM THE INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.—Funds made available pursuant to section 401(b)(3)(D) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 (b)(3)(D)) shall be transferred to the program established under this subsection.

"(16) AUTHORIZATION OF APPROPRIATIONS.—

"(A) There is authorized to be appropriated to carry out this subsection $500,000,000 for each of fiscal years 2008 through 2012.

"(B) Funds made available in each fiscal year shall remain available until expended to pay for obligations incurred in that fiscal year.".

(b) REPEALS.—The following provisions are hereby repealed:

(1) Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621).

(2) Subsection (2)(d) of the Competitive, Special, and Facilities Research Grant Act of 1965 (7 U.S.C. 450i(c)).

SEC. 7107. CAPACITY BUILDING GRANTS FOR ASCARR INSTITUTIONS.

(a) GRANT PROGRAM.—

(1) IN GENERAL.—The Secretary shall make competitive grants to ASCARR Institutions to assist the ASCARR Institutions in maintaining and expanding the capacity of the ASCARR Institutions to conduct education, research, and outreach activities relating to—

(A) agriculture;

(B) renewable resources; and

(C) other similar disciplines.

(2) USE OF FUNDS.—An ASCARR Institution that receives a grant under subsection (a)(1) may use the funds made available through the grant to maintain and expand the capacity of the ASCARR Institution—

(A) to successfully compete for funds from Federal grants and other sources to carry out educational, research, and outreach activities that address priority concerns of national, regional, State, and local interest;

(B) to disseminate information relating to priority concerns to—

(i) interested members of the agriculture, renewable resources, and other relevant communities;

(ii) the public; and

(iii) any other interested entity;

(C) to encourage members of the agriculture, renewable resources, and other relevant communities to participate in priority education, research, and outreach activities by providing matching funding to leverage grant funds; and

(D) through—

(i) the purchase or other acquisition of equipment and other infrastructure (not including alteration, repair, renovation, or construction of buildings);

(ii) the professional growth and development of the faculty of the ASCARR Institution; and

(iii) the development of graduate assistantships.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each fiscal year 2008 through 2012.

SEC. 7108. ESTABLISHMENT OF RESEARCH LABORATORIES FOR ANIMAL DISEASES.

(a) DEFINITIONS.—In this section—

(1) ANIMAL DISEASE.—The term "animal disease" has the meaning given the term by the Secretary.

(2) IMPORT.—The term "import" means to move from a place outside the territorial limits of the United States to a place within the territorial limits of the United States.

(3) LIVE VIRUS.—The term "live virus" means a live virus of foot-and-mouth disease or a live virus of any other animal disease that is a threat to the health of livestock, as determined by the Secretary.

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(5) STATE.—The term "State" means any of the States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States, or any territory or possession of the United States.

(6) UNITED STATES.—The term "United States" means all of the States.

(b) ANIMAL DISEASE RESEARCH.—

(1) ESTABLISHMENT OF RESEARCH FACILITIES.—The Secretary is authorized to establish research laboratories, including the acquisition of necessary land, buildings, or facilities, for research on animal diseases in the United States.

(2) ACTIVITIES AUTHORIZED WHEN DISEASE THREATENS LIVESTOCK.—To the extent the Secretary determines that an animal disease constitutes a threat to the livestock industry, the Secretary is authorized to conduct research, diagnostics, and other activities related to the animal disease.

(c) RESTRICTIONS REGARDING LIVE VIRUS.—

(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), a person or State or Federal agency may not—

(A) import a live virus into the United States;

(B) transport a live virus within the United States; and

(C) store and maintain a live virus at a research facility.

(2) AUTHORITY OF THE SECRETARY.—The Secretary of Agriculture may—

(A) import a live virus into the United States;

(B) transport a live virus within the United States; and

(C) store and maintain a live virus at a research facility.

(3) PERMITS.—

(A) IN GENERAL.—If the Secretary determines that it is in the public interest to do so, the Secretary may issue a permit to allow a private person or a State or Federal agency to—

(i) import a live virus into the United States;

(ii) transport a live virus within the United States; and

(iii) store and maintain a live virus at a research facility.

(B) PERMIT TERMS.—A permit issued under this paragraph shall be subject to terms and conditions prescribed by the Secretary.

(4) LIMITATION.—Nothing in this section shall apply to the importation, transportation, storage, and maintenance of any live virus governed by regulations promulgated pursuant to section 351A of the Public Health Service Act (42 U.S.C. 262a) or the Agricultural Bioterrorism Protection Act of 2002 (7 U.S.C. 8401).

(d) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise available for the control or eradication of animal diseases, there are authorized to be appropriated such sums as necessary to carry out this section.

SEC. 7109. GRAZINGLANDS RESEARCH LABORATORY.

Notwithstanding any other provision of law, without specific authorization by an Act of Congress, the Federal land and facilities at El Reno, Oklahoma, currently administered by the Secretary of Agriculture as the Grazinglands Research Laboratory, shall not at any time, in whole or part, be declared to be excess or surplus Federal property under chapter 5 of subtitle I of title 40, United States Code, or otherwise be conveyed or transferred in whole or in part.

SEC. 7110. RESEARCHER TRAINING.

(a) REQUIREMENT.—The Secretary shall require that persons receiving funds under section 1668(g)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921(g)(2)) to conduct research concerning genetically engineered plants, including seed and other propagative materials, complete a training program approved by the Secretary.

(b) CERTIFICATION OF THIRD-PARTY PROVIDERS.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall establish a system for approving individuals and entities to provide training under subsection (a), including criteria for the evaluation of trainers or potential trainers.

(c) EXPERTISE.—In establishing criteria for the evaluation of potential trainers, the Secretary shall ensure that individuals and entities with expertise in quality management systems, plant breeding and genetics, and the technical aspects of the Federal regulatory process for agricultural biotechnology, are eligible to become approved trainers under subsection (b).

SEC. 7111. FORT RENO SCIENCE PARK RESEARCH FACILITY.

The Secretary of Agriculture may lease land to the University of Oklahoma at the Grazinglands Research Laboratory at El Reno, Oklahoma, on such terms and conditions as the University and the Secretary may agree in furtherance of cooperative research and existing easement arrangements.

SEC. 7112. ASSESSING THE NUTRITIONAL COMPOSITION OF BEEF PRODUCTS.

(a) STUDY.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall award a grant, contract, or other agreement with an appropriate land-grant university to update the Department of Agriculture's Nutrient Composition Handbook for Beef, also known as Handbook #8–13. The Handbook shall incorporate accurate and current data collected by the university to be used by Federal agencies, private industries, health organizations, and consumers to determine important diet and health-related issues associated with the consumption of beef and beef products.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section to be available until expended.

SEC. 7113. SENSE OF CONGRESS REGARDING FUNDING FOR HUMAN NUTRITION RESEARCH.

It is the sense of the Congress that—

(1) human nutrition research has the potential for improving the health status of the American public through studies that help determine—

(A) the food and beverage intakes of Americans and the nutrient composition of the food supply;

(B) the relationship between diet and obesity, particularly to prevent childhood obesity;

(C) the authoritative, peer-reviewed, science-based evidence that forms the basis for Federal nutrition policy, dietary guidelines and programs; and

(D) the nutrient requirements for individuals at various stages in the lifespan and for vulnerable populations, particularly children and the elderly;

(2) human nutrition research holds the potential for identifying factors in crops and livestock that provide nutrition benefits to humans and add value for producers;

(3) the potential cost savings to Federal health programs, combined with the boost in revenues for farmers who produce nutritionally enhanced foods, justifies an increase in funding to a level sufficient to conduct this essential research; and

(4) the USDA regional human nutritional research centers have unique value in linking producer and consumer interests into investigations of food and human nutrition issues and conducting long-term nutrition studies; and activities at these centers should be preserved and coordinated with other human nutrition research activities.

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

SEC. 7201. ADVISORY BOARD.

Section 1408(g)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(g)(1)) is amended by striking "$350,000" and inserting "$500,000".

SEC. 7202. ADVISORY BOARD TERMINATION.

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 "2007" and inserting "2012".

SEC. 7203. RENEWABLE ENERGY COMMITTEE.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1408A the following:

"SEC. 1408B. RENEWABLE ENERGY COMMITTEE.

"(a) INITIAL MEMBERS.—Not later than 90 days after the date of the enactment of this section, the executive committee of the Advisory Board shall establish and appoint the initial members of a permanent renewable energy committee that shall be responsible for studying the scope and effectiveness of research, extension, and economics programs affecting the renewable energy industry.

"(b) NON-ADVISORY BOARD MEMBERS.—Individuals who are not members of the Advisory Board may be appointed as members of the renewable energy committee. Members of the renewable energy committee shall serve at the discretion of the executive committee.

"(c) REPORT BY RENEWABLE ENERGY COMMITTEE.—Not later than 180 days after the establishment of the renewable energy committee, and annually thereafter, the renewable energy committee shall submit to the Advisory Board a report containing the findings of its study under subsection (a). The renewable energy committee shall include in each report its recommendations.

"(d) COORDINATION OF FUNCTIONS.—In carrying out its functions, the Renewable Energy Committee shall coordinate with the Biomass Research and Development Act Committee.

"(e) MATTERS TO BE CONSIDERED IN BUDGET RECOMMENDATION.—In preparing the annual budget recommendations for the Department, the Secretary shall take into consideration those findings and recommendations contained in the most recent report of the renewable energy committee that are adopted by the Advisory Committee.

"(f) REPORT BY THE SECRETARY.—In the budget material submitted to Congress by the Secretary in connection with the budget submitted pursuant to section 1105 of title 31, United States Code, for a fiscal year, the Secretary shall include a report describing how the Secretary addressed each recommendation of the renewable energy committee described in subsection (e) of this section.".

SEC. 7204. SPECIALTY CROP COMMITTEE REPORT.

Section 1408A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a(c)) is amended by adding at the end the following:

"(4) Analyses of the specialty crop sector, including the impact of changes in domestic and international markets, production and new product technologies, alternative policies and macroeconomic conditions on specialty crop production, use, farm and retail prices, and farm income and financial stability from a national, regional, and farm-level perspective.

"(5) Review of the economic state of the specialty crop industry from a regional perspective.

"(6) Development of data that provides applied information useful to specialty crop growers, their associations, and other interested beneficiaries in evaluating that industry from a regional and national perspective.".

SEC. 7205. INCLUSION OF UDC IN 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 (b), by inserting "including the University of the District of Columbia," after "universities,"; and

(2) in subsection (d)(2), by inserting ", including the University of the District of Columbia," after "universities"

SEC. 7206. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) EDUCATION TEACHING PROGRAMS.—Section 1417(j) of the National Agricultural Research, Extension and Teaching Policy Act of 1977 (7 U.S.C. 3152(j)) is amended—

(1) in the subsection heading, by striking "SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS" and inserting "SECONDARY EDUCATION, 2-YEAR POSTSECONDARY EDUCATION, AND AGRICULTURE IN THE K–12 CLASSROOM"; and

(2) in paragraph (3)—

(A) by striking "secondary schools, and institutions of higher education that award an associate's degree" and inserting "secondary schools, institutions of higher education that award an associate's degree, other institutions of higher education, and nonprofit organizations";

(B) in subparagraph (E), by striking "and" at the end;

(C) in subparagraph (F), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(G) to support current agriculture in the classroom programs for grades K–12.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1417(l) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(l)) is amended by striking "2007" and inserting "2012".

(c) REPORT.—Section 1417 of the National Agricultural Research, Extension and Teaching Policy Act of 1977 is amended by adding at the end the following:

"(m) REPORT.—The Secretary shall submit an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate detailing the distribution of funds used to implement the teaching programs under subsection (j).".

SEC. 7207. GRANTS FOR RESEARCH ON 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 "2007" and inserting "2012".

SEC. 7208. 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 (b), by inserting ", including the Food Agricultural Policy Research Institute and the Agricultural and Food Policy Center" after "research institutions and organizations"; and

(2) in subsection (d), by striking "2007" and inserting "2012".

SEC. 7209. 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 "2007" and inserting "2012".

SEC. 7210. 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 "2007" and inserting "2012".

SEC. 7211. 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 "2007" and inserting "2012".

SEC. 7212. CONTINUING 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 "2007" and inserting "2012".

SEC. 7213. COOPERATION AMONG ELIGIBLE INSTITUTIONS.

Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by adding at the end the following new subsection:

"(g) COOPERATION AMONG ELIGIBLE INSTITUTIONS.—The Secretary, to the maximum extent practicable, shall encourage eligible institutions to cooperate in setting

research priorities under this section through the conduct of regular regional and national meetings.".

SEC. 7214. APPROPRIATIONS FOR 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 "2007" and inserting "2012".

SEC. 7215. AUTHORIZATION LEVEL OF EXTENSION AT 1890 LAND-GRANT COLLEGES.

Section 1444(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)(2)) is amended by striking "15 percent" and inserting "20 percent".

SEC. 7216. AUTHORIZATION LEVEL FOR AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES.

Section 1445(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)(2)) is amended by striking "25 percent" and inserting "30 percent".

SEC. 7217. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AT THE DISTRICT OF COLUMBIA LAND GRANT UNIVERSITY.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1447 the following:

"SEC. 1447A. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AT THE DISTRICT OF COLUMBIA LAND GRANT UNIVERSITY.

"(a) PURPOSE.—It is declared to be the intent of Congress to assist the land grant university in the District of Columbia, as established under section 208 of the District of Columbia Public Postsecondary Education Reorganization Act of October 26, 1974 (Public Law 93–471) in efforts acquire, alter, or repair facilities or relevant equipment necessary for conducting agricultural research.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the purposes of carrying out the provisions of this section $750,000 for each of fiscal years 2008 through 2012.".

SEC. 7218. 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 "2007" and inserting "2012".

SEC. 7219. NATIONAL RESEARCH AND TRAINING VIRTUAL CENTERS.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking "2007" each place it appears in subsections (a)(1) and (f) and inserting "2012".

SEC. 7220. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES OF 1890 INSTITUTIONS.

Section 1449(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d(c)) is amended in the first sentence by striking "for each of fiscal years 2003 through 2007,".

SEC. 7221. 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 "2007" and inserting "2012".

SEC. 7222. HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.

(a) IN GENERAL.—The National Agricultural Research, Extension and Teaching Policy Act of 1977 is amended by inserting after section 1455 the following:

"SEC. 1456. HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.

"(a) DEFINITIONS.—As used in this section:

"(1) ENDOWMENT FUND.—The term 'endowment fund' means the Hispanic-Serving Agricultural Colleges and Universities Fund established under subsection (b).

"(2) HISPANIC-SERVING AGRICULTURAL COLLEGE AND UNIVERSITIES.—The term 'Hispanic-serving agricultural colleges and universities' means a college or university that—

"(A) qualifies as a 'Hispanic-serving institution' as defined in section 502(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)(5)); and

"(B) offers associate, bachelor's, or other accredited degree programs in agriculture-related fields.

"(b) ENDOWMENT.—

"(1) IN GENERAL.—In accordance with this subsection, the Secretary of the Treasury shall establish a Hispanic-Serving Agricultural Colleges and Universities Fund. The Secretary of the Treasury may enter into such agreements as are necessary to carry out this subsection.

"(2) DEPOSIT TO THE ENDOWMENT FUND.—The Secretary of the Treasury shall deposit in the endowment fund any—

"(A) amounts made available through Acts of appropriations, which shall be the endowment fund corpus; and

"(B) interest earned on the endowment fund corpus.

"(3) INVESTMENTS.—The Secretary of the Treasury shall invest the endowment fund corpus and income in interest-bearing obligations of the United States.

"(4) WITHDRAWALS AND EXPENDITURES.—The Secretary of the Treasury may not make a withdrawal or expenditure from the endowment fund corpus. On September 30, 2008, and each September 30 thereafter, the Secretary of the Treasury shall withdraw the amount of the income from the endowment fund for the fiscal year and warrant the funds to the Secretary of Agriculture who, after making adjustments for the cost of administering the endowment fund, shall distribute the adjusted income as follows:

"(A) 60 percent distributed among the Hispanic-serving agricultural colleges and universities on a pro rata basis based on each institution's Hispanic enrollment count.

"(B) 40 percent distributed in equal shares to the Hispanic-serving agricultural colleges and universities.

"(5) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—For fiscal year 2008, and for each fiscal year thereafter, there is authorized to be appropriated to the Department of Agriculture an amount equal to—

"(i) $80,000; multiplied by

"(ii) the number of Hispanic-serving agricultural colleges and universities.

"(B) PAYMENTS.—For fiscal year 2008, and for each fiscal year thereafter, the Secretary of the Treasury shall pay to the treasurer of each Hispanic-Serving agricultural college and university an amount equal to—

"(i) the total amount made available by appropriations pursuant to paragraph (1); divided by

"(ii) the number of Hispanic-serving agricultural colleges and universities.

"(C) USE OF FUNDS.—Amounts authorized to be appropriated under this subsection shall be used in the same manner as is prescribed for colleges under the Act of August 30, 1890 (commonly known as the Second Morrill Act), and except as otherwise provided in this subsection, the requirements of such Act shall apply to the Hispanic-serving agricultural colleges and universities.

"(D) Amounts appropriated pursuant to this section shall be held and considered to have been granted to Hispanic-serving agricultural colleges and universities to establish an endowment pursuant to subsection (b).

"(c) INSTITUTIONAL CAPACITY BUILDING GRANTS.—

"(1) PURPOSE AND ALLOWABLE USES.—For fiscal year 2008, and for each fiscal year thereafter, the Secretary shall make institutional capacity building grants to assist Hispanic-serving agricultural colleges and universities not including alteration, repair, renovation, or construction of buildings.

"(2) CRITERIA FOR INSTITUTIONAL CAPACITY BUILDING GRANTS.—

"(A) REQUIREMENTS FOR GRANTS.—The Secretary shall make grants under this subsection on the basis of a competitive application process under which Hispanic-serving agricultural colleges and universities may submit applications to the Secretary in such form and manner as the Secretary may prescribe.

"(B) BROADER PARTICIPATION AND GEOGRAPHIC DIVERSITY.—All Hispanic-serving agricultural colleges and universities shall be eligible to compete for grants under this subsection.

"(C) DEMONSTRATION OF NEED.—The Secretary shall require as part of an application for a grant under this subsection, a demonstration of need based on criteria stated in subsection (b)(5). The Secretary may award a grant under this subsection only to an applicant that demonstrates a failure to obtain funding for a project after making a reasonable effort to otherwise obtain the funding.

"(D) PAYMENT OF NON-FEDERAL SHARE.—A grant awarded under this subsection shall be made only if the recipient of the grant pays a non-Federal

share in an amount specified by the Secretary and based upon assessed institutional needs.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Agriculture to carry out this subsection, such sums as are necessary for fiscal year 2008, and for each fiscal year thereafter.

"(d) COMPETITIVE GRANTS PROGRAM.—The Secretary of Agriculture shall establish a competitive grants program to fund basic and applied research at Hispanic-serving agricultural colleges and universities in agriculture, human nutrition, food science, bioenergy, and environmental science. There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection for fiscal year 2008 and for each fiscal year thereafter.".

(b) FUNDING.—Section 3 of the Act of May 8, 1914, (commonly known as the Smith-Lever Act), is amended—

(1) in subsection (b), by adding at the end the following new paragraph:

"(4) There are authorized to be appropriated for fiscal year 2008, and for each fiscal year thereafter, such sums as are necessary for the purposes set forth in section 4. Such sums shall be in addition to the sums appropriated for the several States and Puerto Rico, the Virgin Islands, and Guam under the provisions of this section. Such sums shall be distributed on the basis on a competitive application process to be developed and implemented by the Secretary and paid by the Secretary to the State institutions established in accordance with the provisions of the Act of July 2, 1862 (commonly known as the First Morrill Act) and administered by such institutions through cooperative agreements with the Hispanic-serving agricultural colleges and universities in the States of the institutions in accordance with regulations that the Secretary shall adopt."; and

(2) in subsection (f), by inserting "or Hispanic-serving agricultural colleges and universities" after "Institution".

SEC. 7223. INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) in paragraph (1)—

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

(B) in subparagraph (B), by adding "and" at the end; and

(C) by adding at the end the following:

"(C) giving priority to those institutions with existing memorandums of understanding, agreements, or other formal ties to United States institutions, or State or Federal agencies;";

(2) in paragraph (3), by inserting "Hispanic-serving agricultural colleges and universities," after "universities,";

(3) in paragraph (7)(A), by striking "and land-grant colleges and universities" and inserting ", land-grant colleges and universities, and Hispanic-serving agricultural colleges and universities";

(4) in paragraph (9)(A), by striking "or other colleges and universities" and inserting ", or other colleges and universities, or Hispanic-serving agricultural colleges and universities"; and

(5) by adding at the end the following:

"(11) establish a program for the purpose of providing fellowships to United States or foreign students to study at foreign agricultural colleges and universities working under agreements provided for under paragraph (3).".

SEC. 7224. 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 "2007" and inserting "2012".

SEC. 7225. LIMITATION ON INDIRECT COSTS FOR AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION PROGRAMS.

Section 1462(a) of the National Agriculture Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310(a)) is amended by striking "a competitive" and inserting "any".

SEC. 7226. RESEARCH EQUIPMENT GRANTS.

Section 1462A(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310a(e)) is amended by striking "2007" and inserting "2012".

SEC. 7227. UNIVERSITY RESEARCH.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by striking "2007" each place it appears in subsections (a) and (b) and inserting "2012".

SEC. 7228. EXTENSION SERVICE.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking "2007" and inserting "2012".

SEC. 7229. 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 "2007" and inserting "2012".

SEC. 7230. AQUACULTURE RESEARCH FACILITIES.

Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking "2007" and inserting "2012".

SEC. 7231. 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 "2007" and inserting "2012".

SEC. 7232. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

Section 1484(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3351(a)) is amended by striking "2007" and inserting "2012".

SEC. 7233. RESIDENT INSTRUCTION AND DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA INSTITUTIONS OF HIGHER EDUCATION.

(a) DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.—Section 1490(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(f)) is amended by striking "2007" and inserting "2012".

(b) RESIDENT INSTRUCTION GRANTS FOR INSULAR AREAS.—Section 1491 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363) is amended—

(1) by redesignating subsection (e) as subsection (c); and

(2) in subsection (c) (as so redesignated), by striking "2007" and inserting "2012".

Subtitle C—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 7301. NATIONAL GENETICS 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 "2007" and inserting "2012".

SEC. 7302. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by striking "1991 through 1997" and inserting "2008 through 2012".

SEC. 7303. PARTNERSHIPS.

Section 1672(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(d)) is amended by striking "may" and inserting "shall".

SEC. 7304. AFLATOXIN RESEARCH AND EXTENSION.

Section 1672(e)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(e)(3)) is amended by striking "and controlling aflatoxin in the food and feed chains." and inserting "improving, and eventually commercializing alfatoxin controls in corn and other affected agricultural products and crops.".

SEC. 7305. HIGH-PRIORITY RESEARCH AND EXTENSION AREAS.

Section 1672(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(e)) is amended by adding the following:

"(46) FARMED AND WILD CERVID DISEASE AND APPLIED GENETICS RESEARCH.—Research grants may be made under this section for the purpose of investigating the major infectious, parasitic and toxic diseases of importance to farmed and wild cervids.

"(47) AIR EMISSIONS FROM LIVESTOCK OPERATIONS.—Research and extension grants may be made under this section for the purpose of conducting field

verification tests and developing mitigation options for air emissions from animal feeding operations.

"(48) SWINE GENOME PROJECT.—Research grants may be made under this section to conduct swine genome research and to map the swine genome.

"(49) CATTLE FEVER TICK PROGRAM.—Research and extension grants may be made to study cattle fever ticks to facilitate understanding of the role of wildlife in the persistence and spread of cattle fever ticks; to develop advanced methods for eradication of cattle fever ticks; and to improve management of diseases related to cattle fever ticks that are associated with wildlife, livestock, and human health.

"(50) COLONY COLLAPSE DISORDER PROGRAM.—Research and extension grants may be made to survey and collect data of honey bee colony production and health; research various factors possibly contributing to or associated with colony collapse disorder; and develop mitigative and preventative measures to improve bee health.

"(51) SYNTHETIC GYPSUM FROM ELECTRIC POWER PLANTS RESEARCH.—Research and extension grants may be made to study the uses of synthetic gypsum from electric power plants to remediate soil and nutrient losses.

"(52) CRANBERRY RESEARCH PROGRAM.—Research and extension grants may be made to study new technologies to assist cranberry growers in complying with Federal and State environmental regulations, increase production, develop new growing techniques, establish more efficient growing methodologies, and educate farmers about sustainable growth practices.

"(53) SORGHUM RESEARCH INITIATIVE.—Research and extension grants may be made to study the use of sorghum as a bioenergy feedstock, promote diversification in, and the environmental sustainability of sorghum production, and promote water conservation through the use of sorghum.

"(54) BEAN HEALTH RESEARCH PROGRAM.—Research and extension grants may be made to study bean-based solutions to chronic health and nutritional concerns in both developed and developing countries, and to increase bean consumption.".

SEC. 7306. 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 "2007" and inserting "2012".

SEC. 7307. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a) is amended—

(1) by redesignating subsection (g) as subsection (f);

(2) in subsection (d), by inserting "or address unique regional concerns" after "entities";

(3) in subsection (e)(1)(B), by inserting "and dairy cattle waste" after "swine waste"; and

(4) in subsection (f) (as so redesignated in paragraph (1)), by striking "2007" and inserting "2012".

SEC. 7308. 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 "2007" and inserting "2012".

SEC. 7309. 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 "2007" and inserting "2012".

SEC. 7310. ORGANIC RESEARCH.

(a) IN GENERAL.—The 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 (5), by striking "and" after the semicolon;

(B) in paragraph (6), at the end by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

"(7) examining optimal conservation and environmental outcomes relating to organically produced agricultural products; and

"(8) developing new and improved seed varieties that are particularly suited for organic agriculture."; and

(2) by adding at the end the following—

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $25,000,000 for each of fiscal years 2009 through 2012.

"(g) ADDITIONAL FUNDING.—In addition to funds made available under subsection (f), of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section a total of $25,000,000 for fiscal years 2008 through 2012.".

(b) COORDINATION.—In carrying out this section, the Secretary shall ensure that the Director of the applicable Program Office established under section 7104(a) coordinates projects and activities carried out under this section to ensure, to the maximum extent practicable, that duplication of effort is eliminated or minimized.

SEC. 7311. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking "2007" and inserting "2012".

SEC. 7312. NEW ERA RURAL TECHNOLOGY PROGRAM.

(a) FUNCTIONS.—

(1) The Secretary shall establish the "New Era Rural Technology Program", to make grants available for technology development, applied research, and training to aid in the development of an agriculture-based renewable energy workforce. This initiative shall support the fields of bioenergy, pulp and paper manufacturing, and for agriculture-based renewable energy resources.

(2) To receive funding under this section an entity—

(A) shall be a rural community college or advanced technological center, in existence on the date of the enactment of this Act, that participates in agricultural or bioenergy research and applied research;

(B) shall have a proven record of development and implementation of programs to meet the needs of students, educators, and business and industry to supply the agriculture-based, renewable energy or pulp and paper manufacturing fields with certified technicians as determined by the Secretary of Agriculture; and

(C) shall have the ability to leverage existing partnerships and occupational outreach and training programs for secondary schools, 4-year institutions and relevant non-profit organizations.

(b) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated such sums as necessary for each of the fiscal years 2008 through 2012.

(c) COMMUNITY COLLEGES.—In this section, the term "community college" means an institution of higher education—

(1) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

(2) that does not provide an educational program for which it awards a bachelor's degree, or an equivalent degree; and

(3) that—

(A) provides an educational program of not less than two years that is acceptable for full credit toward such a degree; or

(B) offers a two-year program in engineering, technology, mathematics, or the physical, chemical or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

(d) GRANT PRIORITY.—Preference shall be given to rural community colleges working in partnership to improve information sharing capacity and to maximize the ability to meet the requirements of this section.

Subtitle D—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 7401. 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 "2007" and inserting "2012".

SEC. 7402. 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 "2007" and inserting "2012".

SEC. 7403. BIOBASED PRODUCTS.

(a) PILOT PROJECT.—Section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) is amended by striking "2007" and inserting "2012".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 404(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(h)) is amended by striking "2007" and inserting "2012".

SEC. 7404. 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 "2007" and inserting "2012".

SEC. 7405. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(f)) is amended by striking "2007" and inserting "2012".

SEC. 7406. FUSARIUM GRAMINEARUM GRANTS.

Section 408 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended—

(1) in the heading for such section, by striking "grant" and inserting "grants"; and

(2) in subsection (e), by striking "2007" and inserting "2012".

SEC. 7407. BOVINE JOHNE'S DISEASE CONTROL PROGRAM.

Section 409(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7629(b)) is amended by striking "2007" and inserting "2012".

SEC. 7408. GRANTS FOR YOUTH ORGANIZATIONS.

Section 410 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630) is amended by striking subsections (b) and (c) and inserting the following:

"(b) FLEXIBILITY.—The Secretary shall provide maximum flexibility in content delivery to each organization receiving funds under this section so as to ensure that the unique goals of each organization, as well as the local community needs are fully met.

"(c) REDISTRIBUTION OF FUNDING WITHIN ORGANIZATIONS AUTHORIZED.—Recipients of funds under this section are authorized to redistribute all or part of the funds received to individual councils or local chapters within such organization without further need of approval from the Secretary.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.".

SEC. 7409. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

Section 411(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7631(c)) is amended by striking "2007" and inserting "2012".

SEC. 7410. AGRICULTURAL BIOENERGY AND BIOBASED PRODUCTS RESEARCH INITIATIVE.

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

"SEC. 412. AGRICULTURAL BIOENERGY AND BIOBASED PRODUCTS RESEARCH INITIATIVE.

"(a) DEFINITION.—For the purposes of this section, the term 'Initiative' means the agricultural bioenergy and biobased products research initiative established by subsection (b).

"(b) ESTABLISHMENT.—There is established within the Department a bioenergy and biobased products research initiative to enhance the production, sustainability, and conversion of biomass to renewable fuels and related products.

"(c) LABORATORY NETWORK.—

"(1) IN GENERAL.—The Secretary shall carry out the Initiative through a bioenergy and biobased product laboratory network that may consist of—

"(A) Federal agencies;

"(B) national laboratories;

"(C) colleges and universities;

"(D) research institutions and organizations;

"(E) private organizations or corporations;

"(F) State agricultural experiment stations; and

"(G) individuals.

"(2) RESEARCH AND DEVELOPMENT OBJECTIVES.—The laboratory network shall focus on improving biomass production and sustainability, and improving biomass conversion in biorefineries, by—

"(A) leveraging the broad scientific capabilities of the Department in—
"(i) plant genetics and breeding;
"(ii) crop production;
"(iii) soil and water science;
"(iv) use of agricultural waste;
"(v) carbohydrate, lipid, protein, and lignin chemistry and biochemistry;
"(vi) enzyme development;
"(vii) fermentation;
"(viii) microbiology;
"(ix) cellulosic gasification; and
"(x) ethanol by-product utilization.
"(B) supporting bioenergy and biobased product research that will enhance the production, sustainability, and conversion of biomass to renewable fuels and related products; and
"(C) supporting bioenergy and biobased product research, and the dissemination of that research, that will assist in achieving the goals of this section.

"(d) COORDINATION.—In carrying out the Initiative, the Secretary shall ensure that the Director of the applicable Program office established under section 7104(a)(1) shall coordinate projects and activities carried out under the Initiative with projects and activities under the Biomass Research and Development Act of 2000 (7 U.S.C. 8601 et seq) to ensure, to the maximum extent practicable, that—
"(1) duplication of effort is eliminated or minimized; and
"(2) the respective strengths of the Department and the Department of Energy are maximized.

"(e) RESEARCH PROJECTS.—In carrying out this section, the Secretary shall award grants on a competitive basis.

"(f) ADMINISTRATION.—
"(1) IN GENERAL.—For grants awarded under subsection (e)(2), the Secretary shall—
"(A) seek and accept proposals for grants;
"(B) determine the relevance and merit of proposals through a system of peer review in accordance with (7 U.S.C. 7613); and
"(C) award grants on the basis of merit, quality, and relevance.
"(2) TERM.—A grant under this section shall have a term that does not exceed 5 years.
"(3) OTHER CONDITIONS.—The Secretary may set such other conditions on the award of a grant under this section as the Secretary determines appropriate.

"(g) BUILDINGS AND FACILITIES.—Funds made available under this section shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement and architect fees).

"(h) FUNDING.—There is authorized to be appropriated $50,000,000 for each of fiscal years 2008 through 2012 to carry out this section.".

SEC. 7411. SPECIALTY CROP RESEARCH INITIATIVE.

(a) IN GENERAL.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.), as amended by section 7410, is further amended by adding at the end the following:

"SEC. 413. SPECIALTY CROP RESEARCH INITIATIVE.

"(a) DEFINITIONS.—In this section:
"(1) INITIATIVE.—The term 'Initiative' means the specialty crop research initiative established by subsection (b).
"(2) SPECIALTY CROP.—The term 'specialty crop' shall have the meaning given that term in section 3(1) of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621).

"(b) ESTABLISHMENT.—There is established within the Department a specialty crop research initiative to address the critical needs of the specialty crop industry by developing and disseminating science-based tools to address needs of specific crops and their regions, including—
"(1) research in—
"(A) plant breeding, genetics, and genomics to improve crop characteristics, such as—
"(i) product appearance;
"(ii) environmental responses and tolerances;
"(iii) nutrient management;
"(iv) pest and disease management; and
"(v) enhanced phytonutrient content;

"(B) safety;
"(C) quality;
"(D) yield;
"(E) taste; and
"(F) shelf life;

"(2) efforts to identify and address threats from invasive species;

"(3) efforts to improve agricultural production by developing more technologically efficient and effective applications of water, nutrients, and pesticides;

"(4) new innovations and technology, such as enhancing mechanization and reducing reliance on labor; and

"(5) production efficiency, productivity, profitability and marketing.

"(c) ELIGIBLE ENTITIES.—The Secretary may carry out the Initiative through—

"(1) Federal agencies;
"(2) national laboratories;
"(3) colleges and universities;
"(4) research institutions and organizations;
"(5) private organizations or corporations;
"(6) State agricultural experiment stations; and
"(7) individuals.

"(d) RESEARCH PROJECTS.—In carrying out this section, the Secretary shall award grants on a competitive basis.

"(e) ADMINISTRATION.—

"(1) IN GENERAL.—For grants awarded under subsection (d) the Secretary shall—

"(A) seek and accept proposals for grants;

"(B) determine the relevance and merit of proposals through a system of peer review in accordance with section 103; and

"(C) award grants on the basis of merit, quality, and relevance.

"(2) TERM.—A grant under this section shall have a term that does not exceed 5 years.

"(3) OTHER CONDITIONS.—The Secretary may set such other conditions on the award of a grant under this section as the Secretary determines appropriate.

"(f) BUILDINGS AND FACILITIES.—Funds made available under this section shall not be used for the construction of a new building or facility or the acquisition, expansion remodeling, or alteration of an existing building or facility (including site grading and improvement and architect fees).

"(g) FUNDING.—There is authorized to be appropriated $100,000,000 for each of fiscal years 2008 through 2012 to carry out this section.

"(h) ADDITIONAL FUNDING.—In addition to funds made available under subsection (g), of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section a total of $215,000,000 for fiscal years 2008 through 2012.".

(b) COORDINATION.— In carrying out this section, the Secretary shall ensure that the Director of the applicable Program Office established under section 7104(a) coordinates projects and activities carried out under this section to ensure, to the maximum extent practicable, that duplication of effort is eliminated or minimized.

SEC. 7412. 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 "2007" and inserting "2012".

Subtitle E—Other Laws

SEC. 7501. CRITICAL AGRICULTURAL MATERIALS ACT.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking "2007" and inserting "2012".

SEC. 7502. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) ENDOWMENT 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 in the first sentence by striking "2007" and inserting "2012".

(b) 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 by striking "2007" each place it appears and inserting "2012".

(c) 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 in the first sentence by striking "2007" and inserting "2012".

SEC. 7503. AGRICULTURAL EXPERIMENT STATION RESEARCH FACILITIES ACT.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking "2007" and inserting "2012".

SEC. 7504. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985.

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 "2007" and inserting "2012".

SEC. 7505. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANT ACT (NATIONAL RESEARCH INITIATIVE).

Section 2 of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended—

(1) in subsection (b)(10), by striking "2007" and inserting "2012"; and

(2) by striking subsection (g).

SEC. 7506. AGRICULTURAL RISK PROTECTION ACT OF 2000 (CARBON CYCLE RESEARCH).

Section 221(g) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 6711(g)) is amended by striking "2007" and inserting "2012".

SEC. 7507. RENEWABLE RESOURCES EXTENSION ACT OF 1978.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended by striking "2007" and inserting "2012".

(b) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking "2007" and inserting "2012".

SEC. 7508. NATIONAL AQUACULTURE ACT OF 1980.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking "2007" each place it appears and inserting "2012".

SEC. 7509. CONSTRUCTION OF A CHINESE GARDEN AT THE NATIONAL ARBORETUM.

The Act of March 4, 1927 (20 U.S.C. 191 et seq.), is amended by adding at the end the following:

"SEC. 197. CONSTRUCTION OF A CHINESE GARDEN AT THE NATIONAL ARBORETUM.

"A Chinese Garden may be constructed at the National Arboretum established under this Act with—

"(1) funds accepted under the provisions of section 195 (20 U.S.C. 195);

"(2) authorities provided to the Secretary of Agriculture under section 196 (20 U.S.C. 196); and

"(3) appropriations provided for this purpose.".

SEC. 7510. PUBLIC EDUCATION REGARDING USE OF BIOTECHNOLOGY IN PRODUCING FOOD FOR HUMAN CONSUMPTION.

Section 10802(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5921a(b))is amended by striking "2007" and inserting "2012".

SEC. 7511. FRESH CUT PRODUCE SAFETY GRANTS.

(a) IN GENERAL.—The Secretary may award competitive research and extension grants to eligible entities to enable such entities to design, implement, and evaluate innovative, cost-effective programs to improve and enhance the safety of fresh cut produce.

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under subsection (a) an entity shall—

(1) be a university, college, or other entity designated by the Secretary; and

(2) have developed partnerships with producers of fresh cut produce.

(c) USE OF FUNDS.—An entity shall use funds received under a grant under this section to—

(1) improve sanitation and food safety practices in the processing of fresh cut produce;

(2) develop improved techniques to monitor and inspect fresh cut produce;

(3) develop efficient, rapid and sensitive methods to detect contaminants in fresh cut produce;

(4) determine the sources of contamination in fresh cut produce;

(5) develop methods to reduce or destroy harmful pathogens before, during, and after processing of fresh cut produce; and

(6) conduct other research as determined appropriate by the Secretary.

(d) MATCHING FUNDS REQUIRED.—The Secretary shall require the recipient of a grant under this section to provide funds or in-kind support from non-Federal

sources in an amount at least equal to the amount provided by the Federal Government.

(e) COORDINATION.—In carrying out this section, the Secretary shall ensure that the Director of the applicable Program Office established under section 7104(a) coordinates projects and activities carried out under this section to ensure, to the maximum extent practicable, that duplication of effort is eliminated or minimized.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

(g) ADDITIONAL FUNDING.—In addition to funds made available under subsection (f), of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section a total of $25,000,000 for fiscal years 2008 through 2012.

SEC. 7512. UDC/EFNEP ELIGIBILITY.

Section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471) is amended—

(1) in subsection (b)(2), by striking ", except" and all that follows through the period and inserting a period; and

(2) in subsection (c), by striking "section 3" each place it appears and inserting "section 3(c)".

SEC. 7513. SMITH-LEVER ACT.

Section 3(e)(4) of the Smith-Lever Act (7 U.S.C. 343(e)(4)) is amended—

(1) in the paragraph heading, by inserting "AND THE DISTRICT OF COLUMBIA" after "AREAS";

(2) in subparagraph (A), by inserting " and the District of Columbia" after "United States";

(3) in subparagraph (A), by inserting "and the District of Columbia" after "respectively,"; and

(4) in subparagraph (B), by inserting "or the District of Columbia" after "area".

SEC. 7514. HATCH ACT OF 1987.

Section 3(d)(4) of the Hatch Act of 1887 (7 U.S.C. 351c(d)(4)) is amended—

(1) in the paragraph heading, by inserting "AND THE DISTRICT OF COLUMBIA" after "AREAS";

(2) in subparagraph (A), by inserting " and the District of Columbia" after "United States";

(3) in subparagraph (A), by inserting "and the District of Columbia" after "respectively,"; and

(4) in subparagraph (B), by inserting "or the District of Columbia" after "area".

Subtitle F—Additional Provisions

SEC. 7601. MERIT REVIEW OF EXTENSION AND EDUCATIONAL GRANTS.

Section 103 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613) is amended in subsection (a)(2)(A), by striking "Cooperative State Research, Education, and Extension Service of the Department" and inserting "the National Institute for Food and Agriculture.".

SEC. 7602. REVIEW OF PLAN OF WORK REQUIREMENTS.

(a) REVIEW.—The Secretary shall work with university partners in extension and research to review and identify measures to streamline the submission, reporting under, and implementation of plan of work requirements including those under—

(1) section 1444 and 1444(d) and 1445(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(d) and 3222(c), respectively);

(2) section 7 of the Hatch Act of 1887 (7 U.S.C. 361g); and

(3) section 4 of the Smith-Lever Act (7 U.S.C. 344).

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall provide to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding the review carried out under subsection (a). The report shall include recommendations—

(1) to reduce the administrative burden and workload upon institutions associated with plan of work compliance while meeting Department reporting needs for inputs, outputs, and outcome indicators;

(2) to streamline the submission and reporting requirements of the plan of work such that it is of practical utility to both the department and the institution; and

(3) for any legislative changes necessary to carry out the plan of work improvements.

(c) CONSULTATION.—In carrying out the review and formulating and compiling the recommendations, the Secretary shall consult with the land grant institutions.

SEC. 7603. MULTISTATE AND INTEGRATION FUNDING.

(a) FUNDS EXPENDED ON INTEGRATION OF RESEARCH AND EXTENSION.—Section 3 of the Hatch Act of 1887 (7 U.S.C. 361c) is amended—

(1) in subsection (i)(2)(B), by striking "the lesser of" and inserting "25 percent"; and

(2) by striking clauses (i) and (ii).

(b) FUNDS EXPENDED ON MULTISTATE COOPERATIVE EXTENSION ACTIVITIES.—Section 3 of the Smith Lever Act (7 U.S.C. 343) is amended—

(1) in subsection (h)(2)(B), by striking "the lesser of" and inserting "25 percent"; and

(2) by striking clauses (i) and (ii).

SEC. 7604. EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM.

(a) FUNDING TO 1862, 1890, AND INSULAR AREA INSTITUTIONS.—Section 1425(c)(2)(B) of the National Agriculture Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(2)(B)) is amended—

(1) in the prefatory material, by striking "among the States";

(2) by striking clause (i) and inserting the following:

"(i) $100,000 shall be distributed to each of the land grant colleges and universities;";

(3) by redesignating clause (ii) as clause (iii);

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

"(ii) subject to subsection (d), of the remainder, 10 percent in fiscal year 2008, 11 percent in fiscal year 2009, 12 percent in fiscal year 2010, 13 percent in fiscal year 2011, 14 percent in fiscal year 2012, and 15 percent in fiscal year 2013 and each fiscal year thereafter, shall be allocated to each 1890 Institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998) in an amount that bears the same ratio to the total amount to be allocated under this clause as the population of the State living at or below 125 percent of the income poverty guidelines prescribed by the Office of Management and Budget (adjusted pursuant to section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902)), bears to the total population of all the States that have 1890 Institutions living at or below 125 percent of the income poverty guidelines, as determined by the last preceding decennial census at the time each such additional amount is first appropriated: *Provided*, That the total allocated under this clause shall not exceed (I) the amount of the funds appropriated for the conduct of the expanded food and nutrition education program for the fiscal year that are in excess of the amount appropriated for the conduct of the program for the fiscal year ending September 30, 2007, reduced by (II) any amounts expended pursuant to any adjustment under subsection (d); and"; and

(5) by amending clause (iii), as redesignated—

(A) by striking "allocated to each State" and inserting "allocated to the institution eligible to receive funds under the Act of July 2, 1862 (and including the appropriate insular area institution) in each State (and the University of the District of Columbia, notwithstanding section 208(c) of Public Law 93–471)"; and

(B) by striking "subparagraph." and inserting "subparagraph: Provided, That the total allocated under this clause to the University of the District of Columbia shall not exceed (I) the amount described in the proviso to clause (ii), reduced further by (II) the amount allocated under clause (ii).".

(b) AUTHORIZATION.—Section 1425(c)(3) of the National Agriculture Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking "$83,000,000 for each of fiscal years 1996 though 2007" and inserting "$90,000,000 for each of fiscal years 2008 through 2014".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2007.

SEC. 7605. GRANTS TO 1890 SCHOOLS TO EXPAND EXTENSION CAPACITY.

Section 1417(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(4)) is amended by striking "teaching and research" and inserting "teaching, research, and extension".

SEC. 7606. BORLAUG INTERNATIONAL AGRICULTURAL SCIENCE AND TECHNOLOGY FELLOWSHIP PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Agriculture shall establish a fellowship program to be known as the "Borlaug International Agricultural Science and Technology Fellowship Program," to provide fellowships for scientific training to individuals from eligible countries (as described under subsection (b)) who specialize in agricultural education, research, and extension for study in the United States.

(2) PROGRAMS.—The Secretary shall carry out the program established under paragraph (1) through 3 programs designed to assist individual fellowship recipients as follows:

(A) A Graduate Studies Program in Agriculture to assist individuals who participate in graduate agricultural degree training at a United States institution.

(B) An Individual Career Improvement Program to assist agricultural scientists from developing countries to upgrade skills and understanding in agricultural science and technology.

(C) The Borlaug Agricultural Policy Executive Leadership Course to assist senior agricultural policy makers from eligible countries with an initial focus on sub-Saharan Africa and from the newly independent states of the former Soviet Union.

(b) ELIGIBLE COUNTRIES.—Developing countries, as determined by the Secretary using a gross national income per capita test, shall be eligible to participate in the program established under this section.

(c) PURPOSE OF FELLOWSHIPS.—Fellowships under this section shall promote food security and economic growth in eligible countries by educating a new generation of agricultural scientists, increasing scientific knowledge and collaborative research to improve agricultural productivity, and extending this knowledge to users and their intermediaries in the market place. Fellowships shall support—

(1) training and collaborative research opportunities through exchanges for entry-level international agricultural research scientists, faculty, and policymakers from eligible countries;

(2) collaborative research to improve agricultural productivity;

(3) the transfer of new science and agricultural technologies to strengthen agricultural practice; and

(4) the reduction of barriers to technology adoption.

(d) FELLOWSHIP RECIPIENTS.—

(1) ELIGIBLE CANDIDATES.—The Secretary may provide fellowships under the program authorized by this section to individuals from eligible countries who specialize in or have experience in agricultural education, research, extension, or related fields, including individuals from the public and private sectors, and private agricultural producers.

(2) CANDIDATE IDENTIFICATION.—The Secretary shall utilize the expertise of United States land-grant and similar universities, international organizations working in agricultural research and outreach, and national agricultural research organizations to help identify program candidates for fellowships under this section from both the public and private sectors of eligible countries.

(e) USE OF FELLOWSHIPS.—Fellowships shall promote collaborative programs between agricultural professionals of eligible countries with those of the United States and the international agricultural research system and, as appropriate, with United States entities conducting research. They will be used to support fellowship recipients through the Graduate Studies Program in Agriculture established under subsection (a)(2)(A).

(f) PROGRAM IMPLEMENTATION.—The Secretary shall provide for the management, coordination, evaluation and monitoring of the overall Borlaug International Agricultural Science and Technology Fellowship Program and for the individual programs described in subsection (a)(2), except that the Secretary may contract out to one or more collaborating universities the management of one or more of the fellowship programs.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to carry out the program established under this section.

SEC. 7607. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking "2007" and inserting "2012".

SEC. 7608. COST RECOVERY.

Section 1473A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319a) is amended by striking "not exceeding 10 percent of the direct cost" and inserting "not exceeding 19 percent of the direct cost".

SEC. 7609. ORGANIC FOOD AND AGRICULTURAL SYSTEMS FUNDING.

It is the sense of Congress that the Secretary of Agriculture should use a share of Agricultural Research Service's total annual funding for research specific to organic food and agricultural systems that is at least commensurate with the organic sector's market, in order to facilitate the development of this growing sector. A portion of these funds should be used to disseminate research results through the National Agriculture Library's Alternative Farming Systems Information Center.

TITLE VIII—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

Sec. 8001. National priorities for private forest conservation.
Sec. 8002. Long-term, State-wide assessments and strategies for forest resources.
Sec. 8003. Assistance to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.
Sec. 8004. Changes to Forest Resource Coordinating Committee.
Sec. 8005. Changes to State Forest Stewardship Coordinating Committees.
Sec. 8006. Competition in programs under Cooperative Forestry Assistance Act of 1978.
Sec. 8007. Cooperative forest innovation partnership projects.

Subtitle B—Amendments to Other Laws

Sec. 8101. Healthy forest reserve program.
Sec. 8102. Emergency forest restoration program.
Sec. 8103. Office of International Forestry.
Sec. 8104. Rural revitalization technologies.

Subtitle C—Miscellaneous Provisions

Sec. 8201. Hispanic-serving institution agricultural land national resources leadership program.

Subtitle A—Cooperative Forestry Assistance Act of 1978

SEC. 8001. NATIONAL PRIORITIES FOR PRIVATE FOREST CONSERVATION.

Section 2 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101) is amended—

(1) by redesignating subsections (c) and (d) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (b) the following new subsections:

"(c) PRIORITIES.—In allocating funds appropriated or otherwise made available under this Act, the Secretary shall focus on the following national private forest conservation priorities, notwithstanding other priorities specified elsewhere in this Act:

"(1) Conserving and managing working forest landscapes for multiple values and uses.

"(2) Protecting forests from threats, including wildfire, hurricane, tornado, windstorm, snow or ice storm, flooding, drought, invasive species, or insect or disease outbreak, and restoring appropriate forest types in response to such threats.

"(3) Enhancing public benefits from private forests, including air and water quality, soil conservation, biological diversity, carbon storage, forest products, forestry-related jobs, production of renewable energy, wildlife and wildlife habitat, and recreation.

"(d) REPORTING REQUIREMENT.—Not later than September 30, 2011, the Secretary shall submit to Congress a report describing how funding was used under this Act and through other programs administered by the Secretary to address the national priorities specified in subsection (c) and the outcomes achieved in meeting the national priorities.".

SEC. 8002. LONG-TERM, STATE-WIDE ASSESSMENTS AND STRATEGIES FOR FOREST RESOURCES.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 2 (16 U.S.C. 2101) the following new section:

"SEC. 2A. STATE-WIDE ASSESSMENT AND STRATEGIES FOR FOREST RESOURCES.

"(a) ASSESSMENT AND STRATEGIES FOR FOREST RESOURCES.—For a State to be eligible to receive funds under the authorities of this Act, the State forester of the State or equivalent State official shall develop and submit to the Secretary, not later than two years after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the following:

"(1) A State-wide assessment of forest resource conditions, including—

"(A) the conditions and trends of forest resources in that State;

"(B) the threats to forest lands and resources in that State consistent with the national priorities specified in section 2(c);

"(C) any areas or regions of that State that are of priority; and

"(D) any areas, known as multi-State areas, that are of priority to more than just that State.

"(2) A State-wide forest resource strategy, including—

"(A) strategies for addressing threats to forest resources in the State outlined in the assessment required by paragraph (1); and

"(B) a description of the resources available to the State forester or equivalent State official from all sources to address the State-wide strategy required by subparagraph (A).

"(b) UPDATING.—The State forester or equivalent State official shall submit the State-wide strategy required by subsection (a)(2) on an annual basis. The State-wide assessment of forest resource conditions required by subsection (a)(1) shall be updated as the Secretary or State Forester or equivalent State official determines to be necessary.

"(c) COORDINATION.—In developing the State-wide assessment and annual strategy under subsection (a), the State forester or equivalent State official shall coordinate with—

"(1) the State Forest Stewardship Coordinating Committee established for the State under section 19(b);

"(2) the State wildlife agency to incorporate any overlapping priorities included in State wildlife action plans; and

"(3) the State Technical Committee.

"(d) FUNDING.—Of the funds available under this Act for a fiscal year, the Secretary may not use more than $10,000,000 to implement this section for that fiscal year. Use of funds for implementing this section shall be consistent with the original authorities for such funds.".

SEC. 8003. ASSISTANCE TO THE FEDERATED STATES OF MICRONESIA, THE REPUBLIC OF THE MARSHALL ISLANDS, AND THE REPUBLIC OF PALAU.

Section 13(d)(1) of the Cooperative Forestry Act of 1978 (16 U.S.C. 2109(d)(1)) is amended by striking "the Trust Territory of the Pacific Islands," and inserting "the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau,".

SEC. 8004. CHANGES TO FOREST RESOURCE COORDINATING COMMITTEE.

Section 19 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113) is amended by striking subsection (a) and inserting the following new subsection:

"(a) FOREST RESOURCE COORDINATING COMMITTEE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a committee, to be known as the 'Forest Resource Coordinating Committee' (in this section referred to as the 'Coordinating Committee'), to coordinate private non-industrial forestry activities within the Department of Agriculture and with the private sector.

"(2) COMPOSITION.—The Coordinating Committee shall be composed of the following:

"(A) The Chief of the Forest Service.

"(B) The Chief of the Natural Resources Conservation Service.

"(C) The Director of the Farm Service Agency.

"(D) The Administrator of the Cooperative State Research, Education, and Extension Service.

"(E) A representative from a State Technical Committee established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861).

"(F) Non-Federal representatives appointed by the Secretary to 3 year terms, although initial appointees shall have staggered terms, including the following persons:

"(i) At least three State foresters or equivalent State officials from geographically diverse regions of the United States.

"(ii) A representative of a State fish and wildlife agency.

"(iii) A private non-industrial forest landowner.

"(iv) A forest industry representative.

"(v) A conservation organization representative.

"(vi) A land-grant university or college representative.

"(vii) A private forestry consultant.

"(viii) A representative of a State fish and wildlife agency.

"(ix) Such other persons as determined by the Secretary to be appropriate.

"(3) CHAIRPERSON.—The Chief of the Forest Service shall serve as chairperson of the Coordinating Committee.

"(4) DUTIES.—The Coordinating Committee shall—

"(A) provide direction and coordination of actions within the Department of Agriculture, and coordination with State agencies and the private sector, to effectively address the national priorities specified in section 2(c), with specific focus on private non-industrial forest landowners;

"(B) clarify individual agency responsibilities of each agency represented on the Coordinating Committee concerning the national priorities specified in section 2(c), with specific focus on private non-industrial forested land;

"(C) provide advice on the allocation of funds, including the competitive funds set-aside by sections 8005 and 8006 of the Farm, Nutrition, and Bioenergy Act of 2007; and

"(D) assist the Secretary in developing and reviewing the report required by section 2(d).

"(5) MEETING.—The Coordinating Committee shall meet biannually to discuss progress in addressing the national priorities specified in section 2(c) and issues regarding non-industrial private forest land.

"(6) COMPENSATION.—

"(A) FEDERAL MEMBERS.—Members of the Coordinating Committee who are full-time officers or employees of the United States shall receive no additional pay, allowances, or benefits by reason of their service on the Committee.

"(B) NON-FEDERAL MEMBERS.—Non-federal members of the Coordinating Committee shall serve without pay, but may be reimbursed for reasonable costs incurred while performing their duties on behalf of the Committee.".

SEC. 8005. CHANGES TO 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)(ii)—

(A) by striking "and" at the end of subclause (VII); and

(B) by adding at the end the following new subclause:

"(IX) the State Technical Committee.".

(2) in paragraph (2)(C), by striking "a Forest Stewardship Plan under paragraph (3)" and inserting "the State-wide assessment and strategy regarding forest resource conditions under section 2A";

(3) by striking paragraphs (3) and (4); and

(4) by redesignating paragraphs (5) and (6) as paragraphs (3) and (4), respectively.

SEC. 8006. COMPETITION IN PROGRAMS UNDER COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978.

(a) COMPETITION.—Beginning not later than three years after the date of the enactment of this Act, the Secretary of Agriculture shall competitively allocate a portion, to be determined by the Secretary, of the funds available under the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101 et seq.) to State foresters or equivalent State officials.

(b) DETERMINATION.—In determining the competitive allocation of funds under subsection (a), the Secretary shall consult with the Forest Resource Coordinating Committee established by section 19(a) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(a)).

(c) PRIORITY.—The Secretary shall give priority for funding to States for which the strategies submitted under section 2A(a)(2) of the Cooperative Forestry Assistance Act of 1978 will best promote the national priorities specified in section 2(c) of such Act.

SEC. 8007. COOPERATIVE FOREST INNOVATION PARTNERSHIP PROJECTS.

(a) COOPERATIVE FOREST INNOVATION PARTNERSHIP PROJECTS.—The Secretary of Agriculture may competitively allocate not more than 5 percent of funding available under the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101 et seq.) to support innovative national, regional, or local education, outreach, or technology transfer projects that the Secretary determines would substantially increase the ability of the Department of Agriculture to address the national priorities specified in section 2(c) of such Act.

(b) ELIGIBILITY.—Notwithstanding the eligibility limitations contained within the Cooperative Forestry Assistance Act of 1978, any State or local government, Indian tribe, land-grant college or university, or private entity shall be eligible for funds under subsection (a).

(c) COST-SHARE REQUIREMENT.—In carrying out subsection (a), the Secretary shall not cover more than 50 percent of the total cost of a project under such subsection. In calculating the total cost of a project and contributions made with regard to the project, the Secretary shall include in-kind contributions.

Subtitle B—Amendments to Other Laws

SEC. 8101. HEALTHY FOREST RESERVE PROGRAM.

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

"SEC. 508. FUNDING.

"Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this title $17,000,000 for each of fiscal years 2008 through 2012. Such funds shall remain available until expended.".

SEC. 8102. EMERGENCY FOREST RESTORATION PROGRAM.

(a) ESTABLISHMENT.—Title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201–2205) is amended—

(1) by redesignating sections 404, 405, and 406 as sections 405, 406, and 407, respectively; and

(2) by inserting after section 403 the following new section:

"SEC. 404. EMERGENCY FOREST RESTORATION PROGRAM.

"(a) AVAILABILITY OF ASSISTANCE.—The Secretary of Agriculture is authorized to provide financial and technical assistance to an owner of non-industrial private forest lands to assist with developing and implementing an approved plan in accordance with subsection (c)(2).

"(b) AMOUNT OF ASSISTANCE.—

"(1) COST SHARE.—Payments under subsection (a) may not cover more than 75 percent of the total cost of measures implemented pursuant to an approved plan in accordance with subsection (c)(2).

"(2) ANNUAL LIMIT.—An owner of non-industrial private forest lands may not receive more than $50,000 per year under this section.

"(c) ELIGIBILITY.—To be eligible for assistance under this section, a landowner must—

"(1) have suffered a loss of, or damage to, non-industrial private forest land due to events, including wildfires, hurricanes, drought, windstorms, insect and disease, ice storms, or invasive species, as determined by the Secretary; and

"(2) develop a plan, in cooperation with the Secretary, and agree to implement the plan during the 10-year period beginning on the date of the loss, that—

"(A) provides for reforestation, rehabilitation, and related measures for the non-industrial private forest land;

"(B) restores the land and related natural resources;

"(C) uses best management practices on the forest land, in accordance with the best management practices as determined by the Secretary; and

"(D) incorporates good stewardship and conservation practices on the land, while maintaining the land in a forested state.

"(d) NON-INDUSTRIAL PRIVATE FOREST LAND DEFINED.—In this section, the term 'non-industrial private forest land' means rural lands, as determined by the Secretary, that—

"(1) have existing tree cover or had tree cover within the preceding 10 years; and

"(2) are owned by any non-industrial private individual, group, association, corporation, Indian tribe, or other private legal entity so long as the individual,

group, association, corporation, tribe, or entity has definitive decision-making authority over the lands.".

(b) REGULATIONS.—Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall issue regulations to carry out section 404 of the Agricultural Credit Act of 1978, as added by subsection (a).

SEC. 8103. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6704(d)) is amended by striking "2007" and inserting "2012".

SEC. 8104. RURAL REVITALIZATION TECHNOLOGIES.

Section 2371(d)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2)) is amended by striking "2004 through 2008" and inserting "2008 through 2012".

Subtitle C—Miscellaneous Provisions

SEC. 8201. HISPANIC-SERVING INSTITUTION AGRICULTURAL LAND NATIONAL RESOURCES LEADERSHIP PROGRAM.

(a) GRANT AUTHORITY.—The Secretary of Agriculture may make grants, on a competitive basis, to Hispanic-serving institutions for the purpose of establishing an undergraduate scholarship program to assist in the recruitment, retention, and training of Hispanics and other under-represented groups in forestry and related fields.

(b) USE OF GRANT FUNDS.—Grants made under this section shall be used to recruit, retain, train, and develop professionals to work in forestry and related fields with Federal agencies, such as the Forest Service, State agencies, and private-sector entities.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary for each of fiscal years 2008 through 2012 such sums as may be necessary to carry out this section.

TITLE IX—ENERGY

Sec. 9001. Table of contents.
Sec. 9002. Federal procurement of biobased products.
Sec. 9003. Loan guarantees for biorefineries and biofuel production plants.
Sec. 9004. Energy audit and renewable energy development program.
Sec. 9005. Renewable energy systems and energy efficiency improvements.
Sec. 9006. Biomass Research and Development Act of 2000.
Sec. 9007. Adjustments to the bioenergy program.
Sec. 9008. Research, extension, and educational programs on biobased energy technologies and products.
Sec. 9009. Energy Council of the Department of Agriculture.
Sec. 9010. Farm energy production pilot program.
Sec. 9011. Rural energy self-sufficiency initiative.
Sec. 9012. Agricultural biofuels from biomass internship pilot program.
Sec. 9013. Feedstock flexibility program for bioenergy producers.
Sec. 9014. Dedicated ethanol pipeline feasibility studies.
Sec. 9015. Biomass inventory report.
Sec. 9016. Future farmsteads program.
Sec. 9017. Sense of Congress on renewable energy.

SEC. 9001. TABLE OF CONTENTS.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is amended by inserting before section 9001 the following new section:

"SEC. 9000. TABLE OF CONTENTS.

"The table of contents of this title is as follows:

"TITLE IX - ENERGY

"Sec. 9000. Short title; table of contents.
"Sec. 9001. Definitions.
"Sec. 9002. Federal procurement of biobased products.
"Sec. 9003. Biorefinery development grants.
"Sec. 9004. Biodiesel fuel education program.
"Sec. 9005. Energy audit and renewable energy development program.
"Sec. 9006. Rural energy for America program.
"Sec. 9007. Hydrogen and fuel cell technologies.
"Sec. 9008. Biomass Research and Development Act of 2000.
"Sec. 9009. Cooperative research and extension projects.
"Sec. 9010. Continuation of bioenergy program.
"Sec. 9011. Research, extension, and educational programs on biobased energy technologies and products.
"Sec. 9012. Energy Council of the Department of Agriculture.
"Sec. 9013. Farm energy production pilot program.
"Sec. 9014. Rural energy self-sufficiency initiative.
"Sec. 9015. Agricultural Biofuels from Biomass Internship Pilot Program.
"Sec. 9016. Feedstock flexibility program for bioenergy producers.".

SEC. 9002. FEDERAL PROCUREMENT OF BIOBASED PRODUCTS.

(a) COMPOSITION OF BIOBASED PRODUCTS.—Section 9002(c)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102(c)(1)) is amended by inserting ", composed of at least five percent of intermediate ingredients and feedstocks (such as biopolymers, methyl soyate, and soy polyols) as designated by the Secretary," after "highest percentage of biobased products practicable".

(b) PROCUREMENT GUIDELINE CONSIDERATIONS.—Section 9002(e)(2)(B) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102(e)(2)(B)) is amended by striking "life cycle costs" and inserting "information on life cycle costs if such information is appropriate and available".

(c) LABELING REQUIREMENTS AND REVISED DEADLINE.—Section 9002(h) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102(h)) is amended—

(1) in paragraph (2)—

(A) by striking "Within one year after the date of enactment of this Act" and inserting "Not later than 90 days after the date of enactment of the ⟦Farm, Nutrition, and Bioenergy Act of 2007⟧,"; and

(B) by adding at the end the following: "Criteria shall be issued for finished products and intermediate ingredients and feedstocks.";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and inserting after paragraph (2) the following:

"(3) CONSULTATION.—In developing the eligibility criteria for the labeling program under this section, the Secretary shall consult with other Federal agencies and with non-governmental groups with an interest in biobased products including small and large producers of biobased materials and products, industry, trade organizations, academia, consumer organizations, and environmental organizations.".

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 9002(k) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102(k)) is amended to read as follows:

"(1) AUTHORIZATION OF APPROPRIATIONS.—

"(A) FEDERAL PROCUREMENT.—There are authorized to be appropriated $1,000,000 for each of fiscal years 2008 through 2013 to implement the provisions of this section other than subsection (h).

"(B) LABELING.—There are authorized to be appropriated $1,000,000 for each of fiscal years 2008 through 2013 to implement subsection (h) of this section.".

(2) FUNDING FOR TESTING OF BIOBASED PRODUCTS.—Paragraph (2)(A) of such section is amended by striking "$1,000,000 for each of fiscal years 2002 through 2007" and inserting "$2,000,000 for each of fiscal years 2008 through 2013".

(e) REPORT REQUIREMENTS.—

(1) REPORT BY AGENCIES TO ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY.—Subsection (f) of section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended—

(A) by striking "The Office of" and inserting "(1) The Administrator for"; and

(B) by adding at the end the following new paragraph:

"(2) To assist the Administrator for Federal Procurement Policy in preparing the report to Congress required under paragraph (1), each procuring agency each year shall submit to the Administrator a report covering the following:

"(A) Actions taken to implement subsections (c), (d), and (g) of this section.

"(B) The results of the annual review and monitoring program established under subsection (g)(2)(C).

"(C) The number of contracts entered into by the agency during the year covered by the report that include the procurement of biobased products.

"(D) A list of the biobased products procured by the agency during the year covered by the report.".

(2) REPORT BY SECRETARY TO CONGRESS ON IMPLEMENTATION OF SECTION.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended by adding at the end the following new subsection:

"(l) REPORT BY SECRETARY TO CONGRESS ON IMPLEMENTATION OF SECTION.—Not later than six months after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, and each year thereafter, the Secretary shall submit to Congress a report on the implementation of this section. The report shall include the following:

"(1) A comprehensive management plan defining tasks, milestones, and funding allocations for fully implementing this section.

"(2) A list of items designated under subsection (e)(1)(A) whose procurement will carry out the objectives of this section, with associated cost and performance data.

"(3) Information on the current status of implementation of the procurement preference under this section, including the procurement program of each Federal agency under subsection (g), and the voluntary labeling program under subsection (h).".

(f) REPEAL OF SUBSECTION.—Subsection (b) of section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102(b)) is hereby repealed.

SEC. 9003. LOAN GUARANTEES FOR BIOREFINERIES AND BIOFUEL PRODUCTION PLANTS.

Section 9003 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8103) is amended—

(1) in the section heading, by inserting "**; LOAN GUARANTEES FOR BIOREFINERIES AND BIOFUEL PRODUCTION PLANTS**" after "**GRANTS**";

(2) in subsection (b)(2)(A), by striking "and" the 1st place it appears and inserting "or";

(3) in subsection (c), by redesignating subsections (d) through (h) as subsections (e) through (i), respectively, and inserting after subsection (c) the following:

"(d) LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall make loan guarantees to eligible entities to assist in paying the cost of development and construction of biorefineries and biofuel production plants (including retrofitting) to carry out projects to demonstrate the commercial viability of 1 or more processes for converting biomass to fuels or chemicals.

"(2) LIMITATIONS.—

"(A) MAXIMUM PERCENTAGE OF LOAN GUARANTEED.—A loan guarantee under paragraph (1) shall be for not more than 90 percent of the principal and interest due on the loan.

"(B) TOTAL AMOUNTS GUARANTEED.—The total amount of principal and interest guaranteed under paragraph (1) shall not exceed—

"(i) $1,000,000,000, in the case of loans valued at not more than $100,000,000; or

"(ii) $1,000,000,000, in the case of loans valued at more than $100,000,000 but not more than $250,000,000.

"(C) MAXIMUM TERM OF LOAN GUARANTEED.—The Secretary shall determine the maximum term of a loan guarantee provided under paragraph (1).";

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

(A) in paragraph (2)(B)—

(i) by striking "and" at the end of clause (viii);

(ii) by striking the period at the end of clause (ix) and inserting "; and"; and

(iii) by adding at the end the following:

"(x) The level of local ownership."; and

(B) by adding at the end the following:

"(3) PRIORITY IN AWARDING LOAN GUARANTEES.—In selecting projects to receive loan guarantees under subsection (d), the Secretary shall give priority to projects based on the criteria set forth in paragraph (2)(B) of this subsection."; and

(5) in subsection (i) (as so redesignated), by striking "2007" and inserting "2012".

SEC. 9004. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

Section 9005(i) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8105) is amended by striking "2007" and inserting "2012".

SEC. 9005. RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

Section 9006 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106) is amended—

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

"SEC. 9006. RURAL ENERGY FOR AMERICA PROGRAM.";

(2) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting ", other agricultural producer" after "rancher";

(B) in paragraph (1), by striking "and" at the end;

(C) in paragraph (2), by striking the period and inserting "; and"; and

(D) by adding at the end the following new paragraph:

"(3) produce and sell electricity generated by new renewable energy systems.";

(3) in subsection (b), by inserting ", other agricultural producer" after "rancher";

(4) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking "50 percent" and inserting "75 percent"; and

(ii) by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following:

"(B) LOAN GUARANTEES.—

"(i) MAXIMUM AMOUNT.—The amount of a loan guaranteed under this section shall not exceed $25,000,000.

"(ii) MAXIMUM PERCENTAGE.—A loan guaranteed under this section shall not exceed 75 percent of the cost of the activity funded under subsection (a).."; and

(B) by adding at the end the following new paragraph:

"(3) PRIORITIZATION.—The Secretary shall give the greatest priority for grants under subsection (a) to activities for which the least percentage of the total cost of such activities is requested by the farmer, rancher, other agricultural producer, or rural small business.".

(5) by redesignating subsections (e) and (f) as subsection (g) and (h), respectively; and

(6) by inserting after subsection (d) the following new subsections:

"(e) FEASIBILITY STUDIES.—

"(1) IN GENERAL.—The Secretary may provide assistance to a farmer, rancher, other agricultural producer, or rural small business to conduct a feasibility study of a project for which assistance may be provided under this section.

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

"(3) CRITERIA.—The Secretary shall issue regulations establishing criteria for the receipt of assistance under this subsection.

"(4) AVOIDANCE OF DUPLICATIVE ASSISTANCE.—An farmer, rancher, other agricultural producer, or rural small business that receives assistance to carry out a feasibility study for a project under this subsection shall not be eligible for assistance to carry out a feasibility study for the project under any other provision of law.

"(f) SMALL ACTIVITIES.—

"(1) LIMITATION ON USE OF FUNDS.—The Secretary shall use not less than 15 percent of the funds made available under subsection (h) to provide grants for activities that have a cost of $50,000 or less.

"(2) EXCEPTION.—Beginning on the first day of the third quarter of a fiscal year, the limitation on the use of funds under paragraph (1) shall not apply to funds made available under subsection (h) for such fiscal year.".

SEC. 9006. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.

(a) RESTATEMENT OF ACT.—Section 9008 of the Farm Security and Rural Investment Act of 2002 (116 Stat. 486) is amended to read as follows:

"SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.

"(a) SHORT TITLE.—This section may be cited as the 'Biomass Research and Development Act of 2000'.

"(b) FINDINGS.—Congress finds that—

"(1) conversion of biomass into biobased industrial products offers outstanding potential for benefit to the national interest through—

"(A) improved strategic security and balance of payments;

"(B) healthier rural economies;

"(C) improved environmental quality;

"(D) near-zero net greenhouse gas emissions;

"(E) technology export; and

"(F) sustainable resource supply;

"(2) the key technical challenges to be overcome in order for biobased industrial products to be cost-competitive are finding new technology and reducing the cost of technology for converting biomass into desired biobased industrial products;

"(3) biobased fuels have the clear potential to be sustainable, low cost, and high performance fuels that are compatible with both current and future transportation systems and provide near-zero net greenhouse gas emissions;

"(4) biobased chemicals have the clear potential for environmentally benign product life cycles;

"(5) biobased power can—

"(A) provide environmental benefits;

"(B) promote rural economic development; and

"(C) diversify energy resource options;

"(6) many biomass feedstocks suitable for industrial processing show the clear potential for sustainable production, in some cases resulting in improved soil fertility and carbon sequestration;

"(7)(A) grain processing mills are biorefineries that produce a diversity of useful food, chemical, feed, and fuel products; and

"(B) technologies that result in further diversification of the range of value-added biobased industrial products can meet a key need for the grain processing industry;

"(8)(A) cellulosic feedstocks are attractive because of their low cost and widespread availability; and

"(B) research resulting in cost-effective technology to overcome the recalcitrance of cellulosic biomass would allow biorefineries to produce fuels and bulk chemicals on a very large scale, with a commensurately large realization of the benefit described in paragraph (1);

"(9) research into the fundamentals to understand important mechanisms of biomass conversion can be expected to accelerate the application and advancement of biomass processing technology by—

"(A) increasing the confidence and speed with which new technologies can be scaled up; and

"(B) giving rise to processing innovations based on new knowledge;

"(10) the added utility of biobased industrial products developed through improvements in processing technology would encourage the design of feedstocks that would meet future needs more effectively;

"(11) the creation of value-added biobased industrial products would create new jobs in construction, manufacturing, and distribution, as well as new higher-valued exports of products and technology;

"(12)(A) because of the relatively short-term time horizon characteristic of private sector investments, and because many benefits of biomass processing are in the national interest, it is appropriate for the Federal Government to provide precommercial investment in fundamental research and research-driven innovation in the biomass processing area; and

"(B) such an investment would provide a valuable complement to ongoing and past governmental support in the biomass processing area; and

"(13) several prominent studies, including studies by the President's Committee of Advisors on Science and Technology and the National Research Council—

"(A) support the potential for large research-driven advances in technologies for production of biobased industrial products as well as associated benefits; and

"(B) document the need for a focused, integrated, and innovation-driven research effort to provide the appropriate progress in a timely manner.

"(c) DEFINITIONS.—In this section:

"(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and Development Technical Advisory Committee established by this section.

"(2) BIOBASED FUEL.—The term 'biobased fuel' means any transportation fuel produced from biomass.

"(3) BIOBASED PRODUCT.—The term 'biobased product' means an industrial product (including chemicals, materials, and polymers) produced from biomass, or a commercial or industrial product (including animal feed and electric power) derived in connection with the conversion of biomass to fuel.

"(4) BIOMASS.—The term 'biomass' means any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees, wood and wood wastes and residues, plants (including aquatic plants), grasses, residues, fibers, and animal wastes, municipal wastes, and other waste materials.

"(5) BOARD.—The term 'Board' means the Biomass Research and Development Board established by this section.

"(6) DEMONSTRATION.—The term 'demonstration' means demonstration of technology in a pilot plant or semi-works scale facility.

"(7) INITIATIVE.—The term 'Initiative' means the Biomass Research and Development Initiative established under this section.

"(8) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 102(a) of the Higher Education Act of 1965 (20 U.S.C. 1002(a)).

"(9) NATIONAL LABORATORY.—The term 'National Laboratory' has the meaning given that term in section 2 of the Energy Policy Act of 2005.

"(10) POINT OF CONTACT.—The term 'point of contact' means a point of contact designated under this section.

"(d) COOPERATION AND COORDINATION IN BIOMASS RESEARCH AND DEVELOPMENT.—

"(1) IN GENERAL.—The Secretary of Agriculture and the Secretary of Energy shall cooperate with respect to, and coordinate, policies and procedures that promote research and development leading to the production of biobased fuels and biobased products.

"(2) POINTS OF CONTACT.—

"(A) IN GENERAL.—To coordinate research and development programs and activities relating to biobased fuels and biobased products that are carried out by their respective Departments—

"(i) the Secretary of Agriculture shall designate, as the point of contact for the Department of Agriculture, an officer of the Department of Agriculture appointed by the President to a position in the Department before the date of the designation, by and with the advice and consent of the Senate; and

"(ii) the Secretary of Energy shall designate, as the point of contact for the Department of Energy, an officer of the Department of Energy appointed by the President to a position in the Department before the date of the designation, by and with the advice and consent of the Senate.

"(B) DUTIES.—The points of contact shall jointly—

"(i) assist in arranging interlaboratory and site-specific supplemental agreements for research and development projects relating to biobased fuels and biobased products;

"(ii) serve as cochairpersons of the Board;

"(iii) administer the Initiative; and

"(iv) respond in writing to each recommendation of the Advisory Committee made under subsection (f).

"(e) BIOMASS RESEARCH AND DEVELOPMENT BOARD.—

"(1) ESTABLISHMENT.—There is established the Biomass Research and Development Board, which shall supersede the Interagency Council on Biobased Products and Bioenergy established by Executive Order No. 13134, to coordinate programs within and among departments and agencies of the Federal Government for the purpose of promoting the use of biobased fuels and biobased products by—

"(A) maximizing the benefits deriving from Federal grants and assistance; and

"(B) bringing coherence to Federal strategic planning.

"(2) MEMBERSHIP.—The Board shall consist of—

"(A) the point of contact of the Department of Energy designated under subsection (d), who shall serve as cochairperson of the Board;

"(B) the point of contact of the Department of Agriculture designated under subsection (d), who shall serve as cochairperson of the Board;

"(C) a senior officer of each of the Department of the Interior, the Environmental Protection Agency, the National Science Foundation, and the Office of Science and Technology Policy, each of whom shall—

"(i) be appointed by the head of the respective agency; and

"(ii) have a rank that is equivalent to the rank of the points of contact; and

"(D) at the option of the Secretary of Agriculture and the Secretary of Energy, other members appointed by the Secretaries (after consultation with the members described in subparagraphs (A) through (C)).

"(3) DUTIES.—The Board shall—

"(A) coordinate research and development activities relating to biobased fuels and biobased products—

"(i) between the Department of Agriculture and the Department of Energy; and

"(ii) with other departments and agencies of the Federal Government;

"(B) provide recommendations to the points of contact concerning administration of this title;

"(C) ensure that—

"(i) solicitations are open and competitive with awards made annually; and

"(ii) objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest; and

"(D) ensure that the panel of scientific and technical peers assembled under subsection (g) to review proposals is composed predominantly of inde-

pendent experts selected from outside the Departments of Agriculture and Energy.

"(4) FUNDING.—Each agency represented on the Board is encouraged to provide funds for any purpose under this section.

"(5) MEETINGS.—The Board shall meet at least quarterly to enable the Board to carry out the duties of the Board under paragraph (3).

"(f) BIOMASS RESEARCH AND DEVELOPMENT TECHNICAL ADVISORY COMMITTEE.—

"(1) ESTABLISHMENT.—There is established the Biomass Research and Development Technical Advisory Committee, which shall supersede the Advisory Committee on Biobased Products and Bioenergy established by Executive Order No. 13134—

"(A) to advise the Secretary of Energy, the Secretary of Agriculture, and the points of contact concerning—

"(i) the technical focus and direction of requests for proposals issued under the Initiative; and

"(ii) procedures for reviewing and evaluating the proposals;

"(B) to facilitate consultations and partnerships among Federal and State agencies, agricultural producers, industry, consumers, the research community, and other interested groups to carry out program activities relating to the Initiative; and

"(C) to evaluate and perform strategic planning on program activities relating to the Initiative.

