Public Law 101-82
101st Congress

An Act

Aug. 14, 1989
[H.R. 2467]

To provide disaster assistance to agricultural producers, and for other purposes.

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

Disaster Assistance Act of 1989.

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

7 USC 1421 note.

(a) SHORT TITLE.—This Act may be cited as the "Disaster Assistance Act of 1989".

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

Sec. 1. Short title; table of contents.

TITLE I—EMERGENCY CROP LOSS ASSISTANCE

SUBTITLE A—ANNUAL CROPS

Sec. 101. Payments to program participants for target price commodities.
Sec. 102. Payments to program nonparticipants for target price commodities.
Sec. 103. Peanuts, sugar, and tobacco.
Sec. 104. Soybeans and nonprogram crops.
Sec. 105. Crop quality reduction disaster payments.
Sec. 106. Effect of Federal crop insurance payments.
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Sec. 108. Crops harvested for forage uses.
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Sec. 111. Substitution of crop insurance program yields.
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Sec. 151. Ineligibility.
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Sec. 153. Commodity Credit Corporation.
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TITLE II—EMERGENCY LIVESTOCK ASSISTANCE

Sec. 201. Use of stored grain for assistance.
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TITLE III—DISASTER CREDIT AND FORBEARANCE

Sec. 301. Emergency loans.
Sec. 302. 1990 farm operating loans.
Sec. 303. FmHA loans made to Indian tribes.

TITLE IV—RURAL BUSINESSES

Sec. 401. Disaster assistance for rural business enterprises.

TITLE V—WATER-RELATED ASSISTANCE

Sec. 501. Emergency community water assistance grant program.
Sec. 502. Livestock water assistance.
Sec. 503. Disaster assistance for watershed protection activities.

TITLE VI—GENERAL PROVISIONS

Sec. 601. Shrinkage allowance for peanuts.
Sec. 602. Advanced deficiency repayment deadline for 1988 crops.
Sec. 603. Planting of alternate crops on permitted acreage.
Sec. 604. Crop insurance yield coverage.

TITLE I—EMERGENCY CROP LOSS ASSISTANCE

7 USC 1421 note.

Subtitle A—Annual Crops

SEC. 101. PAYMENTS TO PROGRAM PARTICIPANTS FOR TARGET PRICE COMMODITIES.

(a) DISASTER PAYMENTS.—

(1) IN GENERAL.—Effective only for producers on a farm who elected to participate in the production adjustment program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for the 1989 crop of wheat, feed grains, upland cotton, extra long staple cotton, or rice, except as otherwise provided in this subsection, if the Secretary of Agriculture determines that, because of damaging weather or related condition in 1988 or 1989, the total quantity of the 1989 crop of the commodity that such producers are able to harvest on the farm is less than the result of multiplying 60 percent (or, in the case of producers who obtained crop insurance for the 1989 crop of the commodity under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), 65 percent) of the farm program payment yield established by the Secretary for such crop by the sum of the acreage planted for harvest and the acreage prevented from being planted (because of a natural disaster, as determined by the Secretary) for such crop, the Secretary shall make a disaster payment available to such producers at a rate equal to 65 percent of the established price for the crop for any deficiency in production greater than 40 percent (or, in the case of producers who obtained crop insurance for the 1989 crop of the commodity under the Federal Crop Insurance Act, 35 percent) for the crop.

(2) LIMITATIONS.—

(A) ACREAGE IN EXCESS OF PERMITTED ACREAGE.—Payments provided under paragraph (1) for a crop of a commodity may not be made available to producers on a farm with respect to any acreage in excess of the permitted acreage for the farm for the commodity.

(B) CROP INSURANCE.—Payments provided under paragraph (1) for a crop of a commodity may not be made

available to producers on a farm unless such producers enter into an agreement to obtain multiperil crop insurance, to the extent required under section 107.

(3) REDUCTION IN DEFICIENCY PAYMENTS.—The total quantity of a crop of a commodity on which deficiency payments otherwise would be payable to producers on a farm under the Agricultural Act of 1949 shall be reduced by the quantity on which a payment is made to the producers for the crop under paragraph (1).

(4) ELECTION OF PAYMENTS.—

(A) APPLICATION OF PARAGRAPH.—This paragraph shall apply, effective only for the 1989 crops of wheat, feed grains, upland cotton, and rice, to producers on a farm who—

(i)(I) had failed wheat, feed grain, upland cotton, or rice acreage; or

(II) were prevented from planting acreage to such commodity because of damaging weather or related condition in 1988 or 1989; and

(ii) elected to devote all or a portion of such acreage to conservation or other uses in accordance with section 107D(c)(1)(C), 105C(c)(1)(B), 103A(c)(1)(B), or 101A(c)(1)(B) of the Agricultural Act of 1949 (7 U.S.C. 1445b-3(c)(1)(C), 1444e(c)(1)(B), 1444-1(c)(1)(B), or 1441-1(c)(1)(B)).

(B) ELECTION.—The Secretary shall (within 30 days after the date of enactment of this Act) permit producers referred to in subparagraph (A) to elect whether to receive disaster payments in accordance with this section in lieu of payments under the sections referred to in subparagraph (A)(ii).

(b) ADVANCE DEFICIENCY PAYMENTS.—

(1) APPLICATION OF SUBSECTION.—This subsection shall apply only to producers on a farm who elected to participate in the production adjustment program established under the Agricultural Act of 1949 for the 1989 crop of wheat, feed grains, upland cotton, or rice.

(2) FORGIVENESS OF REFUND REQUIREMENT.—

(A) IN GENERAL.—Subject to subparagraph (B), if because of damaging weather or related condition in 1988 or 1989 the total quantity of the 1989 crop of the commodity that the producers are able to harvest on the farm is less than the result of multiplying the farm program payment yield established by the Secretary for such crop by the sum of the acreage planted for harvest and the acreage prevented from being planted (because of a natural disaster, as determined by the Secretary) for such crop (hereinafter in this section referred to as the "qualifying amount"), the producers shall not be required to refund any advance deficiency payment made to the producers for such crop under section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) with respect to that portion of the deficiency in production that does not exceed—

(i) in the case of producers who obtained crop insurance for the 1989 crop of the commodity under the Federal Crop Insurance Act, 35 percent of the qualifying amount; and

(ii) in the case of other producers, 40 percent of the qualifying amount.

(B) CROP INSURANCE.—Producers on a farm shall not be eligible for the forgiveness provided for under subparagraph (A), unless such producers enter into an agreement to obtain multiperil crop insurance, to the extent required under section 107.

(3) ELECTION FOR NONRECIPIENTS.—The Secretary shall allow producers on a farm who elected, prior to the date of enactment of this Act, not to receive advance deficiency payments made available for the 1989 crop under section 107C of the Agricultural Act of 1949, to elect (within 30 days after the date of the enactment of this Act) whether to receive such advance deficiency payments.

(4) DATE OF REFUND FOR PAYMENTS.—Effective only for the 1989 crops of wheat, feed grains, upland cotton, and rice, if the Secretary determines that any portion of the advance deficiency payment made to producers for the crop under section 107C of the Agricultural Act of 1949 must be refunded, such refund shall not be required prior to July 31, 1990, for that portion of the crop for which a disaster payment is made under subsection (a).

SEC. 102. PAYMENTS TO PROGRAM NONPARTICIPANTS FOR TARGET PRICE COMMODITIES.

