

# JOURNAL OF THE HOUSE OF REPRESENTATIVES

## CONGRESS OF THE UNITED STATES

Begun and held at the Capitol, in the City of Washington, in the District of Columbia, on Wednesday, the third day of January, in the year of our Lord nineteen hundred and ninety-six, being the *second session* of the ONE HUNDRED FOURTH CONGRESS, held under the Constitution of the United States, and in the two hundred and twentieth year of the independence of the United States.

### WEDNESDAY, JANUARY 3, 1996 (1)

The SPEAKER announced that this being the day fixed by the 20th Amendment of the Constitution for the meeting of the Second Session of the One Hundred Fourth Congress, called the House to order.

#### ¶1.1 CALL OF THE HOUSE

The SPEAKER ordered that the Clerk utilize the electronic system to ascertain the presence of a quorum, and the following-named Members responded.

#### ¶1.2 [Roll No. 1]

Ackerman	Burr	Dickey
Allard	Burton	Dicks
Andrews	Calvert	Dingell
Archer	Camp	Doggett
Army	Campbell	Dooley
Bachus	Canady	Doolittle
Baesler	Cardin	Doyle
Baker (CA)	Castle	Dreier
Baker (LA)	Chambliss	Duncan
Baldacci	Chenoweth	Dunn
Ballenger	Christensen	Edwards
Barcia	Chrysler	Ehlers
Barr	Clayton	Ehrlich
Barrett (NE)	Clement	Emerson
Barrett (WI)	Clinger	Engel
Bartlett	Clyburn	English
Barton	Coble	Ensign
Bass	Coburn	Eshoo
Bateman	Coleman	Evans
Becerra	Collins (GA)	Everett
Bentsen	Collins (MI)	Ewing
Bereuter	Combest	Farr
Bevill	Condit	Fattah
Bilbray	Cooley	Fawell
Bilirakis	Costello	Fields (LA)
Bishop	Cox	Filner
Bliley	Coyne	Flanagan
Blute	Cramer	Foley
Boehler	Crane	Forbes
Boehner	Crapo	Ford
Bonilla	Creameans	Fowler
Bonior	Cubin	Fox
Bono	Cunningham	Frank (MA)
Borski	Danner	Franks (NJ)
Boucher	Davis	Frelinghuysen
Brewster	de la Garza	Frisa
Browder	Deal	Funderburk
Brown (CA)	DeLauro	Furse
Brownback	DeLay	Ganske
Bryant (TN)	Dellums	Gekas
Bunn	Deutsch	Gephardt
Bunning	Diaz-Balart	Geran

Gilchrist	Kolbe	Olver
Gingrich	LaFalce	Ortiz
Gonzalez	LaHood	Orton
Goodlatte	Lantos	Oxley
Goodling	Latham	Packard
Gordon	Laughlin	Pallone
Goss	Lazio	Parker
Graham	Leach	Paxon
Green	Levin	Payne (NJ)
Greenwood	Lewis (CA)	Payne (VA)
Gunderson	Lewis (GA)	Peterson (FL)
Gutierrez	Lewis (KY)	Peterson (MN)
Gutknecht	Lincoln	Petri
Hall (OH)	Linder	Pickett
Hall (TX)	Lipinski	Pombo
Hamilton	Livingston	Pomeroy
Hancock	LoBiondo	Porter
Hansen	Lofgren	Poshard
Harman	Longley	Quinn
Hastert	Lowey	Radanovich
Hastings (FL)	Lucas	Rahall
Hastings (WA)	Luther	Ramstad
Hayes	Manton	Rangel
Hayworth	Manzullo	Reed
Hefley	Markey	Regula
Hefner	Martinez	Richardson
Herger	Martini	Riggs
Hilleary	Mascara	Rivers
Hinches	Matsui	Roberts
Hobson	McCarthy	Roemer
Hoekstra	McCrery	Rogers
Holden	McDade	Rohrabacher
Horn	McDermott	Ros-Lehtinen
Hostettler	McHale	Rose
Houghton	McHugh	Roth
Hoyer	McInnis	Roybal-Allard
Hunter	McKeon	Royce
Hyde	McKinney	Rush
Inglis	McNulty	Sabo
Istook	Meehan	Salmon
Jackson (IL)	Menendez	Sanford
Jackson-Lee	Metcalf	Saxton
(TX)	Meyers	Scarborough
Jacobs	Mica	Schaefer
Jefferson	Miller (FL)	Schiff
Johnson (SD)	Minge	Schroeder
Johnson, E. B.	Moakley	Schumer
Johnson, Sam	Molinari	Scott
Jones	Mollohan	Seastrand
Kanjorski	Montgomery	Sensenbrenner
Kasich	Moorhead	Serrano
Kelly	Moran	Shadegg
Kennedy (MA)	Morella	Shaw
Kennedy (RI)	Murtha	Shays
Kennelly	Myers	Sisisky
Kildee	Myrick	Skaggs
Kim	King	Skeen
King	Kingston	Skelton
Kingston	Neumann	Slaughter
Klecza	Ney	Smith (NJ)
Klink	Nussle	Smith (TX)
Klug	Oberstar	Smith (WA)
Knollenberg	Obey	Solomon

Spence	Tiahrt	Waxman
Spratt	Torkildsen	Weldon (FL)
Stearns	Torres	Weldon (PA)
Stenholm	Traficant	Weller
Stokes	Upton	White
Stump	Velazquez	Whitfield
Stupak	Vento	Wicker
Talent	Volkmer	Williams
Tate	Vucanovich	Wise
Tauzin	Waldholtz	Wolf
Taylor (MS)	Walker	Woolsey
Taylor (NC)	Walsh	Wynn
Tejeda	Wamp	Yates
Thomas	Ward	Young (AK)
Thornberry	Waters	Young (FL)
Thornton	Watt (NC)	Zeliff
Thurman	Watts (OK)	Zimmer

Thereupon, the SPEAKER pro tempore, Mr. WALKER, announced that 365 Members had been recorded, a quorum.

Further proceedings under the call were dispensed with.

#### ¶1.3 COMMUNICATIONS

Executive and other communications, pursuant to clause 2, rule XXIV, were referred as follows:

1884. A communication from the President of the United States, transmitting a proposed supplemental language request to provide authorization for a 2.4-percent pay raise for U.S. military personnel (H. Doc. No. 104-158); to the Committee on National Security and ordered to be printed.

1885. A letter from the Director, Office of Management and Budget, transmitting OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2000 resulting from passage of H.R. 1058, pursuant to Public Law 101-508, section 13101(a) (104 Stat. 1388-582); to the Committee on Government Reform and Oversight.

1886. A letter from the Director, Office of Management and Budget, transmitting OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2000 resulting from passage of H.R. 2336, pursuant to Public Law 101-508, section 13101(a) (104 Stat. 1388-582); to the Committee on Government Reform and Oversight.

1887. A letter from the Director, OPM, President's pay agent, transmitting a report justifying the reasons for the extension of locality-based comparability payments to cat-

egories of positions that are in more than one executive agency, pursuant to 5 U.S.C. 5304(h)(2)(C); to the Committee on Government Reform and Oversight.

1888. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-172, "Uniform Health Insurance Claim Forms Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1889. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-173, "Insurance Omnibus Amendment Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1890. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-174, "Department of Corrections Employee Mandatory Drug and Alcohol Testing Temporary Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1891. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-175, "Acquisition of Space Needs For District Government Officers and Employees Temporary Amendment Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1892. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-176, "Establishment of the John A. Wilson Building Foundation Temporary Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1893. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-177, "Solid Waste Facility Permit Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1894. A letter from the Commissioner, Delaware River Basin Commission, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1895. A letter from the Director, Federal Mediation and Conciliation Service, transmitting the 1995 annual report in compliance with the Inspector General Act Amendments of 1988, pursuant to Public Law 100-504, section 104(a) (102 Stat. 2525); to the Committee on Government Reform and Oversight.

1896. A letter from the Chairman, Federal Trade Commission, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1897. A letter from the Administrator, General Services Administration, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1898. A letter from the Inspector General, General Services Administration; transmitting the semiannual report on the activities of the Department's inspector general for the period April 1, 1995, through September 30, 1995, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

1899. A letter from the President, National Endowment for Democracy, transmitting the semiannual report on activities of the inspector general for the period April 1, 1995, through September 30, 1995, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

1900. A letter from the Director, Office of Federal Housing Enterprise Oversight, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1901. A letter from the Secretary of Defense, transmitting the semiannual report on activities of the inspector general for the period April 1, 1995, through September 30, 1995, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

1902. A letter from the Secretary of Transportation, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1903. A letter from the Executive Director, State Justice Institute, transmitting the semiannual report on activities of the inspector general for the period April 1, 1995, through September 30, 1995, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

1904. A letter from the Commissioner, Susquehanna River Basin Commission, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1905. A letter from the Thrift Depositor Protection Oversight Board, transmitting the semiannual report on activities of the inspector general for the period April 1, 1995, through September 30, 1995, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

1906. A letter from the Comptroller General of the United States, transmitting certification that the trustees of the TAP Fund have established a reserve as required by section 8102(a)(2)(A) of the act, pursuant to Public Law 101-380, section 8102(a)(2)(B) (104 Stat. 565); jointly, to the Committees on Government Reform and Oversight, Transportation and Infrastructure, and Resources.

#### ¶1.4 COMMITTEE TO NOTIFY THE PRESIDENT

Mr. ARMEY submitted the following privileged resolution (H. Res. 325):

*Resolved*, That a committee of two Members be appointed by the Speaker on the part of the House of Representatives to join with a committee on the part of the Senate to notify the President of the United States that a quorum of each House has assembled and Congress is ready to receive any communication that he may be pleased to make.

When said resolution was considered and agreed to.

A motion to reconsider the vote whereby said resolution was agreed to was, by unanimous consent, laid on the table.

#### ¶1.5 APPOINTMENT OF COMMITTEE TO NOTIFY THE PRESIDENT

The SPEAKER pro tempore, Mr. WALKER, pursuant to the foregoing resolution, announced the appointment of Messrs. ARMEY and GEPHARDT as members of the committee on the part of the House to join a like committee on the part of the Senate to notify the President of the United States that a quorum of each House has been assembled and that Congress is ready to receive any communication that he may be pleased to make.

#### ¶1.6 CLERK TO NOTIFY SENATE OF A QUORUM

Mr. ARMEY submitted the following privileged resolution (H. Res. 326):

*Resolved*, That the Clerk of the House inform the Senate that a quorum of the House is present and that the House is ready to proceed with business.

When said resolution was considered and agreed to.

A motion to reconsider the vote whereby said resolution was agreed to was, by unanimous consent, laid on the table.

#### ¶1.7 HOUR OF MEETING

Mr. ARMEY submitted the following privileged resolution (H. Res. 327):

*Resolved*, That until otherwise ordered, the hour of meeting of the House shall be 2 p.m. on Mondays; 11 a.m. on Tuesdays and Wednesdays; and 10 a.m. on all other days of the week up to and including May 11, 1996; and that from May 13, 1996, until the end of the second session, the hour of daily meeting of the House shall be noon on Mondays; 10 a.m. on Tuesdays, Wednesdays, and Thursdays, and 9 a.m. on all other days of the week.

When said resolution was considered and agreed to.

A motion to reconsider the vote whereby said resolution was agreed to was, by unanimous consent, laid on the table.

#### ¶1.8 CALENDAR WEDNESDAY BUSINESS DISPENSED WITH

On motion of Mr. ARMEY, by unanimous consent,

*Ordered*, That business in order for consideration today, under clause 7, rule XXIV, the Calendar Wednesday rule, be dispensed with.

#### ¶1.9 COMMUNICATION FROM THE CLERK—MESSAGE FROM THE PRESIDENT

The SPEAKER pro tempore, Mr. WALKER, laid before the House a communication, which was read as follows:

WASHINGTON, DC,  
January 3, 1996.

Hon. NEWT GINGRICH,  
*The Speaker, U.S. House of Representatives, Washington, DC.*

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5 of rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Tuesday, January 2, 1996 at 12:05 p.m. and said to contain a message from the President whereby he submits an unclassified report on the Loan Guarantees to Israel Program.

With warm regards,  
ROBIN H. CARLE,  
*Clerk, U.S. House of Representatives.*

#### ¶1.10 LOAN GUARANTEES TO ISRAEL

The Clerk then read the message from the President, as follows:  
*To the Congress of the United States:*

Enclosed is an unclassified report on the Loan Guarantees to Israel Program and on economic conditions in Israel, as required by section 226(k) of the Foreign Assistance Act of 1961, as amended (Public Law 87-195), and section 1205 of the International Security and Development Cooperation Act of 1985 (Public Law 99-983).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *December 30, 1995.*

By unanimous consent, the message, together with the accompanying papers, was referred to the Committee on International Relations.

#### ¶1.11 PRIVILEGES OF THE HOUSE

Mr. GEPHARDT, pursuant to clause 2(a)(1) of rule IX, called up the following resolution (H. Res. 328) as a question of the privileges of the House:

Whereas clause 1 of rule IX of the Rules of the House of Representatives states that "Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings";

Whereas over 280,000 Federal employees have been barred from performing the jobs for which they will eventually be paid;

Whereas more than 480,000 Federal employees are required to report for work without being paid their full salaries at regular intervals;

Whereas the public is not receiving the benefits of their tax dollars; and

Whereas the inability of the House of Representatives to act on legislation keeping the Government in operation impairs the dignity and the integrity of the House and the esteem the public holds for the House; Now, therefore, be it

*Resolved*, that upon the adoption of this resolution the House shall be considered to have taken from the Speaker's table the bill H.R. 1643, with a Senate amendment thereto, and concurred in the Senate amendment, and that a motion to reconsider that action shall be considered as laid on the table.

Mr. ARMEY was recognized and said:

"Mr. Speaker, I would like to speak on the question of privilege.

"Mr. Speaker, I do not believe this is a question of privilege, and I take umbrage at the minority leader's use of the time allotted to him to speak on the question of privilege of the House to give what can only be characterized as a political speech.

"Mr. Speaker, it includes the kind of accuracy that one encounters in political speeches, and I feel compelled to make the point. We do have a partial shutdown of the Federal Government."

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The gentleman from Texas will confine his remarks to the question before the House, which is whether or not the resolution constitutes a question of privilege."

Mr. ARMEY, further addressed the question of privilege, and said:

"Mr. Speaker, in my opinion, the gentleman from Missouri does not have a resolution that constitutes a question of privilege of the House, and I urge the Chair to so rule.

"Let me just say in so doing that I share the consternation of the gentleman from Missouri over the President shutting down the Government."

Mr. OBEY was recognized and said:

"Mr. Speaker, let me simply say, it is my understanding that rule IX of the House allows for privileged resolutions to be considered by the House when actions have been taken which affect the rights of the House collectively, its

safety, its dignity, and its integrity. It seems to me that that is certainly the situation at this moment, because we have a fundamental misuse of taxpayers' money appropriated by this House.

"It seems to me, Mr. Speaker, that it is a fundamental misuse of taxpayers' dollars, which are appropriated by this House, when we have a situation in which workers are being paid—"

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The gentleman has now wandered beyond discussing a question of privilege. The Chair will remind the gentleman that he has the same obligation as all Members to discuss the matter before the House, which is whether or not the resolution, as presented by the minority leader, constitutes a question of privilege under rule IX."

Mr. OBEY, further addressed the question of privilege, and said:

"Mr. Speaker, that is what I am trying to do. What I was simply attempting to say is that I think that certainly the dignity of the House and the integrity of the House are brought into question when a situation is allowed to continue which, in effect, has taxpayers' money provided for work that Government employees have not done and when you have workers required to perform work for which they are not paid—that is certainly not meeting the standard of dignity and decency and honor which we have a right to expect in this House.

"I think, on those grounds alone, rule IX would dictate that we ought to be able to proceed with this resolution."

Mr. LINDER was recognized and said:

"Mr. Speaker, we are engaged in a great debate over the direction of the country. It is messy. It has always been thus. No one, however, is questioning the integrity of the people on either side of this House on this debate. We do not question those on the left and they should not question us on the right. We are intending to reshape the Government, and that requires a great debate.

"I think the speeches and the positions of individuals on both sides are dignified. There is no less dignity or more dignity by just stating opinions as to the question of the safety of the Members of the House. I see no one here unsafe. I think the Chair should rule against this question of privilege."

Mr. STENHOLM was recognized and said:

"Mr. Speaker, I would address my comments to the words 'dignity' and 'integrity' of the proceedings of the House of Representatives, as stated in rule IX of the Rules of the U.S. House of Representatives, as well as the second statement that says, 'those affecting the rights and the reputation and conduct of Members individually in their representative capacity only.'

"When we had this resolution before you last week, Mr. Speaker, you ruled against this as a question of privilege, but I am asking you to take another

look at the rules of the House and the questions of privilege that shall be, first, those affecting the rights of the House collectively, its safety, its dignity, and the integrity of its proceedings.

"I would suggest, Mr. Speaker, that the integrity of the proceedings of the 104th Congress, 1st session just adjourned, and the beginning of the 2d session, the integrity of the proceedings of the House of Representatives is being called into question by the procedure in which we are being asked to follow without allowing a vote of the will of the majority as to whether or not the issue in question shall be put to the body of the House of Representatives.

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"It seems to me that we have been guilty, in the conduct of our proceedings, of mixing apples and oranges, of mixing an appropriation process with a budget process, of which a further reading of the Rules of the House of Representatives will clearly show that they are two separate issues and should not be commingled. But it is my argument in behalf of the minority leader's motion of privilege that a careful examination of the Rules of the House, the integrity of our proceedings will be called into question unless you find it to rule in favor of those who wish to have a simple, up and down vote as to whether or not the work of the Congress, the work of our Government shall proceed as we follow the regular order.

"No Member of this body is more in favor of balancing the budget. I would rather do it in the regular order, and it seems to me that having the continued impasse is not in the best interests of the integrity of this body. Certainly as an individual Member, I am receiving the calls from people whose service is being denied because of these actions.

"Mr. Speaker, I would ask that you find in favor of this motion of privilege. Basically it is to do one thing, to preserve the dignity and integrity of the House of Representatives in one simple aspect, allowing a vote. Let us now express ourselves as to the merits of the issue before us. That is all that we are asking for."

Mr. MORAN was recognized and said:

"Mr. Speaker, I would like to address the issue of this motion relating to the integrity of this House.

"To do so, I would like to quote initially today's CONGRESSIONAL RECORD, specifically the majority leader of the Senate, Senator DOLE.

Senator DOLE, I quote, says,

Let me just say I read a wire story, there's a split between the House and the Senate on what ought to happen. I do not get that feeling at all in talking with the Speaker. In fact, we just had a 30-minute meeting.

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The gentleman is not discussing the matter before the House which is the question of privilege. The gentleman

will confine his remarks to the matter before the House.”

Mr. MORAN, further addressed the question of privilege, and said:

“I will attempt to that, Mr. Speaker. “I was reading the introduction of comments that I think are quite relevant.

“The majority leader of the Senate, in offering this motion and speaking to it prior to its passage in the Senate, which it has now, this is the very same motion offered by the minority leader.”

The SPEAKER pro tempore, Mr. WALKER, during the gentleman’s remarks, said:

“The Chair will remind the gentleman of the proceedings of the House. He is not to quote matters that have taken place in the other body unless they relate specifically to the matter before the House, which is the question of privilege. So the gentleman will have to confine his remarks to those matters that relate to the question of privilege before the House.”

Mr. MORAN, further addressed the question of privilege, and said:

“I will accept the Speaker’s interpretation of what I was saying. Rather than quote the majority leader of the Senate, I will simply say that his comments, I felt, were relevant, and this is the very same legislation that is being offered here.

“Let me make the second point that I wanted to make with regard to the integrity of this House.

“When this House voted to go on vacation and leave the Government shut down, I think that went directly to the integrity of this House. Now we have an opportunity, with legislation immediately before us, to pass that legislation to get the Government up and running. The other body has seen fit to do that.

“I think it goes directly to the integrity of this House.”

The SPEAKER pro tempore, Mr. WALKER, during the gentleman’s remarks, said:

“The chair is attempting to proceed along the regular order, but it is difficult if Members engage in discussion that goes beyond the question of privilege before the House. The gentleman will confine his remarks to the question of whether or not the resolution before the House constitutes a question of privilege.”

Mr. MORAN, further addressed the question of privilege, and said:

“Mr. Speaker, I cannot imagine anything that goes more directly to the integrity of this House and the issues for which we are responsible than to act in a constructive way when we understand that the American public is shout out of its Government and Federal employees are shut out of their jobs.

“We took action to go on vacation when that was the case. We have an opportunity to rectify it. I think it is consistent with the integrity of this House to rectify it now.”

The SPEAKER pro tempore, Mr. WALKER, during the gentleman’s remarks, said:

“The Chair will inform the Member that he has an obligation to discuss those matters that are before the House.”

Mr. THORNTON was recognized and said:

“Mr. Speaker, I wish to be heard on the question of privileges of the House, of this motion.

“Mr. Speaker, this motion calls upon the House to exercise its duty under the Constitution of the United States, which provides in relevant part that the Congress shall make appropriation for the functioning of Government. It says specifically no money shall be withdrawn from the Treasury except upon appropriation of the Congress.

“Nowhere in the Constitution is the President authorized to make an appropriation—I am not trying to assess blame for where we are. We are talking about how to get out—the question is, how do we resolve the impasse? The impasse must be resolved by the Congress performing its duty under the Constitution of the United States.

Mr. LINDER. If performance of our duties under the Constitution is not a question of privilege, I would like to ask whether the Contract With America overrides the Constitution?

“Mr. Speaker, this is very important, because having placed the responsibility for appropriations for the operation of government upon the Congress and upon no other element of government, a failure to act becomes an abuse of power, and a failure to act by refusing to allow a vote upon a measure which has passed the other body is an abuse of power. This is clearly a question of privilege under the Constitution of the United States.”

Mr. VOLKMER was recognized and said:

“Mr. Speaker, yes, I would like to speak in favor of the resolution by the minority leader, and I would like to point out that the gentleman from Arkansas came very close to the words that I am about to speak but did not quite get there.

“That is, under our Constitution, as he correctly points out, only this House can originate appropriations bills. It is only through those appropriation bills that this Government and all its agencies and employees operate. Without those appropriation bills, there is no Government that can function at all.

“If that comes about, I say that does affect the dignity and integrity of this House, the integrity of this House by nonaction altogether.

“Now, if by nonacting, and if this Congress, this body, this year would fail to even originate one appropriation bill, the President cannot spend a penny, the other body cannot spend a penny. Only this House can originate those bills.

“And the failure to originate the bills is not a violation of rule IX and the dignity of this House and the integ-

ity of this House, Mr. Speaker, I wish you to think very carefully about this, that surely would affect the dignity and integrity of this House by failure to follow the Constitution of the United States.

