



**Conference Report to Accompany  
Food, Agriculture, Conservation, and Trade  
Act of 1990**

**H.R. Rep. No. 101-916 (1990)**

**Part 2 of 14**

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"(d)(1) The Secretary shall (under such regulations as the Secretary may prescribe) charge and provide for the collection of reasonable fees to cover the estimated costs to the Department of Agriculture incident to the functioning and the maintenance of any central filing system or systems referred to in subsection (c) that is administered by the Department of Agriculture.

"(2) The Secretary may provide for the fees to be collected by persons operating the central filing system administered by the Department from those persons recording information in the central filing system at such time and in such manner as may be prescribed in regulations issued by the Secretary.

"(3) The fees shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Secretary incurred in carrying out subsection (c) and this subsection. Any sums collected or received by the Secretary under this Act and deposited to the fund and any late payment penalties collected by the Secretary and credited to the fund may be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments. The interest earned on the sums and any late payment penalties collected by the Secretary shall be credited to the fund and shall be available without fiscal year limitations for the expenses of the Service incurred in carrying out subsection (c) and this subsection."

(b) **PENALTY.**—Section 30 of such Act (7 U.S.C. 270) is amended by inserting after "who shall issue or utter a false or fraudulent receipt or certificate," the following: "or furnish false or fraudulent information to a central filing system maintained under section 17,".

## **TITLE VI—RICE**

### **SEC. 601. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1991 THROUGH 1995 CROPS OF RICE.**

The Agricultural Act of 1949 is amended by inserting after section 101A (7 U.S.C. 1441-1) the following new section:

#### **"SEC. 101B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1991 THROUGH 1995 CROPS OF RICE.**

##### **"(a) LOANS AND PURCHASES.—**

"(1) **IN GENERAL.**—Except as otherwise provided in this subsection, the Secretary shall make available to producers on a farm nonrecourse loans and purchases for each of the 1991 through 1995 crops of rice produced on the farm at a level that is not less than the higher of—

"(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

"(B) \$6.50 per hundredweight.

"(2) **MAXIMUM REDUCTION.**—The loan level for any crop of rice determined under paragraph (1) may not be reduced by

more than 5 percent from the level determined for the preceding crop.

**"(3) ANNOUNCEMENT OF LOAN LEVEL AND ESTABLISHED PRICE.**—The loan and purchase level and the established price for each of the 1991 through 1995 crops of rice shall be announced not later than January 31 of each calendar year for the crop harvested in the calendar year or, in the case of the 1991 crop, as soon as practicable after the date of enactment of this section.

**"(4) TERM.**—A loan made under this subsection shall have a term of not more than 9 months beginning after the month in which the application for the loan is made.

**"(5) MARKETING LOAN PROVISIONS.**—

**"(A) IN GENERAL.**—In order to ensure that a competitive market position is maintained for rice, the Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

**"(i)** the loan level determined for the crop; or

**"(ii)** the higher of—

**"(I)** the loan level determined for the crop multiplied by 70 percent; or

**"(II)** the prevailing world market price for rice, as determined by the Secretary.

**"(B) PREVAILING WORLD MARKET PRICE.**—The Secretary shall prescribe by regulation—

**"(i)** a formula to define the prevailing world market price for rice; and

**"(ii)** a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

**"(C) PRODUCER PURCHASE OF MARKETING CERTIFICATES.**—

**"(i) IN GENERAL.**—As a condition of permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase marketing certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

**"(ii) REDEMPTION FOR RICE OR CASH.**—The certificates shall be redeemable for agricultural commodities owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary or for cash, under such terms and conditions as the Secretary may prescribe.

**"(iii) REDEMPTION, MARKETING, OR EXCHANGE.**—The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving marketing certificates under this subparagraph in the redemption or marketing or exchange of the certificates at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

"(iv) **CHARGES.**—If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the certificate to the Commodity Credit Corporation.

"(v) **DESIGNATION OF COMMODITIES AND PRODUCTS.**—Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, the owners would prefer to receive in exchange for certificates.

"(vi) **SALES PRICE RESTRICTIONS.**—Notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

"(vii) **DISPLACEMENT.**—The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and the products thereof for certificates under this subparagraph from adversely affecting the income of producers of the commodities or products.

"(viii) **TRANSFERS.**—Under regulations prescribed by the Secretary, certificates issued under this subparagraph may be transferred to other persons approved by the Secretary.

"(D) **CERTIFICATES TO MAINTAIN COMPETITIVENESS.**—

"(i) **IN GENERAL.**—Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1991, and ending July 31, 1996, the prevailing world market price for a class of rice (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for that class of rice, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation shall make payments, through the issuance of marketing certificates, to persons who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. The payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available at competitive prices consistent with the purposes of this subparagraph.

"(ii) **VALUE.**—The value of each certificate issued under this subparagraph shall be based on the difference between—

"(I) the loan repayment rate for the class of rice; and

"(II) the prevailing world market price for the class of rice, as determined by the Secretary.

"(iii) **TERMS AND CONDITIONS OF CERTIFICATES.**—Marketing certificates issued under this subparagraph shall be subject to the same terms and conditions as certificates issued under subparagraph (C).

"(6) **SIMPLE AVERAGE PRICE.**—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b) **LOAN DEFICIENCY PAYMENTS.**—

"(1) **IN GENERAL.**—The Secretary shall, for each of the 1991 through 1995 crops of rice, make payments (hereafter in this section referred to as 'loan deficiency payments') available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining the loan or agreement in return for payments under this subsection.