(a) DISASTER PAYMENTS.—

(1) IN GENERAL.—Effective only for producers on a farm who elected not to participate in the production adjustment program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for the 1989 crop of wheat, feed grains, upland cotton, extra long staple cotton, or rice, if the Secretary of Agriculture determines that because of damaging weather or related condition in 1988 or 1989, the total quantity of the 1989 crop of the commodity that such producers are able to harvest on the farm is less than the result of multiplying 50 percent of the county average yield established by the Secretary for such crop by the sum of acreage planted for harvest and the acreage for which prevented planted credit is approved by the Secretary for such crop under subsection (b), the Secretary shall make a disaster payment available to such producers.

(2) PAYMENT RATE.—The payment shall be made to the producers at a rate equal to 65 percent of the basic county loan rate (or a comparable price if there is no current basic county loan rate) for the crop, as determined by the Secretary, for any deficiency in production greater than 50 percent for the crop.

(b) PREVENTED PLANTING CREDIT.—

(1) IN GENERAL.—The Secretary shall provide prevented planting credit under subsection (a) with respect to acreage that producers on a farm were prevented from planting to the 1989 crop of the commodity for harvest because of damaging weather or related condition in 1988 or 1989, as determined by the Secretary.

(2) MAXIMUM ACREAGE.—Such acreage may not exceed the greater of—

(A) a quantity equal to the acreage on the farm planted (or prevented from being planted due to a natural disaster or other condition beyond the control of the producers) to

the commodity for harvest in 1988 minus acreage actually planted to the commodity for harvest in 1989; or

(B) a quantity equal to the average of the acreage on the farm planted (or prevented from being planted due to a natural disaster or other condition beyond the control of the producers) to the commodity for harvest in 1986, 1987, and 1988 minus acreage actually planted to the commodity for harvest in 1989.

(3) ADJUSTMENTS.—The Secretary shall make appropriate adjustments in applying the limitations contained in paragraph (2) to take into account crop rotation practices of the producers.

(c) LIMITATIONS.—

(1) ACREAGE LIMITATION PROGRAM.—The amount of payments made available to producers on a farm for a crop of a commodity under subsection (a) shall be reduced by a factor equivalent to the acreage limitation program percentage established for such crop under the Agricultural Act of 1949.

Contracts.

(2) CROP INSURANCE.—Payments provided under subsection (a) for a crop of a commodity may not be made available to the producers on a farm unless such producers enter into an agreement to obtain multiperil crop insurance, to the extent required under section 107.

SEC. 103. PEANUTS, SUGAR, AND TOBACCO.

(a) DISASTER PAYMENTS.—

(1) IN GENERAL.—Effective only for the 1989 crops of peanuts, sugar beets, sugarcane, and tobacco, if the Secretary of Agriculture determines that, because of damaging weather or related condition in 1988 or 1989, the total quantity of the 1989 crop of the commodity that the producers on a farm are able to harvest is less than the result of multiplying 60 percent (or, in the case of producers who obtained crop insurance for the 1989 crop of the commodity under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), 65 percent) of the county average yield (or program yield, in the case of peanuts) established by the Secretary for such crop by the sum of the acreage planted for harvest and the acreage for which prevented planted credit is approved by the Secretary for such crop under subsection (b), the Secretary shall make a disaster payment available to such producers.

(2) PAYMENT RATE.—The payment shall be made to the producers at a rate equal to 65 percent of the applicable payment level under paragraph (3), as determined by the Secretary, for any deficiency in production greater than—

(A) in the case of producers who obtained crop insurance for the 1989 crop of the commodity under the Federal Crop Insurance Act—

(i) 35 percent for the crop; or

(ii) with respect to a crop of burley tobacco or flue-cured tobacco, 35 percent of the farm's effective marketing quota for 1989; and

(B) in the case of producers who did not obtain crop insurance for the 1989 crop of the commodity under the Federal Crop Insurance Act—

(i) 40 percent for the crop; or

(ii) with respect to a crop of burley tobacco or flue-cured tobacco, 40 percent of the farm's effective marketing quota for 1989.

(3) PAYMENT LEVEL.—For purposes of paragraph (1), the payment level for a commodity shall be equal to—

(A) for peanuts, the price support level for quota peanuts or the price support level for additional peanuts, as applicable;

(B) for tobacco, the national average loan rate for the type of tobacco involved, or (if there is none) the market price, as determined under section 104(a)(2); and

(C) for sugar beets and sugarcane, a level determined by the Secretary to be fair and reasonable in relation to the level of price support established for the 1989 crops of sugar beets and sugarcane, and that, insofar as is practicable, shall reflect no less return to the producer than under the 1989 price support levels.

(b) PREVENTED PLANTING CREDIT.—

(1) IN GENERAL.—The Secretary shall provide prevented planting credit under subsection (a) with respect to acreage that producers on a farm were prevented from planting to the 1989 crop of the commodity for harvest because of damaging weather or related condition in 1988 or 1989, as determined by the Secretary.

(2) MAXIMUM ACREAGE.—Such acreage may not exceed the greater of—

(A) a quantity equal to the acreage on the farm planted (or prevented from being planted due to a natural disaster or other condition beyond the control of the producers) to the commodity for harvest in 1988 minus acreage actually planted to harvest in 1989; or

(B) a quantity equal to the average of the acreage on the farm planted (or prevented from being planted due to a natural disaster or other condition beyond the control of the producers) to the commodity for harvest in 1986, 1987, and 1988 minus acreage actually planted to the commodity for harvest in 1989.

(3) ADJUSTMENTS.—The Secretary shall make appropriate adjustments in applying the limitations contained in paragraph (2) to take into account crop rotation practices of the producers and any change in quotas for the 1989 crops of tobacco.

(c) LIMITATION.—Payments provided under subsection (a) for a crop of a commodity may not be made available to the producers on a farm unless such producers enter into an agreement to obtain multiperil crop insurance, to the extent required under section 107. Contracts.

(d) SPECIAL RULES FOR PEANUTS.—Notwithstanding any other provision of law—

(1) a deficiency in production of quota peanuts from a farm, as otherwise determined under this section, shall be reduced by the quantity of peanut poundage quota that was the basis of such anticipated production that has been transferred from the farm;

(2) payments made under this section shall be made taking into account whether the deficiency for which the deficiency in production is claimed was a deficiency in production of quota or additional peanuts and the payment rate shall be established accordingly; and

(3) the quantity of undermarketings of quota peanuts from a farm for the 1989 crop that may otherwise be claimed under section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) for purposes of future quota increases shall be reduced by the quantity of the deficiency of production of such peanuts for which payment has been received under this section.

(e) SPECIAL RULES FOR TOBACCO.—Notwithstanding any other provision of law—

(1) the quantity of undermarketings of quota tobacco from a farm for the 1989 crop that may otherwise be claimed under section 317 or 319 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314c or 1314e) for purposes of future quota increases shall be reduced by the quantity of the deficiency of production of such tobacco for which payment has been received under this section; and

(2) disaster payments made to producers under this section may not be considered by the Secretary in determining the net losses of the Commodity Credit Corporation under section 106A(d) of the Agricultural Act of 1949 (7 U.S.C. 1445-1(d)).

SEC. 104. SOYBEANS AND NONPROGRAM CROPS.