“No. 2, if that is a violation of rule IX, then the failure to do a part thereof would also be a failure, and therefore would affect the dignity and integrity of this body and a violation of the rules.

“Therefore, there is no question in my mind that if this House fails to act on all appropriation bills or fails to act on one or two, it still affects the dignity. You say, well, we have a procedure we can follow through a discharge. If you do not have a majority, Mr. Speaker, you cannot discharge anything.

“Therefore, through the actions of the majority, the Government could be shut down altogether, all avenues of Government. There has to be a methodology for the rest of the House to be able to follow to keep the Government functioning.”

Mr. CARDIN was recognized and said:

“Mr. Speaker, speaking on the point of privilege, I think it is important to point out that rule IX refers to questions of privilege that affect the dignity and integrity of the House.

“We are a Government of the people. We have been back in our districts. Does anyone here think that the procedures that we have been using, that the people of our district do not believe that the dignity and integrity of this House is in question?

“I urge the Speaker to rule in favor of this matter being a matter of privilege so that we can uphold the great dignity of this House.”

Mr. WYNN was recognized and said:

“Mr. Speaker, I rise in support of the resolution and specifically address the issue of the integrity of the House.

“Mr. Speaker, I believe this resolution is appropriate because by our inaction, we have compelled the services of certain Federal employees, specifically those being the essential Federal employees performing such services as prison guards, security, and the like, compelled their services without compensation. It is unclear to me what definition of integrity the Chair is utilizing, but I would say that under most generally accepted definitions of integrity, compelling services from employees without compensation when it is within our power to provide them with compensation is in fact a question of the integrity of the House.

“On that basis, I believe that this resolution, which addresses the integrity of the House by requiring us to take action to provide compensation to those employees and others, but specifically to those who are in fact working but are not being paid, does in fact raise a legitimate question of the integrity of the House, and ask the Chair to rule favorably on the resolution.”

Mr. DINGELL was recognized and said:

“The resolution says questions of privilege shall be first those affecting

the rights of the House collectively, its safety, dignity, and the integrity of its proceedings.

"That quotes from the rules.

"Mr. Speaker, as you stand there, I would call to your attention that one of the most important functions of this institution is to manage, to expend, under the power of the purse. We have the duty to collect taxes, we have the duty to expend moneys by authorization and by appropriations. None of that has until this time been properly carried out.

"Certainly the questions of the integrity of this body and the integrity of the proceedings, the dignity of this body, are severely impaired by our failure to provide for the proper running of the Government of the United States. That is a failure of this institution. That is a failure because we have not been able to address the questions of the budget in a proper fashion.

"I would call to the attention of the Chair our failure to carry out our duty, our failure to carry out our responsibilities of appropriating funds, of authorizing expenditures, or of implementing the budget as required by the Budget Act, clearly affect the privileges, the prerogatives, the dignity, and the integrity of this institution. Certainly the respect in which the public holds this body has fallen to something approaching one of the lowest points that I have ever seen in my career.

"Clearly, without taking the action here of bringing this matter to a vote and, clearly, without having taken the steps necessary to permit this body to commence addressing the single largest problem that confronts this country today, and that is the orderly running of its Government, the funding of its public affairs, and retaining the respect of its people, we are not carrying out our duties.

"It is very plain to me, Mr. Speaker, that the question of the privileges of the House is entwined with this so intimately that the questions of the privileges of the House and the functioning of this body cannot be separated one from another.

"I urge a proper ruling on this matter."

Mrs. KENNELLY was recognized and said:

"Mr. Speaker, I wish to address the point of personal privilege of the leader on our side. What is happening here is this is the body of the people. Everyone on this side of the aisle and I would imagine many on the other side of the aisle have been told by the people they went home and spoke to, it is time now to get on with the business of the Government. I join the gentleman's request."

Mr. ORTON was recognized and said:

"Mr. Speaker, I wish to be heard on the question of privilege.

"Rule IX is designed to allow us to bring to the floor motions which in fact do affect the integrity of the body, of Members of the body. At this very moment, there are Members of this body holding a press conference regard-

ing whether we as Members of Congress should continue to receive our pay."

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The gentleman will confine his remarks to the matter before the House which is, does the resolution before the House and the wording of that resolution constitute a question of privilege."

Mr. ORTON, further addressed the question of privilege, and said:

"Respectfully, Mr. Speaker, I believe that I am addressing that, because I have just in the last few minutes had my integrity questioned as an individual Member of this body by members of the press with regard to whether I would continue to accept pay while other workers are not."

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The Chair would remind the gentleman, he has an obligation to discuss the resolution which is before the House and not a question of privilege that might exist in another forum. This is not now a forum for a question of personal privilege."

Mr. ORTON, further addressed the question of privilege, and said:

"Mr. Speaker, rule IX has to do with the integrity of the body collectively and individually. And the integrity of this body is in fact—"

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The Chair would remind the gentleman that he has an obligation not to discuss all of rule IX but to discuss the matter before the House, whether or not it constitutes a question of privilege of the House under rule IX."

Mr. ORTON, further addressed the question of privilege, and said:

"Mr. Speaker, that is exactly what I am attempting to do. If my integrity individually has been questioned with regard to funding of the Government, then that is a matter of privilege individually and collectively."

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The Chair would remind the gentleman that he might in fact draft a question of personal privilege that he could bring to the House, but the matter before the House at the present time is the specific wording offered by the gentleman from Missouri [Mr. GEPHARDT]."

Mr. MILLER of California was recognized and said:

"Mr. Speaker, to address the issue of privilege, I do believe that under rule IX this does rise to the occasion of privilege, the resolution offered by the minority leader. It does so because clearly the collective integrity of this House and the dignity of this House is being called into question, is being called into question in every commentary throughout the country about the closedown of the Government.

"The dignity and the integrity of this House is being called into question

by our individual constituents, by the interviews on every nightly news program in every one of our districts. That goes to the collective integrity and to the collective dignity."

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The gentleman should confine his remarks to those matters that are before the House and the question of privilege that was offered by the gentleman from Missouri."

Mr. MILLER of California, further addressed the question of privilege, and said:

"Mr. Speaker, the reason this goes to that privilege is because in fact when the will of the people is thwarted, the integrity of the House, the dignity of this House is called into question. The only way that that can currently be remedied is through this motion that rises to privilege. That dignity and that integrity is called into question when the popular will is thwarted, and we see it very often, when Members know that the votes exist to do something and yet the matter cannot be brought to the floor.

"That is why a motion of privilege is laid before the Chair because there is no other way. That goes exactly to the heart of the privilege. The privilege in this case that the minority leader is asserting is the privilege to bring a matter to the floor by which now there is no other way to get that matter to the floor. That is because the power of the Chair, the power of the Chair and the rules—

"I am giving the Chair a reason to rule for privilege, because the power of the Chair is the power of recognition, and the Chair is now willing to recognize any Member for this purpose. Therefore, the minority leader must bring a matter before the House under the rules of privilege. We know that there are 198 votes to open up the Government on this side. So if we can find 20 votes on that side, the people's will can be carried out."

The SPEAKER pro tempore, Mr. WALKER, during the gentleman's remarks, said:

"The Chair is attempting to maintain order and would remind the majority side that it is the duty of the Chair to maintain order and would ask the cooperation of the Members in so doing. He would also ask the cooperation of the minority in discussing this matter to constrain their remarks to those matters that are before the House.

"The gentleman from California has wandered away from that particular admonition, and the Chair would ask him to please constrain his remarks that address the question of privilege."

Mr. MILLER of California, further addressed the question of privilege, and said:

"Mr. Speaker, I would simply say, in closing, that the reason the integrity is called into question and the dignity of the House is called into question and

the reason this motion should be granted privilege is that the popular will of the people and the belief of the people is that this body is not carrying out that will, and yet they believe the votes exist. The only way we can find that out is for the Chair to rule this is a matter of privilege and let the votes commence and we can open up the Government this afternoon.”

The SPEAKER pro tempore, Mr. WALKER, ruled that the resolution submitted did not present a question of the privileges of the House under rule IX, and said:

“The Chair is constrained, first, to determine whether the resolution qualifies under rule IX.

“Questions of the privileges of the House must meet the standards of rule IX even when they invoke provisions of the Constitution. Those standards address privileges of the House, as a House, not those of the Congress, as a legislative branch. The question whether a Member may broach the privileges of the House simply by invoking one of the legislative powers enumerated in section 8 of article I of the Constitution—or the general legislative “power of the purse” in the seventh original clause of section 9 of that article—has consistently been answered in the negative. The ordinary rights and functions of the House under the Constitution are exercised in accordance with the rules of the House, without necessarily being accorded precedence as questions of the privileges of the House.

“The Chair will follow the ruling of Speaker Gillett on May 6, 1921, as recorded in volume 6 of Cannon’s precedents, section 48:

It seems to the Chair that where the Constitution ordered the House to do a thing, the Constitution still gives the House the right to make its own rules and do it at such time and in such manner as it may choose. And it is a strained construction, it seems to the Chair, to say that because the Constitution gives a mandate that a thing shall be done, it therefore follows that any Member can insist that it shall be brought up at some particular time and in the particular way which he chooses. If there is a constitutional mandate, the House ought by its rules to provide for the proper enforcement of that mandate, but it is still a question for the House how and when and under what procedure it shall be done. . . .

“Applying that precedent of May 6, 1921, which is recorded in Cannon’s Precedents at volume 6, section 48, and the similar precedents of February 7 and December 22, 1995, the Chair holds that the resolution offered by the gentleman from Missouri does not affect ‘the rights of the House collectively, its safety, dignity, [or] the integrity of its proceedings’ within the meaning of clause 1 of rule IX. Although it may address an aspect of legislative power under the Constitution, it does not involve a constitutional privilege of the House. Rather, the resolution constitutes an attempt to impose a special order of business on the House by providing that the Senate amendment to H.R. 1643 be deemed adopted.

“The resolution does not constitute a question of privilege.”

Mr. MORAN appealed the ruling of the Chair.

The question being put, viva voce, Will the decision of the Chair stand as the judgment of the House?

Mr. ARMEY moved to lay the appeal on the table.

The question being put, viva voce, Will the House lay on the table the appeal of the ruling of the Chair?

The SPEAKER pro tempore, Mr. WALKER, announced that the nays had it.

Mr. ARMEY demanded that the vote be taken by the yeas and nays, which demand was supported by one-fifth of the Members present, so the yeas and nays were ordered.

The vote was taken by electronic device.

It was decided in the affirmative .....	<table border="0"> <tr> <td rowspan="4"> <table border="0"> <tr> <td>Yeas .....</td> <td>206</td> </tr> <tr> <td>Nays .....</td> <td>167</td> </tr> <tr> <td>Answered present</td> <td>1</td> </tr> </table> </td> <td></td> </tr> </table>	<table border="0"> <tr> <td>Yeas .....</td> <td>206</td> </tr> <tr> <td>Nays .....</td> <td>167</td> </tr> <tr> <td>Answered present</td> <td>1</td> </tr> </table>	Yeas .....	206	Nays .....	167	Answered present	1		
			<table border="0"> <tr> <td>Yeas .....</td> <td>206</td> </tr> <tr> <td>Nays .....</td> <td>167</td> </tr> <tr> <td>Answered present</td> <td>1</td> </tr> </table>	Yeas .....	206	Nays .....	167	Answered present	1	
				Yeas .....	206					
				Nays .....	167					
Answered present	1									

¶1.12 [Roll No. 2] YEAS—206

- |              |               |               |
|--------------|---------------|---------------|
| Allard       | Fawell        | Manzullo      |
| Archer       | Flanagan      | Martini       |
| Armev        | Foley         | McCrery       |
| Bachus       | Forbes        | McDade        |
| Baker (CA)   | Fowler        | McHugh        |
| Baker (LA)   | Fox           | McInnis       |
| Ballenger    | Franks (CT)   | McKeon        |
| Barr         | Franks (NJ)   | Metcalf       |
| Barrett (NE) | Frelinghuysen | Meyers        |
| Bartlett     | Frisa         | Mica          |
| Barton       | Funderburk    | Miller (FL)   |
| Bass         | Ganske        | Molinari      |
| Bateman      | Gekas         | Moorhead      |
| Bereuter     | Gilchrest     | Myers         |
| Bilbray      | Goodlatte     | Myrick        |
| Bilirakis    | Goodling      | Nethercutt    |
| Biley        | Goss          | Neumann       |
| Blute        | Graham        | Ney           |
| Boehlert     | Greenwood     | Nussle        |
| Boehner      | Gunderson     | Oxley         |
| Bonilla      | Gutknecht     | Packard       |
| Bono         | Hancock       | Parker        |
| Brownback    | Hansen        | Paxon         |
| Bryant (TN)  | Hastert       | Petri         |
| Bunn         | Hastings (WA) | Pombo         |
| Bunning      | Hayworth      | Porter        |
| Burr         | Hefley        | Quinn         |
| Burton       | Heineman      | Radanovich    |
| Calvert      | Herger        | Ramstad       |
| Camp         | Hilleary      | Regula        |
| Campbell     | Hobson        | Riggs         |
| Canady       | Hoekstra      | Roberts       |
| Castle       | Horn          | Rogers        |
| Chambliss    | Hostettler    | Rohrabacher   |
| Chenoweth    | Houghton      | Ros-Lehtinen  |
| Christensen  | Hunter        | Roth          |
| Chrysler     | Hyde          | Royce         |
| Clinger      | Inglis        | Salmon        |
| Coble        | Istook        | Sanford       |
| Coburn       | Jacobs        | Saxton        |
| Collins (GA) | Johnson, Sam  | Scarborough   |
| Combest      | Jones         | Schaefer      |
| Cooley       | Kasich        | Schiff        |
| Cox          | Kelly         | Seastrand     |
| Crane        | Kim           | Sensenbrenner |
| Crapo        | King          | Shadegg       |
| Creameans    | Kingston      | Shaw          |
| Cunningham   | Klug          | Shays         |
| Deal         | Knollenberg   | Skeen         |
| DeLay        | Kolbe         | Smith (NJ)    |
| Diaz-Balart  | LaHood        | Smith (TX)    |
| Dickey       | Largent       | Smith (WA)    |
| Doolittle    | Latham        | Solomon       |
| Dreier       | Laughlin      | Spence        |
| Duncan       | Lazio         | Stearns       |
| Dunn         | Leach         | Stump         |
| Ehlers       | Lewis (CA)    | Talent        |
| Ehrlich      | Lewis (KY)    | Tate          |
| Emerson      | Linder        | Tauzin        |
| English      | Livingston    | Taylor (NC)   |
| Ensign       | LoBiondo      | Thomas        |
| Everett      | Longley       | Thornberry    |
| Ewing        | Lucas         | Tiahrt        |

- |            |             |            |
|------------|-------------|------------|
| Torkildsen | Wamp        | Whitfield  |
| Upton      | Watts (OK)  | Wicker     |
| Vucanovich | Weldon (FL) | Young (FL) |
| Waldholtz  | Weldon (PA) | Zeliff     |
| Walker     | Weller      | Zimmer     |
| Walsh      | White       |            |

NAYS—167

- |              |                |               |
|--------------|----------------|---------------|
| Ackerman     | Gordon         | Nadler        |
| Andrews      | Green          | Neal          |
| Baessler     | Gutierrez      | Oberstar      |
| Baldacci     | Hall (OH)      | Obey          |
| Barcia       | Hall (TX)      | Olver         |
| Barrett (WI) | Hamilton       | Ortiz         |
| Becerra      | Harman         | Orton         |
| Beilenson    | Hastings (FL)  | Pallone       |
| Bentsen      | Hefner         | Payne (NJ)    |
| Bevill       | Hilliard       | Payne (VA)    |
| Bishop       | Hinchev        | Peterson (FL) |
| Bonior       | Holden         | Peterson (MN) |
| Borski       | Hoyer          | Pickett       |
| Boucher      | Jackson (IL)   | Pomeroy       |
| Brewster     | Jackson-Lee    | Poshard       |
| Browder      | (TX)           | Rahall        |
| Brown (CA)   | Jefferson      | Rangel        |
| Cardin       | Johnson (SD)   | Reed          |
| Clayton      | Johnson, E. B. | Richardson    |
| Clement      | Kanjorski      | Rivers        |
| Clyburn      | Kaptur         | Roemer        |
| Coleman      | Kennedy (MA)   | Rose          |
| Collins (MI) | Kennedy (RI)   | Roybal-Allard |
| Condit       | Kennelly       | Rush          |
| Conyers      | Kildee         | Sabo          |
| Costello     | Kleczka        | Schroeder     |
| Coyne        | Klink          | Schumer       |
| Cramer       | LaFalce        | Scott         |
| Danner       | Lantos         | Serrano       |
| Davis        | Levin          | Sisisky       |
| de la Garza  | Lewis (GA)     | Skaggs        |
| DeLauro      | Lincoln        | Skelton       |
| Dellums      | Lipinski       | Slaughter     |
| Deutsch      | Lofgren        | Spratt        |
| Dicks        | Lowe           | Stenholm      |
| Dingell      | Luther         | Stokes        |
| Doggett      | Manton         | Stupak        |
| Dooley       | Markey         | Taylor (MS)   |
| Doyle        | Martinez       | Tejeda        |
| Edwards      | Mascara        | Thompson      |
| Engel        | Matsui         | Thornton      |
| Eshoo        | McCarthy       | Thurman       |
| Evans        | McDermott      | Torres        |
| Farr         | McHale         | Traficant     |
| Fattah       | McKinney       | Velazquez     |
| Fields (LA)  | McNulty        | Vento         |
| Filner       | Meehan         | Volkmer       |
| Flake        | Menendez       | Ward          |
| Ford         | Miller (CA)    | Waters        |
| Frank (MA)   | Minge          | Watt (NC)     |
| Frost        | Moakley        | Waxman        |
| Furse        | Mollohan       | Williams      |
| Gejdenson    | Montgomery     | Wise          |
| Gephardt     | Moran          | Woolsey       |
| Gerren       | Morella        | Wynn          |
| Gonzalez     | Murtha         | Yates         |

ANSWERED “PRESENT”—1

Wolf

NOT VOTING—59

- |              |              |            |
|--------------|--------------|------------|
| Abercrombie  | Gibbons      | Portman    |
| Berman       | Gillmor      | Pryce      |
| Brown (FL)   | Gilman       | Quillen    |
| Brown (OH)   | Hayes        | Roukema    |
| Bryant (TX)  | Hoke         | Sanders    |
| Buyer        | Hutchinson   | Sawyer     |
| Callahan     | Johnson (CT) | Shuster    |
| Chabot       | Johnston     | Smith (MI) |
| Chapman      | LaTourette   | Souder     |
| Clay         | Lightfoot    | Stark      |
| Collins (IL) | Maloney      | Stockman   |
| Cubin        | McCollum     | Studds     |
| DeFazio      | McIntosh     | Tanner     |
| Dixon        | Meek         | Torricelli |
| Dornan       | Mfume        | Towns      |
| Durbin       | Mink         | Visclosky  |
| Fazio        | Norwood      | Wilson     |
| Fields (TX)  | Owens        | Wyden      |
| Foglietta    | Pastor       | Young (AK) |
| Gallegly     | Pelosi       |            |

So the motion to lay the appeal of the ruling of the Chair on the table was agreed to.

A motion to reconsider the vote whereby said motion was agreed to was, by unanimous consent, laid on the table.

¶1.13 MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Edwin Thomas, one of his secretaries.

¶1.14 COMMUNICATION FROM THE CLERK—MESSAGE FROM THE PRESIDENT

The SPEAKER pro tempore, Mr. WALKER, laid before the House a communication, which was read as follows:

HOUSE OF REPRESENTATIVES,  
OFFICE OF THE CLERK,  
Washington, DC, December 28, 1995.

Hon. NEWT GINGRICH,  
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5 of rule III of the Rules of the House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Thursday, December 28, 1995 at 5:30 p.m. and said to contain a message from the President whereby he returns without his approval H.R. 1530, "National Defense Authorization Act for Fiscal Year 1996."

With warm regards,  
ROBIN H. CARLE,  
Clerk.

¶1.15 MESSAGE FROM THE PRESIDENT—VETO OF H.R. 1530

The SPEAKER pro tempore, Mr. WALKER, laid before the House a message from the President, which was read as follows:

To the House of Representatives:

I am returning herewith without my approval H.R. 1530, the "National Defense Authorization Act for Fiscal Year 1996."

H.R. 1530 would unacceptably restrict my ability to carry out this country's national security objectives and substantially interfere with the implementation of key national defense programs. It would also restrict the President's authority in the conduct of foreign affairs and as Commander in Chief, raising serious constitutional concerns.

First, the bill requires deployment by 2003 of a costly missile defense system able to defend all 50 States from a long-range missile threat that our Intelligence Community does not foresee in the coming decade. By forcing such an unwarranted deployment decision now, the bill would waste tens of billions of dollars and force us to commit prematurely to a specific technological option. It would also likely require a multiple-site architecture that cannot be accommodated within the term of the existing ABM Treaty. By setting U.S. policy on a collision course with the ABM Treaty, the bill would jeopardize continued Russian implementation of the START I Treaty as well as Russian ratification of START II—two treaties that will significantly lower the threat to U.S. national security, reducing the number of U.S. and Russian strategic nuclear warheads by two-thirds from Cold War levels. The missile defense provisions would also jeopardize our current efforts to agree on an ABM/TMD (Theater Missile De-

fense) demarcation with the Russian Federation.

Second, the bill imposes restrictions on the President's ability to conduct contingency operations essential to national security. Its restrictions on funding of contingency operations and the requirement to submit a supplemental appropriations request within a time certain in order to continue a contingency operation are unwarranted restrictions on a President's national security and foreign policy prerogatives. Moreover, by requiring a Presidential certification to assign U.S. Armed Forces under United Nations operational or tactical control, the bill infringes on the President's constitutional authority as Commander in Chief.

Third, H.R. 1530 contains other objectionable provisions that would adversely affect the ability of the Defense Department to carry out national defense programs or impede the Department's ability to manage its day-to-day operations. For example, the bill includes counterproductive certification requirements for the use of Nunn-Lugar Cooperative Threat Reduction (CTR) funds and restricts use of funds for individual CTR programs.

Other objectionable provisions eliminate funding for the Defense Enterprise Fund; restrict the retirement of U.S. strategic delivery systems; slow the pace of the Defense Department's environmental cleanup efforts; and restrict Defense's ability to execute disaster relief, demining, and military-to-military contact programs. The bill also directs the procurement of specific submarines at specific shipyards although that is not necessary for our military mission to maintain the Nation's industrial base.