"(2) MEMBERSHIP.—

"(A) IN GENERAL.—The Advisory Committee shall consist of—

"(i) an individual affiliated with the biofuels industry;

"(ii) an individual affiliated with the biobased industrial and commercial products industry;

"(iii) an individual affiliated with an institution of higher education who has expertise in biobased fuels and biobased products;

"(iv) two prominent engineers or scientists from government or academia who have expertise in biobased fuels and biobased products;

"(v) an individual affiliated with a commodity trade association;

"(vi) 2 individuals affiliated with an environmental or conservation organization;

"(vii) an individual associated with State government who has expertise in biobased fuels and biobased products;

"(viii) an individual with expertise in energy and environmental analysis;

"(ix) an individual with expertise in the economics of biobased fuels and biobased products;

"(x) an individual with expertise in agricultural economics;

"(xi) an individual with expertise in agronomy, crop science, or soil science; and

"(xii) at the option of the points of contact, other members.

"(B) APPOINTMENT.—The members of the Advisory Committee shall be appointed by the points of contact.

"(3) DUTIES.—The Advisory Committee shall—

"(A) advise the points of contact with respect to the Initiative; and

"(B) evaluate whether, and make recommendations in writing to the Board to ensure that—

"(i) funds authorized for the Initiative are distributed and used in a manner that is consistent with the objectives, purposes, and considerations of the Initiative;

"(ii) solicitations are open and competitive with awards made annually and that objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest;

"(iii) the points of contact are funding proposals under this title that are selected on the basis of merit, as determined by an independent panel of scientific and technical peers predominantly from outside the Departments of Agriculture and Energy; and

"(iv) activities under this section are carried out in accordance with this section.

"(4) COORDINATION.—To avoid duplication of effort, the Advisory Committee shall coordinate its activities with those of other Federal advisory committees working in related areas.

"(5) MEETINGS.—The Advisory Committee shall meet at least quarterly to enable the Advisory Committee to carry out the duties of the Advisory Committee.

"(6) TERMS.—Members of the Advisory Committee shall be appointed for a term of 3 years, except that—

"(A) one-third of the members initially appointed shall be appointed for a term of 1 year; and

"(B) one-third of the members initially appointed shall be appointed for a term of 2 years.

"(g) BIOMASS RESEARCH AND DEVELOPMENT INITIATIVE.—

"(1) IN GENERAL.—The Secretary of Agriculture and the Secretary of Energy, acting through their respective points of contact and in consultation with the Board, shall establish and carry out a Biomass Research and Development Initiative under which competitively awarded grants, contracts, and financial assistance are provided to, or entered into with, eligible entities to carry out research on, and development and demonstration of, biobased fuels and biobased products, and the methods, practices and technologies, for their production.

"(2) OBJECTIVES.—The objectives of the Initiative are to develop—

"(A) technologies and processes necessary for abundant commercial production of biobased fuels at prices competitive with fossil fuels;

"(B) high-value biobased products—

"(i) to enhance the economic viability of biobased fuels and power;

"(ii) as substitutes for petroleum-based feedstocks and products; and

"(iii) to enhance the value of coproducts arise from such technologies and processes; and

"(C) a diversity of sustainable domestic sources of biomass for conversion to biobased fuels and biobased products.

"(3) PURPOSES.—The purposes of the Initiative are—

"(A) to increase the energy security of the United States;

"(B) to create jobs and enhance the economic development of the rural economy;

"(C) to enhance the environment and public health; and

"(D) to diversify markets for raw agricultural and forestry products.

"(4) TECHNICAL AREAS.—To advance the objectives and purposes of the Initiative, the Secretary of Agriculture and the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and heads of other appropriate departments and agencies (referred to in this subsection as the 'Secretaries'), shall direct research, development, and commercial applications toward—

"(A) feedstocks and feedstock systems relevant to production of raw materials for conversion to biobased fuels and biobased products, including—

"(i) development of advanced and dedicated crops and other biomass sources with desired features, including enhanced productivity, broader site range, low requirements for chemical inputs, and enhanced processing;

"(ii) advanced crop production methods to achieve the features described in clause (i);

"(iii) feedstock harvest, handling, transport, and storage;

"(iv) strategies for integrating feedstock production into existing managed land; and

"(v) improving the value and quality of coproducts, including materials used for animal feeding;

"(B) overcoming recalcitrance of cellulosic biomass through developing technologies for converting cellulosic biomass into intermediates that can subsequently be converted into biobased fuels and biobased products, including—

"(i) pretreatment in combination with enzymatic or microbial hydrolysis;

"(ii) thermochemical approaches, including gasification and pyrolysis; and

"(iii) self-processing crops that express enzymes capable of degrading cellulosic biomass;

"(C) product diversification through technologies relevant to production of a range of biobased products (including chemicals, animal feeds, and cogenerated power) that eventually can increase the feasibility of fuel production in a biorefinery, including—

"(i) catalytic processing, including thermochemical fuel production;

"(ii) metabolic engineering, enzyme engineering, and fermentation systems for biological production of desired products, coproducts, or cogeneration of power;

"(iii) product recovery;

"(iv) power production technologies;

"(v) integration into existing biomass processing facilities, including starch ethanol plants, sugar processing or refining plants, paper mills, and power plants; and

"(vi) enhancement of products and coproducts, including dried distillers grains (including substantially elevated starch content, increased oil content, improved fatty acid profiles, and improved resistance to mold and mycotoxins; and

"(D) analysis that provides strategic guidance for the application of biomass technologies in accordance with realization of improved sustainability and environmental quality, cost effectiveness, security, and rural economic development, usually featuring system-wide approaches.

"(5) ADDITIONAL CONSIDERATIONS.—Within the technical areas described in paragraph (4), and in addition to advancing the purposes described in paragraph (3) and the objectives described in paragraph (2), the Secretaries shall support research and development—

"(A) to create continuously expanding opportunities for participants in existing biofuels production by seeking synergies and continuity with current technologies and practices, such as improvements in dried distillers grains as a bridge feedstock;

"(B) to maximize the environmental, economic, and social benefits of production of biobased fuels and biobased products on a large scale through life-cycle economic and environmental analysis and other means; and

"(C) to assess the potential of Federal land and land management programs as feedstock resources for biobased fuels and biobased products, consistent with the integrity of soil and water resources and with other environmental considerations.

"(6) ELIGIBLE ENTITIES.—To be eligible for a grant, contract, or assistance under this subsection, an applicant shall be—

"(A) an institution of higher education;

"(B) a National Laboratory;

"(C) a Federal research agency;

"(D) a State research agency;

"(E) a private sector entity;

"(F) a nonprofit organization; or

"(G) a consortium of two or more entities described in subparagraphs (A) through (F).

"(7) ADMINISTRATION.—

"(A) IN GENERAL.—After consultation with the Board, the points of contact shall—

"(i) publish annually one or more joint requests for proposals for grants, contracts, and assistance under this subsection;

"(ii) require that grants, contracts, and assistance under this section be awarded competitively, on the basis of merit, after the establishment of procedures that provide for scientific peer review by an independent panel of scientific and technical peers; and

"(iii) give some preference to applications that—

"(I) involve a consortia of experts from multiple institutions;

"(II) encourage the integration of disciplines and application of the best technical resources; and

"(III) increase the geographic diversity of demonstration projects.

"(B) DISTRIBUTION OF FUNDING BY TECHNICAL AREA.—Of the funds authorized to be appropriated for activities described in this subsection, funds shall be distributed for each of fiscal years 2007 through 2012 so as to achieve an approximate distribution of—

"(i) 20 percent of the funds to carry out activities for feedstock production under paragraph (4)(A);

"(ii) 45 percent of the funds to carry out activities for overcoming recalcitrance of cellulosic biomass under paragraph (4)(B), of which not less than 10 percent shall be used for activities referred to in each clause of paragraph (4)(B);

"(iii) 30 percent of the funds to carry out activities for product diversification under paragraph (4)(C); and

"(iv) 5 percent of the funds to carry out activities for strategic guidance under paragraph (4)(D).

"(C) DISTRIBUTION OF FUNDING WITHIN EACH TECHNICAL AREA.—Within each technical area described in subparagraphs (A) through (C) of paragraph (4), funds shall be distributed for each of fiscal years 2007 through 2012 so as to achieve an approximate distribution of—

"(i) 15 percent of the funds for applied fundamentals;

"(ii) 35 percent of the funds for innovation; and

"(iii) 50 percent of the funds for demonstration and commercial applications.

"(D) MATCHING FUNDS.—

"(i) IN GENERAL.—A minimum 20 percent funding match shall be required for demonstration projects under this section.

"(ii) COMMERCIAL APPLICATIONS.—A minimum of 50 percent funding match shall be required for commercial application projects under this section.

"(E) TECHNOLOGY AND INFORMATION TRANSFER TO AGRICULTURAL USERS.—The Administrator of the Cooperative State Research, Education, and Extension Service and the Chief of the Natural Resources Conservation Service shall ensure that applicable research results and technologies from the Initiative are adapted, made available, and disseminated through those services, as appropriate.

"(h) ADMINISTRATIVE SUPPORT AND FUNDS.—

"(1) IN GENERAL.—To the extent administrative support and funds are not provided by other agencies under paragraph (2)(b), the Secretary of Energy and the Secretary of Agriculture may provide such administrative support and funds of the Department of Energy and the Department of Agriculture to the Board and the Advisory Committee as are necessary to enable the Board and the Advisory Committee to carry out their duties under this section.

"(2) OTHER AGENCIES.—The heads of the agencies referred to in subsection (e)(2)(C), and the other members appointed under subsection (e)(2)(D), may, and are encouraged to, provide administrative support and funds of their respective agencies to the Board and the Advisory Committee.

"(3) LIMITATION.—Not more than 4 percent of the amount appropriated for each fiscal year under subsection (g)(6) may be used to pay the administrative costs of carrying out this section.

"(i) REPORTS.—

"(1) ANNUAL REPORTS.—For each fiscal year for which funds are made available to carry out this section, the Secretary of Energy and the Secretary of Agriculture shall jointly submit to Congress a detailed report on—

"(A) the status and progress of the Initiative, including a report from the Advisory Committee on whether funds appropriated for the Initiative have been distributed and used in a manner that—

"(i) is consistent with the objectives, purposes, and additional considerations described in paragraphs (2) through (5) of subsection (g);

"(ii) uses the set of criteria established in the initial report submitted under title III of the Agricultural Risk Protection Act of 2000;

"(iii) achieves the distribution of funds described in subparagraphs (B) and (C) of subsection (g)(7); and

"(iv) takes into account any recommendations that have been made by the Advisory Committee;

"(B) the general status of cooperation and research and development efforts carried out at each agency with respect to biobased fuels and biobased products, including a report from the Advisory Committee on whether the points of contact are funding proposals that are selected under subsection (g)(3)(B)(iii); and

"(C) the plans of the Secretary of Energy and the Secretary of Agriculture for addressing concerns raised in the report, including concerns raised by the Advisory Committee.

"(2) UPDATES.—The Secretary and the Secretary of Energy shall update the Vision and Roadmap documents prepared for Federal biomass research and development activities.

"(3) MANAGEMENT PLAN.—The Secretary shall every five years, in consultation with the Secretary of Energy, submit to Congress a detailed management plan for the implementation of this section. The management plan shall include—

"(A) consideration of the contribution of the section towards achieving the objectives referred to in paragraphs (2) and (3) of subsection (g) and in achieving the goals of the biomass program of the Department of Energy;

"(B) consideration of input solicited from the Advisory Committee, State, and private sources; and

"(C) specific and quantifiable near and long-term goals.

"(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $200,000,000 for each of fiscal years 2006 through 2015.".

(b) REPEAL.—Title III of the Agricultural Risk Protection Act of 2000 (Public Law 106-224) is hereby repealed.

(c) MANAGEMENT PLAN SUBMISSION DATE.—The first management plan required to be submitted under section 9008(i)(3) of the Biomass Research and Development Act of 2000, as added by subsection (a), shall be submitted not later than 180 days after the date of the enactment of this Act.

SEC. 9007. ADJUSTMENTS TO THE BIOENERGY PROGRAM.

Section 9010 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8108) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "and";

(ii) in subparagraph (B), by striking the final period and inserting a semicolon; and

(iii) by adding at the end the following new subparagraphs:

"(C) production of heat and power at a biofuels plant;

"(D) biomass gasification;

"(E) hydrogen made from cellulosic commodities for fuel cells;

"(F) renewable diesel;

"(G) such other items as the Secretary considers appropriate.";

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

"(3) ELIGIBLE FEEDSTOCK.—

"(A) IN GENERAL.—The term 'eligible feedstock' means—

"(i) any plant material grown or collected for the purpose of being converted to energy (including aquatic plants);

"(ii) any organic byproduct or residue from agriculture and forestry, including mill residues and pulping residues that can be converted into energy;

"(iii) any waste material that can be converted to energy and is derived from plant material, including—

"(I) wood waste and residue;

"(II) specialty crop waste, including waste derived from orchard trees, vineyard crops, and nut crops; or

"(III) other fruit and vegetable byproducts or residues; or

"(iv) animal waste and byproducts.

"(B) EXCLUSION.—The term 'eligible feedstock' does not include corn starch.";

(C) in paragraph (4), by striking "an eligible commodity" and inserting "eligible feedstock"; and

(D) by adding at the end the following new paragraph:

"(5) RENEWABLE DIESEL.—The term 'renewable diesel' means any type of biobased renewable fuel derived from plant or animal matter that may be used as a substitute for standard diesel fuel and meets the requirements of an appropriate American Society for Testing and Material standard. Such term does not include any fuel derived from coprocessing an eligible feedstock with a feedstock that is not biomass."; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "The Secretary shall continue" and all that follows through "the Secretary makes" and inserting "The Secretary shall make"; and

(ii) by striking "eligible commodities" and inserting "eligible feedstock";

(B) in paragraph (2)(B), by striking "eligible commodities" and inserting "eligible feedstock";

(C) in paragraph (3), by striking subparagraphs (B) and (C) and inserting the following:

"(B) PRIORITY.—In making payments under this paragraph, the Secretary shall give priority to contracts by considering the factors referred to in section 9003(e)(2)(B).."; and

(D) by striking paragraph (6) and inserting the following:

"(6) LIMITATION.—The Secretary may limit the amount of payments that may be received by an eligible producer under this section as the Secretary considers appropriate.".

SEC. 9008. RESEARCH, EXTENSION, AND EDUCATIONAL PROGRAMS ON BIOBASED ENERGY TECHNOLOGIES AND PRODUCTS.

Section 9011(j)(1)(C) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8109(j)(1)(C)) is amended by striking "2010" and inserting "2012".

SEC. 9009. ENERGY COUNCIL OF THE DEPARTMENT OF AGRICULTURE.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is further amended by adding at the end the following new section:

"SEC. 9012. ENERGY COUNCIL OF THE DEPARTMENT OF AGRICULTURE.

"(a) IN GENERAL.—The Secretary of Agriculture shall establish an energy council in the Office of the Secretary (in this section referred to as the 'Council') to coordinate the energy policy of the Department of Agriculture and consult with other departments and agencies of the Federal Government.

"(b) MEMBERSHIP.—

"(1) IN GENERAL.—The Secretary shall appoint the members of the Council from among the staff of the agencies and mission areas of the Department of Agriculture with responsibilities relating to energy programs or policies.

"(2) CHAIR.—The chief economist and the Under Secretary for Rural Development of the Department of Agriculture shall serve as the Chairs of the Council.

"(c) DUTIES OF OFFICE OF ENERGY POLICY AND NEW USES.—The Office of Energy Policy and New Uses of the Department of Agriculture shall support the activities of the Council.".

SEC. 9010. FARM ENERGY PRODUCTION PILOT PROGRAM.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is further amended by adding at the end the following new section:

"SEC. 9013. FARM ENERGY PRODUCTION PILOT PROGRAM.

"(a) PROGRAM.—The Secretary of Agriculture shall establish a pilot program to provide grants to farmers for the purpose of demonstrating the feasibility of making a farm energy neutral using existing technologies.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for fiscal years 2008 through 2012.".

SEC. 9011. RURAL ENERGY SELF-SUFFICIENCY INITIATIVE.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is further amended by adding at the end the following new section:

"SEC. 9014. RURAL ENERGY SELF-SUFFICIENCY INITIATIVE.

"(a) GRANT AUTHORITY.—

"(1) IN GENERAL.—The Secretary of Agriculture (in this section referred to as the 'Secretary') may make grants in accordance with this section to enable eligible rural communities to substantially increase their energy self-sufficiency.

"(2) ELIGIBLE RURAL COMMUNITY DEFINED.—In this section, the term 'eligible rural community' means a community that has a population of fewer than 25,000 individuals, and is not located in a metropolitan statistical area (as defined by the Bureau of the Census).

"(b) APPLICATIONS.—

"(1) IN GENERAL.—A community desiring to receive a grant under this section shall submit to the Secretary an application for the grant, which contains a description of how the community would use the grant to develop an integrated renewable energy system to substantially increase its energy self-sufficiency.

"(2) INTEGRATED RENEWABLE ENERGY SYSTEM.—In paragraph (1), the term 'integrated renewable energy system' includes—

"(A) the use of biofuels;

"(B) the use of biomass to produce electricity;

"(C) the use of animal manure to produce biogas as a substitute for natural gas;

"(D) the use of new technologies to provide highly energy efficient lighting, buildings, or vehicles;

"(E) the use of wind power to produce electricity and hydrogen; and

"(F) the use of solar energy.

"(c) CONSIDERATION OF APPLICATIONS.—

"(1) EVALUATION.—In making grants under this section, the Secretary shall evaluate applications based on their ability to demonstrate—

"(A) integration of different renewable energy sources at lowest total cost;

"(B) integration of different renewable energy sources with greatest potential for commercialization; and

"(C) development of best practices, and models for viable rural energy self-sufficiency.

"(2) PREFERENCE.—In making grants under this section, the Secretary shall give preference to those which propose a project developed or carried out in coordination with—

"(A) universities or their non-profit foundations;

"(B) Federal, State, or local government agencies;

"(C) public or private power generation entities; or

"(D) government entities with responsibility for water or natural resources.

"(d) GRANTS.—

"(1) COST-SHARING.—The amount of a grant under this section with respect to an application shall not exceed 75 percent of the cost of the activities described in the application.

"(2) NUMBER OF GRANTS PER YEAR.—The Secretary may make not more than 5 grants under this section in each fiscal year.

"(e) USE OF GRANTS.—A community to which a grant is made under this section shall use the grant to develop an integrated renewable energy system to improve the energy efficiency of the community, and shall document any energy savings resulting from the use of the grant.

"(f) REPORT TO THE CONGRESS.—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 that document the best practices and approaches used by grantees receiving funds under this section.

"(g) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For grants under this section, there are authorized to be appropriated to the Secretary not more than $5,000,000 for fiscal year 2008, and such sums as may be necessary for fiscal years 2009 through 2012.".

SEC. 9012. AGRICULTURAL BIOFUELS FROM BIOMASS INTERNSHIP PILOT PROGRAM.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is further amended by adding at the end the following new section:

"SEC. 9015. AGRICULTURAL BIOFUELS FROM BIOMASS INTERNSHIP PILOT PROGRAM.

"(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a structured, academically-oriented internship pilot program (in this section referred to as the 'Program') to provide students from universities in California, Iowa, Missouri, Georgia, Minnesota, and other states with substantial farm-based economies with the opportunity to work within the Department of Agriculture, Congress and legislative branch agencies, other Federal departments and agencies, corporations, and nonprofit institutions on matters pertaining to policies regarding renewable energy, including the conversion of biomass and other agricultural products to produce ethanol and other biofuels.

"(b) ELIGIBILITY.—To be eligible for an internship under subsection (a) a student shall—

"(1) be a third or fourth year undergraduate student or a graduate student at an accredited college or university in California, Iowa, Missouri, Georgia, Minnesota, or another State with a substantial farm-based economy that commits matching funds in accordance with subsection (g);

"(2) be a United States citizen;

"(3) be pursuing an undergraduate or graduate program in agriculture and related supporting subjects with direct relevance to the subject of biorefinery, biofuels, and renewable energy; and

"(4) meet any other conditions or requirements that the Secretary considers necessary.

"(c) PRIORITIES OF INTERNSHIP PILOT PROGRAM.—In administering the Program (including in the selection of students to participate in the Program), the Secretary shall prioritize the following activities and placements:

"(1) Structured internship experiences that feature direct, hands-on assistance to policy makers engaged in the development and implementation of agriculture and related supporting policies and legislation, with direct relevance to the subject of biorefinery, biofuels, and renewable energy.

"(2) Internship and academic seminar programs that provide a combination of workforce training, experiential education, and leadership development designed specifically for the Department of Agriculture and Congress, with regard to agriculture-based biorefinery, biofuels, and related renewable energy policies.

"(3) Establishment of regional and state networks that partner with the agricultural business, government and academic communities to enhance the prospects for providing financial assistance to students, particularly minority students, from colleges and universities in each participating State who are from economically disadvantaged backgrounds.

"(4) Internship and academic seminar programs that focus on agriculture-based research, development, and policies addressing new technologies to enhance agriculture production and enhanced economic development in the agriculture sector of the United States.

"(d) ADMINISTRATION OF THE PILOT PROGRAM.—The Secretary, in consultation with other executive and legislative branch officials, shall administer the Program.

The Secretary may engage the services of an experienced, nonprofit, nonpartisan professional internship and academic seminar organization with extensive experience in developing and carrying out Washington-based or other State-based internship programs and State-based financial assistance initiatives for interns to assist in carrying out the Program.

"(e) SCHOLARSHIPS AND OTHER ASSISTANCE FOR INTERNSHIPS.—The Secretary may make available to undergraduate and graduate students participating in the Program scholarships or other types of financial assistance, including funds to cover the cost of housing, per diem living expenses, transportation, tuition and other educational expenses, and related costs, that would allow participation by eligible undergraduate and graduate students from economically-disadvantaged backgrounds within the Program States.

"(f) LONGITUDINAL STUDIES AND REPORTING REQUIREMENTS.—

"(1) LONGITUDINAL STUDIES AND EVALUATION OF INTERNSHIP PROGRAM.—In developing and implementing the Program, the Secretary shall carry out such longitudinal studies and program evaluations as he or she deems appropriate to ensure that the program is administered in a cost-effective manner and has specific milestones, objectives, and results quantified with regard to such Program.

"(2) REPORTING REQUIREMENTS.—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 periodic reports regarding the development and implementation of the Program, including the longitudinal studies and evaluations required under paragraph (1).

"(g) STATE MATCHING REQUIREMENT.—As a condition of receiving an internship under the Program, the State in which the student receiving the internship is pursuing an undergraduate or graduate degree shall provide matching funds in the amount of one dollar for every two dollars provided by the Secretary under the Program.

"(h) FEDERAL CONTRIBUTION LIMIT.—The Secretary may not expend more than $200,000 in any fiscal year to provide internships to students pursuing an undergraduate or graduate degree in any particular State.

"(i) APPLICATION OF FUNDS.—The Secretary shall, to the maximum extent practicable, use funds made available under subsection (j) to provide scholarships and the other forms of financial assistance described in subsection (e) directly attributable to the participation in the Program by students from rural, economically-disadvantaged backgrounds.

"(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.".

SEC. 9013. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIOENERGY PRODUCERS.

Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is further amended by adding at the end the following new section:

"SEC. 9016. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIOENERGY PRODUCERS.

"(a) DEFINITIONS.—In this section:

"(1) BIOENERGY.—The term 'bioenergy' means fuel grade ethanol and other biofuel.

"(2) BIOENERGY PRODUCER.—The term 'bioenergy producer' means a producer of bioenergy that uses an eligible commodity to produce bioenergy under this section.

"(3) ELIGIBLE COMMODITY.—The term 'eligible commodity' means a form of raw or refined sugar or in-process sugar that is eligible to be marketed in the United States for human consumption or to be used for the extraction of sugar for human consumption.

"(4) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity located in the United States that markets an eligible commodity in the United States.

"(b) FEEDSTOCK FLEXIBILITY PROGRAM.—

"(1) IN GENERAL.—

"(A) PURCHASES AND SALES.—For each of fiscal years 2008 through 2012, the Secretary shall purchase eligible commodities from eligible entities and sell such commodities to bioenergy producers for the purpose of producing bioenergy in a manner that ensures that 156 of the Federal Agricultural Improvement and Reform Act (7 U.S.C. 7272) is operated at no cost to the Federal Government by avoiding forfeitures to the Commodity Credit Corporation.

"(B) COMPETITIVE PROCEDURES.—In carrying out the purchases and sales required under subparagraph (A), the Secretary shall, to the maximum extent practicable, use competitive procedures, including the receiving, offering, and accepting of bids, when entering into contracts with eligible enti-

ties and bioenergy producers, provided that such procedures are consistent with the purposes of subparagraph (A).

"(C) LIMITATION.—The purchase and sale of eligible commodities under subparagraph (A) shall only be made in fiscal years in which such purchases and sales are necessary to ensure that the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272) is operated at no cost to the Federal Government by avoiding forfeitures to the Commodity Credit Corporation.

"(2) NOTICE.—

"(A) IN GENERAL.—Not later than September 1, 2007, and each September 1 thereafter through fiscal year 2011, the Secretary shall provide notice to eligible entities and bioenergy producers of the quantity of eligible commodities that shall be made available for purchase and sale for the subsequent fiscal year under this section.

"(B) REESTIMATES.—Not later than the first day of each of the second through fourth quarters of each of fiscal years 2008 through 2012, the Secretary shall reestimate the quantity of eligible commodities determined under subparagraph (A), and provide notice and make purchases and sales based on such reestimates.

"(3) COMMODITY CREDIT CORPORATION INVENTORY.—To the extent that an eligible commodity is owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272)), the Secretary shall sell such commodity to bioenergy producers under this section.

"(4) TRANSFER RULE; STORAGE FEES.—

"(A) GENERAL TRANSFER RULE.—Except as provided in subparagraph (C), the Secretary shall ensure that bioenergy producers that purchase eligible commodities pursuant to this subsection take possession of such commodities within 30 calendar days of the date of such purchase from the Commodity Credit Corporation.

"(B) PAYMENT OF STORAGE FEES PROHIBITED.—

"(i) IN GENERAL.—The Secretary shall, to the greatest extent practicable, carry out this subsection in a manner that ensures no storage fees are paid by the Commodity Credit Corporation in the administration of this subsection.

"(ii) EXCEPTION.—Clause (i) shall not apply with respect to any commodities owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272)).

"(C) OPTION TO PREVENT STORAGE FEES.—

"(i) IN GENERAL.—The Secretary may enter into contracts with bioenergy producers to sell eligible commodities to such producers prior in time to entering into contracts with eligible entities to purchase such commodities to be used to satisfy the contracts entered into with the bioenergy producers.

"(ii) SPECIAL TRANSFER RULE.—If the Secretary makes a sale and purchase referred to in clause (i), the Secretary shall ensure that the bioenergy producer that purchased eligible commodities takes possession of such commodities within 30 calendar days of the date the Commodity Credit Corporation purchases such commodities.

"(5) RELATION TO OTHER LAWS.—If sugar that is subject to a marketing allotment under part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) is the subject of a payment under this section, such sugar shall be considered marketed and shall count against a processor's allocation of an allotment under such part, as applicable.

"(6) FUNDING.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation, including the use of such sums as are necessary, to carry out this section.".

SEC. 9014. DEDICATED ETHANOL PIPELINE FEASIBILITY STUDIES.

(a) IN GENERAL.—The Secretary of Agriculture, in coordination with the Secretary of Energy and the Secretary of Transportation, shall spend up to $1,000,000 to fund feasibility studies for the construction of dedicated ethanol pipelines.

(b) CONDUCT OF STUDIES.—

(1) IN GENERAL.—The Secretary of Agriculture shall—

(A) through a competitive solicitation process, select 1 or more firms having capabilities in the planning, development, and construction of dedicated pipelines to carry out the feasibility studies described in subsection (a); or

(B) carry out the feasibility studies in conjunction with such firms.

(2) TIMING.—

(A) IN GENERAL.—Not later than 120 days after the Secretary selects 1 or more firms under paragraph (1)(A) and funding is made available under subsection (f), the Secretary shall award funding under this section.

(B) STUDIES.—As a condition of receiving funds under this section, a recipient of funding shall agree to submit to the Secretary a completed feasibility study not later than one year after the date on which the recipient is awarded funds pursuant to paragraph (1)(A).

(c) STUDY FACTORS.—Feasibility studies funded under this section shall include consideration of—

(1) existing or potential barriers to dedicated ethanol pipelines, including technical, siting, financing, and regulatory barriers;

(2) potential evolutionary pathways for the development of an ethanol pipeline transport system, such as starting with localized gathering networks as compared to major interstate ethanol pipelines to carry larger volumes from the Midwest to the East or West coast;

(3) market risk, including throughput risk, and ways of mitigating the risk;

(4) regulatory, financing, and siting options that would mitigate risk in these areas and help ensure the construction of dedicated ethanol pipelines;

(5) financial incentives that may be necessary for the construction of dedicated ethanol pipelines, including the return on equity that sponsors of the first dedicated ethanol pipelines will require to invest in the pipelines;

(6) ethanol production of 20,000,000,000, 30,000,000,000, and 40,000,000,000 gallons per year by 2020; and

(7) such other factors that the Secretary considers to be appropriate.

(d) CONFIDENTIALITY.—If a recipient of funding under this section requests confidential treatment for critical energy infrastructure information or commercially-sensitive data contained in a feasibility study submitted by the recipient under subsection (b)(2)(B), the Secretary shall offer to enter into a confidentiality agreement with the recipient to maintain the confidentiality of the submitted information.

(e) REVIEW; REPORT.—The Secretary of Agriculture shall—

(1) review the feasibility studies submitted under subsection (b)(2)(B) or carried out under subsection (b)(1)(B); and

(2) not later than 90 days after the date on which all studies are completed under subsection (b), submit to Congress a report that includes—

(A) information about the potential benefits of constructing dedicated ethanol pipelines; and

(B) recommendations for legislation that could help provide for the construction of dedicated ethanol pipelines.

(f) FUNDING.—There are authorized to be appropriated to the Secretary of Agriculture to carry out this section $1,000,000 for fiscal year 2008, to remain available until expended.

SEC. 9015. BIOMASS INVENTORY REPORT.

(a) INVENTORY REQUIRED.—The Secretary of Agriculture shall conduct an inventory of biomass resources on a county-by-county basis.

(b) REPORT.—Not later than one year after the date of the enactment of this Act, 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 containing—

(1) the results of the inventory conducted under subsection (a); and

(2) an estimate of the amount of unused crop land in the United States that could be used for dedicated energy crops.

(c) BIOMASS RESOURCES DEFINED.—In this section, the term "biomass resource" has the meaning given the term "eligible commodity" in section 9010(a)(3) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8108(a)(3)).

SEC. 9016. FUTURE FARMSTEADS PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a program to equip, in each of 5 regions of the country chosen to represent different farming practices, a farm house and its surrounding fields, facilities, and forested areas with technologies to—

(1) improve farm energy production and energy use efficiencies;

(2) provide working examples to farmers; and

(3) serve as an education, demonstration, and research facility that will teach graduate students whose focus of research is related to either renewable energy or energy conservation technologies.

(b) GOALS.—The goals of the program established under subsection (a) shall be to—

(1) advance farm energy use efficiencies and the on-farm production of renewable energies, along with advanced communication and control technologies with the latest in energy capture and conversion techniques, thereby enhancing rural energy independence and creating new revenues for rural economies;

(2) accelerate private sector and university research into the efficient on-farm production of renewable fuels and help educate the farming industry, students, and the general public; and

(3) accelerate energy independence, including the production and the conservation of renewable energies on farms.

(c) COLLABORATION PARTNERS.—The program under this section shall be carried out in partnership with regional land grant institutions, agricultural commodity commissions, biofuels companies, sensor and controls companies, and internet technology companies.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 9017. SENSE OF CONGRESS ON RENEWABLE ENERGY.

It is the sense of Congress that—

(1) energy demand in the United States is projected to increase by more than 30 percent over the next two decades;

(2) increased production of renewable energy and growth of its infrastructure would assist the United States in meeting the growing energy demand;

(3) continued, and even accelerated, development of renewable energy inputs and technologies provide numerous benefits to the United States, including improved national security and economic growth;

(4) while it should be a priority of the Federal Government to continue to promote policies and incentives to stimulate growth and development of renewable energy infrastructure, it should be recognized that the marketplace is also an important instrument to determine which renewable energy sources and technologies will provide the most efficient and effective energy production;

(5) renewable energy inputs and technology must be available in abundant quantities and provide energy at competitive prices in a reliable manner for the American consumer; and

(6) it is in the interest of the United States to diversify its energy portfolio and increase the energy independence of the United States by further developing alternative forms of energy.

TITLE X—HORTICULTURE AND ORGANIC AGRICULTURE

Subtitle A—Honey and Bees

Sec. 10001. Annual report on response to honey bee colony collapse disorder.

Subtitle B—Horticulture Provisions

Sec. 10101. Tree assistance program.
Sec. 10102. Specialty crop block grants.
Sec. 10103. Additional section 32 funds for purchase of fruits, vegetables, and nuts to support domestic nutrition assistance programs.
Sec. 10104. Independent evaluation of Department of Agriculture commodity purchase process.
Sec. 10105. Quality requirements for clementines.
Sec. 10106. Implementation of food safety programs under marketing orders.
Sec. 10107. Inclusion of specialty crops in census of agriculture.
Sec. 10108. Maturity requirements for Hass avocados.
Sec. 10109. Mushroom promotion, research, and consumer information.
Sec. 10110. Fresh produce education initiative.

Subtitle C—Pest and Disease Management

Sec. 10201. Pest and disease program.
Sec. 10202. Multi-species fruit fly research and sterile fly production.

Subtitle D—Organic Agriculture

Sec. 10301. National organic certification cost-share program.
Sec. 10302. Organic production and market data.
Sec. 10303. Organic conversion, technical, and educational assistance.

Subtitle E—Miscellaneous Provisions

Sec. 10401. Restoration of import and entry agricultural inspection functions to the Department of Agriculture.
Sec. 10402. Grant program to improve movement of specialty crops.
Sec. 10403. Authorization of appropriations for market news activities regarding specialty crops.
Sec. 10404. Farmers' market promotion program.
Sec. 10405. National Clean Plant Network.

Subtitle A—Honey and Bees

SEC. 10001. ANNUAL REPORT ON RESPONSE TO HONEY BEE COLONY COLLAPSE DISORDER.

The Secretary of Agriculture shall submit to Congress an annual report describing the progress made by the Department of Agriculture in investigating the cause or causes of honey bee colony collapse and in finding appropriate strategies to reduce colony loss.

Subtitle B—Horticulture Provisions

SEC. 10101. TREE ASSISTANCE PROGRAM.

(a) INCLUSION OF NURSERY TREE GROWERS.—

(1) ELIGIBILITY.—Section 10201 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8201) is amended—

(A) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(B) by inserting after paragraph (2) the following new paragraph:

"(3) NURSERY TREE GROWER.—The term 'nursery tree grower' means a person who produces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale, as determined by the Secretary.".

(2) CONFORMING AMENDMENTS.—Subtitle C of title X of the Farm Security and Rural Investment Act of 2002 is amended—

(A) in section 10202 (7 U.S.C. 8202)—

(i) in subsection (a), by inserting "and nursery tree growers" after "eligible orchardists"; and

(ii) in subsection (b), by inserting "or nursery tree grower" after "eligible orchardist"; and

(B) in section 10203 (7 U.S.C. 8203), by inserting "and nursery tree growers" after "eligible orchardists".

(b) ANNUAL PAYMENT LIMITATION.—Section 10204(a) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8204(a)) is amended by striking "$75,000" and inserting "$150,000 per year".

(c) APPLICABILITY.—The amendments made by this section shall apply with respect to any natural disaster occurring after the date of the enactment of this Act for which assistance is provided by the Secretary of Agriculture under the tree assistance program.

SEC. 10102. SPECIALTY CROP BLOCK GRANTS.

(a) EXTENSION OF PROGRAM.—Subsection (a) of section 101 of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note) is amended by striking "2009" and inserting "2012".

(b) AVAILABILITY OF FUNDS.—Subsection (i) of section 101 of the Specialty Crops Competitiveness Act of 2004 is amended to read as follows:

"(i) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make grants under this section, using—

"(1) $60,000,000 in fiscal year 2008;

"(2) $65,000,000 in fiscal year 2009;

"(3) $70,000,000 in fiscal year 2010;

"(4) $75,000,000 in fiscal year 2011; and

"(5) $95,000,000 in fiscal year 2012.".

(c) CONFORMING AMENDMENTS.—Section 101 of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note) is further amended—

(1) in subsection (a), by striking "Subject to the appropriation of funds to carry out this section" and inserting "Using the funds made available under subsection (i)";

(2) in subsection (b), by striking "appropriated pursuant to the authorization of appropriations in" and inserting "made available under"; and

(3) in subsection (c), by striking "Subject to the appropriation of sufficient funds to carry out this subsection, each" and inserting "Each".

(d) DEFINITION OF SPECIALTY CROP.—Section 3(1) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note) is amended by inserting "horticulture and" before "nursery".

SEC. 10103. ADDITIONAL SECTION 32 FUNDS FOR PURCHASE OF FRUITS, VEGETABLES, AND NUTS TO SUPPORT DOMESTIC NUTRITION ASSISTANCE PROGRAMS.

(a) FUNDING FOR ADDITIONAL PURCHASES OF FRUITS, VEGETABLES, AND NUTS.—In addition to the purchases of fruits, vegetables, and nuts required by section

10603 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 612c–4), the Secretary of Agriculture shall purchase fruits, vegetables, and nuts for the purpose of providing nutritious foods for use in domestic nutrition assistance programs, using, of the funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), the following amounts:

(1) $190,000,000 in fiscal year 2008.
(2) $193,000,000 in fiscal year 2009.
(3) $199,000,000 in fiscal year 2010.
(4) $203,000,000 in fiscal year 2011.
(5) $206,000,000 in fiscal year 2012 and each fiscal year thereafter.

(b) FORM OF PURCHASES.—Fruits, vegetables, and nuts may be purchased under this section in the form of frozen, canned, dried, or fresh fruits, vegetables, and nuts.

(c) VALUE ADDED PRODUCTS.—The Secretary may consider offering value-added products containing fruits, vegetables or nuts under this section, taking into account—

(1) whether demand exists for the value-added product; and
(2) the interests of entities that receive fruits, vegetables, and nuts under this section.

SEC. 10104. INDEPENDENT EVALUATION OF DEPARTMENT OF AGRICULTURE COMMODITY PURCHASE PROCESS.

(a) EVALUATION REQUIRED.—The Secretary of Agriculture shall arrange to have performed an independent evaluation of the commodity purchasing processes (and the statutory and regulatory authority underlying such processes) used by the Department of Agriculture to remove surplus commodities from the market and support commodity prices and producer incomes, especially with regard to activities under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) and the importance of increasing purchases of specialty crops.

(b) SUBMISSION OF RESULTS.—Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to Congress a report on the results of the evaluation.

SEC. 10105. QUALITY REQUIREMENTS FOR CLEMENTINES.

Section 8e(a) of the Agricultural Adjustment Act (7 U.S.C. 608e-1(a)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence by inserting after "nectarines," the following: "clementines,".

SEC. 10106. IMPLEMENTATION OF FOOD SAFETY PROGRAMS UNDER MARKETING ORDERS.

Section 8c(6) of the Agricultural Adjustment Act (7 U.S.C. 608c(6)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following:

"(K) In the case of an order related to a specialty crop (as such term is defined in section 3(1) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108-465; 118 Stat. 3883)), authorizing the implementation of quality-related food safety programs designed to enhance the safety of the specialty crop and products derived from specialty crops.".

SEC. 10107. INCLUSION OF SPECIALTY CROPS IN CENSUS OF AGRICULTURE.

Section 2(a) of the Census of Agriculture Act of 1997 (7 U.S.C. 2204g(a) is amended by adding at the end the following new sentence: "Beginning with the census of agriculture required to be conducted in 2008, the Secretary shall conduct as part of each census of agriculture a census of specialty crops (as such term is defined in section 3(1) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108-465; 118 Stat. 3883)).".

SEC. 10108. MATURITY REQUIREMENTS FOR HASS AVOCADOS.

Subtitle A of the Agricultural Marketing Act of 1946 is amended by adding at the end the following new section:

"SEC. 209. MATURITY REQUIREMENTS FOR HASS AVOCADOS.

"(a) MINIMUM PERCENTAGE OF DRY MATTER.—Not later than 180 days after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Secretary of Agriculture shall issue final regulations to require that all Hass avocados sold to consumers in the United States meet the minimum maturity standard of not less than 20.8 percent dry matter.

"(b) EXCEPTIONS.—Subsection (a) and the regulations issued pursuant to such subsection shall not apply to Hass avocados—

"(1) intended for consumption by charitable institutions;
"(2) intended for distribution by relief agencies;
"(3) intended for commercial processing into products; or

"(4) that the Secretary determines should not be subject to such subsection or such regulations.

"(c) USE OF EXISTING INSPECTORS.—The Secretary shall, to the greatest extent practicable, use inspectors that inspect avocados for compliance with section 8e of the Agricultural Adjustment Act (7 U.S.C. 608e-1), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to conduct inspections under this section.

"(d) CIVIL PENALTIES.—The Secretary may require any person who violates this section or the regulations issued pursuant to this section to—

"(1) forfeit to the United States a sum equal to the value of the commodity at the time of violation, which forfeiture shall be recoverable in a civil suit bought in the name of the United States; or

"(2) on conviction, be fined not less than $50 or more than $5,000 for each violation.

"(e) DIVERSION.—In the case of any Hass avocados that do not meet the requirements of this section or the regulations issued pursuant to this section, the Secretary may—

"(1) provide for the reinspection of the Hass avocados; or

"(2) authorized the diversion, export, or repacking of the Hass avocados.

"(f) FEES.—The Secretary may prescribe and collect fees to cover the costs of providing for the inspection of Hass avocados under this section. All fees and penalties collected shall be credited to the accounts that incur such costs and shall remain available until expended without fiscal year limitation.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.".

SEC. 10109. MUSHROOM PROMOTION, RESEARCH, AND CONSUMER INFORMATION.

(a) REGIONS AND MEMBERS.—Section 1925(b)(2) of the Mushroom Promotion, Research, and Consumer Information Act of 1990 (subtitle B of title XIX of Public Law 101–624; 7 U.S.C. 6104(b)(2)) is amended—

(1) in subparagraph (B), by striking "4 regions" and inserting "3 regions";

(2) in subparagraph (D), by striking "35,000,000 pounds" and inserting "50,000,000 pounds"; and

(3) by striking subparagraph (E), and inserting the following new subparagraph:

"(E) ADDITIONAL MEMBERS.—In addition to the members appointed pursuant to paragraph (1), and subject to the nine-member limit of members on the council provided in such paragraph, the Secretary shall appoint additional members to the council from a region which attains additional pounds of production as follows:

"(i) If a region's annual production is greater than 110,000,000 pounds, but less than or equal to 180,000,000 pounds, the region shall be represented by one additional member.

"(ii) If a region's annual production is greater than 180,000,000 pounds, but less than or equal to 260,000,000 pounds, the region shall be represented by two additional members.

"(iii) If a region's annual production is greater than 260,000,000 pounds, the region shall be represented by three additional members.".

(b) POWERS AND DUTIES OF COUNCIL.—Section 1925(c) of the Mushroom Promotion, Research, and Consumer Information Act of 1990 (subtitle B of title XIX of Public Law 101–624; 7 U.S.C. 6104(c)) is amended—

(1) by redesignating paragraphs (6), (7), and (8) as paragraphs (7), (8), and (9), respectively; and

(2) by inserting after paragraph (5), the following new paragraph (6):

"(6) to develop a program for good agricultural practices and good handling practices for mushrooms;".

SEC. 10110. FRESH PRODUCE EDUCATION INITIATIVE.

(a) INITIATIVE AUTHORIZED.—The Secretary of Agriculture may carry out a program to educate persons involved in the fresh produce industry and the public about—

(1) scientifically proven practices for reducing microbiological pathogens on fresh produce; and

(2) methods of reducing the threat of cross-contamination of fresh produce through unsanitary handling practices.

(b) COOPERATION.—The Secretary may carry out the program in cooperation with public or private partners.

(c) FUNDING.—There are authorized to be appropriated such sums as are necessary for each of fiscal years 2008 through 2012 to carry out this section.

Subtitle C—Pest and Disease Management

SEC. 10201. PEST AND DISEASE PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a program to—

(1) conduct early pest detection and surveillance activities in cooperation with state departments of agriculture;

(2) determine and prioritize pest and disease threats to domestic production of specialty crops; and

(3) create an audit-based certification approach to protect against the spread of plant pests and to facilitate the interstate movement of plants and plant products.

(b) EARLY PEST DETECTION AND SURVEILLANCE IMPROVEMENT PROGRAM.—

(1) COOPERATIVE AGREEMENTS.—The Secretary of Agriculture shall enter into cooperative agreements with State departments of agriculture to provide grants to such State departments of agriculture for early pest detection and surveillance activities.

(2) APPLICATION.—A State department of agriculture seeking to enter into a cooperative agreement under this subsection shall submit to the Secretary an application containing such information as the Secretary may require. The Secretary shall notify applicants of the following:

(A) The requirements to be imposed on a department of agriculture for auditing of, and reporting on, the use of any funds provided by the Secretary under the cooperative agreement.

(B) The criteria to be used to ensure that early pest detection and surveillance activities supported under the cooperative agreement are based on sound scientific data or thorough risk assessments.

(C) The means of identifying pathways of pest introductions.

(3) USE OF FUNDS.—

(A) PEST DETECTION AND SURVEILLANCE ACTIVITIES.—A State department of agriculture that receives funds under this section shall use the funds to carry out early pest detection and surveillance activities approved by the Secretary to prevent the introduction or spread of a pest.

(B) SUBAGREEMENTS.—A State department of agriculture may use funds received under this section to enter into subagreements with political subdivisions in such State that have legal responsibilities relating to agricultural pest and disease surveillance.

(4) SPECIAL FUNDING CONSIDERATIONS.—The Secretary shall provide, subject to the availability of funds under subsection (j), funds to a State department of agriculture that the Secretary determines is in a State that has a high risk of being affected by one or more pest, based on the following factors:

(A) The number of international airports and maritime facilities in that State.

(B) The volume of international passenger and cargo entry into that State.

(C) The geographic location of that State and if such location is conducive to agricultural pest and disease establishment due to the climate or crop diversity of that State.

(D) The types of agricultural commodities or plants produced in that State and if the commodities or plants produced are conducive to agricultural pest and disease establishment due to the climate or crop diversity of that State.

(E) Whether the Secretary has declared an emergency in that State pursuant to section 442 of the Plant Protection Act (7 U.S.C. 7772) due to an agricultural pest or disease of Federal concern.

(F) Such other factors as the Secretary considers appropriate.

(5) COST-SHARE.—

(A) FEDERAL COST SHARE; FORM OF NON-FEDERAL COST SHARE.—Except as provided in subparagraph (B), a cooperative agreement entered into under paragraph (1) shall provide that—

(i) the Federal share of carrying out the cooperative agreement shall not exceed 75 percent of the total cost;

(ii) the non-Federal share of the cost of carrying out the agreement may be provided in-kind; and

(iii) in-kind costs may include indirect costs as considered appropriate by the Secretary.

(B) ABILITY TO PROVIDE FUNDS.—The Secretary shall not take the ability to provide non-Federal costs to carry out a cooperative agreement entered

into under paragraph (1) into consideration when deciding whether to enter into a cooperative agreement with a State department of agriculture.

(C) SPECIAL FUNDING CONSIDERATIONS.—The non-federal share of carrying out paragraph (4) shall not exceed 40 percent of the total costs of carrying out such paragraph.

(6) REPORTING REQUIREMENT.—Not later than 180 days after the date of completion of an early pest detection and surveillance activity conducted by a State department of agriculture using funds provided under this section, the department of agriculture shall submit to the Secretary a report that describes the purposes and results of the activities, including any activities conducted pursuant to a subagreement referred to in paragraph (3)(B).

(c) THREAT IDENTIFICATION AND MITIGATION PROGRAM.—

(1) IN GENERAL.—In conducting the program established under subsection (a), the Secretary shall—

(A) develop risk assessments of the existing and potential threat to the specialty crop industry in the United States from pests and disease;

(B) prepare a list prioritizing pest and disease threats to the specialty crop industry;

(C) develop action plans, in consultation with State departments of agriculture and other State or regional resource partnerships, that effectively address pest and disease threats to the specialty crop industry, including pathway analysis, domestic and offshore mitigation measures, and comprehensive exclusion measures at ports of entry and other key distribution centers, in addition to strategies to employ if a pest or disease is introduced;

(D) implement such action plans as soon as they are developed to test the effectiveness of such action plans and help prevent new foreign and domestic pest and disease threats from being introduced or widely disseminated in the United States; and

(E) collaborate with the nursery industry, research institutions, and other appropriate entities to develop a nursery pest risk management system to identify nursery pests and diseases, prevent the introduction, establishment, and spread of such pests and diseases, and reduce the risk of, prioritize, mitigate, and eradicate such pests and diseases.

(2) REPORTS.—Not later than one year after the date of the enactment of this Act, and annually thereafter, the Secretary shall update and submit to Congress the priority list and action plans described in paragraph (1), including an accounting of funds expended on the action plans.

(d) AUDIT-BASED APPROACH TO SPECIALTY CROP PHYTOSANITARY CERTIFICATION.—In conducting the program established under subsection (a), the Secretary shall provide funds and technical assistance to specialty crop growers, organizations representing such growers, and State and local agencies working with such growers and organizations for the development and implementation of certification systems based on audit-based approaches, such as best management practices or nursery pest risk management systems, to address plant pests and to mitigate the risk of plant pests in the movement of plants and plant products.

(e) COOPERATIVE AGREEMENTS.—The Secretary may enter into cooperative agreements with other Federal departments or agencies, States or political subdivisions of States, national governments, local governments of other nations, domestic or international organizations, domestic or international associations, and other persons to carry out this section.

(f) CONSULTATION.—The Secretary shall consult with the National Plant Board, State departments of agriculture, and specialty crop grower organizations to establish funding priorities under this section for each fiscal year.

(g) ADMINISTRATIVE COSTS.—Not more than 5 percent of the funds provided under this section may be used for administrative costs.

(h) DEFINITIONS.—In this section:

(1) EARLY PEST DETECTION AND SURVEILLANCE.—The term "early pest detection and surveillance" means the full range of activities undertaken to find newly introduced pests, whether new to the United States or new to certain areas of the United States, before the pests become established, or before pest infestations become too large and costly to eradicate or control.

(2) PEST.—The term "pest" has the meaning given the term "plant pest" in section 403(14) of the Plant Protection Act (7 U.S.C. 7702(14)).

(3) SPECIALTY CROP.—The term "specialty crop" has the meaning given the term in section 3(1) of the Specialty Crop Competitiveness Act of 2004 (Public Law 108-465; 118 Stat. 3883; 7 U.S.C. 1621 note).

(4) STATE DEPARTMENT OF AGRICULTURE.—The term "State department of agriculture" means an agency of a State that has a legal responsibility to perform early pest detection and surveillance activities.

(i) SECRETARIAL DISCRETION.—Section 442(c) of the Plant Protection Act (7 U.S.C. 7772(c)) is amended by striking "of longer than 60 days".

(j) FUNDING.—Of the funds fo the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

(1) $10,000,000 for fiscal year 2008;
(2) $25,000,000 for fiscal year 2009;
(3) $40,000,000 for fiscal year 2010;
(4) $55,000,000 for fiscal year 2011; and
(5) $70,000,000 for fiscal year 2012.

SEC. 10202. MULTI-SPECIES FRUIT FLY RESEARCH AND STERILE FLY PRODUCTION.

(a) CONSTRUCTION.—The Secretary of Agriculture shall construct a warehouse and irradiation containment facility in Waimanalo, Hawaii, to support fruit fly rearing and sterilization activities.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

(1) $15,000,000 for the construction of a warehouse and irradiation containment facility pursuant to subsection (a); and
(2) $1,000,000 for fiscal year 2008 and each subsequent fiscal year for maintenance to the facilities constructed pursuant to this section.

Subtitle D—Organic Agriculture

SEC. 10301. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

Section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523) is amended—

(1) in subsection (a), by striking "$5,000,000 for fiscal year 2002" and inserting "$22,000,000 for fiscal year 2008"; and
(2) in subsection (b)(2), by striking "$500" and inserting "$750".

SEC. 10302. ORGANIC PRODUCTION AND MARKET DATA.

(a) NEW DATA REQUIREMENTS.—Section 7407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5925c) is amended to read as follows:

"SEC. 7407. ORGANIC DATA COLLECTION AND PUBLICATION.

"(a) DATA COLLECTION AND PUBLICATION.—To assist organic farmers in making informed production and marketing decisions, the Secretary of Agriculture shall collect and publish segregated data and survey information about the price, production, and marketing of major organically produced commodities, as determined by the Secretary.

"(b) FUNDING.—The Secretary of Agriculture shall use $3,000,000 of funds of the Commodity Credit Corporation to carry out this section during fiscal year 2008, and such funds shall remain available until expended.".

(b) IMPLEMENTATION REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit to Congress a report regarding the progress made in implementing the amendment made by subsection (a).

SEC. 10303. ORGANIC CONVERSION, TECHNICAL, AND EDUCATIONAL ASSISTANCE.

(a) ESTABLISHMENT.—Not later than 180 days after the date of the enactment of this section, the Secretary shall establish a program to provide cost share and incentive payments and technical and educational assistance to producers to promote conservation practices and activities for production systems undergoing transition, in whole or in part, to organic production in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

(b) ORGANIC TRANSITION COST SHARE AND INCENTIVE PAYMENTS.—

(1) IN GENERAL.—The Secretary shall enter into contracts with eligible producers referred to in paragraph (2) to provide cost-share and incentive payments to assist in the transition to organic production systems.

(2) ELIGIBLE PRODUCERS.—A producer is an eligible producer under this paragraph if such producer agrees to—

(A) develop and carry out environmental and conservation activities consistent with an organic plan that protect soil, water, wildlife, air, and other natural resources as defined by the Secretary;

(B) receive technical and education assistance from the Secretary, or from organizations, institutions, and consultants with cooperative agreements with the Secretary, relating to—

(i) the development and implementation of conservation practices and activities that are part of an organic plan; or

(ii) other aspects of transition to organic production, including marketing, credit, business, and risk management plans;

(C) submit to annual verification by a certifying agent accredited by the Department of Agriculture under section 2115 of the Organic Foods Production Act of 1990 (7 U.S.C. 6514) to determine compliance of the producer with organic certification requirements; and

(D) develop marketing, credit, business, and risk management plans, as appropriate.

(3) CONTRACT.—A contract entered into under paragraph (1) shall provide that—

(A) payments provided to a producer under the contract shall only be used for—

(i) conservation management and vegetative and structural practices and activities during transition to certified organic production that—

(I) are consistent with an organic plan; and

(II) protect soil, water, wildlife, air, and other natural resources, as required under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.);

(ii) animal production measures consistent with an organic plan; and

(iii) such other measures as the Secretary determines are appropriate and consistent with an organic plan;

(B) subject to subparagraph (C), the contract shall terminate after a period of not more than three years;

(C) the Secretary may terminate the contract if the Secretary determines the eligible producer is not pursuing organic certification under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.); and

(D) the Secretary may require repayment in whole of payments already received if the Secretary determines the eligible producer is not pursuing organic certification under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et. seq).

(4) LIMITATIONS ON PAYMENTS.—An eligible producer may not receive payments under paragraph (1)—

(A) for a total period of more than three years;

(B) an amount not to exceed $50 per acre for crop land, or $25 per acre for grazing land; and

(C) in an amount more than $10,000 in a fiscal year.

(c) TECHNICAL AND EDUCATIONAL ASSISTANCE.—The Secretary shall provide producers with technical and educational assistance, including through the use of competitive cooperative agreements with non-profit organizations, non-governmental organizations, institutes of higher education, or consultants with expertise in advisory services for organic producers on organic production systems, and the planning for and marketing of organic products.

(d) USE OF FUNDS.—The Secretary shall use 50 percent of the funds made available pursuant to the authorization of appropriations under subsection (f) to provide technical and educational assistance under subsection (c).

(e) DEFINITIONS.—In this section:

(1) ORGANIC PLAN.—The term "organic plan" means an organic plan submitted under section 2114(a) of the Organic Foods Production Act of 1990 (7 U.S.C. 6513(a)) and agreed to by the producer and handler of a product and a certifying agent under such section.

(2) TECHNICAL AND EDUCATIONAL ASSISTANCE.—The term "technical and educational assistance" means the conveyance of information and counsel regarding economic and business planning, marketing, and organic practices, such as entomological practices and pest and weed control and prevention that satisfy organic practices.

(f) FUNDING.—There is authorized to be appropriated to carry out this section $50,000,000, which shall remain available until expended.

Subtitle E—Miscellaneous Provisions

SEC. 10401. RESTORATION OF IMPORT AND ENTRY AGRICULTURAL INSPECTION FUNCTIONS TO THE DEPARTMENT OF AGRICULTURE.

(a) REPEAL OF TRANSFER OF FUNCTIONS.—Section 421 of the Homeland Security Act of 2002 (6 U.S.C. 231) is repealed.

(b) CONFORMING AMENDMENT TO FUNCTIONS OF SECRETARY OF HOMELAND SECURITY.—Section 402 of the Homeland Security Act of 2002 (6 U.S.C. 202) is amended—

(1) by striking paragraph (7); and

(2) by redesignating paragraph (8) as paragraph (7).

(c) TRANSFER AGREEMENT.—

(1) IN GENERAL.—Not later than the effective date specified in subsection (g), the Secretary of Agriculture and the Secretary of Homeland Security shall enter into an agreement to effectuate the return of functions required by the amendments made by this section.

(2) USE OF CERTAIN EMPLOYEES.—The agreement may include authority for the Secretary of Agriculture to use employees of the Department of Homeland Security to carry out authorities delegated to the Animal and Plant Health Inspection Service regarding the protection of domestic livestock and plants.

(d) RESTORATION OF DEPARTMENT OF AGRICULTURE EMPLOYEES.—Not later than the effective date specified in subsection (g), all full-time equivalent positions of the Department of Agriculture transferred to the Department of Homeland Security under section 421(g) of the Homeland Security Act of 2002 (6 U.S.C. 231(g)) (as in effect on the day before such effective date) shall be restored to the Department of Agriculture.

(e) AUTHORITY OF APHIS.—

(1) ESTABLISHMENT OF PROGRAM.—The Secretary of Agriculture shall establish within the Animal and Plant Health Inspection Service a program, to be known as the "International Agricultural Inspection Program", under which the Administrator of the Animal and Plant Health Inspection Service (referred to in this subsection as the "Administrator") shall carry out import and entry agricultural inspections.

(2) INFORMATION GATHERING AND INSPECTIONS.—In carrying out the program under paragraph (1), the Administrator shall have full access to—

(A) each secure area of any terminal for screening passengers or cargo under the control of the Department of Homeland Security on the day before the date of enactment of this Act for purposes of carrying out inspections and gathering information; and

(B) each database (including any database relating to cargo manifests or employee and business records) under the control of the Department of Homeland Security on the day before the date of enactment of this Act for purposes of gathering information.

(3) INSPECTION ALERTS.—The Administrator may issue inspection alerts, including by indicating cargo to be held for immediate inspection.

(4) INSPECTION USER FEES.—The Administrator may, as applicable—

(A) continue to collect any agricultural quarantine inspection user fee; and

(B) administer any reserve account for the fees.

(5) CAREER TRACK PROGRAM.—

(A) IN GENERAL.—The Administrator shall establish a program, to be known as the "import and entry agriculture inspector career track program", to support the development of long-term career professionals with expertise in import and entry agriculture inspection.

(B) STRATEGIC PLAN AND TRAINING.—In carrying out the program under this paragraph, the Administrator, in coordination with the Secretary of Agriculture, shall—

(i) develop a strategic plan to incorporate import and entry agricultural inspectors into the infrastructure protecting food, fiber, forests, bioenergy, and the environment of the United States from animal and plant pests, diseases, and noxious weeds; and

(ii) as part of the plan under clause (i), provide training for import and entry agricultural inspectors participating in the program not less frequently than once each year to improve inspection skills.

(f) DUTIES OF SECRETARY OF AGRICULTURE.—

(1) OPERATING PROCEDURES AND TRACKING SYSTEM.—The Secretary of Agriculture shall—

(A) develop standard operating procedures for inspection, monitoring, and auditing relating to import and entry agricultural inspections, in accordance with recommendations from the Comptroller General of the United States and reports of interagency advisory groups, as applicable; and

(B) ensure that the Animal and Plant Health Inspection Service has a national electronic system with real-time tracking capability for monitoring, tracking, and reporting inspection activities of the Service.

(2) FEDERAL AND STATE COOPERATION.—

(A) COMMUNICATION SYSTEM.—The Secretary of Agriculture shall develop and maintain an integrated, real-time communication system with respect to import and entry agricultural inspections to alert State departments of agriculture of significant inspection findings of the Animal and Plant Health Inspection Service.

(3) FUNDING.—The Secretary of Agriculture shall pay the costs of each import and entry agricultural inspector employed by the Animal and Plant Health Inspection Service from amounts made available to the Department of Agriculture for the applicable fiscal year.

(g) EFFECTIVE DATE.—The amendments made by this section take effect on the date that is 180 days after the date of enactment of this Act.

SEC. 10402. GRANT PROGRAM TO IMPROVE MOVEMENT OF SPECIALTY CROPS.

(a) GRANTS AUTHORIZED.—The Secretary of Agriculture may make grants under this section to an eligible entity described in subsection (b)—

(1) to improve the cost-effective movement of specialty crops to local, regional, national, and international markets; and

(2) to address regional intermodal transportation deficiencies that adversely affect the movement of specialty crops to markets inside or outside the United States.

(b) ELIGIBLE GRANT RECIPIENTS.—Grants may be made under this section to any of the following (or a combination thereof):

(1) State and local governments.

(2) Grower cooperatives.

(3) State or regional producer and shipper organizations.

(4) Other entities as determined to be appropriate by the Secretary.

(c) MATCHING FUNDS.—The recipient of a grant under this section shall contribute an amount of non-Federal funds toward the project for which the grant is provided that is at least equal to the amount of grant funds received by the recipient under this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for each of fiscal years 2008 through 2012 to carry out this section.

SEC. 10403. AUTHORIZATION OF APPROPRIATIONS FOR MARKET NEWS ACTIVITIES REGARDING SPECIALTY CROPS.

There are authorized to be appropriated to the Secretary of Agriculture such sums as may be necessary for each of the fiscal years 2008 through 2012 to support the market news activities regarding specialty crops (as such term is defined in section 3(1) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108-465; 118 Stat. 3883)).

SEC. 10404. FARMERS' MARKET PROMOTION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) agricultural direct farmer-to-consumer marketing activities, including farmers' markets, roadside stands, community supported agriculture, internet, mail-order, and other similar direct order marketing activities, significantly enhance the ability of agricultural producers to retain a greater share of their products' retail value;

(2) direct farmer-to-consumer marketing activities are a crucial component of the current and future viability of small and mid-sized farms and ranches and beginning and socially disadvantaged farmers and ranchers; and

(3) agricultural direct marketing activities contribute to the health and well-being of consumers in rural, urban, and tribal communities by providing access to healthy, fresh, and affordable food.

(b) PROGRAM.—Section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005) is amended—

(1) in subsection (a)—

(A) by striking "Farmers' Market Promotion Program" and inserting "Farmer Marketing Assistance Program"; and

(B) by striking "promote farmers' markets" and inserting "direct producer to consumer marketing";

(2) in subsection (b)(1)—

(A) in subparagraph (A), by striking ", domestic farmers' markets, roadside stands, community-supported agriculture programs, and other"; and

(B) in subparagraph (B), by striking "farmers' markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer infrastructure" and inserting "direct producer-to-consumer marketing and infrastructure opportunities";

(3) in subsection (c)—

(A) by redesignating paragraphs (1) through (7) as paragraphs (2) through (8), respectively;

(B) by inserting before paragraph (2) the following new paragraph:

"(1) two or more farmers or farm vendors who sell products through a common channel of distribution;"; and

(C) in paragraph (2) (as so redesignated) by striking "an agricultural cooperative" and inserting "an agricultural cooperative or producer network or association";

(4) by striking subsection (e) and inserting the following new subsections:

"(e) ELIGIBLE ACTIVITIES.—A recipient of a grant under this section may use the funds for the following activities:

"(1) Farmers markets.

"(2) Roadside stands.

"(3) Community supported agriculture operations, through which a farmer agrees to deliver a certain quantity of agricultural products to consumers at a set price.

"(4) The purchase of equipment or other activities supporting the use of electronic benefit transfer systems at farmers markets.

"(5) Agritourism activities facilitating the direct sale of agricultural products, including operations where the consumer picks their own agricultural products.

"(6) Other activities as determined appropriate by the Secretary.

"(f) FUNDING.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture use to carry out this section—

"(A) $5,000,000 in each of fiscals year 2008, 2009, and 2010; and

"(B) $10,000,000 in each of fiscal years 2011 and 2012.

"(2) USE OF FUNDS.—Not less than 10 percent of the funds used to carry out this section in a fiscal year under paragraph (1) shall be used to support the use of electronic benefits transfers at farmers' markets.".

SEC. 10405. NATIONAL CLEAN PLANT NETWORK.

(a) ESTABLISHMENT.—There is established in the Department of Agriculture a program to be known as the "National Clean Plant Network".

(b) NETWORK.—The Secretary of Agriculture shall use the network—

(1) to develop a sustainable national funding source for clean planting stock programs for horticultural crops determined by the Secretary to be of priority for the United States; and

(2) to enter into cooperative agreements to entities that have the expertise, facilities, and climate necessary to efficiently produce, maintain, and distribute healthy planting stock for specialty crops.

(c) FUNDING.—

(1) COMMODITY CREDIT CORPORATION.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section $20,000,000 for fiscal years 2008 through 2012.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary for each of fiscal years 2008 through 2012 to carry out this section.

TITLE XI—MISCELLANEOUS PROVISIONS

Subtitle A—Federal Crop Insurance

Sec. 11001. Availability of supplemental crop insurance based on area yield and loss plan of insurance or area revenue plan of insurance.
Sec. 11002. Premiums and reinsurance requirements.
Sec. 11003. Catastrophic risk protection administrative fee.
Sec. 11004. Funding for reimbursements, contracting, risk management education, and information technology.
Sec. 11005. Reimbursement of research and development costs related to new crop insurance products.
Sec. 11006. Research and development contracts for organic production coverage improvements.
Sec. 11007. Targeting risk management education for beginning farmers and ranchers and certain other farmers and ranchers.
Sec. 11008. Crop insurance ineligibility related to crop production on noncropland.
Sec. 11009. Funds for data mining.
Sec. 11010. Noninsured crop assistance program.

Sec. 11011. Change in due date for Corporation payments for underwriting gains.
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Subtitle B—Livestock and Poultry

Sec. 11101. Sense of Congress regarding pseudorabies eradication program.
Sec. 11102. Arbitration of livestock and poultry contracts.
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Subtitle C—Socially Disadvantaged Producers and Limited Resource Producers

Sec. 11201. Outreach and technical assistance for socially disadvantaged farmers and ranchers and limited resource farmers and ranchers.
Sec. 11202. Improved program delivery by Department of Agriculture on Indian reservations.
Sec. 11203. Transparency and accountability for socially disadvantaged farmers and ranchers.
Sec. 11204. Beginning farmer and rancher development program.
Sec. 11205. Provision of receipt for service or denial of service.
Sec. 11206. Tracking of socially disadvantaged farmers and ranchers and limited resource farmers and ranchers in Census of Agriculture and certain studies.
Sec. 11207. Farmworker coordinator.
Sec. 11208. Office of Outreach relocation.
Sec. 11209. Minority farmer advisory committee.
Sec. 11210. Coordinator for chronically underserved rural areas.

Subtitle D—Other Miscellaneous Provisions

Sec. 11301. Designation of separate cotton-producing States under Cotton Research and Promotion Act.
Sec. 11302. Cotton classification services.
Sec. 11303. Availability of excess and surplus computers in rural areas.
Sec. 11304. Permanent debarment from participation in Department of Agriculture programs for fraud.
Sec. 11305. No discrimination against use of registered pesticide products or classes of pesticide products.
Sec. 11306. Prohibition on closure or relocation of county offices for the Farm Service Agency, Rural Development Agency, and Natural Resources Conservation Service.
Sec. 11308. Regulation of exports of plants, plant products, biological control organisms, and noxious weeds.
Sec. 11309. Grants to reduce production of methamphetamines from anhydrous ammonia.
Sec. 11310. USDA Graduate School.

Subtitle A—Federal Crop Insurance

SEC. 11001. AVAILABILITY OF SUPPLEMENTAL CROP INSURANCE BASED ON AREA YIELD AND LOSS PLAN OF INSURANCE OR AREA REVENUE PLAN OF INSURANCE.

(a) IN GENERAL.—Section 508(c) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amended by adding at the end the following new paragraph:

"(11) SUPPLEMENTAL AREA COVERAGE.—

"(A) AVAILABILITY OF COVERAGE.—Notwithstanding paragraph (4), if area coverage is available in an area (as determined by the Corporation under paragraph (3)), the Corporation shall provide eligible producers in that area with the option to purchase supplemental insurance coverage based on—

"(i) an area yield and loss plan of insurance; or

"(ii) an area revenue plan of insurance that includes coverage for a loss in yield.

"(B) ELIGIBLE PRODUCERS.—To be eligible to obtain supplemental coverage under this paragraph, a producer must purchase either an individual yield and loss plan of insurance or a revenue plan of insurance that includes coverage for a loss in yield at an additional coverage level for the same crop to be covered by the supplemental coverage.

"(C) LIMITATION.—In providing supplemental coverage to a producer under this paragraph, the sum of the following shall not exceed 100 percent:

"(i) The coverage level expressed in percentage terms for the individual yield and loss plan of insurance or the revenue plan of insurance that includes coverage for a loss in yield that is purchased by the producer for the same crop covered by the supplemental coverage, as required by subparagraph (B).

"(ii) The share expressed in percentage terms of the area yield and loss plan of insurance or the area revenue plan of insurance (at whatever coverage level is selected) that is used to determine the level of supplemental insurance coverage provided the producer under this paragraph.

"(D) PAYMENT OF PORTION OF PREMIUM.—As provided in subsection (e), the Corporation shall pay a portion of the premium for supplemental coverage under this paragraph and the associated individual area yield and loss plan of insurance or revenue plan of insurance that includes coverage for a loss in yield.

"(E) AMOUNT OF INDEMNITY PAID UNDER SUPPLEMENTAL COVERAGE.—The indemnity payable under supplemental coverage provided under this paragraph shall be calculated as—

"(i) the total indemnity for the area yield and loss plan of insurance or area revenue plan of insurance, at the coverage level chosen by the producer; multiplied by

"(ii) the share of the coverage of the area yield and loss plan of insurance or area revenue plan of insurance selected by the producer.

"(F) SPECIAL RULE RELATING TO QUALIFYING LOSSES.—In the case of a qualifying loss in an area (as determined by the Corporation) under supplemental coverage provided under this paragraph, subject to the applicable coverage limits, the total amount of the indemnity shall be available to the producer regardless of the loss incurred under the individual yield and loss plan of insurance or the revenue plan of insurance that includes coverage for a loss in yield of the producer.

"(G) REINSURANCE YEAR.—Subject to the availability of area yield and loss or revenue coverage for an insurable crop in an area (as determined by the Corporation), the Corporation shall provide supplemental coverage under this paragraph not later than the 2008 reinsurance year.".

(b) CONFORMING AMENDMENTS.—Section 508(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is amended—

(1) by striking "additional coverage" in the matter preceding subparagraph (A) and inserting "additional and supplemental coverages"; and

(2) by adding at the end the following new subparagraph:

"(C) In the case of supplemental coverage provided under subsection (c)(11) that, in combination with either the individual yield and loss coverage, or a comparable coverage for a policy or plan of insurance that is not based on individual yield and does not insure more than 100 percent of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, the amount of the premium shall—

"(i) be sufficient to cover anticipated losses and a reasonable reserve; and

"(ii) include an amount for operating and administrative expenses, as determined by the Corporation, on an industry-wide basis as a percentage of the amount of the premium used to define loss ratio.".

(c) OFFSET.—The Federal Crop Insurance Corporation shall take such actions, including the establishment of adequate premiums, as are necessary to improve the actuarial soundness of Federal multiperil crop insurance to achieve, on and after October 1, 2008, an overall projected loss ratio of not greater than 1.00.

SEC. 11002. PREMIUMS AND REINSURANCE REQUIREMENTS.

(a) PREMIUM ADJUSTMENTS.—Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following new paragraph:

"(9) PREMIUM ADJUSTMENTS.—

"(A) PROHIBITION.—Except as provided in subparagraph (B), the paying, allowing, or giving, or offering to pay, allow, or give, directly or indirectly, either as an inducement to procure insurance or after insurance has been procured, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy or any other valuable consideration or inducement whatsoever not specified in the policy, is strictly prohibited under this title.

"(B) EXCEPTIONS.—Subparagraph (A) does not apply with respect to the following:

"(i) A rebate authorized under subsection (b)(5)(B).

"(ii) A performance-based discount authorized under subsection (d)(3).".

(b) PAYMENT OF CATASTROPHIC RISK PROTECTION FEE ON BEHALF OF PRODUCERS.—Section 508(b)(5)(B) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)(B)) is amended—

(1) in the subparagraph heading, by inserting "OF CATASTROPHIC RISK PROTECTION FEE" after "PAYMENT";

(2) in clause (i)—

(A) by striking "or other payment"; and

(B) by striking "with catastrophic risk protection or additional coverage"; and inserting "through the payment of all or a portion of catastrophic risk protection administrative fees";

(3) in clause (ii)—

(A) by striking "or other payment made by an insurance provider" and inserting "payment made pursuant to clause (i) by an insurance provider";

(B) by striking "issuance of catastrophic risk protection or additional coverage to" and inserting "payment of catastrophic risk protection administrative fees on behalf of"; and

(C) by striking "or other payment" the second place it appears;

(4) in clause (iv), by striking "A policy or plan of insurance" and inserting "Catastrophic risk protection coverage";

(5) in clause (v)—

(A) by striking "licensing fee or other arrangement under this subparagraph" and inserting "licensing fee arrangement"; and

(B) by striking "levels of additional coverage" and inserting "levels of coverage"; and

(6) by striking clause (vi).

(c) CHANGE IN DUE DATE FOR POLICYHOLDER PREMIUMS.—Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(1) in subsection (b)(5)(C), by striking "the date that premium" and inserting "the same date on which the premium";

(2) in subsection (c)(10)(B)—

(A) by inserting "; TIME FOR PAYMENT" after "WAIVER"; and

(B) by adding at the end the following new sentence: "Subparagraph (C) of such subsection shall apply with respect to the collection date for policy premiums."; and

(3) in subsection (d), by adding at the end the following new paragraph:

"(4) BILLING DATE FOR PREMIUMS.—Beginning with the 2012 reinsurance year, the Corporation shall establish August 1 as the billing date for premiums.".

(d) REINSURANCE.—

(1) REIMBURSEMENT RATE.—Section 508(k)(4)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)(A)) is amended by striking clause (ii) and inserting the following new clause:

"(ii) for the 2009 and subsequent reinsurance years, 2 percentage points below the rates, in effect as of the date of the enactment of this Act of the Farm, Nutrition, and Bioenergy Act of 2007, for all crop insurance policies used to define loss ratio.".

(2) RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.—Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) is amended by adding at the end the following new paragraph:

"(8) RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.—

"(A) PERIODIC RENEGOTIATION.—Following the reinsurance year ending June 30, 2012, the Corporation may renegotiate the financial terms of the standard reinsurance agreement during the next reinsurance year and once during each period of five reinsurance years thereafter.

"(B) EFFECT OF FEDERAL LAW CHANGES.—If changes in Federal law are enacted that require revisions in the financial terms of the standard reinsurance agreement, and such changes in the agreement are made on a mandatory basis by the Corporation, such changes will not be deemed to be a renegotiation of the agreement for purposes of subparagraph (A).

"(C) CONSULTATION.—Approved insurance providers and their representatives may confer with each other, and collectively with the Corporation, during the renegotiation process under subparagraph (A).".

(3) TREATMENT OF 2008 REINSURANCE YEAR.—Clause (ii) of section 508(k)(4)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)(A)), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 2008 reinsurance year.

(e) CHANGE IN DUE DATE FOR ADMINISTRATIVE AND OPERATING EXPENSE PAYMENT.—Section 516(b) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)) is amended by adding at the end the following new paragraph:

"(3) DUE DATE FOR ADMINISTRATIVE AND OPERATING EXPENSE PAYMENT.—Beginning with the 2012 reinsurance year, the Corporation shall make payments pursuant to paragraph (1)(B) during October 2012, and for subsequent reinsurance years, every October thereafter.".

(f) CONFORMING AMENDMENTS.—

(1) PREMIUM REDUCTION AUTHORITY.—Subsection 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended—

(A) in paragraph (2) by striking "paragraph (4)" and inserting "paragraph (3)";

(B) by striking paragraph (3); and

(C) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(2) PREMIUM RATE REDUCTION PILOT PROGRAM.—Section 523 of the Federal Crop Insurance Act (7 U.S.C. 1523) is amended—

(A) by striking subsection (d); and

(B) by redesignating subsection (e) as subsection (d).

(3) SUBMISSION OF POLICIES AND MATERIALS.—Section 508(h)(1)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(1)(A)) is amended by striking "; and" and inserting "; or".

SEC. 11003. CATASTROPHIC RISK PROTECTION ADMINISTRATIVE FEE.

Section 508(b)(5)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)(A)) is amended by striking "$100 per crop per county" and inserting in its place "$200 per crop per county".

SEC. 11004. FUNDING FOR REIMBURSEMENTS, CONTRACTING, RISK MANAGEMENT EDUCATION, AND INFORMATION TECHNOLOGY.

(a) FUNDING.—Section 516 of the Federal Crop Insurance Act (7 U.S.C. 1516) is amended by adding at the end the following new subsections:

"(d) FUNDING FOR REIMBURSEMENTS, CONTRACTING, RISK MANAGEMENT EDUCATION, AND INFORMATION TECHNOLOGY.—Of the amounts made available from the insurance fund established under subsection (c), the Corporation shall use not more than $30,000,000 in each fiscal year to carry out the following:

"(1) Reimbursement of research and development and maintenance costs described under section 522(b).

"(2) Research and development contracting described under section 522(c).

"(3) Partnerships for risk management and implementation described under section 522(d).

"(4) Education and information programs described in section 524(a)(2).

"(5) Partnerships for risk management education program described in section 524(a)(3).

"(6) Information technology, as determined by the Corporation.

"(e) UNDERSERVED STATES.—Of the amount made available under subsection (d), the Corporation shall use not more than $5,000,000 in each fiscal year to carry out contracting for research and development described in section 522(c)(1)(A)."