(a) DISASTER PAYMENTS.—

(1) IN GENERAL.—

(A) ELIGIBILITY.—Effective only for the 1989 crops of soybeans and nonprogram crops, if the Secretary of Agriculture determines that, because of damaging weather or related condition in 1988 or 1989, the total quantity of the 1989 crop of the commodity that the producers on a farm are able to harvest is less than—

(i) with respect to soybeans and sunflowers, the result of multiplying 55 percent of the State, area, or county yield, adjusted for adverse weather conditions during the 1986, 1987, and 1988 crop years, as determined by the Secretary, for such crop by the sum of the acreage planted for harvest and the acreage for which prevented planting credit is approved by the Secretary for such crop under subsection (b);

(ii) with respect to nonprogram crops (other than as provided in clauses (i) and (iii)), the result of multiplying 50 percent of the yield established by the Commodity Credit Corporation under subsection (d)(2) for such crop by the sum of the acreage planted for harvest and the acreage for which prevented planting credit is approved by the Secretary for such crop under subsection (b); and

(iii) with respect to crops covered in section 201(b) of the Agricultural Act of 1949 (7 U.S.C. 1446(b)), 50 percent of the historical annual yield of the producers for such crops, as determined by the Secretary,

the Secretary shall make a disaster payment available to such producers.

(B) PAYMENT RATE.—The payment shall be made to such producers at a rate equal to 65 percent of the applicable payment level under paragraph (2), as determined by the Secretary, for any deficiency in production greater than 45 percent for soybeans and sunflowers (50 percent for other nonprogram crops) for the crop.

(2) PAYMENT LEVEL.—For purposes of paragraph (1), the payment level for a commodity shall equal the simple average price received by producers of the commodity, as determined by the Secretary subject to paragraph (3), during the marketing years for the immediately preceding 5 crops of the commodity, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.

(3) CALCULATION OF PAYMENTS FOR DIFFERENT VARIETIES.—

(A) CROP-BY-CROP BASIS.—The Secretary shall make disaster payments under this subsection on a crop-by-crop basis, with consideration given to markets and uses of the crops, under regulations issued by the Secretary. Regulations.

(B) DIFFERENT VARIETIES.—For purposes of determining the payment levels on a crop-by-crop basis, the Secretary shall consider as separate crops, and develop separate payment levels insofar as is practicable for, different varieties of the same commodity, and commodities for which there is a significant difference in the economic value in the market.

(4) EXCLUSIONS FROM HARVESTED QUANTITIES.—For purposes of determining the total quantity of the 1989 nonprogram crop of the commodity that the producers on a farm are able to harvest under paragraph (1), the Secretary shall exclude at least 70 percent of—

(A) commodities that cannot be sold in normal commercial channels of trade; and

(B) dockage, including husks and shells, if such dockage is excluded in determining yields under subsection (d)(2).

(b) PREVENTED PLANTING CREDIT.—

(1) IN GENERAL.—The Secretary shall provide prevented planting credit under subsection (a) with respect to acreage that producers on a farm were prevented from planting to the 1989 crop of the commodity for harvest because of damaging weather or related condition in 1988 or 1989, as determined by the Secretary.

(2) MAXIMUM ACREAGE.—Such acreage may not exceed the greater of—

(A) a quantity equal to the acreage on the farm planted (or prevented from being planted due to a natural disaster or other condition beyond the control of the producers) to the commodity for harvest in 1988 minus acreage actually planted for harvest in 1989; or

(B) a quantity equal to the average of the acreage on the farm planted (or prevented from being planted due to a natural disaster or other condition beyond the control of the producers) to the commodity for harvest in 1986, 1987, and 1988 minus acreage actually planted to the commodity for harvest in 1989.

(3) ADJUSTMENTS.—The Secretary shall make appropriate adjustments in applying the limitations contained in paragraph (2) to take into account crop rotation practices of the producers.

(c) LIMITATION.—Payments provided under subsection (a) for a crop of a commodity may not be made available to the producers on a farm unless such producers enter into an agreement to obtain multiperil crop insurance, to the extent required under section 107. Contracts.

(d) SPECIAL RULES FOR NONPROGRAM CROPS.—

(1) DEFINITION OF NONPROGRAM CROP.—As used in this section, the term "nonprogram crop" means all crops for which crop insurance through the Federal Crop Insurance Corporation was available for crop year 1989, and other commercial crops (including sweet potatoes) for which such insurance was not available for crop year 1989, except that such term shall not include a crop covered under section 101, 102, or 103, soybeans, or sunflowers.

(2) FARM YIELDS.—

(A) ESTABLISHMENT.—The Commodity Credit Corporation shall establish disaster program farm yields for nonprogram crops to carry out this section.

(B) PROVEN YIELDS AVAILABLE.—If the producers on a farm can provide satisfactory evidence to the Commodity Credit Corporation of actual crop yields on the farm for at least 1 of the immediately preceding 3 crop years, the yield for the farm shall be based on such proven yields.

(C) PROVEN YIELDS NOT AVAILABLE.—If such data do not exist for any of the 3 preceding crop years, the Commodity Credit Corporation shall establish a yield for the farm by using a county average yield for the commodity, or by using other data available to it.

(D) COUNTY AVERAGE YIELDS.—In establishing county average yields for nonprogram crops, the Commodity Credit Corporation shall use the best available information concerning yields. Such information may include extension service records, credible nongovernmental studies, and yields in similar counties.

(3) RESPONSIBILITY OF PRODUCERS.—It shall be the responsibility of the producers of nonprogram crops to provide satisfactory evidence of 1989 crop losses resulting from damaging weather or related condition in 1988 or 1989 in order for such producers to obtain disaster payments under this section.

SEC. 105. CROP QUALITY REDUCTION DISASTER PAYMENTS.

(a) IN GENERAL.—To ensure that all producers of 1989 crops covered under sections 101 through 104 are treated equitably, the Secretary of Agriculture may make additional disaster payments to producers of such crops who suffer losses resulting from the reduced quality of such crops caused by damaging weather or related condition in 1988 or 1989, as determined by the Secretary.

(b) ELIGIBLE PRODUCERS.—If the Secretary determines to make crop quality disaster payments available to producers under subsection (a), producers on a farm of a crop described in subsection (a) shall be eligible to receive reduced quality disaster payments only if such producers incur a deficiency in production of not less than 45 percent and not more than 75 percent for such crop (as determined under section 101, 102, 103, or 104, as appropriate).

(c) MAXIMUM PAYMENT RATE.—The Secretary shall establish the reduced quality disaster payment rate, except that such rate shall not exceed 10 percent, as determined by the Secretary, of—

(1) the established price for the crop, for commodities covered under section 101;

(2) the basic county loan rate for the crop (or a comparable price if there is no current basic county loan rate), for commodities covered under section 102;

(3) the payment level under section 103(a)(3), for commodities covered by section 103; and

(4) the payment level under section 104(a)(2), for commodities covered under section 104.

(d) DETERMINATION OF PAYMENT.—The amount of payment to a producer under this section shall be determined by multiplying the payment rate established under subsection (c) by the portion of the actual harvested crop on the producer's farm that is reduced in quality by such natural disaster in 1988 or 1989, as determined by the Secretary.

SEC. 106. EFFECT OF FEDERAL CROP INSURANCE PAYMENTS.