H.R. 1530 also contains two provisions that would unfairly affect certain service members. One requires medically unwarranted discharge procedures for HIV-positive service members. In addition, I remain very concerned about provisions that would restrict service women and female dependents of military personnel from obtaining privately funded abortions in military facilities overseas, except in cases of rape, incest, or danger to the life of the mother. In many countries, these U.S. facilities provide the only accessible, safe source for these medical services. Accordingly, I urge the Congress to repeal a similar provision that became law in the "Department of Defense Appropriations Act, 1996."

In returning H.R. 1530 to the Congress, I recognize that it contains a number of important authorities for the Department of Defense, including authority for Defense's military construction program and the improvement of housing facilities for our military personnel and their families. It also contains provisions that would contribute to the effective and efficient management of the Department, including important changes in Federal acquisition law.

Finally, H.R. 1530 includes the authorization for an annual military pay raise of 2.4 percent, which I strongly support. The Congress should enact this authorization as soon as possible, in separate legislation that I will be sending up immediately. In the meantime, I will today sign an Executive order raising military pay for the full 2.0 percent currently authorized by the Congress and will sign an additional order raising pay by a further 0.4 percent as soon as the Congress authorizes that increase.

I urge the Congress to address the Administration's objections and pass an acceptable National Defense Authorization Act promptly. The Department of Defense must have the full range of authorities that it needs to perform its critical worldwide missions.

WILLIAM J. CLINTON.

THE WHITE HOUSE, December 28, 1995.

The SPEAKER pro tempore, Mr. WALKER, ordered that the veto message, together with the accompanying bill, be printed (H. Doc. 104-155) and spread upon the pages of the Journal of the House.

The question being on passage of the bill, the objections of the President to the contrary notwithstanding.

After debate,

By unanimous consent, the previous question was ordered on the bill.

The question being put,

Will the House, upon reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

It was decided in the { Yeas ..... 240  
negative ..... } Nays ..... 156

¶1.16 [Roll No. 3] YEAS—240

Allard	Clement	Franks (CT)
Archer	Clinger	Frelinghuysen
Armey	Coble	Frisa
Bachus	Coburn	Frost
Baesler	Collins (GA)	Funderburk
Baker (CA)	Combest	Gekas
Baker (LA)	Coolley	Geren
Ballenger	Costello	Gilchrest
Barr	Cox	Gillmor
Barrett (NE)	Cramer	Gilman
Bartlett	Crane	Gingrich
Barton	Crapo	Goodlatte
Bass	Creameans	Goodling
Bateman	Cubin	Goss
Bereuter	Cunningham	Graham
Bevill	Danner	Greenwood
Bilbray	Davis	Hall (OH)
Bilirakis	de la Garza	Hall (TX)
Bishop	Deal	Hamilton
Bliley	DeLay	Hancock
Boehlert	Diaz-Balart	Hansen
Boehner	Dickey	Harman
Bonilla	Doolittle	Hastert
Bono	Dornan	Hastings (WA)
Brewster	Dreier	Hayes
Browder	Duncan	Hayworth
Brownback	Dunn	Hefley
Bryant (TN)	Edwards	Heineman
Bunn	Ehlers	Herger
Bunning	Ehrlich	Hilleary
Burr	Emerson	Hobson
Burton	English	Hoekstra
Buyer	Ensign	Horn
Calvert	Everett	Hostettler
Campbell	Ewing	Houghton
Canady	Fawell	Hunter
Castle	Flanagan	Hyde
Chambliss	Foley	Inglis
Chenoweth	Forbes	Istook
Christensen	Fowler	Johnson (CT)
Chrysler	Fox	Johnson, Sam

Jones	Nethercutt	Skeen
Kasich	Neumann	Skelton
Kelly	Ney	Smith (MI)
Kennedy (RI)	Nussle	Smith (NJ)
Kennelly	Ortiz	Smith (TX)
Kim	Oxley	Smith (WA)
King	Packard	Solomon
Kingston	Parker	Spence
Knollenberg	Paxon	Stearns
Kolbe	Payne (VA)	Stenholm
LaHood	Petri	Stump
Largent	Pickett	Talent
Latham	Pombo	Tate
Laughlin	Porter	Tauzin
Lazio	Portman	Taylor (MS)
Leach	Poshard	Taylor (NC)
Lewis (CA)	Pryce	Tejeda
Lewis (KY)	Quinn	Thomas
Linder	Radanovich	Thornberry
Lipinski	Regula	Tiahrt
Livingston	Riggs	Torkildsen
Longley	Roberts	Trafficant
Lucas	Rogers	Vucanovich
Manzullo	Rohrabacher	Waldholtz
McCrery	Ros-Lehtinen	Walker
McDade	Roth	Walsh
McHugh	Royce	Wamp
McIntosh	Salmon	Ward
McKeon	Sanford	Watts (OK)
McNulty	Saxton	Weldon (FL)
Metcalf	Scarborough	Weldon (PA)
Meyers	Schaefer	Weller
Mica	Schiff	White
Miller (FL)	Scott	Whitfield
Molinari	Seastrand	Wicker
Montgomery	Sensenbrenner	Wolf
Moorhead	Shadegg	Young (AK)
Myers	Shaw	Young (FL)
Myrick	Sisisky	Zeliff

NAYS—156

Ackerman	Hastings (FL)	Neal
Andrews	Hefner	Oberstar
Baldacci	Hilliard	Obey
Barcia	Hinchey	Olver
Barrett (WI)	Holden	Orton
Becerra	Hoyer	Owens
Beilenson	Jackson (IL)	Pallone
Bentsen	Jackson-Lee	Payne (NJ)
Blute	(TX)	Peterson (FL)
Bonior	Jacobs	Peterson (MN)
Borski	Jefferson	Pomeroy
Boucher	Johnson (SD)	Rahall
Brown (CA)	Johnson, E. B.	Ramstad
Camp	Johnson	Rangel
Cardin	Kanjorski	Reed
Chabot	Kaptur	Richardson
Clayton	Kennedy (MA)	Rivers
Clyburn	Kildee	Roemer
Coleman	Kleczka	Rose
Collins (IL)	Klink	Roybal-Allard
Collins (MI)	Klug	Rush
Condit	LaFalce	Sabo
Conyers	Lantos	Sanders
Coyne	Levin	Schroeder
DeLauro	Lewis (GA)	Schumer
Dellums	Lincoln	Serrano
Deutsch	LoBiondo	Shays
Dicks	Lofgren	Skaggs
Dingell	Lowey	Slaughter
Doggett	Luther	Spratt
Dooley	Maloney	Stokes
Doyle	Manton	Stupak
Engel	Markey	Thompson
Eshoo	Martinez	Thornton
Evans	Martini	Thurman
Farr	Mascara	Torres
Fattah	Matsui	Torricelli
Fields (LA)	McCarthy	Towns
Filner	McDermott	Upton
Flake	McHale	Velazquez
Ford	McInnis	Vento
Frank (MA)	McKinney	Volkmer
Franks (NJ)	Meehan	Waters
Furse	Menendez	Watt (NC)
Ganske	Miller (CA)	Waxman
Gejdenson	Minge	Williams
Gephardt	Mink	Wise
Gonzalez	Moakley	Woolsey
Gordon	Mollohan	Wynn
Green	Moran	Yates
Gunderson	Morella	Zimmer
Gutierrez	Murtha	
Gutknecht	Nadler	

NOT VOTING—38

Abercrombie	Bryant (TX)	DeFazio
Berman	Callahan	Dixon
Brown (FL)	Chapman	Durbin
Brown (OH)	Clay	Fazio

Fields (TX)	Meek	Souder
Foglietta	Mfume	Stark
Gallegly	Norwood	Stockman
Gibbons	Pastor	Studds
Hoke	Pelosi	Tanner
Hutchinson	Quillen	Visclosky
LaTourette	Roukema	Wilson
Lightfoot	Sawyer	Wyden
McCollum	Shuster	

The SPEAKER pro tempore, Mr. WALKER, announced that 240 Members had voted in the affirmative and 156 Members had voted in the negative.

So, two-thirds of the Members present not having voted in favor thereof, the bill was not passed.

*Ordered.* That the Clerk notify the Senate thereof.

The veto message and accompanying bill were referred to the Committee on National Security.

1.17 MESSAGE FROM THE PRESIDENT—MFN STATUS FOR ROMANIA

The SPEAKER pro tempore, Mr. WALKER, laid before the House a message from the President, which was read as follows:

*To the Congress of the United States:*

On May 19, 1995, I determined and reported to the Congress that Romania is in full compliance with the freedom of emigration criteria of sections 402 and 409 of the Trade Act of 1974. This action allowed for the continuation of most-favored-nation (MFN) status for Romania and certain other activities without the requirement of an annual waiver.

As required by law, I am submitting an updated report to the Congress concerning emigration laws and policies of Romania. You will find that the report indicates continued Romanian compliance with U.S. and international standards in the area of emigration policy.

WILLIAM J. CLINTON.

THE WHITE HOUSE, January 3, 1996.

By unanimous consent, the message, together with the accompanying papers, was referred to the Committee on Ways and Means and ordered to be printed (H. Doc. 104-156).

1.18 MESSAGE FROM THE PRESIDENT—NATIONAL EMERGENCY WITH RESPECT TO LIBYA

The SPEAKER pro tempore, Mr. WALKER, laid before the House a message from the President, which was read as follows:

*To the Congress of the United States:*

Section 202(d) of the National Emergencies Act (50 U.S.C. 1662(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the Libyan emergency is to continue in effect beyond January 7, 1996, to the *Federal Register* for publication.

The crisis between the United States and Libya that led to the declaration of a national emergency on January 7,

1986, has not been resolved. The Government of Libya has continued its actions and policies in support of terrorism, despite the calls by the United Nations Security Council, in Resolutions 731 (1992), 748 (1992), and 883 (1993) that it demonstrate by concrete actions its renunciation of such terrorism. Such Libyan actions and policies pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these reasons, the national emergency declared on January 7, 1986, and the measures adopted on January 7 and January 8, 1986, to deal with that emergency, must continue in effect beyond January 7, 1996. I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure to the Government of Libya to reduce its ability to support international terrorism.

WILLIAM J. CLINTON.

THE WHITE HOUSE, January 3, 1996.

By unanimous consent, the message, together with the accompanying papers, was referred to the Committee on International Relations and ordered to be printed (H. Doc. 104-157).

1.19 COMMERCE, JUSTICE, STATE, JUDICIARY APPROPRIATIONS

Mr. ROGERS moved to discharge the Committee on Appropriations from further consideration of the veto message on the bill (H.R. 2076) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

The question being put, *viva voce*,

Will the House agree to said motion?

The SPEAKER pro tempore, Mr. WALKER, announced that the yeas had it.

So the motion was agreed to.

Accordingly,

1.20 UNFINISHED BUSINESS—VETO OF H.R. 2076

The SPEAKER pro tempore, Mr. WALKER, announced the unfinished business to be the consideration of the veto of the bill (H.R. 2076) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

The question being on the passage of the bill, the objections of the President to the contrary notwithstanding.

After debate,

By unanimous consent, the previous question was ordered on the bill.

The question being put,

Will the House, upon reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

It was decided in the { Yeas ..... 240  
negative ..... } Nays ..... 159

¶1.21 [Roll No. 4]  
YEAS—240

Allard	Franks (CT)	Montgomery
Archer	Franks (NJ)	Moorhead
Bachus	Frelinghuysen	Morella
Baker (CA)	Frisa	Myers
Baker (LA)	Funderburk	Myrick
Ballenger	Ganske	Nethercutt
Barr	Gekas	Neumann
Barrett (NE)	Geren	Ney
Bartlett	Gilchrest	Nussle
Barton	Gillmor	Oxley
Bass	Gilman	Packard
Bateman	Goodlatte	Parker
Bentsen	Goodling	Paxon
Bereuter	Gordon	Payne (VA)
Bilbray	Goss	Petri
Bilirakis	Graham	Pombo
Bliley	Greenwood	Porter
Blute	Gunderson	Pryce
Boehkert	Gutknecht	Radanovich
Boehner	Hall (TX)	Ramstad
Bonilla	Hamilton	Regula
Bono	Hancock	Riggs
Boucher	Hansen	Rivers
Brewster	Harman	Roberts
Browder	Hastert	Roemer
Brownback	Hastings (WA)	Rogers
Bryant (TN)	Hayes	Rohrabacher
Bunn	Hayworth	Ros-Lehtinen
Bunning	Hefley	Roth
Burr	Heineman	Roukema
Burton	Herger	Royce
Buyer	Hilleary	Salmon
Calvert	Hobson	Saxton
Camp	Hoekstra	Scarborough
Campbell	Horn	Schaefer
Canady	Hostettler	Schiff
Castle	Houghton	Seastrand
Chabot	Hunter	Sensenbrenner
Chambliss	Hyde	Shadegg
Chenoweth	Inglis	Shaw
Christensen	Istook	Shays
Chrysler	Johnson, Sam	Skeen
Clinger	Jones	Skelton
Coble	Kasich	Smith (MI)
Coburn	Kelly	Smith (NJ)
Collins (GA)	Kim	Smith (TX)
Combest	King	Smith (WA)
Condit	Kingston	Solomon
Cooley	Klug	Spence
Cox	Knollenberg	Stearns
Cramer	Kolbe	Stenholm
Crane	LaHood	Stump
Crapo	Largent	Talent
Creameans	Latham	Tate
Cubin	Laughlin	Tauzin
Cunningham	Lazio	Taylor (MS)
Davis	Leach	Taylor (NC)
Deal	Lewis (CA)	Thomas
DeLay	Lewis (KY)	Thornberry
Diaz-Balart	Linder	Tiahrt
Dickey	Livingston	Torkildsen
Doolittle	LoBiondo	Traficant
Dornan	Longley	Upton
Doyle	Lucas	Vucanovich
Dreier	Luther	Waldholtz
Duncan	Manzullo	Walker
Dunn	Martini	Walsh
Ehlers	McCollum	Wamp
Ehrlich	McCrery	Watts (OK)
Emerson	McDade	Weldon (FL)
English	McHugh	Weldon (PA)
Ensign	McInnis	Weller
Everett	McIntosh	White
Ewing	McKeon	Whitfield
Fawell	Metcalf	Wicker
Flanagan	Meyers	Wolf
Foley	Mica	Young (AK)
Forbes	Miller (FL)	Young (FL)
Fowler	Minge	Zeliff
Fox	Molinari	Zimmer

NAYS—159

Ackerman	Borski	Danner
Andrews	Brown (CA)	de la Garza
Baessler	Cardin	DeLauro
Baldacci	Clayton	Delums
Barcia	Clement	Deutsch
Barrett (WI)	Clyburn	Dicks
Becerra	Coleman	Dingell
Beilenson	Collins (IL)	Doggett
Berman	Collins (MI)	Dooley
Bevill	Conyers	Durbin
Bishop	Costello	Edwards
Bonior	Coyne	Engel

Eshoo	Levin	Quinn
Evans	Lewis (GA)	Rahall
Farr	Lincoln	Rangel
Fattah	Lipinski	Reed
Fields (LA)	Lofgren	Richardson
Filner	Lowey	Rose
Flake	Maloney	Roybal-Allard
Foglietta	Manton	Sabo
Ford	Markey	Sanders
Frank (MA)	Martinez	Sanford
Frost	Mascara	Schroeder
Furse	Matsui	Schumer
Gejdenson	McCarthy	Scott
Gonzalez	McDermott	Serrano
Green	McHale	Sisisky
Gutierrez	McKinney	Skaggs
Hall (OH)	McNulty	Slaughter
Hastings (FL)	Meehan	Spratt
Hefner	Menendez	Stokes
Hilliard	Miller (CA)	Stupak
Hinchey	Mink	Tanner
Holden	Moakley	Tejeda
Hoyer	Mollohan	Thompson
Jackson (IL)	Moran	Thornton
Jackson-Lee	Murtha	Thurman
(TX)	Nadler	Torres
Jacobs	Neal	Torricelli
Jefferson	Oberstar	Towns
Johnson (CT)	Obey	Velazquez
Johnson (SD)	Olver	Vento
Johnson, E. B.	Ortiz	Volkmer
Johnston	Orton	Ward
Kanjorski	Owens	Waters
Kaptur	Pallone	Watt (NC)
Kennedy (MA)	Pastore	Waxman
Kennedy (RI)	Payne (NJ)	Williams
Kennelly	Peterson (FL)	Wise
Kildee	Peterson (MN)	Woolsey
Klecicka	Pickett	Wynn
Klink	Pomeroy	Yates
LaFalce	Portman	
Lantos	Poshard	

NOT VOTING—34

Abercrombie	Galleghy	Rush
Armey	Gephardt	Sawyer
Brown (FL)	Gibbons	Shuster
Brown (OH)	Hoke	Souder
Bryant (TX)	Hutchinson	Stark
Callahan	LaTourette	Stockman
Chapman	Lightfoot	Studds
Clay	Meek	Visclosky
DeFazio	Mfume	Wilson
Dixon	Norwood	Wyden
Fazio	Pelosi	
Fields (TX)	Quillen	

The SPEAKER pro tempore, Mr. WALKER, announced that 240 Members had voted in the affirmative and 159 Members had voted in the negative.

So, two-thirds of the Members present having not voted in favor thereof, the bill was not passed.

Ordered, That the Clerk notify the Senate thereof.

The veto message and accompanying bill were referred to the Committee on Appropriations.

¶1.22 FARM CREDIT SYSTEM REGULATORY RELIEF

On motion of Mr. EMERSON, by unanimous consent, the bill (H.R. 2029) to amend the Farm Credit Act of 1971 to provide regulatory relief; together with the following amendments of the Senate thereto, was taken from the Speaker's table:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Farm Credit System Reform Act of 1996".

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

Sec. 1. Short title; table of contents.

TITLE I—AGRICULTURAL MORTGAGE SECONDARY MARKET

Sec. 101. Definition of real estate.

Sec. 102. Definition of certified facility.

Sec. 103. Duties of Federal Agricultural Mortgage Corporation.

Sec. 104. Powers of the Corporation.

Sec. 105. Federal reserve banks as depositaries and fiscal agents.

Sec. 106. Certification of agricultural mortgage marketing facilities.

Sec. 107. Guarantee of qualified loans.

Sec. 108. Mandatory reserves and subordinated participation interests eliminated.

Sec. 109. Standards requiring diversified pools.

Sec. 110. Small farms.

Sec. 111. Definition of an affiliate.

Sec. 112. State usury laws superseded.

Sec. 113. Extension of capital transition period.

Sec. 114. Minimum capital level.

Sec. 115. Critical capital level.

Sec. 116. Enforcement levels.

Sec. 117. Recapitalization of the Corporation.

Sec. 118. Liquidation of the Federal Agricultural Mortgage Corporation.

TITLE II—REGULATORY RELIEF

Sec. 201. Compensation of association personnel.

Sec. 202. Use of private mortgage insurance.

Sec. 203. Removal of certain borrower reporting requirement.

Sec. 204. Reform of regulatory limitations on dividend, member business, and voting practices of eligible farmer-owned cooperatives.

Sec. 205. Removal of Federal Government certification requirement for certain private sector financings.

Sec. 206. Borrower stock.

Sec. 207. Disclosure relating to adjustable rate loans.

Sec. 208. Borrowers' rights.

Sec. 209. Formation of administrative service entities.

Sec. 210. Joint management agreements.

Sec. 211. Dissemination of quarterly reports.

Sec. 212. Regulatory review.

Sec. 213. Examination of farm credit system institutions.

Sec. 214. Conservatorships and receiverships.

Sec. 215. Farm Credit Insurance Fund operations.

Sec. 216. Examinations by the Farm Credit System Insurance Corporation.

Sec. 217. Powers with respect to troubled insured system banks.

Sec. 218. Oversight and regulatory actions by the Farm Credit System Insurance Corporation.

Sec. 219. Farm Credit System Insurance Corporation Board of Directors.

Sec. 220. Interest rate reduction program.

Sec. 221. Liability for making criminal referrals.

TITLE III—NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION

Sec. 301. Short title.

Sec. 302. Definitions.

Sec. 303. National Natural Resources Conservation Foundation.

Sec. 304. Composition and operation.

Sec. 305. Officers and employees.

Sec. 306. Corporate powers and obligations of the Foundation.

Sec. 307. Administrative services and support.

Sec. 308. Audits and petition of Attorney General for equitable relief.

Sec. 309. Release from liability.

Sec. 310. Authorization of appropriations.

TITLE IV—IMPLEMENTATION AND EFFECTIVE DATE

Sec. 401. Implementation.

Sec. 302. Effective Date.

TITLE I—AGRICULTURAL MORTGAGE SECONDARY MARKET

SEC. 101. DEFINITION OF REAL ESTATE.

Section 8.0(1)(B)(ii) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(1)(B)(ii)) is amended

by striking "with a purchase price" and inserting ", excluding the land to which the dwelling is affixed, with a value".

**SEC. 102. DEFINITION OF CERTIFIED FACILITY.**

Section 8.0(3) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(3)) is amended—

(1) in subparagraph (A), by striking "a secondary marketing agricultural loan" and inserting "an agricultural mortgage marketing"; and

(2) in subparagraph (B), by striking ", but only" and all that follows through "(9)(B)".

**SEC. 103. DUTIES OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION.**

Section 8.1(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-1(b)) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(4) purchase qualified loans and issue securities representing interests in, or obligations backed by, the qualified loans, guaranteed for the timely repayment of principal and interest."

**SEC. 104. POWERS OF THE CORPORATION.**

Section 8.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-3(c)) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15), respectively; and

(2) by inserting after paragraph (12) the following:

"(13) To purchase, hold, sell, or assign a qualified loan, to issue a guaranteed security, representing an interest in, or an obligation backed by, the qualified loan, and to perform all the functions and responsibilities of an agricultural mortgage marketing facility operating as a certified facility under this title."

**SEC. 105. FEDERAL RESERVE BANKS AS DEPOSITORIES AND FISCAL AGENTS.**

Section 8.3 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-3) is amended—

(1) in subsection (d), by striking "may act as depositories for, or" and inserting "shall act as depositories for, and"; and

(2) in subsection (e), by striking "Secretary of the Treasury may authorize the Corporation to use" and inserting "Corporation shall have access to".

**SEC. 106. CERTIFICATION OF AGRICULTURAL MORTGAGE MARKETING FACILITIES.**

Section 8.5 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-5) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting "(other than the Corporation)" after "agricultural mortgage marketing facilities"; and

(B) in paragraph (2), by inserting "(other than the Corporation)" after "agricultural mortgage marketing facility"; and

(2) in subsection (e)(1), by striking "(other than the Corporation)".