(b) CONFORMING AMENDMENTS.—

(1) FORMER FUNDING PROVISION.—Section 522 of the Federal Crop Insurance Act (7 U.S.C. 1522) is amended by striking subsection (e) and inserting the following new subsection:

"(e) PROHIBITED RESEARCH AND DEVELOPMENT BY CORPORATION.—

"(1) NEW POLICIES.—Notwithstanding subsection (d), the Corporation shall not conduct research and development for any new policy for an agricultural commodity offered under this title.

"(2) EXISTING POLICIES.—Any policy developed by the Corporation under this title before October 1, 2000, may continue to be offered for sale to producers."

(2) CROSS REFERENCE.—Section 523(c)(1) of the Federal Crop Insurance Act (7 U.S.C. 1523(c)(1)) is amended by striking "section 522(e)(4)" and inserting "section 522(e)".

(3) EDUCATION ASSISTANCE FUNDING.—Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended as follows:

(A) in paragraph (1), by striking "paragraph (4)" and inserting "section 516(d)"; and

(B) by striking paragraph (4).

SEC. 11005. REIMBURSEMENT OF RESEARCH AND DEVELOPMENT COSTS RELATED TO NEW CROP INSURANCE PRODUCTS.

(a) REIMBURSEMENT AUTHORIZED.—Paragraph (1) of section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended to read as follows:

"(1) RESEARCH AND DEVELOPMENT REIMBURSEMENT.—The Corporation shall provide a payment to reimburse an applicant for research and development costs directly related to a policy that—

"(A) is submitted to the Board pursuant to an FCIC Reimbursement Grant under paragraph (7); or

"(B) is submitted to the Board and approved by the Board under section 508(h) for reinsurance and, if applicable, offered for sale to producers.".

(b) FCIC REIMBURSEMENT GRANTS.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended by adding at the end the following new paragraph:

"(7) FCIC REIMBURSEMENT GRANTS.—

"(A) GRANTS AUTHORIZED.—The Corporation shall provide FCIC Reimbursement Grants to persons proposing to prepare for submission to the Board crop insurance policies and provisions under subparagraphs (A) and (B) of section 508(h)(1), who apply and are approved for such FCIC Reimbursement Grants under the terms and conditions of this paragraph.

"(B) SUBMISSION OF APPLICATION.—The Board shall receive and consider applications for FCIC Reimbursement Grants at least once annually. An application to receive an FCIC Reimbursement Grant from the Corporation shall consist of such materials as the Board may require, including—

"(i) a concept paper that describes the proposal in sufficient detail for the Board to determine whether it satisfies the requirements of subparagraph (C);

"(ii) a summary of —

"(I) the need for the product, including an assessment of marketability and expected demand among affected producers;

"(II) support from producers, producer organizations, lenders, or other interested parties;

"(III) the impact the product would have on producers and on the crop insurance delivery system; and

"(IV) that no products are offered by the private sector providing the same benefits and risk management services as the proposal.

"(iii) a summary of data sources available demonstrating that the product can reasonably be developed and properly rated; and

"(iv) identification of the risks the proposed product will cover and that the risks are insurable under the Act

"(C) APPROVAL CONDITIONS.—Approval of an application for a FCIC Reimbursement Grant shall be by majority vote of the Board. The Board shall approve the application only if the Board finds that—

"(i) the proposal contained in the application—

"(I) provides coverage to a crop or region not traditionally served by the Federal crop insurance program;

"(II) provides crop insurance coverage in a significantly improved form;

"(III) addresses a recognized flaw or problem in the program;

"(IV) introduces a significant new concept or innovation to the program; or

"(V) provides coverage, benefits, or risk management services not available from the private sector;

"(ii) the applicant demonstrates the necessary qualifications to complete the project successfully in a timely manner with high quality;

"(iii) the proposal is in the interests of producers and can reasonably be expected to be actuarially appropriate;

"(iv) the Board determines that the Corporation has sufficient available funding to award the FCIC Reimbursement Grant; and

"(v) the proposed budget and timetable are reasonable.

"(D) PARTICIPATION.—In reviewing proposals under this paragraph, the Board may use the services of persons it deems appropriate for expert review. All proposals submitted under this paragraph will be treated as confidential in accordance with section 508(h)(4).

"(E) ENTERING INTO AGREEMENT.—Upon approval of the application, the Board shall enter into an agreement with the person for the development of a formal submission meeting the requirements for a complete submission established by the Board under section 508(h).

"(F) FEASIBILITY STUDIES.—In appropriate cases, the Corporation may structure the FCIC Reimbursement Grant to require, as an initial step within the overall process, the submitter to complete a feasibility study and report the results of such study to the Corporation prior to proceeding with further development. The Corporation may require such other reports as necessary to monitor the development efforts.

"(G) RATES.—Payment for work performed under this paragraph shall be based on rates determined by the Corporation for products submitted under section 508(h) of the Act or for those contracted by the Corporation under section 522(c) of the Act.

"(H) TERMINATION.—The Corporation or the submitter may terminate any FCIC Reimbursement Grant to reimburse expenses at any time for just cause. If the Corporation or the submitter terminates the FCIC Reimbursement Grant before final approval of the product covered thereby, the submitter shall be entitled to reimbursement of all costs incurred to that point, or, in the case of a fixed rate agreement, to payment of an appropriate percentage. If the submitter terminates development without just cause, the Corporation may deny reimbursement.

"(I) CONSIDERATION OF PRODUCTS.—The Board shall consider any product submitted to it developed under this paragraph under the rules it has established for products submitted under section 508(h) of this Act.".

SEC. 11006. RESEARCH AND DEVELOPMENT CONTRACTS FOR ORGANIC PRODUCTION COVERAGE IMPROVEMENTS.

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

(1) by redesignating paragraph (10) as paragraph (11); and

(2) by inserting after paragraph (9) the following new paragraph:

"(10) CONTRACTS FOR ORGANIC PRODUCTION COVERAGE IMPROVEMENTS.—

"(A) CONTRACT REQUIRED.—Not later than 180 days after the date of the enactment of the Farm, Nutrition, and Bioenergy Act of 2007, the Corporation shall enter into one or more contracts for the development of improvements in Federal crop insurance policies covering crops produced in compliance with standards issued by the Department of Agriculture under the National Organic Program.

"(B) REVIEW OF UNDERWRITING, RISK, AND LOSS EXPERIENCE.—

"(i) REVIEW REQUIRED.—A contract under subparagraph (A) shall include a review of the underwriting, risk, and loss experience of organic crops covered by the Corporation, as compared with the same crops produced in the same counties and during the same time periods using non-organic methods. The review should be designed to allow the Corporation to determine whether significant, consistent, or systemic variations in loss history exist between organic and non-organic production, and shall include the widest available range of data, including loss history under existing crop insurance policies, collected by the National Agricultural Statistics Service, and other sources of information.

"(ii) EFFECT ON PREMIUM SURCHARGE.—Unless the review under this subparagraph documents the existence of such significant, consistent, and systemic variations in loss history between organic and non-organic crops, either collectively or on an individual basis, the Corporation shall eliminate or reduce the premium surcharge that the Corporation charges for coverage for organic crops

"(C) ADDITIONAL PRICE ELECTION.—A contract under subparagraph (A) shall include the development of a procedure, including any associated changes in policy terms or materials required for implementation of the procedure, to offer producers of organic crops an additional price election that would reflect the actual retail or wholesale prices, as appropriate, received by organic producers for their crops, as established using data collected and maintained by the Agricultural Marketing Service or other sources. The development of the procedure shall be completed in a timely manner to allow the Corporation to begin offering the additional price election for organic crops with sufficient data for the 2009 crop year, and expand it thereafter as the Agricultural Marketing Service expands its data collection and availability for prices of organic crops.

"(D) REPORTING REQUIREMENTS.—The Corporation 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 on the progress made in developing and improving Federal crop insurance for organic crops, including the numbers and varieties of organic crops insured, the development of new insurance approaches, and the progress of the initiatives mandated under this paragraph. The report shall also include such recommendations as the Corporation considers appropriate regarding additional opportunities to improve Federal crop insurance coverage for such crops.".

SEC. 11007. TARGETING RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS AND RANCHERS AND CERTAIN OTHER FARMERS AND RANCHERS.

Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) TARGETING RISK MANAGEMENT EDUCATION FOR CERTAIN FARMERS AND RANCHERS.—

"(A) IN GENERAL.—In carrying out the education and information program established under paragraph (2) and the partnerships for risk management education program under paragraph (3), the Secretary shall include a special emphasis on risk management strategies and education and outreach specifically targeted at farmers and ranchers described in subparagraph (B).

"(B) COVERED FARMERS AND RANCHERS.—Subparagraph (A) applies with respect to the following:

"(i) Beginning farmers and ranchers.

"(ii) Immigrant farmers and ranchers who are attempting to become established producers in the United States.

"(iii) Socially disadvantaged farmers and ranchers.

"(iv) Farmers and ranchers who are preparing to retire and are using transition strategies to help new farmers and ranchers get started.

"(v) Farmers and ranchers who are converting their current production and marketing systems to pursue new markets.".

SEC. 11008. CROP INSURANCE INELIGIBILITY RELATED TO CROP PRODUCTION ON NONCROPLAND.

Section 502 of the Federal Crop Insurance Act (7 U.S.C. 1502) is amended by adding at the end the following new subsection:

"(e) CROP INSURANCE INELIGIBILITY RELATED TO CROP PRODUCTION ON NONCROPLAND.—

"(1) NONCROPLAND DEFINED.—In this subsection, the term 'noncropland' means native grassland and pasture the Secretary determines has never been used for crop production

"(2) INELIGIBILITY.—Noncropland acreage on which an agricultural commodity for which a policy or plan of insurance is available under this title is planted shall be ineligible for crop insurance under this title for the first 4 years of planting, as determined by the Secretary.

"(3) YIELD DETERMINATION BASED ON COUNTY ACTUAL PRODUCTION HISTORY.—

"(A) IN GENERAL.—If an agricultural commodity ineligible for insurance as described in paragraph (2) is planted for 4 years, beginning with the fifth year in which the commodity is planted, the producer of the commodity may procure crop insurance for the commodity under this title. The yield for such crop insurance shall be determined only—

"(i) by using the actual production history for the farm; and

"(ii) for each year in which the farm does not have an actual production history, by using the average actual production history for the commodity in the county in which the farm is located.

"(B) EXCEPTION.—If an agricultural commodity is planted on noncropland acreage and is eligible for insurance as provided in paragraph (2), then the yield for such crop insurance shall be determined only—

"(i) by using the actual production history for the farm; and

"(ii) for each year in which the farm does not have an actual production history, by using the average actual production history for the commodity in the county in which the farm is located.

"(4) EFFECTIVE DATE.—This subsection shall apply to crop years following the 2007 crop year.".

SEC. 11009. FUNDS FOR DATA MINING.

Section 515(k) of the Federal Crop Insurance Act (7 U.S.C. 1515(k)) is amended by striking paragraph (1) and inserting the following new paragraph:

"(1) AVAILABLE FUNDS.—To carry out this section, the Corporation may use, from amounts made available from the insurance fund established under section 516(c)—

"(A) not more that $11,000,000 during fiscal year 2008; and

"(B) not more than $7,000,000 during fiscal year 2009 and each subsequent year thereafter.".

SEC. 11010. NONINSURED CROP ASSISTANCE PROGRAM.

Section 196(k)(1) of the Agricultural Market Transition Act (7 U.S.C. 7333(k)(1)) is amended by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

"(A) $200 per crop per county; or

"(B) $600 per producer per county, but not to exceed a total of $1,800 per producer.".

SEC. 11011. CHANGE IN DUE DATE FOR CORPORATION PAYMENTS FOR UNDERWRITING GAINS.

Effective beginning with the 2011 reinsurance year, the Federal Crop Insurance Corporation shall make payments for underwriting gains under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.)—

(1) for the 2011 reinsurance year on October 1, 2012; and

(2) for each reinsurance year thereafter on the October 1 of the next calendar year.

SEC. 11012. SESAME INSURANCE PILOT PROGRAM.

(a) PILOT PROGRAM REQUIRED.—The Secretary of Agriculture shall establish and carry out a pilot program under which a producer of non-dehiscent sesame under contract may elect to obtain multi-peril crop insurance, as determined by the Secretary.

(b) TERMS AND CONDITIONS.—The multi-peril crop insurance offered under the sesame insurance pilot program shall—

(1) be offered through reinsurance arrangements with private insurance companies;

(2) be actuarially sound; and

(3) require the payment of premiums and administrative fees by a producer obtaining the insurance.

(c) LOCATION.—The sesame insurance pilot program shall be carried out only in the State of Texas.

(d) RELATION TO PROHIBITION ON RESEARCH AND DEVELOPMENT BY CORPORATION.—Section 522(e)(4) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)(4)) shall apply with respect to the sesame insurance pilot program.

(e) DURATION.—The Secretary shall commence the sesame insurance pilot program as soon as practicable after the date of the enactment of this Act and continue the program through the 2012 crop year.

Subtitle B—Livestock and Poultry

SEC. 11101. SENSE OF CONGRESS REGARDING PSEUDORABIES ERADICATION PROGRAM.

It is the sense of Congress that—

(1) the Secretary should recognize the threat feral swine pose to the domestic swine population;

(2) keeping the United States commercial swine herd free of pseudorabies is essential to maintaining and growing pork export markets;

(3) the establishment of a swine surveillance system will assist the swine industry in the monitoring, surveillance, and eradication of pseudorabies; and

(4) pseudorabies eradication is a high priority that the Secretary should carry out under the authorities of the Animal Health Protection Act.

SEC. 11102. ARBITRATION OF LIVESTOCK AND POULTRY CONTRACTS.

The Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) is amended—

(1) by redesignating section 416 as section 417; and

(2) by inserting after section 415 the following new section:

"SEC. 416. ARBITRATION OF LIVESTOCK AND POULTRY CONTRACTS.

"(a) ISSUANCE OF REGULATIONS.—The Secretary of Agriculture shall promulgate regulations to establish standards related to the inclusion of arbitration provisions in livestock and poultry production contracts.

"(b) CONTENT.—Such regulations shall—

"(1) establish permissible agreements with respect to venue of arbitration, allocation of arbitration costs, number and appointment of arbitrators, and any other element of an arbitration agreement that the Secretary determines to be necessary;

"(2) permit a producer to seek relief in a small claims court in lieu of arbitration for disputes or claims within the jurisdiction of a small claims court, despite the existence of an arbitration agreement; and

"(3) require any person appointed or to be appointed as an arbitrator to disclose any circumstance likely to raise doubt as to the arbitrator's impartiality.".

SEC. 11103. STATE-INSPECTED MEAT AND POULTRY.

(a) REVIEW OF STATE MEAT AND POULTRY INSPECTION PROGRAMS.—

(1) REPORT.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit to Congress a report containing the results of a review by the Secretary of each State meat and poultry inspection program. Such report shall include—

(A) a determination of the effectiveness of each State meat and poultry inspection program; and

(B) an identification of changes that are necessary to enable future transition to a State program of enforcing Federal inspection requirements as described in the amendments made by subsections (b) and (c).

(2) AUTHORIZATION OF APPROPRIATIONS.—

(A) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

(B) AVAILABLE FUNDS.—Notwithstanding any other provision of law, only funds specifically appropriated under subparagraph (A) may be used to carry out this subsection.

(b) STATE MEAT INSPECTION PROGRAMS.—

(1) IN GENERAL.—Title III of the Federal Meat Inspection Act (21 U.S.C. 661 et seq.) is amended to read as follows:

"TITLE III—STATE MEAT INSPECTION PROGRAMS

"SEC. 301. POLICY AND FINDINGS.

"(a) POLICY.—It is the policy of Congress to protect the public from meat and meat food products that are adulterated or misbranded and to assist in efforts by State and other government agencies to accomplish that policy.

"(b) FINDINGS.—Congress finds that—

"(1) the goal of a safe and wholesome supply of meat and meat food products throughout the United States would be better served if a consistent set of requirements, established by the Federal Government, were applied to all meat and meat food products, whether produced under State inspection or Federal inspection;

"(2) under such a system, State and Federal meat inspection programs would function together to create a seamless inspection system to ensure food safety and inspire consumer confidence in the food supply in interstate commerce; and

"(3) such a system would ensure the viability of State meat inspection programs, which should help to foster the viability of small establishments.

"SEC. 302. APPROVAL OF STATE MEAT INSPECTION PROGRAMS.

"(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may approve a State meat inspection program and allow the shipment in commerce of carcasses, parts of carcasses, meat, and meat food products inspected under the State meat inspection program in accordance with this title.

"(b) ELIGIBILITY.—

"(1) IN GENERAL.—To receive or maintain approval from the Secretary for a State meat inspection program in accordance with subsection (a), a State shall—

"(A) implement a State meat inspection program that enforces the mandatory antemortem and postmortem inspection, reinspection, sanitation, and related Federal requirements of titles I, II, and IV (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under those titles); and

"(B) enter into a cooperative agreement with the Secretary in accordance with subsection (c).

"(2) ADDITIONAL REQUIREMENTS.—

"(A) IN GENERAL.—In addition to the requirements described in paragraph (1), a State meat inspection program reviewed in accordance with section 11103(a) of the Farm, Nutrition, and Bioenergy Act of 2007 shall implement, not later than 180 days after the date on which the report is submitted under subsection (b) of such section, all recommendations from the review, in a manner approved by the Secretary.

"(B) REVIEW OF NEW STATE MEAT INSPECTION PROGRAMS.—

"(i) REVIEW REQUIREMENT.—Not later than one year after the date on which the Secretary approves a new State meat inspection program, the Secretary shall conduct a review of the new State meat inspection program, which shall include—

"(I) a determination of the effectiveness of the new State meat inspection program; and

"(II) identification of changes necessary to ensure enforcement of Federal inspection requirements.

"(ii) IMPLEMENTATION REQUIREMENTS.—In addition to the requirements described in paragraph (1), to continue to be an approved State meat inspection program, a new State meat inspection program shall implement all recommendations from the review conducted in accordance with this subparagraph, in a manner approved by the Secretary.

"(iii) DEFINITION OF NEW STATE MEAT INSPECTION PROGRAM.—In this subparagraph, the term 'new State meat inspection program' means a State meat inspection program that is not approved in accordance with subsection (a) between the effective date of the Farm, Nutrition, and Bioenergy Act of 2007 and the date that is one year after the effective date of such Act.

"(c) COOPERATIVE AGREEMENT.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement with a State that—

"(1) establishes the terms governing the relationship between the Secretary and the State meat inspection program;

"(2) provides that the State will adopt (including adoption by reference) provisions identical to titles I, II, and IV (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under those titles);

"(3) provides that State-inspected and passed meat and meat food products shall be marked with a mark of State inspection, which shall be deemed to be an official mark, in accordance with requirements issued by the Secretary;

"(4) provides that the State will comply with all labeling requirements issued by the Secretary governing meat and meat food products inspected under the State meat inspection program;

"(5) provides that the Secretary shall have authority—

"(A) to detain and seize livestock, carcasses, parts of carcasses, meat, and meat food products under the State meat inspection program;

"(B) to obtain access to facilities, records, livestock, carcasses, parts of carcasses, meat, and meat food products of any person, firm, or corporation that slaughters, processes, handles, stores, transports, or sells meat or meat food products inspected under the State meat inspection program to determine compliance with this Act (including the regulations issued under this Act); and

"(C) to direct the State to conduct any activity authorized to be conducted by the Secretary under this Act (including the regulations issued under this Act); and

"(6) includes such other terms as the Secretary determines to be necessary to ensure that the actions of the State and the State meat inspection program are consistent with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act).

"(d) RESTRICTION ON ESTABLISHMENT SIZE.—After the date that is 90 days after the effective date of the Farm, Nutrition, and Bioenergy Act of 2007, establishments with more than 50 employees may not be accepted into a State meat inspection program. Any establishment that is subject to state inspection on such date, may remain subject to State inspection.

"(e) REIMBURSEMENT OF STATE COSTS.—The Secretary may reimburse a State for not more than 50 percent of the State's costs of meeting the Federal requirements for the State meat inspection program.

"(f) SAMPLING.—A duly authorized representative of the Secretary shall be afforded access to State inspected establishments to take reasonable samples of the inventory of such establishments upon payment of the fair market value therefor.

"(g) NONCOMPLIANCE.—If the Secretary determines that a State meat inspection program does not comply with this title or the cooperative agreement under subsection (c), the Secretary shall take such action as the Secretary determines to be necessary to ensure that the carcasses, parts of carcasses, meat, and meat food products in the State are inspected in a manner that effectuates this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act).

"SEC. 303. AUTHORITY TO TAKE OVER STATE MEAT INSPECTION PROGRAMS.

"(a) NOTIFICATION.—If the Secretary has reason to believe that a State is not in compliance with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act) or the cooperative agreement under section 302(c) and is considering the revocation or temporary suspension of the approval of the State meat inspection program, the Secretary shall promptly notify and consult with the Governor of the State.

"(b) SUSPENSION AND REVOCATION.—

"(1) IN GENERAL.—The Secretary may revoke or temporarily suspend the approval of a State meat inspection program and take over a State meat inspection program if the Secretary determines that the State meat inspection program is not in compliance with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act) or the cooperative agreement under section 302(c).

"(2) PROCEDURES FOR REINSTATEMENT.—A State meat inspection program that has been the subject of a revocation may be reinstated as an approved State meat inspection program under this Act only in accordance with the procedures under section 302(b)(2)(B).

"(c) PUBLICATION.—If the Secretary revokes or temporarily suspends the approval of a State meat inspection program in accordance with subsection (b), the Secretary shall publish notice of the revocation or temporary suspension under that subsection in the Federal Register.

"(d) INSPECTION OF ESTABLISHMENTS.—Not later than 30 days after the date of publication of a determination under subsection (c), an establishment subject to a

State meat inspection program with respect to which the Secretary makes a determination under subsection (b) shall be inspected by the Secretary.

"SEC. 304. EXPEDITED AUTHORITY TO TAKE OVER INSPECTION OF STATE-INSPECTED ESTABLISHMENTS.

"Notwithstanding any other provision of this title, if the Secretary determines that an establishment operating under a State meat inspection program is not operating in accordance with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act) or the cooperative agreement under section 302(c), and the State, after notification by the Secretary to the Governor, has not taken appropriate action within a reasonable time as determined by the Secretary, the Secretary may immediately determine that the establishment is an establishment that shall be inspected by the Secretary, until such time as the Secretary determines that the State will meet the requirements of this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements) and the cooperative agreement with respect to the establishment.

"SEC. 305. ANNUAL REVIEW.

"(a) IN GENERAL.—The Secretary shall develop and implement a process to annually review each State meat inspection program approved under this title and to certify the State meat inspection programs that comply with the cooperative agreement entered into with the State under section 302(c).

"(b) COMMENT FROM INTERESTED PARTIES.—In developing the review process described in subsection (a), the Secretary shall solicit comment from interested parties.

"SEC. 306. FEDERAL INSPECTION OPTION.

"(a) IN GENERAL.—An establishment that operates in a State with an approved State meat inspection program may apply for inspection under the State meat inspection program or for Federal inspection.

"(b) LIMITATION.—An establishment shall not make an application under subsection (a) more than once every four years.".

(2) RESTAURANTS AND RETAIL STORES.—Title IV of the Federal Meat Inspection Act is amended—

(A) by redesignating section 411 (21 U.S.C. 681) as section 414; and

(B) by inserting after section 410 (21 U.S.C. 680) the following:

"SEC. 411. RESTAURANTS AND RETAIL STORES.

"(a) LIMITATION ON APPLICABILITY OF INSPECTION REQUIREMENTS.—The provisions of this Act requiring inspection of the slaughter of animals and the preparation of carcasses, parts of carcasses, meat, and meat food products shall not apply to operations of types traditionally and usually conducted at retail stores and restaurants, as determined by the Secretary, if the operations are conducted at a retail store, restaurant, or similar retail establishment for sale of such prepared articles in normal retail quantities or for service of the articles to consumers at such an establishment.

"(b) CENTRAL KITCHEN FACILITIES.—

"(1) IN GENERAL.—For the purposes of this section, operations conducted at a central kitchen facility of a restaurant shall be considered to be conducted at a restaurant if the central kitchen of the restaurant prepares meat or meat food products that are ready to eat when they leave the facility and are served in meals or as entrees only to customers at restaurants owned or operated by the same person, firm, or corporation that owns or operates the facility.

"(2) EXCEPTION.—A facility described in paragraph (1) shall be subject to section 202 and may be subject to the inspection requirements of title I for as long as the Secretary determines to be necessary, if the Secretary determines that the sanitary conditions or practices of the facility or the processing procedures or methods at the facility are such that any of the meat or meat food products of the facility are rendered adulterated.

"SEC. 412. ACCEPTANCE OF INTERSTATE SHIPMENTS OF MEAT AND MEAT FOOD PRODUCTS.

"Notwithstanding any provision of State law, a State or local government shall not prohibit or restrict the movement or sale of meat or meat food products that have been inspected and passed in accordance with this Act for interstate commerce.

"SEC. 413. ADVISORY COMMITTEES FOR FEDERAL AND STATE PROGRAMS.

"The Secretary may appoint advisory committees consisting of such representatives of appropriate State agencies as the Secretary and the State agencies may designate to consult with the Secretary concerning State and Federal programs with respect to meat inspection and other matters within the scope of this Act.".

(c) STATE POULTRY INSPECTION PROGRAMS.—

(1) IN GENERAL.—The Poultry Products Inspection Act (21 U.S.C. 451 et seq.) is amended by striking section 5 and inserting the following:

"SEC. 5. STATE POULTRY INSPECTION PROGRAMS.

"(a) POLICY.—It is the policy of Congress to protect the public from poultry products that are adulterated or misbranded and to assist in efforts by State and other government agencies to accomplish that policy.

"(b) FINDINGS.—Congress finds that—

"(1) the goal of a safe and wholesome supply of poultry products throughout the United States would be better served if a consistent set of requirements, established by the Federal Government, were applied to all poultry products, whether produced under State inspection or Federal inspection;

"(2) under such a system, State and Federal poultry inspection programs would function together to create a seamless inspection system to ensure food safety and inspire consumer confidence in the food supply in interstate commerce; and

"(3) such a system would ensure the viability of State poultry inspection programs, which should help to foster the viability of small official establishments.

"(c) APPROVAL OF STATE POULTRY INSPECTION PROGRAMS.—

"(1) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may approve a State poultry inspection program and allow the shipment in commerce of poultry products inspected under the State poultry inspection program in accordance with this section and section 5A.

"(2) ELIGIBILITY.—

"(A) IN GENERAL.—To receive or maintain approval from the Secretary for a State poultry inspection program in accordance with paragraph (1), a State shall—

"(i) implement a State poultry inspection program that enforces the mandatory antemortem and postmortem inspection, reinspection, sanitation, and related Federal requirements of sections 1 through 4 and 6 through 33 (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under those sections); and

"(ii) enter into a cooperative agreement with the Secretary in accordance with paragraph (3).

"(B) ADDITIONAL REQUIREMENTS.—

"(i) IN GENERAL.—In addition to the requirements described in subparagraph (A), a State poultry inspection program reviewed in accordance with section 11103(a) of the Farm, Nutrition, and Bioenergy Act of 2007 shall implement, not later 180 days after the date on which the report is submitted under subsection (b) of such section, all recommendations from the review, in a manner approved by the Secretary.

"(ii) REVIEW OF NEW STATE POULTRY INSPECTION PROGRAMS.—

"(I) REVIEW REQUIREMENT.—Not later than one year after the date on which the Secretary approves a new State poultry inspection program, the Secretary shall conduct a review of the new State poultry inspection program, which shall include—

"(aa) a determination of the effectiveness of the new State poultry inspection program; and

"(bb) identification of changes necessary to ensure enforcement of Federal inspection requirements.

"(II) IMPLEMENTATION REQUIREMENTS.—In addition to the requirements described in subparagraph (A), to continue to be an approved State poultry inspection program, a new State poultry inspection program shall implement all recommendations from the review conducted in accordance with this clause, in a manner approved by the Secretary.

"(III) DEFINITION OF NEW STATE POULTRY INSPECTION PROGRAM.—In this clause, the term 'new State poultry inspection program' means a State poultry inspection program that is not approved in accordance with paragraph (1) between the effective date of the Farm, Nutrition, and Bioenergy Act of 2007 and the date that is one year after the effective date of such Act.

"(3) COOPERATIVE AGREEMENT.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement with a State that—

"(A) establishes the terms governing the relationship between the Secretary and the State poultry inspection program;

"(B) provides that the State will adopt (including adoption by reference) provisions identical to sections 1 through 4 and 6 through 33 (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under those sections);

"(C) provides that State-inspected and passed poultry products may be marked with the mark of State inspection, which shall be deemed to be an official mark, in accordance with requirements issued by the Secretary;

"(D) provides that the State will comply with all labeling requirements issued by the Secretary governing poultry products inspected under the State poultry inspection program;

"(E) provides that the Secretary shall have authority—

"(i) to detain and seize poultry and poultry products under the State poultry inspection program;

"(ii) to obtain access to facilities, records, and poultry products of any person that slaughters, processes, handles, stores, transports, or sells poultry products inspected under the State poultry inspection program to determine compliance with this Act (including the regulations issued under this Act); and

"(iii) to direct the State to conduct any activity authorized to be conducted by the Secretary under this Act (including the regulations issued under this Act); and

"(F) includes such other terms as the Secretary determines to be necessary to ensure that the actions of the State and the State poultry inspection program are consistent with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act).

"(4) RESTRICTION ON ESTABLISHMENT SIZE.—After the date that is 90 days after the effective date of the Farm, Nutrition, and Bioenergy Act of 2007, establishments with more than 50 employees may not be accepted into a State meat inspection program. Any establishment that is subject to state inspection on such date may remain subject to state inspection.

"(5) REIMBURSEMENT OF STATE COSTS.—The Secretary may reimburse a State for not more than 60 percent of the State's costs of meeting the Federal requirements for the State poultry inspection program.

"(6) SAMPLING.—A duly authorized representative of the Secretary shall be afforded access to State inspected establishments to take reasonable samples of their inventory upon payment of the fair market value therefor.

"(7) NONCOMPLIANCE.—If the Secretary determines that a State poultry inspection program does not comply with this section, section 5A, or the cooperative agreement under paragraph (3), the Secretary shall take such action as the Secretary determines to be necessary to ensure that the poultry products in the State are inspected in a manner that effectuates this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act).

"(d) ANNUAL REVIEW.—

"(1) IN GENERAL.—The Secretary shall develop and implement a process to annually review each State poultry inspection program approved under this section and to certify the State poultry inspection programs that comply with the cooperative agreement entered into with the State under subsection (c)(3).

"(2) COMMENT FROM INTERESTED PARTIES.—In developing the review process described in paragraph (1), the Secretary shall solicit comment from interested parties.

"(e) FEDERAL INSPECTION OPTION.—

"(1) IN GENERAL.—An official establishment that operates in a State with an approved State poultry inspection program may apply for inspection under the State poultry inspection program or for Federal inspection.

"(2) LIMITATION.—An official establishment shall not make an application under paragraph (1) more than once every 4 years.

"SEC. 5A. AUTHORITY TO TAKE OVER STATE POULTRY INSPECTION ACTIVITIES.

"(a) AUTHORITY TO TAKE OVER STATE POULTRY INSPECTION PROGRAMS.—

"(1) NOTIFICATION.—If the Secretary has reason to believe that a State is not in compliance with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act) or the cooperative agreement under section 5(c)(3) and is considering the revocation or temporary suspension of the approval of the State poultry inspection program, the Secretary shall promptly notify and consult with the Governor of the State.

"(2) SUSPENSION AND REVOCATION.—

"(A) IN GENERAL.—The Secretary may revoke or temporarily suspend the approval of a State poultry inspection program and take over a State poultry inspection program if the Secretary determines that the State poultry inspection program is not in compliance with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act) or the cooperative agreement.

"(B) PROCEDURES FOR REINSTATEMENT.—A State poultry inspection program that has been the subject of a revocation may be reinstated as an approved State poultry inspection program under this Act only in accordance with the procedures under section 5(c)(2)(B)(ii).

"(3) PUBLICATION.—If the Secretary revokes or temporarily suspends the approval of a State poultry inspection program in accordance with paragraph (2), the Secretary shall publish notice of the revocation or temporary suspension under that paragraph in the Federal Register.

"(4) INSPECTION OF ESTABLISHMENTS.—Not later than 30 days after the date of publication of a determination under paragraph (3), an official establishment subject to a State poultry inspection program with respect to which the Secretary makes a determination under paragraph (2) shall be inspected by the Secretary.

"(b) EXPEDITED AUTHORITY TO TAKE OVER INSPECTION OF STATE-INSPECTED OFFICIAL ESTABLISHMENTS.—Notwithstanding any other provision of this title, if the Secretary determines that an official establishment operating under a State poultry inspection program is not operating in accordance with this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements issued under this Act) or the cooperative agreement under section 5(c)(3), and the State, after notification by the Secretary to the Governor, has not taken appropriate action within a reasonable time as determined by the Secretary, the Secretary may immediately determine that the official establishment is an establishment that shall be inspected by the Secretary, until such time as the Secretary determines that the State will meet the requirements of this Act (including the regulations, directives, notices, policy memoranda, and other regulatory requirements) and the cooperative agreement with respect to the official establishment.".

(2) RESTAURANTS AND RETAIL STORES, ACCEPTANCE OF INTERSTATE SHIPMENTS OF POULTRY PRODUCTS, AND ADVISORY COMMITTEES FOR FEDERAL AND STATE PROGRAMS.—The Poultry Products Inspection Act (21 U.S.C. 451 et seq.) is amended by inserting after section 30 the following:

"SEC. 31. RESTAURANTS AND RETAIL STORES.

"(a) LIMITATION ON APPLICABILITY OF INSPECTION REQUIREMENTS.—The provisions of this Act requiring inspection of the slaughter of poultry and the processing of poultry products shall not apply to operations of types traditionally and usually conducted at retail stores and restaurants, if the operations are conducted at a retail store, restaurant, or similar retail establishment for sale of such prepared articles in normal retail quantities or for service of the articles to consumers at such an establishment.

"(b) CENTRAL KITCHEN FACILITIES.—

"(1) IN GENERAL.—For the purposes of this section, operations conducted at a central kitchen facility of a restaurant shall be considered to be conducted at a restaurant if the central kitchen of the restaurant prepares poultry products that are ready to eat when they leave the facility and are served in meals or as entrees only to customers at restaurants owned or operated by the same person that owns or operates the facility.

"(2) EXCEPTION.—A facility described in paragraph (1) shall be subject to section 11(b) and may be subject to the inspection requirements of this Act for as long as the Secretary determines to be necessary, if the Secretary determines that the sanitary conditions or practices of the facility or the processing procedures or methods at the facility are such that any of the poultry products of the facility are rendered adulterated.

"SEC. 32. ACCEPTANCE OF INTERSTATE SHIPMENTS OF POULTRY PRODUCTS.

"Notwithstanding any provision of State law, a State or local government shall not prohibit or restrict the movement or sale of poultry products that have been inspected and passed in accordance with this Act for interstate commerce.

"SEC. 33. ADVISORY COMMITTEES FOR FEDERAL AND STATE PROGRAMS.

"The Secretary may appoint advisory committees consisting of such representatives of appropriate State agencies as the Secretary and the State agencies may designate to consult with the Secretary concerning State and Federal programs with respect to poultry product inspection and other matters within the scope of this Act".

(d) REGULATIONS.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendments made by subsections (b) and (c).

(e) EFFECTIVE DATE.—The amendments made by subsections (b) and (c) of this Act shall take effect on the date that is 180 days after the date of the enactment of this Act.

SEC. 11104. COUNTRY OF ORIGIN LABELING.

Subtitle D of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638 et seq.) is amended—

(1) in section 281(2)(A)—

(A) in clause (v) by striking "and";

(B) in clause (vi), by striking "peanuts." and inserting "peanuts; and"; and

(C) by adding at the end the following new clause:

"(vii) meat produced from goats.";

(2) in section 282—

(A) in subsection (a), by striking paragraphs (2) and (3) and inserting the following:

"(2) DESIGNATION OF COUNTRY OF ORIGIN FOR BEEF, LAMB, PORK, AND GOAT.—

"(A) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity that is beef, lamb, pork, or goat may designate the covered commodity as exclusively having a United States country of origin only if the covered commodity is derived from an animal that was—

"(i) exclusively born, raised, and slaughtered in the United States; or

"(ii) born and raised in Alaska or Hawaii and transported for a period of not more than 60 days through Canada to the United States and slaughtered in the United States.

"(B) MULTIPLE COUNTRIES OF ORIGIN.—A retailer of a covered commodity that is beef, lamb, pork, or goat that is derived from an animal that is—

"(i) not exclusively born, raised, and slaughtered in the United States,

"(ii) born, raised, or slaughtered in the United States, and

"(iii) not imported into the United States for immediate slaughter,

may designate the country of origin of such covered commodity as all of the countries in which the animal may have been born, raised, or slaughtered.

"(C) IMPORTED FOR IMMEDIATE SLAUGHTER.—A retailer of a covered commodity that is beef, lamb, pork, or goat that is derived from an animal that is imported into the United States for immediate slaughter must designate the origin of such covered commodity as—

"(i) the country from which the animal was imported; and

"(ii) the United States.

"(D) FOREIGN COUNTRY OF ORIGIN.—A retailer of a covered commodity that is beef, lamb, pork, or goat that is derived from an animal that is not born, raised, or slaughtered in the United States must designate a country other than the United States as the country of origin of such commodity.

"(E) GROUND BEEF, PORK, AND LAMB.—The notice of country of origin for ground beef, ground pork, or ground lamb shall include—

"(i) a list of all countries of origin of such ground beef, ground pork, or ground lamb; or

"(ii) a list of all reasonably possible countries of origin of such ground beef, ground pork, or ground lamb.

"(3) DESIGNATION OF COUNTRY OF ORIGIN FOR FISH.—

"(A) IN GENERAL.—A retailer of a covered commodity that is farm-raised fish or wild fish may designate the covered commodity as having a United States country of origin only if the covered commodity—

"(i) in the case of farm-raised fish, is hatched, raised, harvested, and processed in the United States; and

"(ii) in the case of wild fish, is—

"(I) harvested in the United States, a territory of the United States, or a State, or by a vessel that is documented under chapter 121 of title 46, United States Code, or registered in the United States; and

"(II) processed in the United States, a territory of the United States, or a State, including the waters thereof.

"(B) DESIGNATION OF WILD FISH AND FARM-RAISED FISH.—The notice of country of origin for wild fish and farm-raised fish shall distinguish between wild fish and farm-raised fish.

"(4) DESIGNATION OF PERISHABLE AGRICULTURAL COMMODITIES AND PEANUTS.—A retailer of a covered commodity that is a perishable agricultural com-

modity or peanut may designate the covered commodity as having a United States country of origin only if the covered commodity is exclusively produced in the United States."; and

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

"(d) AUDIT VERIFICATION SYSTEM.—

"(1) IN GENERAL.—The Secretary may conduct an audit of any person that prepares, stores, handles, or distributes a covered commodity for retail sale to verify compliance with this subtitle (including the regulations promulgated under section 284(b)).

"(2) RECORD REQUIREMENTS.—

"(A) IN GENERAL.—A person subject to an audit under paragraph (1) shall provide the Secretary with verification of the country of origin of covered commodities. Records maintained in the course of the normal conduct of the business of such person, including animal health papers, import or customs documents, or producer affidavits, may serve as such verification.

"(B) PROHIBITION ON REQUIREMENT OF ADDITIONAL RECORDS.—The Secretary may not require a person that prepares, stores, handles, or distributes a covered commodity to maintain a record of the country of origin of a covered commodity other than those maintained in the course of the normal conduct of the business of such person.";

(3) in section 283—

(A) by striking subsections (a) and (c);

(B) by redesignating subsection (b) subsection (a);

(C) in subsection (a) (as so redesignated), by striking "retailer" and inserting "retailer or person engaged in the business of supplying a covered commodity to a retailer"; and

(D) by adding at the end the following new subsection:

"(b) FINES.—If, on completion of the 30-day period described in subsection (a)(2), the Secretary determines that the retailer or person engaged in the business of supplying a covered commodity to a retailer has—

"(1) not made a good faith effort to comply with section 282, and

"(2) continues to willfully violate section 282 with respect to the violation about which the retailer or person received notification under subsection (a)(1), after providing notice and an opportunity for a hearing before the Secretary with respect to the violation, the Secretary may fine the retailer or person in an amount of not more than $1,000 for each violation."; and

(4) in section 285—

(A) by striking "This subtitle" and inserting "(a) IN GENERAL.—Subject to subsection (b), this subtitle"; and

(B) by adding at the end the following new subsection:

"(b) ANIMALS IN THE UNITED STATES ON JANUARY 1, 2008.—Notwithstanding subsection (a), this subtitle shall not apply to a covered commodity that is derived from an animal that is in the United States on January 1, 2008.".

SEC. 11105. SENSE OF CONGRESS REGARDING STATE INSPECTED MEAT AND POULTRY PRODUCTS.

It is the sense of Congress that—

(1) the food supply in the United States continues to be the safest in the world;

(2) State inspected meat and poultry products are safe and wholesome, and should be available to consumers nationwide to increase the economic viability of small establishments and allow States to broadly market their products; and

(3) the Federal and State meat and poultry inspection systems should function seamlessly to ensure food safety and inspire consumer confidence in the food supply.

SEC. 11106. SENSE OF CONGRESS REGARDING THE VOLUNTARY CONTROL PROGRAM FOR LOW PATHOGENIC AVIAN INFLUENZA.

It is the sense of Congress that—

(1) the voluntary control program for low pathogenic avian influenza is a critical component of the animal health protection system of the United States, as well as a safeguard against highly pathogenic avian influenza; and

(2) the Secretary of Agriculture has appropriately provided for the payment of compensation to owners of poultry and cooperating State agencies of 100 percent of eligible costs, and the Secretary should continue to provide such payments at 100 percent of such costs.

SEC. 11107. SENSE OF CONGRESS REGARDING THE CATTLE FEVER TICK ERADICATION PROGRAM.

It is the sense of Congress that—

(1) the cattle fever tick and the southern cattle tick are vectors of the causal agent of babesiosis, a severe and often fatal disease of cattle; and

(2) implementing a national strategic plan for the cattle fever tick eradication program is a high priority that the secretary should carry out in order to—

(A) prevent the entry of cattle fever ticks into the United States;

(B) enhance and maintain an effective surveillance program to rapidly detect any cattle fever tick incursions; and

(C) research, identify, and procure the tools and knowledge necessary to prevent and eradicate cattle fever ticks in the United States.

Subtitle C—Socially Disadvantaged Producers and Limited Resource Producers

SEC. 11201. OUTREACH AND TECHNICAL ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS AND LIMITED RESOURCE FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended—

(1) in subsection (a)—

(A) by striking paragraph (2) and inserting the following new paragraph:

"(2) REQUIREMENTS.—The outreach and technical assistance program under paragraph (1) shall be used—

"(A) to enhance coordination of the outreach, technical assistance, and education efforts authorized under agriculture programs; and

"(B) to assist the Secretary in—

"(i) reaching socially disadvantaged or limited resource farmers and ranchers and prospective socially disadvantaged or limited resource farmers and ranchers in an appropriate manner; and

"(ii) improving the participation of those farmers and rancher in Department programs, as determined under section 2501A.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "entity to provide information" and inserting "entity that has demonstrated an ability to carry out the requirements described in paragraph (2) to provide outreach"; and

(ii) by adding at the end the following new subparagraphs:

"(D) ADDITIONAL CONTRACTING AUTHORITY.—

"(i) IN GENERAL.—Any agency of the Department of Agriculture may make grants and enter into contracts and cooperative agreements with a community-based organization that meets the definition of an eligible entity under subsection (e) in order to utilize the community-based organization to provide outreach and technical assistance.

"(ii) MATCHING FUNDS.—As a condition of any grant made, or any contract or any cooperative agreement entered into under this subparagraph, the Secretary shall require the eligible entity to match not less than 25 percent of the total amount of the funds provided by the grant, contract, or cooperative agreement.

"(E) 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, and make publicly available, an annual report that includes a list of the following:

"(i) The recipients of funds made available under the program.

"(ii) The activities undertaken and services provided.

"(iii) The number of producers served and outcomes of such service.

"(iv) The problems and barriers identified by entities in trying to increase participation by socially disadvantaged farmers and ranchers."; and

(C) in paragraph (4)—

(i) by striking subparagraph (A), and inserting the following new subparagraph:

"(A) AVAILABILITY OF FUNDS.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available $15,000,000 for each of the fiscal years 2008 through 2012 to carry out this subsection.";

(ii) in subparagraph (B), by striking "authorized to be appropriated under subparagraph (A)" and inserting "made available under subparagraph (A)"; and

(iii) by adding at the end the following new subparagraph:

"(C) LIMITATION ON USE OF FUNDS FOR ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amounts made available under subparagraph

(A) for a fiscal year may be used for expenses related to administering the program under this section."; and

(2) in subsection (e)(5)(A)(ii)—

(A) by inserting "and on behalf of" before "socially"; and

(B) by striking "2-year" and inserting "3-year".

(b) COORDINATION WITH OUTREACH.—

(1) IN GENERAL.—Not more than 18 months after the date of enactment of this Act, the Secretary shall develop a plan to join and relocate—

(A) the outreach and technical assistance program established under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

(B) the Office of Outreach of the Department of Agriculture.

(2) REPORT.—After the relocation described in this subsection is completed, the Secretary shall submit to Congress a report that include information describing the new location of the program.

SEC. 11202. IMPROVED PROGRAM DELIVERY BY DEPARTMENT OF AGRICULTURE ON INDIAN RESERVATIONS.

Section 2501(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(g)(1)) is amended—

(1) in the first sentence, by striking "where there is a demonstrated demand for service" after "offices"; and

(2) by striking the second sentence.

SEC. 11203. TRANSPARENCY AND ACCOUNTABILITY FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

Section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279–1) is amended by striking subsection (c) and inserting the following new subsections:

"(c) COMPILATION OF PROGRAM PARTICIPATION DATA.—

"(1) ANNUAL REQUIREMENT.—For each county and State in the United States, the Secretary of Agriculture (referred to in this section as the 'Secretary') shall annually compile program application and participation rate data regarding socially disadvantaged farmers and ranchers by computing for each program of the Department of Agriculture that serves agricultural producers and landowners—

"(A) raw numbers of applicants and participants by race, ethnicity, and gender, subject to appropriate privacy protections, as determined by the Secretary; and

"(B) the application and participation rate, by race, ethnicity, and gender, as a percentage of the total participation rate of all agricultural producers and landowners.

"(2) AUTHORITY TO COLLECT DATA.—The heads of the agencies of the Department of Agriculture shall collect and transmit to the Secretary any data, including data on race, gender, and ethnicity, that the Secretary determines to be necessary to carry out paragraph (1).

"(3) REPORT.—Using the technologies and systems of the National Agricultural Statistics Service, the Secretary shall compile and present the data compiled under paragraph (1) for each program described in that paragraph in a manner that includes the raw numbers and participation rates for—

"(A) the entire United States;

"(B) each State; and

"(C) each county in each State.

"(4) PUBLIC AVAILABILITY OF REPORT.—The Secretary shall maintain and make readily available to the public, via website and otherwise in electronic and paper form, the report described in paragraph (3).

"(d) LIMITATIONS ON USE OF DATA.—

"(1) PRIVACY PROTECTIONS.—In carrying out this section, the Secretary shall not disclose the names or individual data of any program participant.

"(2) AUTHORIZED USES.—The data under this section shall be used exclusively for the purposes described in subsection (a).

"(3) LIMITATION.—Except as otherwise provided, the data under this section shall not be used for the evaluation of individual applications for assistance.".

SEC. 11204. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

Section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f) is amended by striking subsection (h) and inserting the following new subsection:

"(h) AVAILABILITY OF FUNDS.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available $15,000,000 for each of the fiscal years 2008 through 2012 to carry out this section.".

SEC. 11205. PROVISION OF RECEIPT FOR SERVICE OR DENIAL OF SERVICE.

In any case in which a producer or landowner, or prospective producer or landowner, requests from the Department of Agriculture any benefit or service offered by the Department to agricultural producers or landowners, the Secretary of Agriculture shall provide for the issuance, on the date on which the producer or landowner, or prospective producer or landowner, makes the request, a receipt containing—

(1) the date, place, and subject of the request; and

(2) the action taken, not taken, or recommendations made in response to the request.

SEC. 11206. TRACKING OF SOCIALLY DISADVANTAGED FARMERS AND RANCHERS AND LIMITED RESOURCE FARMERS AND RANCHERS IN CENSUS OF AGRICULTURE AND CERTAIN STUDIES.

The Secretary of Agriculture shall ensure, to the maximum extent practicable, that the Census of Agriculture and studies carried out by the Economic Research Service accurately document the number, location, and economic contributions of socially disadvantaged farmers and ranchers and limited resource farmers and ranchers in agricultural production.

SEC. 11207. FARMWORKER COORDINATOR.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish the position of Farmworker Coordinator (in this section referred to as the "Coordinator"), which shall be located in the Office of Outreach of the Department of Agriculture.

(b) DUTIES.—The Secretary may delegate to the Coordinator responsibility for any or all of the following:

(1) Assisting in administering the program established by section 2281 of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a).

(2) Serving as a liaison to community-based non-profit organizations that represent, and have demonstrated experience serving, low-income migrant and seasonal farmworkers.

(3) Coordinating with the Department of Agriculture and State and local governments to assure that farmworker needs are assessed and met during declared disasters and other emergencies.

(4) Consulting with the Office of Small Farm Coordination, Office of Outreach, Outreach Coordinators, and other entities to better integrate farmworker perspectives, concerns, and interests into the ongoing programs of the Department.

(5) Consulting with Hispanic-serving institutions on research, program improvements, or agricultural education opportunities that assist low-income and migrant seasonal farmworkers.

(5) Assuring that farmworkers have access to services and support to enter agriculture as producers.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as necessary to carry out this section for fiscal years 2008 through 2012.

SEC. 11208. OFFICE OF OUTREACH RELOCATION.

(a) RELOCATION PROPOSAL.—Not more than 18 months after the date of enactment of the Act, the Secretary shall develop a proposal to relocate the Office of Outreach of the Department of Agriculture.

(b) ADMINISTRATION.—The Office of Outreach shall be responsible for the administration of—

(1) the outreach and technical assistance program established under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

(2) the beginning farmer and rancher development program established under section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f).

SEC. 11209. MINORITY FARMER ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—Not later than 18 months after the date of enactment of this Act, the Secretary of Agriculture shall establish an advisory committee, to be known as the "Advisory Committee on Minority Farmers" (in this section referred to as the "Committee"), which shall be overseen by the Office of Outreach of the Department of Agriculture.

(b) DUTIES.—The Committee shall—

(1) review all civil rights cases to ensure that they are processed in a timely manner;

(2) ensure that the processing of civil rights cases complies with applicable laws;

(3) report quarterly to the Secretary of Agriculture on civil rights enforcement and outreach;

(4) monitor and annually report to Congress on compliance with all civil rights and related laws by all agencies and under all programs of the Department;

(5) recommend to the Secretary corrective actions to prevent civil rights violations; and

(6) review the operations of the outreach and technical assistance program established under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279).

(c) MEMBERSHIP OF COMMITTEE.—The Committee shall be composed of the following:

(1) Three members appointed by the Secretary.

(2) Two members appointed by the chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate, in consultation with the ranking member of the Committee.

(3) Two members appointed by the chairman of the Committee on Agriculture of the House of Representatives, in consultation with the ranking member of the Committee.

(4) A civil rights professional.

(5) A socially disadvantaged farmer or rancher.

(6) Such other persons or professionals as determined by the Secretary to be appropriate.

SEC. 11210. COORDINATOR FOR CHRONICALLY UNDERSERVED RURAL AREAS.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a Coordinator for Chronically Underserved Rural Areas (in this section referred to as the "Coordinator"), to be located in the Office of Outreach of the Department of Agriculture.

(b) MISSION.—The mission of the Coordinator shall be to direct Department of Agriculture resources to high need, high poverty rural areas.

(c) DUTIES.—The Coordinator shall consult with other offices in directing technical assistance, strategic regional planning, at the State and local level, for developing rural economic development that leverages the resources of State and local governments and non-profit and community development organizations.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as necessary to carry out this section for fiscal years 2008 through 2012.

Subtitle D—Other Miscellaneous Provisions

SEC. 11301. DESIGNATION OF SEPARATE COTTON-PRODUCING STATES UNDER COTTON RESEARCH AND PROMOTION ACT.

Section 17(f) of the Cotton Research and Promotion Act (7 U.S.C. 2116(f)) is amended by adding at the end the following new sentence: "Notwithstanding the preceding sentence, effective beginning with the 2008 crop of cotton, the States of Kansas, Virginia, and Florida shall each be deemed to be a separate cotton-producing State for the purposes of this Act.".

SEC. 11302. COTTON CLASSIFICATION SERVICES.

(a) EXTENSION.—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. 473a), is amended by striking "2007" and inserting "2012".

(b) ESTABLISHMENT OF OFFICES.—The second sentence of section 3a of the Act of March 3, 1927, is amended in the proviso—

(1) by striking "and" at the end of clause (6);

(2) by striking the period at the end of clause (7) and inserting "; and"; and

(3) by adding at the end the following new clause: "(8) the Secretary may enter into long-term lease agreements that exceed five years or may take title to property, including through purchase agreements, for the purposes of obtaining offices to be used for the classification of cotton in accordance with this Act if the Secretary determines such action would best effectuate the purposes of this Act.".

SEC. 11303. AVAILABILITY OF EXCESS AND SURPLUS COMPUTERS IN RURAL AREAS.

The Secretary of Agriculture may make available to any city or town located in a rural area (as defined in section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act) excess or surplus computers or other technical equipment of the Department of Agriculture.

SEC. 11304. PERMANENT DEBARMENT FROM PARTICIPATION IN DEPARTMENT OF AGRICULTURE PROGRAMS FOR FRAUD.

The Secretary of Agriculture is hereby granted the authority to permanently debar an individual, organization, corporation, or other entity convicted of knowingly defrauding the United States in connection with any program administered by the Department of Agriculture from any subsequent participation in Department of Agriculture programs.

SEC. 11305. NO DISCRIMINATION AGAINST USE OF REGISTERED PESTICIDE PRODUCTS OR CLASSES OF PESTICIDE PRODUCTS.

In establishing priorities and evaluation criteria for the approval of plans, contracts, and agreements under title II, the Secretary of Agriculture shall not discriminate against the use of specific registered pesticide products or classes of pesticide products.

SEC. 11306. PROHIBITION ON CLOSURE OR RELOCATION OF COUNTY OFFICES FOR THE FARM SERVICE AGENCY, RURAL DEVELOPMENT AGENCY, AND NATURAL RESOURCES CONSERVATION SERVICE.

Until the date that is one year after the date of the enactment of this Act, the Secretary of Agriculture may not close or relocate a county or field office of the Farm Service Agency, Rural Development Agency, or Natural Resources Conservation Service of the Department of Agriculture.

SEC. 11308. REGULATION OF EXPORTS OF PLANTS, PLANT PRODUCTS, BIOLOGICAL CONTROL ORGANISMS, AND NOXIOUS WEEDS.

(a) IN GENERAL.—Subtitle A of title IV of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7701 et seq. is amended by adding at the end the following new section:

"SEC. 420. REGULATION OF EXPORTS OF PLANTS, PLANT PRODUCTS, BIOLOGICAL CONTROL ORGANISMS, AND NOXIOUS WEEDS.

"(a) IN GENERAL.—The Secretary may regulate plants, plant products, biological control organisms, and noxious weeds for export purposes.

"(b) DUTIES.—The Secretary shall—

"(1) coordinate fruit and vegetable market analyses with the private sector and the Administrator of Foreign Agricultural Service; and

"(2) make publicly available on an Internet website—

"(A) the status of all export petitions;

"(B) to the greatest extent possible, an explanation of the sanitary or phytosanitary issues associated with teach pending export petition; and

"(C) to the greatest extent possible, information on the import requirements of foreign countries for fruits and vegetables.

"(c) REGULATIONS.—The Secretary may issue regulations to implement this section.".

(b) TABLE OF CONTENTS.—The table of contents in section 1(b) of such Act (7 U.S.C. 1501 note) is amended by inserting after the item relating to section 419 the following new item:

"Sec. 420. Regulation of exports of plants, plant products, biological control organisms, and noxious weeds.".

SEC. 11309. GRANTS TO REDUCE PRODUCTION OF METHAMPHETAMINES FROM ANHYDROUS AMMONIA.

(a) GRANT AUTHORITY.—The Secretary of Agriculture may make a grant to an eligible entity to enable the entity to obtain and add to an anhydrous ammonia fertilizer nurse tank a substance which will reduce the amount of methamphetamine which can be produced from any anhydrous ammonia removed from the tank.

(b) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term "eligible entity" means—

(A) a producer of agricultural commodities;

(B) a cooperative association a majority of the members of which produce or process agricultural commodities, and

(C) a person in the trade or business of—

(i) selling an agricultural product, including an agricultural chemical, at retail, predominantly to farmers and ranchers; or

(ii) aerial and ground application of an agricultural chemical.

(2) NURSE TANK.—The term "nurse tank" shall have the meaning set forth in section 173.315(m) of title 49, Code of Federal Regulations, as in effect as of the date of the enactment of this Act.

(c) GRANT AMOUNT.—The amount of a grant made under this section to an entity shall be not less than $40 and not more than $60, multiplied by the number of fertilizer nurse tanks of the entity.

(d) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For grants under this section, there are authorized to be appropriated to the Secretary a total of not more than $15,000,000 for fiscal years 2008 through 2012.

SEC. 11310. USDA GRADUATE SCHOOL.

(a) Section 921 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279b) is amended by striking subsections (a) through (k) and inserting the following: "The Department of Agriculture shall not establish, maintain, or otherwise operate a nonappropriated fund instrumentality of the United States to develop, administer, or provide educational training and professional development activities, including educational activities for Federal agencies, Federal employees, nonprofit organizations, other entities, and members of the general public.".

(b) EFFECTIVE DATE.—The amendment made in subsection (a) apply beginning October 1, 2008.

BRIEF EXPLANATION

TITLE I—COMMODITY PROGRAMS

• Maintains the 2002 safety net structure of direct payments, counter-cyclical payments, and marketing assistance loans.

• Reauthorizes direct payments for the 2008 through 2012 crop years at the same levels in current law.

• Advanced direct payments are eliminated starting with the 2012 crop year.

• Direct payments are eliminated in cases where payment for all covered commodities on a given farm would be less than $25.

DIRECT PAYMENT

Rates	Unit	H.R. 2419 as amended
Wheat	Bu	$0.52
Corn	Bu	0.28
Sorghum	Bu	0.35
Barley	Bu	0.24
Oats	Bu	0.024
Up. Cotton	Lb	0.0667
Rice	Cwt	2.35
Soybeans	Bu	.44
Peanuts	Ton	36.00
Minor Oilseeds	Lb	0.008

• Reauthorizes counter-cyclical payments and establishes effective prices for covered commodities for the 2008 through 2012 crop years.

• USDA directed to use national average loan rates for all rice and all barley for the purpose of calculating counter-cyclical payments.

• Counter-cyclical payments are eliminated in cases where payment for all covered commodities on a given farm would be less than $25.

TARGET PRICES

	Unit	H.R. 2419 as amended	Current law	Change
Wheat	Bu	$4.15	$3.92	$0.23

TARGET PRICES—Continued

	Unit	H.R. 2419 as amended	Current law	Change
Corn	Bu	2.63	2.63	No Change
Sorghum	Bu	2.57	2.57	No Change
Barley	Bu	2.73	2.24	0.49
Oats	Bu	1.50	1.14	0.06
Up. Cotton	Lb	$0.70	0.7240	(0.024)
Rice	Cwt	10.50	10.50	No Change
Soybeans	Bu	6.10	5.80	0.30
Peanuts	Ton	495.00	495.00	No Change
Minor Oilseeds	Lb	0.1150	0.1010	0.014

• Reauthorizes nonrecourse loans for loan commodities for the 2008 through 2012 crop years with two loan rates within barley and rice: separate feed and malt barley loan rates, and a long grain and medium/short grain rice loan rate.

LOAN RATES

	$/Unit	H.R. 2419 as amended	Current law	Change
Wheat	Bu	$2.94	$2.75	$0.19
Corn	Bu	1.95	1.95	No Change
Sorghum	Bu	1.95	1.95	No Change
Malt Barley	Bu	2.50	1.85	0.65
Feed Barley	Bu	1.95	1.85	0.10
Oats	Bu	1.39	1.33	0.06
Up. Cotton	Lb	0.52	0.52	No Change
ELS Cotton	Lb	0.7977	0.7977	No Change
Long Grain Rice	Cwt	6.50	6.50	No Change
Med/Short Grain Rice	Cwt	6.50	6.50	No Change
Soybeans	Bu	5.00	5.00	No Change
Peanuts	Ton	355.00	355.00	No Change
Minor Oilseeds	Lb	0.1070	0.093	0.014
Dry Peas	Cwt	5.40	6.22	(0.82)
Lentils	Cwt	11.28	11.72	(0.44)
Small Chickpeas	Cwt	8.54	7.43	1.11
Graded Wool	Lb	1.10	1.00	0.10
Nongraded Wool	Lb	0.40	0.40	No Change
Honey	Lb	0.60	0.60	No Change
Mohair	Lb	4.20	4.20	No Change
Sugar Beets	Lb	0.235	0.229	0.006
Sugar Cane	Lb	0.185	$0.18	0.005

• Provides producers with a one-time choice between participating in current counter-cyclical program (CCP) or new revenue counter-cyclical program.

• Revenue-based counter-cyclical payments are eliminated in cases where payment for all covered commodities on a given farm would be less than $25

Commodity	Target revenue per acre	National payment yield per acre
Wheat	$149.92	36.1 bushels
Corn	344.12	114.4 bushels
Sorghum	131.28	58.2 bushels
Barley	153.30	48.6 bushels
Oats	92.10	49.8 bushels
Up. Cotton	496.93	634 pounds
Rice	496.93	51.28 hundredweight
Soybeans	231.87	34.1 bushels
Peanuts	683.83	1.496 tons

Commodity	Target revenue per acre	National payment yield per acre
Minor Oilseeds	129.18	1167.6 pounds

• Individuals with 3–year average adjusted gross income greater than $1 million are ineligible for farm program payments.

• Individuals with 3–year average adjusted gross income between $500,000 and $1 million are ineligible for farm program payments unless $66.66% of income is agriculturally-related.

• Eliminates the "three-entity rules" and provides for direct attribution of farm program payments to the individual producer.

• Removes the $75,000 limit on marketing loan benefits

• Revises direct payments so that individuals and entities may only receive up to $60,000 from the direct payment program.

• Modifies and extends the current sugar program by raising the marketing loan rate for sugar to 18.5 cents for cane sugar and 23.5 cents for beet sugar. Changes overall allotment quota from a set amount of short tons to minimum of 85 percent of domestic consumption. The bill continues the sugar marketing allotment program.

• Ends government storage payments for commodities.

• Extends the Milk Income Loss Contract Program until 2012.

• Supports the price of cheddar cheese, butter, and nonfat dry milk by government purchase of such products.

• Reestablishes the Dairy Forward Contracting Program

• Extends the Dairy Export Incentive Program

• Ends the practice of paying for upland cotton storage, handling, and other costs, starting after 2012.

TITLE II—CONSERVATION

• The Conservation Reserve Program is extended through 2012 at the current acreage cap of 39.2 million acres.

• The Wetlands Reserve Program is extended through 2012, increasing maximum enrollment to 3,605,000 acres.

• The Conservation Security Program structure is changed for fiscal years 2012 through 2017 and no new contracts may be entered under the previous CSP. The new program collapses the tier-based structure and replaces it with a stewardship enhancement payment.

• The Grassland Reserve Program is extended with the funding to enroll an additional 1 million acres.

• The Environmental Quality Incentives Program is expanded both in terms of funding (to $2 billion per year by 2012) and the activities for which a producer can receive incentive payments.

• The Regional Ground and Surface Water Enhancement Program is funded at $60 million per year and allows for prioritized cooperative agreements to improve regional water quality or quantity.

• The Grassroots Source Water Protection Program is reauthorized.

• The Farm and Ranchland Protection Program is expanded to include forestry as eligible land and the certification process is revised.

• The Wildlife Habitat Incentive Program is reauthorized and the cost-share is increased from 15 to 25 percent.

• Requires the Secretary to develop a comprehensive plan to restore and protect the Chesapeake Bay watershed. A total of $100,000,000 is authorized to be appropriated over fiscal years 2008 through 2012.

• Technical assistance under conservation programs are improved to allow for a contract with an approved third party or to address the concerns of specialty crop growers.

• A Cooperative Conservation Program Initiative is established to increase the participation of specialty crop growers and underserved populations in conservation programs.

TITLE III—TRADE

• Amends the Agriculture Trade Development and Assistance Act of 1954 governing food aid programs.

• Amends the export credit guarantee program to provide guarantees for repayment of short-term financing extended to eligible countries that purchase US farm products. The supplier credit guarantee is repealed.

• The Market Access Program is extended and increased by $25 million annually.

• Extends the Food for Progress Act through 2012.

• Provides discretionary funding for the McGovern-Dole International Food for Education and Child Nutrition program of $140 million in 2008 to $200 million in 2012.

• Extends the Bill Emerson Humanitarian Trust through 2012.

• Extends technical assistance for specialty crops through 2012 and increases funding to $10 million annually by 2012.

• Extends the Foreign Market Development Cooperator Program through 2012.

• Extends the Emerging Markets Program through 2012.

• Extends the Export Enhancement Program through 2012.

TITLE IV—NUTRITION

• Renames the Food Stamp Program the "Secure Supplemental Nutrition Access Program".

• Extends and funds the Emergency Food Assistance Program (TEFAP) from $140 million in 2008 to $250 million in 2012.

• Prohibits states from issuing coupons, stamps, certificates, or authorization cards upon enactment of the bill, allowing for EBT cards only to be eligible for exchange.

• Specifies the state agency employees that are authorized to represent the State in communications with applicants, prospective applicants, or recipients.

• Amends the Richard B. Russell National School Lunch Act to increase funding to $70 million per fiscal year, expands the program to all 50 states, and to 35 schools in each state.

• Extends the Seniors Farmers' Market Nutrition Program and increases funding up to $75 million per year by fiscal year 2012.

TITLE V—CREDIT

• Increases the farm ownership limit and the operating loan limit from $200,000 to $300,000.

• Establishes a conservation loan guarantee program to give priority to qualified beginning and socially disadvantaged farmers or ranchers.
• Includes socially disadvantaged farmers in the down payment loan program and the beginning farmer and rancher contract land sales program.
• Expands the land contract pilot program.
• Amends the Farm Credit Act in areas of loan-to-asset value requirements, population loan limits, utility loans, ownership requirements, the structure of farm credit system insurance, and by the inclusion of renewable energy for agribusiness loan eligibility.

TITLE VI—RURAL DEVELOPMENT

• Requires a reassessment of the definitions of rural used by USDA.
• Reauthorizes water, waste disposal and wastewater facility grants and authorizes $30 million per year through 2012.
• Authorizes $50 million per year to 2012 for Rural Cooperative Development Grants.
• Changes the definition of eligible rural community for purposes of providing access to broadband telecommunications services in rural areas.
• Provides $30 million in mandatory funding for the Value-Added Agricultural Marketing Development Program by providing a definition to mid-tier value chains; also requires set-asides for beginning or socially disadvantaged farmers and ranchers.

TITLE VII—RESEARCH

• Creates a new National Agriculture Research Program Office to coordinate the programs of activities of USDA research agencies.
• Requires a single line item in the President's budget for agricultural research program requests.
• Continues 1887 Hatch Act and 1914 Smith-Lever Act programs
• Establishes an office to administer competitive grant programs under the National Institute for Food and Agriculture.
• Reauthorizes various programs under the Food, Agriculture, Conservation, and Trade Act of 1990.
• Reauthorizes various partnerships, initiatives, grants, and offices under the Agricultural Research, Extension, and Education act of 1998.
• Authorizes $500 million for each year through 2012 for competitive research grants for high priority research.
• Provides $215 million for Specialty Crop Research Initiative and $25 million for fresh produce safety grants.
• Increases authorizations for the Food and Nutrition Program from $83 million to $90 million through 2014.

TITLE VIII—FORESTRY

• Requires the Secretary to focus on conserving and managing working forest landscapes, protecting forests from threats, and enhancing public benefits from private forests.
• Requires state-wide assessments of forest resources
• Authorizes financial and technical assistance to owners of private forest lands.

TITLE IX—ENERGY

• Provides for loan guarantees to help pay for development, construction and retrofitting of biorefineries and biofuels production plants.

• Increases funding for the Renewable Energy and Energy Efficiency Program and renames it the Rural Energy for America Program. The Loan guarantee level is taken from $10 million to $25 million.

• Expands biomass eligibility for the Bioenergy program and increases program funding to $1.5 billion; also makes eligible renewable diesel.

• Extends and modifies the Biomass Research and Development Program to include biodiesel and improve dried distillers grain quality.

• Establishes a Biomass Energy Reserve Program to encourage the production of feedstocks for cellulosic ethanol and other energy production.

• Reauthorizes Sun Grants to promote research related to biobased energy and product technologies at a level of $75 million.

• Establishes a Forest Bioenergy Research Program and provides at $75 million.

• Requires the Secretary to purchase sugar to produce bioenergy if necessary to avoid forfeitures of sugar to the government.

TITLE X—HORTICULTURE AND ORGANIC AGRICULTURE

• Returns border inspections for imported agricultural products to USDA.

• Increases mandatory level of funding for Specialty Crop Block Grant Program from $40 million in FY08 to $75 million for FY12.

• Increases additional amounts of Section 32 funds dedicated to fruit, vegetable and nut purchases from $190 million in FY08 to $206 million in 2012.

• Provides $22 million in mandatory funding for USDA organic cost-share program and $3 million in mandatory funding for organic marketing data collection and publication.

• Extends Farmers Market Promotion Program, renaming it the Farmers' Marketing Promotion Program and providing $32 million in mandatory funding.

• Provides $200 million in mandatory funding for pest and disease detection and control.

• Funds joint action between federal and state governments to provide for early detection and surveillance of plant pests and diseases up to $100 million per year, and adds certification systems to address plant pest infestations.

• Provides $20 million in mandatory funding to operate the National Clean Plant Network.

TITLE XI—MISCELLANEOUS

• Allows producers to purchase supplemental area-based crop insurance.

• Denies crop insurance coverage for four years for crops grown on grassland or pasture with no actual production history.

• Decreases administrative and operating reimbursement by 2 percentage points.

• Authorizes renegotiation of the Standard Reinsurance Agreement.
• Expands data mining for crop insurance records
• Directs agency rulemaking related to arbitration between livestock and poultry producers and processors; requires enforcement by the Grain Inspection, Packers, and Stockyards Administration.
• Allows states with meat inspection programs that are identical to federal regulations to ship meat and poultry products to other states.
• Implements Mandatory Country of Origin Labeling for meat.

PURPOSE AND NEED

TITLE 1—COMMODITY PROGRAMS

As the Committee began its work this year on crafting the 2007 Farm Bill, the economic environment for American agriculture and the mood in farm country was in sharp contrast from the last time the Committee considered Farm Bill reauthorization. In 2001, the American farm economy was suffering an economic crisis after four years of recession and a period of consistent and dramatically low commodity prices and high input costs. The Federal Agriculture Improvement and Reform (FAIR) Act of 1996, enacted during a period of higher commodity prices and lower input costs, proved insufficient to handle the farm recession. Consequently, the agriculture community delivered to the Committee a common message: preserve the FAIR Act's greater planting flexibility but provide a stronger safety net for times of low prices. In 2002, the Congress responded with enactment of the Farm Security and Rural Investment Act. The legislation maintained planting flexibility through annual payments decoupled from production decisions and created a carefully crafted counter-cyclical program that provides assistance during price-deficient crop years.

Today, the agricultural economic climate is vastly different. Shortly after passage of the 2002 Farm Bill, the agricultural sector began a recovery which has been generally sustained to this point. National net farm income—a key indicator of U.S. farm well-being—has been steadily climbing and is expected to rise 10% in 2007 on the strength of recent, higher commodity prices. Total farm asset value of $1,994 billion and total farm debt of $235 billion are both projected to be at record levels in 2007. However, the debt-to-asset ratio of 11.8% equals last year's value and represents the lowest level since 1960, suggesting a strong financial position for the agricultural sector as a whole. The primary driver for the recent rise in commodity prices has been the growth of bioenergy production and consumption in the United States following a ramp up in petroleum prices starting in early 2005. The phase out of MTBE also contributed to the demand for ethanol as it served as an oxygenate for gasoline as well as an economic and environmentally friendly octane enhancer. As production of biofuels—particularly corn-based ethanol—has increased, prices for its feedstocks have increased as well. Elevated corn prices have led to shifts in production away from other commodities and toward corn. As production of the other commodities has declined, prices for those commodities have risen.

In contrast to the FAIR Act, farmers across the nation—by and large—have a very positive view toward the 2002 Farm Bill. Under the leadership of the previous Chairman, the Committee and its Subcommittees conducted a number of field hearings last year to learn directly from producers what they thought of the commodity title in the 2002 Farm Bill and what changes they would like to see in the next Farm Bill. Eleven full Committee hearings and three hearings by the Subcommittee on General Farm Commodities and Risk Management were held throughout America in 2006. That same year, two full Committee hearings were held in Washington, DC to gather testimony from producer groups. In 2007, the Committee and its Subcommittees held three additional hearings in Washington, DC and one field hearing in Kansas to garner additional views. During all those hearings, the predominant message sent by farmers and groups alike was that they wanted to maintain the three components of the farm safety net: direct payments, counter-cyclical payments and marketing loans. Quite often, a farmer recommended simply changing the dates of the 2002 Farm Bill to extend it another five to six years. In fact the programs are so popular that some growers expressed their interest in expanding the direct and counter-cyclical payments to include commodities not currently receiving those payments.

However, farmers are a diverse group, and the Committee heard other opinions in the countryside. While the vast majority of producers who participated at the hearings support the basic structure of the farm safety net, some farmers raised the issue of rebalancing farm programs among the commodities. In their view, growers of certain commodities benefited less under the 2002 Farm Bill than other commodities. Consequently, they advocated for adjustments in marketing loan rates and counter-cyclical target prices. Other producers mentioned problems in their own marketing loan program and suggested a variety of fixes to have their program better reflect market realities.

The topic of a revenue-based safety net also came up at various hearings. Unlike the current price-based counter-cyclical program, advocates of a revenue-based program proffer that by including both price and yield in the safety net, assistance is better targeted to times when it is most necessary. As an example, revenue advocates cite the high yields for some commodities in 2004–2005 which drove supplies up and consequently prices down, triggering counter-cyclical payments. Nevertheless, yields were sufficiently large to offset the decline in price; so between market revenue and government payments, farmers experienced unexpectedly high revenues. Conversely, if a farmer is experiencing a drought and yields are low, commodity prices are often above the counter-cyclical price trigger. If producers have few or no commodities to sell at the high price, their farm revenue suffers; yet because the market price is above the counter-cyclical price trigger producers receive no payments.

The Committee substitute has taken the four primary themes heard from farmers—extension, improvement, rebalancing, and revenue—and has found a place for each. First, the Committee substitute preserves the three components of the farm safety net. Direct payments are maintained at the same level they exist in current law. The Committee's decision in this manner has been con-

troversial given the criticism direct payments have received for being distributed to producers regardless of market conditions. Some people question why the government should pay $0.28 a bushel on corn base acres when corn prices hover close to $4.00 a bushel. However, for some commodities, wheat for example, direct payments are the only support they have ever received from the government during the life of the 2002 Farm Bill. Additionally, direct payments remain, despite recent decisions by the World Trade Organization, our nation's most non-trade distorting commodity program, because they—by definition—are decoupled from production and prices.

The Committee substitute also extended the marketing loan program. For several commodities, the marketing loan is the bedrock safety net. It is applicable to all production of a loan commodity, and it is not tied to land or base acres as are direct and countercyclical payments. This makes it a particularly useful for beginning farmers who cannot afford to buy or rent land with base acres. Criticism of the program generally has centered on allegations of the impacts the program may have on production decisions for other commodities, given the levels that loan rates were set in 2002. The Committee substitute addresses some of that criticism through a rebalancing of loan rates among several commodities. For example, the barley industry, including farmers and the malting barley infrastructure that supports our domestic brewing industry, came to the Committee seeking to address a decline in acres dedicated to barley production. In the past 20 years, U.S. barley acreage has declined by 70 percent and production has decreased by 65 percent. The harvested acres for barley in 2006 were the lowest recorded since the USDA began keeping records in 1890. The industry felt that this decline has been exacerbated by distortions in the levels of loan rates for other commodities that can also be grown in barley regions. Discussion centered on whether the all barley loan rate proposal would lead to unintended consequences itself, so the Committee substitute attempts to address the concerns raised by the industry's proposal by splitting the barley loan into a feed rate and a malting rate, with an increase from 2002 Farm Bill levels in both rates.

At hearings held this year, several other commodity groups raised concerns about the marketing loan program and how it was no longer in sync with market realities for that commodity. One example of this was the rice industry. The Rice Industry testified that over the course of the marketing loan program operation, there has been a differential between the loan rates for several classes of rice, while the statutory loan rate has been set at one level for all rice. In the law, "rice," which encompassed all classes of rice, was generally assigned the loan rate of $6.50. However, the U.S. Department of Agriculture administratively used averaging among rice classes to adjust the loan rate by class, assigning some rice classes with loan rates higher than $6.50 and other rice classes with loan rates lower than $6.50, but maintaining the average of all classes was $6.50. The industry was concerned with these efforts by USDA to rebalance these loan rates by class and so asked the committee to set the loan rate at the same level for all classes of rice: long, medium, and short grain. The Committee agreed and hence the substitute established a single and uniform loan rate of

$6.50 per hundredweight for long grain rice and a single and uniform loan rate of $6.50 per hundredweight for medium and short grain rice, with these two classes of rice to be treated as one class.

Another commodity that had concerns was sorghum. Despite having a loan rate set at a level equal to corn, at the county level most sorghum farmers saw loan rates that could be as much as $0.15 below the rate for corn. Such a distortion between commodities that have statutorily equal loan rates dramatically influences planting decisions, so the Committee substitute addresses this concern by establishing equal loan rates for corn and sorghum down to the county level.

The elimination of the Step 2 program in the Deficit Reduction Act of 2005 and increased competition on the world market exposed weaknesses in the operation of the upland cotton marketing assistance loan that had previously been masked by Step 2 payments. Exports of U.S. upland cotton fell significantly in 2007 and prices available to producers fell as well. The primary causes of these problems were that U.S. loan premiums available for certain qualities of U.S. upland cotton were not reflective of the market while the current U.S. calculation of the adjusted world price was also not reflective of market realities. As a result, some qualities of U.S. upland cotton were over-valued in the loan while the Secretary's determination of the adjusted world price did not accurately reflect world competition. By making modifications to the upland cotton loan program, the Committee substitute aims to update the determination of the adjusted world price for upland cotton to reflect the fact that most exports are destined for Asia and correct the existing method of determining the premiums and discounts applicable to the marketing assistance loan in order to make it reflective of true market values. The marketing loan program for extra-long staple cotton was preserved as in current law. The Administration recommended termination of the special competitive provisions for extra long staple cotton. The Committee substitute instead maintains the program.