In the case of producers on a farm who obtained crop insurance for the 1989 crop of a commodity under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), the Secretary of Agriculture shall reduce the amount of payments made available under this subtitle for such crop to the extent that the amount determined by adding the net amount of crop insurance indemnity payment (gross indemnity less premium paid) received by such producers for the deficiency in the production of the crop and the disaster payment determined in accordance with this subtitle for such crop exceeds the amount determined by multiplying—

(1) 100 percent of the yield used for the calculation of disaster payments made under this subtitle for such crop; by

(2) the sum of the acreage of such crop planted to harvest and the acreage for which prevented planting credit is approved by the Secretary (or, in the case of disaster payments under section 101, the eligible acreage established under sections 101(a)(1) and 101(a)(2)(A)); by

(3)(A) in the case of producers who participated in a production adjustment program for the 1989 crop of wheat, feed grains, upland cotton, extra long staple cotton, or rice, the established price for the 1989 crop of the commodity;

(B) in the case of producers who did not participate in a production adjustment program for the 1989 crop of wheat, feed grains, upland cotton, extra long staple cotton, or rice, the basic county loan rate (or a comparable price, as determined by the Secretary, if there is no current basic county loan rate) for the 1989 crop of the commodity;

(C) in the case of producers of sugar beets, sugarcane, peanuts, or tobacco, the payment level for the commodity established under section 103(a)(3); and

(D) in the case of producers of soybeans or a nonprogram crop (as defined in section 104(d)(1)), the simple average price received by producers of the commodity, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of the commodity, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.

SEC. 107. CROP INSURANCE COVERAGE FOR THE 1990 CROPS.

(a) REQUIREMENT.—Subject to the limitations under subsection (b), producers on a farm, to be eligible to receive a disaster payment under this subtitle, an emergency loan under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.) for crop losses due to damaging weather or related condition in 1988 or 1989, or forgiveness of the repayment of advance deficiency

payments under section 101(b), must agree to obtain multiperil crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for the 1990 crop of the commodity for which such payments, loans, or forgiveness are sought.

(b) LIMITATIONS.—Producers on a farm shall not be required to agree to obtain crop insurance under subsection (a) for a commodity—

(1) unless such producers' deficiency in production, with respect to the crop for which a disaster payment under this subtitle otherwise may be made, exceeds 65 percent;

(2) where, or if, crop insurance coverage is not available to the producers for the commodity for which the payment, loan, or forgiveness is sought;

(3) if the producers' annual premium rate for such crop insurance is an amount greater than 125 percent of the average premium rate for insurance on that commodity for the 1989 crop in the county in which the producers are located;

(4) in any case in which the producers' annual premium for such crop insurance is an amount greater than 25 percent of the amount of the payment, loan, or forgiveness sought; or

(5) if the producers can establish by appeal to the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590(b)), or to the county committee established under section 332 of the Consolidated Farm and Rural Development Act (17 U.S.C. 1982), as appropriate, that the purchase of crop insurance would impose an undue financial hardship on such producers and that a waiver of the requirement to obtain crop insurance should, in the discretion of the county committee, be granted.

(c) IMPLEMENTATION.—

(1) COUNTY COMMITTEES.—The Secretary of Agriculture shall ensure (acting through the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act and located in the counties in which the assistance programs provided for under sections 101 through 105 are implemented and through the county committees established under section 332 of the Consolidated Farm and Rural Development Act in counties in which emergency loans, as described in subsection (a), are made available) that producers who apply for assistance, as described in subsection (a), obtain multiperil crop insurance as required under this section.

(2) OTHER SOURCES.—Each producer who is subject to the requirements of this section may comply with such requirements by providing evidence of multiperil crop insurance coverage from sources other than through the county committee office, as approved by the Secretary.

Regulations.

(3) COMMISSIONS.—The Secretary shall provide by regulation for a reduction in the commissions paid to private insurance agents, brokers, or companies on crop insurance contracts entered into under this section sufficient to reflect that such insurance contracts principally involve only a servicing function to be performed by the agent, broker, or company.

(d) REPAYMENT OF BENEFITS.—Notwithstanding any other provision of law, if (prior to the end of the 1990 crop year for the commodity involved) the crop insurance coverage required of the producer under this section is canceled by the producer, the producer—

(1) shall make immediate repayment to the Secretary of any disaster payment or forgiven advance deficiency payment that the producer otherwise is required to repay; and

(2) shall become immediately liable for full repayment of all principal and interest outstanding on any emergency loan described in subsection (a) made subject to this section.

SEC. 108. CROPS HARVESTED FOR FORAGE USES.

Not later than 15 days after the date of the enactment of this Act, the Secretary of Agriculture shall announce the terms and conditions by which producers on a farm may establish a 1989 yield with respect to crops that will be harvested for silage and other forage uses.

SEC. 109. PAYMENT LIMITATIONS.

(a) LIMITATION.—Subject to subsections (b) and (c), the total amount of payments that a person shall be entitled to receive under one or more of the programs established under this subtitle may not exceed $100,000.

(b) NO DOUBLE BENEFITS.—No person may receive disaster payments under this subtitle to the extent that such person receives a livestock emergency benefit for lost feed production in 1989 under section 606 of the Agricultural Act of 1949 (7 U.S.C. 1471d). Animals.

(c) COMBINED LIMITATION.—

(1) IN GENERAL.—No person may receive any payment under this subtitle or benefit under title VI of the Agricultural Act of 1949 (7 U.S.C. 1471 et seq.) for livestock emergency losses suffered in 1989 if such payment or benefit will cause the combined total amount of such payments and benefits received by such person to exceed $100,000.

(2) ELECTION.—If a producer is subject to paragraph (1), the person may elect (subject to the benefits limitations under section 609 of the Agricultural Act of 1949 (7 U.S.C. 1471g)) whether to receive the $100,000 in such payments, or such livestock emergency benefits (not to exceed $50,000), or a combination of payments and benefits specified by the person.

(d) REGULATIONS.—The Secretary of Agriculture shall issue regulations—

(1) defining the term "person" for the purposes of this section and section 151, which shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308); and

(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations established under this section.

SEC. 110. NO DOUBLE PAYMENTS ON REPLANTED ACREAGE.

(a) REDUCTION OF DISASTER PAYMENTS.—Effective only for producers on a farm who receive disaster payments under this subtitle for a crop of a commodity, the Secretary of Agriculture shall reduce such payments by an amount that reflects the value of any crop such producers plant for harvest in 1989 to replace the crop for which disaster payments are received.

(b) REPLACEMENT CROPS.—For purposes of subsection (a), a crop shall be considered to be planted to replace the crop for which disaster payments are received if (because of loss or damage to the first crop due to damaging weather or related condition in 1988 or

1989) the second crop is planted on acreage on which the producers planted, or were prevented from planting, the first crop.

(c) ADMINISTRATION.—In carrying out this section, the Secretary shall—

(1) determine the value of the second crop based on the actual yield of the producers and average market prices for the second crop during a representative period; and

(2) take into account the historical cropping patterns of producers.

SEC. 111. SUBSTITUTION OF CROP INSURANCE PROGRAM YIELDS.