**SEC. 107. GUARANTEE OF QUALIFIED LOANS.**

Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) is amended—

(1) in subsection (a)(1)—

(A) by striking "Corporation shall guarantee" and inserting the following: "Corporation—

"(A) shall guarantee";

(B) by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(B) may issue a security, guaranteed as to the timely payment of principal and interest, that represents an interest solely in, or an obligation fully backed by, a pool consisting of qualified loans that—

"(i) meet the standards established under section 8.8; and

"(ii) have been purchased and held by the Corporation."

(2) in subsection (d)—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively; and

(3) in subsection (g)(2), by striking "section 8.0(9)(B)" and inserting "section 8.0(9)".

**SEC. 108. MANDATORY RESERVES AND SUBORDINATED PARTICIPATION INTERESTS ELIMINATED.**

(a) **GUARANTEE OF QUALIFIED LOANS.**—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) is amended by striking subsection (b).

(b) **RESERVES AND SUBORDINATED PARTICIPATION INTERESTS.**—Section 8.7 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-7) is repealed.

(c) **CONFORMING AMENDMENTS.**—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking "8.7, 8.8," and inserting "8.8".

(2) Section 8.6(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6(a)(2)) is amended by striking "subject to the provisions of subsection (b)".

**SEC. 109. STANDARDS REQUIRING DIVERSIFIED POOLS.**

(a) **IN GENERAL.**—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) (as amended by section 108) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (g) as subsections (b) through (e), respectively.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking "(f)" and inserting "(d)".

(2) Section 8.13(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-13(a)) is amended by striking "sections 8.6(b) and" in each place it appears and inserting "section".

(3) Section 8.32(b)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(b)(1)(C)) is amended by striking "under section 8.6(b)(2)".

(4) Section 8.6(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6(b)) (as redesignated by subsection (a)(2)) is amended—

(A) by striking paragraph (4) (as redesignated by section 107(2)(B)); and

(B) by redesignating paragraphs (5) and (6) (as redesignated by section 107(2)(B)) as paragraphs (4) and (5), respectively.

**SEC. 110. SMALL FARMS.**

Section 8.8(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-8(e)) is amended by adding at the end the following: "The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market."

**SEC. 111. DEFINITION OF AN AFFILIATE.**

Section 8.11(e) of the Farm Credit Act of 1971 (21 U.S.C. 2279aa-11(e)) is amended—

(1) by striking "a certified facility or"; and

(2) by striking "paragraphs (3) and (7), respectively, of section 8.0" and inserting "section 8.0(7)".

**SEC. 112. STATE USURY LAWS SUPERSEDED.**

Section 8.12 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-12) is amended by striking subsection (d) and inserting the following:

"(d) **STATE USURY LAWS SUPERSEDED.**—A provision of the Constitution or law of any State shall not apply to an agricultural loan made by an originator or a certified facility in accordance with this title for sale to the Corporation or to a certified facility for inclusion in a pool for which the Corporation has provided, or has committed to provide, a guarantee, if the loan, not later than 180 days after the date the loan was made, is sold to the Corporation or included in a pool for which the Corporation has provided a guarantee, if the provision—

"(1) limits the rate or amount of interest, discount points, finance charges, or other charges that may be charged, taken, received, or reserved by an agricultural lender or a certified facility; or

"(2) limits or prohibits a prepayment penalty (either fixed or declining), yield maintenance, or make-whole payment that may be charged, taken, or received by an agricultural lender or a certified facility in connection with the full or partial payment of the principal amount due on a loan by a borrower in advance of the scheduled date for the payment under the terms of the loan, otherwise known as a prepayment of the loan principal."

**SEC. 113. EXTENSION OF CAPITAL TRANSITION PERIOD.**

Section 8.32 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1) is amended—

(1) in the first sentence of subsection (a), by striking "Not later than the expiration of the 2-year period beginning on December 13, 1991," and inserting "Not sooner than the expiration of the 3-year period beginning on the date of enactment of the Farm Credit System Reform Act of 1996,";

(2) in the first sentence of subsection (b)(2), by striking "5-year" and inserting "8-year"; and

(3) in subsection (d)—

(A) in the first sentence—

(i) by striking "The regulations establishing" and inserting the following:

"(1) **IN GENERAL.**—The regulations establishing"; and

(ii) by striking "shall contain" and inserting the following: "shall—

"(A) be issued by the Director for public comment in the form of a notice of proposed rulemaking, to be first published after the expiration of the period referred to in subsection (a); and

"(B) contain"; and

(B) in the second sentence, by striking "The regulations shall" and inserting the following:

"(2) **SPECIFICITY.**—The regulations referred to in paragraph (1) shall".

**SEC. 114. MINIMUM CAPITAL LEVEL.**

Section 8.33 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-2) is amended to read as follows:

**"SEC. 8.33. MINIMUM CAPITAL LEVEL.**

"(a) **IN GENERAL.**—Except as provided in subsection (b), for purposes of this subtitle, the minimum capital level for the Corporation shall be an amount of core capital equal to the sum of—

"(1) 2.75 percent of the aggregate on-balance sheet assets of the Corporation, as determined in accordance with generally accepted accounting principles; and

"(2) 0.75 percent of the aggregate off-balance sheet obligations of the Corporation, which, for the purposes of this subtitle, shall include—

"(A) the unpaid principal balance of outstanding securities that are guaranteed by the Corporation and backed by pools of qualified loans;

"(B) instruments that are issued or guaranteed by the Corporation and are substantially equivalent to instruments described in subparagraph (A); and

"(C) other off-balance sheet obligations of the Corporation.

"(b) **TRANSITION PERIOD.**—

"(1) **IN GENERAL.**—For purposes of this subtitle, the minimum capital level for the Corporation—

"(A) prior to January 1, 1997, shall be the amount of core capital equal to the sum of—

"(i) 0.45 percent of aggregate off-balance sheet obligations of the Corporation;

"(ii) 0.45 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

“(iii) 2.50 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

“(B) during the 1-year period ending December 31, 1997, shall be the amount of core capital equal to the sum of—

“(i) 0.55 percent of aggregate off-balance sheet obligations of the Corporation;

“(ii) 1.20 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

“(iii) 2.55 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

“(C) during the 1-year period ending December 31, 1998, shall be the amount of core capital equal to—

“(i) if the Corporation’s core capital is not less than \$25,000,000 on January 1, 1998, the sum of—

“(I) 0.65 percent of aggregate off-balance sheet obligations of the Corporation;

“(II) 1.95 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

“(III) 2.65 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2); or

“(ii) if the Corporation’s core capital is less than \$25,000,000 on January 1, 1998, the amount determined under subsection (a); and

“(D) on and after January 1, 1999, shall be the amount determined under subsection (a).

“(2) DESIGNATED ON-BALANCE SHEET ASSETS.—For purposes of this subsection, the designated on-balance sheet assets of the Corporation shall be—

“(A) the aggregate on-balance sheet assets of the Corporation acquired under section 8.6(e); and

“(B) the aggregate amount of qualified loans purchased and held by the Corporation under section 8.3(c)(13).”

#### SEC. 115. CRITICAL CAPITAL LEVEL.

Section 8.34 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-3) is amended to read as follows:

##### “SEC. 8.34. CRITICAL CAPITAL LEVEL.

“For purposes of this subtitle, the critical capital level for the Corporation shall be an amount of core capital equal to 50 percent of the total minimum capital amount determined under section 8.33.”

#### SEC. 116. ENFORCEMENT LEVELS.

Section 8.35(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-4(e)) is amended by striking “during the 30-month period beginning on the date of enactment of this section,” and inserting “during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 8.32.”

#### SEC. 117. RECAPITALIZATION OF THE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) is amended by adding at the end the following:

##### “SEC. 8.38. RECAPITALIZATION OF THE CORPORATION.

“(a) MANDATORY RECAPITALIZATION.—The Corporation shall increase the core capital of the Corporation to an amount equal to or greater than \$25,000,000, not later than the earlier of—

“(1) the date that is 2 years after the date of enactment of this section; or

“(2) the date that is 180 days after the end of the first calendar quarter that the aggregate on-balance sheet assets of the Corporation, plus the outstanding principal of the off-balance sheet obligations of the Corporation, equal or exceed \$2,000,000,000.

“(b) RAISING CORE CAPITAL.—In carrying out this section, the Corporation may issue stock under section 8.4 and otherwise employ any recognized and legitimate means of raising core capital in the power of the Corporation under section 8.3.

“(c) LIMITATION ON GROWTH OF TOTAL ASSETS.—During the 2-year period beginning on the date of enactment of this section, the aggregate on-balance sheet assets of the Corporation plus the outstanding principal of the off-balance sheet obligations of the Corporation may not exceed \$3,000,000,000 if the core capital of the Corporation is less than \$25,000,000.

“(d) ENFORCEMENT.—If the Corporation fails to carry out subsection (a) by the date required under paragraph (1) or (2) of subsection (a), the Corporation may not purchase a new qualified loan or issue or guarantee a new loan-backed security until the core capital of the Corporation is increased to an amount equal to or greater than \$25,000,000.”

#### SEC. 118. LIQUIDATION OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) (as amended by section 117) is amended by adding at the end the following:

##### “Subtitle C—Receivership, Conservatorship, and Liquidation of the Federal Agricultural Mortgage Corporation

##### “SEC. 8.41. CONSERVATORSHIP; LIQUIDATION; RECEIVERSHIP.

“(a) VOLUNTARY LIQUIDATION.—The Corporation may voluntarily liquidate only with the consent of, and in accordance with a plan of liquidation approved by, the Farm Credit Administration Board.

“(b) INVOLUNTARY LIQUIDATION.—

“(1) IN GENERAL.—The Farm Credit Administration Board may appoint a conservator or receiver for the Corporation under the circumstances specified in section 4.12(b).

“(2) APPLICATION.—In applying section 4.12(b) to the Corporation under paragraph (1)—

“(A) the Corporation shall also be considered insolvent if the Corporation is unable to pay its debts as they fall due in the ordinary course of business;

“(B) a conservator may also be appointed for the Corporation if the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; and

“(C) a receiver may also be appointed for the Corporation if—

“(i) the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; or

“(ii) the Corporation is classified under section 8.35 as within level III or IV and the alternative actions available under subtitle B are not satisfactory; and

“(iii) the Farm Credit Administration determines that the appointment of a conservator would not be appropriate.

“(3) NO EFFECT ON SUPERVISORY ACTIONS.—The grounds for appointment of a conservator for the Corporation under this subsection shall be in addition to those in section 8.37.

“(c) APPOINTMENT OF CONSERVATOR OR RECEIVER.—

“(1) QUALIFICATIONS.—Notwithstanding section 4.12(b), if a conservator or receiver is appointed for the Corporation, the conservator or receiver shall be—

“(A) the Farm Credit Administration or any other governmental entity or employee, including the Farm Credit System Insurance Corporation; or

“(B) any person that—

“(i) has no claim against, or financial interest in, the Corporation or other basis for a conflict of interest as the conservator or receiver; and

“(ii) has the financial and management expertise necessary to direct the operations and affairs of the Corporation and, if necessary, to liquidate the Corporation.

“(2) COMPENSATION.—

“(A) IN GENERAL.—A conservator or receiver for the Corporation and professional personnel (other than a Federal employee) employed to represent or assist the conservator or receiver may be compensated for activities conducted as, or for, a conservator or receiver.

“(B) LIMIT ON COMPENSATION.—Compensation may not be provided in amounts greater than the compensation paid to employees of the Federal Government for similar services, except that the Farm Credit Administration may provide for compensation at higher rates that are not in excess of rates prevailing in the private sector if the Farm Credit Administration determines that compensation at higher rates is necessary in order to recruit and retain competent personnel.

“(C) CONTRACTUAL ARRANGEMENTS.—The conservator or receiver may contract with any governmental entity, including the Farm Credit System Insurance Corporation, to make personnel, services, and facilities of the entity available to the conservator or receiver on such terms and compensation arrangements as shall be mutually agreed, and each entity may provide the same to the conservator or receiver.

“(3) EXPENSES.—A valid claim for expenses of the conservatorship or receivership (including compensation under paragraph (2)) and a valid claim with respect to a loan made under subsection (f) shall—

“(A) be paid by the conservator or receiver from funds of the Corporation before any other valid claim against the Corporation; and

“(B) may be secured by a lien, on such property of the Corporation as the conservator or receiver may determine, that shall have priority over any other lien.

“(4) LIABILITY.—If the conservator or receiver for the Corporation is not a Federal entity, or an officer or employee of the Federal Government, the conservator or receiver shall not be personally liable for damages in tort or otherwise for an act or omission performed pursuant to and in the course of the conservatorship or receivership, unless the act or omission constitutes gross negligence or any form of intentional tortious conduct or criminal conduct.

“(5) INDEMNIFICATION.—The Farm Credit Administration may allow indemnification of the conservator or receiver from the assets of the conservatorship or receivership on such terms as the Farm Credit Administration considers appropriate.

“(d) JUDICIAL REVIEW OF APPOINTMENT.—

“(1) IN GENERAL.—Notwithstanding subsection (i)(1), not later than 30 days after a conservator or receiver is appointed under subsection (b), the Corporation may bring an action in the United States District Court for the District of Columbia for an order requiring the Farm Credit Administration Board to remove the conservator or receiver. The court shall, on the merits, dismiss the action or direct the Farm Credit Administration Board to remove the conservator or receiver.

“(2) STAY OF OTHER ACTIONS.—On the commencement of an action under paragraph (1), any court having jurisdiction of any other action or enforcement proceeding authorized under this subtitle to which the Corporation is a party shall stay the action or proceeding during the pendency of the action for removal of the conservator or receiver.

“(e) GENERAL POWERS OF CONSERVATOR OR RECEIVER.—The conservator or receiver for the Corporation shall have powers comparable to the powers available to a conservator or receiver appointed pursuant to section 4.12(b).

“(f) BORROWINGS FOR WORKING CAPITAL.—

“(1) IN GENERAL.—If the conservator or receiver of the Corporation determines that it is likely that there will be insufficient funds to pay the ongoing administrative expenses of the conservatorship or receivership or that there will be insufficient liquidity to fund maturing obligations of the conservatorship or receivership, the conservator or receiver may borrow funds in such amounts, from such sources, and at such rates of interest as the conservator or receiver considers necessary or appropriate to meet the administrative expenses or liquidity needs of the conservatorship or receivership.

“(2) WORKING CAPITAL FROM FARM CREDIT BANKS.—A Farm Credit bank may loan funds to the conservator or receiver for a loan authorized under paragraph (1) or, in the event of receivership, a Farm Credit bank may purchase assets of the Corporation.

“(g) AGREEMENTS AGAINST INTERESTS OF CONSERVATOR OR RECEIVER.—No agreement that tends to diminish or defeat the right, title, or interest of the conservator or receiver for the Corporation in any asset acquired by the conservator or receiver as conservator or receiver for the Corporation shall be valid against the conservator or receiver unless the agreement—

“(1) is in writing;

“(2) is executed by the Corporation and any person claiming an adverse interest under the agreement, including the obligor, contemporaneously with the acquisition of the asset by the Corporation;

“(3) is approved by the Board or an appropriate committee of the Board, which approval shall be reflected in the minutes of the Board or committee; and

“(4) has been, continuously, from the time of the agreement's execution, an official record of the Corporation.

“(h) REPORT TO THE CONGRESS.—On a determination by the receiver for the Corporation that there are insufficient assets of the receivership to pay all valid claims against the receivership, the receiver shall submit to the Secretary of the Treasury, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the financial condition of the receivership.

“(i) TERMINATION OF AUTHORITIES.—

“(1) CORPORATION.—The charter of the Corporation shall be canceled, and the authority provided to the Corporation by this title shall terminate, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.

“(2) OVERSIGHT.—The Office of Secondary Market Oversight established under section 8.11 shall be abolished, and section 8.11(a) and subtitle B shall have no force or effect, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.”

## TITLE II—REGULATORY RELIEF

### SEC. 201. COMPENSATION OF ASSOCIATION PERSONNEL.

Section 1.5(13) of the Farm Credit Act of 1971 (12 U.S.C. 2013(13)) is amended by striking “, and the appointment and compensation of the chief executive officer thereof.”

### SEC. 202. USE OF PRIVATE MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 1.10(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

“(D) PRIVATE MORTGAGE INSURANCE.—A loan on which private mortgage insurance is

obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of 85 percent is covered by the insurance.”

(b) CONFORMING AMENDMENT.—Section 1.10(a)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)(A)) is amended by striking “paragraphs (2) and (3)” and inserting “subparagraphs (B), (C), and (D)”.

### SEC. 203. REMOVAL OF CERTAIN BORROWER REPORTING REQUIREMENT.

Section 1.10(a) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)) is amended by striking paragraph (5).

### SEC. 204. REFORM OF REGULATORY LIMITATIONS ON DIVIDEND, MEMBER BUSINESS, AND VOTING PRACTICES OF ELIGIBLE FARMER-OWNED COOPERATIVES.

(a) IN GENERAL.—Section 3.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2129(a)) is amended by adding at the end the following: “Any such association that has received a loan from a bank for cooperatives shall, without regard to the requirements of paragraphs (1) through (4), continue to be eligible for so long as more than 50 percent (or such higher percentage as is established by the bank board) of the voting control of the association is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations.”

(b) CONFORMING AMENDMENT.—Section 3.8(b)(1)(D) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(D)) is amended by striking “and (4) of subsection (a)” and inserting “and (4), or under the last sentence, of subsection (a)”.

### SEC. 205. REMOVAL OF FEDERAL GOVERNMENT CERTIFICATION REQUIREMENT FOR CERTAIN PRIVATE SECTOR FINANCINGS.

Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended—

(1) by striking “have been certified by the Administrator of the Rural Electrification Administration to be eligible for such” and inserting “are eligible under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) for”; and

(2) by striking “loan guarantee, and” and inserting “loan guarantee from the Administration or the Bank (or a successor of the Administration or the Bank), and”.

### SEC. 206. BORROWER STOCK.

Section 4.3A of the Farm Credit Act of 1971 (12 U.S.C. 2154a) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

“(f) LOANS DESIGNATED FOR SALE OR SOLD INTO THE SECONDARY MARKET.—

“(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any other provision of this section, the bylaws adopted by a bank or association under subsection (b) may provide—

“(A) in the case of a loan made on or after the date of enactment of this paragraph that is designated, at the time the loan is made, for sale into a secondary market, that no voting stock or participation certificate purchase requirement shall apply to the borrower for the loan; and

“(B) in the case of a loan made before the date of enactment of this paragraph that is sold into a secondary market, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

“(2) APPLICABILITY.—Notwithstanding any other provision of this section, in the case of a loan sold to a secondary market under title VIII, paragraph (1) shall apply regardless of whether the bank or association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

“(3) EXCEPTION.—

“(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any other provision of this section, if a loan designated for sale under paragraph (1)(A) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of a bylaw provision described in paragraph (1)(A) shall be effective.

“(B) RETIREMENT.—The bylaws adopted by a bank or association under subsection (b) may provide that if a loan described in subparagraph (A) is sold into a secondary market after the end of the 180-day period described in the subparagraph, all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.”

### SEC. 207. DISCLOSURE RELATING TO ADJUSTABLE RATE LOANS.

Section 4.13(a)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2199(a)(4)) is amended by inserting before the semicolon at the end the following: “, and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate”.

### SEC. 208. BORROWERS' RIGHTS.

(a) DEFINITION OF LOAN.—Section 4.14A(a)(5) of the Farm Credit Act of 1971 (12 U.S.C. 2202a(a)(5)) is amended—

(1) by striking “(5) LOAN.—The” and inserting the following:

“(5) LOAN.—

“(A) IN GENERAL.—Subject to subparagraph (B), the”;

(2) by adding at the end the following:

“(B) EXCLUSION FOR LOANS DESIGNATED FOR SALE INTO SECONDARY MARKET.—

“(i) IN GENERAL.—Except as provided in clause (ii), the term ‘loan’ does not include a loan made on or after the date of enactment of this subparagraph that is designated, at the time the loan is made, for sale into a secondary market.

“(ii) UNSOLD LOANS.—

“(I) IN GENERAL.—Except as provided in subclause (II), if a loan designated for sale under clause (i) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the provisions of this section and sections 4.14, 4.14B, 4.14C, 4.14D, and 4.36 that would otherwise apply to the loan in the absence of the exclusion described in clause (i) shall become effective with respect to the loan.

“(II) LATER SALE.—If a loan described in subclause (I) is sold into a secondary market after the end of the 180-day period described in subclause (I), subclause (I) shall not apply with respect to the loan beginning on the date of the sale.”

(b) BORROWERS' RIGHTS FOR POOLED LOANS.—The first sentence of section 8.9(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-9(b)) is amended by inserting “(as defined in section 4.14A(a)(5))” after “application for a loan”.

### SEC. 209. FORMATION OF ADMINISTRATIVE SERVICE ENTITIES.

Part E of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.28 (12 U.S.C. 2214) the following:

#### “SEC. 4.28A. DEFINITION OF BANK.

“In this part, the term ‘bank’ includes each association operating under title II.”

#### SEC. 210. JOINT MANAGEMENT AGREEMENTS.

The first sentence of section 5.17(a)(2)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)(A)) is amended by striking “or management agreements”.

**SEC. 211. DISSEMINATION OF QUARTERLY REPORTS.**

Section 5.17(a)(8) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(8)) is amended by inserting after "except that" the following: "the requirements of the Farm Credit Administration governing the dissemination to stockholders of quarterly reports of System institutions may not be more burdensome or costly than the requirements applicable to national banks, and".

**SEC. 212. REGULATORY REVIEW.**

(a) FINDINGS.—Congress finds that—

(1) the Farm Credit Administration, in the role of the Administration as an arms-length safety and soundness regulator, has made considerable progress in reducing the regulatory burden on Farm Credit System institutions;

(2) the efforts of the Farm Credit Administration described in paragraph (1) have resulted in cost savings for Farm Credit System institutions; and

(3) the cost savings described in paragraph (2) ultimately benefit the farmers, ranchers, agricultural cooperatives, and rural residents of the United States.

(b) CONTINUATION OF REGULATORY REVIEW.—The Farm Credit Administration shall continue the comprehensive review of regulations governing the Farm Credit System to identify and eliminate, consistent with law, safety, and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on law.

**SEC. 213. EXAMINATION OF FARM CREDIT SYSTEM INSTITUTIONS.**

The first sentence of section 5.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2254(a)) is amended by striking "each year" and inserting "during each 18-month period".

**SEC. 214. CONSERVATORSHIPS AND RECEIVERSHIPS.**

(a) DEFINITIONS.—Section 5.51 of the Farm Credit Act of 1971 (12 U.S.C. 2277a) is amended—

(1) by striking paragraph (5); and

(2) by redesignating paragraph (6) as paragraph (5).