"(2) **COMPUTATION.**—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of rice the producer is eligible to place under loan (or obtain a purchase agreement) but for which the producer forgoes obtaining the loan or agreement in return for payments under this subsection.

"(3) **LOAN PAYMENT RATE.**—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for the crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(4) **MARKETING CERTIFICATES.**—The Secretary may make up to one-half the amount of a payment under this subsection available in the form of marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(C).

"(c) **PAYMENTS.**—

"(1) **DEFICIENCY PAYMENTS.**—

"(A) **IN GENERAL.**—The Secretary shall make available to producers payments (hereafter in this section referred to as 'deficiency payments') for each of the 1991 through 1995 crops of rice in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the payment acres for the crop; by

"(iii) the farm program payment yield established for the crop for the farm.

"(B) **PAYMENT RATE.**—

"(i) **PAYMENT RATE FOR 1991 THROUGH 1993 CROPS.**—The payment rate for each of the 1991 through 1993 crops of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(I) the national average market price received by producers during the first 5 months of the mar-

keting year for the crop, as determined by the Secretary; or

"(II) the loan level determined for the crop.

"(ii) **PAYMENT RATE OF 1994 AND 1995 CROPS.**—The payment rate for the 1994 and 1995 crops of rice shall be determined in accordance with clause (i).

"(iii) **MINIMUM ESTABLISHED PRICE.**—The established price for rice shall not be less than \$10.71 per hundred-weight for each of the 1991 through 1995 crops.

"(C) **PAYMENT ACRES.**—Payment acres for a crop shall be the lesser of—

"(i) the number of acres planted to the crop for harvest within the permitted acreage; or

"(ii) 100 percent of the crop acreage base for the crop for the farm less the quantity of reduced acreage (as determined under subsection (e)(2)(D)).

"(D) **50/92 PROGRAM.**—

"(i) **IN GENERAL.**—If an acreage limitation program under subsection (e)(2) is in effect for a crop of rice and the producers on a farm devote a portion of the maximum payment acres for rice as calculated under subparagraph (C)(ii) for equal to more than 8 percent of such rice acreage of the farm for the crop to conservation uses (except as provided in subparagraph (E))—

"(I) such portion of the maximum payment acres in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (E)) shall be considered to be planted to rice for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph with respect to such acreage, subject to the compliance of the producers with clause (ii).

"(ii) **MINIMUM PLANTING REQUIREMENT.**—To be eligible for payments under clause (i), except as provided in clauses (iv) and (v), the producers on a farm must actually plant rice for harvest on at least 50 percent of the maximum payment acres for rice for the farm.

"(iii) **DEFICIENCY PAYMENTS.**—Notwithstanding any other provision of this section, any producer who devotes a portion of the maximum payment acres for rice for the farm to conservation uses (or other uses as provided in subparagraph (E)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to rice and eligible for payments under this subparagraph for the crop at a per-hundredweight rate established by the Secretary, except that the rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior

to the period during which rice producers may agree to participate in the program for the crop.

"(iv) **QUARANTINES.**—If a State or local agency has imposed in an area of a State or county a quarantine on the planting of rice for harvest on farms in the area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in the area who were required to forgo the planting of rice for harvest on acreage to alleviate or eliminate the condition requiring the quarantine. If the Secretary determines that the condition exists, the Secretary may make payments under this paragraph to the producers. To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)).

"(v) **PREVENTED PLANTING.**—If an acreage limitation program under subsection (e) is in effect for any crop of rice and if the Secretary determines that producers on a farm are prevented from planting the acreage intended for rice to rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make available to such producers payments under this subparagraph without regard to the requirement imposed under clause (ii). To be eligible for payments under this clause, the producers must devote the acreage to conservation uses (except as provided in subparagraph (E)). Any such acreage shall be considered to be planted to rice.

"(vi) **CROP ACREAGE AND PAYMENT YIELD.**—The rice crop acreage base and rice farm program payment yield of the farm shall not be reduced due to the fact that a portion of the permitted rice acreage of the farm was devoted to conserving uses (except as provided in subparagraph (E)) under this subparagraph.

"(vii) **LIMITATION.**—Other than as provided in clauses (i) through (vi), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(viii) **CONSERVATION USE ACREAGE UNDER OTHER PROGRAMS.**—Any acreage considered to be planted to rice in accordance with clauses (i) and (vi) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(E) **ALTERNATIVE CROPS.**—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying

for payments under subparagraph (D) to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf and milkweed), subject to the following sentence. The Secretary may permit the acreage to be devoted to the production only if the Secretary determines that—

“(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

“(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of the raw material and could lead to increased industrial use of the raw material to the long-term benefit of United States industry.

“(F) **REDUCTION FOR DISASTER PAYMENTS.**—The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

“(2) **DISASTER PAYMENTS.**—

“(A) **PREVENTED PLANTING.**—Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

“(i) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

“(ii) 75 percent of the farm program payment yield established for the farm by the Secretary; by

“(iii) a payment rate equal to  $33\frac{1}{3}$  percent of the established price for the crop.

“(B) **REDUCED YIELDS.**—Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm



program payment yield established by the Secretary for the crop by the acreage planted for harvest for the crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to  $33\frac{1}{3}$  percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

“(C) CROP INSURANCE.—Producers on a farm shall not be eligible for—

“(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

“(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

“(D) ADMINISTRATION.—

“(i) ECONOMIC EMERGENCIES.—Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

“(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

“(II) the losses have created an economic emergency for the producers;

“(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to the producers for the losses are insufficient to alleviate the economic emergency; and

“(IV) additional assistance must be made available to the producers to alleviate the economic emergency.