(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary of Agriculture may permit each eligible producer (as defined in subsection (d)) of a 1989 crop of a commodity who has obtained multiperil crop insurance for such crop (or, as provided in subsection (c), who obtained multiperil crop insurance for the producer's 1988 crop of such commodity) under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) to substitute, at the discretion of the producer, the crop insurance yield for such crop, as established under such Act, for the farm yield otherwise assigned to the producer under this subtitle, for the purposes of determining such producer's eligibility for a disaster payment on the 1989 crop under this subtitle and the amount of such payment.

(b) ADJUSTMENT OF ADVANCED DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act, if an eligible producer of wheat, feed grains, cotton, or rice elects to substitute yields for such producer's 1989 crop under subsection (a), the producer's eligibility for a waiver or repayment of an advance deficiency payment on such crop under this subtitle shall be adjusted as provided in paragraph (2).

(2) AMOUNT.—The amount of production of such crop on which the producer otherwise would be eligible for waiver of repayment of advance deficiency payments under this subtitle shall be reduced by an amount of production equal to the difference between—

(A) the amount of production eligible for disaster payments under this subtitle using a substituted yield under this section; and

(B) the amount of production that would have been eligible for disaster payments using the farm program payment yield otherwise assigned to the producer under this subtitle.

(c) MULTIPERIL CROP INSURANCE NOT AVAILABLE.—A producer may use the crop insurance yield for the producer's 1988 crop of a commodity for purposes of substituting yields under subsection (a) if the producer demonstrates to the Secretary that, through no fault of the producer, multiperil crop insurance under the Federal Crop Insurance Act was not made available to the producer for the producer's 1989 crop of the commodity.

(d) DEFINITION OF ELIGIBLE PRODUCER.—For purposes of this section, the term "eligible producer" means a producer of the 1989 crop of wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

SEC. 112. DEFINITIONS.

As used in this subtitle:

(1) DAMAGING WEATHER.—The term "damaging weather" includes but is not limited to drought, hail, excessive moisture, freeze, tornado, hurricane, or excessive wind, or any combination thereof.

(2) RELATED CONDITION.—The term "related condition" includes but is not limited to insect infestations, plant diseases, or other deterioration of a crop of a commodity, including aflatoxin, that is accelerated or exacerbated naturally as a result of damaging weather occurring prior to or during harvest.

Subtitle B—Orchards

SEC. 121. ELIGIBILITY.

(a) DROUGHT LOSS.—Subject to the limitation in subsection (b), the Secretary of Agriculture shall provide assistance, as specified in section 122, to eligible orchardists that planted trees for commercial purposes but lost such trees as a result of freeze or related condition in 1989, as determined by the Secretary.

(b) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (a) only if such orchardist's tree mortality, as a result of the natural disaster, exceeds 45 percent (adjusted for normal mortality).

SEC. 122. ASSISTANCE.

The assistance provided by the Secretary of Agriculture to eligible orchardists for losses described in section 121 shall consist of either—

(1) reimbursement of 65 percent of the cost of replanting trees lost due to freeze or related condition in 1989 in excess of 45 percent mortality (adjusted for normal mortality); or

(2) at the discretion of the Secretary, sufficient seedlings to reestablish the stand.

SEC. 123. LIMITATION ON ASSISTANCE.

(a) LIMITATION.—The total amount of payments that a person shall be entitled to receive under this subtitle may not exceed $25,000, or an equivalent value in tree seedlings.

(b) REGULATIONS.—The Secretary of Agriculture shall issue regulations—

(1) defining the term "person" for the purposes of this subtitle, which shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) and the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note); and

(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established under this section.

SEC. 124. DEFINITION.

As used in this subtitle, the term "eligible orchardist" means a person who produces annual crops from trees for commercial purposes and owns 500 acres or less of such trees.

SEC. 125. DUPLICATIVE PAYMENTS.

The Secretary of Agriculture shall establish guidelines to ensure that no person receives duplicative payments under this subtitle and the forestry incentives program, agricultural conservation program, or other Federal program.

SEC. 126. SENSE OF CONGRESS ON CROP INSURANCE FOR ORCHARD CROPS.

It is the sense of Congress that the Secretary of Agriculture should expeditiously expand the availability of multiperil crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) to all orchard crops.

Subtitle C—Forest Crops

SEC. 131. ELIGIBILITY.

(a) DROUGHT LOSS.—Subject to the limitation in subsection (b), the Secretary of Agriculture shall provide assistance, as specified in section 132, to eligible tree farmers that planted tree seedlings in 1988 or 1989 for commercial purposes but lost such seedlings as a result of drought or related condition in 1989, as determined by the Secretary.

(b) LIMITATION.—An eligible tree farmer shall qualify for assistance under subsection (a) only if such tree farmer's tree seedling mortality, as a result of the natural disaster, exceeds 45 percent (adjusted for normal mortality).

SEC. 132. ASSISTANCE.

The assistance provided by the Secretary of Agriculture to eligible tree farmers for losses described in section 131 shall consist of either—

(1) reimbursement of 65 percent of the cost of replanting seedlings lost due to drought or related conditions in 1989 in excess of 45 percent mortality (adjusted for normal mortality); or

(2) at the discretion of the Secretary, sufficient tree seedlings to reestablish the stand.

SEC. 133. LIMITATION ON ASSISTANCE.

(a) LIMITATION.—The total amount of payments that a person shall be entitled to receive under this subtitle may not exceed $25,000, or an equivalent value in tree seedlings.

(b) REGULATIONS.—The Secretary of Agriculture shall issue regulations—

(1) defining the term "person" for the purposes of this subtitle, which shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001 of the Food Security Act of 1985 and the Disaster Assistance Act of 1988; and

(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established under this section.

SEC. 134. DEFINITION.

As used in this subtitle, the term "eligible tree farmer" means a person who grows trees for harvest for commercial purposes and owns 1,000 acres or less of such trees.

SEC. 135. DUPLICATIVE PAYMENTS.

The Secretary of Agriculture shall establish guidelines to ensure that no person receives duplicative payments under this subtitle and the forestry incentives program, agricultural conservation program, or other Federal program.

Subtitle D—Additional Assistance

SEC. 141. NEW CONSERVATION MEASURES.

(a) IN GENERAL.—

(1) HAYING AND GRAZING ON CRP ACREAGE.—In the case of an owner or operator of land who has entered into a conservation reserve program contract under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) and hays or grazes livestock during the 1989 crop year on acreage subject to such contract as authorized by the Secretary of Agriculture, the Secretary may not reduce the amount of rental payments made to such owner or operator as the result of such haying or grazing to the extent that the owner or operator— Animals. Contracts.

(A) carries out additional conservation practices, approved by the Soil Conservation Service in consultation with appropriate Federal and State agencies, to enhance soil, water, and wildlife conservation on or in the vicinity of lands subject to such contract; and

(B) pays the costs of carrying out such practices.

(2) AMOUNT OF REDUCTION.—The amount of the reduction prohibited under paragraph (1) shall equal one-half of the amount paid by the owner or operator to cover the costs of carrying out the conservation practices.

(b) CONSERVATION PRACTICES.—For purposes of subsection (a), the term "conservation practices" includes—

(1) establishment of permanent shelterbelts and windbreaks;

(2) restoration of wetlands;

(3) establishment of wildlife food plots; or

(4) planting of trees.

SEC. 142. ASSISTANCE FOR PONDS.

Section 607(b)(2)(B) of the Agricultural Act of 1949 (7 U.S.C. 1471e(b)(2)(B)) is amended by inserting "or ponds" after "wells".