(b) GENERAL CORPORATE POWERS.—Section 5.58 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-7) is amended by striking paragraph (9) and inserting the following:

"(9) CONSERVATOR OR RECEIVER.—The Corporation may act as a conservator or receiver."

**SEC. 215. FARM CREDIT INSURANCE FUND OPERATIONS.**

(a) ADJUSTMENT OF PREMIUMS.—

(1) IN GENERAL.—Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(a)) is amended—

(A) in paragraph (1), by striking "Until the aggregate of amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the annual premium due from any insured System bank for any calendar year" and inserting the following: "If at the end of any calendar year the aggregate of amounts in the Farm Credit Insurance Fund does not exceed the secure base amount, subject to paragraph (2), the annual premium due from any insured System bank for the calendar year";

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

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

"(2) REDUCED PREMIUMS.—The Corporation, in the sole discretion of the Corporation, may reduce by a percentage uniformly applied to all insured System banks the annual premium due from each insured System bank during any calendar year, as determined under paragraph (1)."

(2) CONFORMING AMENDMENTS.—

(A) Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(b)) is amended—

(i) by striking "Insurance Fund" each place it appears and inserting "Farm Credit Insurance Fund";

(ii) by striking "for the following calendar year"; and

(iii) by striking "subsection (a)" and inserting "subsection (a)(1)".

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-5(a)) is amended by striking "section 5.55(a)(2)" each place it appears in paragraphs (2) and (3) and inserting "section 5.55(a)(3)".

(b) ALLOCATION TO INSURED SYSTEM BANKS AND OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN THE FARM CREDIT INSURANCE FUND.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4) is amended by adding at the end the following:

"(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—

"(1) ESTABLISHMENT OF ALLOCATED INSURANCE RESERVES ACCOUNTS.—The Corporation shall establish an Allocated Insurance Reserves Account in the Farm Credit Insurance Fund—

"(A) for each insured System bank; and

"(B) subject to paragraph (6)(C), for all holders, in the aggregate, of Financial Assistance Corporation stock.

"(2) TREATMENT.—Amounts in any Allocated Insurance Reserves Account shall be considered to be part of the Farm Credit Insurance Fund.

"(3) ANNUAL ALLOCATIONS.—If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the average secure base amount for the calendar year (as calculated on an average daily balance basis), the Corporation shall allocate to the Allocated Insurance Reserves Accounts the excess amount less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

"(4) ALLOCATION FORMULA.—From the total amount required to be allocated at the end of a calendar year under paragraph (3)—

"(A) 10 percent of the total amount shall be credited to the Allocated Insurance Reserves Account established under paragraph (1)(B), subject to paragraph (6)(C); and

"(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)) as the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by the bank that are in accrual status bears to the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by all insured System banks that are in accrual status (excluding, in each case, the guaranteed portions of government-guaranteed loans described in subsection (a)(1)(C)).

"(5) USE OF FUNDS IN ALLOCATED INSURANCE RESERVES ACCOUNTS.—To the extent that the sum of the operating expenses of the Corporation and the insurance obligations of the Corporation for a calendar year exceeds the sum of operating expenses and insurance obligations determined under paragraph (3) for the calendar year, the Corporation shall cover the expenses and obligations by—

"(A) reducing each Allocated Insurance Reserves Account by the same proportion; and

"(B) expending the amounts obtained under subparagraph (A) before expending other amounts in the Fund.

"(6) OTHER DISPOSITION OF ACCOUNT FUNDS.—

"(A) IN GENERAL.—As soon as practicable during each calendar year beginning more than 8 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base

amount, but not earlier than January 1, 2005, the Corporation may—

"(i) subject to subparagraphs (D) and (F), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the lesser of—

"(I) 20 percent of the balance in the insured System bank's Allocated Insurance Reserves Account as of the preceding December 31; or

"(II) 20 percent of the balance in the bank's Allocated Insurance Reserves Account on the date of the payment; and

"(ii) subject to subparagraphs (C), (E), and (F), pay to each System bank and association holding Financial Assistance Corporation stock a proportionate share, determined by dividing the number of shares of Financial Assistance Corporation stock held by the institution by the total number of shares of Financial Assistance Corporation stock outstanding, of the lesser of—

"(I) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) as of the preceding December 31; or

"(II) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) on the date of the payment.

"(B) AUTHORITY TO ELIMINATE OR REDUCE PAYMENTS.—The Corporation may eliminate or reduce payments during a calendar year under subparagraph (A) if the Corporation determines, in its sole discretion, that the payments, or other circumstances that might require use of the Farm Credit Insurance Fund, could cause the amount in the Farm Credit Insurance Fund during the calendar year to be less than the secure base amount.

"(C) REIMBURSEMENT FOR FINANCIAL ASSISTANCE CORPORATION STOCK.—

"(i) SUFFICIENT FUNDING.—Notwithstanding paragraph (4)(A), on provision by the Corporation for the accumulation in the Account established under paragraph (1)(B) of funds in an amount equal to \$56,000,000 (in addition to the amounts described in subparagraph (F)(ii)), the Corporation shall not allocate any further funds to the Account except to replenish the Account if funds are diminished below \$56,000,000 by the Corporation under paragraph (5).

"(ii) WIND DOWN AND TERMINATION.—

"(I) FINAL DISBURSEMENTS.—On disbursement of \$53,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall disburse the remaining amounts in the Account, as determined under subparagraph (A)(ii), without regard to the percentage limitations in subclauses (I) and (II) of subparagraph (A)(ii).

"(II) TERMINATION OF ACCOUNT.—On disbursement of \$56,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, 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.

"(D) DISTRIBUTION OF PAYMENTS RECEIVED.—Not later than 60 days after receipt of a payment made under subparagraph (A)(i), each insured System bank, in consultation with affiliated associations of the insured System bank, and taking into account the direct or indirect payment of insurance premiums by the associations, shall develop and implement an equitable plan to distribute payments received under subparagraph (A)(i) among the bank and associations of the bank.

"(E) EXCEPTION FOR PREVIOUSLY REIMBURSED ASSOCIATIONS.—For purposes of subparagraph (A)(ii), in any Farm Credit dis-

tricted in which the funding bank has reimbursed 1 or more affiliated associations of the bank for the previously unreimbursed portion of the Financial Assistance Corporation stock held by the associations, the funding bank shall be deemed to be the holder of the shares of Financial Assistance Corporation stock for which the funding bank has provided the reimbursement.

“(F) INITIAL PAYMENT.—Notwithstanding subparagraph (A), the initial payment made to each payee under subparagraph (A) shall be in such amount determined by the Corporation to be equal to the sum of—

“(i) the total of the amounts that would have been paid if payments under subparagraph (A) had been authorized to begin, under the same terms and conditions, in the first calendar year beginning more than 5 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount and to continue through the 2 immediately subsequent years;

“(ii) interest earned on any amounts that would have been paid as described in clause (i) from the date on which the payments would have been paid as described in clause (i); and

“(iii) the payment to be made in the initial year described in subparagraph (A), based on the amount in each Account after subtracting the amounts to be paid under clauses (i) and (ii).”.

(c) TECHNICAL AMENDMENTS.—Section 5.55(d) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(d)) is amended—

(1) in the matter preceding paragraph (1)—  
(A) by striking “subsections (a) and (c)” and inserting “subsections (a), (c), and (e)”; and

(B) by striking “a Farm Credit Bank” and inserting “an insured System bank”; and

(2) in paragraphs (1), (2), and (3), by striking “Farm Credit Bank” each place it appears and inserting “insured System bank”.

**SEC. 216. EXAMINATIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.**

Section 5.59(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-8(b)(1)(A)) is amended by adding at the end the following: “Notwithstanding any other provision of this Act, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system institution in receivership. An examination shall be performed at such intervals as the Corporation shall determine.”.

**SEC. 217. POWERS WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.**

(a) LEAST-COST RESOLUTION.—Section 5.61(a)(3) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-10(a)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (F); and

(2) by striking subparagraph (A) and inserting the following:

“(A) LEAST-COST RESOLUTION.—Assistance may not be provided to an insured System bank under this subsection unless the means of providing the assistance is the least costly means of providing the assistance by the Farm Credit Insurance Fund of all possible alternatives available to the Corporation, including liquidation of the bank (including paying the insured obligations issued on behalf of the bank). Before making a least-cost determination under this subparagraph, the Corporation shall accord such other insured System banks as the Corporation determines to be appropriate the opportunity to submit information relating to the determination.

“(B) DETERMINING LEAST COSTLY APPROACH.—In determining the least costly alternative under subparagraph (A), the Corporation shall—

“(i) evaluate alternatives on a present-value basis, using a realistic discount rate;

“(ii) document the evaluation and the assumptions on which the evaluation is based, including any assumptions with regard to interest rates, asset recovery rates, asset holding costs, and payment of contingent liabilities; and

“(iii) retain the documentation for not less than 5 years.

“(C) TIME OF DETERMINATION.—

“(i) GENERAL RULE.—For purposes of this subsection, the determination of the costs of providing any assistance under any provision of this section with respect to any insured System bank shall be made as of the date on which the Corporation makes the determination to provide the assistance to the institution under this section.

“(ii) RULE FOR LIQUIDATIONS.—For purposes of this subsection, the determination of the costs of liquidation of any insured System bank shall be made as of the earliest of—

“(I) the date on which a conservator is appointed for the insured System bank;

“(II) the date on which a receiver is appointed for the insured System bank; or

“(III) the date on which the Corporation makes any determination to provide any assistance under this section with respect to the insured System bank.

“(D) RULE FOR STAND-ALONE ASSISTANCE.—Before providing any assistance under paragraph (1), the Corporation shall evaluate the adequacy of managerial resources of the insured System bank. The continued service of any director or senior ranking officer who serves in a policymaking role for the assisted insured System bank, as determined by the Corporation, shall be subject to approval by the Corporation as a condition of assistance.

“(E) DISCRETIONARY DETERMINATIONS.—Any determination that the Corporation makes under this paragraph shall be in the sole discretion of the Corporation.”.

(b) CONFORMING AMENDMENTS.—Section 5.61(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-10(a)) is amended—

(1) in paragraph (1) by striking “IN GENERAL.—” and inserting “STAND-ALONE ASSISTANCE.—”; and

(2) in paragraph (2)—  
(A) by striking “ENUMERATED POWERS.—” and inserting “FACILITATION OF MERGERS OR CONSOLIDATION.—”; and

(B) in subparagraph (A) by striking “FACILITATION OF MERGERS OR CONSOLIDATION.—” and inserting “IN GENERAL.—”.

**SEC. 218. OVERSIGHT AND REGULATORY ACTIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.**

The Farm Credit Act of 1971 is amended by inserting after section 5.61 (12 U.S.C. 2279a-10) the following:

**“SEC. 5.61A. OVERSIGHT ACTIONS BY THE CORPORATION.**

“(a) DEFINITIONS.—In this section, the term ‘institution’ means—

“(1) an insured System bank; and

“(2) a production credit association or other association making loans under section 7.6 with a direct loan payable to the funding bank of the association that comprises 20 percent or more of the funding bank’s total loan volume net of nonaccrual loans.

“(b) CONSULTATION REGARDING PARTICIPATION OF UNDERCAPITALIZED BANKS IN ISSUANCE OF INSURED OBLIGATIONS.—The Farm Credit Administration shall consult with the Corporation prior to approving an insured obligation that is to be issued by or on behalf of, or participated in by, any insured System bank that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration for the bank.

“(c) CONSULTATION REGARDING APPLICATIONS FOR MERGERS AND RESTRUCTURINGS.—

“(1) CORPORATION TO RECEIVE COPY OF TRANSACTION APPLICATIONS.—On receiving an

application for a merger or restructuring of an institution, the Farm Credit Administration shall forward a copy of the application to the Corporation.

“(2) CONSULTATION REQUIRED.—If the proposed merger or restructuring involves an institution that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration applicable to the institution, the Farm Credit Administration shall allow 30 days within which the Corporation may submit the views and recommendations of the Corporation, including any conditions for approval. In determining whether to approve or disapprove any proposed merger or restructuring, the Farm Credit Administration shall give due consideration to the views and recommendations of the Corporation.

**“SEC. 5.61B. AUTHORITY TO REGULATE GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS.**

“(a) DEFINITIONS.—In this section:

“(1) GOLDEN PARACHUTE PAYMENT.—The term ‘golden parachute payment’—

“(A) means a payment (or any agreement to make a payment) in the nature of compensation by any Farm Credit System institution (including the Federal Agricultural Mortgage Corporation and any conservator or receiver for the Federal Agricultural Mortgage Corporation) for the benefit of any institution-related party under an obligation of the institution that—

“(i) is contingent on the termination of the party’s relationship with the institution; and

“(ii) is received on or after the date on which—

“(I) the institution is insolvent;

“(II) a conservator or receiver is appointed for the institution;

“(III) the institution has been assigned by the Farm Credit Administration a composite CAMEL rating of 4 or 5 under the Farm Credit Administration Rating System, or an equivalent rating; or

“(IV) the Corporation otherwise determines that the institution is in a troubled condition (as defined in regulations issued by the Corporation); and

“(B) includes a payment that would be a golden parachute payment but for the fact that the payment was made before the date referred to in subparagraph (A)(ii) if the payment was made in contemplation of the occurrence of an event described in any subclause of subparagraph (A); but

“(C) does not include—

“(i) a payment made under a retirement plan that is qualified (or is intended to be qualified) under section 401 of the Internal Revenue Code of 1986 or other nondiscriminatory benefit plan;

“(ii) a payment made under a bona fide supplemental executive retirement plan, deferred compensation plan, or other arrangement that the Corporation determines, by regulation or order, to be permissible; or

“(iii) a payment made by reason of the death or disability of an institution-related party.

“(2) INDEMNIFICATION PAYMENT.—The term ‘indemnification payment’ means a payment (or any agreement to make a payment) by any Farm Credit System institution for the benefit of any person who is or was an institution-related party, to pay or reimburse the person for any liability or legal expense with regard to any administrative proceeding or civil action instituted by the Farm Credit Administration that results in a final order under which the person—

“(A) is assessed a civil money penalty; or

“(B) is removed or prohibited from participating in the conduct of the affairs of the institution.

“(3) INSTITUTION-RELATED PARTY.—The term ‘institution-related party’ means—

“(A) a director, officer, employee, or agent for a Farm Credit System institution;

“(B) a stockholder (other than another Farm Credit System institution), consultant, joint venture partner, or any other person determined by the Farm Credit Administration to be a participant in the conduct of the affairs of a Farm Credit System institution; and

“(C) an independent contractor (including any attorney, appraiser, or accountant) that knowingly or recklessly participates in any violation of any law or regulation, any breach of fiduciary duty, or any unsafe or unsound practice that caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the Farm Credit System institution.

“(4) LIABILITY OR LEGAL EXPENSE.—The term ‘liability or legal expense’ means—

“(A) a legal or other professional expense incurred in connection with any claim, proceeding, or action;

“(B) the amount of, and any cost incurred in connection with, any settlement of any claim, proceeding, or action; and

“(C) the amount of, and any cost incurred in connection with, any judgment or penalty imposed with respect to any claim, proceeding, or action.

“(5) PAYMENT.—The term ‘payment’ means—

“(A) a direct or indirect transfer of any funds or any asset; and

“(B) any segregation of any funds or assets for the purpose of making, or under an agreement to make, any payment after the date on which the funds or assets are segregated, without regard to whether the obligation to make the payment is contingent on—

“(i) the determination, after that date, of the liability for the payment of the amount; or

“(ii) the liquidation, after that date, of the amount of the payment.

“(b) PROHIBITION.—The Corporation may prohibit or limit, by regulation or order, any golden parachute payment or indemnification payment by a Farm Credit System institution (including the Federal Agricultural Mortgage Corporation) in troubled condition (as defined in regulations issued by the Corporation).

“(c) FACTORS TO BE TAKEN INTO ACCOUNT.—The Corporation shall prescribe, by regulation, the factors to be considered by the Corporation in taking any action under subsection (b). The factors may include—

“(1) whether there is a reasonable basis to believe that an institution-related party has committed any fraudulent act or omission, breach of trust or fiduciary duty, or insider abuse with regard to the Farm Credit System institution involved that has had a material effect on the financial condition of the institution;

“(2) whether there is a reasonable basis to believe that the institution-related party is substantially responsible for the insolvency of the Farm Credit System institution, the appointment of a conservator or receiver for the institution, or the institution's troubled condition (as defined in regulations prescribed by the Corporation);

“(3) whether there is a reasonable basis to believe that the institution-related party has materially violated any applicable law or regulation that has had a material effect on the financial condition of the institution;

“(4) whether there is a reasonable basis to believe that the institution-related party has violated or conspired to violate—

“(A) section 215, 657, 1006, 1014, or 1344 of title 18, United States Code; or

“(B) section 1341 or 1343 of title 18, United States Code, affecting a Farm Credit System institution;

“(5) whether the institution-related party was in a position of managerial or fiduciary responsibility; and

“(6) the length of time that the party was related to the Farm Credit System institution and the degree to which—

“(A) the payment reasonably reflects compensation earned over the period of employment; and

“(B) the compensation represents a reasonable payment for services rendered.

“(d) CERTAIN PAYMENTS PROHIBITED.—No Farm Credit System institution may prepay the salary or any liability or legal expense of any institution-related party if the payment is made—

“(1) in contemplation of the insolvency of the institution or after the commission of an act of insolvency; and

“(2) with a view to, or with the result of—

“(A) preventing the proper application of the assets of the institution to creditors; or

“(B) preferring 1 creditor over another creditor.

“(e) RULE OF CONSTRUCTION.—Nothing in this section—

“(1) prohibits any Farm Credit System institution from purchasing any commercial insurance policy or fidelity bond, so long as the insurance policy or bond does not cover any legal or liability expense of an institution described in subsection (a)(2); or

“(2) limits the powers, functions, or responsibilities of the Farm Credit Administration.”.

#### SEC. 219. FARM CREDIT SYSTEM INSURANCE CORPORATION BOARD OF DIRECTORS.

Section 201 of the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (106 Stat. 4104) is repealed.

#### SEC. 220. INTEREST RATE REDUCTION PROGRAM.

Section 351(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(A) by striking “SEC. 351. (a) The” and inserting the following:

“SEC. 351. INTEREST RATE REDUCTION PROGRAM.

“(a) ESTABLISHMENT OF PROGRAM.—

“(1) IN GENERAL.—The”;

(B) by adding at the end the following:

“(2) TERMINATION OF AUTHORITY.—The authority provided by this subsection shall terminate on September 30, 2002.”.

#### SEC. 221. LIABILITY FOR MAKING CRIMINAL REFERRALS.

(a) IN GENERAL.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, that discloses to a Government authority information proffered in good faith that may be relevant to a possible violation of any law or regulation shall not be liable to any person under any law of the United States or any State—

(1) for the disclosure; or

(2) for any failure to notify the person involved in the possible violation.

(b) NO PROHIBITION ON DISCLOSURE.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, may disclose information to a Government authority that may be relevant to a possible violation of any law or regulation.

### TITLE III—NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION

#### SEC. 301. SHORT TITLE.

This title may be cited as the “National Natural Resources Conservation Foundation Act”.

#### SEC. 302. DEFINITIONS.

In this title (unless the context otherwise requires):

(1) BOARD.—The term “Board” means the Board of Trustees established under section 304.

(2) DEPARTMENT.—The term “Department” means the United States Department of Agriculture.

(3) FOUNDATION.—The term “Foundation” means the National Natural Resources Conservation Foundation established by section 303(a).

(4) SECRETARY.—The term “Secretary” means the Secretary of Agriculture.

#### SEC. 303. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION.

(a) ESTABLISHMENT.—A National Natural Resources Conservation Foundation is established as a charitable and nonprofit corporation for charitable, scientific, and educational purposes specified in subsection (b). The Foundation is not an agency or instrumentality of the United States.

(b) PURPOSES.—The purposes of the Foundation are to—

(1) promote innovative solutions to the problems associated with the conservation of natural resources on private lands, particularly with respect to agriculture and soil and water conservation;

(2) promote voluntary partnerships between government and private interests in the conservation of natural resources;

(3) conduct research and undertake educational activities, conduct and support demonstration projects, and make grants to State and local agencies and nonprofit organizations;

(4) provide such other leadership and support as may be necessary to address conservation challenges, such as the prevention of excessive soil erosion, enhancement of soil and water quality, and the protection of wetlands, wildlife habitat, and strategically important farmland subject to urban conversion and fragmentation;

(5) encourage, accept, and administer private gifts of money and real and personal property for the benefit of, or in connection with, the conservation and related activities and services of the Department, particularly the Natural Resources Conservation Service;

(6) undertake, conduct, and encourage educational, technical, and other assistance, and other activities, that support the conservation and related programs administered by the Department (other than activities carried out on National Forest System lands), particularly the Natural Resources Conservation Service, except that the Foundation may not enforce or administer a regulation of the Department; and

(7) raise private funds to promote the purposes of the Foundation.

(c) LIMITATIONS AND CONFLICTS OF INTERESTS.—

(1) POLITICAL ACTIVITIES.—The Foundation shall not participate or intervene in a political campaign on behalf of any candidate for public office.

(2) CONFLICTS OF INTEREST.—No director, officer, or employee of the Foundation shall participate, directly or indirectly, in the consideration or determination of any question before the Foundation affecting—

(A) the financial interests of the director, officer, or employee; or

(B) the interests of any corporation, partnership, entity, organization, or other person in which the director, officer, or employee—

(i) is an officer, director, or trustee; or

(ii) has any direct or indirect financial interest.

(3) LEGISLATION OR GOVERNMENT ACTION OR POLICY.—No funds of the Foundation may be used in any manner for the purpose of influencing legislation or government action or policy.

(4) LITIGATION.—No funds of the Foundation may be used to bring or join an action against the United States.

(d) TAX EXEMPT STATUS.—

(1) 1996 TAXABLE YEAR.—In the case of the 1996 taxable year, the Foundation shall be

treated as organized and operated exclusively for charitable purposes for purposes of section 501(c)(3) of the Internal Revenue Code of 1986.

(2) 1997 AND SUBSEQUENT TAXABLE YEARS.—In the case of the 1997 and subsequent taxable years, the Foundation shall be required to maintain the tax exempt status of the Foundation in the manner prescribed by the Secretary of the Treasury for similar tax exempt organizations.

#### SEC. 304. COMPOSITION AND OPERATION.

(a) COMPOSITION.—The Foundation shall be administered by a Board of Trustees that shall consist of 9 voting members, each of whom shall be a United States citizen and not a Federal officer. The Board shall be composed of—

(1) individuals with expertise in agricultural conservation policy matters;

(2) a representative of private sector organizations with a demonstrable interest in natural resources conservation;

(3) a representative of statewide conservation organizations;

(4) a representative of soil and water conservation districts;

(5) a representative of organizations outside the Federal Government that are dedicated to natural resources conservation education; and

(6) a farmer or rancher.