“(ii) ADJUSTMENTS.—The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm as necessary to ensure the equitable allotment of the payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

“(d) PAYMENT YIELDS.—The farm program payment yields for farms for each crop of rice shall be determined under title V.

“(e) ACREAGE REDUCTION PROGRAMS.—

“(1) IN GENERAL.—

“(A) ESTABLISHMENT.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of rice, in the absence of an acreage limitation program, will be excessive taking into account the need for an

adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of rice an acreage limitation program as described in paragraph (2).

**"(B) AGRICULTURAL RESOURCES CONSERVATION PROGRAM.**—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the agricultural resources conservation program established under subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

**"(C) ANNOUNCEMENTS.**—If the Secretary elects to implement an acreage limitation program for any crop year, the Secretary shall announce any such program not later than January 31 of the calendar year in which the crop is harvested, except that in the case of the 1991 crop, the Secretary shall announce the program as soon as practicable after the date of enactment of this section.

**"(D) CARRY-OVER.**—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of rice in a manner that will result in carry-over stocks equal to 16.5 to 20 percent of the simple average of the total disappearance of rice for each of the 3 marketing years preceding the year for which the announcement is made. For the purpose of this subparagraph, the term 'total disappearance' means all rice utilization, including total domestic, total export, and total residual disappearance.

**"(2) ACREAGE LIMITATION PROGRAM.**—

**"(A) PERCENTAGE REDUCTIONS.**—Except as provided in paragraph (3), if a rice acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (from 0 to 35 percent) to the rice crop acreage base for the crop for each rice-producing farm.

**"(B) COMPLIANCE.**—Except as provided in section 504, producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

**"(C) CROP ACREAGE BASES.**—Rice crop acreage bases for each crop of rice shall be determined under title V.

**"(D) ACREAGE DEVOTED TO CONSERVATION USES.**—A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by multiplying the rice crop acreage base by the percentage reduction required by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. The remaining acreage is hereafter in this subsection referred to as 'permitted acreage'. Permitted acreage may be adjusted by the Secretary as provided in paragraph (3) and in section 504.

**"(E) INDIVIDUAL FARM PROGRAM ACREAGE.**—Except as otherwise provided in subsection (c), the individual farm program acreage shall be the acreage planted on the farm

to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

**"(F) PLANTING DESIGNATED CROPS ON REDUCED ACREAGE.—**

**"(i) DEFINITION OF DESIGNATED CROP.—**As used in this subparagraph, the term 'designated crop' means a crop defined in section 504(b)(1), excluding any program crop as defined in section 502(3).

**"(ii) IN GENERAL.—**Subject to clause (iii), the Secretary may permit producers on a farm to plant a designated crop on no more than one-half of the reduced acreage on the farm.

**"(iii) LIMITATIONS.—**If the producers on a farm elect to plant a designated crop on reduced acreage under this subparagraph—

**"(I) the amount of the deficiency payment that the producers are otherwise eligible to receive under subsection (c) shall be reduced, for each acre (or portion thereof) that is planted to the designated crop, by an amount equal to the deficiency payment that would be made with respect to a number of acres of the crop that the Secretary considers appropriate, except that if the producers on the farm are participating in a program established for more than one program crop, the amount of the reduction shall be determined by prorating the reduction based on the acreage planted or considered planted on the farm to all of such program crops; and**

**"(II) the Secretary shall ensure that reductions in deficiency payments under subclause (I) are sufficient to ensure that this subparagraph will result in no additional cost to the Commodity Credit Corporation.**

**"(3) TARGETED OPTION PAYMENTS.—**

**"(A) IN GENERAL.—**Notwithstanding any other provision of this section, if the Secretary implements an acreage limitation program with respect to any of the 1991 through 1995 crops of rice and announces an acreage limitation percentage of 20 percent or less, the Secretary may make available to producers on a farm who do not receive payments under subsection (c)(1)(D) for such crop on the farm, adjustments in the level of deficiency payments that would otherwise be made available to the producers if the producers exercise the payment options provided in this paragraph.

**"(B) PAYMENT OPTIONS.—**If the Secretary elects to carry out this paragraph, the Secretary shall make the payment options specified in subparagraphs (C) and (D) available to producers who agree to make adjustments in the quantity of acreage diverted from the production of rice under an acreage limitation program in accordance with this paragraph.

**"(C) INCREASED ACREAGE LIMITATION OPTION.—**

**"(i) INCREASE IN ESTABLISHED PRICE.**—If the Secretary elects to carry out this paragraph, a producer shall be eligible to receive an increase in the established price for rice under clause (ii) if the producer agrees to an increase in the acreage limitation percentage to be applied to the producers' rice acreage base above the acreage limitation percentage announced by the Secretary.

**"(ii) METHOD OF CALCULATION.**—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for rice by an amount determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation percentage applied to the producers' rice acreage base.

**"(iii) LIMITATION.**—The acreage limitation percentage to be applied to the producers' rice acreage base shall not be increased by more than 5 percentage points above the acreage limitation percentage announced by the Secretary.

**"(iv) ADJUSTMENT FOR UNDERPLANTINGS.**—In determining the increased acreage limitation percentage that is applied to the producer's rice acreage base under this paragraph, the Secretary shall exclude an amount of acreage equal to the average difference between the producer's permitted rice acreage and the acreage actually planted (including acreage devoted to conserving uses under subsection (c)(1)(D)) to rice for harvest during the previous 2 years.