Subtitle E—Administrative Provisions

SEC. 151. INELIGIBILITY.

(a) GENERAL RULE.—A person who has qualifying gross revenues in excess of $2,000,000 annually, as determined by the Secretary of Agriculture, shall not be eligible to receive any disaster payment or other benefits under this title.

(b) QUALIFYING GROSS REVENUES.—For purposes of this section, the term "qualifying gross revenues" means—

(1) if a majority of the person's annual income is received from farming, ranching, and forestry operations, the gross revenue from the person's farming, ranching, and forestry operations; and

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

SEC. 152. TIMING AND MANNER OF ASSISTANCE.

(a) TIMING OF ASSISTANCE.—

(1) IN GENERAL.—

(A) ASSISTANCE MADE AVAILABLE AS SOON AS PRACTICABLE.—Subject to subparagraph (B), the Secretary of Agriculture shall make full disaster assistance available under this title as soon as practicable after the date of enactment of this Act.

(B) COMPLETED APPLICATION.—Subject to subparagraph (C), no payment or benefit provided under this title shall be payable or due until such time as a completed application for a crop of a commodity therefor has been approved.

(C) APPLICATIONS PRIOR TO SEPTEMBER 30, 1989.—If an application for a disaster payment under this title is received by the Secretary prior to September 30, 1989, by producers who have harvested their 1989 crop, the Secretary shall make full or advance disaster payments to such producers within 15 days after the application is received or by September 15, 1989, whichever is later.

(D) ADVANCE PAYMENTS.—If advance payments are made to producers under subparagraph (C), such payments shall not be less than 80 percent of the payments that will be made available to such producers under this title.

(2) DEADLINE FOR APPLICATION.—To be eligible to receive payments under subtitle A, a person shall make application for such payments not later than March 31, 1990, or such later date that the Secretary, by regulation, may prescribe.

(b) MANNER.—The Secretary may make payments available under subtitle A in the form of cash, commodities, or commodity certificates, as determined by the Secretary.

SEC. 153. COMMODITY CREDIT CORPORATION.

(a) USE.—The Secretary of Agriculture shall use the funds, facilities, and authorities of the Commodity Credit Corporation in carrying out this title.

(b) EXISTING AUTHORITY.—The authority provided by this title shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.

SEC. 154. LIMITATION ON OUTLAYS.

(a) MAXIMUM AMOUNT.—Notwithstanding any other provision of law, if the acreage planted in the United States to the 1989 crop of corn is greater than 73,250,000 acres, the total amount expended for deficiency payments for the 1989 crops of wheat, feed grains, upland cotton, and rice under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) shall not exceed $6,700,000,000.

(b) PRORATION.—The Secretary shall make any reduction required under subsection (a) on a pro rata basis.

SEC. 155. REGULATIONS.

The Secretary of Agriculture or the Commodity Credit Corporation, as appropriate, shall issue regulations to implement this title as soon as practicable after the date of enactment of this Act, without regard to the requirement for notice and public participation in rule making prescribed in section 553 of title 5, United States Code, or in any directive of the Secretary.

TITLE II—EMERGENCY LIVESTOCK ASSISTANCE

SEC. 201. USE OF STORED GRAIN FOR ASSISTANCE.

IN GENERAL.—Subsection (b) of section 606 of the Agricultural Act of 1949 (7 U.S.C. 1471d(b)) is amended to read as follows:

"(b) If assistance is made available through the furnishing of feed grain under paragraph (1) or (2) of subsection (a), the Secretary—

"(1) may provide for the furnishing of the feed grain through a dealer or manufacturer and the replacing of the feed grain so furnished from feed grain owned by the Commodity Credit Corporation; or

"(2) at the option of the livestock producer, shall provide for the furnishing of the feed grain through the use of feed grain stored on the farm of the producer that has been pledged as collateral for a price support loan made under this Act.".

SEC. 202. LIVESTOCK TRANSPORTATION ASSISTANCE.

Section 606 of the Agricultural Act of 1949 (7 U.S.C. 1471d) is amended by adding at the end the following new subsection:

"(f) The Secretary may make available at least $25,000,000 to provide livestock transportation assistance under subsection (a)(6) for livestock emergencies in 1989.".

SEC. 203. LIVESTOCK WATER DEVELOPMENT PROJECTS.

Section 607 of the Agricultural Act of 1949 (7 U.S.C. 1471e) is amended by adding at the end the following new subsection:

"(c) The Secretary may make available at least $25,000,000 to provide special assistance under subsection (b)(2) for livestock emergencies in 1988 and 1989.".

SEC. 204. ANIMAL UNIT METHODOLOGY STUDY AND REPORT.

The Secretary of Agriculture shall conduct a study on the methodology and justification of the calculations used to determine the animal unit figure used for purposes of the emergency feed program and the emergency feed assistance program under section 606 of the Agricultural Act of 1949 (7 U.S.C. 1471d), and report to Congress the results of such study within 90 days of the date of enactment of this Act.

TITLE III—DISASTER CREDIT AND FORBEARANCE

SEC. 301. EMERGENCY LOANS. 7 USC 1961 note.

Section 321(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(b)) shall not apply to a person who otherwise

would be eligible for an emergency loan under subtitle C of such Act, if such eligibility is the result of damage to an annual crop planted for harvest in 1989.

7 USC 1941 note.

SEC. 302. 1990 FARM OPERATING LOANS.

(a) DIRECT CREDIT.—To the maximum extent practicable, the Secretary of Agriculture shall ensure that direct operating loans made or insured under subtitle B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941 et seq.) for 1990 crop production are made available to farmers and ranchers suffering major losses due to excess moisture, freeze, storm, or related condition occurring in 1989 or drought or related condition occurring in 1988 or 1989, as authorized under existing law and under regulations of the Secretary that implement the objective of enabling farmers and ranchers to stay in business.

(b) LOAN GUARANTEES.—

Real property.
Animals.

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall make available in fiscal year 1990 guarantees to commercial or cooperative lenders for loans under subtitle B of the Consolidated Farm and Rural Development Act, to refinance and reamortize 1989 operating loans, or 1989 or 1990 installments due and payable on real estate debt, farm equipment or building (including storage facilities) debt, livestock loans, or other operating debt, of farmers and ranchers that otherwise cannot be repaid due to major losses incurred by such farmers or ranchers as a result of excess moisture, freeze, storm, or related condition occurring in 1989 or drought or related condition occurring in 1988 or 1989.

(2) REAMORTIZATION.—Each fiscal year 1990 guaranteed loan for 1988 or 1989 natural disaster purposes, as described in paragraph (1), shall contain terms and conditions governing the reamortization of the debt of the farmer or rancher that will provide the farmer or rancher a reasonable opportunity to continue to receive new operating credit while repaying the guaranteed loan, as determined by the Secretary.

(3) ELIGIBILITY.—Notwithstanding any other provision of law, any person eligible to receive payments under subtitle A of title I shall be deemed eligible to have guaranteed, in accordance with this subsection, loans made to such person by a commercial or cooperative lender to refinance installment payments that are or become due and payable during 1989 or 1990, as described in paragraph (1), except that, to be deemed eligible to have such loan guaranteed, the person must otherwise—

(A) be current in the person's obligation to the commercial or cooperative lender that agrees to accept the guarantee in consideration of allowing the person to make the 1989 or 1990 payment or installment over a period of time not to exceed 6 years from the original due date of such payment or installment; and

(B) meet the criteria for guaranteed loan borrowers under subtitle B of the Consolidated Farm and Rural Development Act established by the Secretary.