(b) NONGOVERNMENTAL EMPLOYEES.—Service as a member of the Board shall not constitute employment by, or the holding of, an office of the United States for the purposes of any Federal law.

(c) MEMBERSHIP.—

(1) INITIAL MEMBERS.—The Secretary shall appoint 9 persons who meet the criteria established under subsection (a) as the initial members of the Board and designate 1 of the members as the initial chairperson for a 2-year term.

(2) TERMS OF OFFICE.—

(A) IN GENERAL.—A member of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(3) SUBSEQUENT MEMBERS.—The initial members of the Board shall adopt procedures in the constitution of the Foundation for the nomination and selection of subsequent members of the Board. The procedures shall require that each member, at a minimum, meets the criteria established under subsection (a) and shall provide for the selection of an individual, who is not a Federal officer or a member of the Board, to be provided with the power to select subsequent members of the Board.

(d) CHAIRPERSON.—After the appointment of an initial chairperson under subsection (c)(1), each succeeding chairperson of the Board shall be elected by the members of the Board for a 2-year term.

(e) VACANCIES.—A vacancy on the Board shall be filled by the Board not later than 60 days after the occurrence of the vacancy.

(f) COMPENSATION.—A member of the Board shall receive no compensation from the Foundation for the service of the member on the Board.

(g) TRAVEL EXPENSES.—While away from the home or regular place of business of a member of the Board in the performance of services for the Board, the member shall be allowed travel expenses paid by the Foundation, including per diem in lieu of subsistence, at the same rate as a person employed intermittently in the Government service would be allowed under section 5703 of title 5, United States Code.

#### SEC. 305. OFFICERS AND EMPLOYEES.

(a) IN GENERAL.—The Board may—

(1) appoint, hire, and discharge the officers and employees of the Foundation, other than the appointment of the initial Executive Director of the Foundation;

(2) adopt a constitution and bylaws for the Foundation that are consistent with the purposes of the Foundation and this title; and

(3) undertake any other activities that may be necessary to carry out this title.

(b) OFFICERS AND EMPLOYEES.—

(1) APPOINTMENT AND HIRING.—An officer or employee of the Foundation—

(A) shall not, by virtue of the appointment or employment of the officer or employee, be considered a Federal employee for any purpose, including the provisions of title 5, United States Code, governing appointments in the competitive service, except that such an individual may participate in the Federal employee retirement system as if the individual were a Federal employee; and

(B) may not be paid by the Foundation a salary in excess of \$125,000 per year.

(2) EXECUTIVE DIRECTOR.—

(A) INITIAL DIRECTOR.—The Secretary shall appoint an individual to serve as the initial Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(B) SUBSEQUENT DIRECTORS.—The Board shall appoint each subsequent Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(C) QUALIFICATIONS.—The Executive Director shall be knowledgeable and experienced in matters relating to natural resources conservation.

#### SEC. 306. CORPORATE POWERS AND OBLIGATIONS OF THE FOUNDATION.

(a) IN GENERAL.—The Foundation—

(1) may conduct business throughout the United States and the territories and possessions of the United States; and

(2) shall at all times maintain a designated agent who is authorized to accept service of process for the Foundation, so that the serving of notice to, or service of process on, the agent, or mailed to the business address of the agent, shall be considered as service on or notice to the Foundation.

(b) SEAL.—The Foundation shall have an official seal selected by the Board that shall be judicially noticed.

(c) POWERS.—To carry out the purposes of the Foundation under section 303(b), the Foundation shall have, in addition to the powers otherwise provided under this title, the usual powers of a corporation, including the power—

(1) to accept, receive, solicit, hold, administer, and use any gift, devise, or bequest, either absolutely or in trust, of real or personal property or any income from, or other interest in, the gift, devise, or bequest;

(2) to acquire by purchase or exchange any real or personal property or interest in property;

(3) unless otherwise required by instrument of transfer, to sell, donate, lease, invest, reinvest, retain, or otherwise dispose of any property or income from property;

(4) to borrow money from private sources and issue bonds, debentures, or other debt instruments, subject to section 309, except that the aggregate amount of the borrowing and debt instruments outstanding at any time may not exceed \$1,000,000;

(5) to sue and be sued, and complain and defend itself, in any court of competent jurisdiction, except that a member of the Board shall not be personally liable for an action in the performance of services for the Board, except for gross negligence;

(6) to enter into a contract or other agreement with an agency of State or local government, educational institution, or other

private organization or person and to make such payments as may be necessary to carry out the functions of the Foundation; and

(7) to do any and all acts that are necessary to carry out the purposes of the Foundation.

(d) INTEREST IN PROPERTY.—

(1) IN GENERAL.—The Foundation may acquire, hold, and dispose of lands, waters, or other interests in real property by donation, gift, devise, purchase, or exchange.

(2) INTERESTS IN REAL PROPERTY.—For purposes of this title, an interest in real property shall be treated, among other things, as including an easement or other right for the preservation, conservation, protection, or enhancement of agricultural, natural, scenic, historic, scientific, educational, inspirational, or recreational resources.

(3) GIFTS.—A gift, devise, or bequest may be accepted by the Foundation even though the gift, devise, or bequest is encumbered, restricted, or subject to a beneficial interest of a private person if any current or future interest in the gift, devise, or bequest is for the benefit of the Foundation.

#### SEC. 307. ADMINISTRATIVE SERVICES AND SUPPORT.

The Secretary may provide, without reimbursement, personnel, facilities, and other administrative services of the Department to the Foundation.

#### SEC. 308. AUDITS AND PETITION OF ATTORNEY GENERAL FOR EQUITABLE RELIEF.

(a) AUDITS.—

(1) IN GENERAL.—The accounts of the Foundation shall be audited in accordance with Public Law 88-504 (36 U.S.C. 1101 et seq.), including an audit of lobbying and litigation activities carried out by the Foundation.

(2) CONFORMING AMENDMENT.—The first section of Public Law 88-504 (36 U.S.C. 1101) is amended by adding at the end the following: “(77) The National Natural Resources Conservation Foundation.”.

(b) RELIEF WITH RESPECT TO CERTAIN FOUNDATION ACTS OR FAILURE TO ACT.—The Attorney General may petition in the United States District Court for the District of Columbia for such equitable relief as may be necessary or appropriate, if the Foundation—

(1) engages in, or threatens to engage in, any act, practice, or policy that is inconsistent with this title; or

(2) refuses, fails, neglects, or threatens to refuse, fail, or neglect, to discharge the obligations of the Foundation under this title.

#### SEC. 309. RELEASE FROM LIABILITY.

(a) IN GENERAL.—The United States shall not be liable for any debt, default, act, or omission of the Foundation. The full faith and credit of the United States shall not extend to the Foundation.

(b) STATEMENT.—An obligation issued by the Foundation, and a document offering an obligation, shall include a prominent statement that the obligation is not directly or indirectly guaranteed, in whole or in part, by the United States (or an agency or instrumentality of the United States).

#### SEC. 310. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Department to be made available to the Foundation such sums as are necessary for each of fiscal years 1997 through 1999 to initially establish and carry out activities of the Foundation.

#### TITLE IV—IMPLEMENTATION AND EFFECTIVE DATE

##### SEC. 401. IMPLEMENTATION.

The Secretary of Agriculture and the Farm Credit Administration shall promulgate regulations and take other required actions to implement the provisions of this Act not later than 90 days after the effective date of this Act.

**SEC. 402. EFFECTIVE DATE.**

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall become effective on the date of enactment.

Amend the title so as to read: "An Act to amend the Farm Credit Act of 1971 to provide regulatory relief, and for other purposes."

On motion of Mr. EMERSON, said Senate amendment to the text was agreed to with the following amendment:

In lieu of the matter inserted by the Senate amendment to the text of the bill, insert the following:

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

(a) **SHORT TITLE.**—This Act may be cited as the "Farm Credit System Reform Act of 1996".

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

Sec. 1. Short title; table of contents.

**TITLE I—AGRICULTURAL MORTGAGE SECONDARY MARKET**

Sec. 101. Definition of real estate.

Sec. 102. Definition of certified facility.

Sec. 103. Duties of Federal Agricultural Mortgage Corporation.

Sec. 104. Powers of the Corporation.

Sec. 105. Federal reserve banks as depositories and fiscal agents.

Sec. 106. Certification of agricultural mortgage marketing facilities.

Sec. 107. Guarantee of qualified loans.

Sec. 108. Mandatory reserves and subordinated participation interests eliminated.

Sec. 109. Standards requiring diversified pools.

Sec. 110. Small farms.

Sec. 111. Definition of an affiliate.

Sec. 112. State usury laws superseded.

Sec. 113. Extension of capital transition period.

Sec. 114. Minimum capital level.

Sec. 115. Critical capital level.

Sec. 116. Enforcement levels.

Sec. 117. Recapitalization of the Corporation.

Sec. 118. Liquidation of the Federal Agricultural Mortgage Corporation.

**TITLE II—REGULATORY RELIEF**

Sec. 201. Compensation of association personnel.

Sec. 202. Use of private mortgage insurance.

Sec. 203. Removal of certain borrower reporting requirement.

Sec. 204. Reform of regulatory limitations on dividend, member business, and voting practices of eligible farmer-owned cooperatives.

Sec. 205. Removal of Federal Government certification requirement for certain private sector financings.

Sec. 206. Borrower stock.

Sec. 207. Disclosure relating to adjustable rate loans.

Sec. 208. Borrowers' rights.

Sec. 209. Formation of administrative service entities.

Sec. 210. Joint management agreements.

Sec. 211. Dissemination of quarterly reports.

Sec. 212. Regulatory review.

Sec. 213. Examination of farm credit system institutions.

Sec. 214. Conservatorships and receiverships.

Sec. 215. Farm Credit Insurance Fund operations.

Sec. 216. Examinations by the Farm Credit System Insurance Corporation.

Sec. 217. Powers with respect to troubled insured System banks.

Sec. 218. Oversight and regulatory actions by the Farm Credit System Insurance Corporation.

Sec. 219. Farm Credit System Insurance Corporation board of directors.

Sec. 220. Interest rate reduction program.

Sec. 221. Liability for making criminal referrals.

**TITLE III—IMPLEMENTATION AND EFFECTIVE DATE**

Sec. 301. Implementation.

Sec. 302. Effective date.

**TITLE I—AGRICULTURAL MORTGAGE SECONDARY MARKET****SEC. 101. DEFINITION OF REAL ESTATE.**

Section 8.0(1)(B)(ii) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(1)(B)(ii)) is amended by striking "with a purchase price" and inserting ", excluding the land to which the dwelling is affixed, with a value".

**SEC. 102. DEFINITION OF CERTIFIED FACILITY.**

Section 8.0(3) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(3)) is amended—

(1) in subparagraph (A), by striking "a secondary marketing agricultural loan" and inserting "an agricultural mortgage marketing"; and

(2) in subparagraph (B), by striking ", but only" and all that follows through "(9)(B)".

**SEC. 103. DUTIES OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION.**

Section 8.1(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-1(b)) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(4) purchase qualified loans and issue securities representing interests in, or obligations backed by, the qualified loans, guaranteed for the timely repayment of principal and interest."

**SEC. 104. POWERS OF THE CORPORATION.**

Section 8.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-3(c)) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15), respectively; and

(2) by inserting after paragraph (12) the following:

"(13) To purchase, hold, sell, or assign a qualified loan, to issue a guaranteed security, representing an interest in, or an obligation backed by, the qualified loan, and to perform all the functions and responsibilities of an agricultural mortgage marketing facility operating as a certified facility under this title."

**SEC. 105. FEDERAL RESERVE BANKS AS DEPOSITORIES AND FISCAL AGENTS.**

Section 8.3 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-3) is amended—

(1) in subsection (d), by striking "may act as depositories for, or" and inserting "shall act as depositories for, and"; and

(2) in subsection (e), by striking "Secretary of the Treasury may authorize the Corporation to use" and inserting "Corporation shall have access to".

**SEC. 106. CERTIFICATION OF AGRICULTURAL MORTGAGE MARKETING FACILITIES.**

Section 8.5 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-5) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting "(other than the Corporation)" after "agricultural mortgage marketing facilities"; and

(B) in paragraph (2), by inserting "(other than the Corporation)" after "agricultural mortgage marketing facility"; and

(2) in subsection (e)(1), by striking "(other than the Corporation)".

**SEC. 107. GUARANTEE OF QUALIFIED LOANS.**

Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) is amended—

(1) in subsection (a)(1)—

(A) by striking "Corporation shall guarantee" and inserting the following: "Corporation—

"(A) shall guarantee";

(B) by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(B) may issue a security, guaranteed as to the timely payment of principal and interest, that represents an interest solely in, or an obligation fully backed by, a pool consisting of qualified loans that—

"(i) meet the standards established under section 8.8; and

"(ii) have been purchased and held by the Corporation.";

(2) in subsection (d)—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively; and

(3) in subsection (g)(2), by striking "section 8.0(9)(B)" and inserting "section 8.0(9)".

**SEC. 108. MANDATORY RESERVES AND SUBORDINATED PARTICIPATION INTERESTS ELIMINATED.**

(a) **GUARANTEE OF QUALIFIED LOANS.**—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) is amended by striking subsection (b).

(b) **RESERVES AND SUBORDINATED PARTICIPATION INTERESTS.**—Section 8.7 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-7) is repealed.

(c) **CONFORMING AMENDMENTS.**—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking "8.7, 8.8," and inserting "8.8".

(2) Section 8.6(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6(a)(2)) is amended by striking "subject to the provisions of subsection (b)".

**SEC. 109. STANDARDS REQUIRING DIVERSIFIED POOLS.**

(a) **IN GENERAL.**—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6) (as amended by section 108) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (g) as subsections (b) through (e), respectively.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking "(f)" and inserting "(d)".

(2) Section 8.13(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-13(a)) is amended by striking "sections 8.6(b) and" in each place it appears and inserting "section".

(3) Section 8.32(b)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1(b)(1)(C)) is amended—

(A) by striking "shall" and inserting "may"; and

(B) by inserting "(as in effect before the date of the enactment of the Farm Credit System Reform Act of 1996)" before the semicolon.

(4) Section 8.6(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-6(b)) (as redesignated by subsection (a)(2)) is amended—

(A) by striking paragraph (4) (as redesignated by section 107(2)(B)); and

(B) by redesignating paragraphs (5) and (6) (as redesignated by section 107(2)(B)) as paragraphs (4) and (5), respectively.

**SEC. 110. SMALL FARMS.**

Section 8.8(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-8(e)) is amended by adding at the end the following: "The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market."

**SEC. 111. DEFINITION OF AN AFFILIATE.**

Section 8.11(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-11(e)) is amended—

(1) by striking "a certified facility or"; and

(2) by striking "paragraphs (3) and (7), respectively, of section 8.0" and inserting "section 8.0(7)".

**SEC. 112. STATE USURY LAWS SUPERSEDED.**

Section 8.12 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-12) is amended by striking subsection (d) and inserting the following:

"(d) STATE USURY LAWS SUPERSEDED.—A provision of the Constitution or law of any State shall not apply to an agricultural loan made by an originator or a certified facility in accordance with this title for sale to the Corporation or to a certified facility for inclusion in a pool for which the Corporation has provided, or has committed to provide, a guarantee, if the loan, not later than 180 days after the date the loan was made, is sold to the Corporation or included in a pool for which the Corporation has provided a guarantee, if the provision—

"(1) limits the rate or amount of interest, discount points, finance charges, or other charges that may be charged, taken, received, or reserved by an agricultural lender or a certified facility; or

"(2) limits or prohibits a prepayment penalty (either fixed or declining), yield maintenance, or make-whole payment that may be charged, taken, or received by an agricultural lender or a certified facility in connection with the full or partial payment of the principal amount due on a loan by a borrower in advance of the scheduled date for the payment under the terms of the loan, otherwise known as a prepayment of the loan principal."

**SEC. 113. EXTENSION OF CAPITAL TRANSITION PERIOD.**

Section 8.32 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-1) is amended—

(1) in the first sentence of subsection (a), by striking "Not later than the expiration of the 2-year period beginning on December 13, 1991," and inserting "Not sooner than the expiration of the 3-year period beginning on the date of enactment of the Farm Credit System Reform Act of 1996,";

(2) in the first sentence of subsection (b)(2), by striking "5-year" and inserting "8-year"; and

(3) in subsection (d)—

(A) in the first sentence—

(i) by striking "The regulations establishing" and inserting the following:

"(1) IN GENERAL.—The regulations establishing"; and

(ii) by striking "shall contain" and inserting the following: "shall—

"(A) be issued by the Director for public comment in the form of a notice of proposed rulemaking, to be first published after the expiration of the period referred to in subsection (a); and

"(B) contain"; and

(B) in the second sentence, by striking "The regulations shall" and inserting the following:

"(2) SPECIFICITY.—The regulations referred to in paragraph (1) shall".

**SEC. 114. MINIMUM CAPITAL LEVEL.**

Section 8.33 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-2) is amended to read as follows:

**"SEC. 8.33. MINIMUM CAPITAL LEVEL.**

"(a) IN GENERAL.—Except as provided in subsection (b), for purposes of this subtitle, the minimum capital level for the Corporation shall be an amount of core capital equal to the sum of—

"(1) 2.75 percent of the aggregate on-balance sheet assets of the Corporation, as determined in accordance with generally accepted accounting principles; and

"(2) 0.75 percent of the aggregate off-balance sheet obligations of the Corporation, which, for the purposes of this subtitle, shall include—

"(A) the unpaid principal balance of outstanding securities that are guaranteed by

the Corporation and backed by pools of qualified loans;

"(B) instruments that are issued or guaranteed by the Corporation and are substantially equivalent to instruments described in subparagraph (A); and

"(C) other off-balance sheet obligations of the Corporation.

"(b) TRANSITION PERIOD.—

"(1) IN GENERAL.—For purposes of this subtitle, the minimum capital level for the Corporation—

"(A) prior to January 1, 1997, shall be the amount of core capital equal to the sum of—

"(i) 0.45 percent of aggregate off-balance sheet obligations of the Corporation;

"(ii) 0.45 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

"(iii) 2.50 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

"(B) during the 1-year period ending December 31, 1997, shall be the amount of core capital equal to the sum of—

"(i) 0.55 percent of aggregate off-balance sheet obligations of the Corporation;

"(ii) 1.20 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

"(iii) 2.55 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

"(C) during the 1-year period ending December 31, 1998, shall be the amount of core capital equal to—

"(i) if the Corporation's core capital is not less than \$25,000,000 on January 1, 1998, the sum of—

"(I) 0.65 percent of aggregate off-balance sheet obligations of the Corporation;

"(II) 1.95 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

"(III) 2.65 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2); or

"(ii) if the Corporation's core capital is less than \$25,000,000 on January 1, 1998, the amount determined under subsection (a); and

"(D) on and after January 1, 1999, shall be the amount determined under subsection (a).

"(2) DESIGNATED ON-BALANCE SHEET ASSETS.—For purposes of this subsection, the designated on-balance sheet assets of the Corporation shall be—

"(A) the aggregate on-balance sheet assets of the Corporation acquired under section 8.6(e); and

"(B) the aggregate amount of qualified loans purchased and held by the Corporation under section 8.3(c)(13)."

**SEC. 115. CRITICAL CAPITAL LEVEL.**

Section 8.34 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-3) is amended to read as follows:

**"SEC. 8.34. CRITICAL CAPITAL LEVEL.**

"For purposes of this subtitle, the critical capital level for the Corporation shall be an amount of core capital equal to 50 percent of the total minimum capital amount determined under section 8.33."

**SEC. 116. ENFORCEMENT LEVELS.**

Section 8.35(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb-4(e)) is amended by striking "during the 30-month period beginning on the date of the enactment of this section," and inserting "during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 8.32,".

**SEC. 117. RECAPITALIZATION OF THE CORPORATION.**

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) is amended by adding at the end the following:

**"SEC. 8.38. RECAPITALIZATION OF THE CORPORATION.**

"(a) MANDATORY RECAPITALIZATION.—The Corporation shall increase the core capital of the Corporation to an amount equal to or greater than \$25,000,000, not later than the earlier of—

"(1) the date that is 2 years after the date of enactment of this section; or

"(2) the date that is 180 days after the end of the first calendar quarter that the aggregate on-balance sheet assets of the Corporation, plus the outstanding principal of the off-balance sheet obligations of the Corporation, equal or exceed \$2,000,000,000.

"(b) RAISING CORE CAPITAL.—In carrying out this section, the Corporation may issue stock under section 8.4 and otherwise employ any recognized and legitimate means of raising core capital in the power of the Corporation under section 8.3.

"(c) LIMITATION ON GROWTH OF TOTAL ASSETS.—During the 2-year period beginning on the date of enactment of this section, the aggregate on-balance sheet assets of the Corporation plus the outstanding principal of the off-balance sheet obligations of the Corporation may not exceed \$3,000,000,000 if the core capital of the Corporation is less than \$25,000,000.

"(d) ENFORCEMENT.—If the Corporation fails to carry out subsection (a) by the date required under paragraph (1) or (2) of subsection (a), the Corporation may not purchase a new qualified loan or issue or guarantee a new loan-backed security until the core capital of the Corporation is increased to an amount equal to or greater than \$25,000,000."

**SEC. 118. LIQUIDATION OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.**

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) (as amended by section 117) is amended by adding at the end the following:

**"Subtitle C—Receivership, Conservatorship, and Liquidation of the Federal Agricultural Mortgage Corporation**

**"SEC. 8.41. CONSERVATORSHIP; LIQUIDATION; RECEIVERSHIP.**

"(a) VOLUNTARY LIQUIDATION.—The Corporation may voluntarily liquidate only with the consent of, and in accordance with a plan of liquidation approved by, the Farm Credit Administration Board.

"(b) INVOLUNTARY LIQUIDATION.—

"(1) IN GENERAL.—The Farm Credit Administration Board may appoint a conservator or receiver for the Corporation under the circumstances specified in section 4.12(b).

"(2) APPLICATION.—In applying section 4.12(b) to the Corporation under paragraph (1)—

"(A) the Corporation shall also be considered insolvent if the Corporation is unable to pay its debts as they fall due in the ordinary course of business;

"(B) a conservator may also be appointed for the Corporation if the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; and

"(C) a receiver may also be appointed for the Corporation if—

"(i) (I) the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; or

"(II) the Corporation is classified under section 8.35 as within level III or IV and the alternative actions available under subtitle B are not satisfactory; and

"(ii) the Farm Credit Administration determines that the appointment of a conservator would not be appropriate.