**"(D) DECREASED ACREAGE LIMITATION OPTION.**—

**"(i) DECREASE IN ACREAGE LIMITATION REQUIREMENT.**—If the Secretary elects to carry out this paragraph, a producer shall be eligible to decrease the acreage limitation percentage applicable to the producers' rice acreage base (as announced by the Secretary) if the producer agrees to a decrease in the established price for rice under clause (ii) for the purpose of calculating deficiency payments to be made available to the producer.

**"(ii) METHOD OF CALCULATION.**—For the purposes of calculating deficiency payments to be made available to producers who choose the option set forth in this subparagraph, the Secretary shall decrease the established price for rice by an amount to be determined by the Secretary, but not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point decrease in the acreage limitation percentage applied to the producers' rice acreage base.

**"(iii) LIMITATION.**—A producer may not choose to decrease the acreage limitation percentage applicable to the producers' rice acreage base under this paragraph

by more than one-half of the announced acreage limitation percentage.

**"(E) PARTICIPATION AND PRODUCTION EFFECTS.**—Notwithstanding any other provision of this paragraph, the Secretary shall, to the extent practicable, ensure that the program provided for in this paragraph does not have a significant effect on program participation or total production and shall be offered in such a manner that the Secretary determines will result in no additional budget outlays. The Secretary shall provide an analysis of the Secretary's determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

**"(4) ADMINISTRATION.**—

**"(A) PROTECTION FROM WEEDS AND EROSION.**—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of the acreage from weeds and wind and water erosion.

**"(B) ANNUAL OR PERENNIAL COVER.**—

**"(i) IN GENERAL.**—Except as provided in paragraph (2), a producer who participates in an acreage reduction program established for a crop of rice under this subsection shall be required to plant to an annual or perennial cover 50 percent (or more, at the option of the producer) of the acreage that is required to be removed from the production of rice, but not to exceed 5 percent (or more, at the option of the producer) of the crop acreage base established for the crop. This requirement shall not apply with respect to arid areas (including summer fallow areas), as determined by the Secretary.

**"(ii) MULTIYEAR PROGRAM.**—

**"(I) COST-SHARE ASSISTANCE.**—If a producer elects to establish a perennial cover capable of improving water quality or wildlife habitat on the acreage, the Commodity Credit Corporation shall make available cost-share assistance for 25 percent of the approved cost of establishing the cover on not more than 50 percent of the acreage that is required to be diverted from production, but not to exceed 5 percent (or more, at the option of the producer) of the crop acreage base established for a crop.

**"(II) AGREEMENT OF PRODUCER.**—If a producer elects to establish a perennial cover on the acreage under this subparagraph and receives cost-share assistance from the Corporation with respect to the cover, the producer, under such terms and conditions as may be prescribed by the Secretary, taking into consideration guidelines established by the State technical committees established in subtitle G of title XII of the Food Security Act of 1985, shall agree to maintain the perennial cover for a minimum of 3 years.

"(iii) **CONSERVING CROPS.**—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage to be devoted to sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, milkweed, or other commodity, if the Secretary determines that the production is needed to provide an adequate supply of the commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) **HAYING AND GRAZING.**—

"(i) **IN GENERAL.**—Except as provided in clause (ii), haying and grazing of reduced acreage, acreage devoted to a conservation use under subsection (c)(1)(D), and acreage diverted from production under a land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. The 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(ii) **NATURAL DISASTERS.**—In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the acreage. The Secretary may not exclude irrigated or irrigable acreage not planted in alfalfa when exercising the authority under this clause.

"(D) **WATER STORAGE USES.**—

"(i) **IN GENERAL.**—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall provide that land that has been converted to water storage uses shall be considered to be devoted to conservation uses if the land was devoted to wheat, feed grains, cotton, rice, or oilseeds in at least 3 of the immediately preceding 5 years. The land shall be considered to be devoted to conservation uses for the period that the land remains in water storage uses, but not to exceed 5 years subsequent to its conversion to water storage uses.

"(ii) **LIMITATIONS.**—Land converted to water storage uses for the purposes of this subparagraph may not be devoted to any commercial use, including commercial fish production. The water stored on the land may not be ground water. The farm on which the land is located must have been irrigated with ground water during at least 1 of the preceding 5 crop years.

"(5) **LAND DIVERSION PROGRAM.**—

"(A) **IN GENERAL.**—The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation program for rice is in effect, if the Secretary determines that the land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. The land diversion payments shall be made

to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

"(B) AMOUNTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) CONSERVATION PRACTICES.—

"(A) WILDLIFE FOOD PLOTS OR HABITAT.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of this subparagraph.

"(B) PUBLIC ACCESS.—The Secretary may provide for an additional payment on the acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) PARTICIPATION AGREEMENTS.—

"(A) IN GENERAL.—Producers on a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for the participation not later than such date as the Secretary may prescribe.

"(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, modify or terminate any such agreement if the Secretary determines the action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. The Secretary may modify the agreement under this subparagraph for the purpose of alleviating a shortage in the supply of agricultural commodities only if there has been a significant change in the estimated stocks of the commodity since the Secretary announced the final terms and conditions of the program for the crop of rice.

"(f) INVENTORY REDUCTION PAYMENTS.—

"(1) **IN GENERAL.**—The Secretary may, for each of the 1991 through 1995 crops of rice, make payments available to producers who meet the requirements of this subsection.

"(2) **FORM.**—The payments may be made in the form of marketing certificates.

"(3) **PAYMENTS.**—

"(A) **IN GENERAL.**—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) **QUANTITY OF RICE MADE AVAILABLE.**—The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under this subsection.

"(4) **ELIGIBILITY.**—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (e); and

"(D) otherwise complies with this section.

"(g) **EQUITABLE RELIEF.**—

"(1) **LOANS AND PAYMENTS.**—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of the program in determining whether equitable relief is warranted under this paragraph.