The Committee substitute also includes in Title 1 two other changes that impact cotton. Section 1510 terminates cotton storage payments for upland cotton beginning with the 2012 crop year. With the elimination of storage payments for peanuts in the 2002 Farm Bill, cotton is the only commodity that benefits from receiving storage payments. To promote equity among commodities, the Committee considers it time for these payments to end. Given that industry participants have come to rely and base decisions on the payments being available, the Committee chose to provide a sufficient transition time for producers, shippers, and warehouse owners to prepare for this elimination.

Finally, the Committee substitute extended the counter-cyclical program. This program, which provides support when prices decline, was instituted with the 2002 Farm Bill and is another key part of the farm safety net. As with the marketing loan program, adjustments were made in the target prices for some commodities in an effort to rebalance payments. In addition to extending and rebalancing the current counter-cyclical program, the Committee substitute also includes a revenue-based counter cyclical program. Producers would have an opportunity to choose whether to participate in the current counter-cyclical program or try this new revenue

based-program. To provide greater flexibility and opportunity for experimentation and hedging, producers could choose which commodities to enroll in the new program and which ones to remain in the current program. The revenue-counter cyclical program is modeled after a similar proposal offered by the Administration. Payments for a commodity would be triggered when the actual national revenue per acre for the commodity is less than the national target revenue per acre. The national target revenues for each commodity are based on the target prices in the current counter-cyclical program. Producers would be offered a one-time choice to select the revenue-based approach; and, once a decision was made, the producer would be required to live with the choice for the duration of the farm bill.

Other areas in which the Committee was open to experimentation concern the prohibition on planting fruits and vegetables on program crop base acres and the Commodity Quality Incentive Payments. In the Committee substitute, there are provisions authorizing a pilot project in which tomatoes can be planted on base acres in the State of Indiana. During full Committee mark-up of the substitute, an amendment was adopted to establish a one-time incentive to encourage development and commercialization of certain oilseeds and healthy oils to replace the use of trans-fats in foods. The Commodity Quality Incentive Payments program will commence if a public health need for adequate supplies of healthy oils is determined by the Department of Agriculture, very possible given that more communities are banning or reducing the use of trans-fats.

In a departure from current law, the Committee substitute includes major reforms in overall payment and adjusted gross income (AGI) limitations. In its farm bill proposal, the Administration suggested a host of changes, one of which drew the attention of Committee members: a new AGI limit of $200,000 with no farm, ranch, forestry income exemption. The 2002 Farm Bill established the AGI test in response to media criticism that high-income individuals—namely professional basketball player Scotty Pippin—were receiving farm program payments. Ironically, the Administration did not recommend changing the AGI limits for conservation programs, the source of the payments received by Mr. Pippin. The Committee believes the Administration's AGI ceiling was not determined with much regard for the financial reality on many commercial-sized farms. In addition, the Administration's complete elimination of the farm, ranch, forestry income exclusion penalizes growers who diversify or economize their farm operations in order to gain extra value in the products they produce.

The Committee substitute contains a balanced approach that—while proving challenging to a number of farmers—is a responsible effort at serious reform. The new adjusted gross income test is applicable to individuals and entities in all cases. The Committee believes the statutory language clearly leads to the conclusion that married couples are two individuals for the purposes of the adjusted gross income limitation. It is the intent of the Committee that the Secretary continues the practice of allowing married couples that file jointly for income tax purposes to allocate appropriately their income among themselves for the purposes of applying the new adjusted gross income test to each individual spouse.

Current law concerning spouses makes it very difficult for a spouse to be considered to be a separate person for the purpose of the application of the payment limits. This was unfortunate given that spouses are often close "partners" in the family farming operation and without their significant participation, it would be difficult for many family farms to be successful. The Committee substitute amends current law to eliminate the discriminatory treatment of spouses. Second, the substitute recognizes the significant contributions that spouses must make to family farming operations by providing that if one spouse has been determined to be "actively engaged" then the other spouse will be deemed to have made a significant contribution of active labor or active personal management to the operation as required by section 1001A(b)(2)(A)(i)(II).

In light of the inherent and significant risks associated with farming in today's farming economy, many family farming operations are faced with the necessity that one of the spouses obtain off-farm employment in order to provide a steady, fixed income source necessary to pay household and other expenses of the family farming operation without which the family farming operation would fail. This is particularly true for new, small and socially disadvantaged farmers. In such situations, the spouse continues to provide numerous contributions to the family farming operation that are often difficult to quantify and document. It is the intent of the Committee to address this difficult issue facing family farming operations and recognize the valuable contributions made by the spouse in a family farming operation as well as the significant value of these contributions to the overall success of family farming operations in America. By assigning a "significant" level of contribution of labor or active management, the Committee substitute is essentially requiring the spouse to only make a significant contribution of capital, equipment, or land in order to be considered actively engaged.

The Committee recognizes that the change in the administration of the payment limit provisions from one based on separate "person" determinations to one that attributes income among persons and entities, based upon their share of participation, is, by design, less susceptible to manipulation by changing the farming structure to introduce multiple farming entities. The Committee also recognizes that with this change, many farming operations that had been structured so as to maximize payments under current law, may wish to reorganize such operations for estate or tax purposes or for other reasons. It is the Committee's intent that consistent with the action taken by this Committee and Congress with the passage of the significant changes in farm program participation in 1987, that during the 2008 program year, persons should not be penalized for changing their farming operation structure given such a significant change in the law administering payment limitations. In addition, the Committee notes that the language in the substitute provides that the addition of a family member under the provisions of section 1001A will be considered to be a bona fide and substantive change. The Committee believes this language encompasses the addition of a spouse to a farming operation, given the new provisions in section 1001A concerning spouses. It is the intent of the Committee that the addition of a spouse (also a family mem-

ber) will be considered to be bona fide and substantive—just as with the addition of any family member.

The Committee is aware that the Department is undertaking a review of the Farm Storage Facility Loan Program. The Committee is also aware of the concerns expressed by producers about the viability of the program as it is currently being operated. The Committee urges the Department to continue to consider making changes in regard to the level of the loan and the terms of the loan.

Sugar

The distorted world market in sugar continues to place pressure on the U.S. domestic industry. The Committee substitute maintains the existing structure of the successful, no-cost sugar program, while making modifications to ensure the presence of a viable domestic sugar industry.

The Committee substitute raises for the first time in twenty years the marketing loan rate for raw cane and refined beet sugar.

The Committee is concerned about the potential effects of the unlimited access that Mexico will have to the domestic sugar market beginning on January 1, 2008. It is critical that the USDA collect and provide information on the production, consumption, and trade of sugar in Mexico to ensure that both Congress and the domestic industry will have information on the effects of this change to our trade policy.

The Committee substitute maintains U.S. compliance with existing trading agreements on sugar by having the Secretary set the initial tariff rate quotas at the minimum levels associated with these agreements. The Committee is aware of flexibility needed by USDA to accommodate possible supply shortages brought about by emergencies and provides authority to the agency to respond.

Dairy Product Price Support Program

Dairy producer income in the United States has been supported continuously since the enactment of the Agricultural Act of 1949. Since 1981, support has been established by Congress either at specific price levels, or by formulas tied to anticipated Commodity Credit Corporation (CCC) dairy product purchases.

Under current law, the Department of Agriculture is required to support the price of raw milk at $9.90 per hundredweight. The Department carries out this purpose by offering to purchase cheese, butter and nonfat dry milk at set prices. Procedures for determining the purchase prices are established by USDA. The new direction of the price support program recommended by the Committee modifies the program from one that supports fluid milk prices through the purchase of manufactured dairy products to one that supports producer income by directly supporting dairy product prices.

The relationship between the established support price and the product purchase price is complex. By specifying product purchase prices in law and allowing for their adjustment in response to changes in market conditions, the Committee substitute will relieve the Department of the burden of establishing conversion formulas that are open to interpretation and criticism.

Dairy Forward Pricing Program

The ability for producers and processors to manage price risk is limited under the Federal Milk Marketing Order system. Pursuant to Public Law 106–113, USDA operated a Dairy Forward Pricing Pilot Program from September 2000 through December 2004. The Committee substitute would once again permit producers and processors to make use of forward contracting to manage price risk, without the practice being found a violation of the requirements of marketing orders. The program is strictly voluntary, and—as with the earlier pilot program—will only apply to Classes II, III and IV milk. The Committee is aware that the authority for proprietary handlers to engage in dairy price forward contracting has been controversial. To accommodate concerns that were expressed, the Committee substitute provides that the program will sunset along with the Farm Bill—with the exception that existing contracts may extend through September 2015. The sunset will ensure the future review of the program. Additionally, the Committee included an authorization for the Secretary to investigate producer complaints regarding coercion by proprietary handlers to enter into forward pricing contracts. In developing the provisions of its substitute, the Committee relied heavily on the cooperative input of both producers and processors.

Dairy Export Incentive Program

The Dairy Export Incentive Program (DEIP) is designed to facilitate the export of U.S. dairy products. DEIP sales are made by private firms. Upon contacting a potential buyer, the prospective exporter submits a bid to USDA requesting a cash bonus that would allow the sale to take place. If the bid is accepted the bonus is paid after the exporter provides evidence that the dairy product has been exported.

The Committee proposes to extend the program through FY 2012 in order to continue to assist U.S. producers in leveling the playing field so dramatically distorted by the export subsidies of the European Union and other competitors.

Revision of Federal Milk Marketing Order Amendment Procedures

The Agriculture Committee and its Subcommittee on Livestock Dairy and Poultry held numerous hearings in preparation for the 2007 Farm Bill. During those hearings, dairy industry witnesses commonly complained about the slow process USDA uses to establish and modify Federal milk marketing orders.

To address this situation, the Committee worked closely with the Department to develop the streamlined milk marketing order amendment procedures included in the bill. The Committee expects the new timeline for rulemaking to lead to meaningful reductions in the time required for reaching final decisions without compromising the thoroughness required to do the job right.

Dairy Indemnity Program

The Dairy Indemnity Program provides payments to dairy producers who have been directed by a public regulatory agency to remove their milk from the commercial market because it has been contaminated by pesticides, toxic substances and/or chemical residues. Because such events can be devastating to the financial well-

being of producers through no fault of their own, the Committee proposes to extend the program's authorization through FY 2012.

Milk Income Loss Contract Program

The Milk Income Loss Contract Program (MILC) is operated by USDA under authority of the National Dairy Market Loss Payment program first established by the 2002 Farm Bill. The program provides countercyclical payments to dairy producers for any month in which the Boston Federal Order Class I milk price is below a target rate of $16.94 per hundredweight. The Committee substitute provides for continuation of the program through September 30, 2012.

Dairy Promotion and Research Program

The Dairy Production Stabilization Act of 1983 (Dairy Act) authorized a national producer program for dairy product promotion, research, and education to increase human consumption of milk and dairy products and reduce milk surpluses. Under the program, promotion and research is conducted to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for fluid milk products and dairy products produced in the United States.

This self-help program is funded by a 15-cent-per-hundredweight assessment on all milk produced in the contiguous 48 States and marketed commercially by dairy farmers. Under the terms of the program, dairy producers who contribute to qualified regional, State, or local dairy programs receive a credit of up to 10 cents towards the 15-cent obligation under the national program.

In the FSRIA of 2002, Congress amended the program to require for the first time that importers of dairy products contribute to the promotion program. However, because the promotion program applies only to the 48 contiguous States, the Administration and others were concerned that the import assessment was not compliant with World Trade Organization obligations. As a result, the import assessment was not implemented. To ensure that the import assessment is WTO-compliant, the Committee bill includes a proposal recommended by the Department of Agriculture to require that in addition to producers in the 48 contiguous States, dairy producers in Alaska, Hawaii, the District of Columbia, and the Commonwealth of Puerto Rico participate in the dairy research and promotion program. According to the Administration proposal: "This policy change will allow dairy research and promotion assessment on imports . . . without concern of potential World Trade Organization disputes." (*2007 Farm Bill Proposals: U.S. Department of Agriculture; Ensuring Fairness of Dairy Research and Promotion Assessments)*

Report on Department of Agriculture reporting procedures for non-fat dry milk

The National Agriculture Statistics Service of USDA announced earlier this year that a reporting error had been found in the production and reporting of non-fat dry milk price data. USDA is investigating the size and scope of the reporting error. It is important that this information be shared with the Agriculture Committee. The Committee's bill requires that USDA report to Congress re-

garding this event so that it can properly review the adequacy of the Department's reporting procedures.

Federal Milk Marketing Order Review Commission

As the House Agriculture Committee traveled the nation last year holding Farm Bill hearings and listening to producers, processors and other members of the dairy industry, the public outcry for reform in the Federal milk marketing order system was heard frequently.

The Committee bill establishes a commission to review the Federal milk marketing order system and report its findings to the Secretary of Agriculture and the Congress. The Committee hopes and expects that this study will provide the information necessary to develop changes that modernize and rationalize milk marketing regulations in the United States.

The Committee is cognizant of the concern of some that the existence of this Commission could lead to delay within the Department regarding ongoing efforts of reform and improvement of the Federal milk marketing order system. The Committee intends that this not be the case and the Committee substitute directs the Secretary in this regard.

The Farm Security and Rural Investment Act of 2002 dramatically restructured the peanut program. Marketing quotas for peanuts were eliminated and peanut growers were offered direct payments, marketing loans, and counter-cyclical payments. As these programs operate in substantial similarity with their covered commodity counterparts, the Committee substitute incorporates peanuts into Subtitle A with the other commodities. Aspects of the peanut program, which are unique, such as authorizing a designated marketing association or marketing cooperative to issue marketing assistance loans and a June 30 redemption deadline for a marketing assistance loan, were maintained.

The Committee shares the concerns of peanut producers about the effects of high input prices on farm income and the Committee continues the current safety net for peanuts through these three programs. Types of peanuts differ by region, causing different costs of production, marketing arrangements, and profit margins. These differences result in varying degrees of impact also from the safety net provided through the three programs. The Committee recognizes the concerns expressed particularly by producers in the southeastern region regarding the marketing loan rate. Nevertheless, the Committee believes that the existing safety net provides the best overall potential benefit for all peanut producers, with any changes to that safety net typically coming at the expense of one region or another.

The Committee remains concerned about the lack of price information in the peanut industry that complicates the task of determining an accurate marketing loan repayment rate. The U.S. Department of Agriculture has modified its methodology for determining such a rate since the 2002 Farm Bill, currently using data provided by National Agricultural Statistics Service surveys. However, concerns still remain among producers that the loan repayment rate is being set at an inaccurately high level, possibly preventing the efficient marketing of peanuts in the world market. The Committee encourages USDA to continue to seek ways to im-

prove pricing data to ensure that the marketing loan program operates in such a manner as to minimize loan forfeitures, accumulation of stocks, and storage costs, in addition to allowing U.S. peanuts to be marketed freely and competitively in the domestic and world markets.

Loan rates for nonrecourse marketing assistance loans

According to ERS sheep are raised for both meat (lamb or mutton) and wool. The U.S. sheep and wool industries have seen significant change since the mid-1970s, marked by smaller inventories, declining production, shrinking revenues, and fewer operations. Historically, lamb and mutton were viewed as byproducts of wool production, even though wool receipts accounted a smaller share of revenue. As wool revenues have declined, producers have turned their attention to lamb and mutton production and the possibility of other byproducts such as sheep leather.

In response to the USDA report, the Committee's substitution extended the wool marketing loan program that provides a safety net for sheep producers. Unfortunately, at the current $1.00 average rate for the graded wool payments, very few producers are able to participate as the program was intended and production of domestic wool has decreased.

While there are nine different loan rates available, nearly all of the participation has been in the one, non-graded loan rate category. The research provided in 2002 by FAPRI (the Food and Agriculture Policy Research Institute) supported a $1.20 per pound base loan rate, however the legislation was lowered to $1.00.

During consideration of the 2007 Farm Bill the nonrecourse marketing assistance loans were extended for wool in the following classes of graded, non-graded and mohair. Producers had stated the program did not function at a level that would benefit wool producers and an increase was considered for graded wool. Graded wool was increased from $1.00 per pound in the 2002 Farm Bill to $1.10 per pound. The CBO estimated a cost of $18 million over 10 years for this increase.

TITLE II—CONSERVATION

Conservation measures are an integral part of good farming practices. The Committee believes there is a need to recognize the concerns of farmers, ranchers, consumers, and the public to strike a balance between agricultural production and environmental protection. Title II builds on the successes of previous farm bills by increasing funds to address the conservation needs of all producers in order to preserve farm, forestland and ranchland, improve water quality, enhance soil conservation, air quality, and wildlife habitat on working lands.

The Food Security Act of 1985 authorized several conservation measures intended to address concerns about the impact of agricultural production on soil erosion and wetland loss. The 1996 Farm Bill took the groundbreaking step of consolidating previously discretionary funded programs into one new program funded with mandatory money from the Commodity Credit Corporation. The Environmental Quality Incentives Program or EQIP, is one of the most successful and popular programs among farmers and ranchers. During consideration of the Farm Security and Rural Invest-

ment Act of 2002, budget circumstances allowed for the expansion of conservation programs with the addition of $17.5 billion to the conservation baseline for the 2002 Bill and the current bill under consideration.

The Conservation Security Program (CSP) was also created in the 2002 Farm Bill, and it was to be operated as an entitlement. Unfortunately, the CSP was tapped several times to pay for agricultural disaster assistance, so its baseline has been capped and the operation of the program impacted. This situation, along with a complete turn around in our federal budget situation, has not allowed for dramatic increases in programs as in 2002.

However, the Committee's priority to help farmers and ranchers address environmental regulations and conservation needs has not changed. Despite budget pressures, the Committee's Substitute increases conservation spending by $4.3 billion during the life of this farm bill, although both the Wetland Reserve Program and the Grassland Reserve Program still remain without adequate baselines given the demand and interest in those two programs. The Committee believes these programs serve as a foundation for improved conservation efforts, and enhancements to existing programs are authorized by Title II.

The Committee heard from various sectors of agriculture that are still feeling that an inadequate share of funding is reaching them to address their specific issues. This includes funding for smaller operations as well as minority and beginning farmers and ranchers. The Committee substitute makes a particular effort to address the unique needs of specialty crop producers as well as those producers who wish to convert to organic production.

Among the purposes for the programs in Title II are to "further the goals and objectives of State, regional and national conservation initiatives". The Committee intends for the Secretary to, in addition to the plans and initiatives developed by the Department, also utilize the goals and objectives identified in various other fish and wildlife conservation initiatives and plans when establishing state and national program priorities, scoring criteria, focus areas and special initiatives. These plans offer vital information for strategically implementing programs with limited resources and maximizing societal and conservation benefits for conserving, enhancing and restoring wildlife habitat.

The Committee intends the reference to "State, regional and national conservation initiatives" in the Substitute to include such things as the North American Waterfowl Management Plan, the National Fish Habitat Action Plan, the Greater Sage-Grouse Conservation Strategy, the State Comprehensive Wildlife Conservation Strategies (also referred to as the State Wildlife Action Plans), the Northern Bobwhite Conservation Initiative and state forest resource strategies. The Committee hopes that the Department will work with their conservation partners and state and federal agencies at the national and state levels to integrate the goals and objectives of these fish and wildlife conservation plans with those of USDA.

The Committee also attempted to clarify that private non-industrial forest landowners are eligible for the suite of USDA farm bill conservation programs. The Committee encourages the Secretary to make certain that those carrying out these programs work with all

states partners and private entities to help them address the conservation issues facing production agriculture.

Under various conservation programs authorized in Title II, the Committee has directed the Secretary to establish priorities and evaluation criteria to ensure the efficient and effective use of resources. It is not the intent of the Committee, however, to undermine the regulatory framework for the use of pesticides established under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). Therefore, in establishing priorities and evaluation criteria for the approval of plans, contracts and agreements under Title II, the Secretary shall not discriminate against the use in general of registered pesticide products, or specific registered pesticide products or classes of pesticide products.

Conservation Reserve Program

The Conservation Reserve Program (CRP) is one of the most popular programs across the country. The CRP provides annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource conserving plantings. Land is enrolled through one of two means: (1) General Sign-ups; and (2) Continuous Sign-ups.

The Committee Substitute extends the program to 2012 and allows the Secretary to enroll up to 39.2 million acres. In order to meet the calls for additional flexibility in the program and greater demand for crop and grazing land, the substitute allows for several changes to the operation of the program.

Wetland Reserve Program

The Committee substitute addresses concerns that have been raised in regard to changes in the appraisal process for the Wetland Reserve Program (WRP). It is expected that the Department will go through a rulemaking process to allow for public comment and direction in regard to their plans to implement the language contained in the Committee substitute.

The Committee substitute allows a limited number of floodplain easements to be done through the WRP. This was an idea that was part of the Administration's farm bill proposal in that they also proposed to eliminate the Emergency Watershed Program. The Committee substitute limits the number of acres to be enrolled so as to not overwhelm the WRP given that budget constraints are only allowing a limited number of new acres to be enrolled in the WRP. This is also the case with those who wanted to broaden the use of riparian areas with the WRP from the existing practice.

Conservation Security Program

The Conservation Security Program established in the 2002 Farm Bill was intended to be a national program to provide technical and financial assistance for improvements in conserving environmental resources on farmland that meet a threshold of soil and water quality criteria established by NRCS. CSP has been limited and troubled since implementation. A strained budget and complicated rules have led a majority of farm organizations to call for program modification and simplification. In order to meet those needs, and the call of a national program the Committee substitute revises the entire of the program.

The 2002 CSP program is phased out until 2012 and replaced with a new, simplified program starting in 2012 that is intended to reach more producers and allow all states to participate in the program. The Committee does allow for contract modification of existing CSP contracts for farmers and ranchers participating under the existing program.

Grassland Reserve Program

The Committee Substitute makes changes to the operation of the program based upon input received from producer groups who are hoping to utilize the program. Should those changes be enacted, third parties would be able to write, own and hold easements, similar to the way the current Farm and Ranchland Protection Program is operated.

Environmental Quality Incentives Program

The EQIP program is a widely popular program across the county. The Committee believes EQIP is an important program to help producers comply with federal and state environmental regulations, including regulatory actions or enforcements that may impact the economic scope of a producers' agricultural operation. The Committee substitute increases funding for EQIP to $2 billion by 2012. One of the largest complaints the Committee heard from farmers and ranchers across the country is the ability to access the program, and the need for increased technical services. The Committee believes the substitute takes a very large step forward in addressing these concerns by expanding the activities for which a producer can receive incentive payments to include technical services. The substitute also changes the evaluation process of applications to give priority to address State, regional or local resource concerns, as well as allow for the grouping of applications to address similar agriculture operations to allow for more equitable consideration. Both of these provisions should help specialty crop producers' access the program and increase participation.

As was done for water quality in the 2002 Farm Bill, via the Ground and Surface Water Conservation Program, there is a special emphasis added for air quality to the Conservation Innovation Grant section to ensure the delivery of incentive and cost share payments to producers who are dealing with state and local air quality regulations, including those producers whose operations are in areas of non-attainment for air quality standards for ozone, particulate matter or both.

The Committee recognizes that the incorporation of water conservation technologies is an important part of water savings produced by projects funded by EQIP. In evaluating proposals that address water conservation within EQIP, the Committee encourages the Secretary to give priority to proposals for grants and cost share assistance for the installation of, or improvements to, water conserving technologies to States facing severe drought. These include all States in which all or part of the State have received a U.S. Drought Monitor designation of D–2, D–3 or D–4 for a significant portion of the fiscal year preceding the contract.

The Committee is aware of a variety of promising and innovative technologies to assist farmers, ranchers, private property owners,

and units of local government to manage and remediate nutrient, manure and soil runoff from their property.

The Committee substitute makes available incentive payments to encourage producers to use new technologies and innovative approaches, in order to better manage and remediate nutrient, manure and soil runoff from their property. The Committee encourages the Secretary to make incentive payments to producers that use the following methods to achieve this goal: advanced soil technologies for erosion control, movement control technologies for nutrient control, solids separation technology, waste transformation technologies, and water-based cleaning technologies for treating farm run-off.

The Committee intends for EQIP to provide assistance to non-industrial private forest owners, including owners who are not associated with a farm operation or producing an annual crop. This is intended to make forest lands a co-equal resource of concern and a compatible goal in the program. The Committee expects that these new authorities will increase forest land participation in the program and thus promote conservation, wildlife management, wildfire reduction of forest lands, and improved forest health. Further, the Committee expects that the department will quantify this increase in forest land participation and make this information available to the public, as part of the report referred to in Sec 8001(d) of the Committee Substitute.

The Committee included pollinator to the list of practices eligible for incentive payments under EQIP. In addition to wildlife benefits, crop pollination represents a major agricultural input, especially for specialty crop producers. The Committee encourages USDA to clarify that habitat conservation and other conservation measures benefiting honey bees and other managed pollinators and native pollinators are eligible for cost-share and incentive payments in other conservation programs as appropriate, and to encourage such practices.

The Committee recognizes many programs administered by the Secretary are helpful in restoring major ecosystems, such as the Everglades Ecosystem. In 1996, the Committee dedicated $200M for Everglades restoration, and the Administration continues to work with officials in the State of Florida to develop a plan to assist in the implementation of the Comprehensive Everglades Restoration Plan (CERP). The Committee encourages the Secretary to continue this important work under the EQIP program.

Regional Water Enhancement Program

The Regional Water Enhancement Program, within the Environmental Quality Incentives Program, should enhance performance-based, cost effective conservation, to be administered by the Secretary through cooperative agreements with partners. The goal of the program is to improve water quality or ground and surface water quantity on a watershed or regional scale through coordinated program activities on working agricultural lands.

The Committee substitute requires that the Secretary, through cooperative agreements with appropriate partners including producers, governmental entities, and Indian tribes, develop goals and provide coordinated program assistance for water quality or water quantity improvement projects on geographic levels beyond that of

individual working agricultural lands. In addition to funding, the geographic priority areas (Everglades, Chesapeake Bay, Upper Mississippi River Basin, and Klamath Basin) the Committee intends for funds provided to be using in other areas.

In areas where the potential for significant environmental benefits exist, however, producers' and landowners' contributions to improvements in water quality or water quantity are oftentimes not properly acknowledged by the general public or other Federal agencies because of the individual project-by-project nature of existing conservation programs. By allowing non-traditional partners such as water districts or municipal water drinking water systems to partner with USDA and farmers, the Committee expects great success can be found as it was when the City of New York undertook such an effort.

The Red River Basin Commission, involving the states of Minnesota, South Dakota and North Dakota as well as the Canadian province of Manitoba, has identified the need to develop a basin-wide approach that includes accurate modeling, flow data, elevation data and specific tributary goals for flow reductions. These efforts are necessary to address flow reduction strategies in the upstream tributaries in Minnesota and North Dakota. The Committee expects the Secretary to work with the Commission through the RWEP or the Cooperative Conservation Partnership to leverage state and local funds to accomplish these goals.

The loss of nitrogen and other nutrients from agricultural land degrades water quality in many parts of the nation. This is of particular concern in the states of the Upper Mississippi River Basin. Impacts of nutrients lost from agricultural land in the Upper Mississippi area include threats to local sources of drinking water, degradation of fish and wildlife habitat, and large seasonal hypoxic zones in the northern Gulf of Mexico.

The Committee encourages the creation of Discovery Watersheds demonstration programs in the states of Iowa, Illinois, Indiana, Missouri, and Wisconsin. The Committee expects watersheds to be selected as Discovery Watersheds based on two criteria: the existence of a demonstrably agriculture-related water quality problem, and the existence of a local leadership group able to engage the participation in each project of all or most of the farmers in the selected watershed and ensure that the effect of project activities on water quality is monitored and evaluated over time. Discovery Watershed projects, designed in consultation with participating producers, are to employ a performance-based, market-driven approach to improving water quality through management of nitrogen and other nutrients.

Farm and Ranchland Protection Program

The Farm and Ranchland Protection Program is critical for maintaining permanent land easements to protect valuable agricultural land from non-agricultural development. The Natural Resources Conservation Service changed many of the rules related to this program last year. These changes raised many concerns among state and local Farm and Ranchland Protection Program users, most notably in the Mid-Atlantic and Northeastern region of the country. Program partners were particularly concerned with the changes made to the appraisal methodology, and title and ease-

ment review requirement on each and every contract. These changes became additional administrative requirements that led to additional cost and, in some instances, a reduction in applications.

In an effort to alleviate these extraneous requirements, the Committee substitute establishes a certification process for States to receive and administer funds, while protecting the integrity of the program. States such as Pennsylvania and Michigan have strong involvement from local programs, which is an important aspect of farm and ranchland preservation. Therefore, the Committee substitute allows the Secretary to enter into agreements for other eligible entities as established and defined in current law, with certain requirements to protect the easement, but without onerous legalities that have had the effect of delaying contracts and discouraging participation.

Chesapeake Bay and river restoration projects

The Chesapeake Bay, the nation's largest estuary, is subject to large "dead zones" each year in which there is insufficient oxygen to sustain aquatic species. Technical and financial assistance for producers and landowners to minimize excess nutrients and sediments is essential to restoring water quality and healthy habitats in the Bay.

The Committee substitute encourages the Secretary of Agriculture to develop, as expeditiously as possible, a comprehensive plan to restore, preserve and protect the Chesapeake Bay watershed. Such comprehensive plan shall provide for the development of new technologies and innovative approaches to advance improvement of water quality and quantity, restoration, enhancement and preservation of habitat for plants and wildlife, and promotion of economic opportunity for producers and rural communities.

In developing the comprehensive plan, the Committee urges the Secretary to give full consideration to the restoration plans already developed for the tributaries of the Chesapeake Bay pursuant to the Chesapeake 2000 agreement. The Committee believes implementation of projects should not be delayed.

Cooperative conservation partnership initiative

The 2002 Farm Bill required USDA to foster partnerships and cooperation to help leverage scarce federal funds and address the shortfalls in the availability of technical assistance. That requirement was never implemented. The Committee substitute revamps ensures that the Secretary takes advantage of the variety of third parties available to help identify specific areas and issues that could better be addressed with their involvement. This option will also provide a method to reach underserved populations, such as minority farmers and ranchers and specialty crop producers.

Market-based approaches to conservation

The Committee agrees with the Administration in regard to the promotion of market-based approaches to deal with several environmental issues where agriculture and forestry can play a role in providing solutions. The Committee substitute includes language based on the provision in the Administration's farm bill proposal in this regard. The hope is that in dealing with water quality or any potential cap and trade system or other on-going work on carbon

sequestration, the free market can build upon the efforts and results of Title II programs.

State Technical Committees

The Committee continues to hear from producers who are frustrated by topics that the Committee feels can and should be addressed by State Technical Committees. In order to try and address these concerns, the Committee Substitute ensures that agricultural producers have a voice on state technical committees.

The Substitute attempts to clarify that the Committee does not just see the State Technical Committee as dealing with technical issues, but also with implementation issues. To achieve that end, the Committee is envisioning State Conservationists convening subcommittees not just to deal with the technical areas specified in the Committee Substitute, but also to reviewing how priorities are set within states, including a review of the local work group process. The Committee intends for these changes in the operation of State Technical Committees to address the concerns that have been heard about how priorities are set and the inclusion of all segments of agriculture and private non-industrial forest land in participation in Title II programs.

TITLE III—TRADE

Food assistance and development programs

The food aid and developmental programs established under P.L. 480 are designed to enhance food security in the developing world. The Committee substitute reauthorizes a number of international food aid programs that supply U.S. commodities abroad. These include Titles I, II, and III of P.L. 480, also known as Food for Peace; the Food for Progress Program; the McGovern-Dole International Food for Education and Child Nutrition Program; and the Bill Emerson Trust, a reserve of commodities and cash to be used in the case of unanticipated emergencies.

The Government Accountability Office identified in an April 2007 report several challenges that impede the efficiency and effectiveness of U.S. food aid. As a result, the Committee substitute requires the Agency for International Development to develop systems to improve, monitor and evaluate the effectiveness and efficiency of assistance provided under these programs. Additionally, the Committee allows the agency to access additional funds for this purpose, with the intent that these funds would represent an investment leading to more efficient food aid programs. The Committee recognizes the benefits provided by prepositioning food overseas to be available to quickly respond to needs and increases the authorization four-fold for such prepositioning.

The Committee encourages USDA and AID to develop better inter-agency communications on these programs and synchronize the systems within the agencies for tracking the programs. The Committee is aware of efforts by the agencies to address the logistical planning of food aid to address among other issues, bunching of commodity purchases. These efforts should be continued. The Committee substitute also raises the amount that the Agency for International Development can pay participating organizations for project, administrative and other costs and adds a

provision to allow these organizations to use the funds for monitoring and project oversight.

Current law mandates an annual minimum tonnage level provided as Title II commodity donations of 2.5 million metric tons, of which 75% is to be used for long-term developmental food aid. This mandate can be waived by the USAID Administrator upon a determination that this volume of commodities cannot be used effectively or in cases of emergency need. In recent years, the volume of P.L. 480 emergency food aid has far exceeded the amount of non-emergency or development food aid.

The Committee substitute includes a provision that not less than $450 million of Title II funds be used in each fiscal year for developmental programs that address chronic hunger. The Committee does not intend for this section to eliminate the Administrator's ability to meet emergency needs in food in secure regions. USAID may provide less than this amount for non-emergency programs if the Administrator submits a request to Congress and Congress approves legislation allowing the use of the funds for reasons specified.

The Committee recognizes the importance of the McGovern-Dole International Food for Education and Child Nutrition program and encourages the Administration to increase funding for this well supported program, which uses commodities and financial and technical assistance to carry out preschool and school food for education programs and maternal, infant and child nutrition programs in foreign countries.

The Committee recognizes the uncertain impacts USAID's proposed U.S. Foreign Assistance Reform framework will have on the country eligibility under the Farmer-to-Farmer program. The proposed alternative country categorizations—rebuilding country, transforming country, sustaining country, and reforming country—would potentially alter the countries where Farmer-to-Farmer provides critical assistance. The Committee notes that Public Law 480 outlines and defines the countries eligible to receive food assistance, specifically for the Farmer-to-Farmer program, as developing countries, middle-income countries, emerging markets, sub-Saharan African countries, and Caribbean Basin countries, and intends that these definitions continue to categorize eligible countries under this Title.

Trade programs

The Market Access Program helps American agriculture remain competitive by aiding in the creation, expansion, and maintenance of foreign markets for U.S. agricultural products. The need for MAP is clear: As foreign competitors increase their funding of such marketing activities, the United States must do its part to ensure that U.S. agriculture maintains equal footing. In fact, the United States is outspent by more than 20 to 1 by foreign competitors spending money on export promotion and export subsidies. The Committee substitute recognizes the critical need for this program and provides for increasing its funding level.

The Committee finds that specialty crops experience particular obstacles when trying to overcome trade barriers. The Technical Assistance for Specialty Crops (TASC) Program assists U.S. organizations by providing funds for projects that address sanitary,

phytosanitary and technical barriers that prohibit or threaten U.S. specialty crop exporters. The Committee substitute increases funding for this program to ensure that it is able to play a growing role in addressing these barriers and opening up foreign markets to U.S. specialty crops.

Export credit guarantee programs facilitate sales of U.S. agricultural exports. Under these programs, private U.S. financial institutions extend financing at interest rates which are at prevailing market levels to countries that want to purchase U.S. agricultural exports and are guaranteed that the loans will be repaid. In making available a guarantee for such loans, the U.S. government, or more specifically, the CCC, assumes the risk of default on payments by the foreign purchasers on loans for U.S. farm exports.

The Committee substitute repeals the intermediate credit guarantee program and lifts the 1% origination fee cap. The remaining GSM–102 program continues to provide guarantees for repayment of short-term financing, from six months to three years, extended to eligible foreign buyers of U.S. farm products. The Committee substitute repeals the authorization of the Supplier Credit Guarantee Program as well, as proposed by the Administration.

This section codifies some of the changes to the export credit guarantee program implemented administratively by USDA to comply with WTO obligations. USDA also implemented a risk-based guarantee fee structure that resulted in increased guarantee fees charged to exporters, and country risk designations that disqualified a number of countries as eligible markets.

Utilization of GSM–102, the only export credit program currently in operation, declined from $2.93 billion in FY04 to $1.36 billion by FY06. Because guarantee fee income must be sufficient to cover operating costs under WTO obligations, a continued decline in program utilization may lead to WTO compliance concerns.

The Committee encourages USDA to use its existing authority to design and operate the export credit guarantee program to maximize the export sales of agricultural commodities, by making available and utilizing the minimum $5.5 billion in guarantees required by law. USDA should adjust guarantee fees as necessary to ensure program effectiveness and U.S. competitiveness, and work with industry to ensure that the risk-based fees associated with the guarantees cover, but do not exceed, the operating costs and losses of the program over the long term. "Long term" in this context means a period of 10 years. The Committee recognizes that considerable analysis is required in determining risk designations and establishing risk-based fees. USDA should develop an approach to risk evaluation that facilitates adjustments to risk designations and guarantee fees on an on-going basis in response to material changes in risk conditions, with consideration of input and evaluation from the private sector.

The natural diversity of plants and their genetic material has been a critical resource for scientists as they develop new varieties to address the constantly evolving pests, diseases and weather challenges. The Committee authorizes the Agency for International Development to contribute $60 million to the endowment for the Global Crop Diversity Trust over fiscal years 2008 through 2012, subject to appropriations of funds. The U.S. contribution to the Trust cannot exceed 25 percent of total contributions from all

sources, thus U.S. contributions must at a minimum be matched on a 3–to–1 basis by contributions from other governments, charities, or private concerns.

Since its formal establishment in 2004 the Trust has secured over $135 million from a wide array of donors, including $6 million from the United States. The Trust's ultimate goal is to raise $260 million, which would enable the establishment of an endowment that would, in conjunction with other efforts now underway, secure the conservation and availability of the genetic diversity of the world's major crops in perpetuity, through a scientific, cost efficient strategy relying on existing institutions and simple proven technologies. The Committee believes that $60,000,000 over the next five years is an appropriate U.S. contribution to this important effort.

TITLE IV—NUTRITION PROGRAMS

The nutrition program in the 21st century

In its thirtieth year, The Food Stamp Act of 1977 continues to be a landmark piece of legislation. However, the successful development and use of Electronic Benefit Transfer technology and the complete deobligation of food stamp coupons undertaken in the Committee substitute are not reflected in the program's name. Both the Administration and the Subcommittee on Department Operations, Oversight, Nutrition and Forestry took steps toward a more suitable name change in their proposals, and the Committee substitute renames it the Secure Supplemental Nutrition Assistance Program (SSNAP).

With the exclusive use of electronic accounts, expanded access is more readily available. The Committee substitute permits states to offer a telephonic signature to record date of application information for purposes of processing. This should lessen the need for face-to-face visits for clients, a convenience of particular importance to the increasing number of working participants.

Diet and health

Of ongoing interest to the Committee is the important role that adequate nutrition plays in the long-term health and development of children. Testimony, and subsequent reports, all indicate food stamp dollars are well-spent, preventing medical and developmental disabilities for a lifetime. The Sodexho Foundation report of June 2007 entitled, "The Economic Cost of Domestic Hunger" calculates the annual cost of hunger-related illness in America to be $66 billion. Added to that is $9.2 billion in lost economic productivity due to learning-related disorders. These compelling facts have drawn the notice of the Committee.

The Administration supports that there is a critical need for more and better examination of American eating habits. Obesity, especially among children, has increased threefold since 1980, with statistics indicating that fifteen percent of children are overweight in the overall population. Among certain ethnic groups, that number is as high as twenty-five percent. Strategies to address this dangerous epidemic are of utmost importance. To address their concern, the Committee substitute expands the availability of fruits

and vegetables at schools and restates the importance of nutrition education.

Of equal concern are findings that seventy-five percent of children do not eat the minimum recommended serving of fruits and vegetables. The Committee has interest in expanding the availability and quality of fresh fruits and vegetables to address this shortage as a larger part of its concern with diet and health.

The incidence of Type 2 diabetes in children who are newly-diagnosed has increased from five percent in 1994 to between thirty and fifty percent in recent years. Investing in nutrition for children has ongoing health and financial benefits individually as well as for taxpayers. Schools are a natural place to distribute healthy foods and are an ideal setting for nutrition education. The Fresh Fruit and Vegetable Snack Program combines all of the necessary components of a successful program. Started as a pilot program in the 2002 Farm Bill, this initiative was expanded and made permanent in 2004 in the Child Nutrition Act. Its success and popularity among teachers, parents and students makes it an obvious focus of attention and funding for nationwide expansion. The Committee substitute dramatically increases funding and expands school participation.

The Committee reaffirms the importance of nutrition education to promote healthy food choices. The Center for Disease Control recommends that nutrition education be a part of a comprehensive health education curriculum in schools. "Health literacy" shows promising results including lower levels of serum cholesterol, lower blood pressure readings and reduced body mass indexes in children who have received regular, ongoing nutrition education.

Youth obesity is a significant health problem for our nation. Additional steps should be taken to combat this problem. The Committee encourages the Secretary to engage with qualified partners to develop an educational media program aimed at youth, to communicate the dangers of obesity and the importance of nutrition and fitness. The Committee is aware of the California Institute of the Arts Healthy Minds and Bodies program which corresponds to this goal.

Also contained in the Committee Substitute is a continued commitment to nutrition monitoring and research. USDA, through maintenance of national dietary guidelines, sets the gold standard in nutrition data for a broad array of studies and determinations. The Committee supports continuation of this important function.

Major changes in program design

The use of technology has become a valuable administrative tool for states in managing the Food Stamp Program in the 21st Century. Computers have increased efficiency, improved record-keeping and eased the paperwork burden for participants and states alike. However, the law is silent on how technology should interface with the needs and concerns of program applicants and participants.

Absent clear statute, several states have undertaken modernization of varying degrees. For example, the State of Florida made internal improvements to its program administration by combining several social services programs. Expansion of the use of technology with online applications and call centers played a key role in making successful upgrades. Texas, however, lost time, money and the

confidence of the public by attempting to expand the use of technology without adequate guidelines. State merit based employees were replaced by contract employees in many positions throughout the state. USDA monitored the Texas program, and attempted to control problems by threatening to end payments. However, in the end, insurmountable problems left the state with little choice but to cancel the contract.

The most recent effort at privatization is in Indiana. With some lessons learned from the Texas experience, Indiana worked closely with USDA to implement a phased in plan, using a private contractor for two-thirds of its social services workforce. Without first using a pilot program, the state has come under tremendous scrutiny for employing a relatively small staff of merit based personnel.

The Committee substitute ensures the integrity of the food stamp program, preserves the privacy of its clients, and oversees the use of federal funding regarding major changes in program design. While permitting the expansion of technology in those areas where there is no connection to program participation or eligibility, the Committee substitute provides that only merit system agency employees are authorized to undertake the certification process by representing the state in any communications with prospective food stamp applicants, food stamp applicants, or recipient households; participate in making determinations regarding a household's compliance with the Food Stamp Act; or make any other determinations required under the subsection.

Food stamp merit system employees have long relied upon information and findings of fact in other programs, regardless of whether those programs are staffed by merit systems employees or not, to make the judgments necessary to carry out the food stamp program certification process. This provision in no way limits a merit systems employee from relying upon information provided by or determinations made by non-merit systems employees in other programs or settings, such as information from an employment and training program about the participants' compliance with work requirements or information from a child care provider about a client's participation in and co-payments for child care.

The provision is not intended to affect non-profit organizations that provide application assistance to low-income households. Because there is some confusion at this time in the Department over whether the provision will affect a limited number of pilot projects operating under waivers, the Committee is specifically clarifying their status.

Meeting other needs

Although food stamps serves an average of more than 25 million people in each month of 2005, other programs are needed to meet continued food insecurity and to promote greater access to fresh produce, furthering the Committee's interest in health and well-being.

The Emergency Food Assistance Program (TEFAP) makes a significant impact on communities through food banks and food-rescue operations. Food banks procure and distribute billions of pounds of food and grocery items in all 50 states and to Indian Tribal Governments, feeding more than 23 million people each year. With the help of their community partners, food bank programs have an im-

pressive record of leveraging federal funds and bonus purchases with local contributions, increasing the power of each dollar. With these funds, food banks fill an important gap for the working poor. In addition, data shows that surplus commodities purchased for distribution through TEFAP have the highest rate of return to farmers of any of the federal nutrition programs.

Food banks have also made an important contribution following disasters. In the wake of Hurricanes Katrina and Rita in 2005, food banks were quick to mobilize their warehouses, distribution and volunteer networks to deliver needed items to affected areas for the immediate use by hundreds of thousands of individuals and families. The value of contributions in these incidents alone is estimated at $87.8 million.

Concern for overall nutrition and a healthy diet extends to the Food Distribution Program on Indian Reservations (FDPIR). Although no significant changes were made to the current program at this time, Committee intentions are clear on the need for ongoing oversight of this program to adequately serve Indian country through a study of the current program's adherence to dietary guidelines. Lower life-expectancy and the disproportionate incidence of disease are endemic to life on reservations and improved nutrition is a key element in bettering the health of Native Americans. To further address this need, the Committee substitute includes creation of a small discretionary fund, separate from the mandatory food distribution program, to enable tribes who participate in FDPIR to include more native and locally grown foods in their diet.

Supporting locally grown products

Due to a growing interest in food safety and wholesome foodstuffs, the Committee substitute includes extension and reauthorization of projects that promote locally grown products including local purchase, or "geographic preference" of foods for school meals. In addition, the Senior Farmers' Market Program continues to fill an important social, dietary and economic gap for low-income seniors. The Committee recognizes that low-income disabled individuals reap similar benefits from access to farmers' markets and encourages the Secretary to continue to work with states to allow qualified persons with disabilities to participate in the program.

Greater limits on fraud and abuse

Food stamps have made remarkable strides in combating illegal trafficking of benefits. The rate of trafficking for the period 2002–2005 is about one cent per dollar, less than half of the rate in 1999–2002. Still, traffickers defrauded the program of $241 million in 2005. To strengthen enforcement, USDA requested strong penalties. The Committee substitute provides for increased fines for violators.

TITLE V—CREDIT

Department of Agriculture Farm Service Agency

Farming and ranching require substantial amounts of capital, making it difficult for even those whose families are already involved in agriculture to get their own start. That is the reason that

the focus in the Department of Agriculture's Farm Service Agency credit programs remains on beginning farmers and ranchers as well as socially disadvantaged and limited resources borrowers who cannot find credit elsewhere.

According to the USDA's Economic Research Service, small family farms with sales of less than $250,000, made up 90 percent of U.S. farms in 2004. This same group of operations held about 68 percent of all farm assets and accounted for 61 percent of land owned by farms. The loan programs available from USDA are a valuable tool for this segment of the agriculture community.

USDA's credit programs provide direct lending for purchasing land or building buildings as well as yearly operating loans. FSA currently has $2.881 billion in outstanding direct farm ownership loans and they guarantee another $5.478 billion in conjunction with private banks and the Farm Credit System. They have $2.290 billion in direct operating loans in their portfolio and another $3.748 billion guaranteed with third parties.

The direct loan portfolio is performing very well with delinquency rates at historic lows, 8.1 percent for fiscal year 2006, down from a high of 23.8 percent in fiscal year 1995. The rate for the guaranteed loan program was 1.45 percent, the lowest since 1995. And foreclosures are also at very low rates, less than one-third of one percent.

FSA also provides emergency loans to assist producers whose operations have been impacted by natural disaster. They also operate the Tribal Land Acquisitions Loan Program, which the Committee substitute amends to provide additional tools to Native American producers to keep tribal lands in agricultural production.

To keep pace with the rising cost of farm and ranch land, the Committee substitute updates the loan program levels and also increases the authorizations to better reflect recent appropriations levels, as reflected in the Administration's proposal and the testimony received by the Committee.

The Committee substitute also modifies existing programs to ensure that they continue to be viable options for beginning producers in addition to making them available to socially disadvantaged producers. FSA is increasing the share of its portfolio going to beginning and socially disadvantaged producers, with an increase to 14,327 direct loan borrowers in 2006, up from 3,260 in 1995; and an increase in guaranteed loan participation from 1,730 to 3,014. Beginning farmer participation has increased in the direct program from 3,474 to 16,828 over that same period; and the guaranteed program participation went from 3,617 to 8,236 beginning borrowers.

There have been term limitations imposed on participation in the various FSA loan programs since the 1990s, and the Committee substitute indicates that the focus should continue to be helping borrowers get their operations to a point where they can graduate to credit elsewhere. This will allow the next generation of producers access to programs that continue to be oversubscribed. The Committee realizes that these term limits have real impacts on producers, and it is concerned about the thousands of borrowers who will be facing tough choices, along with their lending institutions, once they reach the limit on guaranteed loan participation.

The FSA estimates that more than 18,000 borrowers will no longer be able to borrow from the agency in two years because they will have met the seven year limit (including waivers) for receiving direct operating loans.

There will also be an estimated 5,400 borrowers who will be at their limit of 15 years worth of guaranteed and direct loans after 2007.

Farm Credit System

The Farm Credit System (FCS) was created to provide a permanent, reliable source of credit to U.S. agriculture. When Congress enacted the Federal Farm Loan Act in 1916, credit was frequently unavailable or unaffordable in rural areas. Many lenders avoided such loans due to the inherent risks of agriculture. Statutory authority is in the Farm Credit Act of 1971, as amended. Safety and soundness regulation of the System is provided by an independent Federal agency, the Farm Credit Administration. The System funds its operations through the issuance of bonds and debt securities. Farm Credit bonds are insured by the Farm Credit System Insurance Corporation (FCSIC). The most comprehensive recent changes were enacted in the Agricultural Credit Act of 1987. The Committee believes the rural landscape has changed since 1987 and seeks to incorporate a modest update to reflect new rural trends.

The FCS holds about 31% of the farm sector's total debt (second to the 40% share of commercial banks) and has the largest share of farm real estate loans (38%). As of September 2006, FCS had $115 billion in loans outstanding, of which about 47% was in long-term agricultural real estate loans, 24% in short- and intermediate-term agricultural loans, 15% in loans to agribusinesses, 5% in energy loans, 3% in rural home loans, and 6% in communications, export financing, leases, and water and waste disposal loans.

Under the proposed changes in the Committee Substitute to the housing authority, Farm Credit will be able to lend in communities of up to 6,000 in population as compared to the current community size of 2,500. The Committee does not change limitations in current law that require all homes financed be no more than moderately-priced, they must be single family, owner-occupied dwellings and no more than 15% of the System's portfolio be for rural home loans.

Section 5031 provides lending authority to all Farm Credit System lenders. Under existing law, lending authority for FCS direct lenders is separated into specific borrower eligibility for mortgage lending by Farm Credit Banks and associations, short and intermediate term lending by Farm Credit associations, and lending by the Bank for Cooperatives. Section 5031 preserves the distinction between the current borrower eligibility authorities of these various System institutions. System direct lenders may not use this authority to lend to a borrower that was already eligible to borrow from another System lender without regard to the new authority. Similarly, section 5031 does not limit or pare back the authority of a System institution to lend to eligible persons consistent with the eligibility authority that existed prior to the enactment of these new provisions.

Current law allows the Farm Credit System to finance a marketing or processing business provided that it is owned by farmers

and the farmers put some of their own production through this facility. The System also finances farmer cooperatives that market and process agricultural commodities. The System also finances businesses that provide services to farmers related to their on-farm operating needs.

While the System has taken a lead role in financing renewable energy, especially ethanol, current law limits the System's ability to provide needed capital to this important priority area. The Committee includes new authority to facilitate the System in providing more capital to support renewable energy. Newly eligible entities must meet specific requirements that the activities financed must be directly related to renewable energy. Additionally, the business must be "primarily engaged" in one of the following activities—processing, preparing for market, handling, purchasing, testing, grading, distributing, or marketing farm or aquatic products or one that is primarily engaged in furnishing farm or aquatic business services, farm or aquatic supplies directly to farmers, ranchers or harvesters of aquatic products. Therefore the language establishes two levels of eligibility tests. For example, an ethanol plant that processes agricultural commodities would be eligible because it is both involved in renewable energy and it processes farm products. Similarly, simply selling E85 gasoline does not make a filling station eligible, because even though it might be involved in renewable energy, it is not primarily engaged in handling a farm product.

It is important to note that a business that simply processes or handles renewable energy is not made eligible by this authority. The business that is made eligible is one that processes or handles farm products that are directly used in renewable energy. This authority is limited.

Defining "renewable energy" will be the responsibility of the Farm Credit Administration, but the Committee expects the regulator to look to how Congress defined the term in Title IX of the 2002 Farm Bill which is the following—the term "renewable energy" means energy derived from (A) a wind, solar, biomass or geothermal source; or (B) hydrogen derived from biomass or water using an energy source described in subparagraph (A)."

The Farm Credit Administration would also need to define "primarily engaged". The Committee expects "primarily engaged" to be defined as meaning that the activity which makes the business eligible for FCS financing must be the largest single portion of the business. As an example, if a diversified company decides to get involved in ethanol production, under this authority the processing of farm products into ethanol would have to end up being the largest single portion of their business in order for them to borrow from the System under this new authority. If it were not, they would not be eligible.

In order to facilitate the investment of capital in ethanol ventures and rural America, several states have modernized their "cooperative" laws. Today farmers in any State can organize under new laws passed in Wyoming (2001), Minnesota (2003), Tennessee (2004) and Iowa (2005) that have fewer restrictions on how farmer cooperative associations are structured and operate. Section 5035 of the bill allows some of these new cooperatives to borrow from the banks for cooperatives, such as ethanol ventures organized under these laws. However, section 5035 is more restrictive than many of

the State laws in that it allows financing only to those associations that maintain majority farmer control, and where the farmer ownership class operates on a cooperative basis, consistent with the continuing financing provisions in section 3.8(a) of the Act.

To facilitate the System working with USDA in serving low-income individuals, the Committee has provided the Farm Credit Administration with the authority to waive current leverage limitations for guaranteed loans. This will permit the System to do more to support young and beginning farmers and lower income rural home purchasers.

The Committee substitute updates the premium setting structure for FCSIC by authorizing the agency to charge higher levels of premiums and to shift the base for premiums from outstanding loans to insured debt. This change will permit FCSIC to more effectively maintain the Insurance Fund at the 2% secure base level. The Farm Credit System is the only government-sponsored enterprise that maintains a self-funded insurance fund protecting taxpayers.

The Congressional Budget Office has determined that the Farm Credit System provisions in Subtitle D of Title V of the bill generate savings of more than $300 million. Thus, these provisions will empower the Farm Credit System to finance more renewable energy production, help to create jobs in rural America, and help to lower the costs of achieving the farm, energy, conservation, nutrition, and other important goals in the bill.

TITLE VI—RURAL DEVELOPMENT

The rural development programs of the federal government help rural communities across the nation build critical infrastructure, bridge the digital divide between rural and urban areas, and help businesses in rural areas grow and reach new markets. The Committee substitute continues those successful programs, makes important changes to target more effectively rural areas in need, and authorizes new programs to address the challenges rural areas are facing now.

Infrastructure and critical services

Small, rural communities are tasked with providing a clean, dependable and affordable water system to their citizens without the benefits of the economies of scale that enable more populated areas to provide such a service. The rural areas must meet all state and Federal requirements for clean drinking water, which comes at an enormous cost. To address these challenges and other water supply needs experienced in rural areas, the infrastructure programs reauthorized in the Committee substitute include the water, waste disposal and wastewater facility loan and grant programs; the emergency and imminent community water assistance grant program; and the household water well system program.

Without adequate local healthcare services, rural areas must depend on urban providers that may be many miles away, forcing citizens in rural areas, particularly the sick and elderly, to choose between leaving the rural area to be closer to healthcare or staying in the rural area where they have built their lives and taking a chance should a health situation arise. The Committee substitute extends rural development programs that provide incentives through small directed grants to address key healthcare needs of

rural residents, by improving technical infrastructure, quality systems and firefighter and emergency medical assistance.

The Committee recognizes the unique needs faced by certain rural communities. Tribal colleges and universities play a valuable role in many tribal communities. These institutions often have limited access to non-federal funds to be used to meet matching requirements for Community Facility grants, for the construction of critically necessary facilities. The match required by USDA may approach 85 percent under current law. The Committee substitute lowers this required non-federal matching requirement for tribal colleges and universities applying for community facility program funds to ensure that these institutions can continue to apply for and benefit from this program.

The Committee recognizes the importance of completing rural development projects on time and on budget as a means to provide basic services to rural America and to spur economic development. The Committee encourages USDA to work with the private partners essential to the success of infrastructure projects to ensure timely payment of the costs of rural development projects both for design and construction.

Rural broadband and telecommunications

While traditional infrastructure programs are still needed in rural areas, more attention is now being directed toward how the Federal government can assist these areas to make the "virtual" connections to less remote areas. Unfortunately, the United States is not keeping pace with the rest of the world. According to an April 2007 report from the Organization for Economic Cooperation and Development (OECD), the United States dropped from 12th place last November to 15th in April of this year. In 2001, we ranked 4th in the world. The problem becomes ever more pronounced in rural America where density, age, economic conditions, and other demographic circumstances make it even more challenging to provide internet service.

In the 2002 Farm Bill, Congress created a broadband loan and loan guarantee program. The program provides incentives to increase access to high-speed internet in rural, unserved areas. The same reasons that private sector lenders have not made loans for broadband service have made it even more challenging for the most rural communities that have no service. Business from banks, to automotive repair shops, to new age technology industries need broadband service to compete in the digital global marketplace.

A Government Accountability Office study conducted in May 2006 and an internal USDA Inspector General report in September 2005 identified several concerns with the program. In particular, it has provided incentives to companies to enter competitive markets already receiving service, creating a situation whereby the new entrant had the benefit of the lower interest government loan and the existing providers were unable to compete with that economic benefit. Additionally, the program provided loans to areas that, while technically meeting the definition of a rural area, were immediately outside a heavily populated area and therefore less in need of a loan to ensure broadband service.

The Committee is encouraged by the United States Department of Agriculture proposed rule change, released for public comment

on May 11, 2007, that proposes a number of key changes for the broadband access program. However, the Committee believes that additional statutory changes are necessary to address the concerns raised about the program.

The Committee substitute tightens eligibility requirements to refocus on both rural and unserved areas of the country and provides additional criteria to USDA to prevent entities from receiving loans to serve only markets already sufficiently served with high-speed and affordable broadband service. The Committee expects USDA to set guidelines for adequate, affordable broadband service that ensures that rural customers are well-served through this program.

An additional criticism of the program has been the complexity of the loan application process. The Committee substitute includes language to ensure that paperwork is reduced for the loans and that the Secretary has sufficient authority to continue to find ways to reduce red tape, particularly for applicants who are start-up companies or who are entering completely unserved areas. The Committee encourages USDA to seek out additional ways to reduce the cost of application and reduce the time the agency requires to approve loans.

The Committee substitute also includes a requirement for a comprehensive rural broadband strategy. Without a strategy to guide the policy implemented by the Federal government to bridge the divide in telecommunications access in rural areas, the Committee fears that a piecemeal approach will arise that does not solve the problem. In addition to the broadband loan program, the Committee substitute authorizes grant funds to be used to connect the most rural and isolated rural communities that have no broadband service to the digital global economy. Without these grant funds, it is doubtful that a viable business case will be able to be developed for these most isolated communities.

The track record of the small grant program USDA has operated has shown that with good planning and community commitment, this investment provides the ability for communities to develop interest and ability in use of broadband and those communities have come back for loans that are economically feasible. The investment by the taxpayer has yielded economic development that can make a difference in the economic health of the communities and the lives of rural citizens.

The Committee remains concerned about the ability of tribal communities to access high-speed internet and other telecommunications services. The Committee encourages USDA to seek ways to use the programs currently in place to reach these communities and address their unique needs.

The distance learning and telemedicine programs of USDA offer valuable services to rural America, through educational and healthcare projects that allow rural areas access to services that would simply not be available otherwise. A critical institution of learning in rural communities is the local library. Libraries provide access to vital information for education, medical, and personal use, and the ability of these libraries to secure broadband services often makes the difference for many rural citizens without high-speed Internet in their homes, who have to rely on local library facilities for connectivity. The Committee encourages USDA to ensure equal

access for libraries under the Distance Learning and Telemedicine Program.

Related to the telemedicine part of the program, the Committee recognizes the valuable work performed by departments of nursing and educational institutions in general, including Seminole State College in Oklahoma and William Jewell College in Missouri, in the telemedicine section of this program and encourages USDA to continue to work with these and similarly situated entities as they develop projects to partner with rural providers and first responders.

Cooperatives and businesses

The business environment and economies of rural areas vary greatly across the nation, but the majority of rural areas experience challenges in developing their economies. The programs in this legislation help provide essential capital through loans and grants and are structured to allow sufficient flexibility to prevent a "one size fits all" approach that would end up meeting the needs of only a few communities.

Cooperatives play a key role in the economies of rural areas. The Rural Cooperative Development Program provides grants to cooperative development centers charged with helping cooperatives develop and improve their operations on behalf of their member owners. The Committee substitute makes changes to the program to ensure that established and successful cooperative development centers have greater flexibility with regard to funding. Also, the Committee substitute recognizes that the Federal government has a special role to play to help cooperatives serving minority and socially disadvantaged communities by ensuring that centers helping to develop these cooperatives receive at least a certain percentage of funding when appropriation levels allow.

Securing a greater share of the food dollar for agricultural producers and members of producer cooperatives is a continuing goal of rural development programs. The Value-Added Agricultural Market Development Program provides grants for planning and working capital for marketing value-added agricultural products. The Committee substitute provides additional funding for this program and adds additional targeting to ensure that the program reaches beginning and socially disadvantaged producers along with producers and producer cooperatives who are developing partnerships with entities further down the value chain.

The Committee is aware of the increasing producer interest in mid-tier value chains that are strategic alliances between small and mid-sized farms and ranches and other supply chain partners that deal in significant volumes of high-quality, differentiated food products and distribute rewards equitably across the supply chain. In these emerging local and regional markets, farmers and ranchers are treated as strategic partners, not as interchangeable input suppliers. The Committee encourages the Secretary to make awards under the new mid-tier value chain component of the Value-Added Producer Grant program to projects that adhere to equitable business practices throughout all parts of the supply network and that promote market expansion by providing consumers with certifiable information about location and relevant production, environmental, and business standards.

As noted, the Committee recognizes the critical role that cooperatives play in rural communities and on behalf of producer members. The Committee encourages USDA to provide strong support for cooperatives and to carry out its programs—particularly the Value-Added Producer Grant Program—in a manner to encourage participation by farmer cooperatives and related associations, in order to maximize distribution of benefits to the greatest possible number of farmers.

The Agricultural Innovation Centers authorized under the 2002 Farm Bill have excelled in their delivery of technical and business development assistance to agricultural producers seeking help creating value-added benefit. The Committee strongly supports these centers—including the center affiliated with the Agricultural Utilization Research Institute in Minnesota—and recognizes their important work.

Rural entrepreneurs and microenterprises can help generate sustainable growth in rural communities, but only if they can access capital and technical assistance for their businesses. To capitalize on this opportunity, the Committee substitute creates a new program, the Rural Entrepreneur and Microenterprise Assistance Program, to use organizations with experienced track records to provide this technical assistance and grant funds to businesses to help them make progress toward commercial viability. Many organizations—including Rural Enterprises Inc. in Oklahoma and The Rural Center in North Carolina—have established programs to help local entrepreneurs and have a record of success in this area.

The Rural Business Opportunity Grant program promotes economic development in rural communities through the provision of training and technical assistance for business development, entrepreneurs, and economic development officials and to assist with economic development planning. The Rural Business Enterprise Grant Program provides grants for rural projects to help fund employment related adult education programs, in addition to other objectives. The Committee encourages USDA to use these programs as well to help entities create innovative apprenticeship programs for industries in rural areas that need skilled workers. Additionally, the Committee encourages USDA to consider viable agri-tourism projects as they award Rural Business Enterprise Grants and to ensure that small business development centers operating with institutions of higher learning are aware of their eligibility for these valuable programs.

The Committee finds that local and regional agricultural production incentives can help rural communities, their agricultural producers, and downstream industries. The Committee substitute provides additional weight to such projects in the approval process for the Business and Industry loan and loan guarantee program.

While the benefits of reducing farm input costs and increasing sustainable practices are well known, producers wanting to accomplish these goals often struggle to secure adequate information on technology to assist them. The Committee substitute authorizes the Appropriate Technology Transfer for Rural Areas program to provide technical assistance and information to farmers and ranchers on market development approaches for value added products and sustainable farming practices. Past iterations of this program have served farmers, ranchers and other agricultural groups through a

toll-free 800 line, a website and through workshops around the country, responding to 37,000 requests for technical assistance in 2006.

Rural targeting

Rural development programs have come under criticism for providing funds to areas that appear to either not be rural in nature or have other qualifications that should make them ineligible for these programs. At the same time, rural areas differ greatly in their demographics and other characteristics, resulting in a need for a rural development program that retains sufficient flexibility to address emerging challenges.

The Committee recognizes these issues and wants to ensure that changes are made to the requirements of rural development programs to ensure their effective targeting of areas in need, while also ensuring that the effects of such changes are carefully considered. The Committee substitute requires USDA to proceed with a rulemaking to identify the effects of these factors and how placing additional limitations on the programs can accomplish the goals for these programs. Additionally, the Committee requires a report from USDA to Congress on the varying definitions of rural in use by the Department along with recommendations on how the definition can be streamlined.

One area of interest to the Committee is colonias—communities that exist outside incorporated areas located along the United States-Mexico border. The 3,000 colonias along the border need both infrastructure and economic development. The Committee encourages active USDA outreach to these communities for the purposes of the programs established in this legislation, including the Entrepreneur and Microenterprise Assistance Program and the Rural Firefighters and Emergency Medical Service Assistance Program, in addition to programs already in place and extended through this legislation, such as the Community Connect Grant Program and the Water and Waste Disposal Program.

Regional authorities

Since 1964 Congress has created and funded several successful economic development organizations to respond to desperate economic needs experienced by different regions of the country. The Committee extends authorization of two expiring authorities—the Delta Regional Authority and the Northern Great Plains Regional Authority. The Committee believes it is essential that regional authorities remain accountable for the federal funds they receive and encourages the Delta Regional Authority to respond to concerns expressed by Congress regarding the proper level of administrative expenses. The Committee substitute makes changes to the Northern Great Plains Regional Authority to ensure that its structure is compatible with the needs of that region.

Additionally, the Committee remains interested in the creation of the SouthEast Crescent Authority to address critical economic development needs of areas of the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, and Florida not covered by other existing authorities.

Budget submission and funding

Section 7102 establishes a new budgeting mechanism which differentiates capacity and competitive funding programs within the Research, Education and Economics (REE) mission area. In crafting this provision, the Committee intended that this be a mechanism to clearly delineate how funds were being allocated and that interested parties could use this information to focus their efforts at building the necessary support for expanding REE programs. The Committee has received testimony suggesting that the split of any new funding should be divided between competitive programs and capacity programs at a rate of 70% to 30%, respectively. The Committee likewise recognizes the long-term benefits of competitive research programs, and has historically supported expansion of these programs. While the Committee encourages the Secretary to make every effort to achieve a 70/30 balance of funding ratios, it urges the Secretary to be cognizant of the need to maintain and enhance research capacity when making final budgetary decisions. Should the budget request be less than the combined critical base funding levels, the Committee strongly encourages the Under Secretary to not request a reduction in capacity programs.

Capacity programs funding

Capacity programs are the foundation for the nation's agricultural research, education and Extension efforts and therefore provide the basis for the future of our food, fuel and fiber system. As such, the Committee is concerned with past budget requests that have proposed eliminating or reducing core programmatic funding for capacity programs.

When submitting the single budget request for capacity programs, up to the critical base funding level, the Committee encourages the Under Secretary for Research, Education and Economics to request capacity programs levels at an amount not less than the amount the individual program received in the critical base funding level. When submitting a single budget request for capacity programs in excess of the critical base funding level, the Committee provision directs the Under Secretary to place primary emphasis on enhancing the funding level for the 1890, 1994, ASCARR, Hispanic Serving Agricultural Colleges and Universities, and small 1862 institutions.

Competitive programs funding

When submitting the single budget request for competitive programs up to the critical base funding level, the Committee encourages the Under Secretary for Research, Education and Economics to request competitive programs funding at an amount not less than the amount an individual program received in the critical base funding level. When submitting a single budget request for competitive programs in excess of the critical base funding level, the Committee provision directs the Under Secretary to place primary emphasis on enhancing competitive funding targeted at emerging national and regional problems. The Committee has received input from a variety of interest groups suggesting that the

emphasis of any new funding should be on basic research, while others have sought a balance between basic and applied research. In merging the National Research Initiative and the Initiative for Future Agricultural and Food Systems under section 7106, a specific balance of 60% basic and 40% applied is included in statutory language. For the overall competitive programs account, no such legislative mandate is included. The Committee encourages the Secretary to track and monitor how these funds are allocated in order to maximize the full potential of all agriculture research programs.

National Agricultural Research Program Office

The Committee has substantial concern that the current planning and programming efforts performed by agencies inside and outside the REE mission area are not integrated and coordinated adequately. While there are efforts to address the need for programmatic integration between ARS and CSREES, the Committee is concerned that it is on an ad hoc basis, is not institutionalized, has frequent programmatic duplication, and a lack of clear and simple integration across agencies. As such, this section creates the National Agricultural Research Program Office (NARPO) within the office of the Undersecretary for Research, Education and Economics to coordinate Department-wide research, education and extension activities. The office will be staffed and funded from appropriated amounts made available to the agencies within the REE mission area. The Committee is very concerned that the establishment of the NARPO not evolve into a new layer of bureaucracy and has added statutory language to prevent this from happening. The total number of staff for the 6 NARPO offices shall not exceed 30 full time positions and shall be filled by current positions. The Office will coordinate the programs and activities of the Department and will include the following offices:

- Renewable energy, resources, and environment;
- Food safety, nutrition, and health;
- Plant health and production;
- Animal health and production and animal products;
- Agriculture systems and technology; and
- Agriculture economics and rural communities.

The provision directs that the Under Secretary assign primary programmatic and planning oversight of the research, education and extension capacity and competitive programs to the appropriate office. The provision further directs the Under Secretary to integrate leadership functions from the existing program offices of the REE agencies to ensure that the directors of the offices established by this section are the primary program leaders of both intramural and extramural activities. The Committee expects the Directors of each office to coordinate the functions of intramural and extramural research, education, and extension to programs as assigned to ensure the integration of intramural and extramural activities occur, formulate programs, assess workforce needs, cooperate with the National Agricultural Research, Extension, Education, and Economics Advisory Board in developing strategic planning and priorities for department-wide research, education, extension and related activities, and communicate with program beneficiaries. The Committee provision is designed such that when ad-

ministering individual programs, the directors are authorized to eliminate unnecessary duplication of programs, and that new mechanisms for input from local, state, tribal, federal, and regional interest groups as to the immediate, emerging, and future needs for research, extension, education, and international programs are included. Program grants and funds should be allocated based on a system of peer and merit review established in section 103 of the Agricultural Research, Education, and Extension Reform Act of 1998.

The Committee expects the Directors to integrate intramural and extramural programmatic functions between offices and to ensure that extension and education are considered when administering programs.

Establishment of the National Institute for Food and Agriculture

The Committee provision organizes the various competitive grants programs administered by the Cooperative State Research, Education and Extension Service into a single office to be know as the National Institute for Food and Agriculture. It is the Committee's intent that a director be appointed to manage this office from within the Agency and that the director shall coordinate the competitive programs of the office in compliance with guidance given by the Directors of the National Agricultural Research Program Office.

In order to respond to the nation's need for continued and increased research in foreign animal and zoonotic diseases, bioterrorism, food safety and security, and environmental quality, the Institute is encouraged to enhance extramural competitive grant funding to the nation's schools and colleges of veterinary medicine. It is the Committee's intent that expanded research in these critical public health areas will improve dissemination of applied knowledge through extension, better education of future scientists, veterinary practitioners, and animal producers.

Merging IFAFS and the NRI

Since establishment of the National Research Initiative Competitive Grants Program (NRI) in the Food, Agriculture, Conservation, and Trade Act of 1990, the Committee has been aware of the growing needs and limited resources of this program. While the program had originally been established to serve the needs of both basic and applied research, over time and with limited funding, it the program has shifted towards basic research.

In an attempt to address the needs of American agriculture for a program of integrated, problem solving research, the Congress established the Initiative for Future Agricultural and Food Systems (IFAFS) as part of the Agricultural Research, Extension, and Education Reform Act of 1998. This program too has suffered from inadequate funding as a result of limitations placed on mandatory funding included in annual appropriations bills.

In an attempt to better manage these programs, as well as to better balance to portfolio of basic and applied research, the Committee has adopted a provision which merges these two programs into a single competitive research program which will be administered by the National Institute of Food and Agriculture established in section 7105 of this Act.

While the Committee intends that the NRI will henceforth focus on basic research issues and the IFAFS will focus on applied research, it is not the intent of the Committee to modify any of the priority research areas contemplated in current law. As such, the Committee has included a provision that refers back to the purposes and priorities that were in place previously for these two programs and expects that they will continue to guide the Secretary in implementing this section.

Within the IFAFS section of the research title, the Committee has added a requirement that classical plant and animal breeding be a priority for this applied competitive grants program. The requirement is based on the concern about the decline over recent decades in public resources dedicated to classical plant and animal breeding. This decline has significantly curtailed the public access to plant animal germplasm and has limited the diversity of seed variety and animal breed development. The Committee expects to see an increase in competitive research funding for classical plant and animal breeding.

High priority research and extension areas

The Committee is concerned about the lack of sorghum research being conducted in the private sector. The Committee provision establishes as a priority competitive-based sorghum research and extension program. The Committee is aware that the sorghum industry would like any funding appropriated to this program to address critical needs related to plant breeding, genetics, and sorghum utilization; plant breeding for bioenergy crops to include weed and pest management; marketing, policy analysis, risk management, and water use efficiency; agronomic management; and pest management and on-farm sweet sorghum management. The Secretary is encouraged to consider input of the sorghum industry (including trade associations and Universities with expertise in sorghum research) when developing the program and making funding allocations.

Nutrient management research and extension initiative

The Committee provision has expanded the structure of this program to provide regions of the country the opportunity to develop specific projects aimed at enhancing the development of energy sources from manure and improving nutrient management through the evaluation and implementation of new technologies that will create energy and reduce water discharges and air emissions from animal manure.

The Committee recognizes that different regions of the country have varying needs for both energy development and nutrient management. Issues such as varying sizes of dairy operations, proximity to suburban and urban areas, topography, and average rainfall are just some of the factors that need to be considered in developing effective, affordable, and functional nutrient management systems. At the same time, increased energy demands combined with higher energy costs highlight a critical need for the development of electricity from methane gas. This is crucial for producers and important for the continued development of renewable energy sources.

Therefore the Committee encourages the development of a regional pilot project in the Northeast in which states would work together to accomplish the goals of developing viable nutrient management systems, energy products from manure and to assess these systems for their cost, performance and function.

In order to carry out a Northeast regional pilot project the Committee would recommend the coordination and collaboration among land grant colleges and universities, producer groups, state agriculture departments and private sector technology providers. In addition, a major goal of this pilot project would be the widespread adoption of viable energy and nutrient management systems throughout the region.

The Committee recognizes the rapid growth of the dairy industry in the Southwest region of the United States, and the challenges and opportunities this development brings. Research regarding the needs of this industry must be addressed to ensure its retention and viability while maintaining the environmental security of the region. The Committee encourages the Secretary of Agriculture, in establishing these programs, to take into consideration facilities, state and university support, and experience in environmental water monitoring and modeling of the effects of dairy production on nearby water supplies.

Organic research

The committee increases mandatory funding levels for the Organic Research and Extension Initiative (OREI) to $25 million. The OREI funds research and extension programs that assist producers and processors who have already adopted organic standards to grow and market high quality organic agricultural products.

The Committee urges the Department to develop funding opportunities for research into new and improved organic seed varieties, including research into the genetic basis for increased tolerances to stress factors, such as insects, disease, rodents and weed infestations, drought, low water quality (high salts), and lower or higher temperatures.

In addition to its many other environmental benefits, organic farming has potential to capture atmospheric carbon and store it in the soil in the form of soil organic matter. The Secretary is encouraged to continue to support research at The Rodale Institute in Berks County, Pennsylvania, which has shown that soils managed according to certified organic standards can sequester up to 3,000 pounds of carbon per acre per year.

Expanded Food Nutrition and Education Program

This section changes the funding formula for Expanded Food Nutrition and Education Program (EFNEP) to include the 1890 and Insular Area institutions and provides $100,000 in funding to each eligible institution. The provision further specifies that the EFNEP poverty Census based funding be provided directly to 1862, 1890, and insular area institutions, as opposed to being allocated to the States, as under current law. Finally, the provision increases the authorized funding levels from $83 million to $90 million per year.

The Committee is encouraged by the growing capacity of the 1890 land grant institutions to deliver Extension program content to the community. The Committee is likewise aware of the de-

mands placed on the EFNEP program and the importance of its work to people in need. In distributing EFNEP funding through more institutions, the Committee expects the Secretary to avoid duplicative program administration. As such, the Committee encourages the Secretary to take such action as is necessary to ensure that the cost of program administration at all levels is minimized.

Agricultural bioenergy and biobased products research initiative

The Committee feels strongly that the Department should fund projects that address the critical need for integrated research and technology development in the area of biofuels. Funded projects should take an integrated approach along the full biofuels and biobased products and should serve as a platform for both technology transfer and workforce development.

The Committee is aware that The Pennsylvania State University is working on all aspects of biofuels development from plant transformation to production, harvest, and storage; and from biomass pretreatment to fuel formulation and engine testing in collaboration with private industry and the government. The Committee recognizes that this is a viable model which can provide invaluable feedback and systematic improvement to our development of a national biofuels infrastructure.

Bio-refinery research

The Committee recognizes that the demand for ethanol has created challenges and opportunities for rural communities. To enhance the economic fabric of these communities, the Committee suggests the development of pilot bio-refinery research sites such as one under development at Purdue University. The Committee believes that this approach would strengthen the infrastructure available to transform locally dispersed renewable resources into value-added products that are economically valuable and viable for export to urban markets.

Food supply safety and competitiveness

Recognizing the importance of increasing the safety and competitiveness of the food supply in the United States, the Committee encourages the Secretary to create no more than five Centers of Excellence that are interdisciplinary in nature and focused on the detection, investigation, and intervention of emerging zoonotic diseases. The Centers of Excellence should be affiliated with research-intensive universities such as Purdue University, to take advantage of the available expertise as well as allow for the recruitment and training of the next generation of scientists.

Midwest Center for Specialty Crops

The Committee recognizes that investment of research funding for specialty crops offers great opportunities for growers and the public, resulting in increased economic opportunities, improved health and nutrition, and sustainable production systems that are economically and socially viable and that emphasize environmental stewardship. In order to maintain and expand these crops as a vital component of the Midwest's agriculture system, an increased focus on specialty crop research that takes into account the region's unique climate and environment is required. The Committee en-

courages the Department to competitively establish a collaborative university-based research program at a Midwestern land grant university, such as Purdue University, to support specialty crop research focused on genetic resource development, sustainable production practices, and improved marketing systems.

Weather stations

The Committee recognizes the importance of creating a southern mesonetwork of weather stations to support applied research in solar and wind energy production. The Committee is aware of the capabilities and experience of the Center for Earth and Environmental Studies (CEES) at Texas A&M International University (TAMIU) in this area of study . . . cost-effective, alternative energy sources (wind and solar) could provide a valuable resource especially to economically disadvantaged colonias throughout the Rio Grande Valley. However, to understand the potential of these energy resources, high-quality meteorological data is required.

If established, the Committee believes that the proposed network would provide better quantification of regional water resources in the drought prone region of South Texas, thereby benefiting agricultural interests by leveraging data to support current federally funded research associated with the NASA and USDA.