"(3) NO EFFECT ON SUPERVISORY ACTIONS.—The grounds for appointment of a conservator for the Corporation under this sub-

section shall be in addition to those in section 8.37.

“(C) APPOINTMENT OF CONSERVATOR OR RECEIVER.—

“(1) QUALIFICATIONS.—Notwithstanding section 4.12(b), if a conservator or receiver is appointed for the Corporation, the conservator or receiver shall be—

“(A) the Farm Credit Administration or any other governmental entity or employee, including the Farm Credit System Insurance Corporation; or

“(B) any person that—

“(i) has no claim against, or financial interest in, the Corporation or other basis for a conflict of interest as the conservator or receiver; and

“(ii) has the financial and management expertise necessary to direct the operations and affairs of the Corporation and, if necessary, to liquidate the Corporation.

“(2) COMPENSATION.—

“(A) IN GENERAL.—A conservator or receiver for the Corporation and professional personnel (other than a Federal employee) employed to represent or assist the conservator or receiver may be compensated for activities conducted as, or for, a conservator or receiver.

“(B) LIMIT ON COMPENSATION.—Compensation may not be provided in amounts greater than the compensation paid to employees of the Federal Government for similar services, except that the Farm Credit Administration may provide for compensation at higher rates that are not in excess of rates prevailing in the private sector if the Farm Credit Administration determines that compensation at higher rates is necessary in order to recruit and retain competent personnel.

“(C) CONTRACTUAL ARRANGEMENTS.—The conservator or receiver may contract with any governmental entity, including the Farm Credit System Insurance Corporation, to make personnel, services, and facilities of the entity available to the conservator or receiver on such terms and compensation arrangements as shall be mutually agreed, and each entity may provide the same to the conservator or receiver.

“(3) EXPENSES.—A valid claim for expenses of the conservatorship or receivership (including compensation under paragraph (2)) and a valid claim with respect to a loan made under subsection (f) shall—

“(A) be paid by the conservator or receiver from funds of the Corporation before any other valid claim against the Corporation; and

“(B) may be secured by a lien, on such property of the Corporation as the conservator or receiver may determine, that shall have priority over any other lien.

“(4) LIABILITY.—If the conservator or receiver for the Corporation is not a Federal entity, or an officer or employee of the Federal Government, the conservator or receiver shall not be personally liable for damages in tort or otherwise for an act or omission performed pursuant to and in the course of the conservatorship or receivership, unless the act or omission constitutes gross negligence or any form of intentional tortious conduct or criminal conduct.

“(5) INDEMNIFICATION.—The Farm Credit Administration may allow indemnification of the conservator or receiver from the assets of the conservatorship or receivership on such terms as the Farm Credit Administration considers appropriate.

“(d) JUDICIAL REVIEW OF APPOINTMENT.—

“(1) IN GENERAL.—Notwithstanding subsection (i)(1), not later than 30 days after a conservator or receiver is appointed under subsection (b), the Corporation may bring an action in the United States District Court for the District of Columbia for an order requiring the Farm Credit Administration

Board to remove the conservator or receiver. The court shall, on the merits, dismiss the action or direct the Farm Credit Administration Board to remove the conservator or receiver.

“(2) STAY OF OTHER ACTIONS.—On the commencement of an action under paragraph (1), any court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the Corporation is a party shall stay the action or proceeding during the pendency of the action for removal of the conservator or receiver.

“(e) GENERAL POWERS OF CONSERVATOR OR RECEIVER.—The conservator or receiver for the Corporation shall have such powers to conduct the conservatorship or receivership as shall be provided pursuant to regulations adopted by the Farm Credit Administration Board. Such powers shall be comparable to the powers available to a conservator or receiver appointed pursuant to section 4.12(b).

“(f) BORROWINGS FOR WORKING CAPITAL.—

“(1) IN GENERAL.—If the conservator or receiver of the Corporation determines that it is likely that there will be insufficient funds to pay the ongoing administrative expenses of the conservatorship or receivership or that there will be insufficient liquidity to fund maturing obligations of the conservatorship or receivership, the conservator or receiver may borrow funds in such amounts, from such sources, and at such rates of interest as the conservator or receiver considers necessary or appropriate to meet the administrative expenses or liquidity needs of the conservatorship or receivership.

“(2) WORKING CAPITAL FROM FARM CREDIT BANKS.—A Farm Credit bank may loan funds to the conservator or receiver for a loan authorized under paragraph (1) or, in the event of receivership, a Farm Credit bank may purchase assets of the Corporation.

“(g) AGREEMENTS AGAINST INTERESTS OF CONSERVATOR OR RECEIVER.—No agreement that tends to diminish or defeat the right, title, or interest of the conservator or receiver for the Corporation in any asset acquired by the conservator or receiver as conservator or receiver for the Corporation shall be valid against the conservator or receiver unless the agreement—

“(1) is in writing;

“(2) is executed by the Corporation and any person claiming an adverse interest under the agreement, including the obligor, contemporaneously with the acquisition of the asset by the Corporation;

“(3) is approved by the Board or an appropriate committee of the Board, which approval shall be reflected in the minutes of the Board or committee; and

“(4) has been, continuously, from the time of the agreement's execution, an official record of the Corporation.

“(h) REPORT TO THE CONGRESS.—On a determination by the receiver for the Corporation that there are insufficient assets of the receivership to pay all valid claims against the receivership, the receiver shall submit to the Secretary of the Treasury, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the financial condition of the receivership.

“(i) TERMINATION OF AUTHORITIES.—

“(1) CORPORATION.—The charter of the Corporation shall be canceled, and the authority provided to the Corporation by this title shall terminate, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.

“(2) OVERSIGHT.—The Office of Secondary Market Oversight established under section 8.11 shall be abolished, and section 8.11(a)

and subtitle B shall have no force or effect, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.”

## TITLE II—REGULATORY RELIEF

### SEC. 201. COMPENSATION OF ASSOCIATION PERSONNEL.

Section 1.5(13) of the Farm Credit Act of 1971 (12 U.S.C. 2013(13)) is amended by striking “, and the appointment and compensation of the chief executive officer thereof.”

### SEC. 202. USE OF PRIVATE MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 1.10(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

“(D) PRIVATE MORTGAGE INSURANCE.—A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.”

(b) CONFORMING AMENDMENT.—Section 1.10(a)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)(A)) is amended by striking “paragraphs (2) and (3)” and inserting “subparagraphs (C) and (D)”.

### SEC. 203. REMOVAL OF CERTAIN BORROWER REPORTING REQUIREMENT.

Section 1.10(a) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)) is amended by striking paragraph (5).

### SEC. 204. REFORM OF REGULATORY LIMITATIONS ON DIVIDEND, MEMBER BUSINESS, AND VOTING PRACTICES OF ELIGIBLE FARMER-OWNED COOPERATIVES.

(a) IN GENERAL.—Section 3.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2129(a)) is amended by adding at the end the following: “Any such association that has received a loan from a bank for cooperatives shall, without regard to the requirements of paragraphs (1) through (4), continue to be eligible for so long as more than 50 percent (or such higher percentage as is established by the bank board) of the voting control of the association is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations.”

(b) CONFORMING AMENDMENT.—Section 3.8(b)(1)(D) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(D)) is amended by striking “and (4) of subsection (a)” and inserting “and (4), or under the last sentence, of subsection (a)”.

### SEC. 205. REMOVAL OF FEDERAL GOVERNMENT CERTIFICATION REQUIREMENT FOR CERTAIN PRIVATE SECTOR FINANCINGS.

Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended—

(1) by striking “have been certified by the Administrator of the Rural Electrification Administration to be eligible for such” and inserting “are eligible under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) for”; and

(2) by striking “loan guarantee, and” and inserting “loan guarantee from the Administration or the Bank (or a successor of the Administration or the Bank), and”.

### SEC. 206. BORROWER STOCK.

Section 4.3A of the Farm Credit Act of 1971 (12 U.S.C. 2154a) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

“(f) LOANS DESIGNATED FOR SALE OR SOLD INTO THE SECONDARY MARKET.—

“(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any other provision of

this section, the bylaws adopted by a bank or association under subsection (b) may provide—

“(A) in the case of a loan made on or after the date of enactment of this paragraph that is designated, at the time the loan is made, for sale into a secondary market, that no voting stock or participation certificate purchase requirement shall apply to the borrower for the loan; and

“(B) in the case of a loan made before the date of enactment of this paragraph that is sold into a secondary market, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

“(2) APPLICABILITY.—Notwithstanding any other provision of this section, in the case of a loan sold to a secondary market under title VIII, paragraph (1) shall apply regardless of whether the bank or association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

“(3) EXCEPTION.—

“(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any other provision of this section, if a loan designated for sale under paragraph (1)(A) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of a bylaw provision described in paragraph (1)(A) shall be effective.

“(B) RETIREMENT.—The bylaws adopted by a bank or association under subsection (b) may provide that if a loan described in subparagraph (A) is sold into a secondary market after the end of the 180-day period described in the subparagraph, all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.”.

**SEC. 207. DISCLOSURE RELATING TO ADJUSTABLE RATE LOANS.**

Section 4.13(a)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2199(a)(4)) is amended by inserting before the semicolon at the end the following: “, and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate”.

**SEC. 208. BORROWERS' RIGHTS.**

(a) DEFINITION OF LOAN.—Section 4.14(a)(5) of the Farm Credit Act of 1971 (12 U.S.C. 2202a(a)(5)) is amended—

(1) by striking “(5) LOAN.—The” and inserting the following:

“(5) LOAN.—

“(A) IN GENERAL.—Subject to subparagraph (B), the”; and

(2) by adding at the end the following:

“(B) EXCLUSION FOR LOANS DESIGNATED FOR SALE INTO SECONDARY MARKET.—

“(i) IN GENERAL.—Except as provided in clause (ii), the term ‘loan’ does not include a loan made on or after the date of enactment of this subparagraph that is designated, at the time the loan is made, for sale into a secondary market.

“(ii) UNSOLD LOANS.—

“(I) IN GENERAL.—Except as provided in subclause (II), if a loan designated for sale under clause (i) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the provisions of this section and sections 4.14, 4.14B, 4.14C, 4.14D, and 4.36 that would otherwise apply to the loan in the absence of the exclusion described in clause (i) shall become effective with respect to the loan.

“(II) LATER SALE.—If a loan described in subclause (I) is sold into a secondary market

after the end of the 180-day period described in subclause (I), subclause (I) shall not apply with respect to the loan beginning on the date of the sale.”.

(b) BORROWERS' RIGHTS FOR POOLED LOANS.—The first sentence of section 8.9(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa-9(b)) is amended by inserting “(as defined in section 4.14A(a)(5))” after “application for a loan”.

**SEC. 209. FORMATION OF ADMINISTRATIVE SERVICE ENTITIES.**

Part E of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.28 (12 U.S.C. 2214) the following:

**“SEC. 4.28A. DEFINITION OF BANK.**

“In this part, the term ‘bank’ includes each association operating under title II.”.

**SEC. 210. JOINT MANAGEMENT AGREEMENTS.**

The first sentence of section 5.17(a)(2)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)(A)) is amended by striking “or management agreements”.

**SEC. 211. DISSEMINATION OF QUARTERLY REPORTS.**

Section 5.17(a)(8) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(8)) is amended by inserting after “except that” the following: “the requirements of the Farm Credit Administration governing the dissemination to stockholders of quarterly reports of System institutions may not be more burdensome or costly than the requirements applicable to national banks, and”.

**SEC. 212. REGULATORY REVIEW.**

(a) FINDINGS.—Congress finds that—

(1) the Farm Credit Administration, in the role of the Administration as an arms-length safety and soundness regulator, has made considerable progress in reducing the regulatory burden on Farm Credit System institutions;

(2) the efforts of the Farm Credit Administration described in paragraph (1) have resulted in cost savings for Farm Credit System institutions; and

(3) the cost savings described in paragraph (2) ultimately benefit the farmers, ranchers, agricultural cooperatives, and rural residents of the United States.

(b) CONTINUATION OF REGULATORY REVIEW.—The Farm Credit Administration shall continue the comprehensive review of regulations governing the Farm Credit System to identify and eliminate, consistent with law, safety, and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on law.

**SEC. 213. EXAMINATION OF FARM CREDIT SYSTEM INSTITUTIONS.**

The first sentence of section 5.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2254(a)) is amended by striking “each year” and inserting “during each 18-month period”.

**SEC. 214. CONSERVATORSHIPS AND RECEIVERSHIPS.**

(a) DEFINITIONS.—Section 5.51 of the Farm Credit Act of 1971 (12 U.S.C. 2277a) is amended—

(1) by striking paragraph (5); and

(2) by redesignating paragraph (6) as paragraph (5).

(b) GENERAL CORPORATE POWERS.—Section 5.58 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-7) is amended by striking paragraph (9) and inserting the following:

“(9) CONSERVATOR OR RECEIVER.—The Corporation may act as a conservator or receiver.”.

**SEC. 215. FARM CREDIT INSURANCE FUND OPERATIONS.**

(a) ADJUSTMENT OF PREMIUMS.—

(1) IN GENERAL.—Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(a)) is amended—

(A) in paragraph (1), by striking “Until the aggregate of amounts in the Farm Credit In-

surance Fund exceeds the secure base amount, the annual premium due from any insured System bank for any calendar year” and inserting the following: “If at the end of any calendar year the aggregate of amounts in the Farm Credit Insurance Fund does not exceed the secure base amount, subject to paragraph (2), the annual premium due from any insured System bank for the calendar year”;

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

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

“(2) REDUCED PREMIUMS.—The Corporation, in the sole discretion of the Corporation, may reduce by a percentage uniformly applied to all insured System banks the annual premium due from each insured System bank during any calendar year, as determined under paragraph (1).”.

(2) CONFORMING AMENDMENTS.—

(A) Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(b)) is amended—

(i) by striking “Insurance Fund” each place it appears and inserting “Farm Credit Insurance Fund”;

(ii) by striking “for the following calendar year”; and

(iii) by striking “subsection (a)” and inserting “subsection (a)(1)”.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-5(a)) is amended by striking “section 5.55(a)(2)” each place it appears in paragraphs (2) and (3) and inserting “section 5.55(a)(3)”.

(C) Section 1.12(b) (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting “(as defined in section 5.55(a)(3))” after “government-guaranteed loans”; and

(ii) in paragraph (3), by inserting “(as so defined)” after “government-guaranteed loans” each place such term appears.

(b) ALLOCATION TO INSURED SYSTEM BANKS AND OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN THE FARM CREDIT INSURANCE FUND.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4) is amended by adding at the end the following:

“(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—

“(1) ESTABLISHMENT OF ALLOCATED INSURANCE RESERVES ACCOUNTS.—There is hereby established in the Farm Credit Insurance Fund an Allocated Insurance Reserves Account—

“(A) for each insured System bank; and

“(B) subject to paragraph (6)(C), for all holders, in the aggregate, of Financial Assistance Corporation stock.

“(2) TREATMENT.—Amounts in any Allocated Insurance Reserves Account shall be considered to be part of the Farm Credit Insurance Fund.

“(3) ANNUAL ALLOCATIONS.—If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the average secure base amount for the calendar year (as calculated on an average daily balance basis), the Corporation shall allocate to the Allocated Insurance Reserves Accounts the excess amount less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

“(4) ALLOCATION FORMULA.—From the total amount required to be allocated at the end of a calendar year under paragraph (3)—

“(A) 10 percent of the total amount shall be credited to the Allocated Insurance Reserves Account established under paragraph (1)(B), subject to paragraph (6)(C); and

“(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)) as the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by the bank that are in accrual status bears to the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by all insured System banks that are in accrual status (excluding, in each case, the guaranteed portions of government-guaranteed loans described in subsection (a)(1)(C)).

“(5) USE OF FUNDS IN ALLOCATED INSURANCE RESERVES ACCOUNTS.—To the extent that the sum of the operating expenses of the Corporation and the insurance obligations of the Corporation for a calendar year exceeds the sum of operating expenses and insurance obligations determined under paragraph (3) for the calendar year, the Corporation shall cover the expenses and obligations by—

“(A) reducing each Allocated Insurance Reserves Account by the same proportion; and

“(B) expending the amounts obtained under subparagraph (A) before expending other amounts in the Fund.

“(6) OTHER DISPOSITION OF ACCOUNT FUNDS.—

“(A) IN GENERAL.—As soon as practicable during each calendar year beginning more than 8 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, but not earlier than January 1, 2005, the Corporation may—

“(i) subject to subparagraphs (D) and (F), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the lesser of—

“(I) 20 percent of the balance in the insured System bank’s Allocated Insurance Reserves Account as of the preceding December 31; or

“(II) 20 percent of the balance in the bank’s Allocated Insurance Reserves Account on the date of the payment; and

“(ii) subject to subparagraphs (C), (E), and (F), pay to each System bank and association holding Financial Assistance Corporation stock a proportionate share, determined by dividing the number of shares of Financial Assistance Corporation stock held by the institution by the total number of shares of Financial Assistance Corporation stock outstanding, of the lesser of—

“(I) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) as of the preceding December 31; or

“(II) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) on the date of the payment.

“(B) AUTHORITY TO ELIMINATE OR REDUCE PAYMENTS.—The Corporation may eliminate or reduce payments during a calendar year under subparagraph (A) if the Corporation determines, in its sole discretion, that the payments, or other circumstances that might require use of the Farm Credit Insurance Fund, could cause the amount in the Farm Credit Insurance Fund during the calendar year to be less than the secure base amount.

“(C) REIMBURSEMENT FOR FINANCIAL ASSISTANCE CORPORATION STOCK.—

“(i) SUFFICIENT FUNDING.—Notwithstanding paragraph (4)(A), on provision by the Corporation for the accumulation in the Account established under paragraph (1)(B) of funds in an amount equal to \$56,000,000 (in addition to the amounts described in subparagraph (F)(ii)), the Corporation shall not allocate any further funds to the Account except to replenish the Account if funds are diminished below \$56,000,000 by the Corporation under paragraph (5).

“(ii) WIND DOWN AND TERMINATION.—

“(I) FINAL DISBURSEMENTS.—On disbursement of \$53,000,000 (in addition to the amounts described in subparagraph (F)(ii))

from the Allocated Insurance Reserves Account, the Corporation shall disburse the remaining amounts in the Account, as determined under subparagraph (A)(ii), without regard to the percentage limitations in subclauses (I) and (II) of subparagraph (A)(ii).

“(II) TERMINATION OF ACCOUNT.—On disbursement of \$56,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, 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.

“(D) DISTRIBUTION OF PAYMENTS RECEIVED.—Not later than 60 days after receipt of a payment made under subparagraph (A)(i), each insured System bank, in consultation with affiliated associations of the insured System bank, and taking into account the direct or indirect payment of insurance premiums by the associations, shall develop and implement an equitable plan to distribute payments received under subparagraph (A)(i) among the bank and associations of the bank.

“(E) EXCEPTION FOR PREVIOUSLY REIMBURSED ASSOCIATIONS.—For purposes of subparagraph (A)(ii), in any Farm Credit district in which the funding bank has reimbursed 1 or more affiliated associations of the bank for the previously unreimbursed portion of the Financial Assistance Corporation stock held by the associations, the funding bank shall be deemed to be the holder of the shares of Financial Assistance Corporation stock for which the funding bank has provided the reimbursement.

“(F) INITIAL PAYMENT.—Notwithstanding subparagraph (A), the initial payment made to each payee under subparagraph (A) shall be in such amount determined by the Corporation to be equal to the sum of—

“(i) the total of the amounts that would have been paid if payments under subparagraph (A) had been authorized to begin, under the same terms and conditions, in the first calendar year beginning more than 5 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, and to continue through the 2 immediately subsequent years;

“(ii) interest earned on any amounts that would have been paid as described in clause (i) from the date on which the payments would have been paid as described in clause (i); and

“(iii) the payment to be made in the initial year described in subparagraph (A), based on the amount in each Account after subtracting the amounts to be paid under clauses (i) and (ii).”

(c) TECHNICAL AMENDMENTS.—Section 5.55(d) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(d)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking “subsections (a) and (c)” and inserting “subsections (a), (c), and (e)”; and

(B) by striking “a Farm Credit Bank” and inserting “an insured System bank”; and

(2) in paragraphs (1), (2), and (3), by striking “Farm Credit Bank” each place it appears and inserting “insured System bank”.

**SEC. 216. EXAMINATIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.**

Section 5.59(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-8(b)(1)(A)) is amended by adding at the end the following: “Notwithstanding any other provision of this Act, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system institution in receivership. An examination shall be per-

formed at such intervals as the Corporation shall determine.”.

**SEC. 217. POWERS WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.**

(a) LEAST-COST RESOLUTION.—Section 5.61(a)(3) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-10(a)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (F); and

(2) by striking subparagraph (A) and inserting the following:

“(A) LEAST-COST RESOLUTION.—Assistance may not be provided to an insured System bank under this subsection unless the means of providing the assistance is the least costly means of providing the assistance by the Farm Credit Insurance Fund of all possible alternatives available to the Corporation, including liquidation of the bank (including paying the insured obligations issued on behalf of the bank). Before making a least-cost determination under this subparagraph, the Corporation shall accord such other insured System banks as the Corporation determines to be appropriate the opportunity to submit information relating to the determination.

“(B) DETERMINING LEAST COSTLY APPROACH.—In determining the least costly alternative under subparagraph (A), the Corporation shall—

“(i) evaluate alternatives on a present-value basis, using a reasonable discount rate;

“(ii) document the evaluation and the assumptions on which the evaluation is based; and

“(iii) retain the documentation for not less than 5 years.

“(C) TIME OF DETERMINATION.—

(i) GENERAL RULE.—For purposes of this subsection, the determination of the costs of providing any assistance under any provision of this section with respect to any insured System bank shall be made as of the date on which the Corporation makes the determination to provide the assistance to the institution under this section.

(ii) RULE FOR LIQUIDATIONS.—For purposes of this subsection, the determination of the costs of liquidation of any insured System bank shall be made as of the earliest of—

“(I) the date on which a conservator is appointed for the insured System bank;

“(II) the date on which a receiver is appointed for the insured System bank; or

“(III) the date on which the Corporation makes any determination to provide any assistance under this section with respect to the insured System bank.

(D) RULE FOR STAND-ALONE ASSISTANCE.—Before providing any assistance under paragraph (1), the Corporation shall evaluate the adequacy of managerial resources of the insured System bank. The continued service of any director or senior ranking officer who serves in a policymaking role for the assisted insured System bank, as determined by the Corporation, shall be subject to approval by the Corporation as a condition of assistance.

(E) DISCRETIONARY DETERMINATIONS.—Any determination that the Corporation makes under this paragraph shall be in the sole discretion of the Corporation.”.