"(2) **DEADLINES AND PROGRAM REQUIREMENTS.**—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of the program.

"(h) **REGULATIONS.**—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(i) **COMMODITY CREDIT CORPORATION.**—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(j) **ASSIGNMENT OF PAYMENTS.**—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(k) **SHARING OF PAYMENTS.**—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.



**"(l) TENANTS AND SHARECROPPERS.**—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

**"(m) CROSS-COMPLIANCE.**—

**"(1) IN GENERAL.**—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

**"(2) COMPLIANCE ON OTHER FARMS.**—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for the farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by the producers.

**"(n) CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of rice."

## **TITLE VII—OILSEEDS**

### **SEC. 701. LOANS AND PAYMENTS FOR OILSEEDS FOR 1991 THROUGH 1995 MARKETING YEARS.**

Title II of the Agricultural Act of 1949 (7 U.S.C. 1446 et seq.) is amended—

(1) in the matter preceding subsection (a) of section 201 (7 U.S.C. 1446), by striking "tung nuts," and inserting the following: "oilseeds (including soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and such other oilseeds as the Secretary may determine)"; and

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

### **"SEC. 205. LOANS AND PAYMENTS FOR OILSEEDS FOR 1991 THROUGH 1995 MARKETING YEARS.**

**"(a) DEFINITION OF OILSEEDS.**—As used in this section, the term 'oilseeds' means soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and such other oilseeds as the Secretary may determine.

**"(b) IN GENERAL.**—The Secretary shall support the price of oilseeds through nonrecourse loans to producers on a farm for oilseeds produced on the farm in each of the 1991 through 1995 marketing years as provided in this section.

**"(c) LOAN LEVEL.**—The loan level for each of the 1991 through 1995 crops of—

**"(1)** soybeans shall not be less than \$5.02 per bushel;

**"(2)** sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed shall not be less than \$0.089 per pound; and

**"(3)** other oilseeds shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan level available for soybeans, except that, in the case of cottonseed, in no event less than the level established for soybeans on a per-pound basis for the same crop year.

**"(d) MARKETING LOAN PROVISIONS.**—

**"(1) IN GENERAL.**—The Secretary shall permit a producer to repay a loan made under this section for a crop—

"(A) at a level that is the lesser of—

"(i) the loan level determined for the crop; or

"(ii) the prevailing world market price for the applicable oilseed (adjusted to United States quality and location), as determined by the Secretary; or

"(B) such other level (not in excess of the loan level determined for the crop) that the Secretary determines will—

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of oilseed stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing oilseeds; and

"(iv) allow oilseeds produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(2) **PREVAILING WORLD MARKET PRICE.**—The Secretary shall prescribe by regulation—

"(A) a formula to define the prevailing world market price for oilseeds (adjusted to United States quality and location); and

"(B) a mechanism by which the Secretary shall announce periodically the prevailing world market price for oilseeds (adjusted to United States quality and location).

"(e) **LOAN DEFICIENCY PAYMENT.**—

"(1) **IN GENERAL.**—The Secretary shall, for each of the 1991 through 1995 crops of oilseeds, make payments available to producers who, although eligible to obtain a loan under subsection (b), agree to forgo obtaining the loan in return for payments under this subsection.

"(2) **COMPUTATION.**—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of oilseeds the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

"(3) **LOAN PAYMENT RATE.**—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for the crop under subsection (c); exceeds

"(B) the level at which a loan may be repaid under subsection (d).

"(4) **MARKETING CERTIFICATES.**—

"(A) **IN GENERAL.**—The Secretary may make payments under this section available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation.

"(B) **MINIMAL OILSEED STOCKS.**—The Secretary shall make certificates available under subparagraph (A) in such a manner so as to minimize the accumulation of oilseeds stocks.

"(f) **MARKETING YEAR.**—For purposes of this section, the marketing year for—

"(1) soybeans shall be the 12-month period beginning on September 1 and ending on August 31; and

"(2) other oilseeds shall be prescribed by the Secretary by regulation.

**"(g) ANNOUNCEMENTS.—**

"(1) **IN GENERAL.**—Except as provided in paragraph (2), the Secretary shall make an announcement of the loan level for the crop not later than November 15 prior to the calendar year in which the crop is harvested.

"(2) **1991 CROP.**—In the case of the 1991 crop, the Secretary shall make an announcement of the loan level for the crop as soon as practicable after the date of enactment of this section.

"(h) **LOAN MATURITY.**—A loan made for a crop of oilseeds under this section shall mature on the last day of the 9th month following the month the application for the loan is made.

"(i) **OTHER TERMS AND CONDITIONS.**—Notwithstanding any other provision of law—

"(1) the Secretary shall not require participation in any production adjustment program for oilseeds or any other commodity as a condition of eligibility for price support for oilseeds;

"(2) the Secretary may not authorize payments to producers to cover the cost of storing oilseeds; and

"(3) oilseeds may not be considered an eligible commodity for any reserve program.

"(j) **REGULATIONS.**—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(k) **COMMODITY CREDIT CORPORATION.**—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(l) **ASSIGNMENT OF PAYMENTS.**—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(m) **CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of oilseeds."

## **TITLE VIII—PEANUTS**

### **SEC. 801. SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS.**

The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1991 through 1995 crops of peanuts:

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

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

(3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359 (a), (b), (d), and (e)).

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.).

(5) Section 371 (7 U.S.C. 1371).