New era technology

The Committee recognizes the importance of developing an agriculture-based renewable energy workforce. Alabama Southern Community College, Neosho County Community College, Northeast Iowa Community College, and Eastern Iowa Community College District are recognized as being among the rural community colleges with a proven record and ability to develop and implement programs to supply certified technicians. The Committee encourages the Secretary to work with these community colleges to establish the New Era Rural Technology Program.

Center for Water Technology (Cellulosic)

The Committee recognizes the need for future research to expand production of biofuel using cellulosic technology. Because of the diversity of crops grown in the Central Valley of California and the demand for alternative fuel products in California, California State University at Fresno will broaden its biofuels project to explore new feed stocks as well as address infrastructural challenges associated with cellulosic biofuel development. The Committee encourages the Agricultural Research Service to seek partnership opportunities with CSU-Fresno to work on research and infrastructural issues including, but not limited to rangeland grasses, rice and wheat straw, as well as new opportunities for biofuel production derived from the fruit and vegetable products.

Biomass demonstration

The Committee recognizes the importance of developing alternative feedstocks for electric power generation in the Southeast (Alabama, Florida, Georgia and Mississippi), particularly the necessity of converting cellulosic biomass to electric power. The Committee encourages the Agricultural Research Service to collaborate with public utility systems in order to establish a demonstration

project in this area. In entering into any collaboration, the Committee encourages ARS to seek out public utilities that maximize use of cellulosic biomass, and that have the capability of reducing biomass fuel transportation costs and associated power distribution and transmission costs.

Specialty crop research initiative

The Committee recognizes the importance of supporting a dedicated research system that examines the multitude of factors that shape the specialty crop economy, including government policies and regulations, trade agreements and global competition, production costs, industry consolidation, labor, land use, transportation, technology and marketing. The Committee provision is intended to answer fundamental questions about how to achieve long-term viability for the nation's specialty crops. In implementing this section, the Committee encourages the Food and Agricultural Policy Research Institute (FAPRI), in consultation with USDA, to look for existing university structures, such as the one at the California State University, Cal Poly, to serve as a satellite institute for research related to specialty crops policy. The Committee recommends that the institute be given the necessary autonomy to determine budget, appropriate staffing and research activities and priorities.

Energy

The Committee recognizes the significant work Arkansas State University is conducting in the area of plant cell wall structure and function and encourages the Department to continue to recognize the value of projects that develop renewable, plant biomass-derived energy resources.

Farm management database

The Committee recognizes that the number and scope of training programs in farm management is limited. The Committee encourages the Secretary to direct resources to this area of critical need. To maximize the potential benefits of these programs, the Committee encourages the Secretary to provide an opportunity to farmers to improve their farm management knowledge and skills through direct access to a public farm benchmarking database.

The Committee recognizes the importance of plant genetics and nutrition research as it relates to finding solutions for America's obesity concerns. The North Carolina Research Campus in Kannapolis, North Carolina, will co-locate two important groups of scientists from the University of North Carolina (UNC) School Systems that would combine expertise in genetics and production agriculture with nutrition. The Committee encourages the Agricultural Research Service to work with the UNC system to establish public/private partnerships at the Kannapolis research campus and to look for new ways to address current and future health concerns.

The Committee appreciates the need for cervid-specific research to combat infectious, toxic, and parasitic diseases which adversely affect farmed and wild cervid populations. The Committee's goal is to ensure appropriate resources are spent on cervid research to eradicate disease from cervidae. The Committee encourages the USDA to work with Texas A&M University to establish a collegiate

consortium cervid research program that could also include satellite programs with expertise in cervidae research in other areas of the country.

The Committee is aware of the desire among 1890 land grant institutions to further broaden their capabilities with trespect to programs related to animal health and disease research, and forestry research. To the extent possible, the Committee encourages the Secretary to identify opportunities for these institutions to participate in the McIntire-Stennis Cooperative Forestry program and the Animal Health and Disease Research programs.

Red imported fire ants

The Secretary is encouraged to give priority to the proposed extension and research project (RIFA Abatement Program) being undertaken through the North Carolina Department of Agriculture and Consumer Services. This represents a collaborative effort between the relevant regulatory agencies and land grant universities capable of managing the red imported fire ant (RIFA) being undertaken currently at North Carolina State University, Department of Entomology in partnership with the North Carolina Department of Agriculture and Consumer Services.

Pine Genome Initiative

The secretary is encouraged to give priority to the Pine Genome Initiative (PGI), which would promote healthy forests and the development of new biofuels technology. The PGI will also help U.S. timber growers remain competitive in the global market. The PGI is supported by a broad coalition of scientists, universities, foresters, land owners, and forest products companies. It has been recognized by the USDA's Forestry Research Advisory as an important national research priority.

Colony collapse disorder

Colony collapse disorder (CCD) in honey bee populations threatens the production of crops dependent on bees for pollination as well as honey production. The Committee strongly encourages the Secretary to utilize all available research resources in investigating the cause or causes of CCD.

CYFERnet

The Children, Youth, and Families Education and Research Network (CYFERnet) Program is a national network of land grant university faculty and county Extension educators working to provide resources to community educational programs for children, youth, and families. Administered through CSREES, more than 30 universities currently collaborate on CYFERnet.

The Committee is concerned about the current lack of participation of 1890 universities in the CYFERnet. The Committee directs the Department to clarify the eligibility and facilitate the significant participation of 1890 institutions as full partners in CYFERnet, including as members of the CYFERnet Technology Team and as Technology partners.

The Committee recognizes the tremendous role that non-industrial private forest owners play in providing clean water and air, wildlife habitat, recreation opportunities, and forest products. The Committee intends the changes in this Committee substitute to foster these public benefits with greater cooperation, focus and prioritization of private forest conservation activities.

Greater cooperation and prioritization

The Committee substitute includes provisions that ascertain private forests are best served by the Department through greater cooperation and prioritization of conservation and management assistance. To accomplish this goal, state-wide assessments and strategies for forest resources, in coordination with other planning efforts, would be beneficial. It is important that there be broad participation from all sectors of the forestry community and from all levels of government. This coordination should seek to establish mutual priorities on the landscape.

The Committee substitute intends that state assessments include a review of the demand for forest products and the viability of the forest products industry.

In areas at risk of wildfire and other emergencies, state assessments and strategies should foster coordination with state level efforts regarding these threats, to provide broader coordination than may currently exist in certain states.

The Committee expects that the assessment of need prepared under the Forest Legacy Program and any other state planning and assessment efforts will be incorporated into the state-wide assessments and strategies outlined in the Committee substitute to avoid duplication. In completing these assessments, the Committee encourages use of a nationally consistent data set and recommends continued support for the Forest Inventory and Analysis Program in this regard.

The Committee expects each state to develop its strategy as a long-term action plan to express the national priorities in that state. The Committee substitute specifies that changes to these strategies and recommendations for activities to accomplish annual goals should be submitted annually to the Secretary. This information should then be used by the Secretary to determine the best funding allocation for that fiscal year to meet the national priorities.

The Committee recognizes that many decisions that affect private forests are made at the local level through planning and zoning efforts. When these planning and zoning efforts affect forests, assistance using existing authorities in the Cooperative Forestry Assistance Act is encouraged. The Committee accounts for these concerns through the national priorities contained in the Committee substitute.

The Committee recognizes that Cooperative Forestry Assistance Act funds are already being used for cooperative partnerships at the national, regional, and state level as directed in the Committee substitute as Cooperative Forest Innovation Partnerships. The Committee does not intend these authorities to prevent ongoing efforts. The Committee intends the competition in this section to

occur at a national level, where truly innovative projects can be put forward to address the national priorities, especially those that leverage non-federal dollars.

The Secretary is encouraged to work with the states to develop a list of needed emergency forest restoration needs as they arise, modeled after the process used for agriculture emergency conservation programs. Further, funding for the emergency forest restoration authorization for disaster assistance to non-industrial private forest owners will be provided through emergency appropriations.

The Committee is very concerned with the increasing occurrence of invasive species outbreaks and the effect these outbreaks have on private forests. The Emerald Ash Borer, the Gypsy Moth, the Asian Longhorned Beetle, Sudden Oak Death, and the Syrex Woodwasp are especially concerning, given their impact on a broad range of important forest species. The Committee believes these infestations have the potential for unprecedented and disastrous impacts on the nation's forests. The Committee encourages the Secretary to use the new emergency forest restoration authorities and existing authorities under the Cooperative Forestry Assistance Act to address these growing threats to forests. The Committee intends that this authority in combination with the authorities provided in the Pest and Disease Program established in Section 10201 of the Committee substitute will help address these problems.

Private forests in different regions face different challenges. In the Midwest, oak restoration is particularly important. The Committee encourages focus in Indiana, Illinois, Kentucky, Missouri, and Ohio be on oak restoration and that funds be distributed through the Cooperative Forestry Assistance Act authorities to these areas based on the size and expanse of oak stands and value of production. These funds should help manage the spread of diseases in oak trees on private lands. The Committee encourages the use of these funds to address the growing problem of poor regeneration of oak species and protection from destructive diseases.

The Committee substitute provide $85 million in mandatory funding for the Healthy Forests Reserve Program (HFRP), originally authorized in the Healthy Forests Restoration Act of 2003 (P.L. 108–148). The Committee recognizes the limited forestry expertise with the Natural Resources Conservation Service to implement the expansion to HFRP and encourages cooperation with state forestry agencies and private sector expertise in implementing this program.

The ongoing impact of fires

The Committee recognizes the overarching effect of USDA Forest Service's wildfire and wildfire budgeting problems on every aspect of program delivery and performance.

The Committee recognizes the nation has made progress in addressing wildland fire management through the National Fire Plan and the 10-year Comprehensive Strategy, the Healthy Forests Initiative, the Healthy Forests Restoration Act, and other efforts. Unfortunately, several challenges remain. Wildfire seasons are only expected to get worse and more costly over the next decade, due to drought, hazardous fuel buildup, and increasing urbanized development in forests.

The Committee believes the wildfire suppression budgeting issues are by far the most significant problem facing the entire Forest Service. Increasingly severe wildfire seasons are exacerbating the costs of wildfire suppression. Every year for the past 5 years, wildfire fighting appropriations have been insufficient to cover these catastrophic seasons.

The Committee recognizes the Forest Service is working to contain costs and institute management controls. For example, in a recent North Carolina fire, the Forest Service estimates a savings of roughly $500,000 due to new management controls. Unfortunately, cost containment measures will never completely address the problem.

The Committee identifies a two-fold problem with wildfire suppression budgeting. First, in years with extreme wildfire activity, the Agency typically depletes wildfire funding and is forced to borrow from other non-fire accounts to cover the shortfalls. Often, CFAA authorities are heavily tapped for wildfire suppression. Congress does not always replenish these accounts and even when accounts are replenished, the disruption and delay in projects can never be recouped. This borrowing severely inhibits the ability of the Agency to address the priorities outlined in the Committee substitute.

Secondly, as wildfire costs increase, the Agency's overall budget has not increased. Today, wildfire funding constitutes 45% of the Forest Service budget. In 1991, wildfire costs were 13% of the budget. Due to these rising wildfire costs in times of flat overall budgets, non wildfire activities like the Cooperative Forestry Assistance Act programs, forestry research, and other forest management programs have suffered cuts every year.

Additionally, the Committee encourages the Secretary to work with private forest owners in the wildland-urban interface to help implement Community Wildfire Protection Plans and FireWise activities that will help reduce the costs of wildfire suppression.

TITLE IX—ENERGY

While the Committee did not have a separate energy title in its version of the 2002 Farm Bill, there were various provisions addressing the production of renewable energy as well as energy efficiency scattered throughout its various titles. The Farm Security and Rural Investment Act of 2002 as passed did contain the first ever dedicated energy title, and the Committee substitute builds on the programs established under that bill.

U.S. agriculture has tremendous potential to help America lessen its dependence on imported energy. Much of the potential for wind resources in the United States is on rural lands. And of course, the availability of biomass from agricultural and forestry crops, including fruits and vegetables, and the materials left after harvesting and processing are yet a largely untapped source. The Committee believes that increasing the availability of feedstocks as well as technologies to convert them is vital and a key goal of the programs contained in Title IX. There are a number of crops that appear to hold potential from algae that can be converted into biodiesel to sweet sorghum and switch grass for ethanol production. The Committee is also interested in further research and demonstration showing the potential for native plants grown together

in mixtures to provide yields on a par with monocultures for biofuel production.

The Committee believes the CCC Bioenergy Program has been a useful tool in the ongoing development of biofuels and specifically biodiesel. However, due to the complexities of biodiesel feedstocks, we urge the Secretary to simplify the biodiesel section to make it easier for biodiesel producers to use the program when planning input costs for the production of biodiesel.

The Committee also recognizes that along with making the full use of the range of domestic energy sources, the efficient use of energy is another important tool to help lessen our dependence on foreign sources. Even before the country's awareness was raised about in recent years because of rising oil prices, farmers and ranchers were taking steps like no-till to reduce trips across their fields as well as utilizing poultry litter and animal manure as fertilizers.

To help increase their efficiency further, a specific program was created to help install more energy efficient equipment and undertake renewable projects, such as installation of methane digesters and wind turbines. The Committee substitute makes this program more workable yet keeps it focused on projects directly on farms and ranches and rural small businesses. The Administration proposed to utilize this program to make larger loan guarantees, but as discussed below, the Committee created a different program to address those needs.

Some states had already been utilizing Title II conservation programs in addition to Title IX programs to help farmers and ranchers reduce their energy use, but the Committee substitute makes it clear that conservation programs can also help in this effort.

The Committee was concerned about the lack of funding available for a loan guarantee program dedicated to getting cellulosic ethanol plants built, so one of its primary goals was the addition of loan guarantee authority to the existing biorefinery grant program. This authority would also allowing existing plants, including sugar refineries or pulp and paper mills, to undertake retrofitting to produce biofuels or chemicals in addition to their current primary output.

The Committee is particularly interested in creating incentives for ethanol production facilities in states such as Hawaii with little petroleum production, high gasoline prices, and that are geographically remote from other domestic supplies. Until such time as specific incentives are created for such states, the Committee strongly encourages USDA to use authorities already in existence and the authorities established under the Committee Substitute to provide loans and loan guarantees for viable entities in these states.

The Committee did not intend to exclude public power entities under sections 9005 and 9006 in the Farm Security and Rural Investment Act of 2002. Public power entities are defined as "a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act" and therefore eligible.

The Biomass Research and Development Program has been in place since 2000, and the Committee hopes to infuse it with additional mandatory spending despite its lack of a baseline. The Committee has heard from numerous outside groups involved that there needs to be a focus on development and actual commercial

applications. That said, the Committee does also believe that basic research into existing crops utilized for bioenergy production as well as new dedicated bioenergy crops is also necessary. Another key component is research into the better utilization of by-products from biofuel production. And with a new class of feedstocks about to utilized, additional research into the handling, transporting and storing of these cellulosic feedstocks will be crucial.

The Committee believes that nothing in the Sun Grant language prohibits an eligible institution from receiving grant funds to establish a pilot scale biorefinery.

The combination of a growing renewable fuels industry looking to pursue additional feedstock options and the increased access offered to Mexican sugar as a result of full NAFTA implementation poses both opportunities and challenges to our existing domestic programs. In recognition of these changes, the committee substitute establishes a mechanism to allow biofuels producers to access sugar for biofuel production at competitive prices. This mechanism would only be used by USDA in times of excess sugar supply and would help avoid forfeiture of sugar to the government.

TITLE X—HORTICULTURE AND ORGANIC AGRICULTURE

Honey and bees

Colony Collapse Disorder (CCD) is the term used to describe the significant disappearance of honey bee colonies in more than 22 states. CCD threatens the production of crops dependent on bees for pollination as well as honey production. Pollination is responsible for $15 billion in added crop value, particularly for specialty crops such as nuts, berries, fruits, and vegetables. Of the 2.4 million colonies of bees in the United States, the almond crop in California alone requires 1.3 million colonies, and this need is projected to increase significantly over the next few years. The bee industry is facing difficulty meeting the demand for pollination in almonds because of bee production shortages in California. Consequently, growers depend increasingly on beekeepers from other states to transport honey bee colonies across the country to meet the pollination demand (a phenomenon known as migratory beekeeping). If researchers cannot find a solution to CCD, beekeepers will be unable to meet the increased pollination demand for almonds and other crops. Current theories about the cause(s) of CCD are varied including the continued impacts of the varroa mite, the role of new or emerging diseases, especially the Nosema parasite, possible impacts from pesticides applied for crop pest control or for in-hive insect or mite control, stress from poor nutrition, and drought, and stress arising from the long distances traveled to provide pollination services. The Committee substitute requires the Secretary to publish an annual report on the progress made by USDA in investigating the cause or causes of CCD.

Horticulture provisions

In 2006, U.S. production of specialty crops (fruits, vegetables, tree nuts, dried fruits and nursery crops including floriculture) accounted for $53 billion, or 44% of total U.S. crop receipts.

The Committee substitute adds a definition for nursery tree grower to the Tree Assistance Program contained in Section 10201

of the Farm Security and Rural investment Act of 2002 (7 U.S.C. 8201). This change responds to concerns conveyed to the Committee by producers of nursery, ornamental, fruit, nut, and Christmas trees over their exclusion from participation under the Tree Assistance Program. The Committee substitute also expands the annual limit eligible growers may receive under the program to $150,000 to better reflect the value of eligible tree production.

The specialty crop industry has focused on marketing, research and educational support rather than traditional crop subsidies to manage the challenges of increased global trade and foreign competition. These challenges include increasing domestic consumption, reviving stagnant export growth, and aggressively managing food safety and pest and disease issues.

The Committee substitute addresses these challenges by providing $365 million in new mandatory funding for the specialty crop block grant program. The Committee substitute responds to the growing recognition by the specialty crop industry that these grants are vital for ensuring the availability of flexible and locally driven solutions to the problems facing the sector. The Committee substitute makes clear that all horticultural crops are eligible for these grants by inserting the word horticulture in the definition of specialty crops as defined in the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621).

The specialty crop industry makes extensive use of marketing orders and agreements. These legal instruments issued by the Secretary are designed to stabilize market conditions for certain agricultural commodities by regulating the handling of those commodities in interstate or foreign commerce. The Committee substitute amends the Agricultural Marketing Agreement Act of 1937 by allowing clementines to be considered as an eligible product and by expressly permitting the implementation of quality related food safety programs under new or existing marketing orders.

The Committee substitute establishes minimum maturity requirements for Hass avocados and restructures membership to the Mushroom Council based on production thresholds within a region.

The Committee substitute also responds to the pest and disease management needs of the specialty crop industry by establishing a comprehensive early pest and disease detection and surveillance program in cooperation with State departments of Agriculture. The Committee substitute provides $200 million in mandatory funding for this new program. The Committee substitute also addresses the needs of the nursery industry by establishing within USDA a program for a National clean plant network. This network will provide a sustainable source for pest and disease free horticulture crop planting stocks.

The Committee substitute acknowledges the need for additional education within the general public and the specialty crop supply chain on practices and methods that reduce produce contamination from microbial pathogens by authorizing the Secretary to develop a fresh produce education initiative.

The Committee substitute provides funding for numerous pest and disease programs and directs the Department to collaborate with nursery industry organizations as the industry seeks to develop, test and disseminate new systems of nursery pest and disease management. The Committee intends that the nursery indus-

try be granted a great deal of flexibility in developing programs that meet its needs.

The Committee recognizes that the pest risk management plans developed by the nursery industry will have to meet minimal regulatory requirements if they are to be useful and effective. As such, the Committee suggests that the appropriate role for the Department in implementing this program is to provide guidance and technical assistance to the industry.

The Committee remains concerned that the comment period closed over a year ago on the proposed regulations for implementing Section 436 of the Plant Protection Act (7 U.S.C. 7756(b)(2)) yet the Animal and Plant Health Inspection Service (APHIS) has yet to publish a final regulation (Docket No. APHIS–2005–0103). These regulations will govern how a state or political subdivision petitions APHIS to allow them to impose restrictions and prohibitions greater than those imposed by federal regulations if they can demonstrate that there is a special need for a higher level of protection for that State or political subdivision. The Committee encourages the Secretary to make every effort to publish the final regulation within 60 days of enactment of this Act or notify the Committee as to the reason the final regulation is not completed.

Organic agriculture

Organic foods are the fastest growing sector of U.S. retail food sales, growing at approximately 20 percent annually over the past decade. In 2006, organic retail sales reached almost 3 percent of the entire United States food and beverage market. The Committee substitute recognizes the increased market growth and consumer interest in organic food by expanding the assistance available from the Secretary to producers converting from conventional agriculture to organic production.

The Committee substitute provides $22 million in mandatory funding for the National Organic Certification Cost Share Program and increases the maximum certification cost share payment to $750.00. This increase is in response to the organic provisions in the Administration's 2007 Farm Bill proposal and to testimony received by the Committee on program needs of U.S. organic producers. The Committee substitute also responds to the urgent need of organic producers for reliable and applicable information to assist them in production and marketing decisions by providing $3 million in mandatory funding for segregated data collection on price, production volume and other organic market characteristics. Most data presently collected by the Department is of little relevance to organic producers because it is collected by crop or market without regard to the method of growing.

The Committee substitute also authorizes the Secretary to establish a new program of conversion assistance for producers during the three-year conversion period from conventional to organic production. The program establishes producer incentive payments limited to $10,000 per year and capped at $50 per acre for cropland and $25 for grazing land. To be eligible for the incentive payments, a producer would be required to have an organic system plan approved by an accredited organic certifying agent and to be pursuing organic certification under the Organic Foods Production Act of

1990 (7 U.S.C. 6501 et seq.). Should the conversion to organic production not be completed, the producer would be required to repay in whole to the Secretary all incentive payments received. The new program also permits the Secretary to contract with third parties to provide technical and educational assistance to producers wishing to convert to organic production. Of the funds available in the program, 50 percent would be devoted to technical assistance and education.

Farmers markets

Farmers markets play an important and expanding role in connecting urban areas with wholesome fresh farm products. The Farmers Market Promotion Program (FMPP) was created in the 2002 Farm Bill to provide grants to help increase and improve direct farmer-to-consumer marketing opportunities.

The Committee substitute reauthorizes and renames the FMPP to the Farmers Marketing Assistance Program (FMAP) to reflect the Committee's intention of providing assistance to farmers seeking to increase farm income through all methods of farmer-to-consumer direct marketing. The Committee substitute expands the eligibility requirements for grants under the program to include two or more farmers who produce and sell their own products through a common distribution channel. With the intention of improving farmer access to the program, the Committee substitute clarifies the list of direct marketing activities eligible for assistance under the program. This list includes farmers markets, roadside stands, community supported agriculture ventures, activities to support the use of electronic benefits transfer systems at farmers markets, pick-your-own operations, producer-owned agritourism operations facilitating the direct sale of agricultural products, and other similar ventures as determined by the Secretary. Through this clarification, it is the Committee's intention that these forms of farmer-to-consumer direct marketing methods be considered equally for support through the program. The Committee substitute provides $35 million in mandatory funding for the new FMAP.

In addition, the Committee substitute recognizes the crucial role the implementation of electronic benefits transfer (EBT) systems play in the success of these markets, and to low-income consumer access to fresh produce. The Committee therefore requires that a minimum of ten percent of program funds be devoted to projects designed to implement and carry out EBT systems.

Plant protection and the inspection of imported produce

The increasing movement of people and commerce places the U.S. specialty crop industry, and indeed all of agriculture, at heightened risk from the accidental or intentional introduction of plant and animal pest or diseases. In an effort to better coordinate border inspection functions, the Homeland Security Act of 2002 transferred the personnel and responsibility for conducting Agricultural Quarantine Inspection (AQI) functions from USDA to the new Department of Homeland Security (DHS).

Preceding passage of the Homeland Security Act, the Agriculture Committee held hearings in which industry groups raised concerns that the merger of the AQI function within Customs and Border Protection mission area would severely hamper the agricultural im-

port inspection mission. Industry trade associations, State departments of agriculture and several Committee members expressed the concern that while CBP focuses on anti-terrorism or intentional introductions of plant and animal pests and disease, the AQI mission area focuses as much effort on preventing accidental introductions and this critical distinction would become lost in the merger process.

In the time period since enactment of the Homeland Security Act, at least 3 audit investigations have been conducted to evaluate the status of the AQI function within the newly established Customs and Border Protection agency. Audit investigations were carried out by the House Committee on Agriculture, the Government Accountability Office (*HOMELAND SECURITY Management and Coordination Problems Increase the Vulnerability of U.S. Agriculture to Foreign Pests and Disease*), and a joint audit by the Inspectors General of USDA and DHS (*Review of Customs and Border Protection's Agriculture Inspection Activities*). Each audit investigation uncovered significant problems with DHS' management of the AQI program. Problems included reductions in the numbers of inspections and interceptions, inadequate staffing in various ports of entry, deteriorating morale among legacy agricultural inspectors, failure by DHS to implement, evaluate and act on AQI performance measures, inadequate communication between DHS and its partner agencies, and the deterioration of the agriculture canine program—a key tool for targeting passengers and cargo for detailed inspection. The conclusions reached by each investigation suggests that the science based inspection function of the AQI program simply does not fit within the law enforcement style of the Customs and Border Protection mission area.

In the years since the transfer of the AQI program to DHS, the Committee and various industry groups have continued to raise concerns with DHS about the status of the AQI program. The committee substitute addresses this issue through the restoration of import and entry agricultural inspection functions to the Department of Agriculture. In affecting the restoration of the AQI program within USDA. While the Committee has received input that another transfer of this function could be disruptive, it is the conclusion of the Committee that the long-term consequence of not transferring AQI back to USDA would pose a much greater risk to U.S. agriculture. Upon this transfer of AQI back to USDA, the Committee expects the Secretary to take all necessary steps to quickly integrate AQI to minimize further disruption to this vital program.

TITLE XI—MISCELLANEOUS PROVISIONS

Traditionally, major changes to the crop insurance program are not part of a farm bill. However, over the course of three hearings held by the General Farm Commodities and Risk Management Subcommittee this year, and many more in the previous Congress, several issues arose. These issues include supplemental crop insurance, rising government costs of payments to crop insurance companies, the 508(h) process for approving crop insurance policies, crop insurance for organic and sesame growers, and how crop insurance incentivizes planting on native grasslands.

Under current law, farmers can buy either an individual yield or revenue policy that provides coverage based on their Actual Production History (APH) and actual yield. Another option currently available to farmers is to purchase a Group Risk Plan (GRP) policy based on expected county yields and actual county yields. The Subcommittee adopted provisions included in H.R. 1825 that would combine these two existing risk management tools and allow farmers to buy a portion of a GRP policy as supplemental crop insurance in addition to their base APH yield or revenue policy. This combination functions as a disaster policy, giving farmers more choices and more protection when there is a county loss which is likely to occur during a drought, flood, or large storm situation. This plan is similar to one put forward by the Administration in its farm bill recommendations.

Earlier this year, the Subcommittee held a hearing to specifically examine concerns raised by other Committees in Congress about the structure of the crop insurance program and the level of payments that flow from the federal government to crop insurance companies. At the hearing, witnesses from the crop insurance industry and USDA reported that reimbursements to crop insurance companies for administrative and operating expenses (A&O), for most companies, do not cover costs associated with offering crop insurance. Consequently, underwriting gains cannot be viewed as pure profit as some of those gains are necessary to offset outstanding costs. But members also expressed concern that with rising premiums due to recent higher commodity prices, A&O reimbursements are getting closer to, if not already, surpassing costs borne by the companies. To address this, the Committee substitute includes a reduction in A&O reimbursement rates of two percentage points. This matched a similar reduction in A&O that the Administration included in its farm bill proposal. In addition, the substitute authorizes the Federal Crop Insurance Corporation (FCIC) to enter into periodic renegotiations of the Standard Reinsurance Agreement with the crop insurance industry starting in 2012. This should allow the FCIC to ensure that the crop insurance market reflects current conditions. The Administration also sought to allow periodic renegotiations every three years. The Committee substitute, instead, would permit renegotiations every five years.

At one of the Subcommittee hearings, a witness suggested changes to current law to establish an alternative crop insurance proposal submission regime. In the Federal Crop Insurance Act, individuals and companies that participate in the 508(h) program cannot be reimbursed for the costs of developing the proposal unless it is approved by the FCIC. This was viewed as a strong disincentive for producer groups, particularly small producers groups, to submit proposals for new crop insurance policies. As an alternative to 508(h), it was recommended that Congress develop another process that would apply the same tough standards in reviewing the insurance policy proposals as current law, but allow submitters to get reimbursed for their costs even if the proposed crop insurance policy is rejected by the FCIC. The Committee substitute includes such a process. The Committee intends USDA and the FCIC to stringently review applications submitted pursuant to this provision, to ensure that taxpayer dollars are expended wisely on projects with a high likelihood of success.

At the same hearing, organic and sesame growers expressed their complaints with crop insurance. Until recently, organic farmers were denied coverage under USDA's Federal crop insurance program because organic agriculture was considered experimental and higher risk. Today, those fears have been allayed and coverage is available, but still under restrictive terms reflecting lack of sufficient data on growing experience and prices received for organic goods. For instance, organic producers purchasing Federal crop insurance coverage, must pay a 5 percent surcharge on their insurance premiums and, even then, are insured for loss only at the conventional price, a level that denies market realities and is insufficient to cover the higher costs inherent in organic production. Provisions in the Committee substitute not only address these problems, but also direct the FCIC to report annually to the House Committee on Agriculture and to the Senate Committee on Agriculture, Nutrition, and Forestry on its progress in developing and improving its coverage for organic crops.

Sesame growers asked for a pilot program for actual production history multi-peril crop insurance. They believe sesame has huge potential to bring profitability to farms across Texas, Oklahoma, and elsewhere, but they need crop insurance because of the commercial practicalities of securing acres and financing. Their petition to the FCIC Board for a new policy was denied because of the Board's guideline of not granting new insurance policies for small acreage crops. That decision has put sesame growers in a vicious circle: RMA and FCIC say sesame cannot be insured because the acreage is "too small." But the acres are "too small" because sesame cannot be insured. The Committee substitute addresses this by directing the Secretary to establish a pilot sesame insurance program.

Finally, the Subcommittee heard from producers concerned that federal crop insurance was providing farmers with incentives to plow virgin prairie land. One particular incentive is the ability of a producer to transfer APH from an existing farm to a new farm within the same county. Having the ability to move a higher APH to new land gives the farmer with the APH an advantage over other farmers seeking to bid on the land. The Committee substitute includes a provision making crops grown on grassland or pasture that has never been planted, ineligible for crop insurance for the first four years of planting. It is hoped that this will provide a sufficient disincentive to breaking up this virgin land.

Pseudorabies Eradication Program

The Farm Security and Rural Investment Act of 2002 included an effort to consolidate the numerous overlapping and in some cases contradictory statutes concerning animal health. The new consolidated statute, termed the Animal Health Protection Act serves as the centerpiece of our Federal efforts to prevent, manage, and control the spread of disease among the livestock of the United States. Implicit in this statue is the authority to regulate any endemic or emerging disease of livestock. While most other animal health statutes were repealed in this effort, the Congress did extent the authorization for a separate Pseudorabies Eradication Program. The Committee is aware that the Department of Agriculture does not use this separate authority for program operation or ap-

propriation. As such, the Committee has decided to allow this separate authority to expire. In doing so, the Committee does not intend for USDA's efforts in controlling pseudorabies to be interrupted. Instead, the Committee fully expects that the Department will use the authority of the Animal Health Protection Act to continue to address concerns related to pseudorabies.

Arbitration of livestock and poultry contracts

In recent years, some livestock and poultry producers have expressed concern about mandatory arbitration provisions in contracts between producers and processors. To address this concern, the Committee substitute authorizes the Secretary to promulgate regulations to establish standards related to the inclusion of arbitration clauses in livestock and poultry contracts between producers and processors.

In promulgating such regulations, the Secretary should give consideration to existing guidelines for due process in arbitration, as contained in the Consumer Due Process Protocol: Statement of Principles of the National Consumer Disputes Advisory Committee of the American Arbitration Association.

State-inspected meat and poultry

Some consumers, producers and processors have requested that Congress provide for the authority to ship meat from State inspected plants across State lines, which is currently prohibited by statute. The Committee substitute permits the interstate shipment of State-inspected meat from a State found to have standards that are identical to those of the Federal program.

Cattle Fever Tick Eradication Program

Parasites such as the cattle fever tick are a continuous problem for the livestock industry. Insect pests spread disease, decrease growth efficiency, and cause discomfort for the animals. Of additional concern is that insect pests can migrate back and forth across State and national borders. In South Texas, cattle fever ticks continue to be a problem. Infected herds can be placed under quarantine for months causing tremendous financial hardship for ranchers. The Committee substitute encourages USDA to continue to work to eradicate the cattle fever tick from the domestic cattle population through the development of a national strategic plan that emphasizes prevention, surveillance and research.

Farm animal manure

Recent court cases regarding the designation of livestock and poultry manure as hazardous waste under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Emergency Planning and Community Right-to know Act (EPCRA), have caused a great deal of concern for livestock and poultry producers. The Committee shares these concerns, and intends to closely monitor developments in this area and the impact on the livestock and poultry industries.

Outreach and advocacy for minority, beginning and limited resource farmers and ranchers

The rate of decline in the number of farms has led to concerns about concentration of land ownership in general, but the rate of decline of ownership by Black farmers has been staggering. According to USDA estimates, there has been a 95 percent decline in farm ownership among non-whites, and with farm ownership by women and Hispanics stabilizing or increasing slightly, the majority of that impact has been on Black farmers.

In order to address the decline in farm ownership by Black farmers and to encourage women and other non-white farmers and ranchers to get started or continue in agricultural production, various outreach programs have been created, including the Section 2501 Program from the 1990 Farm Bill. The Committee substitute builds on past efforts to provide funding for outreach activities as well as creating new opportunities to reach beginning farmers and ranchers.

Beginning Farmer and Rancher Development Program

The average age of agricultural producers continues to increase with an average age of 56 years and statistics also showing that there are twice as many farmers over the age of 65 as there are under 35. Given the capital requirements involved in farming and ranching, it is difficult for anyone who isn't already connected to an operation to get started. In order to help address the coming transition, the Committee substitute continues to build on efforts to provide training and capital to bring young people into agriculture or give them reason to stay on the farm.

Receipt for service/denial of service

Community-based organizations and other types of outreach groups have shown success with minority farmers and ranchers as well as beginning producers by providing them with needed technical assistance and financial training, mentoring and guidance. The Committee substitute attempts to build on those efforts.

Tracking of socially disadvantaged farmers and ranchers

In spite of positive changes to departmental structure in the 2002 Farm bill, minority and beginning farmers and ranchers remain on the fringe of USDA services. As agriculture continues to change, so too should departmental structure. To aid the Department in its allocation of resources, and to anticipate future needs, data collection and reporting are of vital importance.

Office of outreach/farmworker coordinator

In order to address the fact that many socially disadvantaged and beginning farmers and ranchers are not utilizing USDA programs, the Committee substitute asks the Secretary to find a permanent home for the Office of Outreach. The Substitute would also have the Office of Outreach, whereever it is placed, operate both the Section 2501 Outreach Program and the Beginning Farmer and Rancher Development Program. It is envisioned that the Office would also house a Farmworker Coordinator and a Coordinator for Chronically Underserved Rural Areas. Given these responsibilities,

it is the hope of the Committee that the Secretary will elevate this Office to the stature that it deserves.

Surplus computers

The committee is encouraged by USDA's work with other federal agencies to make available surplus or excess computers and technical equipment to small towns in rural areas. Such equipment offers continued value to these communities, which often lack the resources to purchase such equipment new. Additionally, unlike many other government surplus programs, this transfer helps serve the mission of the rural development programs at USDA. The committee substitute provides explicit authority to ensure that this project is able to continue.

Pesticide use

The committee substitute makes clear the Committee's support for the regulatory framework for pesticide use established under the Federal Insecticide, Fungicide and Rodenticide Act. The Secretary is directed to not discriminate against the use of registered pesticide products or classes of pesticide products when establishing priorities and evaluation criteria for the approval of plans, contracts and agreements under Title II of this Act.

Fruit and vegetable exports

U.S. specialty crop growers and exporters face significant barriers in accessing foreign markets from tariffs to burdensome regulatory requirements. The committee substitute addresses this issue by directing the Secretary to utilize private sector expertise in developing fruit and vegetable market analysis and to establish a web-based portal listing the status of each fruit and vegetable export petition, an explanation of the sanitary and phytosanitary issues associated with each petition and a compilation of import requirements of foreign countries for fruits and vegetables.

Production of methamphetamines

Methamphetamine manufacturing and use continues to plague our rural areas. Unfortunately, anhydrous ammonia, a key ingredient in making the drug, is in ample supply as a fertilizer in these same rural areas. The committee substitute establishes a grant program to assist agricultural retailers and cooperatives in purchasing chemical additives or methamphetamine inhibitors to be added to their supplies of anhydrous ammonia to reduce the amount of methamphetamine that could be produced.

USDA graduate school

In 2002 farm bill the Committee included language terminating the USDA Graduate School's ability from entering into inter-agency agreements and memorandums of understanding under the Economic Assistance Act. The Graduate School found different authority under which they continued entering into inter-agency agreements.

The language in the Committee Substitute does not eliminate the USDA Graduate School. The Graduate School can continue to operate as a truly commercial entity. The Committee Substitute only eliminates the relationship between the School and USDA.

SECTION-BY-SECTION ANALYSIS

TITLE I—COMMODITY PROGRAMS

SUBTITLE A—DIRECT PAYMENTS AND COUNTER CYCLICAL PAYMENTS

Sec. 1001. Definitions

Section 1001 sets out definitions of various terms used in the bill. Most terms are defined as they were in the 2002 farm bill.

"Base acres" means the number of acres established by the 2002 farm bill as in effect one day before enactment of this bill.

"Covered commodity" is updated to include peanuts.

Section 1001 amends the definition of "loan commodity" by replacing rice with long grain, short grain, and medium grain rice, by replacing barley with feed barley and malt barley, and by adding peanuts.

"Payment acres" means 85 percent of the base acres for a covered commodity on which direct payments are made.

The section amends the definition of "payment yield" to mean the yield established for direct and counter-cyclical payments under the 2002 farm bill as in effect one day before enactment of this bill.

Section 1001 adds a definition of "Far East Price" and two definitions dealing with cotton quality and premiums: "United States Premium Factor," which means the difference between the premiums offered by the U.S. loan schedule for certain grades of cotton in excess of the premiums for comparable international grades delivered cost and freight to the Far East market; and "Comparable United States Quality", which states a classification standard for upland cotton which contains a slight premium for uniformity and falls within an acceptable range—to avoid a discount—for fiber wall thickness.

Sec. 1101. Adjustments to base acres

Producers are generally not given a choice of updating base acres or payment yields under this bill. However, section 1101(a) continues the 2002 farm bill's provisions regarding Treatment of Conservation Reserve Contract Acreage. This allows the Secretary to provide base acre adjustments when a conservation reserve contract ends.

Section 1101(b) continues the 2002 farm bill's provisions allowing the Secretary to reduce base acres when the sum of the farm's base acres and the farm's other acreage enrolled in certain conservation programs exceeds the actual cropland acreage of a farm.

Section 1101(c) continues the 2002 farm bill's provisions allowing a farmer to permanently reduce the base acres on a farm.

Sec. 1102. Availability of direct payments

Section 1102(a) authorizes direct payments for 2008–2012 crop years in same manner as in 2002 Farm Bill.

Section 1102(b) maintains direct payment rates as in 2002 Farm Bill, and includes peanuts.

(1) Wheat, $0.52 per bushel.
(2) Corn, $0.28 per bushel.
(3) Grain sorghum, $0.35 per bushel.
(4) Barley, $0.24 per bushel.
(5) Oats, $0.024 per bushel.

(6) Upland cotton, $0.0667 per pound.
(7) Rice, $2.35 per hundredweight.
(8) Soybeans, $0.44 per bushel.
(9) Other oilseeds, $0.0080 per pound.
(10) Peanuts, $36.00 per ton.

Section 1102(c) retains the formula for calculating payment amount as the product of payment rate times payment acres times payment yield.

Section 1102(d) allows advanced direct payments of up to 22 percent for 2008–2011 crop years and requires repayment of direct payments under same conditions as 2002 Farm Bill. Terminates advanced direct payments starting with 2012 crop year.

Section 1102(e) prohibits a payment if the total direct payment to be paid to a producer on a farm for all covered commodities is less than $25.00.

Sec. 1103. Availability of counter-cyclical payments

Section 1103(a) and (b) authorize counter-cyclical payments and establish the effective prices for covered commodities for 2008–2012 crop years in same manner as in 2002 Farm Bill. Clarifies that the Secretary shall establish national average loan rates for all rice and all barley for the purpose of calculating counter-cyclical payments as is done under current law (notwithstanding the fact that separate loan rates are established for long grain and medium grain rice and for feed barley and malt barley in section 1202 of the bill).

New target prices for wheat, barley, oats, cotton, soybeans, and other oilseeds are set out in the bill. Section 1103(c) establishes target prices as follows:

Wheat, $4.15 (23 cents above 2002 Farm Bill price)
Corn, $2.63 (Same as 2002 Farm Bill price)
Grain Sorghum, $2.57 (Same as 2002 Farm Bill price)
Barley, $2.73 (49 cents above 2002 Farm Bill price)
Oats, $1.50 (6 cents above 2002 Farm Bill price)
Upland Cotton, $0.70 (2.4 cents below 2002 Farm Bill price)
Peanuts, $495 per ton, (Same as 2002 Farm Bill price)
Rice, $10.50 (Same as 2002 Farm Bill all rice price)
Soybeans, $6.10 (20 cents above 2002 Farm Bill price)
Other oilseeds, $0.1150 (1.4 cents above 2002 Farm Bill price)

Section 1103(d) and (e) maintain the 2002 Farm Bill formulas for payment rates and amounts.

Section 1103(f) allows for partial counter-cyclical payments for the 2008–2010 crop years of up to 40% for 2008–2012 crop years and requires repayments of such under same conditions as 2002 Farm Bill. Partial countercyclical payments will be unavailable beginning with the 2011 crop year.

Section 1103(g) prohibits a payment if the total counter-cyclical payment to be paid to a producer on a farm for all covered commodities is less than $25.00.

Sec. 1104. Availability of revenue-based counter cyclical payments

Section 1104 provides producers with one-time choice between participating in counter-cyclical program or a revenue counter-cyclical program (RCCP). It authorizes an option for revenue counter-cyclical payments for 2008–2012 crop years to producers for which

base acres and payment yields are established. RCCP payments are made when national actual revenue per acre is less than the national target revenue per acre.

The program establishes a national target revenue per acre as follows:

(1) Wheat, $149.92.
(2) Corn, $344.12.
(3) Grain Sorghum, $131.28.
(4) Barley, $153.30.
(5) Oats, $92.10.
(6) Upland cotton, $496.93.
(7) Rice, $548.06.
(8) Soybeans, $231.87.
(9) Other oilseeds, $129.18.
(10) Peanuts, $683.83.

National payment yields per acre as established for each commodity as follows:

(1) Wheat, 36.1 bushels per acre.
(2) Corn, 114.4 bushels per acre.
(3) Grain Sorghum, 58.2 bushels per acre.
(4) Barley, 48.6 bushels per acre.
(5) Oats, 49.8 bushels per acre.
(6) Upland cotton, 634 pounds per acre.
(7) Rice, 51.28 hundredweight per acre.
(8) Soybeans, 34.1 bushels per acre.
(9) Other oilseeds, 1167.6 pounds per acre.
(10) Peanuts, 1.496 tons per acre.

Section 1104 sets a national payment rate for RCCP payments equal the difference between national target revenue per acre and national actual revenue per acre divided by the national payment yield. When triggered, revenue counter-cyclical payments will equal the product of the national payment rate, the payment acres, and the payment yield for current counter-cyclical payments. It also authorizes partial revenue counter-cyclical payments until 2011 crop year.

Section 1104(i) prohibits a payment if the total revenue based counter-cyclical payment to be paid to a producer on a farm for all covered commodities is less than $25.00.

Sec. 1105. Producer agreement required as condition of provision of direct payments and counter-cyclical payments

Section 1105 maintains 2002 Farm bill requirements setting conditions on payment of direct and counter-cyclical payments. Section 1104(a) requires producers receiving direct and counter-cyclical payments to use the land for an agricultural or conserving use, comply with planting flexibility requirements, comply with certain conservation requirements, and to control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices.

Section 1105(b) through (e) maintain 2002 farm bill requirements governing transfer of interest, acreage reports, tenants and sharecroppers, and sharing of payments.

Sec. 1106. Planting flexibility

Section 1106 maintains 2002 Farm Bill provisions restricting the planting of fruits and vegetables on base acres, except that it establishes a pilot Farm Flex project in Indiana, under which tomatoes may be planted on up to 10,000 base acres.

Sec. 1107. Period of effectiveness

Section 1107 authorizes the previous sections for 2008 through 2012 crop years.

SUBTITLE B—MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS

Sec. 1201. Availability of nonrecourse marketing assistance loans for loan commodities

Section 1201 authorizes nonrecourse loans for loan commodities for 2008–2012 crop years in same manner as 2002 Farm Bill. Includes requirement that producers comply with certain conservation requirements.

Section 1201(e) provides that marketing assistance loans for peanuts may be obtained by producers through either a marketing association or marketing cooperative of producers approved by the Secretary, or through the Farm Service Agency. Authorizes a marketing association or cooperative that provides a loan under this section, may market the peanuts subject to such loan in any manner that conforms to consumer needs, including by type and quality.

Sec. 1202. Loan rates for nonrecourse marketing assistance loans

Section 1202(a) establishes two loan rates for rice, a long grain rice loan rate and a combined medium and short grain rice loan rate. And two loan rates for barley: a feed barley rate and a malt barley rate. It sets loan rates as follows:

Wheat, $2.94 (19 cents above 2002 Farm Bill rate)

Corn, $1.95 (same as 2002 Farm Bill rate)

Grain Sorghum, $1.95 (same as 2002 Farm Bill rate)

Feed Barley, $1.90 (5 cents above 2002 Farm Bill all barley rate)

Malt Barley, $2.50 (65 cents above 2002 Farm Bill all barley rate)

Oats, $1.46 (6 cents above 2002 Farm Bill rate)

Base quality of Upland Cotton, $0.52 (same as 2002 Farm Bill rate)

Extra long staple cotton, $0.7977 (Same as 2002 Farm Bill rate)

Long grain rice, $6.50 (same as 2002 Farm Bill all rice rate)

Medium/short grain rice, $6.50 (same as 2002 Farm Bill all rice rate)

Soybeans, $5.00 (same as 2002 Farm Bill rate)

Other oilseeds, $.0.1070 (1.4 cents above 2002 Farm Bill rate)

Dry Peas, $5.40 (82 cents below 2002 Farm Bill rate)

Lentils, $11.28 (44 cents below 2002 Farm Bill rate)

Small Chickpeas, $8.54 ($1.11 above 2002 Farm Bill rate)

Peanuts, $355 (same as 2002 Farm bill rate)

Graded wool, $1.10 (10 cents above 2002 Farm Bill rate)

Nongraded wool, $0.40 (same as 2002 Farm Bill rate)

Honey, $0.60 (same as 2002 Farm Bill rate)

Mohair, $4.20 (same as 2002 Farm Bill rate)

Section 1202(b) requires the Secretary to establish a single loan rate in each county for each of the "other oilseeds" listed in 1202(a).

Section 1202(c)(1) requires the Secretary to determine, based on data including prices for both corn and grain sorghum, and establish a single loan rate for corn and sorghum in each county, and a single national average loan rate for corn and grain sorghum. Section 1202(c)(2) requires the Secretary to administer loan, marketing loan, counter-cyclical and related programs using a single loan rate for corn and grain sorghum that is identical in each county.

This section does not continue the 2002 Farm Bill provisions requiring that loan rates for dry peas, lentils and small chickpeas be based on feed peas, number 3 lentils, and number 3 small chickpeas.

Sec. 1203. Terms of loans

Section 1203 continues the provisions of the 2002 Farm Bill on the terms of loans: 9 months; no extensions.

Sec. 1204. Repayment of loans

Section 1204(a) establishes a general rule that loans may be repaid at the lesser of the rate established in section 1202, or a rate determined by the Secretary that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across State and county boundaries. It excludes cotton, rice, and sunflower seeds (other than oil sunflower seeds) from the general rule on repayment of loans.

Section 1204(b) sets out repayment rates for upland cotton and rice. Loans may be repaid at the lesser of the rate established in section 1202, or the prevailing world market price for the commodity.

Section 1204(c) sets the loan repayment rate for extra long staple cotton at the rate established under section 1202 plus interest (same as 2002 Farm Bill).

Section 1204(d) requires the Secretary to issue regulations with formulas to determine the prevailing world market prices for cotton and rice, and requires mechanisms for adjustment and periodic announcements of such prices.

Section 1204(d)(1) specifies that USDA use price quotes from Far East market (rather than from Northern Europe, as in current law) to determine the prevailing world market price for upland cotton. "Far East Price" means the three lowest price quotes on the sale of upland cotton in Far East markets based on delivered cost and freight. The term "Far East Price" comes from a publication by Cotlook, an independent firm that reports cotton market information.

Section 1204(e) provides for adjustments to the prevailing world market prices for upland cotton and rice for quality and location. The Secretary currently makes such adjustments, and the new provisions provide direction to the Secretary with regard to some of the adjustments.

Under section 1204(e)(2), adjustments to the prevailing world market price for cotton to reflect U.S. quality would include marketing costs (including transportation) and the premiums associ-

ated with Comparable United States Quality and reflect any United States Premium Factor, which are both defined in section 1001. "United States Premium Factor" means the difference between the premiums offered by the U.S. loan schedule for certain grades of cotton in excess of the premiums for comparable international grades delivered cost and freight to the Far East market. "Comparable United States Quality" states a classification standard for upland cotton which contains a slight premium for uniformity and falls within an acceptable range—to avoid a discount—for fiber wall thickness.

Section 1204(f) lists a new set of criteria on which USDA may further adjust the prevailing world market price for upland cotton:

1. Minimizing loan forfeitures
2. Minimizing the accumulation of cotton stocks
3. Improving the marketing of upland cotton at home and overseas
4. Ensuring that U.S. upland cotton is competitive in world markets
5. Ensuring a seamless transition of the calculation of AWP from current crop prices to forward-crop prices, with some limitations.

Section 1204(g) sets the repayment rate for sunflower seeds.

Section 1204(h) requires repayment rates for dry peas, lentils and small chickpeas to be based on quality grades for those commodities, rather than based on feed peas, number 3 lentils, and number 3 small chickpeas.

Sec. 1205. Loan deficiency payments

Section 1205 authorizes loan deficiency payments for 2008–2012 crop years under same conditions as 2002 Farm Bill.

Sec. 1206. Payments in lieu of loan deficiency payments for grazed acreage

Section 1206 authorizes payments in lieu of LDPs for producers who have grazed acreage for the 2008–2012 crop years under same conditions as 2002 Farm Bill.

Sec. 1207. Special marketing loan provisions for upland cotton

Section 1207 authorizes the President to issue special import quota for upland cotton if for a consecutive 4-week period the price of American cotton exceeds the price of cotton in the Far East markets. This is a change from current law, which is based on Northern Europe markets. Under current law, another trigger for this special import quota is a decline in the U.S. stock-to-use-ratio to below 16%. That trigger would be removed by this bill. The amount of cotton that can come into the U.S. under the special import quota during any marketing year is limited to the equivalent of 10 weeks consumption of upland cotton by domestic mills. This is a change from 5 weeks in current law.

Section 1207(b) continues the limited global import quota for upland cotton, as it existed under the 2002 Farm Bill. When domestic cotton prices exceed the previous 36 month average, a quantity equal to 21 days of domestic mill consumption will be imported without the over-quota tariff.

Section 1207(c) authorizes the Secretary to issue marketing certificates or cash payments to domestic users of upland cotton for

uses of all cotton regardless of origin. The payments or certificates will equal 4-cents per pound, and these payments can be used for acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant, buildings, equipment, facilities, or machinery.

Sec. 1208. Special competitive provisions for extra long staple cotton

Section 1208 authorizes through July 31, 2013 special competitive provisions for extra long staple cotton as they operated under the 2002 Farm Bill.

Sec. 1209. Availability of recourse loans for high moisture feed grains and seed cotton

Section 1209 authorizes recourse loans for these crops for the 2008–2012 crop years in same manner as under 2002 Farm Bill.

Sec. 1210. Deadline for repayment of marketing assistance loan for peanuts

Provides that failure to redeem a marketing assistance loan for peanuts by June 30 of the year following harvest will result in the loan being deemed forfeited.

Sec. 1211. Commodity quality incentive payments for healthy oilseeds

Section 1211 authorizes quality incentive payments to encourage development and commercialization of certain oilseeds, subject to appropriations.

SUBTITLE C—SUGAR

Sec. 1301. Sugar program

Section 1301 reauthorizes the sugar program through 2012 (by amending section 156 of the 1996 farm bill) and increases the loan rate for raw cane sugar to 18.5 cents per pound and the loan rate for refined beet sugar to 23.5 cents per pound.

Section 1301 (of the bill) strikes authority for the Secretary to reduce loan rates if there are negotiated reductions in export subsidies and domestic subsidies of other major sugar producing countries.

Section 1301 adds a new subsection (c) to section 156 of the 1996 farm bill, extending current law, which requires that loans be for up to 9 months, that the loans mature at the end of the fiscal year, and that supplemental loans are made available to supplement any loan first made during the last quarter of a fiscal year.

New subsection (d) extends current law, which provides that loans will be nonrecourse and that processors will make adequate assurances that payments to growers will be proportional to the loan values. It also allows the Secretary to set minimums for such payments and limits the Secretary's authority to require processors to prenotify forfeitures of collateral.

New subsection (e) extends current law authorizing nonrecourse loans on in-process sugars and syrups.

New subsection (f) extends current law requiring the Secretary to operate the sugar program, to the maximum extent practicable, at no cost to the Federal Government. The subsection authorizes

the Commodity Credit Corporation to accept bids from processors (acting in conjunction with producers) for the purchase of sugar in CCC inventory in exchange for reduced production of raw cane or refined beet sugar.

New subsection (g) extends current law requiring producers of sugarcane in a State with more than 250 producers of sugarcane ("proportionate share" States) to report yields and acres, and allows the Secretary to require similar reports from other producers of sugarcane and sugar beets. The subsection requires importers of sugars, syrups, or molasses to be used for human consumption, other than quantities that are within the tariff-rate quota, to report. The subsection adds a new requirement that the Secretary collect information of the production, consumption, stocks and trade of sweeteners in Mexico.

New subsection (h) extends the current law provision that all refined sugars, whether from beets or cane, are substitutable for purposes of the refined sugar and sugar-containing products re-export programs.

New subsection (i) extends the sugar program through the 2012 crop year, and clarifies that the program for the 2007 crop will be operated as under current law.

Sec. 1302. United States membership in the international sugar organization

Section 1302 requires the Secretary of Agriculture to work with the Secretary of State to restore U.S. membership within the International Sugar Organization within one year from date of enactment of this bill.

Sec. 1303. Flexible marketing allotments for sugar

Section 1303 extends and amends the provisions of the Agricultural Adjustment Act of 1938 requiring the Secretary to establish marketing allotments for the 2008 through 2012 crops of domestically produced sugar to balance supply and demand and avoid loan forfeitures.

Subsection (a) adds a new definition of "human consumption" as used in the allotment provisions.

Subsection (b) clarifies that the coverage of allotments extends to sugar produced from imported sugar beets or in-process beet sugar and makes other technical and conforming changes.

Subsection (c) requires the Secretary to establish annual allotments at a level sufficient to avoid sugar forfeitures, with a minimum overall allotment quantity equal to at least 85 percent of estimated domestic human consumption. Eliminates the current law "trigger" that would suspend allotments whenever imports were estimated to exceed a certain level.

Subsection (d) updates the criteria for new entrants in the beet sugar sector.

Subsection (e) retains the procedures for the Secretary to reassign allotments if processors cannot fulfill the allocations, and specifies that any resulting imports must be in the form of raw cane sugar.

Subsection (f) provides a definition of "seed" for purposes of allotments in proportionate share States.

Subsection (g) provides new rules for converted acreage base in states having proportionate shares.

Subsection (h) includes transfers of mill allocations under the procedures for appeals to the Secretary regarding allotments, and eliminates an obsolete special appeal procedure regarding beet sugar allocations.

Subsection (i) provides for the orderly administration of the tariff-rate quotas on imported sugar, and requires the Secretary to establish orderly shipping patterns for sugar imports.

Subsection (j) extends the sugar allotments through the 2012 crop year.

SUBTITLE D—DAIRY-RELATED PROVISIONS

Sec. 1401. Dairy Product Price Support Program

Requires the Secretary to support the price of cheddar cheese, butter, and nonfat dry milk by purchasing such products at specified prices: cheddar cheese in blocks at not less than $1.13 per pound; cheddar cheese in barrels at not less than $1.10 per pound; butter at not less than $1.05 per pound; and nonfat dry milk at not less than $0.80 per pound.

If net removals of cheese, butter or nonfat dry milk exceed specific limits for 12 consecutive months, the Secretary may reduce the purchase prices of that commodity during the month that immediately follows.

The prices that the Secretary pays under this section for the commodities must be uniform across the country.

The Secretary may sell cheese, butter, or nonfat dry milk for unrestricted use from inventories of the CCC at prevailing market prices, but not less than 110 percent of the prices specified in the Purchase Price subsection.

Sec. 1402. Dairy Forward Pricing Program

Requires the Secretary to establish the dairy forward pricing program, which authorizes milk producers to voluntarily enter into forward price contracts with milk handlers for milk that is not Class I. Under such forward price contracts, prices received by milk producers and cooperatives will be deemed to satisfy all regulated minimum milk price requirements.

Prohibits milk handlers from requiring participation on the part of producers as a condition for purchasing milk from such producers. Additionally, requires the Secretary to investigate complaints made by producers or cooperative associations of coercion by handlers to enter into forward contracts, and authorizes the Secretary to take appropriate action if evidence of coercion exists.

Forward contracts to be entered into under the program until September 30, 2012, and such contracts may not extend beyond September 30, 2015.

Sec. 1403. Dairy Export Incentive Program

Reauthorizes the dairy export incentive program until December 31, 2012.

Authorizes the Secretary to issue rules to ensure that each year the maximum volume of dairy product exports allowable within the

United States' obligations under the Uruguay Round Agreements is exported.

Sec. 1404. Revision of Federal marketing order amendment procedures

Requires the Secretary, upon receiving a written request for a hearing to amend a milk marketing order, issue a denial of the request or issue a notice of the hearing, and stipulates the timeframe for a hearing.

Notice for a hearing on a proposed amendment to a marketing order must be provided not less than 3 days before the date of the hearing.

Requires the Secretary to issue a recommended decision on a proposed amendment to a milk marketing order no more than 90 days after the date set for the submission of post-hearing findings, conclusions and written arguments.

Further requires the final decision to be issued no more than 60 days after the recommended decision was issued.

Provides that if the Secretary receives a request for a hearing on a proposed amendment to a milk marketing order within 90 days after announcing a decision on a previously proposed amendment to the same order, and the two proposed amendments are essentially the same, the Secretary is not required to call a hearing.

Sec. 1405. Dairy Indemnity Program

Reauthorizes current dairy indemnity program until 2012.

Sec. 1406. Extension of Milk Income Loss Contract Program

Reauthorizes through 2012 the Milk Income Loss Contract (MILC) program as it was amended by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act (P.L. 110–28).

Sec. 1407. Dairy Promotion and Research Program

Amends the definition of "United States" in the Dairy Production Stabilization Act of 1983 to include Alaska, Hawaii, the District of Columbia, and the Commonwealth of Puerto Rico.

Sec. 1408. Report on Department of Agriculture reporting procedures for non-fat dry milk

Requires the Secretary to submit a report to Congress within 90 days of enactment of this Act regarding USDA's reporting procedures for nonfat dry milk and the impact of those procedures on Federal milk marketing order minimum prices.

Sec. 1409. Federal Milk Marketing Order Review Commission

Establishes the Federal Milk Marketing Order Review Commission to review and evaluate Federal and non-Federal milk marketing order systems. The commission will consider legislative and regulatory options for several issues including ensuring the competitiveness of dairy products, enhancing the competitiveness of American dairy producers in world markets, streamlining the process for amending Federal milk marketing orders, and evaluating the nutritional composition of milk, including the potential benefits and costs of adjusting the milk content standards.

Requires the commission to issue a report to Congress and the Secretary of Agriculture with the results of the review and evaluation conducted under this section. The report shall be issued within two years of the first meeting of the commission.

Stipulates that the commission is wholly advisory in nature, and the recommendations it issues are non-binding. Terminates the commission immediately after submission of the report.

SUBTITLE E—ADMINISTRATION

Sec. 1501. Administration generally

Section 1501 authorizes the use of the Commodity Credit Corporation in carrying out the provisions of title 1 and generally continues other administrative provisions of the 2002 Farm Bill.

Sec. 1502. Suspension of permanent price support authority

Section 1502 suspends the permanent price support authority of the Agricultural Adjustment Act of 1938 and Agricultural Act of 1949 for the 2008–2012 crops.

Sec. 1503. Payment limitations

Three-Entity Rule/Direct Attribution. Under current law, a producer may elect to receive farm program payments directly and indirectly through up to two additional entities (general partnerships, corporations, etc.) in which they have an ownership stake. Current statutory payments limits on farm programs apply to the producer for payments received directly. Payments through the other two entities are separate and set at half current statutory payment limits. Therefore, by using this "three-entity rule," a producer can effectively overcome current payment limits and collect up to double the statutorily set limits. Section 1503 eliminates the "three-entity rule" and provides for direct attribution of farm program payments to the individual producer and his/her statutorily-set limits whether received directly or indirectly. Consequently, this avenue for a producer to potentially double the limit of the statutory payment limits is closed.

Marketing Loan Benefits. Under current law, there is a limit of $75,000 on the amount of marketing loan benefits a producer/entity may receive. However, through the use of marketing loan certificates, a producer/entity can surpass this limit. The use of certificates obscure who is obtaining these marketing loan benefits. Section 1503 removes limit on marketing loan benefits. This makes marketing loan certificates useless, which provides greater transparency on how much and who is receiving these benefits. Given that the marketing loan is the bottom line safety net for all program crop producers and applies to all production of program crops, removing the limits maintains the strength of this component of the farm safety net while still producing cost savings.

Direct Payments. Under current law, individuals and entities may only receive up to $40,000 from the direct payment program. Under section 1503, individuals and entities would only be able to only receive up to $60,000 from the direct payment program.

Spouse Rule. Under section 1503, if one spouse has been determined to be "actively engaged" then the other spouse will be deemed to have made a significant contribution of active labor or

active personal management to the operation for purposes of meeting the two part test that is set up under section 1001A(d) for "actively engaged". The spouse must still meet the second part of the test (contribution of capital, equipment, or labor) to be determined to be "actively engaged".

Sec. 1504. Adjusted gross income limitation

Under current law, individuals with 3-year average AGI greater than $2.5 million are ineligible for farm program payments (commodity and conservation) unless 75% of income is agriculturally-related, in which case the $2.5 million limit does not apply. Under section 1504:

(1) Individuals with 3-year average AGI greater than $1 million are ineligible for farm program payments (commodity and conservation), with no exceptions.

(2) Individuals with 3-year average AGI between $500,000 and $1 million are ineligible for farm program payments (commodity and conservation) UNLESS 66.66% of income is income derived from farming, ranching, or forestry, in which case the $500,000 limit does not apply.

Income derived from farming, ranching, or forestry includes:

1. production of crops, livestock, or unfinished raw forestry products.
2. sale, including the sale of easements and development rights, of farm, ranch, or forestry land or water rights.
3. sale, but not as a dealer, of equipment purchased to conduct farm, ranch, or forestry operations when the equipment is otherwise subject to depreciation expense.
4. rental of land used for farming, ranching, or forestry operations.
5. provision of production inputs and services to farmers, ranchers, and foresters.
6. processing, storing, and transporting of farm, ranch, and forestry commodities.
7. sale of land that has been used for agriculture.

Sec. 1505. Adjustments of loans

Section 1505 authorizes the Secretary to make adjustments in the loan rate for cotton for differences in quality factors and requires the Secretary to revise the marketing assistance loan program for cotton to better reflect market values for cotton. Required revisions include: warehouse location differentials would be eliminated or revised to reflect market conditions; changing the way premiums and discounts are calculated by using a 3-year weighted moving average of spot market data weighted by each region's share of production. The current simple average of spot market data averaged 1-to-1 with the previous loan schedule inflates premiums out of alignment with market conditions; further caps on premiums based on leaf and color considerations; and eliminating gaps between premium and discount differentials based on certain fiber lengths.

Section 1505 also provides for discretionary revisions in how USDA adjusts the loan rates schedule using non-spot market price data in addition to spot market data for cotton and eliminating gaps between premium and discount differentials based on certain

longer fiber lengths. Section 1605 also encourages USDA consultation with the private cotton industry when making the mandatory and discretionary adjustments.

Section 1505 provides that with respect to long grain rice and medium and short grain rice, the Secretary shall not make adjustments in the loan rates for such commodities, except for differences in grade and quality (including milling yields).

Sec. 1506. Personal liability of producers for deficiencies

Section 1506 extends an administrative provision of the 1996 Farm Bill exempting producers from liability for certain deficiencies in collateral.

Sec. 1507. Extension of existing administrative authority regarding loans

Section 1507 extends authority for producers to repay marketing loans with commodity certificates.

Sec. 1508. Assignment of payments

Section 1508 continues requirement of the 2002 Farm Bill that assignment must be done in accordance with USDA regulations.

Sec. 1509. Tracking of benefits

Section 1609 continues requirement of the 2002 Farm Bill that the Secretary must track the benefits provided under titles I and II directly or indirectly to individuals and entities.

Sec. 1510. Upland cotton storage payments

Section 1510 ends the practice of paying for upland cotton storage, handling and other costs associated with cotton going into the loan starting with the 2012 crop.

Sec. 1511. Government publication of cotton price forecasts

Section 1511 ends the current prohibition on the publication of cotton price forecasts.

TITLE II—CONSERVATION

SUBTITLE—A CONSERVATION PROGRAMS OF THE FOOD SECURITY ACT OF 1985

Sec. 2101. Conservation Reserve Program

• CRP is extended until 2012. Secretary is given authority to address issues raised by State, regional and national conservation initiatives.

• Extends maximum enrollment period to 2012. Strikes specific enumeration of Pennsylvania, Maryland and Virginia, but maintains Chesapeake Bay Region as a Conservation Priority Area.

• Extends Pilot Program for Enrollment of Wetland and Buffer Acreage in CRP to 2012.

• Allows a producer to conduct prescribed grazing for the control of invasive species on CRP lands. The Secretary must reduce the rental payment and require a management plan.

• Requires NASS to survey annually the per-acre estimates of county average market dry-land and irrigated cash rental rates for all counties with 20,000 acres or more of crop and pastureland.

These surveys will be kept on the USDA website and made available to the public.

• Allows the Secretary to modify a CRP contract to facilitate the transition of CRP land from a retiring owner to a beginning, limited resource or socially disadvantaged farmer or rancher in order to return some or all of the land to sustainable grazing or crop production. Also allows the beginning or disadvantaged farmer or rancher to make land improvements and to begin the organic certification process one year before the CRP contract expires.

• Requires the retiring landowner to sell or lease the CRP land to the beginning or disadvantaged farmer for production purposes, requires the beginning or disadvantaged farmer to develop and implement a comprehensive conservation plan, allows the beginning or disadvantaged farmer to enroll in CSP or EQIP upon taking ownership of the land, and provides payments to retiring owner/operator for an additional two years after the contract terminates.

• Allows the beginning, limited resource or socially disadvantaged farmer or rancher purchasing the CRP land to reenroll a partial field practice that is eligible for continuous sign up and part of a comprehensive conservation plan.

• Allows the Secretary to terminate a contract that has been in effect for 5 years at any time.

• Alfalfa grown as part of a rotation practice is a commodity for cropping history criteria in determining whether land is eligible to be enrolled.

• Allows dryland crop production and grazing on CREP acres where CREP is initiated to address declining water resources, but no crop insurance to cover such crops.

Sec. 2102. Wetland Reserve Program

• The new purposes of WRP are to restore, create, protect or enhance wetlands on eligible lands and for the Secretary to purchase floodplain easements.

• Increases the maximum enrollment to 3,605,000 acres. The goal shall be to enroll 250,000 acres a year; of this amount, up to 10,000 acres may be enrolled as floodplain easements; changes the limitation from the calendar year to the fiscal year.

• Flood plain lands are eligible if the land has been damaged by flooding at least once in the preceding calendar year or has been damaged by flooding at least twice in the past 10 years or the enrollment of other land within the floodplain would aid in flood storage, flow or erosion control.

• Flood plain lands where restoration practices would not be productive or is subject to an existing easement or deed restriction which provides protection or restoration of the flood plain's functions or values are not eligible.

• Fair market value shall be determined by the lowest amount determined by using a percentage of fair market value based on the Uniform Standards for Professional Appraisals Procedures, a percentage of market value, a geographic cap, or the offer made by the landowner.

• When considering easement offers for flood plains, the Secretary may consider whether the purposes of the easement program would be achieved on the land; whether the land has been repeatedly flooded; the extent to which the easement would help re-

store or manage the land surrounding the flood plain; and other factors.

• When considering easement offers for flood plains, the Secretary may consider the extent to which the program purposes will be achieved, the productivity of the land, and the environmental threats if the land is farmed.

• WRP is authorized through FY 2012.

Sec. 2103. Conservation Security Program

• No new contracts may be entered into under the previous CSP. However, payments and modifications to existing contracts may be continued to be made until those contracts expire. Modification on old CSP contracts may conform to old or new CSP requirements at the option of the producer.

• A new Conservation Security Program shall go into effect for FY 2012 through 2017.

• The new program collapses the tier-based payment structure and replaces it with a stewardship enhancement payment.

• The new CSP helps producers comprehensively address priority resources of concern. The Secretary shall ensure that no more than 5 priority resources of concern are identified at the State level which include environmental or wildlife habitat concerns affected by farming.

• In order to participate, a producer must already be addressing at least one priority resource of concern to the minimum level of management intensity and have an approved conservation offer.

• A producer or entity may not receive more than $150,000 in stewardship enhancement payments over the 5-year term of a contract.

• Private agricultural land and land owned by Tribes is eligible. Lands enrolled in CRP, WRP, and GRP are not eligible. CSP payments may not be based on land that had not been in production 4 of the 6 years prior to Oct. 1, 2011. Lands that had been in production during this period may be the basis of payments if they were enrolled in CRP or were used for long-term crop rotation practices.

• Acceptable economic uses of CSP land are those that maintain the agricultural nature of the land and are consistent with the goals of the program.

• CSP contracts shall be for 5-year terms.

• All of the acres of the agricultural operation under the producer's control shall be covered by the contract.

• The contract shall include a conservation plan, describe the land, state the amount of the annual enhancement payment, and describe new practices the producer is required to implement to increase the level of management intensity addressing a priority resource of concern.

• A contract may include on-farm research and demonstration activities and pilot testing of new practices.

• The producer may modify a contract before its expiration if the Secretary finds that a failure to modify would significantly interfere with achieving the purposes of the program.

• A producer may terminate the contract if the Secretary finds that termination would not defeat the purposes of the plan.

• The Secretary may terminate the contract if the producer violated the contract.

• The Secretary can allow one, 5-year renewal if the producer complied with the terms of the contract and agrees to maintain the practices in order to increase the management intensity of existing contracts.

• Contracts shall include a provision indemnifying the producer in cases of contract violations due to circumstances beyond their control.

• In evaluating offers, the Secretary shall consider the extent of anticipated environmental benefits relative to the cost, the extent the producer proposes to increase the level of performance or management intensity, and the extent to which environmental benefits complement other efforts in the watershed or region, and the multiple benefits of conservation-based farming systems. The Secretary may use other criteria to ensure national State and local priorities are addresses.

• The Secretary must establish a method to simultaneously certify their eligibility for CSP and certify their farm as organic.

• A producer must agree to implement the plan, maintain and present records of implementation to the Secretary if requested, and not engage in any activity that would interfere with purposes of the program.

• A producer may transfer the duties and rights under a CSP to a new landowner if the Secretary is appropriately notified. Otherwise, all CSP duties and rights will be terminated with the transfer.

• If a producer violates a term of the contract, that warrants a termination, the producer must forfeit all rights to receive payments and refund all or a portion of the payments already received. If the violation does not warrant termination, the Secretary can adjust or require a refund of payments received.

• The Secretary shall develop resource specific indices to measure the management intensity with which resources of concern are addressed to determine eligibility and payments under the program.

• A stewardship enhancement payment shall be made after Oct. 1 of each fiscal year. The payment shall not cover design, construction or maintenance of animal waste storage facilities or transport or practices which have no net cost or loss of income to the producer.

• The payment shall compensate the producer for ongoing implementation and maintenance required by the contract and the adoption of new practices or improvements to existing practices.

• The payment amount shall be based on a portion of the actual costs, income forgone, and resource specific indices.

• In allocating funds among states, the Secretary shall consider the environmental needs associated with agriculture in each state, the degree to which the Program will help address those needs, and other considerations to ensure equitable geographic distribution of funds.

• Technical assistance shall be provided to producers from FY '08 though '17 in an amount not to exceed 15 per cent of the amounts expended for the fiscal year.

• Data shall be maintained to allow for quantification of the payment uses and amounts.

Sec. 2104. Grassland Reserve Program

• At least 60 per cent of the acres enrolled through the program shall be through the use of long-term agreements and permanent easements

• Land may be enrolled in both the CRP and GRP if the Secretary determines it is of high ecological value and under significant threat of conversion. The number of CRP acres enrolled in a calendar year shall not exceed 10 percent of the total number of acres enrolled in GRP for that same year. Land enrolled in GRP shall not be eligible for CRP payments.

• Fair market value shall be determined by the lowest amount calculated using a percentage of fair market value based on the Uniform Standards for Professional Appraisals Procedures, a percentage of market value, a geographic cap, or the offer made by the landowner.

• Authorizes the Secretary to enter into agreements with States and political subdivisions to advance the purposes of the GRP.

• Allows a private organization or State to own, write or enforce an easement if it promotes protection of grassland, is authorized by the owner, and the organization or State assumes the costs of enforcing or administering the easement. The Secretary retains the right to inspect or enforce the easement.

• Requires the Secretary to enroll an additional 1,000,000 acres in GRP during fiscal years 2008–2012.

• In using a geographic cap to determine fair market value, the term geographic cap shall be defined by regulations.

Sec. 2105. Environmental Quality Incentives Program

• The purpose of EQIP is amended to include the promotion of forest management, organic transition and energy conservation as compatible goals with environmental quality.

• The definition of land management practice is changed to include forest management and silvicultural practices. Such a practice may involve the coordination of multiple landowners.

• Forest management practices are defined as activities that may be needed to improve water quality, restore forest biodiversity, or control invasive species.

• Alpaca is added to the definition of livestock.

• Reauthorizes cost-share and incentive payments through 2012.

• Expands the activities for which a producer can receive incentive payments to include technical services from an approved third party provider, energy efficiency improvements and the implementation of renewable energy systems.

• The Secretary shall increase the cost share provided to a limited resource, socially disadvantaged, or beginning farmer or rancher to 90 per cent of the cost of the practice.

• 90% cost-share is provided for projects utilizing gasifier technology to dispose animal carcasses and byproducts.

• The Secretary shall set incentive payments in an amount and rate necessary to encourage producers to perform one or more practices, receive technical services, develop a comprehensive nutrient management plan, or implement energy efficiency improvements or

renewable energy systems. In determining the amount of such payments, great significance may be accorded to practices that promote pollinator habitat, among other practices preexisting in law.

• Extends 60% allocation of cost-share and incentive payments for livestock production practices through FY 2012.

• During at least the first 90 days of each period for which incentive and cost-share funds are available, at least 5 per cent of those funds shall be reserved for beginning farmers and ranchers, and at least 5 percent shall be reserved for socially disadvantaged and limited resource farmers and ranchers.

• Livestock market agencies and custom feeding businesses shall be eligible for assistance under this program.

• Changes the evaluation of applications for cost-share and incentive payments. The Secretary is directed to prioritize applications based on: Overall cost-effectiveness and the effectiveness and comprehensiveness of the project in addressing designated resource concerns. The Secretary shall develop evaluation criteria to ensure that national, State and local priorities are addressed. The Secretary shall evaluate applications with those which address conservation activities for similar agriculture operations.

• The evaluation process must be as streamlined as possible for applications that involve operations with substantial and sound management systems and seek a single or limited number of practices to improve the performance of that system.

• Duties of producers: Practices prohibiting the receipt of payments are extended to forest land.

• Plan requirements: The program plan requirements are changed to include program practices, terms and conditions to implement the program, a description of purposes, a comprehensive nutrient management in the case of CAFOs, or a forest management plan or other plan approved by the forester in the case of forest lands.

• To avoid duplication, the Secretary may consider a water or air quality permit as the equivalent of a plan of operations.

• Special rules for water conservation: the Secretary may provide assistance for water conservation or irrigation only if the assistance will yield a net savings in total or consumptive use of ground or surface water affected by the practice and will not result in an increase of water use by the agriculture operation.

• Conservation Innovation Grants: Forest management is added as an eligible grant activity.

• Eligible projects include those which ensure the efficient and effective transfer of technologies and provide benefits through increased participation of specialty crop producers.

• A new pilot program for the Chesapeake Bay watershed is established to assist producers in comprehensive planning before they submit applications for any of the conservation programs. Assistance may be provided through certified third party providers. Assistance under this pilot is intended to help the producer choose the appropriate type of financial assistance that would address the resource needs of their farm consistent with the goals of the area where the farm is located. A report on the effectiveness of the pilot shall be published.

• The Secretary is required to increase cost-share amount to 90 percent for beginning, socially disadvantaged and limited resource farmers and ranchers.

• From EQIP funds, the following amounts shall be used for Conservation Innovation Grants: $30,000,000 for FY '08; $35,000,000 for FY '09; $50,000,000 for FY '10; $60,000,000 for FY '11; $75,000,000 for FY '12. Of these amounts, $5,000,000 each fiscal year shall be used for outreach for organic and specialty crop producers and $5,000,000 for each fiscal year shall be available for the comprehensive conservation planning pilot program.

• From CIG funds, $10,000,000 for FY '08; $15,000,000 for FY '09; $30,000,000 for FY '10; $40,000,000 for FY '11; $55,000,000 for FY '12 shall be used for air quality improvement and state incentives to help producers meet air quality regulatory requirements.

• Defines the term "Integrated Pest Management" using the definition under FIFRA

Sec. 2106. Regional Water Enhancement Program

• Changes the purpose of the existing ground and surface water conservation program to allow cooperative agreements between the Secretary, producers, government entities and Tribes in achieving regional water quality and quantity goals in water quality priority areas.

• Water quality and quantity priority areas are areas where protecting or improving water quality and quantity is a priority. The Chesapeake Bay, the Upper Mississippi River basin, the Everglades and the Klamath River basin are priority areas. Not more than 50% of the funds provided for this program may be reserved for these priority areas.

• Proposal must include a description of the exact geographic area, identification of water quality or quantity issues of concern; a method of determining a baseline assessment; a description of proposed activities; performance measures; other regional water enhancement activities carried out by the Secretary and partners through other means.