(c) USE OF AGRICULTURAL CREDIT INSURANCE FUND.—For purposes of providing guaranteed loans in accordance with subsection (b), in addition to funds otherwise available, the Secretary may use any funds available from the Agricultural Credit Insurance Fund during fiscal years 1989 or 1990 for emergency insured and guaranteed

loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.) to meet the needs resulting from natural disasters, except that funds available from such Fund first shall be used to satisfy the level of assistance estimated by the Secretary to meet the needs of persons eligible for emergency disaster loans.

SEC. 303. FmHA LOANS MADE TO INDIAN TRIBES.

The Act entitled "An Act to provide for loans to Indian tribes and tribal corporations, and for other purposes" (25 U.S.C. 488 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 6. REDUCTION OF UNPAID PRINCIPAL. 25 USC 493.

"(a) IN GENERAL.—The Secretary of Agriculture may, on the application of the borrower of a loan or loans made under this Act, reduce the unpaid principal balance of such loan or loans to the current fair market value of the land purchased with the proceeds of the loan or loans if—

"(1) the fair market value of the land has declined by at least 25 percent since such land was purchased by the borrower;

"(2) the land has been held by the borrower for a period of at least 5 years; and

"(3) the Secretary of the Interior finds that the borrower has insufficient income to both repay the loan or loans and provide normal tribal governmental services.

"(b) FAIR MARKET VALUE.—

"(1) APPRAISAL.—Current fair market value under subsection (a) shall be determined through an appraisal by an independent qualified fee appraiser, selected by mutual agreement between the borrower and the Secretary of Agriculture.

"(2) COSTS.—The cost of appraisals undertaken under paragraph (1) shall be paid by the borrower.

"(c) APPEALS.—Decisions of the Secretary of Agriculture under this section shall be appealable in accordance with the provisions of section 333B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983b).

"(d) FUTURE APPLICATIONS.—A borrower that had a loan or loans reduced under this section shall not submit an application for another reduction on such loan or loans for a period of 5 years after the initial reduction.".

TITLE IV—RURAL BUSINESSES

SEC. 401. DISASTER ASSISTANCE FOR RURAL BUSINESS ENTERPRISES. 7 USC 1929a note.

(a) LOAN GUARANTEES.—The Secretary of Agriculture shall guarantee loans made in rural areas to—

(1) public, private, or cooperative organizations, to Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, or to any other business entities to assist such organizations, tribes, or entities in alleviating the distress caused to such organizations, tribes, or entities, directly or indirectly, by the drought, freeze, storm, excessive moisture, or related condition in 1988 or 1989; and Indians.

(2) such organizations, tribes, or entities that refinance or restructure debt as a result of losses incurred, directly or indirectly, because of such natural disasters in 1988 or 1989.

(b) ELIGIBLE LOANS.—

(1) IN GENERAL.—Loans guaranteed under this section shall be loans made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, insurance company, or other legally organized lending agency.

(2) PRODUCTION AGRICULTURE.—No application for a loan guarantee under this section shall be denied on the basis that such organization, tribe, or entity engages in whole or in part in production agriculture.

(c) LOAN GUARANTEE LIMITS.—

(1) PERCENTAGE OF PRINCIPAL AND INTEREST.—No guarantee under this section shall exceed 90 percent of the principal and interest amount of the loan or $2,500,000, whichever is the lesser amount.

(2) TOTAL AMOUNT.—The total amount of loan guarantee under this section shall not exceed $200,000,000.

(d) USE OF THE RURAL DEVELOPMENT INSURANCE FUND.—The Secretary shall use the Rural Development Insurance Fund established under section 309A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a) for the purposes of discharging the obligations of the Secretary under this section.

TITLE V—WATER-RELATED ASSISTANCE

SEC. 501. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Subtitle A of the Consolidated Farm and Rural Development Act is amended by inserting after section 306 (7 U.S.C. 1926) the following new section:

7 USC 1926a.

"SEC. 306A. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Rural areas.

"(a) IN GENERAL.—The Secretary shall provide grants in accordance with this section to assist the residents of rural areas and small communities to secure adequate quantities of safe water—

"(1) after a significant decline in the quantity or quality of water available from the water supplies of such rural areas and small communities; or

"(2) when repairs, partial replacement, or significant maintenance efforts on established water systems would remedy—

"(A) an acute shortage of quality water; or

"(B) a significant decline in the quantity or quality of water that is available.

"(b) PRIORITY.—In carrying out subsection (a), the Secretary shall—

"(1) give priority to projects described in subsection (a)(1); and

"(2) provide at least 70 percent of all such grants to such projects.

"(c) ELIGIBILITY.—To be eligible to obtain a grant under this section, an applicant shall—

"(1) be a public or private nonprofit entity; and

"(2) in the case of a grant made under subsection (a)(1), demonstrate to the Secretary that the decline referred to in such subsection occurred within 2 years of the date the application was filed for such grant.

"(d) USES.—

"(1) IN GENERAL.—Grants made under this section may be used for waterline extensions from existing systems, laying of new waterlines, repairs, significant maintenance, digging of new wells, equipment replacement, hook and tap fees, and any other appropriate purpose associated with developing sources of, or treating, storing, or distributing water, and to assist communities in complying with the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or the Safe Drinking Water Act (42 U.S.C. 300f et seq.).

"(2) JOINT PROPOSALS.—Nothing in this section shall preclude rural communities from submitting joint proposals for emergency water assistance, subject to the restrictions contained in subsection (e). Such restrictions should be considered in the aggregate, depending on the number of communities involved.

"(e) RESTRICTIONS.—

"(1) MAXIMUM POPULATION AND INCOME.—No grant provided under this section shall be used to assist any rural area or community that— Rural areas.

"(A) includes any area in any city or town with a population in excess of 15,000 inhabitants according to the most recent decennial census of the United States; or

"(B) has a median household income in excess of the State nonmetropolitan median household income according to the most recent decennial census of the United States.

"(2) SET-ASIDE FOR SMALLER COMMUNITIES.—Not less than 50 percent of the funds allocated under this section shall be allocated to rural communities with populations that do not exceed 5,000 inhabitants.

"(f) MAXIMUM GRANTS.—Grants made under this section may not exceed—

"(1) in the case of each grant made under subsection (a)(1), $500,000; and

"(2) in the case of each grant made under subsection (a)(2), $75,000.

"(g) FULL FUNDING.—Subject to subsection (e), grants under this section shall be made in an amount equal to 100 percent of the costs of the projects conducted under this section.

"(h) APPLICATION.—

"(1) NATIONALLY COMPETITIVE APPLICATION PROCESS.—The Secretary shall develop a nationally competitive application process to award grants under this section. The process shall include criteria for evaluating applications, including population, median household income, and the severity of the decline in quantity or quality of water.

"(2) TIMING.—The Secretary shall make every effort to review and act on applications within 60 days of the date that such applications are submitted.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $35,000,000 for each of the fiscal years 1990 and 1991, such sums to remain authorized until fully appropriated.".

(b) IMPLEMENTATION.—

(1) REGULATIONS.—The Secretary of Agriculture shall publish— 7 USC 1926a note.