### **SEC. 802. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS.**

The Agricultural Adjustment Act of 1938 is amended by inserting after section 358 the following new section:

**"SEC. 358-1. NATIONAL POUNDAGE QUOTAS AND ACREAGE ALLOTMENTS FOR 1991 THROUGH 1995 CROPS OF PEANUTS.**

**"(a) NATIONAL POUNDAGE QUOTAS.—**

**"(1) ESTABLISHMENT.**—The national poundage quota for peanuts for each of the 1991 through 1995 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses. Notwithstanding any other provision of this paragraph, the national poundage quota for a marketing year shall not be less than 1,350,000 tons.

**"(2) ANNOUNCEMENT.**—The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding the marketing year.

**"(3) APPORTIONMENT AMONG STATES.**—The national poundage quota established under paragraph (1) shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1990.

**"(b) FARM POUNDAGE QUOTAS.—**

**"(1) IN GENERAL.—**

**"(A) ESTABLISHMENT.**—A farm poundage quota for each of the 1991 through 1995 marketing years shall be established—

**"(i)** for each farm that had a farm poundage quota for peanuts for the 1990 marketing year;

**"(ii)** if the poundage quota apportioned to a State under subsection (a)(3) for any such marketing year is larger than the quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary; and

**"(iii)** as approved and determined by the Secretary under section 358c, for each farm on which peanuts are produced in connection with experimental and research programs.

**"(B) QUANTITY.**—The farm poundage quota for each of the 1991 through 1995 marketing years for each farm described in subparagraph (A)(i) shall be the same as the farm poundage quota for the farm for the immediately preceding marketing year, as adjusted under paragraph (2), but not including—

**"(i)** any increases for undermarketings from previous years; or

**"(ii)** any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

The farm poundage quota, if any, for each of the 1991 through 1995 marketing years for each farm described in subparagraph (A)(ii) shall be equal to the quantity of peanuts allocated to the farm for the year under paragraph (2).

**"(C) TRANSFERS.**—For purposes of this subsection, if the farm poundage quota, or any part thereof, is permanently

transferred in accordance with section 358a or 358b, the receiving farm shall be considered as possessing the farm poundage quota (or portion thereof) of the transferring farm for all subsequent marketing years.

**"(2) ADJUSTMENTS.—**

**"(A) ALLOCATION OF INCREASED QUOTA GENERALLY.—**Except as provided in subparagraph (B) and subject to subparagraph (D), if the poundage quota apportioned to a State under subsection (a)(3) for any of the 1991 through 1995 marketing years is increased over the poundage quota apportioned to farms in the State for the immediately preceding marketing year, the increase shall be allocated proportionately, based on farm production history for peanuts for the 3 immediately preceding years, among—

**"(i)** all farms in the State for each of which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

**"(ii)** all other farms in the State on each of which peanuts were produced in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

**"(B) ALLOCATION OF INCREASED QUOTA IN TEXAS.—**

**"(i) IN GENERAL.—**In Texas, and subject to terms and conditions prescribed by the Secretary, beginning with the 1991 marketing year, 33 percent of the increased quota referred to in subparagraph (A) shall be allocated to farms having poundage quotas for the 1990 marketing year in any county in which the production of additional peanuts exceeded the total quota allocated to the county for the 1989 marketing year.

**"(ii) BASIS FOR ALLOCATION TO COUNTIES.—**The allocation of the quota to eligible counties shall be based on the total production of additional peanuts in the respective counties for the 1988 crop, except that the total quota allocated to any county under this subparagraph and paragraph (6)(C) shall not be increased by more than 100 percent of the basic quota assigned to the county for the 1989 marketing year if that county had more than 10,000 tons of quota for the 1989 marketing year.

**"(iii) ALLOCATION TO OTHER COUNTIES.—**If the total quota for any such county is so increased by 100 percent, all of the remaining quota percentage set aside under this subparagraph shall be allocated to farms in other counties otherwise meeting the requirements of this subparagraph.

**"(iv) ALLOCATION TO ELIGIBLE FARMS.—**The percentage of increased quota in any county shall be allocated under this subparagraph only to quota farms from which additional peanuts were delivered under contract with handlers for the marketing year immediately preceding the marketing year for which the allocation is being made. The percentage of the increased

quota in each county shall be allocated among the eligible farms in the county on the following basis:

"(I) **FACTOR.**—A factor shall be established for each such eligible farm by dividing the quantity of additional peanuts contracted and delivered to handlers from the farm by the total remaining peanuts produced on the farm for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(II) **ALLOCATION.**—Each such eligible farm shall be allocated the percentage of the increased quota for the county as its factor bears to the total of the factors for all eligible farms in the county.

"(v) **REMAINING PERCENTAGE.**—In Texas, the remaining 67 percent of the increased quota referred to in subparagraph (A) shall be allocated to farms in the State in accordance with subparagraph (A).

"(C) **DECREASE.**—If the poundage quota apportioned to a State under subsection (a)(3) for any of the 1991 through 1995 marketing years is decreased from the poundage quota apportioned to farms in the State under subsection (a)(3) for the immediately preceding marketing year, the decrease shall be allocated among all the farms in the State for each of which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(D) **SPECIAL RULE ON TENANT'S SHARE OF INCREASED QUOTA.**—Subject to terms and conditions prescribed by the Secretary, on farms that were leased to a tenant for peanut production, the tenant shall share equally with the owner of the farm in that percentage of the quota referred to in subparagraph (A) and otherwise allocated to the farm as the result of the tenant's production on the farm of additional peanuts. Not later than April 1 of each year or as soon as practicable, the tenant's share of any such quota shall be allocated to a farm within the county owned by the tenant or sold by the tenant to the owner of any farm within the county and permanently transferred to that farm. Any quota not so disposed of as provided in this subparagraph shall be allocated to other quota farms in the State under paragraph (6) as part of the quota reduced from farms in the State due to the failure to produce the quota.