• Proposals will be awarded competitively based on the inclusion of the most lands and producers; the most activities versus costs; contribution to sustaining or enhancing agricultural production or rural economic development; development of performance measures to measure long term effectiveness; the capture of surface water runoff; the participation of multiple interested persons in improving issues of concern, the assistance provided to producers to meet regulatory requirements that reduce the economic scope of their operation.

• Grants may not exceed 5 years, and may be terminated if performance measures are unmet.

• $60,000,000 will be available for each fiscal year 2008–2012. No more than 3 per cent may be used for administrative expenses.

Sec. 2107. Grassroots Source Water Protection Program

• Increases appropriations authorization from $5,000,000 each fiscal year to $20,000,000 each fiscal year through 2012. A one time infusion of $10,000,000 shall be available until expended.

Sec. 2108. Conservation of private grazing land

- Extended through 2012.

Sec. 2109. Great Lakes basin program for soil erosion and sediment control

- Extended through 2012.

Sec. 2110. Farm and Ranchland Protection Program

- Adds forest land that is incidental to a farm as eligible land. Changes the definition of eligible land to no longer specifically include land that has prime, unique or other productive soil or is subject to a pending offer for purchase from an eligible entity.
- The program allows the Secretary to facilitate and provide funding for the purchase of conservation easement by eligible entities. Priority shall be given to protecting the farm and ranch land with prime soils that are at risk of development or projects that further a State or local policy consistent with the program.
- Grants shall be made to certified states based on demonstrated need for farm and ranch land protection, and may be made for multiple transactions in purchasing easements or other interests in land. Up to 10 per cent of grant monies may be used for reasonable costs of purchasing easements and easement enforcement.
- The Secretary shall establish a process to certify eligible States. Certification requirements must at a minimum include a legislative or organizational purpose consistent with the program; authority and technical ability to enforce easements; capacity to provide matching funds; ways to ensure that the average purchase price does not exceed fair market value; ways to ensure that easements protect agricultural use; provision for continued stewardship if the state loses its certification, determination of its own criteria and priorities in purchasing easements. Certification shall be reviewed every three years and may be revoked if it fails to meet the qualifications, or additional time may be allowed for the State to improve its performance.
- Under the agreement between the eligible entity and the Secretary, the entity may use a combination of its own funds and funds provided by the Secretary to purchase easements. The agreement may stipulate how the entity uses funds provided by the Secretary. However, the agreement must allow the qualified entity to determine its own criteria and priorities in purchasing easements and use its own terms and conditions for easement purchases. The terms and conditions must be consistent with the purposes of the program; include a requirement consistent with agricultural activities regarding impervious surfaces; and require the use of a plan for any highly erodible cropland subject to an easement. Performance of eligible entities shall be reviewed every 3 years, and if they do not meet the necessary requirements of an agreement, the agreement may be terminated or additional time may be allowed for the entity to improve its performance.
- A conservation plan is required for any highly erodible cropland for which an easement or other interest is purchased. If the easement or interest is perpetual, the Secretary may not require the conversion of the cropland to less intensive uses if soil erosion can be reduced to a "T" or below under the plan.

• Allows the federal government to retain a federal contingent right of enforcement or executory limitation in an easement to ensure its enforcement. This right is not considered an acquisition of property.

• The cost share for purchasing an easement may not exceed 50% of the fair market value of the easement.

Sec. 2111. Farm Viability Program

• Reauthorized through 2012.

Sec. 2112. Reauthorization of the Wildlife Habitat Incentive Program

• The program is authorized through 2012.

• The limitation for cost-share payments is raised from 15 per cent to 25 per cent for long-term easements.

• Increases cost-share for long-term agreements *and* activities that assist producers in meeting a regulatory requirement that impacts the economic scope of their operation from 15 to 25 percent.

SUBTITLE B—CONSERVATION PROGRAMS UNDER OTHER LAWS

Sec. 2201. Agricultural Management Assistance Program

• Adds Virginia and Hawaii as eligible States.

• 50% of available funds shall be used for construction or improvement of watershed management or irrigation structures, planting trees for windbreaks or improving water quality, and mitigating risk through diversification or various conservation practices; 40% may be used for any activity relating to the previously mentioned activities, including entering ag trade options, futures, or hedging; and 10% shall be used for organic certification cost share assistance.

Sec. 2202. Resource Conservation and Development Program

• Clarifies that an area plan must be developed through a locally led process, and that the planning process must be conducted by a local council.

• Changes technical assistance services from providing assistance for long-term implementation to providing assistance for area plans and projects; also changes to providing services of USDA programs in a local community.

• The Secretary shall designate a coordinator to provide technical assistance to councils.

• The program evaluation requirement is repealed.

Sec. 2203. Small Watershed Rehabilitation Program

• Provides $50,000,000 in CCC funds per fiscal year for 2009 through 2012.

• Authorizes appropriations for fiscal years 2007 through 2012 at current funding level of $85,000,000 per year.

SUBTITLE C—ADDITIONAL CONSERVATION PROGRAMS

Sec 2301. Chesapeake Bay Program for Nutrient Reduction and Sediment Control

• Defines the Chesapeake Bay watershed as all tributaries, backwaters side channels and their watersheds which drain in to the Chesapeake Bay.

• Requires the Secretary to develop a comprehensive plan to restore and protect the bay watershed.

• The plan will provide for proven technologies and innovative approaches to improve water quality and quantity; restore, enhance and preserve wildlife habitat; and increase economic opportunity for rural communities and producers.

• The plan must be developed in consultation with relevant federal agencies, and must be provided to Congress two years after this bill's enactment.

• Critical projects include those in the Susquehanna, Shenandoah, Potomac and Patuxent Rivers.

• It is the sense of Congress that USDA is authorized and should be a member of the Chesapeake Bay Executive Council.

• Of available CCC funds, $10,000,000 in FY '08; $15,000,000 in FY '09; $30,000,000 in FY '10; $40,000,000 in FY '11; and $55,000,000 in FY '12.

Sec. 2302. Voluntary Public Access and Habitat Incentive Program

• Establishes a voluntary public access programs under which States and Tribes may apply for grants to encourage owners and operators of privately held farm, ranch and forest land to make that land available for wildlife-dependent recreation.

• Authorizes $20,000,000 per year in appropriations.

SUBTITLE D—ADMINISTRATION AND FUNDING

Sec. 2401. Funding of programs under the Food Security Act of 1985

• CSP: CSP contracts entered into before Oct. 1, 2007 shall be funded in the amount of $1,454,000,000 for FY 2007 through 2012 and $1,927,000,000 for FY 2007 through 2017. CSP contracts entered into on or after Oct. 1, 2011, shall be funded in the amount of $501,000,000 for FY 2012 and $4,646,000,000 for the period of FY 2013 through 2017.

• Farm and Ranchland Protection Program: $125,000,000 in FY '08, $150,000,000 in FY '09, $200,000,000 in FY '10, $240,000,000 in FY '11, and $280,000,000 in FY '12.

• EQIP: $1,500,000,000 in FY '08, $1,600,000,000 in FY '09, $1,700,000,000 in FY '10, $1,800,000,000 in FY '11 and $2,000,000,000 in FY '12.

• WHIP funding is continued through 2012 at $85,000,000 each FY.

Sec. 2402. Improved provision of technical assistance under conservation program

• Allows the Secretary to contract with an approved third party, or provide payment directly to an approved third party to provide technical services.

• The amount of payment provided shall be at least equal to prevailing market rates, except where USDA personnel are available to provide comparable services.

• The Secretary is to direct each State to review and make sure that technical assistance specifications are complete and relevant. In its assessment, the State must consult with specialty crop producers, crop consultants, cooperative extension and land grant universities, NGO's and other qualified entities. If revisions to the specifications are necessary, the State must set up an expedited process for making those changes.

• In order to address concerns of specialty crop growers, the technical assistance specifications must allow the range of conservation practices and mitigation measures available to specialty crop growers.

• To provide adequate technical assistance to specialty crop growers, the Secretary must develop programs that meet the needs of specialty crop growers using cooperative agreements with other federal agencies and NGOs, and include program specifications that allow the use of local resources in providing technical assistance.

Sec. 2403. Cooperative Conservation Partnership Initiative

• The paragraphs under "Administration of CCEP" Sec. 1243 of the '85 Act regarding acreage limitations for CRP and WRP, tenant protections, and technical assistance provided by other sources are moved to the end of the next section, Sec. 1244 "Administrative Requirements for Conservation Programs."

• "Administration of CCEP" is renamed "Cooperative Conservation Partnership Initiative."

• The Secretary will enter into 2 to 5 year agreements with eligible entities to preferentially enroll producers in specified conservation programs. This will allow multiple producers and others to cooperate on improving specific resources of concern related to farming on a local, State or regional scale. These agreements are also intended to increase participation of specialty crop growers in conservation programs.

• CSP, EQIP, and WHIP are all programs covered by this section.

• Eligible partners are States, State agencies, State subdivisions including counties and conservation districts, Tribes, NGOs and associations with histories of working with farmers on agriculture conservation issues, and any combination of the preceding.

• Delineates duties of eligible partners and the Secretary; allows the Secretary to adjust eligibility criteria and other elements of programs to reflect local circumstances.

• Grants and agreements will be awarded under a competitive process. Not more than 25% of the cost share shall come from nonfederal sources. However, a project that offers to cover a higher percentage of the costs may be given a higher priority.

• Of the funds provided for CSP, EQIP, and WHIP, 10% shall go towards grants and agreements. 90% of these funds shall allow for State Conservationists, with the advice of State Technical Committees, to select projects at the State level.

• In making State allocations, the Secretary will develop criteria that are consistent with the Program's stated priorities.

Sec. 2404. Regional equity and flexibility

• Raises the base amount of conservation funds that a State must receive in order to receive priority funding for conservation programs from $12,000,000 to $15,000,000.

Sec. 2405. Additional requirements for conservation programs

• Socially disadvantaged farmers are added as a group the Secretary must provide incentives for to encourage participation in conservation programs.

• As additional administrative requirements (1244), the Secretary must establish a single, simplified application process for initial requests of assistance. Applicants should not be required to provide information that is already available to the Secretary, and the process itself must minimize complexity and redundancy.

Sec. 2406. Annual report on participation by specialty crop producers in conservation programs

• The Secretary must submit a report to the House and Senate Agriculture Committees regarding specialty crop producer participation in conservation programs that tracks participation by crop and livestock type, includes a plan to improve access of specialty crop producers to conservation programs, and describes the results of this plan.

Sec. 2407. Promotion of market-based approaches to conservation

• The Secretary may research, analyze and enter into contracts and agreements to promote the development of uniform standards for quantifying environmental benefits, promoting the establishment of credit registries and third party verification, and facilitating private sector market based approaches for agriculture and forest conservation activities.

• The Environmental Services Standards Board is established to develop uniform standards for quantifying environmental services in order to help develop credit markets agriculture and forest conservation activities.

• Board members will be: The Secretaries of Agriculture, Interior, Energy, Commerce, Transportation, the Administrator of EPA, the Commander of the Army Corp of Engineers, and anyone selected by the President.

• Performance standards set by the Board may be adopted by Federal agencies to quantify environmental services or establish environmental and conservation credits.

• $50,000,000 is authorized to be appropriated for this section.

Sec. 2408. Establishment of state technical committees

• Changes the existing composition of State technical committees to include NRCS, FSA, and at least 12 producers representing a variety of crops, livestock or poultry grown in the State. Removes the Soil Conservation Service, the Ag Stabilization and Conservation Service, the Farmers Home Administration, other agency personnel with relevant expertise, and persons knowledgeable about conservation as representatives who may serve on the Committee.

• The State technical committees shall convene subcommittees to provide technical guidance and implementation recommendations.

Sec. 2409. Payment limitation

• Imposes payment limitation of $60,000 for any single program, $125,000 for payments from more than one program. This limitation does not apply to easement programs.

SUBTITLE E—MISCELLANEOUS PROVISIONS

Sec. 2501. Inclusion of income from affiliated packing and handling operations as income derived from farming for application of adjusted gross income limitation on eligibility for conservation programs

• Allows income from packing and handling operations to be included as income derived from farming for purposes of payment eligibility.

Sec. 2502. Encouragement of voluntary sustainability practices guidelines

• The Secretary may encourage the development of voluntary sustainable practices guidelines for producers and processors of specialty crops.

Sec. 2503. Farmland and resource information

• The Secretary shall design and implement educational programs emphasizing the importance of farming. One or more farmland information centers shall be designated to provide technical assistance and serve as central depositories for information on farmland issues.

• This section shall be funded using no more than .05 per cent of FRPP funds per year, and no less than $400,00 annually and must be matched with non-federal funds or in-kind contributions.

TITLE III—TRADE

Sec. 3001. Agricultural Trade Development and Assistance Act of 1954

Subsection (a) amends the purposes of the Food for Peace program to clarify that food deficits to be addressed include those resulting from man made and natural disasters.

Subsection (b) increases the maximum percentage of title II funding that the AID Administrator may make available to eligible organizations for administrative and distribution costs from 10% to 12%. Also expands the purposes for which such funds may be used to include developing monitoring systems for title II programs.

Subsection (d) extends provisions establishing a minimum level of assistance of 2.5 million metric tons of commodities, of which 1.875 million metric tons is reserved for non-emergency aid (subject to waiver by the Administrator).

Subsection (e) extends the Food Aid Consultative Group, which reviews the effectiveness of the rules governing title II programs. (The Group is composed of representatives from AID, USDA, Private Voluntary Organizations, recipient countries, and US agricultural producer groups.)

Subsection (f) removes the requirement that AID (if it denies an eligible organization's proposal to enter into a non-emergency food

assistance agreement) must specify the conditions that must be met for approval of the proposal.

Subsection (g) requires AID to establish and report on systems to improve and evaluate title II assistance, including early warning systems to prevent famines.

Subsection (h) extends the authorization for AID grants for stockpiling and distribution of shelf stable foods. Increases funding for such grants from $3 million to $7 million.

Subsection (i) extends the authorization for AID to use title II and title III funds to procure, transport, and store agricultural commodities for propositioning, and increases the limit on how much may be used to preposition such commodities overseas from $2 million to $8 million.

Subsection (j) amends requirements of the report the President must prepare on food aid programs that are carried out under the Act.

Subsection (k) extends the Act through 2012.

Subsection (l) extends the micronutrient fortification program, which allows AID to provide fortified commodities to participating recipient countries.

Subsection (m) provides a floor level of funding for the farmer to farmer program of $10 million and extends the program through 2012. Also increases authorization of appropriations for the program from $10 million to $15 million.

Sec. 3002. Export Credit Guarantee Program

Repeals the supplier credit guarantee program and intermediate credit guarantee program and lifts the 1% origination fee cap. The remaining program would provide guarantees for repayment of short-term financing (six months to three years) extended to eligible countries that purchase U.S. farm products.

Sec. 3003. Market Access Program

Extends the Market Access Program, which promotes U.S. exports through consumer promotions, market research, technical assistance, and trade servicing. Makes leaf tobacco eligible for the program. Also increases funding by $25 million annually.

Sec. 3004. Food for Progress Act of 1985

Extends through 2012 the Food for Progress Act, which provides commodities to support countries that have made commitments to expand free enterprise in their agricultural economies.

Sec. 3005. McGovern-Dole International Food for Education and Child Nutrition Program

Extends through 2012 the McGovern-Dole International Food for Education and Child Nutrition program, which uses commodities and financial and technical assistance to carry out food for education programs and maternal, infant and child nutrition programs in foreign countries.

Sec. 3006. Bill Emerson Humanitarian Trust

Extends the Bill Emerson Humanitarian Trust through 2012, a reserve of up to 4 million metric tons of wheat, corn, sorghum, and rice that can be used to help fulfill P.L. 480 food aid commitments

to developing countries under two conditions: (1) to meet unanticipated emergency needs in developing countries, or (2) when U.S. domestic supplies are short. Since 1980, the only commodity held in reserve has been wheat. The trust can also hold cash in reserve.

Sec. 3007. Technical assistance for specialty crops

Extends Technical assistance for specialty crops through 2012 and increases funding from $2 million annually to $4 million in 2008, ramping up to $10 million for 2011 and 2012.

Sec. 3008. Technical assistance for the resolution of trade disputes

Provides USDA broad discretionary authority to provide enhanced monitoring, technical assistance, and analytical support to limited resource agriculture groups to address unfair trade practices of foreign countries.

Sec. 3009. Representation by the United States at international standard-setting bodies

Authorizes the Secretary to enhance USDA staff support for international standard-setting bodies, such as the Codex Alimentarius, the International Plant Protection Convention, and the World Animal Health Organization.

Sec. 3010. Foreign Market Development Cooperator Program

Extends through 2012 the Foreign market development cooperator program, which promotes exports of U.S. agricultural commodities by providing technical assistance, trade servicing, and market research.

Sec. 3011. Emerging Markets

Extends through 2012 the Emerging Markets program, which promotes exports of U.S. agricultural commodities and products to countries taking steps toward a market-oriented economy that have the potential to become significant markets.

Sec. 3012. Export Enhancement Program

Extends through 2012 the Export Enhancement Program, under which U.S. exporters bid for bonuses that effectively lower the sales price of commodities.

Sec. 3013. Minimum level of nonemergency food assistance

Provides that of title II funds, AID must use at least $450 million for nonemergency programs unless Congress provides otherwise with new legislation.

Sec. 3014. Germplasm conservation

Authorizes AID to make a contribution on behalf of the U.S. to the Global Crop Diversity Trust of up to $60 million over 5 years. U.S. contributions may not exceed one-fourth of the total funds contributed to the Trust from all sources.

TITLE IV—NUTRITION PROGRAMS

SUBTITLE A—FOOD STAMP PROGRAM

Sec. 4001. Renaming the Food Stamp Program

This provision amends the Food Stamp Act by renaming the Food Stamp Program the "Secure Supplemental Nutrition Assistance Program." It requires other laws, documents, and records of the United States that reference the Food Stamp Program to be changed in order to reflect the name change.

Sec. 4002. Definition of Drug Addiction or Alcoholic Treatment and Rehabilitation Program

This provision amends section 3(f) of the Food Stamp Act, by mandating that residential drug treatment centers do not have to receive any other Federal or State funding, or certification, in order that their residents may receive food stamps.

Sec. 4003. Nutrition education

This provision amends Section 4(a) of the Food Stamp Act by giving State agencies the discretion to implement nutrition education programs that promote healthy food choices that are consistent with the Dietary Guidelines for individuals who receive Secure Supplemental Nutrition Assistance Program benefits.

The language gives State agencies the discretion to deliver nutrition education directly to eligible recipients through agreements with the Cooperative State Research, Education and Extension Service, and other State and community health and nutrition providers and organizations. The language mandates that State agencies wishing to provide nutrition education submit a plan that identifies the uses of the funding for local projects and conforms to standards set forth by the Secretary in regulations or guidance. The language authorizes State agencies, whenever practicable, to notify applicants, participants, and eligible program participants of the availability of nutrition education.

Sec. 4004. Food distribution on Indian reservations

This provision amends Section 4 of the Food Stamp Act by permitting the distribution of commodities, with or without the Secure Supplemental Nutrition Assistance Program, on Indian reservations whenever a request is made for concurrent or separate food program operations by a tribal organization.

The language authorizes the appropriate State agency in the State to be responsible for the distribution of commodities on Indian reservation and allows the tribal organization, in cases where the Secretary determines the organization has the capability, to administer the distribution.

The language prohibits the Secretary from approving plans that permit any household on an Indian reservation to participate simultaneously in the Secure Supplemental Nutrition Assistance Program and the distribution of federally donated foods.

The provision authorizes an appropriation of $5 million for fiscal years 2008 through 2012 for a traditional and local foods fund to distribute traditional and locally-grown foods, designated by region, on Indian reservations and requires that at least 50 percent of the

food distributed through the fund be produced by Native American farmers, ranchers, and producers.

The language authorizes the Secretary of Agriculture to submit to Congress a report on the FDPIR food package.

Sec. 4005. Deobligate Food Stamp coupons

This provision amends the Food Stamp Act by prohibiting States from issuing coupons, stamps, certificates or authorization cards, effective upon enactment of the Farm Bill.

The language provides that effective one year after enactment of the Farm Bill, only Electronic Benefit Transfer (EBT) cards will be eligible for exchange at retail food stores that participate in the Secure Supplemental Nutrition Assistance Program. The language further provides that coupons will no longer be an obligation of the Federal government effective one year after enactment of the Farm Bill, thereby requiring that coupons be redeemed within that one-year period.

Sec. 4006. Allow for the accrual of benefits

This provision amends section 7(i) of the Food Stamp Act by authorizing State agencies to establish procedures for recovering electronic benefits from a household due to inactivity in the household's EBT account.

The language gives the State agencies the discretion to recover such benefits if the account has been inactive for three months during which it continuously had a balance greater than $1,000, or if the account has been inactive for twelve months, whichever is less. The language provides that a household whose benefits are recovered to receive notice, and have the benefits made available again, upon request, not less than 12 months after their recovery.

Sec. 4007. State option for telephonic signature

This provision amends section 11(e)(2)(C) of the Food Stamp Act by authorizing State agencies to establish a system for applicant households to sign an application by providing a recorded, verbal assent over the telephone.

The provision sets requirements for such a system, including that the system records the verbal assent, as well as the information to which the assent was given. The provision requires the State system to include safeguards against impersonation and identity theft.

The language does not preclude the right of a household to apply in writing.

The language provides that, if there are any errors in the application, the applicant must return a copy of the application with instructions for correcting the errors. The language also provides that applicants must satisfy all requirements associated with a written signature on an application to ensure that the verbal assent triggers the effective date of the submission of the application.

Sec. 4008. Review of major changes in program design

This provision amends section 11(e)(6) of the Food Stamp Act to specify that only State agency Merit System employees are authorized to:

- represent the State in any communications with prospective food stamp applicants, food stamp applicants, or recipient house-

holds regarding their application of participation in the Food Stamp Program;

- participate in making determinations regarding a household's compliance with the requirements of the Food Stamp Act, or its implementing regulations; or
- make any other determinations required under this subsection.

The language exempts non-profit agencies that are assisting low-income individuals and households to apply for Secure Supplemental Nutrition Assistance benefits by helping these individuals and households complete and submit applications. The non-profit exemption applies to general application assistance, which is currently allowed as a food stamp outreach activity, and specialized projects that are operating under a waiver of the Food Stamp Act and its implementing regulations.

The language does not prohibit State agencies to contract for automated systems or issuance services—or for assistance in verifying an applicant's identity.

The provision prohibits the use of funds from any appropriations Act for implementing or continuing a contract that does not meet the specifications regarding State Merit System employees. The provision also prohibits State agencies from:

- using Federal funds to perform or carry out contracts that fail to comply with the specifications regarding State Agency Merit System employees; or
- paying any cost associated with the termination, breach, or full or partial abrogation of any contact that does not comply with the specifications regarding State Merit System employees.

The language allows the Secretary to authorize a State agency, on a temporary basis, to use non-Merit State employees in order to determine eligibility for a disaster food stamp program. And while the provision takes effect upon enactment, the language allows States to have 120 days to bring any activities inconsistent with this provision into compliance.

Sec. 4009. Grants for simple application and eligibility determination systems and improved access to benefits

This provision amends section 11(t)(1) of the Food Stamp Act by extending through 2012 the authority of the Secretary to make grants available to pay the costs for eligible entities to develop and implement: Simple food stamp application and eligibility determinations; or, measures to improve access to benefits by eligible households.

Sec. 4010. Civil money penalties and disqualification of retail food stores and wholesale food concerns

This provision amends section 12 of the Food Stamp Act by increasing the civil money penalties for retail stores and wholesale food concerns to $100,000 for violations that the Secretary determines would cause hardship to food stamp households.

The language mandates that the period of disqualification for a first violation is "not to exceed five years" and mandates that the period of a disqualification for a second violation is "not to exceed ten years".

The provision requires the Secretary, in consultation with the Inspector General of the Department of Agriculture, to establish procedures whereby retail food stores and wholesale food concerns may be immediately suspended—pending an administrative appeal—from participating in the food stamp program.

Sec. 4011. Major systems failures

This provision amends section 13(b) of the Food Stamp Act, by providing the Secretary with the discretion to determine that a State agency has over issued benefits to a substantial number of households as the result of a systemic error by the State.

The language gives the State agency the option to appeal the Secretary's determination. However, if the State agency fails to appeal the Secretary's determination, or, in the case of an appeal, the State agency is still determined to be liable, the language requires the State agency to reimburse to the Secretary the amount for which the State agency is liable.

The language authorizes the Secretary, upon making a determination that over issuances have occurred, to prohibit the State agency from collecting the over issuances from some or all of the affected households.

Sec. 4012. Funding of employment and training programs

This provision amends section 16(h)(1) of the Food Stamp Act by extending to 2012 funds provided to States for employment and training programs for food stamp recipients.

Sec. 4013. Reductions in payments for administrative costs

This provision amends section 16(k)(3) of the Food Stamp Act by extending through 2012 the Secretary's authority to reduce payments to States for administrative costs associated with the Food Stamp Program in the amount by which States are reimbursed under the Social Security Act for administering such program.

Sec. 4014. Cash payment pilot projects

This provision amends section 17(b)(1)(B)(vi) of the Food Stamp Act by extending through October 1, 2012, pilot projects that improve the delivery of food stamp benefits that have been operating since October 1981 and involve cash payments to households whose members are 65 years or over or are entitled to supplemental security income benefits.

Sec. 4015. Findings of Congress regarding secure supplemental nutrition education

This provision contains Congressional findings regarding the Food Stamp Program, noting that the Food Stamp Act of 1977 "plays an essential role in improving the dietary and physical activity practices of low-income Americans, [by] helping to reduce food insecurity, prevent[ing] obesity, and reduc[ing] the risks of chronic disease."

The language encourages the Secretary of Agriculture to support and encourage the most effective interventions for nutrition education under the Food Stamp Act, including public health approaches and traditional education, to increase the likelihood that recipients and potential recipients of benefits under the Secure

Supplemental Nutrition Assistance Program choose diets and physical activity practices that are consistent with the Dietary Guidelines for Americans.

Sec. 4016. Nutrition education and promotion initiative to address obesity

This provision amends section 17 of the Food Stamp Act by authorizing the Secretary to establish a demonstration program, to be known as the "Initiative to Address Obesity Among Low-Income Americans," to develop and implement strategies to reduce obesity among low-income Americans.

The provision authorizes the Secretary to enter into competitively awarded contracts, cooperative agreements, or grants, with public or private organizations or agencies. The provision requires that an agency submit to the Secretary an application and authorizes the Secretary to evaluate demonstration proposals using a variety of criteria, including:

- identifying a low-income target audience that corresponds to individuals living with incomes at or below 185 percent of the poverty level;
- incorporating scientifically-based strategies that are designed to improve diet quality through more healthful food purchases, preparation, or consumption; and
- a commitment to a demonstration plan that allows for rigorous outcome evaluation, including data collection.

The language prohibits the use of funds for projects that limit the use of Secure Supplemental Nutrition Assistance benefits and authorizes the Secretary to use funds to pay costs associated with monitoring, evaluating, and disseminating the Initiative's finding.

The language authorizes an appropriation of $10 million for fiscal years 2008 through 2012, but specifies that no new grants may be made after September 30, 2012.

Sec. 4017. Authorization of appropriations

This provision amends section 18(a)(1) of the Food Stamp Act by reauthorizing appropriations to carry out the Food Stamp Act through 2012.

Sec. 4018. Consolidated block grants for Puerto Rico and American Samoa

This provision amends section 19(a)(2)(A)(ii) of the Food Stamp Act to 2012 block grants to Puerto Rico and American Samoa to administer their nutrition assistance programs.

Sec. 4019. Study on comparable access to secure supplemental nutrition assistance benefits for Puerto Rico

This provision amends section 19 of the Food Stamp Act by authorizing the Secretary to conduct a study on the feasibility of including the Commonwealth of Puerto Rico in the Food Stamp Program, in lieu of providing Puerto Rico with a block grant. The study is to include among other findings:

- an assessment of the administrative, financial, and other changes, that would be required for Puerto Rico to establish a comparable Secure Supplemental Nutrition Assistance Program;

- a discussion of the appropriate program rules under other sections of the Food Stamp Act, such as benefit levels, income eligibility standards, and deduction levels, for Puerto Rico to establish a comparable Secure Supplemental Nutrition Assistance Program;
- an estimate of the impact on Federal and Commonwealth benefit and administrative costs; and
- an estimate on the impact of the Secure Supplemental Nutrition Assistance Program on hunger and food insecurity among low-income Puerto Ricans.

Sec. 4020. Reauthorization of community food project competitive grants

This provision amends section 25 of the Food Stamp Act by authorizing an appropriation of $30 million for each of the fiscal years 2008 through 2012 to assist eligible non-profit entities to establish and carry out community food projects.

The language: Increases the Federal share of the cost of the grants from not greater than 50 percent to not greater than 75 percent of the cost of the project; extends the maximum term of a grant from 3 to 5 years; and expands the list of preferences for selecting community food projects to include—projects that serve special needs in transportation and processing for emergency food service, access to underserved markets, integration of urban and metro-area food production, and technical assistance for youth, socially disadvantaged individuals, and groups with limited resources.

Sec. 4021. Emergency food assistance

This provision amends section 27(a) of the Food Stamp Act by authorizing the Secretary through 2012 to use $140 million in funding provided by the Food Stamp Act to purchase a "variety of nutritious and useful commodities" of the types that the Secretary has the authority to acquire through the Commodity Credit Corporation or under Section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c) and distribute the commodities to States in accordance with the Emergency Food Assistance Act of 1983 (TEFAP).

The language authorizes the Secretary, in purchasing commodities under this subsection, to the extent practicable, to make purchases based on: Agricultural market conditions; the preferences and the needs of the States and the distributing agencies; and, the preferences of recipients.

SUBTITLE B—COMMODITY DISTRIBUTION

Sec. 4201. Authorization of appropriations

This provision amends section 204(a)(1) of the Emergency Assistance Act by increasing the authorization of appropriations from $60 million to $100 million for the direct and indirect costs to States related to the processing, storage, transporting, and distribution of commodities.

Sec. 4202. Distribution of surplus commodities; special nutrition projects

This provision amends section 1141(a)(2)(A) of the Agriculture and Food Act by extending through 2012 the availability of surplus commodities, to be made available without charge or credit, to nutrition projects under the authority of the Older Americans Act, to child nutrition programs providing food service, and to food banks participating in special nutrition projects.

Sec. 4203. Commodity Distribution Program

This provision amends section 4 of the Agriculture and Consumer Protection Act by extending through 2012 the Secretary's authority to purchase and distribute agricultural commodities for food assistance programs, including but not limited to institutions (including hospitals and facilities caring for needs of infants and children), supplemental feeding programs serving women, infants, and children or elderly persons, or both.

The provision extends through 2012, the Commodity Supplemental Food Program (CSFP), which provides commodity packages to low-income pregnant and breastfeeding women, other new mothers up to one year postpartum, infants, children up to six years of age, and elderly people who are at least 60 years old.

The language specifies that local agencies are to use funds made available under the CSFP to provide assistance to low-income elderly individuals, women, and children in need for food assistance in accordance with any such regulation as the Secretary may proscribe.

The provision authorizes the Secretary to establish maximum income eligibility standards for the CSFP; and it mandates that the income eligibility standards be the same for all pregnant, postpartum, and breastfeeding women, for infants, for children, and for elderly individuals that qualify for the CSFP, and that the standards not exceed the maximum income limit established for free and reduced price meals under the Child Nutrition Act.

SUBTITLE C—CHILD NUTRITION AND RELATED PROGRAMS

Sec. 4301. Purchase of fresh fruits and vegetables for distribution to schools and service institutions

This provision amends section 10603 of the Farm Security and Rural Investment Act of 2002 by authorizing the Secretary, when purchasing fresh fruits and vegetables for distribution to schools and service institutions in accordance with the Richard B. Russell National School Lunch Program, to spend: Not less than $50 million for each of fiscal years 2008 and 2009; and, $75 million for each of fiscal years 2010 through 2012.

The language authorizes the Secretary of Agriculture to allow the Secretary of Defense to serve as the servicing agency for the procurement of fresh fruits and vegetables under this subsection.

Sec. 4302. Buy American requirements

This provision includes Congressional findings that:

- Federal law requires that commodities and products purchased with Federal funds be, to the extent practicable, of domestic origin;

• Federal Buy American statutory requirements seek to ensure that purchases made with Federal funds benefit domestic producers; and

• The Richard B. Russell National School Lunch Act requires the use of domestic food products for all meals served under the program, including food products purchased with local funds.

The language provides that the Department of Agriculture should undertake training, guidance, and enforcement of the various Buy American statutory requirements and regulations, including those of the National School Lunch Act and the DOD Fresh Program.

Sec. 4303. Expansion of Fresh Fruit and Vegetable Program

This provision amends section 18 of the Richard B. Russell National School Lunch Act by authorizing the Secretary to carry out a program, to the maximum extent practicable, to make fresh fruits and vegetables available to: 35 elementary and secondary schools in each State (the Act defines "State" as "any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands"); plus additional elementary and secondary schools in each State in proportion to the student population of the State.

The provision reauthorizes through 2012 a provision in the National School Lunch Act that requires the Secretary, acting through the Administrator of the Food and Nutrition Service, to submit to the Committee on Education and Workforce of the House of Representatives and the Committee on Agriculture, Nutrition of Forestry of the Senate a report that describes the activities carried out under this subsection of the Act for the fiscal year covered by the report.

The provision requires the Secretary, acting through the Administrator of the Food and Nutrition Service, to submit to the Committee on Education and Workforce of the House of Representatives and the Committee on Agriculture, Nutrition of Forestry of the Senate, not later than December 31, 2012, a final report that describes the results of the fresh fruit and vegetable program authorized under this subsection.

The language authorizes the Secretary to establish requirements to be followed by the States in administering the fresh fruit and vegetable program authorized under this subsection and mandates that the initial set of requirements be established not later than 1 year after the enactment of this requirements clause.

The provision increases funding for the fresh fruit and vegetable program authorized under this section from $9 million to $70 million in each of fiscal years 2008 through 2012.

• The language prohibits the Secretary from using "not more than 1 percent" of the amount made available to carry out this subsection for administrative expenses related to administering the fresh and fruit and vegetable program authorized under this subsection.

• The language restricts States from using more than 5 percent of the amount received by the State to carry out this subsection for administrative expenses related to administering the fresh fruit

and vegetable program authorized under this subsection. The language requires that, for a State to be eligible to use funds for administrative expenses, the State submit a plan to the Secretary indicating how it intends to use the funds.

Sec. 4304. Purchases of locally produced foods

This provision amends section 9(j) of the Richard B. Russell National School lunch Act by authorizing the Secretary to:

- Encourage institutions that receive funds under the School Lunch Act and the Child Nutrition Act to purchase, to the maximum extent practicable and appropriate, locally produced foods;
- advise institutions about the policy related to purchasing locally produced foods and post information related to this policy on the website maintained by the Secretary; and
- allow institutions receiving funds under the School Lunch Act and the Child Nutrition Act, including the Department of Defense Fruit and Vegetable Program, to use geographic preference in their procurement of locally produced foods.

SUBTITLE D—MISCELLANEOUS

Sec. 4401. Seniors Farmers' Market Nutrition Program

This provision amends section 4402 of the Farm Security and Rural Investment Act of 2002 by: Providing a mandatory appropriation of $15 million annually to carry out and expand the seniors farmers' market nutrition program; and, authorizing an appropriation of $20 million for fiscal year 2008, $30 million for fiscal year 2009, $45 million for fiscal year 2010, $60 million for fiscal year 2011, and $75 million for fiscal year 2012, to carry out and expand the program.

The language provides that honey, in addition to fruits, vegetables and herbs, be included in the program.

The language prohibits the value of any benefit provided to any eligible seniors farmers' market nutrition program recipient to be considered income or resources for any purposes under any Federal, State or local law. The language also prohibits States and local governments from collecting taxes on food purchased with coupons distributed under the program.

The provision provides the Secretary with the discretion to issue such regulations as the Secretary deems necessary to carry out the program.

Sec. 4402. Congressional hunger center

This provision amends section 4404 of the Farm Security and Rural Investment Act of 2002 to establish the Bill Emerson National Hunger Fellowship Program ("Emerson Fellowship") and the Mickey Leland International Hunger Fellowship Program ("Leland Fellowship") in order to encourage future leaders of the United States to pursue careers in humanitarian and public service, to recognize the needs of low-income individuals, and to provide assistance to people in need.

The language mandates that the Emerson Fellowship, which lasts 15 months, will be geared toward addressing hunger and poverty in the United States, while the Leland Fellowship, which lasts

2 years, will be geared toward international hunger and other humanitarian needs.

The provision authorizes the Secretary to contract with the Congressional Hunger Center (CHC) to administer the Fellowship Program; and requires the CHC to submit to Congress each year the results of an independent financial audit that demonstrates the CHC uses accounting procedures that conform to generally accepted accounting principles and auditing procedures.

The language defines the term "administrator" for the fellowship programs as: The head of the CHC, if the Secretary enters into a contract with the CHC to administer the fellowship programs; or, if the Secretary does not enter into a contract, the Secretary. The language mandates that the Administrator to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the activities and expenditures of the Fellowship Programs

The provision authorizes appropriations in the amount of $3 million for each of the fiscal years 2008 through 2012.

Sec. 4403. Joint nutrition monitoring and related research activities

This provision amends Subtitle D of Title IV of the Farm Security and Rural Investment Act of 2002 by authorizing the Secretary of Agriculture, along with the Secretary of Health and Human Services, to continue to provide jointly for national nutrition monitoring and related research activities.

The language requires the two Secretaries to, among other duties:

- collect continuous dietary, health, physical activity, and diet and health knowledge data on a nationally representative sample;
- periodically collect data on special at risk populations, as identified by the Secretaries;
- distribute information on health, nutrition, the environment, and physical activity to the public in a timely fashion;
- analyze new data that becomes available;
- continuously update food composition tables; and
- research and develop data collection methods and standards.

TITLE V—CREDIT

SUBTITLE A—FARM OWNERSHIP LOANS

Sec. 5001. Conservation Loan Guarantee Program

This provision amends section 304 of the Consolidated Farm and Rural Development Act (Con Act) by creating a conservation loan guarantee program. The program would allow the Secretary to provide loans and interest subsidies, or both, to farmers, ranchers, and other entities primarily and directly engaged in agricultural production to carry out qualified conservation projects.

The language authorizes the Secretary to give priority to:

- qualified beginning farmers or ranchers;
- socially disadvantaged farmers or ranchers;
- owners or tenants who use the loans to convert to sustainable or organic agricultural production systems; and

- producers who use the loans to build conservation structures or establish conservation practices to comply with section 1212 of the Food Security Act of 1985.

The language defines the term "qualified conservation loan" to mean a loan in which: The proceeds are to be used to cover the costs of the borrower in carrying out a qualified conservation project; the principal amount of the loan is not more than $1 million; the loan repayment period is 10 years; and the total amount of all processing fees does not exceed an amount to be prescribed by the Secretary.

The language defines the term "qualified conservation project" to mean: Conservation measures that address provisions of the borrower's conservation plan.

The language defines the term "conservation plan" to mean: A plan, approved by the Secretary, that, for a farming or ranching operation, identifies the conservation activities that will be addressed with the conservation loan, including—

- the instillation of conservation structures;
- the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes;
- the installation of water conservation measures;
- the installation of waste management systems;
- the establishment of improvement or permanent pasture;
- compliance with section 1212 of the Food Security Act of 1985; and
- any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.

The language limits the amount of the interest subsidies the Secretary may provide to 500 basis points, if the principal amount of the loan is less than $100,000, 400 basis points, if the principal amount of the loan is not less than $100,000 and is less than $500,000, and 300 basis points in all other cases.

The language prohibits the Secretary from approving any application for the program unless the Secretary determines that the loan sought by the applicant, as described in the application, would be a qualified conservation loan, and the project for which the loan is sought is likely to result in a net benefit to the environment.

The provision authorizes an appropriation of such sums as necessary for each of the fiscal years 2008 through 2012 to carry out the program.

Sec. 5002. Limitations on amount of ownership loans

This provision amends section 305(a)(2) of the Con Act by increasing the farm ownership loan limit from $200,000 to $300,000.

The provision requires the Secretary to establish a plan, in coordination with the activities under sections 359, 360, 361, and 362 of the Con Act, to encourage borrowers to graduate to private commercial or other sources of credit.

Sec. 5003. Down Payment Loan Program

This provision amends section 310E of the Con Act, by including in socially disadvantaged farmers and ranchers in the down payment loan program.

The language fixes the interest rate for the program at 4 percent below the regular direct farm ownership interest rate or 1 percent,

whichever is greater. The language increases the maximum price for the farm or ranch to be acquired from $250,000 to $500,000 and increases the Farm Services Administration (FSA) portion of the loan from 40 percent to 45 percent. The language also increases the duration of the loan from 15 years to 20 years. The language reduces the borrower down payment requirement from 10 percent to 5 percent.

The provision authorizes the Secretary to establish annual performance goals to promote the use of the down payment loan program and other joint financing participation loans as the preferred choice for direct real estate loans made by lenders to qualified beginning farmers or ranchers or socially disadvantaged farmers or ranchers.

Sec. 5004. Beginning Farmer and Rancher Contract Land Sales Program

This provision amends section 310F of the Con Act, by expanding the beginning farmer and rancher contract land sales program to include socially disadvantaged farmer or ranchers.

The language makes the program permanent and expands it nationwide. The language requires the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher to put a down payment of 5 percent of the purchase price of the farm or ranch. The language sets the maximum purchase price for the farm or ranch that is the subject of the contract land sale at $500,000 and sets a 10-year period for the loan guarantee provided under this program. The language gives the land seller the option of choosing either a 3-year guarantee or a standard 90 percent guarantee of the outstanding principal.

SUBTITLE B—OPERATING LOANS

Sec. 5011. Limitations on amount of direct operating loans

This provision amends section 313(a)(1) of the Con Act by increasing the operating loan limit from $200,000 to $300,000 for a loan other than one guaranteed by the Secretary.

Sec. 5012. Suspension of limitation on period for which borrowers are eligible for guaranteed assistance

This provision amends section 5102 of the Farm Security and Rural Investment Act of 2002 by extending the suspension of the limitation for which borrowers are eligible for guaranteed assistance from September 30, 2007 to January 1, 2008.

SUBTITLE C—ADMINISTRATIVE PROVISIONS

Sec. 5021. Inventory sales preferences

This provision amends section 335(c) of the Con Act by restoring priority to socially disadvantaged farmers and ranchers whenever the Secretary sells or leases property. The language requires the Secretary, whenever selling or leasing property, to ensure that socially disadvantaged farmers and ranchers are included in the process.

Sec. 5022. Loan fund set-asides

This provision amends section 346(b) of the Con Act by increasing from 70 to 75 percent for the amount of direct farm ownership loans that the Secretary is to reserve for beginning farmers and ranchers. The language mandates that participation loans, along with down payment loans, are the type of loans that the Secretary is to reserve for beginning farmers and ranchers.

The language increases from 60 percent to 66 percent for the amount of direct farm ownership loans that are to be reserved for down payment and participation loans for beginning farmers and ranchers; increases from 35 to 50 percent for the amount of direct operating loans that are to be made available to beginning farmers and ranchers; and, increases from 25 to 40 percent for the amount of guaranteed farm ownership loans to be reserved for beginning farmers and ranchers.

Sec. 5023. Transition to private commercial or other sources of credit

This provision amends section 344 of the Con Act by requiring the Secretary, when making or insuring a real estate or operating loans, to establish regulations that have as their goal, the transitioning of borrowers to sources of credit, including private commercial credit, in the shortest practicable period of time.

Sec. 5024. Extension of the right of first refusal to reacquire homestead property to immediate family member of borrower-owner

This provision amends section 352(c)(4)(B) of the Con Act by extending the right of first refusal to reacquire a homestead property to members of the immediate family of the borrower-owner—in the case of socially disadvantaged farmers and ranchers.

The language allows for an independent appraisal of the property by an appraiser selected by the immediate family member of the borrower-owner—in the case of socially disadvantaged farmers and ranchers.

Sec. 5025. Rural Development and Farm Loan Programs

This provision amends Subtitle D of the Con Act, by prohibiting the Secretary of Agriculture from completing a study of, or entering a contact with, a private party to carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing activity of the Secretary, including support personnel of the Department of Agriculture, relating to rural development or farm loan programs.

SUBTITLE D—FARM CREDIT

Sec. 5031. Agribusiness loan eligibility

This provision amends section 1.9 of the Farm Credit Act (FCA) to authorize Farm Credit banks, Production Credit Associations, and banks for cooperatives to provide loans, short-term loans, immediate-term loans, credit, and financial services to agribusinesses, but only to the extent that their business activities are directly related to renewable energy.

The language requires that the agribusiness be primarily engaged in one of the following activities: Processing, preparing for

market, handling, purchasing, testing, grading, distributing, or marketing farm or aquatic products or one that is primarily engaged in furnishing farm or aquatic business services, or farm or aquatic supplies directly to farmers, ranchers, or harvesters of aquatic products.

Sec. 5032. Loan-to-asset value requirements

The provision amends section 1.10(a)(1)(C) of the FCA by allowing the Farm Credit Administration, through regulations, to allow loan-to-value requirements to exceed 97 percent in the case of government guaranteed loans.

Sec. 5033. Population limit for single-family housing loans

This provision amends section 1.11(b)(3) and 2.4(b)(3) of the FCA by changing the definition of rural area for loans, short-term loans, immediate-term loans, and discounts, with respect to rural housing purposes, to exclude a city or town that has population of greater than 6,000 inhabitants.

The language retains provisions in current law that require all homes financed to be no more than moderately-priced, that they be single-family, owner-occupied dwellings, and that no more than 15 percent of the Farm Credit System's portfolio be related to rural housing loans.

Sec. 5034. Bank for cooperatives voting stock

This provision amends section 3.3(c) of the FCA by authorizing the board of a bank for cooperatives to determine the terms and conditions for the issuance and transfer of bank voting stock to bank for cooperatives customers and other Farm Credit System associations.

The language makes a conforming amendment to section 4.3A(c)(1)(D) of the FCA to add to the list of borrowers eligible to hold voting stock under the bylaws of the banks for cooperatives, persons and entities eligible to borrow from banks for cooperatives.

Sec. 5035. Majority farmer control requirement

This provision amends section 3.8(b)(1) of the FCA by clarifying that, in order for a cooperative to obtain financing from a bank for cooperatives, farmers must maintain majority voting control of the association and the farmer ownership class must operate on a cooperative basis.

Sec. 5036. Borrower stock requirement

This provision amends section 4.3A(c)(1)(E)(i) of the FCA by changing the requirement, as a condition of borrowing from a Farm Credit institution, that a borrower, at the time the loan is made is to acquire borrow stock equal to at least $1,000 or 2 percent of the amount of the loan, whichever is less, to an amount that is to be "determined by the institution."

Sec. 5037. Rural utility loans

This provision amends section 8.0(9) of the FCA to allow rural utility loans (loans, or interest in a loan, for electric and telephone facilities) to be considered as "qualified loans".

Sec. 5038. Farm Credit System Insurance Corporation

This provision amends section 1.12(b) of the FCA to change the method that each Farm Credit System bank must use to assess associations and other financing institutions to cover the costs of making Farm Credit System Insurance Corporation (FCSIC) premium payments under Part E of Title V of the FCA. The language amends current law so as to no longer specify how Farm Credit System Banks are to assess lenders, but would allow the assessments to be computed in an "equitable manner."

The provision amends section 5.55(a) of the FCA to reduce the total insured debt obligations on which premiums are assessed by 90 percent of Federal Government-guaranteed loans and investments, and 80 percent of state government-guaranteed loans and investments.

The provision amends section 5.55(b) of the FCA by striking the word "annual," which would allow FCSIC to collect premiums more frequently than annually.

The provision amends section 5.55(c) of the FCA by allowing Farm Credit System banks to deduct a percentage of Federal Government-guaranteed investments and a percentage of state government-guaranteed investments when calculating the "secure base amount."

The provision amends section 5.55(d) of the FCA by allowing FSCIC to use the principal outstanding on all loans made by an insured Farm Credit System bank or the amount outstanding on all investments made by an insured system bank for purposes of premium calculations and "secure base amount" calculations.

The provision amends section 5.55(e) of the FCA to require FCSIC to use year end numbers, rather than the "average daily balance" in calculating excess funds; simplifies the formula, contained in current law, concerning payments from the Farm Credit Insurance Fund Allocated Insurance Reserve Accounts.

The provision amends section 5.56(a) of the FCA, by allowing Farm Credit System banks to file certified statements quarterly.

The provision amends section 5.58(10) of the FCA to clarify that FCSIC has the authority to adopt rules and regulations concerning section 1.12(b) of Title I of the FCA, the "Authority to Pass Along Cost of Insurance Premiums."

Sec. 5039. Risk-based capital levels

This provision amends section 8.32(a)(1) of the FCA by allowing FCSIC to calculate risk-based capital for rural electric and telephone loans, because the capital requirements for those credits are based on a different set of loan loss data than the agriculture mortgage loans that currently are "qualified loans."

Sec. 5040. Loans to purchasers of highly-fractioned lands

This provision amends section 1 of Public Law 91–229 (25 U.S.C. 488) by giving the Secretary of Agriculture the discretionary authority to make and insure loans, as provided in section 309 of the Con Act, to eligible purchasers of highly fractioned lands, pursuant to section 204(c) of the Indian Land Consolidation Act.

TITLE VI—RURAL DEVELOPMENT

Sec. 6001. Definition of rural

This provision requires the Secretary to prepare and submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that:

- assesses the varying definitions of rural used by the Department of Agriculture;
- describes what effect the varying definitions have on the programs USDA administers; and
- makes recommendations to better target funds through rural development programs.

Sec. 6002. Water, waste disposal, and wastewater facility grants

This provision amends section 306(a)(2)(A) of the Consolidated Farm and Rural Development Act (Con Act) by authorizing the Secretary to make grants available to finance projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

The provision authorizes an appropriation of $30 million for each of the fiscal years 2008 through 2012.

Sec. 6003. Rural business opportunity grants

This provision amends section 306(a)(11) of the Con Act by authorizing the Secretary to make grants available for business development or labor training in rural areas.

The provision authorizes an appropriation of $15 million for each of the fiscal years 2008 through 2012.

Sec. 6004. Rural Water and Wastewater Circuit Rider Program

This provision amends section 306(a)(22) of the Con Act by authorizing the Secretary to establish a national rural water and wastewater circuit rider program to provide technical assistance to help bring small public water systems into compliance with State and national environmental regulations. The program is modeled on the rural water circuit rider program of the National Rural Water Association.

The provision increases the authorization of appropriation for the program from $15 million to $25 million for each of the fiscal years 2008 through 2012.

Sec. 6005. Tribal college and university essential community facilities

This provision amends section 306(a)(25) of the Con Act by authorizing the Secretary to provide cost-share grants to tribal colleges and universities (as defined in Section 316 of the Higher Education Act of 1965 (20 U.S.C. 1059(c)) for developing essential community facilities in rural areas.

The language limits the Secretary, with respect to the federal share of the grants, from requiring non-Federal financial support in an amount that is greater than 5 percent of the total cost of developing essential community facilities.

The provision authorizes an appropriation of $10 million for each of the fiscal years 2008 through 2012.

Sec. 6006. Emergency and Imminent Community Water Assistance Grant Program

This provision amends section 306A of the Con Act by authorizing the Secretary to provide grants to assist residents in rural areas and small communities comply with the Water Pollution Control Act or the Safe Drinking Water Act.

The provision authorizes an appropriation of $35 million for each of the fiscal years 2008 through 2012.

Sec. 6007. Water systems for rural and native villages in Alaska

This provision amends section 306D of the Con Act by authorizing the Secretary to make grants to Alaska for the benefit of rural and native villages in that state to provide for the development and construction of water and waste water systems to improve the health and sanitation conditions in those villages.

The provision authorizes the appropriation of $30 million for each of the fiscal years 2008 through 2012.

Sec. 6008. Grants to nonprofit organizations to finance the construction, refurbishing, and servicing of individually-owned household water well systems in rural areas for individuals with low or moderate incomes

This provision amends section 306E of the Con Act by authorizing the Secretary to make grants to private nonprofit organizations for loans to eligible low-income individuals for the construction, refurbishing, and servicing of individual household water well systems in rural areas.

The provision authorizes an appropriation of $10 million for each of the fiscal years 2008 through 2012.

Sec. 6009. Rural cooperative development grants

This provision amends section 310B(e) of the Con Act, by reauthorizing the Rural Cooperative Development Grant Program, which authorizes the Secretary to award competitive grants for establishing and operating centers for rural cooperative development.

The language authorizes the Secretary, in awarding grants under this section, to give preference to grant applications providing for the establishment of centers for rural cooperative development that:

- demonstrate a proven track record in administering activities to promote and assist in the development of cooperatively and mutually owned businesses;
- demonstrate previous expertise in providing technical assistance in rural areas to promote and assist in the development of cooperatively and mutually owned businesses;
- demonstrate a commitment to networking with and sharing the results of its efforts with other cooperative development centers and other organizations involved in rural economic development efforts; and
- develop multi-organization and multi-State approaches to addressing cooperative and economic needs in rural areas.

The provision authorizes the Secretary to award one-year grants to centers that have not received prior funding and evaluate programs that receive grant funding. The provision gives the Secretary the discretion to award grants for a period of more than 1 year, but

not more than 3 years, to programs that the Secretary determines are meeting the goals of the program. The provision also gives the Secretary the discretion to extend for only one additional 12-month period, the period in which a grantee may use a grant made under this section.

The language authorizes the Secretary to enter into a cooperative research agreement with one or more qualified academic institutions for the purpose of conducting research on the national economic effects of all types of cooperatives.

The provision authorizes the Secretary to reserve 20 percent of appropriated funds for grants for cooperative development centers, individual cooperatives, or groups of cooperatives serving socially disadvantaged communities when the appropriated funds for a fiscal year exceed $7.5 million. If the Secretary determines the number of applications received from socially disadvantaged groups is insufficient, the provision authorizes the Secretary to use the funds for the purposes outlined in this subsection.

The provision authorizes an appropriation of $50 million for each of the fiscal years 1996 to 2012.

Sec. 6010. Criteria to be applied in providing loans and loan guarantees under the Business and Industry Loan Program

This provision amends section 310B of the Con Act by authorizing the Secretary, in providing loans and loan guarantees under the Business and Industry Loan Program, to consider applications more favorably—when compared to other applications—when the project described in the application supports community development and farm and ranch income by marketing, distributing, storing, aggregating, or processing locally or regionally produced agricultural product.

The language defines "locally or regionally produced product" to mean an agricultural product:

- which is produced and distributed in the locality or region where the finished product is marketed;
- which has been shipped a total of distance of 400 or fewer miles, as determined by the Secretary; and
- about which the distributor has conveyed to the end-use consumers information regarding the origin of the product or production practices, or other valuable information.

Sec. 6011. Appropriate technology transfer for Rural Areas Program

This provision amends section 310B of the Con Act by authorizing the Secretary to establish the "national technology transfer for rural areas program," to assist agricultural producers that are seeking information to help them:

- reduce their input costs;
- conserve energy costs;
- diversify operations through new energy crops and energy generation facilities; and
- expand markets for their agricultural commodities through the use of sustainable farming practices.

The provision defines the term "national nonprofit agricultural assistance institution" to mean an organization that:

- is described in section 501(c)(3) of the Internal Revenue Code and is exempt from taxation under section 501(a) of that code;
- has staff offices in multiple regions;
- operates national sustainable agriculture technical assistance programs; and
- provides the technical assistance through toll-free hotlines, a website, publications, and workshops.

The language authorizes the Secretary to carry out the program by making a grant or entering into a cooperative agreement with a national non-profit agricultural assistance organization; and provides that the grant or cooperative agreement entered into will provide 100 percent of the cost of providing information.

The provision authorizes an appropriation of $5 million to carry out the program.

Sec. 6012. Grants to improve technical infrastructure and improve quality of rural healthcare facilities

This provision amends subtitle D of the Con Act by authorizing the Secretary to award grants to rural health facilities for the purpose of assisting the facilities in: purchasing health information technology to improve quality health care and patient safety; or, improving health care quality and patient safety, including the development of:

- quality improvement support structures to assist rural health systems and professionals; and
- innovative approaches to financing and delivery of health services to achieve rural health quality goals.

The language defines rural areas, for the purposes of the subsection to mean any area of the United States that is not: Included within the boundaries of any city, town, borough, or village, whether incorporated or unincorporated, with a population of more than 20,000 inhabitants; or, the urbanized area contiguous and adjacent to such a city or town.

The language requires that eligible entities receiving grants under this section to provide the Secretary with information that will allow the Secretary to: Evaluate the project for which the grant is made; and, ensure that the funds are being used for the purposes for which the grant is made.

The provision authorizes appropriations of $30 million for each of fiscal years 2008 through 2012.

Sec. 6013. Rural entrepreneur and Microenterprise Assistance Program

This provision amends subtitle D of the Con Act by authorizing the Secretary to establish rural entrepreneurship and microenterprise grant and loan programs. The provision authorizes an appropriation of not more than $20 million for each of fiscal years 2008 through 2012.

Rural Entrepreneurship and Microenterprise Grant Program: The purpose of this program is to provide low- and moderate-income individuals with: the skills necessary to establish new small businesses in rural areas; and, continuing technical and financial assistance to individuals and business starting or operating small businesses.

• The language authorizes the Secretary to award grants to qualified organization to provide training, operations support, or rural capacity-building services to qualified organizations to assist them in developing microenterprise training, technical assistance, market development assistance, and other related services—the program is primarily for businesses with 10 or fewer full-time-equivalent employees.

• The language requires that, as a condition of receiving a grant, the qualified organization match not less than 25 percent of the total amount of the grant.

Rural Microloan and Technical Assistance Program: The purpose of this program is to provide technical and financial assistance to qualified organizations, sole proprietorships, and small businesses located in rural areas with a particular focus on business with 10 or fewer full- time-equivalent employees.

• The language authorizes the Secretary to: make loans to qualified organizations for the purpose of making short-term, fixed interest rate microloans to startup, newly established, and growing rural microbusiness concerns; and, in conjunction with the loans provide grants for the purpose of providing intensive marketing, management, and technical assistance to small businesses.

• The language mandates that the loan-term for a loan made under this section is 20 years; that the loan bear an annual interest rate of at least 1 percent; and, that the Secretary has the discretion to defer payments, both principal and interest, for 2 years beginning on the date the loan is made.

Sec. 6014. Criteria to be applied in considering applications for rural development projects

This provision amends subtitle D of the Con Act, by authorizing the Secretary to review the income demographics, population density, and seasonal population increases, and other factors as determined by the Secretary, for eligible communities that submit applications for rural development programs authorized or modified by title VI of the 2007 Farm Bill, or section 306, 306A, 306C, 306D, 306E, 310(c), 310(e), 310B(b), 310B(c), 310B(e), or 370B, or subtitles F, G, H, or I, of the Con Act.

The language authorizes the Secretary to issue regulations to establish the limitation that a rural area cannot exceed in order to remain eligible for rural development funds.

Sec. 6015. National Sheep Industry Improvement Center

This provision amends section 375 of the Con Act by eliminating the requirement that the National Sheep Industry Improvement Center be required to privatize its revolving fund. The Center has a number of purposes, including:

• promoting strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance the production and marketing of sheep or goat products in the U.S.;

• optimizing the use of available human capital and resources within the sheep and goat industries; and

• adopting flexible and innovate approaches to solving the long-term needs of the U.S. sheep or goat industry.

The provision provides for an authorization of $10 million for each of the fiscal years 2008 through 2012.

Sec. 6016. National Rural Development Partnership

This provision amends section 378 of the Con Act, which establishes the National Rural Development Partnership. The National Rural Development Partnership is composed of the National Rural Development Coordinating Committee. Included among the partnership's purposes are the following: the enhancement of state and local rural development capacities; and, the engagement of federal, state, local, tribal, private and nonprofit sectors in such efforts.

The provision authorizes an appropriation of $10 million for each of the fiscal years 2008 through 2012.

Sec. 6017. Historic barn preservation

This provision amends section 379A of the Con Act, which authorizes the Secretary to make grants, or enter into contracts with, state departments of agriculture or certain nonprofit organizations for historic barn preservation.

The language authorizes the Secretary, in making grants under this subsection, to give the highest priority to funding projects that identify, document, and conduct research on historic barns and develop and evaluate appropriate techniques or best practices for protecting historic barns.

The provision authorizes an appropriation of such sums as necessary for each of the fiscal years 2008 through 2012.

Sec. 6018. Grants for NOAA weather radio transmitters

This provision amend section 379B of the Con Act, which authorizes the Secretary to make grants to public and nonprofit entities, and to borrowers of loans made by the Rural Utilities Service, for the federal share of the cost of acquiring radio transmitters to increase rural coverage by the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration (NOAA).

The provision authorizes an appropriation of such sums as necessary for each of the fiscal years 2008 through 2012.

Sec. 6019. Delta regional authority

This provision amends Section 382 of the Con Act, which provides federal and state funding for 240 distressed counties across eight states in the Mississippi Delta.

The provision authorizes an appropriation of $30 million for each of the fiscal years 2008 through 2012 and extends the Delta Regional Authority to October 1, 2012.

Sec. 6020. Northern Great Plains Regional Authority

This provision amends section 383B of the Con Act, by continuing the formula for the federal share of the Northern Great Plains Regional Authority's administrative expenses—the formula is: for fiscal year (FY) 2007 100 percent; for FY2008 75 percent; and for FY2009 50 percent.

The language broadens the Authority's support for resource conservation districts. The language eliminates the order of priority with respect to funding for economic and community development

projects. The language also eliminates the "isolated area of distress" designation. Isolated areas of distress are defined as areas located in "nondistressed counties"—(nondistressed counties are counties that are not the most severely and persistently distressed and underdeveloped and do not have high rates of poverty, unemployment, and outmigration)—that have high rates of poverty, unemployment or outmigration.

The language reduces from 75 to 50 percent the minimum amount of funds that the authority is to allocate to "distressed counties," which are defined as counties that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration.

The language eliminates the prohibition of providing funds to "nondistressed counties" and reduces from 50 to 25 percent, the minimum amount of funds that the authority is to allocate to transportation, telecommunication, and public infrastructure projects. The language mandates that "renewable energy projects" are included among the those projects.

The language extends the authority through 2012 and authorizes an appropriation of $30 million for each of the fiscal years 2008 through 2012.

Sec. 6021. Rural Strategic Investment Program

This provision amends section 385E of the Con Act to appropriate $25 million for fiscal years 2008 through 2012 for the Rural Strategic Investment Program (RSIP), which establishes a National Board on Rural America that is to make planning grants and innovation grants to certified Regional Investment Boards.

The language establishes a definition for "rural heritage," which for the subsection is to mean "historic sites, structures, and districts which may include rural downtown areas, and main streets, neighborhoods, farmsteads, scenic and historic trails, and heritage areas, and historic landscapes."

The language adds to the criteria for regional plans, for the purpose of making regional strategic planning grants—which are competitive grants awarded to Regional Boards for the purpose of developing, maintaining, evaluating regional plans—the preservation and promotion of rural heritage.

The language adds to the list of preferences for awarding innovation grants that the National Board is to give priority to Regional Boards that, among other criteria, demonstrate a plan to protect and promote rural heritage.

Sec. 6022. Expansion of 911 access

This provision amends Section 315 of the Rural Electrification Act (REA) to reauthorize—from 2008 to 2012—the Secretary's authority to make telephone loans to state or local governments, Indian tribes, or other public entities for the expansion of rural 911 access and integrated emergency communication in rural areas.

Sec. 6023. Access to broadband telecommunications services in rural areas

This provision amends Section 601 of the REA by changing the definition of an "eligible rural community" to include any area in the United States that is not: included within the boundaries of

any city, town, borough, or village, whether incorporated or unincorporated, with a population of more than 20,000 inhabitants; and, the urbanized area contiguous and adjacent to such a city or town.

The provision establishes a definition for the term "incumbent service provider," which, for the purposes of this subsection, means an entity that is providing broadband service to at least 5 percent of the service area proposed in the application.

The language mandates that the Secretary, when making loans or loan guarantees under this section, give priority to eligible rural communities based on the number of incumbent service providers located in those communities in the following order:

(1) no incumbent service provider;

(2) 1 incumbent service provider; or

(3) 2 incumbent service providers who, together, serve not more than 25 percent of the households in the service area proposed in the application.

The language prohibits the Secretary from:

—making a loan to any community where there are more than 3 incumbent service providers, unless:

- the loan is to an incumbent service provider of the community;
- the other providers in that community are notified of the application before approval by the Secretary , and have sufficient time to comment on the application; and
- the application includes substantially increasing—
- the quality of broadband service in the community; and
- the provision of broadband service to unserved households inside and outside the community; or

—making a make a loan for new construction—i.e. the construction or acquisition of broadband facilities and equipment by a new entrant into the community—in any community in which more than 75 percent of the households may obtain affordable broadband service, on request, from at least 1 incumbent service provider;

The language increases the percentage of subscriber lines that an eligible entity is allowed to serve from 2 percent to 10 percent.

The provision authorizes the Secretary to take steps to reduce the costs and paperwork associated with applying for a loan or loan guarantee under this section by first-time applicants, particularly those who are smaller and start-up Internet providers.

The provision requires that not more than 25 percent of loans be made available, in a single fiscal year, to entities that serve more than 2 percent of the telephone subscriber lines in the United States.

The language requires the Secretary to ensure that the type, amount, and method of security used to secure a loan or loan guarantee is commensurate to the risk involved with the loan or loan guarantee, particularly when the loan or loan guarantee is issued to a financially healthy, strong, and stable entity. The language also requires the Secretary, in determining the amount and method of security, to consider reducing the security in areas that do not have broadband service.

The provision prohibits the period of a loan or loan guarantee from exceeding 35 years, as the borrower may request, so long as the Secretary determines that the loan is adequately secured; and,

it authorizes the Secretary to consider whether the recipient is or would be serving an area that is not receiving broadband service.

The language requires the Secretary to annually report to Congress on the rural broadband loan and loan guarantee program.

The provision authorizes an appropriation of such sums as necessary for each of the fiscal years 2008 through 2012 to carry out the rural broadband loan and loan guarantee program: the language requires the Secretary to set aside 10 percent of the appropriated funds for eligible tribal communities; and, it allows the Secretary to use amounts in the reserve that are not obligated by June 30 to make loans and loan guarantees to eligible entities as determined by the Secretary.

The provision extends the authority to issue loans until 2012.

The provision establishes a "National Center for Rural Telecommunications Assessment," which duties are to include: assessing the effectiveness of rural broad band loan and loan guarantee programs, increasing broadband penetration and purchase in rural areas; and, developing assessments of broadband availability in rural areas.

• The language requires the Center to report annually to the Secretary on its activities and the results of its research.

• The provision authorizes, with respect to the National Center for Rural Telecommunications Assessment, an appropriation of $1 million for each of the fiscal years 2008 through 2012.

Sec. 6024. Community Connect Grant Program

This provision amends Title VI of the REA by authorizing the Secretary to provide financial assistance to eligible applicants to provide broadband transmission service that fosters economic growth and delivers enhanced educational, health care, and public safety services.

The language authorizes the Secretary to prioritize grants that will enhance community access to telemedicine and distance learning. The language requires grant applicants to provide a matching contribution of at least 15 percent of the grant amount requested.

The provision authorizes an appropriation of $25 million for fiscal years 2008 through 2012.

Sec. 6025. Agriculture Innovation Center Demonstration Program

This provision amends section 6402(i) of the Farm Security and Rural Investment Act of 2002 which authorizes the Secretary to provide grants to eligible entities for assistance to agricultural producers in order to establish and enhance businesses to produce value-added agricultural commodities or products. The grants are also to be used to provide technical assistance and planning to assist producers in establishing value-added businesses.

The provision authorizes an appropriation of $6 million for each of the fiscal years 2008 through 2012.

Sec. 6026. Rural Firefighters and Emergency Medical Service Assistance Program

This provision amends section 6405 of the Farm Security and Rural Investment Act to make grants available to local governments, Indian tribes, and other eligible entities to: Enable the entities to provide for improved emergency medical services in rural

areas; and, 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. The language requires eligible entities, in order to receive a grant, to provide matching funds.

The provision authorizes an appropriation of not more than $30 million for each of the fiscal years 2008 through 2012.

Sec. 6027. Value-added Agriculture Marketing Development Program

This provision amends section 231 of the Agricultural Risk Protection Act (ARPA) by providing a definition for mid-tier value-chains, which are defined as local and regional supply networks that link independent producers with business and cooperatives that market value-added agricultural products.

The language requires the Secretary to set aside 10 percent of the funds for value-added agricultural market development grants for projects benefiting beginning farmers and ranchers or socially disadvantaged farmers and ranchers. The language also requires the Secretary to set aside 10 percent of the funds for value-added agricultural market development grants for applications that propose to develop mid-tier value chains. The language authorizes the Secretary to use amounts in the reserve that are not obligated to qualified beginning farmers and ranchers, socially disadvantaged farmers and ranchers, or mid-tier value chains by June 30, to make grants to eligible entities as determined by the Secretary.

The provision provides for mandatory funding of $30 million.

Sec. 6028. Assistance for rural public television stations

This provision amends section 2333 of the Food, Agriculture, Conservation, and Trade Act by authorizing the Secretary to provide grants to noncommercial education television broadcast stations that serve rural areas for the purposes of developing digital facilities, equipment, and infrastructure to enhance digital services to rural areas.

Sec. 6029. Telemedicine and distance learning services in rural areas

This provision amends section 2335A of the Food, Agriculture, Conservation and Trade Act to authorize the Secretary to award loans and grants to schools and medical facilities for acquiring advanced telecommunications technologies to support medical and educational functions in rural areas.

Sec. 6030. Guarantees for bonds and notes issued for electrification or telephone purposes

This provision amends section 313A of the REA to authorize the Secretary to guarantee payments issued by cooperatives or other lenders organized on a non-for-profit basis if the proceeds of the bonds or notes are used to make loans for any electrification or telephone purpose eligible for assistance under the REA.

Sec. 6031. Comprehensive rural broadband strategy

This provision authorizes the Secretary to submit to the President and the Congress a report describing a comprehensive rural broadband strategy that includes recommendations to:

- promote interagency coordination of Federal agencies and improve and streamline the policies, programs, and services;
- coordinate among Federal agencies regarding existing broadband or rural initiatives that could be of value to rural broadband development;
- address both short- and long-term solutions and needs for a rapid build-out of rural broadband solutions and applications for Federal, State regional, and local government policy makers;
- identify how specific Federal agency programs and resources can best respond and overcome obstacles that currently impede rural broadband deployment; and
- promote successful model deployments and appropriate technologies being used in rural areas so that State, regional, and local governments can benefit from the success of other State, regional, and local governments.

Sec. 6032. Study of railroad issues

This provision authorizes the Secretary, in coordination with the Secretary of Transportation, to conduct a study, and submit a report to Congress on the results of the study within 9 months of the date of enactment of the Farm Bill, on railroad issues, with respect to the movement of agricultural products, domestically produced renewable fuels, and domestically produced resources for the production of electricity in rural America.

The language mandates that the study include an examination of the importance of freight railroads to:

- the deliver of equipment, seed, fertilizer, and other products important to the development of agricultural commodities and products;
- the movement of agricultural commodities and products to market;
- the delivery of ethanol and other renewable fuels;
- the delivery of domestically produced resources for use in the generation of electricity in rural America;
- the location of grain elevators, ethanol plants, and other facilities,
- the development of manufacturing facilities;
- the vitality and economic development of rural communities;
- the sufficiency in rural America of railroad capacity, the sufficiency of rail competition, the reliability of rail service, and the reasonableness of rail prices; and
- the accessibility to rail customers in rural America of Federal processes for the resolution of rail customer grievances with the railroad.

TITLE VIII—RESEARCH

SUBTITLE A—GENERAL PROVISIONS

Sec. 7101. Definitions

• Capacity program generally means those formula fund programs that are used to fund faculty needs, building, equipment and repair of agriculture research facilities, as well as State and regional research priorities. Competitive program generally means those grants which are awarded competitively and are used for agricultural research and extension.

• Capacity Program and competitive critical base funding means the total amount of federal funds for all or individual respective programs for FY '07.

• ASCARR Institution is a public college or university that offers a baccalaureate or higher degree in agriculture, but does not include Hispanic Serving Agricultural Colleges and Universities (HSACUs) or any 1862, 1890, or 1994 Land Grant institutions.

• HSACUs are colleges or universities that qualify as Hispanic Serving Institutions (HSI's) under the Higher Education Act and offer a degree in an agriculture related field.

Sec. 7102. Bubget submission and funding

• Requires the President to submit with the annual budget request a single line item reflecting the total funding request for competitive programs for the fiscal year and the previous five fiscal years.

• The capacity program critical base funding request should be apportioned among programs based on priorities established by the Undersecretary and Directors of the National Agricultural Research Program Office's (NARPO). Additional funds requested should enhance 1890's, 1994's, small 1862's ASCARR Institutions, and HSACUs.

• The competitive program critical base funding request should be apportioned among programs based on priorities established by the Undersecretary and Directors of NARPO. Additional funds requested should support study of emerging problems and their solutions.

• Necessary sums are authorized to be appropriated.

• Competitive programs under this section include only those requested by the President for appropriations funding.

Sec. 7103. Additional purposes of agricultural research and extension

• Adds additional purposes of agricultural research and extension to include:

• Integrating and organizing agricultural research, extension, education and related programs to respond to 21st century challenges, and to continue to meet the needs of society from a local, Tribal, State, National and international perspective;

• Minimize duplication and maximize coordination of the program at all levels;

• Position the research, extension, education and related programs system in order to expand the portfolio to increase its contribution to society.

Sec. 7104. National Agricultural Research Program Office

• Establishes six research Program Offices, collectively known as the "National Agricultural Research Program Office" within the office of the Under Secretary of Agriculture for Research, Education, and Economics. The NARPO will coordinate the programs and activities of the research agencies within the mission area to the maximum extent practicable.

The NARPO will include the following offices:

- Renewable energy, resources, and environment;
- Food safety, nutrition, and health;
- Plant health and production;
- Animal health and production and animal products;
- Agriculture systems and technology; and
- Agriculture economics and rural communities.

• Each research Program Office will have a Director appointed by the Under Secretary, and will have conducted outstanding research, education or extension in agriculture or forestry, earned a doctorate, and met the standards for appointment to a senior level of the competitive service.

• The Directors will formulate programs, assess workforce needs, cooperate with the Board in planning for personnel needs, develop strategic planning and priorities for department-wide research, education, extension and related activities, and communicate with program beneficiaries.

• The Under Secretary, along with the Directors and in consultation with the National Agricultural Research, Education and Economics Advisory Board (the Board), will direct and coordinate programs within relevant departmental agencies to focus on understanding program problems and opportunities, addressing those problems, and national/regional/local priorities.

• The Undersecretary will coordinate with the Directors and receive the advice of the Board to ensure that programs are integrated and coordinated.

• The Under Secretary will fund each Program Office with appropriated funds made available to the agencies within the mission area. The total number of staff for all Program Offices shall not exceed 30 full time positions and shall be filled by current positions.

• The Undersecretary will integrate leadership functions from existing program offices to ensure that Program offices are the primary program leaders.

• Requires the Under Secretary to develop and implement specialty crop research activities; facilitate information delivery; and ensure coordination among research initiatives related to specialty crops.

Sec. 7105. Establishment of competitive grant programs under the national institute for food and agriculture

• Establishes the National Institute for Food and Agriculture within the Cooperative State Research, Education, and Extension Service to administer all competitive programs as defined in section 7101.

Sec. 7106. Merging of IFAFS and NRI

• The law authorizing the Initiative on Future Agricultural and Food Systems (IFAFS) is repealed and merged with the law authorizing the National Research Initiative (NRI).

• The competitive grants authorized under the new program shall be available to State Agricultural Experiment Stations, all colleges, universities, university research foundations, research institutions and organizations, Federal agencies, national laboratories, private organizations, corporations or individuals.

• The term of any grant received under this program shall not exceed 10 years.

• All grant awards shall be made on the basis of peer and merit review.

• Funds may not be used for construction.

• Within this new combined program will be 2 separate programs for basic and applied research, to be referred to as the NRI and IFAFS, respectively.

• NRI funding shall be allocated as follows: 30 per cent for multidisciplinary teams; 20 percent for missions linked systems research; not less than 10 percent for education and research opportunities. The offer or availability of matching funds shall not be taken into account when making a grant. The match requirement may be waived in certain instances.

• Matching funds shall be required for IFAFS grants if the grant is for applied commodity specific research and not national in scope.

• In addition to NRI grants, the Secretary may conduct a program in agricultural, food and environmental sciences in a variety of specified categories.

• 60 percent of funds made available shall fund the NRI, and 40 percent will fund IFAFS.

• Funding made available under current statute for IFAFS will be transferred to this new combined program. $500,000,000 are authorized to be appropriated, and shall remain available until expended for obligations incurred in that fiscal year.

• Repeals the authority for construction of non-Federal agricultural research facilities with Federally appropriated funds.

Sec. 7107. Capacity building grants for ASCARR institutions

• Grants will be made for ASCARR Institutions to maintain and expand education, outreach and research capacity relating to agriculture, renewable resources and other similar fields.

• Necessary sums are authorized to be appropriated.

Sec. 7108. Establishment of research laboratories for animal diseases

• Authorizes the Secretary to establish animal disease research laboratories, and to the extent that an animal disease constitutes a threat to the livestock industry, authorizes the Secretary to conduct research, diagnostics, and other activities.

• Prohibits a person, State or Federal agency from importing, transporting or storing at a research facility a live virus that the Secretary determines to be a threat to livestock, such as foot- and-mouth disease. The Secretary may, however, import, transport or

store such a live virus, and may also allow for a person, State or Federal agency to do the same, if it is in the public interest.

• Necessary sums are authorized to be appropriated.

Sec. 7109. Grazinglands Research Laboratory

• Prohibits the Secretary from declaring the land occupied by the USDA Grazingland Research Laboratory from being declared surplus Federal property.

Sec. 7110. Researcher training

• Plant genetic researchers receiving certain federal funds are required to complete an approved training program.

Sec. 7111. Fort Reno Science Park Research Facility

• The Secretary may lease the land at the Grazinglands Research Laboratory to the University of Oklahoma.

Sec. 7112. Assessing the nutitrional composition of beef products

• A grant will be available to a land-grant university to update the Nutrient Composition Handbook for Beef. Necessary sums are authorized to be appropriated.

Sec. 7113. Sense of Congress regarding funding for human nutrition research

• It is the sense of Congress that human nutrition research has the potential for improving the health of Americans.

SUBTITLE B—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977

This subtitle reauthorizes various grants, programs, centers, appropriations, facilities, institutions under NARETPA.

Sec. 7201. Advisory board

• Increases the maximum annual limitation on expenses for the National Agricultural Research, Extension, Education, and Economics Advisory Board to $500,000.

Sec. 7202. Advisory board termination

• Extends the authorization of the Board until 2012.

Sec. 7203. Renewable energy committee

• Requires the executive committee of the National Agricultural Research, Extension, Education, and Economics Advisory Board to establish and appoint initial members to a permanent renewable energy subcommittee, responsible for studying the research, extension, and economics programs affecting the renewable energy industry. The renewable energy committee will submit annual reports to the Board with the committee's findings and recommendations.

• The Renewable Energy Subcommittee shall coordinate with the Biomass Research and Development Act Committee.