(A) interim final regulations to carry out section 306A of the Consolidated Farm and Rural Development Act (as

added by subsection (a) of this section) not later than 45 days after the date of enactment of this Act; and

(B) final regulations to carry out section 306A of such Act not later than 90 days after the date of enactment of this Act.

(2) FUNDS.—

(A) OBLIGATION.—The Secretary shall designate 70 percent of the funds made available for the first fiscal year for which appropriations are made under section 306A(i) of the Consolidated Farm and Rural Development Act not later than 5 months after the date such funds are appropriated.

(B) RELEASE.—The Secretary may release funds prior to the issuance of final regulations under paragraph (1)(B) for grants under section 306A(a)(1) of the Consolidated Farm and Rural Development Act.

SEC. 502. LIVESTOCK WATER ASSISTANCE.

Section 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2202) is amended—

(1) by inserting after "measures" the following: "(including measures carried out to assist confined livestock)"; and

(2) effective only for fiscal year 1989, by striking "periods" and inserting "any fiscal year in which there is a period".

SEC. 503. DISASTER ASSISTANCE FOR WATERSHED PROTECTION ACTIVITIES.

Subtitle A of title IV of the Disaster Assistance Act of 1988 is amended by inserting after section 401 (7 U.S.C. 2204c) the following new section:

16 USC 2203 note.

"SEC. 402. DISASTER ASSISTANCE FOR WATERSHED PROTECTION ACTIVITIES.

"(a) IN GENERAL.—The Secretary of Agriculture may provide disaster relief assistance in accordance with this section to repair damage caused by storms occurring in 1988 or 1989 to watersheds located in any county in any State, to the extent that funds authorized by this section remain available.

"(b) FORM OF ASSISTANCE.—The assistance authorized by this section—

"(1) includes both financial and technical assistance; and

"(2) shall be provided in a manner consistent with similar assistance authorized under section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203).

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1990.".

TITLE VI—GENERAL PROVISIONS

SEC. 601. SHRINKAGE ALLOWANCE FOR PEANUTS.

Effective only for the 1988 through 1990 crops of peanuts, section 359(p)(2)(B) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(p)(2)(B)) is amended—

(1) in clause (i), by striking "(less such reasonable allowances for shrinkage as the Secretary may prescribe)"; and

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

"(iv)(I) The obligation of a handler to export peanuts in quantities described in this subparagraph shall be reduced by a shrinkage allowance, to be determined by the Secretary, to reflect actual dollar value shrinkage experienced by handlers in commercial operations, except that such allowance shall not be less than 4½ percent, except as provided in subclause (II). Exports.

"(II) The Secretary may provide a lower shrinkage allowance for a handler who fails to comply with restrictions on the use of peanuts, as may be specified by the Commodity Credit Corporation, to take into account common industry practices.".

SEC. 602. ADVANCED DEFICIENCY REPAYMENT DEADLINE FOR 1988 CROPS.

Section 201(b)(4) of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended by striking "July 31, 1989" and inserting "July 31, 1990".

SEC. 603. PLANTING OF ALTERNATE CROPS ON PERMITTED ACREAGE.

(a) IN GENERAL.—Subparagraph (E)(i) of section 504(b)(2) of the Agricultural Act of 1949 (7 U.S.C. 1464(b)(2)) (as amended by the Act entitled "An Act to amend the Agricultural Act of 1949 for the 1990 crops to allow the planting of alternative crops on permitted acreage and to amend the provisions regarding the designation of farm acreage base as acreage base established for oats") is amended by inserting "mung bean, mustard," after "milkweed,".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective 1 day after the date of enactment of the Act so entitled. 7 USC 1464 note.

SEC. 604. CROP INSURANCE YIELD COVERAGE.

The Federal Crop Insurance Act is amended by inserting after section 508 (7 U.S.C. 1508) the following new section:

"SEC. 508A. CROP INSURANCE YIELD COVERAGE. 7 USC 1508a.

"(a) IN GENERAL.—

"(1) YIELD COVERAGE.—Effective beginning with crops harvested in 1990, the Corporation may implement multiperil crop insurance underwriting rules that ensure that yield coverage, as specified in subsection (b), is provided to producers participating in the Federal crop insurance program.

"(2) APPLICATION.—Such underwriting rules and yield coverage, as specified in subsection (b), shall apply to wheat, feed grains, cotton, rice, and soybeans.

"(b) YIELD COVERAGE.— Contracts.

"(1) GENERAL COMMODITIES.—

"(A) PLANS.—A crop insurance contract offered to a producer of a crop of wheat, feed grains, cotton, or rice shall make available to such producer—

"(i) yield coverage based on the producer's farm program yield for the crop established under the program for the commodity involved; or

"(ii) a plan that uses the producer's actual production history for the 5 previous crops, subject to paragraph (3), to determine the yield coverage.

"(B) COMMODITY-BY-COMMODITY BASIS.—A producer may choose between the two alternatives described in subparagraph (A) on a commodity-by-commodity basis.

"(2) SOYBEANS.—A crop insurance contract offered to a producer of a crop of soybeans shall be based on a yield coverage plan that uses the producer's actual production history for the 5 previous crops, subject to paragraph (3), to determine the yield coverage.

"(3) ACTUAL PRODUCTION HISTORY.—

"(A) INADEQUATE DOCUMENTATION.—Under a plan that uses actual production history, as provided for in paragraph (1) or (2), if the producer does not submit adequate documentation of such history for a crop—

"(i) in the case of any commodity other than soybeans, the producer shall be assigned the producer's farm program yield for that crop of the commodity; and

"(ii) in the case of soybeans, the producer shall be assigned a yield equal to 100 percent of the area average yield for that crop of soybeans, as established by the Corporation.

Public information.

"(B) NOTICE OF AREA AVERAGE YIELDS.—Area average yields applicable to any county shall be posted and available for inspection at the county office of the Agricultural Stabilization and Conservation Service.

"(C) MINIMUM COVERAGE.—In no case may a producer's coverage under such plan that uses actual production history be less than the coverage established using farm program yields, or (for soybeans) 100 percent of the most recent area average yield.

"(c) USE OF YIELD COVERAGE PROVISIONS.—

"(1) NOTICE.—The Corporation shall ensure that, whenever the yield coverage provisions of this section go into effect, producers are given adequate notice of such provisions in advance of the crop insurance sign-up period applicable to the crops to which such provisions first will apply.

Federal Register, publication.

"(2) SIGN-UP PERIOD.—To the extent that the provisions of this section are made applicable to the 1990 crops, the Corporation shall ensure that the sign-up period for any 1990 crop does not end earlier than 60 days following the publication of notice of such provisions in the Federal Register.".

Approved August 14, 1989.

LEGISLATIVE HISTORY—H.R. 2467 (S. 1429):

HOUSE REPORTS: No. 101-91 (Comm. on Agriculture).
SENATE REPORTS: No. 101-93 accompanying S. 1429 (Comm. on Agriculture, Nutrition, and Forestry).
CONGRESSIONAL RECORD, Vol. 135 (1989):
June 27, considered and passed House.
Aug. 2, considered and passed Senate, amended.
Aug. 4, House concurred in Senate amendment with an amendment. Senate concurred in House amendment.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 25 (1989):
Aug. 14, Presidential remarks.