"(3) **QUOTA NOT PRODUCED.**—

"(A) **IN GENERAL.**—Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any of the 1991 through 1995 marketing years shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm.

**"(B) EXCLUSIONS.**—For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include—

"(i) any increases for undermarketing of quota peanuts from previous years; or

"(ii) any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

**"(4) QUOTA CONSIDERED PRODUCED.**—For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary;

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made; or

"(C) the farm poundage quota was leased to another owner or operator of a farm within the same county for transfer to such farm for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made.

**"(5) QUOTA PERMANENTLY RELEASED.**—Notwithstanding any other provision of law—

"(A) the farm poundage quota established for a farm under this subsection, or any part of the quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner; and

"(B) the poundage quota for the farm for which the quota is released shall be adjusted downward to reflect the quota that is so released.

**"(6) ALLOCATION OF QUOTAS REDUCED OR RELEASED.**—

"(A) **IN GENERAL.**—Except as provided in subparagraphs (B) and (C), the total quantity of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least 2 of the 3 crop years immediately preceding the year for which the allocation is being made.

"(B) **SET-ASIDE FOR FARMS WITH NO QUOTA.**—Not more than 25 percent of the total amount of farm poundage quota to be allocated in the State under subparagraph (A) shall be allocated to farms in the State for which no farm poundage quota was established for the immediately preceding year's crop. The allocation to any such farm shall not exceed the average farm production of peanuts for the 3 immediately preceding years during which peanuts were produced on the farm.

"(C) **ALLOCATION OF QUOTAS REDUCED OR RELEASED IN TEXAS.**—

"(i) *IN GENERAL.*—In Texas, and subject to terms and conditions prescribed by the Secretary, beginning with the 1991 marketing year, the total quantity of the farm poundage quota, except the percentage allocated to new farms under subparagraph (B), shall be allocated to other farms having poundage quotas for the 1990 marketing year in all counties in which the production of additional peanuts exceeded the total quota allocated to the county for the 1989 marketing year.

"(ii) *BASIS FOR ALLOCATION TO COUNTIES.*—The allocation of the quota to eligible counties shall be based on the total production of additional peanuts in the respective county for the 1988 crop, except that the total quota allocated to any county under this subparagraph and paragraph (2)(B) shall not be increased by more than 100 percent of the basic quota allocated to the county for the 1989 marketing year, if that county had more than 10,000 tons of quota for the 1989 marketing year.

"(iii) *ALLOCATION TO OTHER COUNTIES.*—If the total quota for any such county is so increased by 100 percent, all of the remaining quota set aside under this subparagraph shall be allocated to farms in other counties otherwise meeting the requirements of this subparagraph.

"(iv) *ALLOCATION TO ELIGIBLE FARMS.*—The percentage of farm poundage quota available for allocation under this subparagraph shall be allocated only to quota farms from which additional peanuts were delivered under contract with handlers for the marketing year immediately preceding the marketing year for which the allocation is being made. The percentage of the increased quota in each county shall be allocated among the eligible farms in the county on the following basis:

"(I) *FACTOR.*—A factor shall be established for each such eligible farm by dividing the amount of additional peanuts contracted and delivered to handlers from the farm by the total remaining peanuts produced on the farm for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(II) *ALLOCATION.*—Each such eligible farm shall be allocated the percentage of the increased quota for the county as its factor bears to the total of the factors for all eligible farms in the county.

"(7) *QUOTA TEMPORARILY RELEASED.*—

"(A) *IN GENERAL.*—The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that the quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in



the State on such basis as the Secretary may by regulation prescribe.

"(B) **EFFECTIVE PERIOD.**—Except as otherwise provided in this section, any adjustment in the farm poundage quota for a farm under subparagraph (A) shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which the quota was released for any subsequent marketing year.

"(8) **INCREASE FOR UNDERMARKETINGS IN PREVIOUS MARKETING YEARS.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), the farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1989 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from previous marketing years) for the marketing years.

"(B) **QUOTA NOT PRODUCED.**—For purposes of subparagraph (A), no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the poundage quota for the farm for the marketing year was reduced under paragraph (3) for failure to produce.

"(C) **NATIONAL POUNDAGE QUOTA.**—Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved.

"(D) **TRANSFER OF ADDITIONAL PEANUTS.**—Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) **LIMIT ON INCREASES FOR UNDERMARKETINGS.**—Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) exceeds 10 percent of the national poundage quota for the marketing year in which the increases shall be applicable, the Secretary shall adjust the increases so that the total of all the increases does not exceed 10 percent of the national poundage quota.

"(c) **FARM YIELDS.**—

"(1) **IN GENERAL.**—For each farm for which a farm poundage quota is established under subsection (b), and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm.

"(2) **QUANTITY.**—The yield shall be equal to the average of the actual yield per acre on the farm for each of the 3 crop years in which yields were highest on the farm out of the 5 crop years 1973 through 1977.

"(3) APPRAISED YIELDS.—If peanuts were not produced on the farm in at least 3 years during the 5-year period or there was a substantial change in the operation of the farm during the period (including a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that quantity determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(d) REFERENDUM RESPECTING POUNDAGE QUOTAS.—

"(1) IN GENERAL.—Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether the producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the 5 calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period.

"(2) PROCLAMATION.—The Secretary shall proclaim the result of the referendum within 30 days after the date on which it is held.