• When preparing the annual budget recommendations for the Department, the Secretary shall take into account the recommendations made by the committee and adopted by the Advisory Board.

Sec. 7204. Specialty crop committee report

• Expands the list of recommendations the specialty crops subcommittee must make annually to the National Agricultural Research, Extension, Education, and Economics Advisory Board to include economic analyses of the specialty crop sector and data that provide applied information useful to specialty crop growers.

Sec. 7205. Inclusion of UDC in grants and fellowships for Food and Agricultural Sciences Education

• Adds the University of the District of Columbia as an eligible university to compete for Food and Agricultural Sciences Education, and makes UDC eligible for a set aside for colleges that uniquely represent minority groups.

Sec. 7206. Grants and fellowships for food and agricultural sciences education

• Includes institution of higher education that award an associate's degree, other institutions of higher education and non-profit organizations as eligible institutions for teaching program grants.
• Adds Agriculture in the Classroom as an eligible grant activity.
• Authorization for appropriations in the current amount of $60,000,000 for each fiscal year is extended to 2012.
• A report is required to detail the distribution of funds to teaching programs.

Sec. 7207. Grants for research on production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products

• Authorization for appropriations is extended to 2012.

Sec. 7208. Policy research centers

• Includes the Food Agricultural Policy Research Institute (FAPRI) and the Agricultural and Food Policy Center as eligible to receive grants under this section. Extends authorization for appropriations through 2012.

Sec. 7209. Human Nutrition Intervention and Health Promotion Research Program

• Extends authorization of appropriations through 2012.

Sec. 7210. Pilot research program to combine medical and agricultural research

• Extends authorization of appropriations in the amount of $10,000,000 for each fiscal year through 2012, for the Secretary to conduct a pilot research program to link major cancer and heart disease research efforts with agricultural research efforts to identify compounds in vegetables and fruits that prevent these diseases.

Sec. 7211. Nutrition Education Program

• Authorizes appropriations of $83,000,000 for each of the fiscal years through 2012, to carry out the food and nutrition education program.

Sec. 7212. Continuing Animal Health and Disease Research Programs

• Authorizes funds to be appropriated as necessary up to $25,000,000 for each of the fiscal years through 2012, to support continuing animal health and disease research programs.

Sec. 7213. Cooperation among eligible institutions

• The Secretary shall encourage cooperation among institutions eligible for funding under Continuing Animal Health and Disease Research Programs in setting research priorities.

Sec. 7214. Appropriations for research on national or regional problems

• Authorizes funds to be appropriated as necessary up to $35,000,000 for each of the fiscal years through 2012, to support research on specific national or regional animal health or disease problems, or national or regional problems relating to pre-harvest, on-farm food safety.

Sec. 7215. Authorization level of extension at 1890 land-grant colleges

• Increases the amount from funds appropriated for cooperative extension work at land-grant institutions from 15 to 20 per cent of the total.

Sec. 7216. Authorization level for agricultural research at 1890 land-grant colleges

• Increases the amount of funds appropriated under the Hatch Act for agricultural research at the 1890's Land Grant institutions from 25 to 30 percent.

Sec. 7217. Grants to upgrade agriculture and food sciences facilities at the District of Columbia Land Grant University

• Authorizes $750,000 each fiscal year through 2012 to support efforts to acquire, alter or repair facilities and equipment at UDC necessary for agricultural research.

Sec. 7218. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University

• Authorizes appropriations of $25,000,000 for each of the fiscal years through 2012, for grants to 1890 land-grant institutions to acquire and improve agricultural and food sciences facilities and equipment.

Sec. 7219. National research and training virtual centers

• Authorizes appropriations of $2,000,000 for each of the fiscal years through 2012, to make a competitive grant to five national research and training virtual centers located at 1890 land-grant institutions.

Sec. 7220. Matching funds requirement for research and extension activities of 1890 institutions

• Establishes a formula for States to provide matching funds to be provided to 1890 land-grant institutions for agricultural re-

search, extension, and education activities, through fiscal year 2012.

Sec. 7221. Hispanic-serving institutions

• Authorizes appropriations of $20,000,000 for each of the fiscal years through 2012, to make competitive grants to Hispanic-serving institutions to promote and strengthen the institutions' abilities to carry out education, applied research, and related community development programs.

Sec. 7222. Hispanic Serving Agricultural Colleges and Universities

• Establishes an endowment fund, institutional capacity building grant program, and a competitive grant program to benefit Hispanic Serving Agricultural Colleges and Universities.

• HSACUs are defined as institutions that qualify as Hispanic serving institutions under the Higher Education Act and offer an associate, bachelor or other accredited degree in agricultural fields of study.

• Necessary funds are authorized to be appropriated for the endowment fund, extension, and institutional capacity building and competitive grants through 2012. A formula for distribution of appropriations is authorized for endowment and maintenance of HSACUs in the same manner as is prescribed under the Second Morrill Act.

Sec. 7223. International agricultural research, extension, and education

• The Secretary may give priority to institutions with existing memorandums of understanding or other formal agreements to U.S. institutions or State and Federal agencies expanding USDA coordination on agricultural research, extension and treaching activities with other countries.

• Includes HSACUs as organizations the Secretary may enter into agreements with to help develop a sustainable global agriculture system.

• Adds HSACUs to the list of universities eligible for support to do collaborative research with other countries on U.S. agricultural competitiveness.

• Adds HSACUs to the list of colleges and universities where Federal scientists are involved with research conducted internationally.

• Establishes a program to provide fellowships to U.S. or foreign students to study at foreign agricultural colleges.

Sec. 7224. Competitive grants for international agricultural science and education programs

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make competitive grants directed to agricultural research, extension, and teaching activities to colleges and universities to strengthen U.S. economic competitiveness and promote international market development.

Sec. 7225. Limitation on indirect costs for agricultural research, education, and extension programs

• The limitation of no more than 19 percent of federal funds for indirect charges now applies to any grant administered under the Research, Education and Economics mission area, excluding those administered under the Small Business Act.

Sec. 7226. Research equipment grants

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural science programs of eligible institutions.

Sec. 7227. University research

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for certain existing and new agriculture research programs.

Sec. 7228. Extension service

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to carry out the extension programs of the Department of Agriculture.

Sec. 7229. Supplemental and alternative crops

• Requires the Secretary to develop and implement a research project for the development of supplemental and alternative crops.

Sec. 7230. Aquaculture assistance programs

• Extends the Authorization of appropriations, not to exceed $7,500,000 for each fiscal year through 2012 for aquaculture research and extension programs.

Sec. 7231. Rangeland research

• Authorizes funds to be appropriated not to exceed $10,000,000 for each of the fiscal years through 2012, to make grants to land-grant colleges and universities, State agricultural experiment stations, and other institutions to conduct rangeland research.

Sec. 7232. Special authorization for biosecurity planning and response

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for biosecurity planning and response.

Sec. 7233. Resident instruction and distance education grants program for insular area institutions of higher education

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for the Secretary to make competitive or non-competitive grants to eligible institution in insular areas to strengthen the capacity of such institutions to carry out distance food and agricultural education programs using digital network technologies.

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for competitive grants to insular

area institutions to strengthen educational capacities in the food and agricultural sciences.

SUBTITLE C—FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

This subtitle reauthorizes various programs, initiatives, and a clearinghouse under FACTA.

Sec. 7301. National Genetics Resources Program

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for the national genetics resources program.

Sec. 7302 National agricultural weather information system

• Authorizes $5,000,000 in appropriations advisory programs for State agricultural weather information systems.

Sec. 7303. Partnerships

• Grant proposals received under the High Priority Research and Extension Initiatives must be scientifically meritorious and involve the cooperation of multiple entities in order to receive priority consideration.

Sec. 7304. Aflatoxin research and extension

• Changes the existing grant description to improve and commercialize aflatoxin control in corn and other crops.

Sec. 7305. High priority research and extension areas

• The following are added to the High Priority Research and Extension Area Initiatives: farmed and wild cervid disease and genetic research; air emissions from livestock operations; swine genome project; cattle fever tick program; colony collapse disorder program; synthetic gypsum from power plants research; cranberry research program; sorghum research initiative; and bean health research program.

Sec. 7306. High-priority research and extension initiative

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for competitive grants for specified high-priority research and extension initiatives.

Sec. 7307. Nutrient management research and extension initiative

• Adds grant proposals that address unique regional concerns as eligible for priority treatment

• Adds dairy cattle waste as types of waste to be studied to develop new methods of managing air and water quality.

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for competitive grants for the nutrient management research and extension initiative.

Sec. 7308. Agricultural Telecommunications Program

• Authorizes funds to be appropriated not to exceed $12,000,000 for each of the fiscal years through 2012, to encourage the development and utilization of an agricultural communications network to

strengthen agricultural extension, resident education and research, and marketing of agricultural commodities.

Sec. 7309. Assistive technology program for farmers with disabilities

• Authorizes appropriations of $6,000,000 for each of the fiscal years through 2012, to make demonstration grants to support cooperative programs between State Cooperative Extension Service agencies and private nonprofit disability organizations to provide on-the-farm agricultural education and assistance for individuals with disabilities who are engaged in farming.

Sec. 7310. Organic Research

• Extends the Organic Research and Extension Initiative to examine optimal conservation and environmental outcomes for organically produced agricultural products, and to develop new and improved seed varieties that are particularly suited for organic agriculture.

• Authorizes $25,000,000 in mandatory funds for FYs 2008 through 2012. Authorizes appropriations of $25,000,000 for each of fiscal years 2009 through 2012 for the Organic

Research and Extension Initiative.

• The Director of the National Agricultural Research Program Office shall coordinate this program to avoid duplication.

Sec. 7311. National Rural Information Center Clearinghouse

• Authorizes appropriations of $500,000 for each of the fiscal years through 2012 for the National Rural Information Center Clearinghouse to provide and distribute information and data to any industry, organization, or Federal, State, or local government entity about programs and services provided in rural areas.

Sec. 7312. New ERA Rural Technology Program

• Establishes a program to make grants for technology development, applied research and training to help develop an agriculture-based renewable energy workforce.

SUBTITLE D—AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998

This subtitle reauthorizes various partnerships, initiatives, grants, and offices under AREERA.

Sec. 7401. Partnerships for high-value agricultural product quality research

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make competitive grants to eligible partnerships to coordinate and manage research and extension activities to enhance the quality of high-value agricultural products.

Sec. 7402. Precision agriculture

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make competitive grants to conduct research, education, or information dissemination projects for the development and advancement of precision agriculture.

Sec. 7403. Biobased products

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to develop, commercialize, and promote the use of biobased products.

Sec. 7404. Thomas Jefferson Initiative for Crop Diversification

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to fund the Thomas Jefferson Initiative for Crop Diversification, which supports research and development on the production, marketing and efficient use of new and nontraditional crops needed to strengthen and diversify the agricultural production base of the U.S.

Sec. 7405. Integrated Research, Education, and Extension Competitive Grants Program

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for an integrated research, education, and extension competitive grant program.

Sec. 7406. Fusarium graminearum grants

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to conduct multi-State research projects aimed at understanding and combating diseases of wheat, triticale, and barley caused by Fusarium graminearum and related fungi.

Sec. 7407. Bovine Johne's Disease Control Program

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to conduct research, testing and evaluation for the control and management of Johne's disease in livestock.

Sec. 7408. Grants for youth organizations

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make grants to specified youth organizations to establish pilot projects to expand the programs carried out by the organizations in rural areas. Provides additional flexibility in content delivery and management of grant funds to recipient organizations.

Sec. 7409. Agricultural biotechnology research and development for developing countries

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make competitive grants to institutions or nonprofit organizations to develop agricultural biotechnology for developing countries.

Sec. 7410. Agricultural bioenergy and biobased products research initiative

• Amends the Agricultural Research, Extension, and Education Reform Act of 1998 to establish a bioenergy and biobased products research initiative to enhance the production, sustainability and conversion of biomass to renewable fuels and related products.

• The research initiative will be supported by a bioenergy and biobased product laboratory network that will focus research on improving biomass production and sustainability, and improving biomass conversion in biorefineries.

• The Director of the Program Office established under Sec. 7104 will coordinate projects and activities under the Biomass Research and Development Act of 2000 to coordinate and maximize the strengths of the Department of Agriculture and Department of Energy.

• The Secretary may carry out research and award grants on a competitive basis.

• $50,000,000 is authorized to be appropriated for each of fiscal years 2008 through 2012 to carry out this section.

• The Director of the National Agricultural Research Program Office shall coordinate this program to avoid duplication of projects carried out under the Biomass Research and Development Act.

Sec. 7411. Specialty Crop Research Initiative

• Establishes the Specialty Crop Research Initiative to develop and disseminate science-based tools to address the needs of specific crops and their regions, including work in plant breeding and genetics, safety, quality, and yield; efforts to identify and address threats posed by invasive species; and efforts to improve production.

• The Secretary may carry out research and award grants on a competitive basis.

• $100,000,000 is authorized to be appropriated for each of fiscal years 2008 through 2012. Provides another $215,000,000 in mandatory funds for FY's 2008 through 2012 in addition to authorization of appropriations.

• The Director of the National Agricultural Research Program Office shall coordinate this program to avoid duplication.

Sec. 7412. Office of Pest Management Policy

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for the Office of Pest Management Policy to provide for the effective coordination of agricultural policies related to pesticides and pest management tools.

SUBTITLE E—OTHER LAWS

Sec. 7501. Critical Agricultural Materials Act

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to carry out the Critical Agricultural Materials Act.

Sec. 7502. Equity in Educational Land-Grant Status Act of 1994

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for specified institutions to be considered land grant colleges.

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for the Secretary to provide grants to an institution named in the Equity in Educational Land-Grant Status Act of 1994.

Sec. 7503. Agricultural Experiment Station Research Facilities Act

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for the study, plan, design, structure, and related costs of agricultural research facilities under the Research Facilities Act.

Sec. 7504. National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, for the cost of planning, construction, and other public improvements for Federal agricultural research facilities.

Sec. 7505. Competitive, Special, and Facilities Research Grant Act (National Research Initiative)

• Authorizes appropriations of $500,000,000 for each of the fiscal years through 2012, to provide competitive research grants for high priority research.

Sec. 7506. Agricultural Risk Protection Act of 2000 (Carbon Cycle Research)

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to provide a grant to the Consortium for Agricultural Soils Mitigation of Greenhouse Gasses.

Sec. 7507. Renewable Resources Extension Act of 1978

• Authorizes appropriations of $30,000,000 for each of the fiscal years through 2012, for funding to eligible States with forests yielding renewable resources.

Sec. 7508. National Aquaculture Act of 1980

• Authorizes appropriations of $1,000,000 for the Department of Agriculture, Department of Commerce, and the Department of Interior, respectively, for each of the fiscal years through 2012, for funding for the National Aquaculture Act of 1980.

Sec. 7509. Construction of a Chinese garden at the National Arboretum

• Authorizes the construction of a Chinese garden at the National Arboretum.

Sec. 7510. Public education regarding use of biotechnology in producing food for human consumption

• Extends the authorization to 2012 for a program to communicate with the public regarding scientific based information on the safety of biotech foods for human consumption.

Sec. 7511. Fresh cut produce safety grants

• Authorizes the Secretary to award competitive research and extension grants to improve and enhance the safety of fresh cut produce.

• Universities, colleges and other entities that have relationships with producers of fresh cut produce are eligible.

• The recipient must provide an equal of amount of matching funds or in kind support from non-federal sources.

• The Director of the National Agricultural Research Program Office shall coordinate this program to avoid duplication.

• Provides $25,000,000 in mandatory spending for FY's 2008 through 2012, in addition to current authorization for appropriations of necessary funds through 2012.

Sec. 7512. UDC/EFNEP Eligibility

• Amends the DC Public Postsecondary Education Reorganization Act to make UDC eligible for The Expanded Food and Nutrition Education Program.

Sec. 7513. Smith-Lever Act

• Allows the Secretary to waive UDC from matching requirements under the Smith-Lever Act.

Sec. 7514. Hatch Act of 1987

• Allows the Secretary to waive UDC from matching requirements under the Hatch Act.

SUBTITLE F—ADDITIONAL PROVISIONS

Sec. 7601. Merit review of extension and educational grants

• Consistent with the establishment of competitive grant programs under NIFA, inserts NIFA as the administering body for which merit review procedures must be established.

Sec. 7602. Review of plan of work requirements

• The Secretary shall submit a report to Congress identifying measures to streamline work plan requirements under the '77 Act, the Hatch Act and the Smith-Lever Act.

Sec. 7603. Multistate and integration funding

• Of the federal formula funds States receive under the Hatch Act, 25 percent must be spent on the integration of cooperative research and extension activities.

Sec. 7604. Expanded Food and Nutrition Education Program

• Changes the allocation of funds in excess of the amount appropriated in FY 1981.

• Increases authorized appropriations from $83,000,000 to $90,000,000 through 2014.

Sec. 7605. Grants to 1890 schools to expand extension capacity

• Adds "extensions" to grants for designing agricultural programs at colleges and universities with significant minority enrollment.

Sec. 7606. Borlaug International Agricultural Science and Technology Fellowship Program

• Creates a fellowship program to provide scientific training to individuals from eligible countries that specialize in agricultural education, research and extension.

• Necessary sums are authorized to be appropriated without fiscal year limitation.

Sec. 7607. Support for research regarding diseases of wheat, triticale, and barley caused by Fusarium graminearum or by tilletia indica

• Authorizes funds to be appropriated as necessary for each of the fiscal years through 2012, to make grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to conduct multi-State research projects aimed at understanding and combating diseases of wheat, triticale, and barley caused by Fusarium graminearum and related fungi.

Sec. 7608. Cost recovery

• Raises the indirect cost cap from 10 percent to 19 percent for cost reimbursable agreements between the Secretary and State cooperative institutions or colleges and universities.

Sec. 7609. Organic food and agricultural systems funding

• Sense of Congress that a portion of ARS's annual funding should support research specific to organic food and agricultural systems.

TITLE VIII—FORESTRY

SUBTITLE A—COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978

Sec. 8001. National priorities for private forest conservation

This provision amends section 2 of the Cooperative Forestry Assistance Act (CFAA) by requiring the Secretary to focus on a set of three national private forest conservation priorities when allocating appropriated CFAA funds. The national priorities are:

1. Conserving and managing working forest landscapes;
2. Protecting forests from threats and restoring forests in response to threats; and
3. Enhancing public benefits from private forests, including air and water quality, forest products, forestry-related jobs, production of renewable energy, wildlife and wildlife habitat, and recreation.

The language requires the Secretary of Agriculture to submit a report to Congress describing how funding has been used under the CFAA and through other programs administered by the Secretary to address the national priorities.

Sec. 8002. Long-term, state-wide assessments and strategies for forest resources

Amends section 2 of the CFAA by requiring, for a State to be eligible to receive funds under the CFAA, that the State forester—or equivalent State official—develop and submit a State-wide assessment of forest resource conditions, and a long-term State-wide forest resource strategy.

The language mandates that the State-wide assessment of forest conditions encompass a number of factors, including:

• the conditions and trends of forest resources in that State;
• the threats to forest lands and resources in that State consistent with the national priorities outlined in section 8001;
• any areas or regions of that State that are of priority; and
• any areas, known as multi-State areas, that are of priority to more than just that State.

The language mandates that the long-term State-wide forest resource strategy encompass a number of factors, including:

- strategies for addressing threats to forest resources in the State outlined in the State-wide assessment of forest conditions; and
- a description of the resources available to the State forester—or equivalent State official—from all resources to address strategies for dealing with threats to Forest resources in the State.

The language requires the State forester—or equivalent State official—to submit the state-wide forest resource strategy on an annual basis.

The language allows for the state-wide assessment of forest resource conditions to be updated as the Secretary or State forester—or equivalent State official—determines to be necessary. The language requires the State forester—or equivalent State official—in developing the state wide assessment and annual strategy, to coordinate with the State Forest Stewardship Committee established for the State, the State wildlife agency, and the State Technical Committee.

The provision limits the Secretary from using more than $10 million in a fiscal year to implement this section.

Sec. 8003. Assistance to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau

This provision amends Section 13(a)(1) of the CFAA to specify that the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic are Palau are, included in the terms "United States" or "States" for purposes of the CFAA.

Sec. 8004. Changes to Forest Resource Coordinating Committee

This provision amends Section 19(a) of the CFAA by revising the Forest Resource Coordinating Committee.

The provision requires the Coordinating Committee to be composed of the following: The Chief of the Forest Service; The Chief of the Natural Resources Conservation Service; The Director of the Farm Service Agency; the Administrator of the Cooperative State Research, Education, and Extension Service; a representative from a State Technical Committee.

The provision also requires the Coordinating Committee to be composed of the following non-Federal representatives: State foresters; a representative of a State fish and wildlife agency; a private non-industrial forest land owner; a forestry industry representative; a conservation organization representative; a land-grant university or college representative; a private forestry consultant; and such other persons that the Secretary determines are appropriate.

The language requires the Coordinating Committee to perform a number of duties, including:

- providing direction to the Department of Agriculture and enabling coordination with State agencies and the private sector to address the national priorities outlined in section 8001;
- clarifying individual agency responsibilities for each agency represented on the Coordinating Committee regarding the national priorities outlined in section 8001; and

• providing advice on the allocation of funds, including competitive funds

• assisting in developing a report on the implementation of the national priorities.

Sec. 8005. Changes to State Forest Stewardship Coordinating Committees

This provision amends Section 19 of the CFAA by specifying that a representative from a State Technical Committee is to be on the State Forest Stewardship Coordinating Committee. The language adds, as one of the duties of the State Coordinating Committee, to make recommendations for the State-wide assessments and strategies.

Sec. 8006. Competition in programs under Cooperative Forestry Assistance Act of 1978

This provision authorizes the Secretary of Agriculture to competitively allocate a portion of CFAA funds to State foresters or equivalent State officials.

The language requires the Secretary to consult with the Forest Resource Coordinating Committee when determining the allocation of funds. The language requires the Secretary to give priority for funding to States in which the strategies listed in the State-wide assessments best promote the national priorities outlined in section 8001.

Sec. 8007. Cooperative forest innovation partnership projects

This provision authorizes the Secretary to competitively allocate not more than 5 percent of CFAA funds to support innovative national, regional, or local education, outreach, or technology projects that the Secretary determines would increase the ability of the Department of Agriculture to address the national priorities outlined in section 8001.

The language authorizes any State or local government, Indian tribe, land-grant college or university, or private entity, to compete for the funds.

The provision requires that the Secretary not cover more than 50 percent of the total cost of a project.

SUBTITLE B—AMENDMENTS TO OTHER LAWS

Sec. 8101. Healthy Forests Reserve Program

This provision amends section 508(2) of the Healthy Forests Restoration Act by extending the Healthy Forests Reserve Program to 2012, and providing $17 million in mandatory funding for each of the fiscal years 2008 through 2012.

The purpose of the program is to: Promote the recovery of threatened and endangered species; improve biodiversity; and enhance carbon sequestration.

Sec. 8102. Emergency Forest Restoration Program

This provision amends Title VI of the Agricultural Credit Act by authorizing the Secretary to provide financial and technical assistance to owners of non-industrial private forest lands who have suffered a loss due to a number of events, including wildfires, hurri-

canes, drought, and windstorms, to assist with the development and implementation of plans that:

- provide for the restoration and the rehabilitation of the non-industrial private forest land;
- restores the land and its related natural resources;
- uses best management practices on the forest land; and
- incorporates good stewardship and conservation practices on the land.

The language provides for up to 75 percent cost-share, and limits the amount that an owner of non-industrial forest lands may receive to $50,000 per year.

The language requires the Secretary of Agriculture to issue regulations to carry out this section.

Sec. 8103. Office of International Forestry

This provision amends section 2450(d) of the Global Climate Change Prevention Act by reauthorizing the Office of International Forestry within the U.S. Forest Service through 2012.

Sec. 8104. Rural revitilization technologies

This provision amends section 2371(d) of the Food, Agriculture, Conservation, and Trade Act, which authorizes Secretary, acting through the Chief of the Forest Service, in consultation with the state and private Forestry Technology Marketing Unit at the Forest Products Laboratory, and in collaboration with eligible institutions, to carry out a program that provides funds to address the use of biomass and small diameter materials.

SUBTITLE C—MISCELLANEOUS PROVISIONS

Sec. 8201. Hispanic-serving institutions agricultural land national resources leadership program

This provision authorizes the Secretary to establish an undergraduate scholarship program to assist Hispanic-serving institutions in the retention, recruitment, and training of Hispanics and other under-represented groups in forestry and related fields.

The provision authorizes an appropriation of such sums as necessary for fiscal years 2008 through 2012 to carry out the program.

TITLE IX—ENERGY

Sec. 9001. Table of contents

Sec. 9002. Federal procurement of biobased products

Provides for the inclusion of biobased products composed of at least five percent intermediate ingredients and feedstocks in the procurement preference program established under section 9002 of the 2002 Farm Bill. Requires the Secretary to issue criteria for determining which products, intermediate ingredients, and feedstocks will qualify for the USDA Certified Biobased Product label.

Authorizes $1 million for implementation of the biobased labeling program under section 9002(h) and $1 million for implementation of the remainder of section 9002. Provides mandatory funding of $2 million annually for testing of biobased products. Requires procuring agencies to report to the Administrator for Federal Procurement Policy on procurement of biobased products.

Sec. 9003. Loan guarantees for biorefineries and biofuel production plants

Provides for loan guarantees of up to ninety percent of loans used to help pay for development, construction of biorefineries and biofuel production plants and retrofitting of other facilities to demonstrate the commercial viability of converting biomass to fuels or chemicals.

Loan guarantees may cover up to $2 billion in loans, split evenly between relatively small plants (up to $100 million) and larger plants ($100–$250 million). The Secretary determines the maximum loan term.

Selection criteria for the loans follow those for the existing grants program in section 9003 of the 2002 Farm Bill. A new selection criteria is added: the level of local ownership.

Sec. 9004. Energy Audit and Renewable Energy Development Program

Extends the Energy audit and renewable energy development program, which requires the Secretary make competitive grants to assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology and resources.

Sec. 9005. Renewable energy systems and energy efficiency improvements

Renames and reauthorizes the program in section 9006 of the 2002 Farm Bill, which makes grants and authorizes loans and loan guarantees to farmers, ranchers, and rural businesses to cover up to 25% of the purchase renewable energy systems and make energy efficiency improvements. Increases funding from the current $3 million to $50 million in 2008, ramping up to $150 million in 2012. Increases the limit on the maximum amount of the combined loan and grant from 50% to 75% of the funded activity. Also reserves 15% of funds for projects costing $50,000 or less.

Sec. 9006. Biomass Research and Development Act of 2000

Modifies findings to include biodiesel, and amends technical study areas to clarify that research areas include sugar processing and refining plants and self-processing crops that express enzymes capable of degrading cellulosic biomass. Includes language to improve dried distillers grain quality and clarifies the role of commercial applications in the objectives of the Biomass Research and Development Initiative. Requires the Secretary to submit a management plan to Congress every five years evaluating the success of the Initiative. Does not change current law provision that authorizes an additional annual appropriation of $200 million through 2015.

Sec. 9007. Adjustments to the Bioenergy Program

Amends the program under section 9010 of the 2002 Farm Bill, which provides payments to producers to encourage increased purchases of eligible feedstocks for expanding production of bioenergy.

Clarifies that the term "bioenergy" includes (a) the production of heat and power at a biofuels plant, (b) biomass gasification, and (c) hydrogen made from cellulosic commodities for fuel cells. (The term

"bioenergy" also includes biodiesel and fuel grade ethanol.) Adds renewable diesel to the Bioenergy Program. Excludes corn starch from the list of eligible feedstock under the program.

Sec. 9008. Research, extension, and educational programs on biobased energy technologies and products

Reauthorizes Sun Grants (section 9011 of the 2002 Farm Bill) to promote research, extension, and education related to biobased energy and product technologies. The current authorization for appropriations at a level of $75 million for 2007–2010 is extended through 2012.

Sec. 9009. Energy Council of the Department of Agriculture

Creates an Energy Council in the Office of the Secretary at USDA to coordinate energy policy at the Department and consult with other agencies.)

Sec. 9010. Farm Energy Production Pilot Program

Requires the Secretary of Agriculture shall establish a pilot program to provide grants to farmers to demonstrate the feasibility of making farms energy-neutral using existing technologies.

Sec. 9011. Rural energy self-sufficiency initiative

Authorizes the Secretary to make cost-share grants to enable eligible rural communities develop renewable energy systems to increase their energy self-sufficiency. Authorizes appropriations of $5 million in 2008 and such sums as necessary in 2009–2012.

Sec. 9012. Agricultural Biofuels From Biomass Internship Pilot Program

Authorizes such sums as necessary for an internship program to encourage students to pursue employment in renewable energy related jobs.

Sec. 9013. Feedstock flexibility program for bioenergy producers

This section amends the Energy Title of the 2002 Farm Bill to require the Secretary to purchase sugar to produce bioenergy if necessary to avoid forfeitures of sugar to the Commodity Credit Corporation, and to ensure that the sugar loan program is operated at no cost to the Federal Government.

Sec. 9014. Dedicated ethanol pipeline feasibility studies

Authorizes $1 million for feasibility studies for the construction of a dedicated ethanol pipeline and requires a report to Congress on the results of such studies.

Section 9015. Biomass Inventory Report

Biomass Inventory Report—Requires the Secretary to conduct an inventory of biomass resources on a county-by-county basis.

Section 9016. Future Farmsteads Program

Establishes a program to advance farm energy use efficiencies and on farm production of renewable energies.

Section 9017. Sense of Congress on renewable energy

Provides a sense of Congress relating to renewable energy.

TITLE X—HORTICULTURE AND ORGANIC AGRICULTURE

SUBTITLE A—HONEY AND BEES

Sec. 10001. Annual report on response to honey bee colony collapse disorder

• Requires the Secretary to submit a report to Congress on the investigation of honey bee colony collapse and strategies to reduce colony loss.

SUBTITLE B—HORTICULTURE PROVISIONS

Sec. 10101. Tree Assistance Program

• Makes nursery tree growers eligible under the Tree Assistance Program and future disaster assistance programs for which assistance is provided under that program.
• Changes the $75,000 limitation on assistance to $150,000 per year.

Sec. 10102. Specialty Crop Block Grants

• Continues the Specialty Crop Block Grant Program through 2012, and increases the mandatory levels of funding from $60,000,000 in FY '08 to $95,000,000 for FY '12.
• Changes the definition of "specialty crop" under the Specialty Crops Competitiveness Act of 2004 to include "horticulture."

Sec. 10103. Additional Section 32 funds for purchase of fruits, vegetables and nuts to support domestic nutrition assistance programs

• Increases the additional amounts of Section 32 funds dedicated to fruit, vegetable and nut purchases from $190,000,000 in FY '08 to $206,000,000 beginning in 2012.
• Expands the Secretary's purchase discretion to include value-added fruit, vegetable and nut products.

Sec. 10104. Independent evaluation of Department of Agriculture commodity purchase process

• Requires an independent evaluation of the commodity purchasing processes and the importance of increasing purchases of specialty crops.

Sec. 10105. Quality requirements for clementines

• Requires imports of clementines to comply with quality standards set by the domestic marketing order for clementines.

Sec. 10106. Implementation of food safety programs under marketing orders

• Authorizes the implementation of quality-related food safety programs under specialty crop marketing orders.

Sec. 10107. Inclusion of specialty crops in census of agriculture

• Includes a census of specialty crops as part of the general census of agriculture.

Sec. 10108. Maturity requirements for Haas avocadoes

• Requires the Secretary to issue regulations requiring all Haas avocadoes sold in the U.S. to meet a minimum maturity requirement.

• Allows for exceptions from this requirement for avocadoes intended for charities, relief agencies or processing.

• Uses existing inspectors that already inspect avocadoes under other orders. Also allows the Secretary to collect fees to pay for inspection activities.

• Imposes civil penalties between $50 and $5,000 for each violation.

• Allows for the diversion of avocadoes that don't meet the maturity requirements.

• Authorizes appropriations for necessary sums.

Sec. 10109. Mushroom promotion, research and consumer information

• Reflects the changed geographic distribution of mushroom growers and their productivity by combining the regions that are represented on the Board, and increasing the number of pounds required for representation in the region.

• Allows the development of good agricultural practices and good handling practices under the mushroom research and promotion order.

Sec. 10110. Fresh produce education initiative

• Authorizes a program to educate persons involved in the fresh produce industry and the public about ways to reduce pathogens in fresh produce and sanitary handling practices.

SUBTITLE C—PEST AND DISEASE MANAGEMENT

Sec. 10201. Pest and Disease Program

• Establishes a new program to conduct early pest detection and surveillance activities in coordination with state departments of agriculture, to prioritize and create action plans to address pest and disease threats to specialty crops, and to create an audit-based certification approach to protect against the spread of plant pests.

• Provides $25,000,000 in mandatory funds in FY 2008, increasing to $70,000,000 for FY 2012.

Sec. 10202. Multi-species fruit fly research and sterile fly production

• Authorizes the construction of a warehouse and irradiation containment facility for fruit fly rearing and sterilization in Waimanalo, Hawaii.

• $15,000,000 is authorized to be appropriated for construction and $1,000,000 for each fiscal year is authorized to be appropriated for facility maintenance.

SUBTITLE D—ORGANIC AGRICULTURE

Sec. 10301. National Organic Certification Cost-Share Program

• Provides $22,000,000 until expended for the national organic certification cost-share program.

• The federal share may not exceed 75% of the cost of certification, and the maximum amount a producer may receive is raised from $500 to $750.

Sec. 10302. Organic production and market data

• Adds pricing of organic products as new data to be included in the ongoing collection of data on agriculture production and marketing.
• The data on organics under this section shall be collected to analyze crop loss risk of organic methods of production.
• Provides $3,000,000 in mandatory funds until expended.

Sec. 10303. Organic conversion, technical, and educational assistance

• Authorizes $50,000,000 over five years to provide technical assistance and cost-sharing grants to farmers trying to transition to organic farming.

SUBTITLE E—MISCELLANEOUS PROVISIONS

Sec. 10401. Restoration of import and entry agricultural inspection functions to the Department of Agriculture

• Repeals the transfer of APHIS import and inspection functions to the Department of Homeland Security made under the Department of Homeland Security Act of 2002 and requires the return of those functions to USDA.

Sec. 10402. Grant program to improve the movement of specialty crops

• The Secretary is authorized to make grants to State and local governments, grower cooperatives, and producer and shipper organizations to improve the cost-effective movement of specialty crops.
• The grant recipient must match the amount of funds received under this program.
• Authorizes appropriations for necessary sums.

Sec. 10403. Authorization of appropriations for market news activities regarding specialty crops

• Authorizes necessary funds through 2012 for specialty crop market news activities.

Sec. 10404. Farmer's Market Promotion Program

• Renamed as "The Farmer's Marketing Assistance Program."
• Specifies categories of farmer-to-consumer direct marketing activities eligible for funding under the program.
• Provides mandatory funds for the Farmer's Market Promotion Program in the amounts of $5,000,000 for FY's '08–'10; and $10,000,000 for FY's '11–'12.
• 10% of these funds shall be used to support the use of electronic benefit transfers at farmer's markets.

Sec. 10405. National clean plant network

• Creates a funding source for clean planting stock and authorizes the Secretary to enter into cooperative agreements to produce, maintain and distribute healthy planting stock.

• Authorizes necessary funds through 2012 in addition to $20,000,000 in mandatory funds for FY's '08–'12.

TITLE XI—MISCELLANEOUS PROVISIONS

SUBTITLE A—FEDERAL CROP INSURANCE

Sec. 11001. Availability of supplemental crop insurance based on area yield and loss plan of insurance or area revenue plan of insurance

Beginning not later than the 2008 reinsurance year, requires the Federal Crop Insurance Corporation to provide eligible producers the option to purchase supplemental area-based crop insurance in addition to individual yield or revenue policies, if area coverage is available in the producers' area. Requires the Corporation to pay a portion of the premium of the supplemental coverage. Provides that in the case of a qualifying loss, the total amount of indemnity under the supplemental area coverage shall be available to the producer, regardless of the loss incurred under individual yield or revenue plans of insurance.

Section 11001(c) requires the Corporation to take such actions as necessary to improve the actuarial soundness of Federal multiperil crop insurance to achieve a projected loss ratio of not greater than 1.00 on and after October 1, 2008.

Sec. 11002. Premiums and reinsurance requirements

Section 11002(a) prohibits paying premiums, offering rebates for premiums, or making other inducements to purchase crop insurance or after crop insurance has been purchased, except for administrative fees pursuant to section 508(b)(5)(B) of the Federal Crop Insurance Act or performance-based discounts under section 508(d)(3) of the same Act.

Section 11002(b) amends the Federal Crop Insurance Act to limit the ability of an insurance provider, cooperative association, or trade association to pay for only catastrophic risk protection administrative fees on behalf of a producer.

Section 11002(c) requires that beginning with the 2012 reinsurance year, the Corporation must establish August 1 as the billing date for crop insurance premiums.

Section 11002(d)(1) amends section 508(k)(4)(A) of the Federal Crop Insurance Act to provide that beginning with the 2009 reinsurance year, the Corporation shall reimburse insurance providers and agents for administrative and operating expenses at a rate 2 percentage points below the rates in effect on the day of enactment of this Act.

Section 11002(d)(2) provides that during the year following the reinsurance year ending June 30, 2012, the Corporation may renegotiate the financial terms of the standard reinsurance agreement, and subsequently conduct such renegotiations once during each period of five reinsurance years thereafter. Stipulates that changes in Federal law that require the Corporation to revise the financial terms of the standard reinsurance agreement will not be considered to be a renegotiation of the agreement. Provides that approved insurance providers may confer with each other during the renegotiation process.

Section 11002(e) requires that beginning with the 2012 reinsurance year, the Corporation make administrative and operating expense payments during October 2012, and every October thereafter.

Sec. 11003. Catastrophic risk protection administrative fee

Amends section 508(b)(5)(A) of the Federal Crop Insurance Act to provide for a $200 catastrophic risk protection administrative fee.

Sec. 11004. Funding for reimbursements, contracting, risk management education, and information technology

Amends section 516 of the Federal Crop Insurance Act to provide that the Corporation use not more than $30 million in each fiscal year for costs associated with: Research and development and partnerships for risk management in section 522 of such Act; education and information programs in section 524 of such Act; and information technology. Further provides that the Corporation use no more than $5 million to carry out contracting for research and development pursuant to section 522(c)(1)(A) of such Act.

Prohibits the Corporation from conducting research and development for any new policy for a commodity under this title.

Sec. 11005. Reimbursement of research and development costs related to new crop insurance products

Authorizes the Corporation to reimburse an applicant for research and development costs related to a policy that is submitted pursuant to a Federal Crop Insurance Corporation (FCIC) Reimbursement Grant or is submitted to the FCIC Board and approved.

Authorizes the Corporation to provide FCIC Reimbursement Grants to persons proposing to prepare crop insurance policies for submission to the Board, and who have applied and been approved for such grants. Stipulates the required materials for a grant application, including: A concept paper; an explanation of the need for the product, including the product's marketability, the projected impact of the product, and that no similar product is offered by the private section; and an identification of the risks the product will cover and that the risks are insurable under the Federal Crop Insurance Act. Approval of a grant is by majority vote of the Board, and the Board shall approve an application only if: the proposal establishes the need for the policy; the applicant has the qualifications to successfully complete the project; the proposal can reasonably be expected to be actuarially appropriate; the Board has sufficient funding; and the proposed budget and timeline are reasonable.

Requires payment for work performed under this section to be based on rates determined by the Corporation. Either the Corporation or applicant may terminate any grant for just cause.

Sec. 11006. Research and development contracts for organic production coverage improvements

Mandates that the Corporation enter into one or more contracts for the development of improvements in Federal crop insurance policies for organically raised crops.

Any such contracts must review the underwriting, risk, and loss experience of organic crops in order for the Corporation to deter-

mine variation in loss history between organic and non-organic production. The Corporation shall eliminate or reduce the premium surcharge if it is necessary, based on the Corporation's determination following the review.

Provides that a contract include the development of a procedure to offer producers of organic crops an additional price election reflecting actual retail or wholesale prices received.

Requires that the Corporation submit an annual report to Congress on the progress made in developing and improving Federal crop insurance for organic crops.

Sec. 11007. Targeting risk management education for beginning farmers and ranchers and certain other farmers and ranchers

Requires the Secretary to include a special emphasis on risk management strategies and education and outreach to beginning farmers and ranchers, immigrant farmers and ranchers attempting to become established producers in the United States, socially disadvantaged farmers and ranchers, farmers and ranchers who are preparing to retire and are trying to help new farmers and ranchers get started, and farmers and ranchers who are converting production and marketing systems to new markets.

Sec. 11008. Crop insurance ineligibility related to crop production on noncropland

Defines "noncropland" as native grassland and pasture the Secretary determines has never been used for crop production.

Provides that noncropland acreage planted with an agricultural commodity for which insurance is available under this title is not eligible for crop insurance under this title for the first four years of planting. In the fifth year of planting, the producer may purchase crop insurance for the commodity. The yield for such insurance shall be determined by using actual production history for the farm and, for years without actual production history, using the average actual production history for the commodity in the county.

Sec. 11009. Funds for data mining

Authorizes the Corporation to use not more than $11 million during fiscal year 2008, and not more than $7 million during fiscal year 2009 and each subsequent fiscal year, for crop insurance program compliance and integrity, including data mining.

Sec. 11010. Noninsured crop insurance program

Amends the Agricultural Market Transition Act to provide that service fees producers must pay for the Noninsured Crop Insurance Program shall be $200 per crop per county; or $600 per producer per county, with a limit of $1,800 per producer.

Sec. 11011. Change in due date for corporation payments for underwriting gains

Beginning with the 2011 reinsurance year, directs the Corporation to make payments for underwriting gains on October 1, 2012, and for each subsequent reinsurance year, on October 1 of the next calendar year.

Sec. 11012. Sesame Insurance Pilot Program

Requires the Secretary to establish a pilot program under which sesame producers in the State of Texas may obtain crop insurance.

SUBTITLE B—LIVESTOCK AND POULTRY

Sec. 11101. Sense of Congress regarding pseudorabies eradication

Expresses the sense of Congress that the eradication of pseudorabies is a high priority that should be carried out under the authorities of the Animal Health Protection Act.

Sec. 11102. Arbitration of livestock and poultry contracts

Amends the Packers and Stockyards Act to instruct the Secretary to promulgate regulations to establish standards related to arbitration provisions in livestock and poultry contracts.

Requires that such regulations address venue, costs, number and appointment of arbitrators, and other elements of arbitration, as necessary. Provides that a producer may, despite the existence of an arbitration agreement in a contract, seek relief in a small claims court for disputes within the jurisdiction of such court. Requires any person appointed as arbitrator to disclose any circumstance that could raise doubt as to impartiality.

Sec. 11103. State-inspected meat and poultry

Requires the Secretary to submit a report to Congress with the results of a review of each State meat and/or poultry inspection program. Such review will include a determination of the effectiveness of the program, and an identification of the changes necessary for the program to meet and enforce Federal inspection standards.

Amends the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA), respectively, with regard to State inspection programs. Authorizes the Secretary to approve a State to ship product inspected under such State's inspection program in interstate commerce, if such State inspection program has implemented identical requirements to those contained in the FMIA and/or PPIA (as appropriate) and Federal regulations under such statutes.

Provides requirements for new State inspection programs, including that the Secretary shall review all new State inspection programs within one year after such State inspection program was approved. Upon such review, the State inspection program must implement all recommendations from the review.

Provides that a State inspection program will operate subject to a cooperative agreement with the Secretary, and establishes the terms of such cooperative agreement, including: State must adopt requirements identical to Federal inspection requirements; State mark of inspection will be deemed an official mark; State will comply with labeling requirements issued by the Secretary; Secretary will have authority to detain and seize products under the State program; Secretary will have access to facilities and records of State program; and other provisions as determined by the Secretary.

Provides that the Secretary shall reimburse a State for not more than 50 percent of the State's costs for the State meat inspection

program, and not more than 60 percent of the State's costs for the State poultry inspection program.

Requires the Secretary to take action if the Secretary determines that a State inspection program is not in compliance with the cooperative agreement, including suspending or revoking the approval of the State inspection program. Authorizes the Secretary to institute Federal inspection at a State-inspected plant if the Secretary determines that such State plant is not operating in accordance with the cooperative agreement and requirements herein.

Requires the Secretary to conduct annual review of each State inspection program.

Provides that no State may prohibit or restrict the movement or sale of meat or poultry products that have been inspected and passed in accordance with this section.

Sec. 11104. Country of origin labeling

Amends subtitle D of the Agricultural Marketing Act of 1946 to include meat products from goats.

Amends the same to provide country of origin labeling requirements for beef, lamb, pork and goat, providing for products that are of United States country of origin, multiple countries of origin, imported for immediate slaughter, and of foreign country of origin. Provides that for ground beef, pork, and lamb, the country of origin notice list all countries of origin of such product or all reasonably possible countries of origin of such product.

Authorizes the Secretary to conduct audits to verify compliance with this section. Prohibits the Secretary from requiring a person or entity to maintain a record of the country of origin of covered commodities, other than those maintained in the course of the normal conduct of business of such person or entity. Authorizes the Secretary to fine violators in some circumstances, with such fines not more than $1,000 for each violation.

Sec. 11105. Sense of Congress regarding State inspected meat and poultry products

Expresses the sense of Congress that the food supply in the United States continues to be the safest in the world, and that State inspected meat and poultry products are safe and wholesome and should be available to consumers nationwide.

Sec. 11106. Sense of Congress regarding the voluntary control program for low pathogenic avian influenza

Expresses the sense of Congress that the voluntary control program for low pathogenic avian influenza is a critical component of the animal health protection system, and that the Secretary should continue to provide 100 percent compensation for eligible costs to owners of poultry and cooperating States.

Sec. 11107. Sense of Congress Regarding the Cattle Fever Tick Eradication Program

Expresses the sense of Congress that implementing a national strategic plan for the cattle fever tick eradication program is a high priority in order to identify and procure the necessary tools to prevent and eradicate fever ticks in the United States.

SUBTITLE C—SOCIALLY DISADVANTAGED PRODUCERS AND LIMITED RESOURCE PRODUCERS

Sec. 11201. Outreach and technical assistance for socially disadvantaged farmers and ranchers and limited resource farmers and ranchers

This provision amends section 2501 of the Food, Agriculture, Conservation, and Trade Act (FACT Act) to specify that the 2501 technical and outreach assistance program is to be used to enhance the coordination, outreach, technical assistance, and education efforts authorized under agriculture programs.

The language mandates that the 2501 technical and outreach assistance program is to assist the Secretary in:

- reaching socially disadvantaged and limited resource farmers and ranchers, and prospective socially disadvantaged and limited resource farmers and ranchers; and
- improving the participation of socially disadvantaged and limited resource farmers and ranchers in Department of Agriculture programs.

The language authorizes the Department of Agriculture to make grants and enter into contracts and cooperative agreements with a community-based organization in order to utilize the community-based organization to provide outreach and technical assistance. The language mandates that the Secretary is to require the eligible entity to match not less than a 25-percent of the total amount of funds provided by the grant, contract, or cooperative agreement.

The language authorizes the Secretary to 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 includes the following:

- the recipients of funds made available under the 2501 outreach and technical assistance program;
- the activities undertaken and services provided;
- the number of producers served and the outcomes of such service; and
- the problems and barriers identified by entities in trying to increase participation by socially disadvantaged farmers and ranchers.

The provision authorizes $15 million in mandatory funding for each of the fiscal years 2008 through 2012, and it prohibits more than 5 percent of the funds in each fiscal year to be used for administering the 2501 outreach and technical assistance program.

Sec. 11202. Improved program delivery by Department of Agriculture on Indian reservations

This provision amends section 2501(g) of the FACT Act by authorizing the Secretary to require the Agricultural Stabilization and Conservation Service office, the Soil Conservation Service office, the Farmers Home Administration office, and any such offices and functions that the Secretary chooses to include, to establish a consolidated suboffice at tribal headquarters on reservations, where there is a demonstrated need.

Sec. 11203. Transparency and accountability for socially disadvantaged farmers and ranchers

This provision amends section 2501A of the FACT Act by authorizing the Secretary to annually compile, for each county and State in the United States, program application and participation rate data regarding socially disadvantaged farmers and ranchers by computing for each program of the Department of Agriculture that serves agricultural producers and landowners:

- raw numbers of applicants and participants by race, ethnicity, and gender; and
- the application and participation rate by race, ethnicity, and gender, as a percentage of the total participation rate of all agricultural producers and landowners.

The language authorizes the Secretary, using the technologies and systems of the National Agricultural Statistics Service, to compile and present application and participation rate data regarding socially disadvantaged farmers and ranchers in a manner that includes the raw numbers and participation rates for: the entire United States; each State; and, each county in each State. The provision requires that the Secretary make the data (i.e., report) available to the public, via a website and otherwise in electronic and paper form.

Sec. 11204. Beginning Farmer and Rancher Development Program

This provision amends section 7405 of the Farm Security and Rural Investment Act by providing $15 million in mandatory funding for each of the fiscal years 2008 through 2012 for the Beginning Farmer and Rancher Development Program, which provides training, education, outreach and technical assistance initiatives for beginning farmers and ranchers.

Sec. 11205. Provision of receipt for service or denial of service

This provision authorizes the Secretary to provide a receipt for service or denial of service to a producer or landowner, or prospective producer or landowner, whenever the producer or landowner or prospective producer or landowner makes a request for a receipt.

The language mandates that the receipt contain the date, place and subject of the request, as well as the action taken, not taken, or recommendations made in response to the request.

Sec. 11206. Tracking of socially disadvantaged farmers and ranchers and limited resource farmers and ranchers in census of agriculture and certain studies

This provision requires the Secretary to ensure, to the maximum extent possible, that the Census of Agriculture accurately documents the number, location, and economic contributions of socially disadvantaged and limited resource farmers and ranchers.

Sec. 11207. Farmworker coordinator

This provision authorizes the Secretary to establish the position of Farmworker Coordinator, to be located in the Office of Outreach of the Department of Agriculture.

The language mandates that the Farmworker Coordinator is to have a number of duties, including:

- serving as a liaison to community-based, non-profit organizations that represent low-income migrant and seasonal farmworkers;
- coordinating with the Department of Agriculture and State and local governments to assure that farmworker needs are met during declared disasters and emergencies; and
- assuring that farmworkers have access to services and support to enter agriculture as producers.

The provision authorizes an appropriation of such sums as necessary for fiscal years 2008 through 2012.

Sec. 11208. Office of outreach relocation

This provision authorizes the Secretary to develop a proposal to relocate the Office of Outreach of the Department of Agriculture.

The language specifies that the Office of Outreach will be responsible for the 2501 outreach and technical assistance program and the beginning farmer and rancher development program.

Sec. 11209. Minority advisory committee

This provision authorizes the Secretary to establish a minority advisory committee, to be overseen by the Office of Outreach of the Department of Agriculture. The committee is to have a number of duties including:

- reviewing civil rights cases to ensure that they are processed in a timely manner;
- reporting quarterly to the Secretary of Agriculture on civil rights enforcement and outreach;
- recommending to the Secretary corrective actions to prevent civil rights violations; and
- reviewing the operations of the 2501 outreach and technical assistance program.

The language mandates that the Committee is to be composed of the following:

- 3 members appointed by the Secretary.
- 2 members appointed by the chairman of the Committee on Agriculture, Nutrition, and Forestry, of the Senate—in consultation with the ranking member.
- 2 members appointed by the chairman of the Committee on Agriculture of the House of Representatives—in consultation with the Ranking member.
- A civil rights professional.
- A socially disadvantaged farmer or rancher.
- Such other persons or professionals that the Secretary determines to be appropriate.

Sec. 11210. Coordinator for chronically underserved rural areas

This provision authorizes the Secretary to establish a Coordinator for Chronically Underserved Rural Areas, to be located in USDA's Office of Outreach. The mission of the Coordinator is to direct the Department of Agriculture's resources to high need, high poverty rural areas.

The language mandates that the Coordinator's duties are to include consulting with other Department of Agriculture offices in directing technical assistance, strategic planning, at the State and local level, for developing rural economic development that

leverages the resources of State and local governments and nonprofit and community development organizations.

The provision authorizes an appropriation of such sums as necessary for each of the fiscal years 2008 through 2012.

SUBTITLE D—OTHER MISCELLANEOUS PROVISIONS

Sec. 11301. Designation of separate cotton-producing States under Cotton Research and Promotion Act

Amends the definition of "cotton-producing State" in the Cotton Research and Promotion Act to include Kansas, Virginia, and Florida as each being considered separate cotton producing States under the Act, beginning with the 2008 crop of cotton.

Sec. 11302. Cotton classification services

Extends the authority of the Secretary to make cotton classification services available to producers of cotton and to collect classification fees from participating producers.

Authorizes the Secretary to enter into long-term lease agreements that exceed five years or take title to property in order to obtain offices used for the classification of cotton.

Sec. 11303. Availability of excess and surplus computers in rural areas

Provides that the Secretary may make surplus USDA computers or technical equipment available to any city or town in a rural area.

Sec. 11304. Permanent debarment from participation in Department of Agriculture programs for fraud

Authorizes the Secretary to permanently debar an individual or entity convicted of knowingly defrauding the United States in connection with any program administered by the Department of Agriculture from any subsequent participation in such programs.

Sec. 11305. No discrimination against use of registered pesticide products or classes of pesticide products

Prohibits the Secretary from discriminating against the use of specified registered pesticide products or classes of pesticide products in establishing priorities and evaluation criteria for approval of plants, contracts and agreements under the Conservation Title of this Act.

Sec. 11306. Prohibition on closure or relocation of county offices for the farm service agency, rural development agency, and natural resources conservation service

Prohibits the Secretary from closing or relocating a county or field office of the Farm Service Agency, Rural Development Agency, or Natural Resources Conservation Service for one year following the date of enactment of this Act.

[There is no section 11307. The section numbering hereafter will be corrected in the Manager's Amendment.]

Sec. 11308. Regulation of exports of plants, plant products, biological control organisms, and noxious weeds

Amends the Agricultural Risk Protection Act of 2000 to require the Secretary to coordinate fruit and vegetable market analyses with the private sector and Foreign Agricultural Service. Further requires the Secretary to list on an Internet website the status of export petitions, an explanation of associated sanitary or phytosanitary issues, and information on the import requirements of foreign countries for fruits and vegetables.

Sec. 11309. Grants to reduce production of methamphetamines from anhydrous ammonia

Authorizes the Secretary to make grants to eligible entities to enable such entities to obtain and add to an anhydrous ammonia fertilizer nurse tank a substance that will reduce the amount of methamphetamine that can be produced from such tank. Provides that the grant amount be between $40 and $60, multiplied by the number of nurse tanks for each eligible entity. Authorizes appropriations of not more than $15 million for each of fiscal years 2008 through 2012.

Sec. 11310. USDA graduate school

Amends the Federal Agriculture Improvement and Reform Act of 1996 to prohibit the Department of Agriculture from establishing, maintaining, or operating a non-appropriated fund instrumentality of the United States to develop, administer, or provide educational training and professional development activities, including educational activities for Federal agencies, Federal employees and other entities, effective October 1, 2008.

COMMITTEE CONSIDERATION

HEARINGS

Over the last two years, the House Agriculture Committee has spent extensive time reviewing federal farm policy, both in Washington, D.C. and around the country. During the 109th Congress, under the Chairmanship of Bob Goodlatte of Virginia, the House Agriculture Committee and its Subcommittees held field hearings reviewing Federal farm policy in eighteen different states in 2006. In the 110th Congress, Chairman Collin C. Peterson of Minnesota called fourteen Farm Bill oversight hearings in Washington in the first half of 2007, reviewing every title of the 2002 Farm Bill as well as the policies to comprise a prospective Horticulture and Organic Agriculture title through the creation of a sixth Subcommittee by the same name. The field hearings of the 109th Congress and the Washington-based hearings of the 110th Congress were all heard live over the Committee's Internet website.

Allowing for the broadest discussion possible, the Committee encouraged testimony from farmers and ranchers, producers and processors, advocates and rural residents to seek specifics on what is working about farm policy, where it can be improved, and what needs to be changed. The overriding sentiment was that agricultural producers supported the fundamental safety net 2002 Farm Bill while offering various suggestions on how it could be improved.

The hearings were well-attended by both members of the Committee and the public. After organizing for the 110th Congress by welcoming 10 new freshmen members, the Committee built on the field hearings of the 109th Congress by conducting a comprehensive review of farm policy in Washington. Sixteen separate USDA officials testified before the Committee about the administration of farm programs and to receive feedback about proposed changes in farm policy.

The Committee began with a review of USDA Farm Bill proposals. The full Committee heard from Secretary Johanns in February about USDA's initiatives. Subcommittees also conducted a detailed examination of proposals in addition to existing programs.

The six House Agriculture Subcommittees held hearings throughout the first half of 2007 focusing on major provisions of the 2002 Farm Bill. The newly formed Horticulture and Organic Agriculture Subcommittee heard testimony from Deputy Secretary Chuck Conner about USDA's proposals with respect to specialty crops and organic products. Likewise, the Specialty Crops, Rural Development, and Foreign Agriculture Subcommittee examined the USDA's Rural Development Farm Bill. The Department Operations, Oversight, Nutrition, and Forestry Subcommittee held a hearing in March to examine the Food Stamp Program and its impact on children's health. In April, the Livestock, Dairy, and Poultry Subcommittee held two separate hearings on Farm Bill issues under its jurisdiction, examining the livestock market structure and Federal milk marketing orders. USDA conservation and agricultural research programs were examined in separate hearings by the Conservation, Credit, Energy, and Research Subcommittee.

The General Farm Commodities and Risk Management Subcommittee held two separate hearings on program crop provisions in Title I by inviting crop organization representatives, shippers, marketers, and the leaders of broad farm group organizations including the American Farm Bureau Federation and the National Farmers Union.

In all, a wide array of producer groups, farm organizations, advocates, processors, ranchers, creditors, academics, and representatives of rural America appeared before the House Agriculture Committee. The information presented at these hearings, in addition to the field hearings of the 109th Congress, prepared the Committee for the writing of a new Farm Bill.

SUBCOMMITTEE CONSIDERATION

On March 22, 2007, the Subcommittee on Conservation, Credit, Energy, and Research Subcommittee held a business meeting to consider provisions of the 2007 Farm Bill within the Subcommittee's jurisdiction: (1) Conservation Title; (2) Research Title; (3) Energy Title; and (4) Credit Title.

Chairman Holden made an opening statement as did Ranking Member Lucas and the ex officio Members of the subcommittee, Chairman Peterson and Ranking Member Goodlatte.

Without objection, the Conservation Title was placed before the Committee and open for amendment at any point. Committee Counsel was recognized for a brief explanation of the Title.

Mr. Costa was recognized to offer and explain two amendments. One amendment would allow for third party ownership, negotiation

and enforcement of easement in the Grassland Reserve Program. Discussion occurred on the amendment and, without objection, was withdrawn. The second amendment gives priority to long-term contracts and easements for Grassland Reserve Program contracts. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Salazar was recognized to offer and explain an amendment to target EQIP payments to producers most deserving of financial support. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Walz was then recognized to offer and explain an amendment on Cooperative Conservation Partnership Initiative. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Walz then offered an amendment on CRP transition payments for beginning farmers and ranchers. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Walz was further recognized to offer and explain an amendment on mandatory funding for the grassroots source water protection program for FY08. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Salazar was recognized to offer and explain an amendment on special rules for water conservation or irrigation efficiency practice. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Walberg was recognized to offer and explain an amendment to the Farm and Ranchland Protection Program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Cardoza was recognized to offer and explain an amendment pertaining to air quality improvement. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Graves was recognized to offer and explain an amendment to ensure that eligible entities provided with funding from the Cooperative Conservation Partnership Initiative spend such funding on specific conservation projects and not administrative costs. Discussion occurred and, by voice vote, the amendment was adopted.

Mrs. Boyda was recognized to offer and explain an amendment relating to Emergency Haying and Grazing on Conservation Reserve Program lands in case of environmental emergencies. Discussion occurred and, without objection, the amendment was withdrawn.

Mrs. Gillibrand was recognized to offer and explain an amendment to restore funding for the Conservation Security Program, contingent upon the availability of reserve funds. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Costa was recognized to offer and explain an amendment on regional ground and surface water to: include irrigation and water districts as well as non-profits or conservation groups that partner with agricultural producers as possible "partners"; take into consideration environmental improvement or restoration in selection of proposals; give priority to proposals that install or improve water conservation technologies in areas that have reached D–2 Drought level for a period of 20 weeks in a 24 week period or D–3 level for a period of 8 weeks in a 12 week period. Discussion occurred and, before the amendment was withdrawn, report language was agreed to.

Mr. Cardoza was recognized to offer and explain three amendments. The first amendment was to eliminate Adjusted Gross Income Limitation on EQIP Participation. Discussion occurred and, without objection, the amendment was withdrawn. The second amendment to also Eliminate the Adjusted Gross Income Limitation on EQIP Participation was withdrawn after discussion occurred. The third amendment to include income from packing and pandling operations as "on-farm income" was adopted by voice vote.

Mr. Space was recognized to offer and explain an amendment on Conservation Efficiency. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Kagen was recognized to offer and explain an amendment to the Discovery Watershed Demonstration Program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Cardoza was recognized to offer and explain an amendment to encourage voluntary sustainability practices. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Cardoza also offered and explained an amendment to address long-term climate change. The amendment, without objection, was withdrawn.

Mr. Cardoza offered and explained an amendment to allow the Secretary of Agriculture to encourage the development of voluntary sustainable practices guidelines for producers and processors of specialty crops. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Cardoza offered and explained an amendment to allow USDA to withhold 10% of total EQIP funds each year to reward states for effectively managing the program. Discussion occurred and, without objection, the amendment was withdrawn

Mr. Moran was recognized to offer and explain an amendment to allow dryland crop production and grazing on Conservation Reserve Enhancement Program (CREP) acres where the CREP is initiated to address declining water resources. Discussion occurred and, without objection, the amendment was withdrawn.

Ms. Herseth Sandlin was recognized to offer and explain an amendment to insert the word bison in the definition of livestock, for purposes of the Environmental Quality Incentives Program. Discussion occurred and, by a voice vote, the amendment was adopted.

Ms. Herseth Sandlin also offered and explained an amendment to create a period at the beginning of each fiscal year during which a 10 percent of conservation program funding is expressly targeted toward beginning farmers and ranchers and socially disadvantaged farmers and ranchers. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Costa was recognized to offer and explain an amendment to include predatory deterrence in EQIP. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Moran was recognized to offer and explain an amendment to use conservation reserve program land for biomass reserve. Discussion occurred and, without objection, the amendment was withdrawn.

Without objection, the Research Title was placed before the Committee and open for amendment at any point. Committee Counsel was recognized for a brief explanation of the Title.

Mr. Kagen offered an amendment to direct the Secretary of Agriculture to establish a program to fund a cranberry research initiative. Discussion occurred and, without objection, the amendment was withdrawn.

Without objection, the Energy Title was placed before the Committee and open for amendment at any point. Committee Counsel was recognized for a brief explanation of the Title.

Mr. Kagen was recognized to offer and explain an amendment to direct the Secretary of Agriculture to establish a pilot program to distribute grants to farmers for the purpose of establishing the feasibility of making farms energy independent using existing technologies. Discussion occurred and, by a voice vote, the amendment was adopted.

Ms. Herseth Sandlin was recognized to offer and explain an amendment to the current 2006 program. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Salazar was recognized to offer and explain an amendment to clarify that Specialty Crop waste and residues are understood to qualify as Agricultural Cellulosic biomass. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Fortenberry was recognized to offer and explain an amendment to create a new Rural Energy Self-Sufficiency Initiative with the purpose of creating models of energy independence on a rural community level. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Cardoza was recognized to offer and explain an amendment to authorize USDA to create an internship pilot program to train the next generation of professionals in renewable energy, ethanol, biomass and other biofuels. Discussion occurred and the amendment was agreed to.

Mr. Costa was recognized to offer and explain an amendment to allow for the establishment of a biofuels research consortium. Discussion occurred and, without objection, the amendment was withdrawn.

Without objection, the Credit Title was placed before the Committee and open for amendment at any point. Committee Counsel was recognized for a brief explanation of the Title.

Mr. Walz was recognized to offer and explain an amendment on the beginning farmer and rancher down payment loan program and contract pilot program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Lucas moved that the titles as amended by this Subcommittee be favorably forwarded to the Full Committee as amendments to H.R. 2419, with the recommendation that they be adopted.

By voice vote, the titles, as amended were favorably forwarded to the Full Committee for inclusion into H.R. 2419.

By unanimous consent, staff was instructed to make technical, clarifying or conforming changes as are appropriate without changing the substance of the legislation. The meeting was then adjourned.

On March 24, 2007, the Subcommittee on Livestock, Dairy, and Poultry held a business meeting to consider provisions of the 2007 Farm Bill within the subcommittee's jurisdiction.

Chairman Boswell made opening comments as did Ranking Member Hayes and the ex officio Ranking Member Goodlatte.

Without objection, the provisions of the Farm Bill under the jurisdiction of the Subcommittee on Livestock, Dairy, and Poultry were placed before the Subcommittee for consideration and without objection, a first reading of the language was waived and the text was made open for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Mr. Costa was recognized to offer and explain an amendment to form a federal milk marketing order commission. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Kagen was recognized to offer and explain an amendment to interstate meat inspection. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Kagen was recognized to offer and explain an amendment which would authorize $12 million to the veal industry due to the severe impact of unfair trade on U.S. domestic veal producers, particularly relating to Canada. By a roll call vote of 8 yeas, 6 nays, 4 not voting, the amendment was adopted. See Roll Call Vote #1.

Mr. Kagen was further recognized to offer and explain an amendment that would establish the Milk Income Loss Contract program for the 2007 Farm Bill, not differing in any way from the MILC program as enacted in the 2002 Farm Bill. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Boswell offered and explained an amendment to change the definition of negotiated purchase and negotiated sale from livestock that are scheduled for delivery to the packer not later than 21 days. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Boswell also offered an amendment which would allow for the use of arbitration for livestock or poultry contracts to resolve a controversy only if, after the controversy arises, both parties consent in writing to use arbitration. By a roll call vote of 8 yeas, 6 nays, 4 not voting, the amendment was adopted. See Roll Call Vote #2.

Mr. Costa was recognized to offer and explain an amendment to implement uniform milk standards nationwide. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Boswell offered and explained an amendment to amend the production contracts section of the Packers and Stockyards Act, 1921. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Hayes moved that the language as amended by the Subcommittee be favorably forwarded to the Full Committee as amendments to H.R. 2419, with recommendation that they be adopted.

By voice vote, the language, as amended, was favorably forwarded to the Full Committee for inclusion into H.R. 2419.

By unanimous consent, staff was instructed to make technical, clarifying or conforming changes as are appropriate without changing the substance of the legislation. The meeting adjourned.

On June 6, 2007, the Subcommittee on Specialty Crops, Rural Development, and Foreign Agriculture met to consider provisions of the 2007 Farm Bill within the subcommittee's jurisdiction.

Chairman McIntyre made opening comments as did Ranking Member Musgrave and Ranking Member Goodlatte.

Without objection, the provisions of the Farm Bill under the jurisdiction of the Subcommittee on Specialty Crops, Rural Development, and Foreign Agriculture was placed before the Subcommittee for consideration and without objection, a first reading of the language was waived and the text was open for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Mr. McIntyre offered an amendment regarding additional criteria for rural development projects. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Salazar was recognized to offer and explain an amendment on the comprehensive rural broadband strategy. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Barrow was recognized to offer and explain an amendment on technology transfer for rural areas. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Fortenberry was recognized to offer and explain an amendment on the value added producer grants program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Pomeroy was recognized to offer and explain an amendment on broadband telecommunications services to rural areas. Discussion occurred and, without objection, the amendment was withdrawn.

Mrs. Musgrave moved that the language as amended by the Subcommittee be favorably forwarded to the Full Committee as amendments to H.R. 2419, with recommendation that they be adopted.

By voice vote, the language, as amended, was favorably forwarded to the Full Committee for inclusion into H.R. 2419.

By unanimous consent, staff was instructed to make technical, clarifying or conforming changes as are appropriate without changing the substance of the legislation. The meeting adjourned.

On June 7, 2007, the Subcommittee on Horticulture and Organic Agriculture met in a business meeting to consider provisions of the 2007 Farm Bill within the Subcommittee's jurisdiction.

Chairman Cardoza made an opening statement as did Ranking Member Neugebauer and Full Committee Ranking Member Goodlatte.

Without objection, the Horticulture and Organic Agriculture Title was placed before the Subcommittee for consideration, a first reading of the language was waived, and the text was made open for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Ms. Foxx was recognized to offer and explain an amendment to reduce the reserve funding for Sec. 31, National Organic Certification Cost-Share Program, by $3 million and redirect the funding into Sec. 32 Organic Production and Market Data Collection. Discussion occurred and, by unanimous consent, the amendment was adopted.

Mr. McCarthy was then recognized to offer and explain an amendment to direct the Secretary of Agriculture to establish a Fresh Produce Education Initiative, to educate persons involved in the fresh produce industry about proper food safety handling and practices. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Kuhl was also recognized to offer and explain an amendment to direct the Secretary of Agriculture to establish the National Clean Plant Network which will provide a funding mechanism to distribute healthy plant stock throughout the specialty crops industry. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Kuhl was again recognized to offer and explain an amendment to reduce the reserve funding for Sec. 24, Early Pest Detection and Surveillance Improvement Program, by $25 million and to redirect the funding into Sec. 21, Threat Identification and Mitigation Program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. McCarthy was recognized to offer and explain an amendment to increase funding for specialty crop block grants to $200,000,000 per year in 2008 through 2012. Discussion occurred and, without objection, the amendment was withdrawn.

Chairman Cardoza offered and explained an amendment to require the Secretary of Agriculture to arrange for an independent evaluation of the commodity purchasing process (and the statutory and regulatory authority underlying such processes) used by the Department to remove surplus commodities from the market and support commodity prices under Section 32. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Kuhl was recognized to offer and explain an amendment to increase payment limitations for payments under the Tree Assistance Program from $75,000 per year to $150,000 per year. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Neugebauer moved that the Horticulture and Organic Agriculture Title as amended by the Subcommittee be favorably forwarded to the Full Committee as amendments to H.R. 2419, with recommendation that they be adopted.

By voice vote, the Title, as amended, was favorably forwarded to the Full Committee for inclusion into H.R. 2419.

By unanimous consent, staff was instructed to make technical, clarifying or conforming changes as are appropriate without changing the substance of the legislation. The meeting adjourned.

On June 14, 2007, the Subcommittee on Department Operations, Oversight, Nutrition, and Forestry met in a business meeting to consider provisions of the 2007 Farm Bill within the Subcommittee's jurisdiction.

Chairman Baca made an opening statement as did Ranking Member Bonner, Chairman Peterson, Ranking Member Goodlatte, Congresswoman Boyda, and Congressmen Boustany, Lampson, Pomeroy, Davis, and Kagen.

Without objection, the Nutrition Title was placed before the Subcommittee for consideration and a first reading of the language was waived and opened for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Mr. Bonner was recognized to offer and explain an amendment to rename the Food Stamp Program. Chairman Baca agreed to add the word Secure to rename the Food Stamp Program as the Secure Supplemental Nutrition Assistance Program. Discussion occurred and, by unanimous consent, the amendment was adopted.

Mr. Kagen was then recognized to offer and explain an amendment to create an initiative to develop strategies to target obesity.

Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Kagen also offered an amendment to create an educational pilot program for shelf stable fruits and vegetables. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Kagen was again recognized to offer and explain an amendment to increase funding for a fruit and vegetable snack program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Boustany was recognized to offer and explain an amendment to strike Section 4011 of Title IV in order to maintain the authority of the states to make changes in order to modernize and improve the delivery and accountability of the Food Stamp Program. Discussion occurred and by a roll call vote of 5 yeas to 6 nays, the amendment failed. See Roll Call Vote #3.

Chairman Baca and Mr. Boustany offered a joint amendment regarding food stamp nutrition education. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Neugebauer was recognized to offer and explain an amendment to remove provisions that would index for inflation the: 1) Standard Deduction; 2) Allowable Financial Resources; 3) TEFAP commodity purchases. It also increases the allocation for TEFAP commodity purchases to $260 million each year for FY08–12. Discussion occurred and by a roll call vote of 4 yeas, 6 nays, and 1 not voting, the amendment failed. See Roll Call Vote #4.

Mrs. Boyda was recognized to offer and explain an amendment to establish a food stamp fruit and vegetable EBT pilot program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Neugebauer was recognized again to offer and explain an amendment to strike Section 4007 of Title IV so as not to exclude retirement accounts from countable financial resources with respect to the Food Stamp Program. Discussion occurred and, by a voice vote, the amendment failed.

Chairman Baca offered and explained an amendment to require products purchased with Federal funds to be of domestic origin, to the extent practicable; that such requirements benefit domestic producers; and that the Richard B. Russell National School Lunch Act require the use of domestic food products for the meals in the program. Discussion occurred and, by a voice vote, the amendment was adopted.

The Forestry Title was placed before the Subcommittee for consideration and, without objection, a first reading of the language was waived and opened for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Mr. Pomeroy was recognized to offer and explain an amendment that would: 1) require the USDA to prioritize the roads with significant sedimentation and fish passage problems on National Forest lands in the Klamath River Basin, and; 2) authorize funding for the Forest Service to target forest road improvements based upon the prioritized list in the National Forests within the Klamath River Basin. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Moran was recognized to offer and explain an amendment that would amend the Bankhead-Jones Farm Tenant Act for the

purpose of providing for retention of some receipts received from the National Grasslands. Discussion occurred and, without objection, the amendment was withdrawn.

Chairman Baca moved that the Nutrition and Forestry Titles as amended by the Subcommittee be favorably forwarded to the Full Committee as amendments to H.R. 2419, with the recommendation that they be adopted.

By voice vote, the Titles, as amended, were favorably forwarded to the Full Committee for inclusion into H.R. 2419.

By unanimous consent, staff was instructed to make technical, clarifying or conforming changes as are appropriate without changing the substance of the legislation. The meeting adjourned.

On June 19, 2007, the Subcommittee on General Farm Commodities and Risk Management met in a business meeting to consider provisions of the 2007 Farm Bill within the Subcommittee's jurisdiction.

Chairman Etheridge made opening comments as did Ranking Member Moran and the ex officio Members Peterson and Goodlatte.

Without objection, the Commodity Title was placed before the Subcommittee for consideration, a first reading of the language was waived, and the text was made open for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Chairman Etheridge recognized himself to offer and explain an amendment to make technical changes to Title I. Discussion occurred and, by voice vote, the amendment was adopted.

Chairman Etheridge then offered an amendment consisting of the USDA commodity title proposal. Chairman Etheridge recognized Committee Counsel to briefly explain the amendment. Chairman Etheridge also recognized Deputy Secretary Conner for his comments on the amendment. Discussion occurred and, by a voice vote, the amendment failed.

Chairman Etheridge offered an amendment consisting of a proposal that would allow producers—in return for a set buyout amount—to retire permanently base acres from Federal commodity programs. Discussion occurred and, by voice vote, the amendment failed.

Chairman Etheridge offered the Farm 21 amendment to remove key safety net provisions of commodity programs and replace them with farm risk management accounts. Committee Counsel was recognized for a brief explanation of the amendment. Discussion occurred and, by a roll call vote of 0 yeas to 18 nays, the amendment failed. See Roll Call Vote #5.

Chairman Etheridge offered a substitute amendment to provide for the 5-year extension of the program crop provisions of the 2002 farm bill. Mr. Pomeroy was recognized during the discussion and he presented the subcommittee with a chart. The Chairman also called on Deputy Secretary Conner of the USDA to comment on the amendment. Discussion occurred and, by a roll call vote of 18 yeas to 0 nays, the amendment was adopted. See Roll Call Vote #6.

Mr. Marshall was recognized to offered and explain an amendment entitled Cotton Program 1. Discussion occurred, and Mr. Boustany offered an amendment in the second degree to Mr. Marshall's amendment and more discussion occurred. By voice vote, the

Boustany amendment to the Marshall amendment was adopted. By voice vote the Marshall amendment, as amended, was adopted.

Mr. Boustany was recognized to offer and explain an amendment to make technical corrections to the target price and loan rate for rice. Discussion occurred and, by voice vote, the amendment was adopted.

Mrs. Boyda was recognized to offer and explain an amendment to require that the loan rate for grain sorghum in each county be set equal to the loan rate for corn in that county. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Walz was recognized to offer and explain an amendment to establish a planting flexibility pilot program. Discussion occurred and, by voice vote, the amendment failed.

Mr. Ellsworth was recognized to offer and explain an amendment regarding planting flexibility that would establish a pilot program in the state of Indiana. Discussion occurred and, by a roll call vote of 13 yeas, 4 nays, and 1 not voting, the amendment was adopted. See Roll Call Vote #7.

The Crop Insurance Title was placed before the Subcommittee for consideration and, without objection, a first reading of the language was waived and opened for amendment at any point. Committee Counsel was recognized for a brief explanation of the language.

Mr. Pomeroy was recognized to offer and explain an amendment that would make the 508(h) process friendlier to producer groups and developers. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Neugebauer was recognized to offer and explain an amendment regarding supplemental crop insurance coverage. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Moran was then recognized to offer and explain an amendment stating that "it is the sense of Congress that no monies used to fund programs under the jurisdiction of this subcommittee, as scored by the Congressional Budget Office baseline, under which this bill is being created, shall be transferred to fund programs authorized or reauthorized under any other title of this bill. Discussion occurred and, by a roll call vote of 18 yeas to 0 nays, the amendment was adopted. See Roll Call Vote #8.

Ranking Member Moran moved that the Commodity and Crop Insurance Titles as amended by the Subcommittee be favorably forwarded to the Full Committee as amendments to H.R. 2419, with the recommendation that they be adopted.

By voice vote, the Titles, as amended were favorably forwarded to the Full Committee for inclusion into H.R. 2419.

By unanimous consent, staff was instructed to make technical, clarifying or conforming changes as are appropriate without changing the substance of the legislation. The meeting adjourned.

FULL COMMITTEE CONSIDERATION

On July 17, 18, and 19, 2007, the Committee on Agriculture met, pursuant to notice, with a quorum present to consider H.R. 2419. Chairman Peterson made an opening statement as did Ranking Member Goodlatte. Chairman Peterson also gave all Members the opportunity to make opening comments.

The Chairman's Mark to H.R. 2419 was placed before the Committee and, without objection, it was considered as original text for

purposes of amendment and open to amendments at any point. Counsel was recognized for a brief explanation of the Chairman's Mark.

Chairman Peterson offered a Manager's Amendment and counsel provided a brief explanation of the language. Discussion occurred and, by voice vote, the Manager's Amendment was adopted.

Chairman Peterson stated that although the bill is open to amendment at any point, he encouraged that amendments be offered on a Title by Title basis. Without objection, Title I—Commodity Programs was placed before the Committee for consideration.

Mr. Conaway was recognized to offer and explain an amendment regarding the minimum payment amount for direct and countercyclical payments to be issued by the Secretary. Discussion occurred and, during the discussion, a modification to the amendment was offered to change the amount $99.00 to $25.00. By voice vote, the modification was agreed to and the Conaway amendment was adopted, as amended.