(b) CONFORMING AMENDMENTS.—Section 5.61(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-10(a)) is amended—

(1) in paragraph (1) by striking “IN GENERAL.—” and inserting “STAND-ALONE ASSISTANCE.—”; and

(2) in paragraph (2)—

(A) by striking “ENUMERATED POWERS.—” and inserting “FACILITATION OF MERGERS OR CONSOLIDATION.—”; and

(B) in subparagraph (A) by striking “FACILITATION OF MERGERS OR CONSOLIDATION.—” and inserting “IN GENERAL.—”.

**SEC. 218. OVERSIGHT AND REGULATORY ACTIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.**

The Farm Credit Act of 1971 is amended by inserting after section 5.61 (12 U.S.C. 2279a-10) the following:

**"SEC. 5.61A. OVERSIGHT ACTIONS BY THE CORPORATION.**

"(a) DEFINITIONS.—In this section, the term 'institution' means—

"(1) an insured System bank; and  
 "(2) a production credit association or other association making loans under section 7.6 with a direct loan payable to the funding bank of the association that comprises 20 percent or more of the funding bank's total loan volume net of nonaccrual loans.

"(b) CONSULTATION REGARDING PARTICIPATION OF UNDERCAPITALIZED BANKS IN ISSUANCE OF INSURED OBLIGATIONS.—The Farm Credit Administration shall consult with the Corporation prior to approving an insured obligation that is to be issued by or on behalf of, or participated in by, any insured System bank that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration for the bank.

"(c) CONSULTATION REGARDING APPLICATIONS FOR MERGERS AND RESTRUCTURINGS.—

"(1) CORPORATION TO RECEIVE COPY OF TRANSACTION APPLICATIONS.—On receiving an application for a merger or restructuring of an institution, the Farm Credit Administration shall forward a copy of the application to the Corporation.

"(2) CONSULTATION REQUIRED.—If the proposed merger or restructuring involves an institution that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration applicable to the institution, the Farm Credit Administration shall allow 30 days within which the Corporation may submit the views and recommendations of the Corporation, including any conditions for approval. In determining whether to approve or disapprove any proposed merger or restructuring, the Farm Credit Administration shall give due consideration to the views and recommendations of the Corporation.

**"SEC. 5.61B. AUTHORITY TO REGULATE GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS.**

"(a) DEFINITIONS.—In this section:

"(1) GOLDEN PARACHUTE PAYMENT.—The term 'golden parachute payment'—

"(A) means a payment (or any agreement to make a payment) in the nature of compensation for the benefit of any institution-related party under an obligation of any Farm Credit System institution that—

"(i) is contingent on the termination of the party's relationship with the institution; and  
 "(ii) is received on or after the date on which—

"(I) the institution is insolvent;  
 "(II) a conservator or receiver is appointed for the institution;

"(III) the institution has been assigned by the Farm Credit Administration a composite CAMEL rating of 4 or 5 under the Farm Credit Administration Rating System, or an equivalent rating; or

"(IV) the Corporation otherwise determines that the institution is in a troubled condition (as defined in regulations issued by the Corporation); and

"(B) includes a payment that would be a golden parachute payment but for the fact that the payment was made before the date referred to in subparagraph (A)(ii) if the payment was made in contemplation of the occurrence of an event described in any subclause of subparagraph (A); but

"(C) does not include—

"(i) a payment made under a retirement plan that is qualified (or is intended to be

qualified) under section 401 of the Internal Revenue Code of 1986 or other nondiscriminatory benefit plan;

"(ii) a payment made under a bona fide supplemental executive retirement plan, deferred compensation plan, or other arrangement that the Corporation determines, by regulation or order, to be permissible; or

"(iii) a payment made by reason of the death or disability of an institution-related party.

"(2) INDEMNIFICATION PAYMENT.—The term 'indemnification payment' means a payment (or any agreement to make a payment) by any Farm Credit System institution for the benefit of any person who is or was an institution-related party, to pay or reimburse the person for any liability or legal expense with regard to any administrative proceeding or civil action instituted by the Farm Credit Administration that results in a final order under which the person—

"(A) is assessed a civil money penalty; or

"(B) is removed or prohibited from participating in the conduct of the affairs of the institution.

"(3) INSTITUTION-RELATED PARTY.—The term 'institution-related party' means—

"(A) a director, officer, employee, or agent for a Farm Credit System institution or any conservator or receiver of such an institution;

"(B) a stockholder (other than another Farm Credit System institution), consultant, joint venture partner, or any other person determined by the Farm Credit Administration to be a participant in the conduct of the affairs of a Farm Credit System institution; and

"(C) an independent contractor (including any attorney, appraiser, or accountant) that knowingly or recklessly participates in any violation of any law or regulation, any breach of fiduciary duty, or any unsafe or unsound practice that caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the Farm Credit System institution.

"(4) LIABILITY OR LEGAL EXPENSE.—The term 'liability or legal expense' means—

"(A) a legal or other professional expense incurred in connection with any claim, proceeding, or action;

"(B) the amount of, and any cost incurred in connection with, any settlement of any claim, proceeding, or action; and

"(C) the amount of, and any cost incurred in connection with, any judgment or penalty imposed with respect to any claim, proceeding, or action.

"(5) PAYMENT.—The term 'payment' means—

"(A) a direct or indirect transfer of any funds or any asset; and

"(B) any segregation of any funds or assets for the purpose of making, or under an agreement to make, any payment after the date on which the funds or assets are segregated, without regard to whether the obligation to make the payment is contingent on—

"(i) the determination, after that date, of the liability for the payment of the amount; or

"(ii) the liquidation, after that date, of the amount of the payment.

"(b) PROHIBITION.—The Corporation may prohibit or limit, by regulation or order, any golden parachute payment or indemnification payment by a Farm Credit System institution (including any conservator or receiver of the Federal Agricultural Mortgage Corporation) in troubled condition (as defined in regulations issued by the Corporation).

"(c) FACTORS TO BE TAKEN INTO ACCOUNT.—The Corporation shall prescribe, by regulation, the factors to be considered by the Corporation in taking any action under subsection (b). The factors may include—

"(1) whether there is a reasonable basis to believe that an institution-related party has committed any fraudulent act or omission, breach of trust or fiduciary duty, or insider abuse with regard to the Farm Credit System institution involved that has had a material effect on the financial condition of the institution;

"(2) whether there is a reasonable basis to believe that the institution-related party is substantially responsible for the insolvency of the Farm Credit System institution, the appointment of a conservator or receiver for the institution, or the institution's troubled condition (as defined in regulations prescribed by the Corporation);

"(3) whether there is a reasonable basis to believe that the institution-related party has materially violated any applicable law or regulation that has had a material effect on the financial condition of the institution;

"(4) whether there is a reasonable basis to believe that the institution-related party has violated or conspired to violate—

"(A) section 215, 657, 1006, 1014, or 1344 of title 18, United States Code; or

"(B) section 1341 or 1343 of title 18, United States Code, affecting a Farm Credit System institution;

"(5) whether the institution-related party was in a position of managerial or fiduciary responsibility; and

"(6) the length of time that the party was related to the Farm Credit System institution and the degree to which—

"(A) the payment reasonably reflects compensation earned over the period of employment; and

"(B) the compensation represents a reasonable payment for services rendered.

"(d) CERTAIN PAYMENTS PROHIBITED.—No Farm Credit System institution may prepay the salary or any liability or legal expense of any institution-related party if the payment is made—

"(1) in contemplation of the insolvency of the institution or after the commission of an act of insolvency; and

"(2) with a view to, or with the result of—

"(A) preventing the proper application of the assets of the institution to creditors; or

"(B) preferring 1 creditor over another creditor.

"(e) RULE OF CONSTRUCTION.—Nothing in this section—

"(1) prohibits any Farm Credit System institution from purchasing any commercial insurance policy or fidelity bond, so long as the insurance policy or bond does not cover any legal or liability expense of an institution described in subsection (a)(2); or

"(2) limits the powers, functions, or responsibilities of the Farm Credit Administration."

**SEC. 219. FARM CREDIT SYSTEM INSURANCE CORPORATION BOARD OF DIRECTORS.**

(a) IN GENERAL.—Section 5.53 of the Farm Credit Act of 1971 (12 U.S.C. 2277a-2) is amended to read as follows:

**"SEC. 5.53. BOARD OF DIRECTORS.**

"(a) ESTABLISHMENT.—The Corporation shall be managed by a Board of Directors that shall consist of the members of the Farm Credit Administration Board.

"(b) CHAIRMAN.—The Board of Directors shall be chaired by any Board member other than the Chairman of the Farm Credit Administration Board."

(b) CONFORMING AMENDMENTS.—

(1) Section 5314 of title 5, United States Code, is amended by striking "Chairperson, Board of Directors of the Farm Credit System Insurance Corporation."

(2) Section 5315 of title 5, United States Code, is amended by striking "Members, Board of Directors of the Farm Credit System Insurance Corporation."

**SEC. 220. INTEREST RATE REDUCTION PROGRAM.**

Section 351(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(A) by striking "SEC. 351. (a) The" and inserting the following:

**"SEC. 351. INTEREST RATE REDUCTION PROGRAM.**

"(a) ESTABLISHMENT OF PROGRAM.—

"(1) IN GENERAL.—The"; and

(B) by adding at the end the following:

"(2) TERMINATION OF AUTHORITY.—The authority provided by this subsection shall terminate on September 30, 2002."

**SEC. 221. LIABILITY FOR MAKING CRIMINAL REFERRALS.**

(a) IN GENERAL.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, that discloses to a Government authority information proffered in good faith that may be relevant to a possible violation of any law or regulation shall not be liable to any person under any law of the United States or any State—

(1) for the disclosure; or

(2) for any failure to notify the person involved in the possible violation.

(b) NO PROHIBITION ON DISCLOSURE.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, may disclose information to a Government authority that may be relevant to a possible violation of any law or regulation.

**TITLE III—IMPLEMENTATION AND EFFECTIVE DATE****SEC. 301. IMPLEMENTATION.**

The Secretary of Agriculture and the Farm Credit Administration shall promulgate regulations and take other required actions to implement the provisions of this Act not later than 90 days after the effective date of this Act.

**SEC. 302. EFFECTIVE DATE.**

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall become effective on the date of enactment.

On motion of Mr. EMERSON, said Senate amendment to the title of the bill was agreed to.

A motion to reconsider the votes whereby said Senate amendment to the text was agreed to with an amendment and the amendment to the title was agreed to was, by unanimous consent, laid on the table.

*Ordered*, That the Clerk request the concurrence of the Senate in said amendment.

**¶1.23 AUTHORITY FOR SPEAKER TO DECLARE RECESSES**

Ms. PRYCE, by direction of the Committee on Rules, reported (Rept. No. 104-445) the resolution (H. Res. 330) authorizing the Speaker to declare recesses subject to the call of the Chair from January 5, 1996, through January 23, 1996, waiving a requirement of clause 4(b) of rule XI with respect to the consideration of certain resolutions reported from the Committee on Rules during that period.

When said resolution and report were referred to the House Calendar and ordered printed.

**¶1.24 FURTHER CONTINUING APPROPRIATIONS FOR THE DISTRICT OF COLUMBIA**

On motion of Mr. WALSH, by unanimous consent,

*Ordered*, That the joint resolution (H.J. Res. 153) making further continuing appropriations for the fiscal year ending September 30, 1996, and for other purposes, was passed, and the motion to reconsider was laid on the table.

*Ordered*, That the Clerk request the concurrence of the Senate in said joint resolution.

**¶1.25 LEAVE OF ABSENCE**

By unanimous consent, leave of absence was granted—

To Mr. FAZIO, for today and balance of the week;

To Mrs. MEEK, for today;

To Mr. MFUME, for today and January 4;

To Mr. BUYER, for today until 3 p.m.;

To Mr. LIGHTFOOT, for today;

To Mr. STOCKMAN, for today and balance of the week; and

To Mr. HOKE, for today.

And then,

**¶1.26 ADJOURNMENT**

On motion of Mr. HAYWORTH, at 10 o'clock and 51 minutes p.m., the House adjourned.

**¶1.27 REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS**

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Ms. PRYCE: Committee on Rules, House Resolution 330. Resolution authorizing the Speaker to declare recesses subject to the call of the Chair from January 5, 1996, through January 23, 1996; waiving a requirement of clause 4(b) of rule XI with respect to consideration of certain resolutions reported from the Committee on Rules during that period (Rept. No. 104-445). Referred to the House Calendar.

**¶1.28 TIME LIMITATION OF REFERRED BILL**

Pursuant to clause 5 of rule X, the following action was taken by the Speaker:

H.R. 1618. Referral to the Committee on Commerce extended for a period ending not later than January 4, 1996.

**¶1.29 PUBLIC BILLS AND RESOLUTIONS**

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARRETT of Wisconsin:

H.R. 2841. A bill to prohibit use of official funds for travel outside the United States by Members of Congress during any period of lapsed appropriations as a result of a failure to enact a regular appropriations bill or continuing resolution; to the Committee on House Oversight.

By Mr. OBEY:

H.J. Res. 138. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 139. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 140. Joint resolution making further continuing appropriations for the fiscal

year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 141. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 142. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 143. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 144. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 145. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 146. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 147. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 148. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 149. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 150. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 151. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

H.J. Res. 152. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

By Mr. WALSH:

H.J. Res. 153. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; considered and passed

By Ms. NORTON:

H.J. Res. 154. Joint resolution making further continuing appropriations for the District of Columbia for fiscal year 1996, and for other purposes; to the Committee on Appropriations.

By Ms. JACKSON-LEE:

H.J. Res. 155. Joint resolution making further continuing appropriations for fiscal year 1996, and for other purposes; to the Committee on Appropriations.

By Mr. ARMEY:

H. Res. 325. Resolution providing for a committee to notify the President of the assembly of the Congress; considered and agreed to.

H. Res. 326. Resolution to inform the Senate that a quorum of the House has assembled; considered and agreed to.

H. Res. 327. Resolution providing for the hour of meeting of the House; considered and agreed to.

By Mr. GEPHARDT:

H. Res. 328. Resolution relating to the privileges of the House; to the Committee on Rules.

By Mr. HOYER (for himself, Mr. MORAN, and Mr. WYNN):

H. Res. 329. Resolution providing for the consideration of the joint resolution (H.J. Res. 118) making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Rules.

¶1.30 ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

- H.R. 263: Mrs. LOWEY.
- H.R. 491: Mr. GEJDENSON.
- H.R. 497: Mrs. MEYERS of Kansas.
- H.R. 972: Mr. JONES.
- H.R. 1248: Ms. LOFGREN.
- H.R. 1448: Mr. HUTCHINSON.
- H.R. 1464: Mr. SHADEGG and Mr. DAVIS.
- H.R. 1625: Mr. HOEKSTRA and Mr. YOUNG of Alaska.
- H.R. 1701: Mr. JOHNSON of South Dakota.
- H.R. 1733: Mr. COYNE and Mrs. KELLY.
- H.R. 1794: Mr. KING.
- H.R. 2078: Mr. WELLER.
- H.R. 2119: Mr. UNDERWOOD, Mr. HORN, Mr. FOLEY, Mr. KLUG, and Mr. LUTHER.
- H.R. 2152: Mr. CANADY.
- H.R. 2193: Mr. GUNDERSON and Mr. YOUNG of Alaska.
- H.R. 2246: Mr. KLINK.
- H.R. 2310: Mr. ENSIGN, Mr. GEKAS, Mr. MENENDEZ, Mr. JEFFERSON, Mr. PETE GEREN of Texas, and Mr. BAESLER.
- H.R. 2333: Mr. STARK, Mr. PASTOR, Mr. MYERS of Indiana, Mr. HOUGHTON, Mr. SAM JOHNSON, Mr. MCCREERY, Ms. DELAURO, and Mr. DUNCAN.
- H.R. 2416: Mr. KENNEDY of Massachusetts.
- H.R. 2508: Ms. WOOLSEY and Mr. MANTON.
- H.R. 2543: Mr. FLAKE.
- H.R. 2579: Mr. BARTLETT of Maryland, Mr. DORNAN, Mr. YOUNG of Alaska, and Mr. TAUZIN.
- H.R. 2585: Mr. WAXMAN.
- H.R. 2597: Mr. GILCHREST, Mr. HASTINGS of Florida, Mr. NORWOOD, Mr. STEARNS, Mr. HOLDEN, Mr. CLYBURN, Mr. OLVER, Mr. PETERSON of Florida, and Ms. SLAUGHTER.
- H.R. 2618: Ms. WOOLSEY.
- H.R. 2647: Mr. FRANKS of New Jersey.
- H.R. 2651: Mr. STOCKMAN.
- H.R. 2658: Mr. FORD, Mr. BALDACCI, Mrs. SCHROEDER, Mr. MEEHAN, Mr. MCHALE, Mr. JACKSON, Ms. KAPTUR, Mr. PAYNE of New Jersey, Mr. TORRES, Ms. DANNER, Mr. MARKEY, Mr. LEACH, Mr. DINGELL, and Mr. WARD.
- H.R. 2664: Ms. PRYCE and Mr. JOHNSON of South Dakota.
- H.R. 2745: Mr. SERRANO, Mr. FILNER, Mr. BLUTE, and Mr. FLAKE.
- H.R. 2757: Mr. LARGENT, Mr. STUMP, and Mr. SMITH of Texas.
- H.R. 2780: Mr. GILLMOR.
- H.R. 2785: Mr. TEJEDA.
- H.R. 2823: Mr. ORTIZ, Mr. FRELINGHUYSEN, and Mr. LARGENT.
- H. Con. Res. 125: Mr. TORRICELLI.

**THURSDAY, JANUARY 4, 1996 (2)**

¶2.1 DESIGNATION OF SPEAKER PRO TEMPORE

The House was called to order by the SPEAKER pro tempore, Mr. LAHOOD, who laid before the House the following communication:

WASHINGTON, DC,  
*January 4, 1996.*

I hereby designate the Honorable RAY LAHOOD to act as Speaker pro tempore on this day.

NEWT GINGRICH,  
*Speaker of the House of Representatives.*

¶2.2 APPROVAL OF THE JOURNAL

The SPEAKER pro tempore, Mr. LAHOOD, announced he had examined and approved the Journal of the proceedings of Wednesday, January 3, 1996. Mr. HEFLEY, pursuant to clause 1, rule I, objected to the Chair's approval of the Journal.

The question being put, viva voce, Will the House agree to the Chair's approval of said Journal?

The SPEAKER pro tempore, Mr. LAHOOD, announced that the yeas had it.

Mr. HEFLEY objected to the vote on the ground that a quorum was not present and not voting.

The SPEAKER pro tempore, Mr. LAHOOD, pursuant to clause 5, rule I, announced that the vote would be postponed until later today.

The point of no quorum was considered as withdrawn.

¶2.3 COMMUNICATIONS

Executive and other communications, pursuant to clause 2, rule XXIV, were referred as follows:

1907. A letter from the Architect of the Capitol, transmitting the report of expenditures of appropriations during the period April 1, 1995, through September 30, 1995, pursuant to 40 U.S.C. 162b; to the Committee on Appropriations.

1908. A letter from the Under Secretary of Defense, transmitting a report of a violation of the Anti-Deficiency Act which occurred in the fiscal year 1993, operation and maintenance, Air National Guard, and fiscal year 1993, military personnel, Air National Guard, appropriations, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

1909. A letter from the Assistant Secretary for Legislative Affairs and Public Liaison, Department of the Treasury, transmitting the Department's second semiannual report to Congress, as required by section 403 of the Mexican Debt Disclosure Act of 1995, and the December monthly report to Congress, as required by section 404 of the same act, pursuant to Public Law 104-6, sections 403(a), 404(a) (109 Stat. 89, 90); to the Committee on Banking and Financial Services.

1910. A letter from the Secretary of Energy, transmitting the Department's report entitled, "Annual Report on the State Energy Conservation Program for Calendar Year 1994," pursuant to 42 U.S.C. 6325; to the Committee on Commerce.

1911. A letter from the Director, Office of Administration, Executive Office of the President, transmitting the White House personnel report for the fiscal year 1995, pursuant to 3 U.S.C. 113; to the Committee on Government Reform and Oversight.

1912. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-178, "Prohibition on Abandoned Vehicles Amendment Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1913. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-179, "Woodrow Wilson Bridge and Tunnel Compact Authorization Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

1914. A letter from the Acting Secretary of State, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1915. A letter from the Chairman, Nuclear Regulatory Commission, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

1916. A letter from the National Adjutant, the Disabled American Veterans, transmit-

ting the report of the proceedings of the organization's 74th national convention, including their annual audit report of receipts and expenditures as of December 31, 1994, pursuant to 36 U.S.C. 90i and 44 U.S.C. 1332 (H. Doc. No. 104-159); to the Committee on Veterans' Affairs and ordered to be printed.

1917. A letter from the Librarian of Congress, Archivist of the United States, and the Public Printer, transmitting the final report on establishing a national policy on permanent papers, pursuant to Public Law 101-423, Section 3 (104 Stat. 913); jointly, to the Committees on Government Reform and Oversight and House Oversight.

¶2.4 INTERIOR APPROPRIATIONS

Mr. REGULA moved to discharge the Committee on Appropriations from further consideration of the veto message on the bill (H.R. 1977) making appropriations for the Department of Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

After debate,

¶2.5 WORDS TAKEN DOWN

Mr. YOUNG of Alaska during debate addressed the House and, during the course of his remarks,

Mr. OBEY demanded that certain words be taken down.

The Clerk read the words taken down as follows:

The gentleman keeps talking about the Tongass. It will be 90 percent in wilderness, and he knows it, and you told a mistruth every time on this issue, and you know that it is a mistruth. There is absolutely no truth, there is no truth. . . .

By unanimous consent, the words were withdrawn.

Accordingly,

The SPEAKER pro tempore, Mr. LAHOOD, recognized Mr. YOUNG of Alaska to proceed in order.

After further debate,

By unanimous consent, the previous question was ordered on said motion.

The question being put, viva voce,

Will the House agree to said motion?

The SPEAKER pro tempore, Mr. LAHOOD, announced that the yeas had it.

So said motion was agreed to.

A motion to reconsider the vote, whereby said motion was agreed to was, by unanimous consent, laid on the table.

Accordingly,

¶2.6 UNFINISHED BUSINESS—VETO OF H.R. 1977

The SPEAKER pro tempore, Mr. LAHOOD, announced the unfinished business to be the consideration of the veto of the bill (H.R. 1977) making appropriations for the Department of Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

The question being on the passage of the bill, the objections of the President to the contrary notwithstanding.

After debate,

By unanimous consent, the previous question was ordered on the bill.

The question being put,

Will the House, upon reconsideration, agree to pass the bill, the objections of