Mr. Graves offered an amendment to grant the Secretary of Agriculture the authority to permanently debar individuals, entities, corporations, or organizations convicted of knowingly defrauding USDA from participating in USDA programs. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Lampson was also recognized to offer and explain an amendment to create a temporary, one-time incentive program to encourage the development and commercialization of superior traits in certain oilseeds to increase the production of healthy oils to replace the use of trans-fats in foods. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Walberg was recognized to offer and explain an amendment to allow all States to petition the Secretary of Agriculture if they want to participate in a pilot project that allows 10,000 acres of tomatoes used in processing to be planted on base acreage. Discussion occurred and, by voice vote, the amendment failed.

Mr. Smith was recognized to offer and explain his amendment to authorize a hard white wheat incentive program for crop years 2008 through 2012. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Moran was recognized to offer and explain an amendment to strike the current price-based counter cyclical program and institute a state-based revenue counter cyclical program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Pomeroy was recognized to offer and explain an amendment to phase out upland cotton storage payments. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Costa was then recognized to offer and explain an amendment to the Federal Milk Marketing Order Review Commission to insert into the Manager's Amendment at page 12, line 9; evaluating the nutritional composition of milk including but not limited to the potential benefits and costs of adjusting the milk content standards. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Everett was recognized to offer and explain an amendment to establish a deadline for repayment of marketing assistance loan

for peanuts. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Everett was again recognized to offer and explain another amendment that would modify the determination of the effective price in regards to the consideration of counter-cyclical payments. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Walberg was offered an amendment to exempt from the dairy import assessment contracts importers have with their suppliers of dairy products that were entered into prior to the date of enactment of the farm bill. Discussion occurred and, without objection, the amendment was withdrawn.

Title II—Conservation was placed before the Committee for consideration.

Mr. Walz was recognized to offer and explain an amendment to streamline the Conservation Security Program by making two changes to the program's evaluation and ranking process and the CSP application process. Discussion occurred and, by voice vote, the amendment was adopted.

Ms. Musgrave was recognized to offer and explain an amendment to Title II, Section 2105, Page 41, Line 25, to strike "increase instream flows;" and re-designate accordingly. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Marshall was recognized to offer and explain an amendment to improve the mid-contract management of CRP land. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Everett was recognized to offer and explain an amendment to add additional criteria to the prioritization of applicants to the Regional Water Enhancement Program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Costa was recognized to offer and explain an amendment to include the Sacramento-San Joaquin Region as a priority area within the Regional Water Enhancement Program. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Costa was again recognized to offer and explain an amendment to require that no more than 50% of the total program funding be allocated to address issues in these priority areas. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Neugebauer was recognized to offer and explain an amendment to remove the following set-aside funding levels that are in EQIP: 10% designated to CCPI; 10% for beginning, socially disadvantaged, and limited resource farmers; $150 million for Air Quality. Discussion occurred and, by a roll call vote of 18 yeas to 28 nays, the amendment failed. See Roll Call Vote #9.

Mr. Etheridge was then recognized to offer and explain an amendment to provide for a 90% cost share for those projects which utilize gasifier technology for the purposes of the disposal of animal carcasses and by-products. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Goodlatte was recognized to offer and explain an en bloc amendment that would: 1) define the term "integrated pest management" as it would apply under the EQIP program in a manner which is identical to the definition of IPM under the Federal Insecticide, Fungicide, and Rodenticide Act, and 2) in establishing priorities and evaluation criteria for the approval of plans, contracts,

and agreements under the conservation programs, the Secretary shall not discriminate against the use of specific registered pesticide products or classes of pesticide products. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Mahoney was recognized to offer and explain an amendment to strike from Section 1231(f) of the Food Security Act of 1985 "the Chesapeake Bay Region" and insert "the Chesapeake Bay Region, the Everglades Ecosystem" before "the Great Lakes Region". Discussion occurred and, by voice vote, the amendment failed.

Mr. King was recognized to offer and explain an amendment to strike the sustainability requirement of a young producer returning CRP land back into production. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Moran was recognized to offer and explain an amendment to allow dryland crop production and grazing on conservation reserve enhancement program acres where the CREP is initiated to address declining water resources. Discussion occurred and a roll call vote was requested. Subsequently, by unanimous consent, the request for a vote was vacated and the amendment was withdrawn.

Mr. Cardoza was then recognized to offer and explain an amendment that would create a voluntary program that would assist producers in certifying the environmental performance of their agricultural operations in order to enable them to better participate in the sale of environmental credits. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Goodlatte then offered another amendment to streamline the terms and conditions of easements for the Wetlands Reserve Program, Grasslands Reserve Program, Farmland and Ranchland Protection Program, and Healthy Forest Reserve Program. Discussion occurred and, without objection, the amendment was withdrawn.

Title III was placed before the Committee and opened to amendment at any time.

Mr. Etheridge and Mr. Hayes were each recognized to offer and explain their co-sponsored amendment to Section 1302(b)(3) of the Agriculture Reconciliation Act of 1993 to make leaf tobacco an eligible commodity under the Market Access Program. Discussion occurred and the amendment was adopted by division vote of 14 yeas to 10 nays.

Title IV was placed before the Committee and opened to amendment at any time.

Mr. Boustany was recognized to offer and explain an amendment to strike Section 4006 of Title IV in order to maintain the authority of the States to make necessary changes in order to modernize and improve the delivery and accountability of the Food Stamp Program. Discussion occurred and, by a roll call vote of 20 yeas, 25 nays, and 1 not voting, the amendment failed. See Roll Call #10.

Mr. Donnelly was recognized to offer and explain an amendment that would allow those States that entered into a private contract to carry the Food Stamp Act of 1977, prior to January 1, 2007, to continue if the Secretary of Agriculture finds that the State has consistently maintained or improved its performance. Discussion occurred and, by voice vote, the amendment failed.

By unanimous consent, further consideration of H.R. 2419 was laid aside, and the Committee turned to consideration of the Reserve Fund En Bloc amendment consisting of proposals for inclu-

sion in H.R. 2419 to the extent that sufficient offsets become available.

When the Committee resumed consideration of H.R. 2419, Mrs. Schmidt and Mrs. Boyda were recognized to offer and explain an amendment relating to the Nutrition Education and Promotion Initiative to address obesity. Discussion occurred and, by voice vote, the amendment was withdrawn.

Mrs. Schmidt and Mrs. Boyda were recognized again to offer and explain an amendment to establish a pilot program under the Nutrition, Education, and Promotion Initiative to Address Obesity. Discussion occurred and, by voice vote, the amendment failed.

Mrs. Schmidt and Mrs. Boyda offered another joint amendment to codify existing policy that provides for nutrition education that is designed to help low-income individuals choose healthy foods and active lifestyles. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. King was recognized to offer and explain an amendment to insure that residential drug treatment programs do not have to receive any other Federal or State funding or certification in order that their residents may receive food stamps. Discussion occurred and, by a voice vote, the amendment was adopted.

Mr. Kagen was recognized to offer and explain an amendment to clarify existing language permitting geographic preference to be used for food procurement bids in the Richard B. Russell National School Lunch Act, the Child Nutrition Act, and the Department of Defense Fresh Fruit and Vegetable Program. Discussion occurred and, by voice vote, the amendment was adopted.

Mrs. Musgrave was recognized to offer and explain an amendment to prohibit the use of any funds to close any Farm Service Agency office. Discussion occurred and, without objection, the amendment was withdrawn.

Ms. Herseth Sandlin offered an amendment to Title XI to prohibit the Secretary of Agriculture from closing any county or field offices of the Farm Service Agency, the Rural Development Agency, or the Natural Resources Conservation Service for one year from the date of the enactment of this bill unless that office had fewer than two full time employees for more than 6 months out of the last 2 years. A modification was proposed to strike the part of the amendment regarding closing an office for having "180 consecutive days during the two-year period ending on such date of enactment, had less than two full-time employees". By unanimous consent, the modification was adopted and by voice vote the Herseth Sandlin amendment was adopted, as modified.

Without objection, Title VI Rural Development was placed before the Committee and opened to amendment at any time.

Mr. Boswell was recognized to offer and explain an amendment that would direct the Secretary of Agriculture to give highest priority to funding projects that identify, document, and conduct research on a historic barn to develop and evaluate appropriate techniques or best practices for protection of historic barns. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Boswell was again recognized to offer and explain an amendment that would add "promotion and preservation of rural heritage" to the list of eligible projects to be considered for Planning

Grants under the Rural Strategic Investment Program. Discussion occurred and, by voice vote, the amendment was adopted.

Ms. Gillibrand was recognized to offer and explain an amendment to encourage the development of local and regional food systems by creating a preference within the Business and Industry Program for loans and loan guarantees for rural food enterprise entrepreneurs that process and distribute food locally and regionally. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. McIntyre was recognized to offer and explain an amendment to allow State agencies involved in broadband deployment to be eligible for Community Connect Grant Program funds. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. McIntyre was again recognized to offer and explain an amendment to allow libraries in rural communities to apply for Distance and Learning and Telemedicine program funds. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Space was recognized to offer and explain an amendment that would amend USDA's broadband loan program by: Requiring the Secretary to reduce the cost and paperwork of the application process; allowing broadband providers to choose the length of the amortization period of their loans; encouraging the Secretary to consider whether or not an area is served in setting the amortization period; encouraging the Secretary to reduce equity requirements on broadband providers offering service to unserved areas; expanding existing reporting requirements to include type and speed of service offered by loan recipients. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Pomeroy was recognized to offer and explain an amendment to make changes to the Rural Cooperative Development Grant Program. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Walz was recognized to offer and explain an amendment to require the Secretary of Agriculture to conduct a study of railroad issues and the importance of freight railroads to rural America and report back to Congress the results of that study and any recommendation on new Federal policies to address any deficiencies that are identified. Discussion occurred and, without objection, the amendment was withdrawn.

Ms. Herseth Sandlin was recognized to offer and explain an amendment to allow the Secretary of Agriculture to make grants to enable Public Television Stations in rural areas to replace current analog television broadcasting equipment, facilities, and infrastructure with digital television broadcasting equipment, facilities, and infrastructure as part of the national transition to digital television service. Discussion occurred and, by voice vote, the amendment was adopted.

Chairman Peterson recognized himself to offer an amendment that would correct drafting errors in the Manager's Amendment to ensure that the negotiated language on broadband is correct in the final mark. Discussion occurred and, by voice vote, the amendment was adopted.

Title VII—Research was placed before the Committee and opened to amendment at any time.

Mr. Smith was recognized to offer and explain an amendment that would include ethanol by-product utilization as a research and development objective of the agricultural bioenergy and biobased products research initiative. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Conaway was recognized to offer and explain an amendment to the Research Title dealing with the Foreign Agriculture Service Grant overhead limitation in the Research Title to raise the indirect cost cap from 10% to 19%. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Davis was recognized to offer and explain an amendment regarding switchgrass energy research and investment. Discussion occurred and the amendment was withdrawn with the understanding that the Chairman will work with Mr. Davis to include this amendment as report language.

Title VIII—Forestry was placed before the Committee and opened to amendment at any time.

Mrs. Gillibrand was recognized to offer and explain an amendment to create a new program to provide local communities with matching funds to acquire forest areas from willing sellers to be used for hunting, fishing, and public recreation. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Kagen was recognized to offer and explain an amendment to express the sense of Congress that the Secretary of Agriculture should use a share of the Agricultural Research Service's total annual funding for research specific to organic food and agricultural systems. Discussion occurred and, by voice vote, the amendment was adopted.

Title IX—Energy was placed before the Committee and opened to amendment at any time.

Ms. Foxx was recognized to offer and explain an amendment to Section 9014 of Title IX to add a consideration to the feasibility study of dedicated ethanol pipelines. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Boswell was recognized to offer and explain an amendment to establish a USDA certification system to allow producers whose manure is being used to produce biogas, or producing wind or solar power to sell their products with a Certified Green American Energy Farm seal. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Conaway was recognized to offer and explain an amendment to the Energy Title that is a Sense of Congress stating accelerated development of alternative fuels and technology should be a priority of the Federal Government and that the market is an important instrument in determining which forms of renewable energy inputs and technology are the most effective and efficient. Discussion occurred and, without objection, the amendment was adopted.

Mr. Barrow was recognized to offer and explain an amendment to establish the Future Farmstead Program. Discussion occurred and, by voice vote, the amendment was adopted.

Ms. Herseth Sandlin was recognized to offer and explain 2 amendments that she would like to offer en bloc: (1) An amendment to include an agronomist on the Biomass Advisory Committee, (2) an amendment to direct research on the development of feedstock crops that are engineered to contain within the plant cer-

tain enzymes for breaking down its cellulosic material under the Biomass Research and Development Initiative (copies attached). Discussion occurred and, by voice vote, the en bloc amendments were adopted.

Title X—Horticulture and Organic Agriculture was placed before the Committee and opened to amendment at any time.

Mrs. Gillibrand was recognized to offer and explain an amendment to authorize $50 million over 5 years to provide technical assistance and cost-sharing grants to farmers that wish to transition from traditional farming to organic farming. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. McCarthy was recognized to offer and explain an amendment to reduce Section 10301, the organic certification cost-share program, by $5 million and redirect that funding to Colony Collapse Disorder research. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Kagen was recognized to offer and explain an amendment that would specify statutorily the categories of farmer-to-consumer direct marketing activities eligible for funding under the program. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Cardoza was recognized to offer and explain an amendment that would add the term "horticulture" to the definition of specialty crops under the Specialty Crop Competitiveness Act. Discussion occurred and, by voice vote, the amendment was adopted.

Mrs. Gillibrand was recognized to offer and explain an amendment to authorize $50 million over 5 years to provide technical assistance and cost-sharing grants to farmers that wish to transition from traditional farming to organic farming. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Conaway was recognized to offer and explain an amendment that would include goats in the mandatory Country of Origin Labeling program as established in the 2002 Farm Bill. Discussion occurred and, by voice vote, the amendment was adopted.

Ms. Herseth Sandlin was recognized to offer and explain an amendment to remove language from Title XI, as amended by the Chairman's Mark, to remove the authority of FSA county committees to waive the restrictions on crop insurance access for native grassland that has never previously been farmed. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. McCarthy was recognized to offer and explain an amendment regarding the regulation of exports of plants, plant products, biological control organisms, and noxious weeds. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Etheridge and Mr. Neugebauer were recognized to offer and explain an amendment to authorize the Secretary to enter into leases of longer than five years or take title to property for the purpose of obtaining facilities that can be used for the classification of cotton. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Cardoza was recognized to offer and explain an amendment to the Trade Title regarding germplasm conservation. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Boswell was recognized to offer and explain an amendment to authorize a grant program that would allow cooperatives, agri-

cultural retailers, or producers who own an anhydrous ammonia fertilizer nurse tank to purchase a chemical additive or methamphetamine inhibitor that would reduce the amount of methamphetamine that could be produced. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. King was recognized to offer and explain an amendment to express that it is the Sense of Congress that farm animal manure is not to be considered as toxic waste. Discussion occurred and, by unanimous consent, the language was changed to read that it is the sense of the Committee that farm animal manure is not to be considered as toxic waste. By voice vote, the amendment was adopted, as amended.

Mr. Goodlatte was recognized to offer and explain an amendment to terminate the USDA Graduate School's status as a non-appropriated fund instrumentality. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Rogers was recognized to offer and explain an amendment to require the Secretary of Agriculture to establish standards of fairness for arbitration clauses contained in livestock and poultry production contracts. Discussion occurred and, by a roll call vote of 26 yeas to 17 nays and 3 not voting, the amendment was adopted. See Roll Call Vote #11.

Mr. Pomeroy was recognized to offer and explain an amendment to the 508(h) process. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Cardoza was recognized to offer and explain an amendment to authorize and fund the Specialty Crops Research Institute at the California State University, Cal Poly to conduct high level economic policy research of the American specialty crop industry. Discussion occurred and, without objection, the amendment was withdrawn.

Mrs. Musgrave was recognized to offer and explain an amendment to state that it is the Sense of Congress to not use tax increases as an offset to pay for new spending in this Act. Chairman Peterson ruled the amendment non-germane and therefore out of order.

Mr. Cuellar was recognized to offer and explain an amendment to the Hass Avocado Promotion Act. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Davis was recognized to offer and explain an amendment that would deem any new authorities granted to Farm Credit agencies under Subtitle D to be authorized only if a commercial lending institution is unable to provide a loan at rates and terms that the borrower can meet. Discussion occurred and, without objection, the amendment was withdrawn.

Mr. Goodlatte offered an amendment to strike grant functions of the Farmland and Ranchland Protection Program, to which Mr. Holden offered a substitute amendment. Discussion occurred and the Holden Substitute amendment was adopted by voice vote. Subsequently, the Goodlatte amendment, as amended, was adopted by voice vote.

Mr. Lampson offered an amendment to update and clarify policies established in the 2002 Farm Bill related to the labeling of intermediate and finished biobased products and procurement guide-

lines for federal agencies. Discussion occurred and, by voice vote, the amendment was adopted.

The Committee again laid H.R. 2419 aside temporarily and returned to consideration of the Reserve Fund Amendments En bloc. When the Committee resumed consideration of H.R. 2419, Mr. Moran was recognized to offer and explain an amendment to Title II: to strike paragraph (C) and insert paragraph (D) on page 3, line 24; on page 4, after line 13, insert language regarding the Conservation Reserve Enhancement Program. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Moran was recognized again to offer and explain an amendment to Title III, requiring that non-emergency food aid receive a minimum share of the aid provided in P.L. 480 II unless a waiver is approved by Congress and signed by the President. Discussion occurred and, by voice vote, the amendment was adopted.

Mr. Walz was recognized to offer and explain an amendment to Title VI, regarding a study of railroad issues. By unanimous consent on page 2, line 17, the language of the amendment was changed to strike 6 and insert 9. Discussion occurred and, by voice vote, the amendment was adopted, as amended.

Mr. Goodlatte was then recognized to offer and explain an amendment to Title V, page 19, to strike section 525. Discussion occurred and, by voice vote, the amendment was adopted.

Chairman Peterson and Ranking Member Goodlatte explained a compromise on Country of Origin Labeling. Discussion occurred and, by voice vote, the compromise was adopted.

There being no further amendments, Mr. Goodlatte moved that H.R. 2419, as amended, be adopted and reported favorably to the House with the recommendation that it pass. By voice vote, the motion was agreed to in the presence of a quorum.

Mr. Goodlatte moved that the Chairman, after consultation with the Ranking Member, be authorized to make such adjustments to the spending levels in the reported version of the bill as are necessary to ensure that the total cost of this legislation does not exceed the total amount authorized under the concurrent resolution on the budget for fiscal year 2008, S.Con.Res.21. Without objection, the motion was agreed to.

Without objection, staff was given permission to make any necessary clerical, technical or conforming changes to reflect the intent of the Committee.

Chairman Peterson thanked all the Members for the attentiveness and good work and adjourned the meeting.

ROLL CALL VOTES

In compliance with clause 3(b) of Rule XIII of the House of Representatives, the Committee sets forth the record of the following roll call votes taken with respect to H.R. 2419.

Rollcall #1

Summary: Amendment to authorize $12 million to the U.S. Veal industry due to the sever impact of unfair trade on U.S. domestic veal producers, particularly regarding to Canada.

Offered By: Mr. Kagen

Results: Adopted by a vote of 8 yeas, 6 nays, and 4 not voting.

YEAS

1. Ms. Gillibrand
2. Mr. Kagen
3. Mr. Holden
4. Mr. Baca
5. Mr. Donnelly
6. Mr. Mahoney
7. Mr. Costa
8. Mr. Boswell

NAYS

1. Mr. Hayes
2. Mr. King
3. Mr. Conaway
4. Ms. Schmidt
5. Mr. Smith
6. Mr. Walberg

NOT VOTING

1. Mr. Cardoza
2. Mr. Lampson
3. Mr. Rogers
4. Ms. Foxx

Rollcall #2

Summary: Amendment to allow for the use of arbitration for livestock or poultry contracts to resolve a controversy only after the controversy arises if both parties consent in writing to use arbitration.

Offered By: Mr. Boswell

Results: Adopted by a vote of 8 yeas, 6 nays, and 4 not voting.

YEAS

1. Ms. Gillibrand
2. Mr. Kagen
3. Mr. Holden
4. Mr. Baca
5. Mr. Donnelly
6. Mr. Costa
7. Mr. Mahoney
8. Mr. Boswell

NAYS

1. Mr. Hayes
2. Mr. King
3. Mr. Conaway
4. Mrs. Schmidt
5. Mr. Smith
6. Mr. Walberg

NOT VOTING

1. Mr. Cardoza
2. Mr. Lampson
3. Mr. Rogers
4. Ms. Foxx

Rollcall #3

Summary: Amendment to strike Section 4011 of Title IV in order to maintain the authority of the states to make necessary changes

in order to modernize and improve the delivery and accountability of the food stamp program.

Offered By: Mr. Boustany.

Results: Failed by a vote of 5 yeas to 6 nays.

YEAS

1. Mr. Bonner
2. Mr. Moran
3. Mr. Neugebauer
4. Mr. Boustany
5. Mr. King

NAYS

1. Mr. Pomeroy
2. Mr. Davis
3. Mr. Lampson
4. Mr. Kagen
5. Mrs. Boyda
6. Mr. Baca

Rollcall #4

Summary: Amendment to remove provisions that would all for indexing for inflation of the: (1) Standard Deduction; (2) Allowable Financial Resources; (3) TEFAP commodity purchases. It also increases the allocation for TEFAP commodity purchases to $260 million each year for FY08–12.

Offered By: Mr. Neugebauer.

Results: Failed by a vote of 4 yeas, 6 nays, and 1 not voting.

YEAS

1. Mr. Bonner
2. Mr. King
3. Mr. Neugebauer
4. Mr. Boustany

NAYS

1. Mr. Pomeroy
2. Mr. Davis
3. Mr. Kagen
4. Mrs. Boyda
5. Mr. Moran
6. Mr. Baca

NOT VOTING

1. Mr. Lampson

Rollcall #5

Summary: Amendment titled as “Farm 21”.

Offered By: Mr. Etheridge.

Results: Failed by a vote of 0 yeas to 18 nays.

YEAS

NAYS

1. Mr. Scott
2. Mr. Marshall
3. Mr. Salazar
4. Mrs. Boyda
5. Ms. Herseth Sandlin
10. Mr. Moran
11. Mr. Johnson
12. Mr. Graves
13. Mr. Boustany
14. Mr. Conaway

6. Mr. Ellsworth
7. Mr. Space
8. Mr. Walz
9. Mr. Pomeroy
15. Mr. Lucas
16. Mr. Neugebauer
17. Mr. McCarthy
18. Mr. Etheridge

Rollcall #6

Summary: Amendment titled as the "Extension Substitute".
Offered By: Mr. Etheridge.
Results: Adopted by a vote of 18 yeas to 0 nays.

YEAS

1. Mr. Scott
2. Mr. Marshall
3. Mr. Salazar
4. Mrs. Boyda
5. Ms. Herseth Sandlin
6. Mr. Ellsworth
7. Mr. Space
8. Mr. Walz
9. Mr. Pomeroy
10. Mr. Moran
11. Mr. Johnson
12. Mr. Graves
13. Mr. Boustany
14. Mr. Conaway
15. Mr. Lucas
16. Mr. Neugebauer
17. Mr. McCarthy
18. Mr. Etheridge

NAYS

Rollcall #7

Summary: Amendment regarding Planting Transferability.
Offered By: Mr. Ellsworth.
Results: Adopted by a vote of 13 yeas, 4 nays, and 1 not voting.

YEAS

1. Mr. Scott
2. Mr. Marshall
3. Mr. Salazar
4. Mrs. Boyda
5. Ms. Herseth Sandlin
6. Mr. Ellsworth
7. Mr. Space
8. Mr. Walz
9. Mr. Pomeroy
10. Mr. Moran
11. Mr. Johnson
12. Mr. Lucas
13. Mr. Etheridge

NAYS

1. Mr. Boustany
2. Mr. Conaway
3. Mr. Neugebauer
4. Mr. McCarthy

NOT VOTING

1. Mr. Graves

Rollcall #8

Summary: Amendment stating that "it is the sense of Congress that no monies used to fund programs under the jurisdiction of this subcommittee, as scored by the Congressional Budget Office baseline, under which this bill is being created, shall be transferred to fund programs authorized or reauthorized under any other title of this bill.
Offered By: Mr. Moran.
Results: Adopted by a vote of 18 yeas to 0 nays.

YEAS

1. Mr. Scott
2. Mr. Marshall
3. Mr. Salazar
4. Mrs. Boyda
5. Ms. Herseth Sandlin
6. Mr. Ellsworth
7. Mr. Space
8. Mr. Walz
9. Mr. Pomeroy
10. Mr. Moran
11. Mr. Johnson
12. Mr. Graves
13. Mr. Boustany
14. Mr. Conaway
15. Mr. Lucas
16. Mr. Neugebauer
17. Mr. McCarthy
18. Mr. Etheridge

NAYS

Rollcall #9

Summary: Amendment to remove the following set-aside funding levels that are in EQIP: 10% designated to CCPI, 10% for beginning, socially disadvantaged, and limited resource farmers, $150 million for Air Quality.

Offered By: Mr. Neugebauer.

Results: Failed by a vote of 18 yeas to 28 nays.

YEAS

1. Mr. Goodlatte
2. Mr. Everett
3. Mr. Lucas
4. Mr. Moran
5. Mr. Hayes
6. Mr. Johnson
7. Mr. Graves
8. Mr. Bonner
9. Mr. Rogers
10. Mr. King
11. Mrs. Musgrave
12. Mr. Neugebauer
13. Mr. Boustany
14. Ms. Foxx
15. Mr. Conaway
16. Mrs. Schmidt
17. Mr. Smith
18. Mr. Walberg

NAYS

1. Mr. Holden
2. Mr. McIntyre
3. Mr. Etheridge
4. Mr. Boswell
5. Mr. Baca
6. Mr. Cardoza
7. Mr. Scott
8. Mr. Marshall
9. Ms. Herseth Sandlin
10. Mr. Cuellar
11. Mr. Costa
12. Mr. Salazar
13. Mr. Ellsworth
14. Mrs. Boyda
15. Mr. Space
16. Mr. Walz
17. Mrs. Gillibrand
18. Mr. Kagen
19. Mr. Pomeroy
20. Mr. Davis
21. Mr. Barrow
22. Mr. Lampson
23. Mr. Donnelly
24. Mr. Mahoney
25. Mr. Peterson
26. Mr. Kuhl
27. Mr. Fortenberry
28. Mr. McCarthy

Rollcall #10

Summary: Amendment to strike Section 4006 of Title IV in order to maintain the authority of the states to make necessary changes in order to modernize and improve the delivery and accountability of the food stamp program.

Offered By: Mr. Boustany.

Results: Failed by a vote of 20 yeas, 25 nays, and 1 not voting.

YEAS

1. Mr. Goodlatte
2. Mr. Everett
3. Mr. Lucas
4. Mr. Moran
5. Mr. Hayes
6. Mr. Graves
7. Mr. Bonner
8. Mr. Rogers
9. Mr. King
10. Mrs. Musgrave
11. Mr. Neugebauer
12. Mr. Boustany
13. Mr. Kuhl
14. Ms. Foxx
15. Mr. Conaway
16. Mr. Fortenberry
17. Mrs. Schmidt
18. Mr. Smith
19. Mr. McCarthy
20. Mr. Walberg

NAYS

1. Mr. Holden
2. Mr. McIntyre
3. Mr. Etheridge
4. Mr. Boswell
5. Mr. Baca
6. Mr. Cardoza
7. Mr. Scott
8. Mr. Marshall
9. Ms. Herseth Sandlin
10. Mr. Costa
11. Mr. Salazar
12. Mr. Ellsworth
13. Mrs. Boyda
14. Mr. Space
15. Mr. Walz
16. Mrs. Gillibrand
17. Mr. Kagen
18. Mr. Pomeroy
19. Mr. Davis
20. Mr. Barrow
21. Mr. Lampson
22. Mr. Donnelly
23. Mr. Mahoney
24. Mr. Johnson
25. Mr. Peterson

NOT VOTING

1. Mr. Cuellar

Rollcall #11

Summary: Amendment to require the Secretary of Agriculture to establish standards of fairness for arbitration clauses contained in livestock and poultry production contracts.

Offered By: Mr. Rogers.

Results: Adopted by a vote of 26 yeas, 17 nays, 3 not voting.

YEAS

1. Mr. Holden
2. Mr. Cardoza
3. Mr. Scott
4. Mr. Cuellar
5. Mr. Costa
6. Mr. Goodlatte
7. Mr. Everett
8. Mr. Lucas
9. Mr. Moran
10. Mr. Hayes
11. Mr. Johnson
12. Mr. Graves
13. Mr. Bonner
14. Mr. Rogers
15. Mr. King
16. Mrs. Musgrave
17. Mr. Neugebauer
18. Mr. Boustany
19. Mr. Kuhl
20. Mr. Conaway
21. Mr. Fortenberry
22. Mrs. Schmidt
23. Mr. Smith
24. Mr. McCarthy
25. Mr. Walberg
26. Mr. Peterson

NAYS

1. Mr. McIntyre
2. Mr. Etheridge
3. Mr. Boswell
4. Mr. Baca
5. Ms. Herseth Sandlin
6. Mr. Salazar
7. Mr. Ellsworth
8. Mrs. Boyda
9. Mr. Space
10. Mr. Walz
11. Mrs. Gillibrand
12. Mr. Kagen
13. Mr. Pomeroy
14. Mr. Davis
15. Mr. Barrow
16. Mr. Donnelly
17. Mr. Mahoney

NOT VOTING

1. Mr. Marshall
2. Mr. Lampson
3. Ms. Foxx

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Agriculture's oversight findings and recommendations are reflected in the body of this report.

BUDGET ACT COMPLIANCE (SECTIONS 308, 402, AND 423)

The provisions of clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives and sections 402 and 423 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:

July 23, 2007.

Hon. COLLIN C. PETERSON, *Chairman,*
Committee on Agriculture, House of Representatives,
Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2419, the Farm, Nutrition, and Bioenergy Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jim Langley.

Sincerely,

PETER R. ORSZAG.

Enclosure.

H.R. 2419—Farm, Nutrition, and Bioenergy Act of 2007

Summary: H.R. 2419 would amend and extend the major farm income support, food and nutrition, land conservation, trade promotion, rural development, research, forestry, energy, horticulture, and crop insurance programs administered by the U.S. Department of Agriculture (USDA).

CBO estimates that enacting the bill would increase direct spending for those programs by $5.8 billion over the 2008–2012 pe-

riod and $17.7 billion over the 2008–2017 period. When combined with estimated spending under CBO's baseline projections for those programs, enacting H.R. 2419 would bring total spending for those USDA programs to $286 billion over the 2008–2012 period and $614 billion over the 2008–2017 period.

Most of the estimated net costs—$16.9 billion over the 2008–2017 period—are attributable to the "en bloc" amendment to titles IV and IX adopted by the committee. Without the effects of the Agriculture Committee's en bloc amendment, CBO estimates that the other provisions of H.R. 2419 would reduce direct spending by $621 million over the 2008–2012 period and increase direct spending by $708 million over the 2008–2017 period.

CBO also estimates that enacting the bill would result in additional penalty collections (which are recorded on the budget as revenues) of $10 million over the 2008–2012 period and $20 million over the 2008–2017 period.

The bill would authorize discretionary appropriations over the 2008–2012 period for existing and new USDA programs involving research and education, nutrition, trade promotion, rural development, credit assistance, forestry, and conservation initiatives. However, CBO has not completed an estimate of the full discretionary costs of implementing H.R. 2419.

H.R. 2419 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would impose costs on at least one state by increasing the stringency of certain conditions of assistance under the Food Stamp program, and would preempt state laws restricting the interstate transport of meat and poultry inspected under a new program authorized by the bill. CBO estimates that the total cost of complying with those mandates would not exceed the threshold established in UMRA ($66 million in 2007, adjusted annually for inflation). In general, state, local, and tribal governments would benefit from the continuation of the existing Food Stamp program, the creation of new grant programs, and broader flexibility and options in some areas.

H.R. 2419 contains private-sector mandates as defined in UMRA. Based on our preliminary review of the bill, CBO finds that the bill would impose new inspection requirements on some sectors of the agriculture industry. Based on information from USDA, CBO estimates that the aggregate direct costs of complying with those mandates would be small and fall below the annual threshold established by UMRA for private-sector mandates ($131 million in 2007, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2419, including all amendments adopted by the committee, is shown in Table 1. The costs of this legislation fall within budget functions 270 (energy), 300 (natural resources and environment), 350 (agriculture), 450 (community and regional development), and 600 (income security).

Basis of estimate: For this estimate, CBO assumes that H.R. 2419 will be enacted near the end of fiscal year 2007. The bill would provide direct spending authority for most of the USDA programs authorized, amended, or created by the bill through the 2008–2012 period. Following the baseline projection rules in section 257 of the Balanced Budget and Emergency Deficit Control Act, CBO displays the estimated 10-year cost of the bill by assuming

that most of those programs continue to operate indefinitely beyond that five-year authorization period.

TABLE 1.—ESTIMATED CHANGES IN DIRECT SPENDING AND REVENUES UNDER H.R. 2419

	By fiscal year, in millions of dollars											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008–2012	2008–2017
CHANGES IN DIRECT SPENDING												
Title I, Commodity Programs												
Estimated Budget Authority	115	173	118	108	−1,378	16	16	27	83	108	−865	−616
Estimated Outlays	115	173	118	108	−1,378	16	16	27	83	108	−865	−616
Title II, Conservation												
Estimated Budget Authority	544	849	1,000	1,006	1,227	1,223	982	982	−247	−1,769	4,626	5,797
Estimated Outlays	177	476	661	686	895	1,042	1,012	933	−286	−1,781	2,895	3,815
Title III, Trade												
Estimated Budget Authority	−3	18	25	27	28	28	28	28	28	28	95	235
Estimated Outlays	−1	18	25	27	28	28	28	28	28	28	97	237
Title IV, Nutrition Programs												
Estimated Budget Authority	600	727	858	975	1,071	1,212	1,316	1,445	1,558	1,714	4,231	11,477
Estimated Outlays	573	727	859	975	1,071	1,212	1,316	1,445	1,558	1,714	4,205	11,451
Title V, Credit Programs												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	−130	−148	−168	36	32	27	22	16	8	−1	−378	−306
Title VI, Rural Development												
Estimated Budget Authority	30	30	30	30	30	0	0	0	0	0	150	150
Estimated Outlays	6	18	30	30	30	24	12	0	0	0	114	150
Title VII, Research												
Estimated Budget Authority	265	0	0	0	0	0	0	0	0	0	265	265
Estimated Outlays	136	79	50	0	0	0	0	0	0	0	265	265
Title VIII, Forestry												
Estimated Budget Authority	17	17	17	17	17	0	0	0	0	0	85	85
Estimated Outlays	7	14	16	16	17	10	3	2	0	0	70	85
Title IX, Energy												
Estimated Budget Authority	408	484	581	739	971	626	624	623	622	622	3,183	6,300
Estimated Outlays	217	360	486	596	770	837	706	619	621	622	2,429	5,834
Title X, Horticulture and Organic Agriculture												
Estimated Budget Authority	120	90	105	125	205	195	195	195	195	195	645	1,620
Estimated Outlays	49	94	104	122	166	189	195	195	195	195	534	1,503
Title XI, Miscellaneous [a]												
Estimated Budget Authority	−12	−151	−182	−222	−222	−252	−252	−251	−250	−252	−3,533	−4,769
Estimated Outlays	10	−109	−175	−209	−3,050	−233	−250	−251	−250	−252	−3,533	−4,769

Total Changes [a]												
Estimated Budget Authority	2,084	2,237	2,552	2,805	1,949	3,048	2,909	3,049	1,989	644	11,627	23,267
Estimated Outlays	1,159	1,702	2,005	2,386	−1,419	3,152	3,060	3,014	1,957	633	5,833	17,651
CHANGES IN REVENUES												
Estimated Revenues	2	2	2	2	2	2	2	2	2	2	10	20
MEMORANDUM												
Estimated Spending Under Baseline Assumptions												
Estimated Budget Authority	55,311	56,069	56,298	57,121	58,545	59,992	61,644	62,054	65,148	68,145	283,344	600,327
Estimated Outlays	54,542	55,380	55,447	56,614	58,338	59,861	61,530	61,994	65,065	68,010	280,321	596,781
Estimated Total Spending Under H.R. 2419 and En Bloc												
Estimated Budget Authority	57,395	58,306	58,850	59,926	60,494	63,040	64,553	65,103	67,137	68,789	294,971	623,594
Estimated Outlays	55,701	57,082	57,452	59,000	56,919	63,013	64,590	65,008	67,022	68,643	286,154	614,432

Note: Changes in spending are measured relative to CBO's March 2007 baseline projections.

[a]. Includes estimated savings in the crop insurance program of $125 million over the 2008–2012 period and $375 million over the 2008–2017 period from increased spending to detect fraud. Scorekeeping Guideline #14, adopted by the Congress in the conference report for the Balanced Budget Act of 1997, states that such savings will not be scored as a result of direct spending for administrative costs. However, the House Committee on the Budget has directed CBO to include those estimated savings to the crop insurance program that are anticipated as a result of additional administrative spending for fraud detection.

H.R. 2419, including the en bloc and other amendments adopted by the committee, would increase spending over the 2008–2017 period above the levels anticipated under CBO's baseline projections by $11.5 billion for nutrition programs, $5.8 billion for energy programs, $3.8 billion for land conservation programs, and $1.5 billion for horticulture and organic agriculture programs. Table 2 presents a summary of changes in direct spending attributable to the en bloc committee amendment and the other bill provisions. The budgetary effects of the en bloc amendment pertain to nutrition and energy programs.

The bill's estimated costs over the 10-year period reflect provisions that would shift $3.4 billion of advanced direct and countercyclical payments and certain crop insurance expenses from fiscal years within the 2008–2017 period until after 2017, and shift $1.3 billion of collections for crop insurance coverage from years beyond 2017 to the fiscal years within the 2008–2017 period.

TABLE 2.—DIRECT SPENDING EFFECTS OF H.R. 2419, WITH AND WITHOUT THE HOUSE AGRICULTURE COMMITTEE'S EN BLOC AMENDMENT

	By fiscal year, in millions of dollars											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008–2012	2008–2017
CHANGES IN DIRECT SPENDING												
H.R. 2419, Without the En Bloc Amendment												
Estimated Budget Authority	1,147	1,059	1,144	1,125	−58	1,245	1,002	1,013	−160	−1,661	4,418	5,859
Estimated Outlays	413	649	692	850	−3,225	1,138	1,071	982	−191	−1,672	−621	708
Effects of the En Bloc Amendment												
Change in Budget Authority	937	1,178	1,408	1,680	2,007	1,803	1,907	2,036	2,149	2,305	7,209	17,409
Estimated Outlays	746	1,053	1,313	1,537	1,806	2,014	1,989	2,032	2,148	2,305	6,455	16,942
Total Changes												
Change in Budget Authority	2,084	2,237	2,552	2,805	1,949	3,048	2,909	3,049	1,989	644	11,627	23,267
Estimated Outlays	1,159	1,702	2,005	2,386	−1,419	3,152	3,060	3,014	1,957	633	5,833	17,651

The following sections describe the major budgetary effects of each title of the bill.

TITLE I: COMMODITY PROGRAMS

Title I would reauthorize and amend the farm commodity support programs administered by USDA. CBO estimates that enacting title I would reduce direct spending by $865 million over the 2008–2012 period and by $616 million over the 2008–2017 period, relative to our baseline estimates of continuing USDA's commodity programs as they operate under current law. (The current-law authorization of those programs expires on September 30, 2007, although some final payments would be made after that date.) Major components of that estimate are described below.

Direct and Countercyclical Payments for Covered Commodities. The bill would authorize USDA to continue direct payments to producers of grains, oilseeds, and cotton; but advance payments (a portion of a producer's final payment made before the end of each fiscal year) would be eliminated beginning with the 2012 crop. That change to advance payments would reduce costs by nearly $1.1 billion over the 2008–2017 period; but increase them by about the same amount after 2017.

The bill also would offer producers a one-time choice in how their countercyclical payments would be determined. Under the bill, producers could choose between countercyclical payments based on prices in relation to target levels (as under current law), or based on national revenue (that is, price times yield) in relation to specified revenue levels per acre.

Advance countercyclical payments would be eliminated beginning with the 2011 crop. The combination of both changes and the provision that would give producers a choice in how countercyclical payments are made would reduce spending by $1.7 billion over the 2008–2012 period and $2.1 billion over the 2008–2017 period, relative to continued operation of those programs as under current law.

Loans and Loan Deficiency Payments. The bill would reauthorize USDA's crop loans and marketing loan programs for the commodities that are currently eligible to receive those benefits, but the legislation would provide for higher loan rates for wheat, barley, oats, and oilseeds. In addition, the bill would modify the loan repayment rate for cotton to be based on the price in Asian markets, adjusted for the quality of cotton produced in the United States, and including the full cost of transportation. The bill also would authorize a new payment of 4 cents per pound of cotton processed by domestic cotton mills. CBO estimates that those changes would increase costs by $1.0 billion over the 2008–2012 period and $2.2 billion over the 2008–2017 period, relative to the cost of continuing to operate those programs as under current law.

Payment Limits. The bill would amend provisions of current law designed to limit total USDA benefit payments to producers (known as payment limitations). Under H.R. 2419, producers would be denied program payments if the average of their three-year adjusted gross income (AGI) is more than $1 million. Producers with oil average AGI between $500,000 and $1 million also would be denied payments unless at least two-thirds of their income is derived from agriculture.

Under the bill, USDA would be required to attribute all commodity and conservation payments directly to a person or entity, and limit each person to a direct payment of no more than $60,000, plus up to $65,000 for countercyclical payments. No limits would be placed on marketing loan benefits. Individuals would be limited to a payment of $60,000 for participating in one conservation program, or $125,000 if participating in more than one conservation program. Under the proposed legislation, spouses of producers would automatically qualify for separate payments and would be subject to the same limitations as producers. CBO estimates that those changes to payment limitation provisions would reduce spending on USDA benefit programs by $227 million over the 2008–2012 period and $550 million over the 2008–2017 period, relative to the costs of operating the programs as under current law.

TITLE II: CONSERVATION PROGRAMS

This title would reauthorize and expand land conservation programs administered by USDA. CBO estimates that enacting those provisions would increase costs by $2.9 billion over the 2008–2012 period and by $3.8 billion over the 2008–2017 period. Significant changes in conservation programs include:

- Expand enrollment in the Wetland Reserve Program by 830,000 acres, at an estimated cost of $1.7 billion over the 2008–2012 period and $2.3 billion over the 2008–2017 period.
- End new contacts under the existing Conservation Security Program (CSP) beginning in fiscal year 2008, and resume enrollment in 2012 in a modified CSP that would be limited to spending $4.6 billion over the 2012–2017 period. CBO estimates that those CSP provisions would reduce direct spending by $703 million over the 2008–2012 period and $4.8 billion over the 2008–2017 period.
- Expand enrollment in the Grasslands Reserve Program by 1 million acres, at an estimated cost of $267 million over the 2008–2012 period and $312 million over the 2008–2017 period.
- Increase funding for the Environmental Quality Incentive Program by $1.1 billion over the 2008–2012 period and $4.1 billion over the 2008–2017 period.
- Increase funding for the Farm and Ranchland Protection Program by $206 million over the 2008–2012 period and $1.1 billion over the 2008–2017 period.
- Add $50 million per year to the Small Watershed Enhancement Program and an average of $45 million per year for a new Chesapeake Bay Program to reduce nutrient and sediment runoff.

TITLE III: TRADE PROGRAMS

Title III would amend the trade promotion and food assistance programs administered by USDA and the U.S. Agency for Intentional Development (USAID) and extend the authorization for those programs, generally through 2012. The bill would increase limits on direct spending for several programs and would authorize the appropriation of funds for other programs through 2012. CBO estimates that enacting title III would increase direct spending by

$97 million over the 2008–2012 period and $237 million over the 2008–2017 period.

Increased Funding for the Market Access Program. Section 3003 would reauthorize and increase funding for the Market Access Program, an export promotion program funded through the Commodity Credit Corporation. The bill would increase annual funding for the program by $25 million. CBO estimates that direct spending would increase under the bill by $96 million over the 2008–2012 period and $221 million over the 2008–2017 period.

Other Programs. The bill also would increase direct spending for USDA's technical Assistance for Specialty Crops Program and it would amend the Export Credit Guarantee Program to eliminate the Supplier Credit Program and increase loan origination fees. CBO estimates that, together, those changes would increase direct spending by $1 million over the 2008–2012 period and $16 million over the 2008–2017 period.

TITLE IV: NUTRITION PROGRAMS

This title would reauthorize the Food Stamp program (and would rename it the Secure Supplemental Nutrition Assistance Program) and related nutrition programs through fiscal year 2012 and make several changes in those programs. The most significant changes affecting costs are summarized below. CBO estimates that enacting title IV would increase direct spending by $4.2 billion over the 2008–2012 period and $11.5 billion over the 2008–2017 period.

Deductions from Income. H.R. 2419 includes two provisions that would increase the amount that households could deduct from gross income in determining their level of benefits. Under current law, the standard deduction is set at 8.31 percent of the net income threshold by household size, or a minimum of $134 per month. This bill would increase the minimum standard deduction to $145 in fiscal year 2008 and index that amount in subsequent years to changes in the Consumer Price Index for Urban Consumers (CPI–U). In addition, the bill would eliminate the cap on the amount of dependent care cost that a household can deduct from income. This deduction is currently capped at $200 a month for dependents under the age of 2 and at $175 for other dependents. With those two provisions, households would, on average, receive higher benefits than under current law because less of their income would be considered available for purchasing food. Together, CBO estimates that those two increases in allowable deductions would increase direct spending by $2.4 billion over the 2008–2012 period and $7 billion over the 2008–2017 period.

Changes to Asset Limits. In addition to the income test, households that are not considered categorically eligible for food stamps must have countable assets of less than $2,000—or $3,000 for households with an elderly or disabled member—to participate in the program. H.R. 2419 would raise the asset limit by indexing it to the annual change in the CPI–U (measured over the 12-month period ending each June). In addition, it would exclude certain retirement and education savings accounts from the asset calculation. CBO estimates that those provisions would increase direct spending by about $600 million over the 2008–2012 period and by $1.9 billion over the 10-year period.

Minimum Benefits. Under current law, the minimum benefit for households of one or two persons is $10 a month. The bill inc1udes a provision that would set the minimum benefit at 10 percent of the Thrifty Food Plan for a household of one. CBO estimates that this provision would increase the minimum benefit by $8 per month, on average, over the 2008–2012 period. We estimate that change would increase direct spending by $243 million over five years and $562 million over the 10-year period.

Fresh Fruit and Vegetable Program. The Child Nutrition and WIC Reauthorization Act of 2004 permanently authorized $9 million a year for the Fresh Fruit and Vegetable Program in eight states. This bill would increase the funding to $70 million a year for 2008 through 2012 and expand the program nationwide. CBO estimates that those changes will increase direct spending by $279 million over the five-year period and by $584 million over the 2008–2017 period.

The Emergency Food Assistance Program. The bill would reauthorize funding for commodities for the Emergency Food Assistance Program (TEFAP) from the current-law level of $140 million annually to $250 million in fiscal year 2008. In subsequent years, this amount would be indexed to the annual change in the Thrifty Food Plan. CBO estimates that this change would increase direct spending by about $600 million over the 2008–2012 period and $1.4 billion over the 10-year period.

TITLE V: FARM CREDIT

Title V would amend farm credit programs administered by USDA, broaden lending authorities of the Farm Credit System, and change the basis for premium collections by the Farm Credit System Insurance Corporation, a government entity. CBO estimates that the change in premium collections would reduce direct spending by $378 million over the 2008–2012 period and $306 million over the 2008–2017 period.

TITLE VI: RURAL DEVELOPMENT PROGRAMS

Title VI would reauthorize discretionary spending for several rural development programs through 2012. It also would increase direct spending by $114 million over the 2008–2012 period and $150 million over the 2008–2017 period for grants to producer organizations to enhance the value of agricultural commodities.

TITLE VII: RESEARCH

Title VII would reauthorize discretionary spending for agricultural research and education programs through 2012. The title also would increase direct spending for research on organic agriculture and specialty crops by $265 million over the 2008–2017 period.

TITLE VIII: FORESTRY

Title VIII would increase direct spending authority by $17 million per year for USDA's Healthy Forest Reserve program. That provision would cost $70 million over the 2008–2012 period and $85 million over the 2008–2017 period.

TITLE IX: ENERGY

Title IX would reauthorize, amend, and expand energy programs created in the Farm Security and Rural Investment Act of 2002 that promote production, use, research, and development of renewable and biobased sources of energy. CBO estimates that enacting this title would increase direct spending by $2.4 billion over the 2008–2012 period and $5.8 billion over the 2008–2017 period.

Under the bill, a Feedstock Flexibility Program would subsidize the use of sugar as a feedstock in the production of ethanol. By increasing the demand for sugar, CBO estimates that the bill would reduce the cost of the sugar support program by $107 million over the 2008–2012 period and $240 million over the 2008–2017 period. USDA's bioenergy program subsidizes the cost of agricultural feedstocks used to produce ethanol or other biofuels. CBO estimates that amendments made by the bill would increase that program's direct spending by $1.3 billion over the 2008–2012 period and $3.1 billion over the 2008–2017 period.

Over the 2008–2017 period, CBO estimates that other spending under this title would include $800 million to cover the subsidy costs of guaranteed loans for biofuel plants, about $1.0 billion in grants to develop renewable energy systems for farms, and $1.1 billion for biomass energy research and development.

TITLE X: HORTICULTURE AND ORGANIC AGRICULTURE

Title X would increase direct spending for new programs to promote horticulture and organic agriculture. Section 10102 would authorize spending an average of $84 million per year for block grants to states to increase their purchases of specialty crops. CBO estimates that this provision would cost $310 million over the 2008–2012 period and $783 million over the 2008–2017 period. The bill also would increase direct spending by $146 million over the 2008–2012 period and $640 million over the 2008–2017 period for a new program to conduct early pest detection and disease surveillance activities. Finally, this title would provide funds for promoting organic agriculture, farmers' markets, and a national program for horticultural crops at an estimated cost of $78 million over the 2008–2012 period and $80 million over the 2008–2017 period.

TITLE XI: MISCELLANEOUS PROVISIONS

Title XI would amend the Federal Crop Insurance Program, provide for country of origin labeling for livestock and poultry products, and additional funding for programs assisting beginning and disadvantaged farmers and ranchers. CBO estimates that enacting this title would reduce direct spending by $3.5 billion over the 2008–2012 period and $4.8 billion over the 2008–2017 period, primarily by shifting the timing of certain crop insurance program expenses beyond 2017 and by speeding up certain collections from farmers expected after 2017.

Crop Insurance. Under H.R. 2419, beginning with the 2012 crop, payments from farmers to the government for crop insurance coverage would be moved forward a year while federal payments to private insurance companies for their delivery expenses and underwriting gains in this program would be delayed a year. Those shifts

between the fiscal years that collections and payments are made in the crop insurance program would be repeated under H.R. 2419 in the following years. Thus, the amendment would have the effect of shifting one year of collections into the 2008–2017 period from the years after 2017, and shifting one year of payments from the 2008–2017 period until after 2017. CBO estimates that those adjustments would reduce spending recorded over the 2008–2012 period by $2.8 billion and would reduce recorded spending by the same amount over the 2008–2017 period. The provision essentially shifts the recording of such costs to years after 2017.

Other amendments to the crop insurance program would reduce the target loss ratio and delivery expenses, increase the fees farmers pay for catastrophic crop insurance coverage and for the non-insured assistance programs, and reduce the insurance benefits available to farmers that convert native grassland to crop land. In addition, mandatory funding for product development expense reimbursements and risk management partnerships would be reduced, while the availability of funding for technology and data mining efforts to detect fraud would be increased. CBO estimates that those changes would reduce direct spending by $713 million over the 2008–2012 period and $1.7 billion over the 2008–2017 period.

CBO expects that increasing spending to detect fraudulent payments in the crop insurance program would reduce the cost of the program by $125 million over the 2008–2012 period and $375 million over the 2008–2017 period. Scorekeeping Guideline #14 (adopted by the Congress in the conference report for the Balanced Budget Act of 1997) states: "No increase in receipts or decrease in direct spending will be scored as a result of provisions of a law that provides direct spending for administration or program management activities." CBO concluded that Scorekeeping Guideline #14 applies to this provision; however, the House Committee on the Budget has directed CBO to include such estimated savings in this cost estimate. Consequently, this estimate reflects savings from additional spending for fraud detection.

Other Provisions. Subtitle B of title XI would implement mandatory country of origin labeling for meat products and amend arbitration procedures under livestock and poultry contracts. Subtitle C would increase mandatory funding for beginning and disadvantaged farmers and ranchers. CBO estimates that those provisions would increase direct spending by $130 million over the 2008–2012 period and $150 million over the 2008–2017 period.

Estimated impact on state, local, and tribal governments: H.R. 2419 contains intergovernmental mandates as defined in UMRA because it would impose costs on at least one state by increasing the stringency of certain conditions of assistance under the Food Stamp program, and would preempt state laws restricting the interstate transport of meat and poultry inspected under a new program authorized by the bill. CBO estimates that the total cost of complying with those mandates would not exceed the threshold established in UMRA ($66 million in 2007, adjusted annually for inflation). In general, state, local, and tribal governments would benefit from the continuation of the existing Food Stamp program, the creation of new grant programs, and broader flexibility and options in some areas.

Estimated impact on the private sector: H.R. 2419 contains private-sector mandates as defined in UMRA. Based on our preliminary review of the bill, CBO finds that the bill would impose new inspection requirements on some sectors of the agriculture industry. Based on information from USDA, CBO estimates that the aggregate direct costs of complying with those mandates would be small and fall below the annual threshold established by UMRA for private-sector mandates ($131 million in 2007, adjusted annually for inflation).

Estimate prepared by: Federal Costs: Kathleen FitzGerald—for nutrution provisions; Jim Langley, Greg Hitz, and Dave Hull—for other provisions; Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum and Leo Lex; Impact on the Private Sector: Craig Cammarata, Jacob Kuipers, Amy Petz, and Molly Dahl.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director Budget Analysis.

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	TITLE I -- COMMODITY PROGRAMS													
	Subtitle A -- Direct Payments and Countercyclical Payments													
1102	**Direct Payments**													
	Change in Budget Authority	0	0	0	0	0	-1,131	0	0	0	0	0	-1,131	-1,131
	Change in Outlays	0	0	0	0	0	-1,131	0	0	0	0	0	-1,131	-1,131
1103	**Countercyclical Payments (Current CCP Program w/ No Advance Beginning 2011)**													
	Change in Budget Authority	0	0	2	-81	-93	-414	-114	-115	-110	-55	-29	-586	-1,009
	Change in Outlays	0	0	2	-81	-93	-414	-114	-115	-110	-55	-29	-586	-1,009
1105	**Planting Flexibility -- Transferability Pilot Project**													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal -- Subtitle A													
	Change in Budget Authority	0	0	2	-81	-93	-1,545	-114	-115	-110	-55	-29	-1,717	-2,140
	Change in Outlays	0	0	2	-81	-93	-1,545	-114	-115	-110	-55	-29	-1,717	-2,140
	Subtitle B -- Marketing Assistance Loans and Loan Deficiency Payments													
1201	**Nonrecourse Marketing Assistance Loans (Includes Adjustment of Loans)**													
	Change in Budget Authority	0	60	111	139	147	158	132	138	149	153	156	615	1,343
	Change in Outlays	0	60	111	139	147	158	132	138	149	153	156	615	1,343
1206	**Payments in Lieu of LDPs for Grazed Acreage -- Tritcale**													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
1207	**Economic Adjustment Assistance to Users of Upland Cotton**													
	Change in Budget Authority	0	66	92	92	90	87	83	79	76	74	72	427	811
	Change in Outlays	0	66	92	92	90	87	83	79	76	74	72	427	811
	Subtotal -- Subtitle B													
	Change in Budget Authority	0	126	203	231	237	245	215	217	225	227	228	1,042	2,154
	Change in Outlays	0	126	203	231	237	245	215	217	225	227	228	1,042	2,154
	Subtitle C -- Sugar													
1301	**Sugar Program**													
	Change in Budget Authority	0	0	22	26	21	15	14	16	17	18	18	84	167
	Change in Outlays	0	0	22	26	21	15	14	16	17	18	18	84	167

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	Subtitle D -- Dairy-Related Provisions													
1401	Dairy Product Price Support Program													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
1402	Dairy Forward Pricing Program													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
1403	Extension of MILC													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
1409	FMMO Review Commission													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal -- Subtitle D													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtitle E -- Administration													
1503	Payment Limitations													
	Change in Budget Authority	0	-1	-8	-8	-8	-8	-8	-9	-9	-9	-9	-33	-77
	Change in Outlays	0	-1	-8	-8	-8	-8	-8	-9	-9	-9	-9	-33	-77
1504	Adjusted Gross Income Limitations													
	Change in Budget Authority	0	-10	-46	-50	-49	-39	-51	-53	-55	-59	-61	-194	-473
	Change in Outlays	0	-10	-46	-50	-49	-39	-51	-53	-55	-59	-61	-194	-473
1510	Upland Cotton Storage Payments													
	Change in Budget Authority	0	0	0	0	0	-46	-40	-40	-41	-39	-39	-46	-245
	Change in Outlays	0	0	0	0	0	-46	-40	-40	-41	-39	-39	-46	-245
1511	Government Publication of Cotton Price Forecasts													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal -- Subtitle E													
	Change in Budget Authority	0	-11	-54	-58	-57	-93	-99	-102	-105	-107	-109	-273	-795
	Change in Outlays	0	-11	-54	-58	-57	-93	-99	-102	-105	-107	-109	-273	-795
	Grand Total -- Title I													
	Change in Budget Authority	**0**	**115**	**173**	**118**	**108**	**-1,378**	**16**	**16**	**27**	**83**	**108**	**-865**	**-616**
	Change in Outlays	**0**	**115**	**173**	**118**	**108**	**-1,378**	**16**	**16**	**27**	**83**	**108**	**-865**	**-616**

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	TITLE II – CONSERVATION													
	Subtitle A -- Conservation Programs of the Food Security Act of 1985													
2101	CRP: Annual Survey of Rental Rates													
	Change in Budget Authority	0	2	2	2	2	2	2	2	2	2	2	10	20
	Change in Outlays	0	2	2	2	2	2	2	2	2	2	2	10	20
	CRP Transition Incentives (NonFamily Members)													
	Change in Budget Authority	0	0	1	3	4	8	10	4	6	11	8	16	55
	Change in Outlays	0	0	1	3	4	8	10	4	6	11	8	16	55
	Total CRP Costs													
	Change in Budget Authority	0	2	3	5	6	10	12	6	8	13	10	26	75
	Change in Outlays	0	2	3	5	6	10	12	6	8	13	10	26	75
2102	WRP: Reauthorize w/ 3,605,000 Acre Cap													
	Change in Budget Authority	0	237	404	439	428	441	325	0	0	0	0	1,949	2,274
	Change in Outlays	0	119	297	391	420	457	381	173	34	2	0	1,684	2,274
2103	CSP: No New Contracts Beginning FY 2008 / Begin New Contracts 2012													
	Change in Budget Authority	0	-59	-84	-107	-241	-212	-102	-12	-14	-1,248	-2,767	-703	-4,846
	Change in Outlays	0	-59	-84	-107	-241	-212	-102	-12	-14	-1,248	-2,767	-703	-4,846
2104	GRP: Enroll 1 Million Additional Acres													
	Change in Budget Authority	0	86	78	80	80	0	0	0	0	0	0	324	324
	Change in Outlays	0	39	61	66	66	35	13	9	8	8	7	267	312
2105	EQIP: Fund at Escalating Rate per Year for FY 2008-12													
	Change in Budget Authority	0	230	330	400	500	700	700	700	700	700	700	2,160	5,660
	Change in Outlays	0	67	142	207	286	405	496	567	615	651	681	1,107	4,117
2106	Regional Water Enhancement Program													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
2107	Grassroots Source Water Protection Program													
	Change in Budget Authority	0	10	0	0	0	0	0	0	0	0	0	10	10
	Change in Outlays	0	1	2	3	4	0	0	0	0	0	0	10	10

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2110	FPP: Fund at Escalating Rate per Year for FY 2008-12													
	Change In Budget Authority	0	28	53	103	143	183	183	183	183	183	183	510	1,425
	Change In Outlays	0	1	12	31	62	100	138	164	177	183	183	206	1,051
2112	WHIP: Fund at $85 Million per Year for FY 2008-12													
	Change In Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change In Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal -- Subtitle A													
	Change In Budget Authority	0	534	784	920	916	1,122	1,118	877	877	-352	-1,874	4,276	4,922
	Change In Outlays	0	170	433	596	603	795	938	907	828	-391	-1,886	2,597	2,993
	Subtitle B -- Conservation Programs Under Other Laws													
2201	AMAP: $10 Million per Year													
	Change In Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change In Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
2203	Small Watershed Enhancement: Fund at $50 Million per Year for FY 2009-12													
	Change In Budget Authority	0	0	50	50	50	50	50	50	50	50	50	200	450
	Change In Outlays	0	0	30	40	47	50	50	50	50	50	50	167	417
	Subtotal -- Subtitle B													
	Change In Budget Authority	0	0	50	50	50	50	50	50	50	50	50	200	450
	Change In Outlays	0	0	30	40	47	50	50	50	50	50	50	167	417
	Subtitle C -- Additional Conservation Programs													
2301	Chesapeake Bay Program for Nutriet Reduction and Sediment Control													
	Change In Budget Authority	0	10	15	30	40	55	55	55	55	55	55	150	425
	Change In Outlays	0	7	13	25	36	50	54	55	55	55	55	131	405
2409	Payment Limits													
	Change In Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change In Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	GRAND TOTAL -- Title II													
	Change In Budget Authority	0	544	849	1,000	1,006	1,227	1,223	982	982	-247	-1,769	4,626	5,797
	Change In Outlays	0	177	476	661	686	895	1,042	1,012	933	-286	-1,781	2,895	3,815

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	TITLE III -- TRADE													
3002	Terminate Supplier Credit Program													
	Budget Authority	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
	Outlays	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
3002	Fee Cap Waiver													
	Budget Authority	0	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-20	-40
	Outlays	0	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	-19	-39
3003	Increase funding for the Market Access Program													
	Budget Authority	0	1	20	25	25	25	25	25	25	25	25	96	221
	Outlays	0	1	20	25	25	25	25	25	25	25	25	96	221
3007	Technical assistance for specialty crops													
	Budget Authority	0	1	3	5	7	8	8	8	8	8	8	24	64
	Outlays	0	1	3	5	7	8	8	8	8	8	8	24	64
	GRAND TOTAL -- Title III													
	Budget Authority	**0**	**-3**	**18**	**25**	**27**	**28**	**28**	**28**	**28**	**28**	**28**	**95**	**235**
	Outlays	**0**	**-1**	**18**	**25**	**27**	**28**	**28**	**28**	**28**	**28**	**28**	**97**	**237**
	TITLE IV -- NUTRITION PROGRAMS													
	Subtitle A - Food Stamp Program													
4001	Renaming the Food Stamp Program													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4002	Definition of drug or alcoholic treatment and rehabilitation program													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4003	Nutrition education													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4004	FDPIR													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4005	Exclude combat pay													
	Budget Authority	0	1	1	0	0	0	0	0	0	0	0	3	5
	Outlays	0	1	1	0	0	0	0	0	0	0	0	3	5

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4006	Increasing the standard deduction													
	Budget Authority	0	280	355	430	515	600	695	780	855	940	1,025	2,180	6,475
	Outlays	0	280	355	430	515	600	695	780	855	940	1,025	2,180	6,475
4007	Excluding dependent care expenses													
	Budget Authority	0	48	49	49	51	52	54	57	59	63	66	249	548
	Outlays	0	48	49	49	51	52	54	57	59	63	66	249	548
4008	Adjusting countable resources													
	Budget Authority	0	0	5	5	25	25	49	54	86	97	151	60	497
	Outlays	0	0	5	5	25	25	49	54	86	97	151	60	497
4009	Excluding education accounts													
	Budget Authority	0	1	1	2	2	2	2	2	2	2	2	8	18
	Outlays	0	1	1	2	2	2	2	2	2	2	2	8	18
4010	Excluding certain retirement accounts													
	Budget Authority	0	45	92	139	142	146	151	155	160	165	170	564	1,365
	Outlays	0	45	92	139	142	146	151	155	160	165	170	564	1,365
4011	Deobligate Food Stamp coupons													
	Budget Authority	0	2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8
	Outlays	0	2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8
4012	Allow for the accrual of benefits													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4013	Increasing the minimum benefit													
	Budget Authority	0	45	45	51	51	51	59	59	67	67	67	243	562
	Outlays	0	45	45	51	51	51	59	59	67	67	67	243	562
4014	State option for telephonic signature													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4015	Review of major changes in prog.des.													
	Budget Authority	0	7	4	0	0	0	0	0	0	0	0	11	11
	Outlays	0	7	4	0	0	0	0	0	0	0	0	11	11
4016	Grants													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4018	Major systems failures													
	Budget Authority	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
	Outlays	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10

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4019	Funding of E & T programs													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4020	Reductions in payments													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4021	Pilot projects													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4022	Findings													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4024	Authorization of appropriations													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4025	Consolidated block grants													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4026	Puerto Rico study													
	Budget Authority	0	1	0	0	0	0	0	0	0	0	0	1	1
	Outlays	0	0	0	0	0	0	0	0	0	0	0	1	1
4028	TEFAP Reauthorization													
	Budget Authority	0	110	116	121	127	133	139	145	151	158	164	606	1,363
	Outlays	0	110	116	121	127	133	139	145	151	158	164	606	1,363
	Subtitle B - Commodity Distribution													
4202	Distribution of surplus commodities													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtitle C - Child Nutrition and Related Programs													
4301	Purchase of fruits and vegetables for schools													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4302	Buy American requirements													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4303	Expansion of Fresh Fruit & Vegetable Program													
	Budget Authority	0	61	61	61	61	61	61	61	61	61	61	305	610
	Outlays	0	35	61	61	61	61	61	61	61	61	61	279	584

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4304	Purchases of locally produced foods													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtitle D - Miscellaneous													
4401	Senior Farmers' Market													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
4403	Joint nutrition monitoring													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Interactions													
	Budget Authority	0	0	1	2	3	3	4	5	6	7	10	9	41
	Outlays	0	0	1	2	3	3	4	5	6	7	10	9	41
	Subtotal -- Title IV													
	Budget Authority	**0**	**600**	**727**	**858**	**975**	**1,071**	**1,212**	**1,316**	**1,445**	**1,558**	**1,714**	**4,231**	**11,477**
	Outlays	**0**	**573**	**727**	**859**	**975**	**1,071**	**1,212**	**1,316**	**1,445**	**1,558**	**1,714**	**4,205**	**11,451**
	Estimated Changes in Revenues													
4017	Civil penalties	0	2	2	2	2	2	2	2	2	2	2	10	20
	TITLE V -- CREDIT													
5038	FCS Insurance Corporation													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	-130	-148	-168	36	32	27	22	16	8	-1	-378	-306
	TITLE VI -- RURAL DEVELOPMENT													
626	Value-Added Marketing Grants													
	Budget Authority	0	30	30	30	30	30	0	0	0	0	0	150	150
	Outlays	0	6	18	30	30	30	24	12	0	0	0	114	150

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Section	Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total 2008-12	Total 2008-17
	TITLE VII -- RESEARCH													
7310	Organic Research													
	Change in Budget Authority	0	25	0	0	0	0	0	0	0	0	0	25	25
	Change in Outlays	0	13	7	5	0	0	0	0	0	0	0	25	25
7411	Specialty Crop Research Initiative													
	Change in Budget Authority	0	215	0	0	0	0	0	0	0	0	0	215	215
	Change in Outlays	0	110	62	43	0	0	0	0	0	0	0	215	215
7511	Fresh Cut Produce Safety Grants													
	Change in Budget Authority	0	25	0	0	0	0	0	0	0	0	0	25	25
	Change in Outlays	0	13	10	2	0	0	0	0	0	0	0	25	25
	Subtotal -- Title VII													
	Change in Budget Authorit	**0**	**265**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**265**	**265**
	Change in Outlays	**0**	**136**	**79**	**50**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**265**	**265**
	TITLE VIII -- FORESTRY													
8101	Healthy Forest Reserve Program													
	Change in Budget Authority	0	17	17	17	17	17	0	0	0	0	0	85	85
	Change in Outlays	0	7	14	18	16	17	10	3	2	0	0	70	85
	TITLE IX -- ENERGY													
9002	Federal Procurement of Biobased Products													
	Change in Budget Authority	0	2	2	2	2	2	0	0	0	0	0	10	10
	Change in Outlays	0	2	2	2	2	2	0	0	0	0	0	10	10
9003	Loan Guarantees/Biorefineries & Biofuel Plants													
	Change in Budget Authority	0	75	100	125	200	300	0	0	0	0	0	800	800
	Change in Outlays	0	8	55	95	125	188	240	90	0	0	0	470	800
9005	Renewable Energy Systems													
	Change in Budget Authority	0	50	75	100	125	150	150	150	150	150	150	500	1,250
	Change in Outlays	0	5	22	53	78	103	126	141	146	149	150	261	973
9006	Biomass R & D													
	Change in Budget Authority	0	35	60	75	100	150	150	150	150	150	150	420	1,170
	Change in Outlays	0	18	41	63	85	121	140	150	150	150	150	328	1,068
9007	Adjustments to the Bioenergy Program													
	Change in Budget Authority	0	225	250	275	300	350	350	350	350	350	350	1,400	3,150
	Change in Outlays	0	169	244	269	294	338	350	350	350	350	350	1,313	3,063

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Section	Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total 2008-12	Total 2008-17
9013	Feedstock Flexibility Program for Bioenergy Producers													
	Change In Budget Authority	0	0	-30	-28	-25	-24	-24	-26	-27	-28	-28	-107	-240
	Change In Outlays	0	0	-30	-28	-25	-24	-24	-26	-27	-28	-28	-107	-240
9018	Biodiesel Fuel Education Program													
	Change In Budget Authority	0	2	2	2	2	2	0	0	0	0	0	10	10
	Change In Outlays	0	2	2	2	2	2	0	0	0	0	0	10	10
9019	Biomass Energy Reserve													
	Change In Budget Authority	0	4	10	15	20	26	0	0	0	0	0	75	75
	Change In Outlays	0	3	10	15	20	26	1	0	0	0	0	74	75
9020	Forest Biomass Energy													
	Change In Budget Authority	0	15	15	15	15	15	0	0	0	0	0	75	75
	Change In Outlays	0	11	14	15	15	15	4	1	0	0	0	70	75
	Subtotal -- Title IX													
	Change In Budget Authorit	**0**	**408**	**484**	**581**	**739**	**971**	**626**	**624**	**623**	**622**	**622**	**3,183**	**6,300**
	Change In Outlays	**0**	**217**	**360**	**486**	**596**	**770**	**837**	**706**	**619**	**621**	**622**	**2,429**	**5,834**

TITLE X -- HORTICULTURE AND ORGANIC AGRICULTURE

Subtitle B -- Horticulture Provisions

Section	Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total 2008-12	Total 2008-17
10101	Tree Assistance Program													
	Change In Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change In Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
10102	Specialty Crop Block Grants													
	Change In Budget Authority	0	60	65	70	75	95	95	95	95	95	95	365	840
	Change In Outlays	0	30	57	67	72	85	93	95	95	95	95	310	783
10103	Additional Section 32 Purchases of FAV & Nuts													
	Change In Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change In Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0

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Section	Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total 2008-12	Total 2008-17
10405	National Clean Plant Network													
	Change In Budget Authority	0	20	0	0	0	0	0	0	0	0	0	20	20
	Change In Outlays	0	5	7	3	3	2	0	0	0	0	0	20	20
	Subtotal -- Subtitle B													
	Change In Budget Authority	0	80	65	70	75	95	95	95	95	95	95	385	860
	Change In Outlays	0	35	64	70	75	87	93	95	95	95	95	330	803
	Subtitle C -- Pest and Disease Management													
10201	Pest and Disease Program													
	Change In Budget Authority	0	10	25	40	55	70	70	70	70	70	70	200	550
	Change In Outlays	0	5	17	31	46	61	69	70	70	70	70	160	509
	Subtitle D -- Organic Agriculture													
10301	National Organic Certification Cost Share Program													
	Change In Budget Authority	0	22	0	0	0	0	0	0	0	0	0	22	22
	Change In Outlays	0	4	9	5	4	0	0	0	0	0	0	22	22
10302	Organic Production and Market Data													
	Change In Budget Authority	0	3	0	0	0	0	0	0	0	0	0	3	3
	Change In Outlays	0	1	2	0	0	0	0	0	0	0	0	3	3
	Subtotal -- Subtitle D													
	Change In Budget Authority	0	25	0	0	0	0	0	0	0	0	0	25	25
	Change In Outlays	0	5	11	5	4	0	0	0	0	0	0	25	25
	Subtitle E -- Miscellaneous Provisions													
10401	Restoration of Import and Entry Ag Inspection Functions to USDA													
	Change In Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change In Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
10404	Farmers' Market Promotion Program													
	Change In Budget Authority	0	5	5	5	10	10	0	0	0	0	0	35	35
	Change In Outlays	0	4	5	5	9	10	2	0	0	0	0	33	35
	Subtotal -- Subtitle E													
	Change In Budget Authority	0	5	5	5	10	10	0	0	0	0	0	35	35
	Change In Outlays	0	4	5	5	9	10	2	0	0	0	0	33	35
	GRAND TOTAL -- Title X													
	Change In Budget Authority	0	120	95	115	140	175	165	165	165	165	165	645	1,470
	Change In Outlays	0	49	97	111	134	158	164	165	165	165	165	548	1,372

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	TITLE XI -- MISCELLANEOUS PROVISIONS													
	Subtitle A -- Federal Crop Insurance													
11001	**Availability of Supplemental Area Insurance 5/**													
	Budget Authority	0	0	14	28	28	27	26	26	25	25	25	97	224
	Outlays	0	0	7	20	28	27	27	26	26	25	25	82	211
11001	**Target Loss Ratio 1.00**													
	Budget Authority	0	0	-10	-22	-33	-32	-32	-32	-32	-31	-32	-97	-256
	Outlays	0	0	3	-10	-22	-35	-32	-32	-32	-31	-31	-64	-222
11002	**Premium and Reinsurance Requirements**													
	Premium Billing (move collections from farmers forward effective 2012)													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	-1,295	0	0	0	0	0	-1,295	-1,295
	A&O Reimbursements (move reimbursements to companies back effective 2012)													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	-958	0	0	0	0	0	-958	-958
	Reduce Premium Reimbursement Rates (2 pts)													
	Budget Authority	0	0	-108	-109	-109	-109	-108	-108	-106	-106	-108	-433	-969
	Outlays	0	0	-95	-109	-109	-109	-108	-108	-107	-106	-108	-422	-959
11003	**Catastrophic Risk Protection Fees**													
	Budget Authority	0	0	-29	-29	-29	-29	-29	-29	-29	-29	-29	-116	-261
	Outlays	0	0	-4	-29	-29	-29	-29	-29	-29	-29	-29	-91	-236
11004	**Funding for Reimbursements, Contracting, Education, and Technology**													
	Budget Authority	0	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-100	-200
	Outlays	0	-7	-20	-20	-20	-20	-20	-20	-20	-20	-20	-87	-187
11008	**Crop Insurance Ineligibility on Converted Range and Grassland**													
	Budget Authority	0	0	-4	-9	-13	-13	-13	-13	-13	-13	-14	-39	-105
	Outlays	0	0	-2	-6	-11	-13	-13	-13	-13	-13	-13	-32	-97
11009	**Funds for Data Mining**													
	Budget Authority	0	11	7	7	7	7	7	7	7	7	7	39	74
	Outlays	0	10	7	7	7	7	7	7	7	7	7	38	73
11009	**Directed Scorekeeping Savings from Data Mining**													
	Budget Authority	0	0	0	-25	-50	-50	-50	-50	-50	-50	-50	-125	-375
	Outlays	0	0	0	-25	-50	-50	-50	-50	-50	-50	-50	-125	-375
11010	**Noninsured Assistance Program Fees**													
	Budget Authority	0	-33	-33	-33	-33	-33	-33	-33	-33	-33	-33	-165	-330
	Outlays	0	-5	-33	-33	-33	-33	-33	-33	-33	-33	-33	-137	-302

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110011	Payments for Underwriting Gains (move payments to companies back effective 2012)													
	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	0	0	0	0	0	-572	0	0	0	0	0	-572	-572
	Subtotal -- Subtitle A													
	Change in Budget Authority	0	-42	-181	-212	-252	-252	-252	-252	-251	-250	-254	-939	-2,198
	Change in Outlays	0	-2	-137	-205	-239	-3,080	-251	-252	-251	-250	-252	-3,663	-4,919
	Subtitle C -- Other Miscellaneous Provisions													
11203	Outreach and TA for Socially Disadvantaged Farmers & Ranchers													
	Change in Budget Authority	0	15	15	15	15	15	0	0	0	0	0	75	75
	Change in Outlays	0	6	14	15	15	15	9	1	0	0	0	65	75
11204	Beginning Farmer & Rancher Development Program													
	Change in Budget Authority	0	15	15	15	15	15	0	0	0	0	0	75	75
	Change in Outlays	0	6	14	15	15	15	9	1	0	0	0	65	75
11___	State Meat Inspection Programs													
	Change in Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change in Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal -- Subtitle C													
	Change in Budget Authority	0	30	30	30	30	30	0	0	0	0	0	150	150
	Change in Outlays	0	12	28	30	30	30	18	2	0	0	0	130	150
	GRAND TOTAL -- Title XI													
	Change in Budget Authority	0	-12	-151	-182	-222	-222	-252	-252	-251	-250	-254	-789	-2,048
	Change in Outlays	0	10	-109	-175	-209	-3,050	-233	-250	-251	-250	-252	-3,533	-4,769
	GRAND TOTAL FOR BILL													
	GRAND TOTAL -- H.R. 2419 w/ En Bloc													
	Change in Budget Authority	0	2,084	2,242	2,562	2,820	1,919	3,018	2,879	3,019	1,959	614	11,627	23,117
	Change in Outlays	0	1,159	1,705	2,012	2,398	-1,427	3,127	3,030	2,984	1,927	603	5,847	17,520
	Estimated Changes in Revenues	0	2	2	2	2	2	2	2	2	2	2	10	20

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PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation are to modify and improve current Federal agricultural support programs in order to provide for a more reliable Federal safety net for America's farmers and ranchers in fiscal years 2008 thru 2012.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the Constitutional authority for this legislation in Article I, clause 8, section 18, that grants Congress the power to make all laws necessary and proper for carrying out the powers vested by Congress in the Constitution of the United States or in any department or officer thereof.

COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the Committee report incorporates the cost estimate prepared by the Director of the Congressional Budget Office pursuant to sections 402 and 423 of the Congressional Budget Act of 1974.

ADVISORY COMMITTEE STATEMENT

In accordance with section 5(b) of the Federal Advisory Committee Act, the Committee finds that the advisory committee established by subtitle B and C of title XI is necessary to carry out the functions and responsibilities contained therein.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

FEDERAL MANDATES STATEMENT

The Committee adopted as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

EARMARK STATEMENT REQUIRED BY CLAUSE 9 OF RULE XXI OF THE RULES OF HOUSE OF REPRESENTATIVES

H.R. 2419 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI of the rules of the House Representatives.

CHANGES IN EXISTING LAW

In the opinion of the committee, in order to expedite the business of the House of Representatives, it is necessary to dispense with the requirements of clause 3 of rule XIII of the Rules of House Rep-

resentatives (relating to showing changes in existing law made by the bill as reported).

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