"(3) VOTE AGAINST QUOTAS.—If more than one-third of the producers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(e) DEFINITIONS.—For the purposes of this part and title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

"(1) ADDITIONAL PEANUTS.—The term 'additional peanuts' means, for any marketing year—

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from the farm for the year; and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (b).

"(2) CRUSHING.—The term 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary.

"(3) DOMESTIC EDIBLE USE.—The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (2)) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded

under section 359(c), are unique strains, and are not commercially available.

"(4) **QUOTA PEANUTS.**—The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (b), that—

"(A) are eligible for domestic edible use as determined by the Secretary;

"(B) are marketed or considered marketed from a farm; and

"(C) do not exceed the farm poundage quota of the farm for the year.

"(f) **CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of peanuts."

#### **SEC. 803. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.**

The Agricultural Adjustment Act of 1938 is amended by inserting after section 358a the following new section:

#### **"SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA FOR 1991 THROUGH 1995 CROPS OF PEANUTS.**

##### **"(a) IN GENERAL.—**

"(1) **AUTHORITY.**—Subject to such terms, conditions, or limitations as the Secretary may prescribe, the owner, or operator with the permission of the owner, of any farm for which a farm poundage quota has been established under this Act may sell or lease all or any part of the poundage quota to any other owner or operator of a farm within the same county for transfer to the farm, except that any such lease of poundage quota may be entered into in the fall or after the normal planting season—

"(A) if not less than 90 percent of the basic quota (the farm quota exclusive of undermarketings and temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

"(B) under such terms and conditions as the Secretary may by regulation prescribe.

In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization. A fall transfer or a transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

"(2) **TRANSFERS TO OTHER SELF-OWNED FARMS.**—The owner or operator of a farm may transfer all or any part of the farm poundage quota for the farm to any other farm owned or controlled by the owner or operator that is in the same county or in a county contiguous to the county in the same State and that had a farm poundage quota for the preceding year's crop. Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if the transferred quota is produced or considered produced on the receiving farm.

"(3) **TRANSFERS IN STATES WITH SMALL QUOTAS.**—Notwithstanding paragraphs (1) and (2), in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(b) **CONDITIONS.**—Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to all of the following conditions:

"(1) **LIENHOLDERS.**—No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) **TILLABLE CROPLAND.**—No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

"(3) **RECORD.**—No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which the transfer is made and the committee determines that the transfer complies with this section.

"(4) **OTHER TERMS.**—Such other terms and conditions that the Secretary may by regulation prescribe.

"(c) **CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of peanuts."

#### **SEC. 804. MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS.**

The Agricultural Adjustment Act of 1938 is amended by inserting after section 359 the following new section:

#### **"SEC. 359a. MARKETING PENALTIES AND DISPOSITION OF ADDITIONAL PEANUTS FOR 1991 THROUGH 1995 CROPS OF PEANUTS.**

"(a) **MARKETING PENALTIES.**—

"(1) **IN GENERAL.**—

"(A) **MARKETING PEANUTS IN EXCESS OF QUOTA.**—The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which the peanuts are produced shall be subject to penalty at a rate equal to 140 percent of the support price for quota peanuts for the marketing year in which the marketing occurs. The penalty shall not apply to the marketing of breeder or Foundation seed peanuts grown and marketed by a publicly owned agricultural experiment station (including a State operated seed organization) under such regulations as the Secretary may prescribe.

"(B) **MARKETING YEAR.**—For purposes of this section, the marketing year for peanuts shall be the 12-month period beginning August 1 and ending July 31.

"(C) **MARKETING ADDITIONAL PEANUTS.**—The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are—

"(i) placed under loan at the additional loan rate in effect for the peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(ii) marketed through an area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949; or

"(iii) marketed under contracts between handlers and producers pursuant to subsection (f).

"(2) **PAYER.**—The penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by the agent. The person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(3) **FAILURE TO COLLECT.**—If the person required to collect the penalty fails to collect the penalty, the person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable with such persons who failed to collect the penalty for the amount of the penalty.

"(4) **APPLICATION OF QUOTA.**—Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to the quotas even though the peanuts are marketed prior to the date on which the marketing year begins.

"(5) **FALSE INFORMATION.**—If any producer falsely identifies, fails to accurately certify planted acres, or fails to account for the disposition of any peanuts produced on the planted acres, a quantity of peanuts equal to the greater of the farm's average or actual yield, as determined by the Secretary, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. Any penalty payable under this paragraph shall be paid and remitted by the producer.

"(6) **UNINTENTIONAL VIOLATIONS.**—The Secretary shall authorize, under such regulations as the Secretary shall issue, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases which the committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(7) **DE MINIMIS VIOLATIONS.**—Errors in weight that do not exceed one-tenth of 1 percent in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(b) **USE OF QUOTA AND ADDITIONAL PEANUTS.**—

"(1) **QUOTA PEANUTS.**—Only quota peanuts may be retained for use as seed or for other uses on a farm. When peanuts are so retained, such retention shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts for the quantity involved that are used to produce peanuts excluded

under section 359(c), are unique strains, and are not commercially available.

"(2) **ADDITIONAL PEANUTS.**—Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (g).

"(3) **SEED.**—Except as provided in paragraph (1), seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(c) **MARKETING PEANUTS WITH EXCESS QUANTITY, GRADE, OR QUALITY.**—On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by the handler from the crop for the marketing, the handler shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(d) **HANDLING AND DISPOSAL OF ADDITIONAL PEANUTS.**—

"(1) **IN GENERAL.**—Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949.

"(2) **SUPERVISION BY NONHANDLERS.**—

"(A) **IN GENERAL.**—Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) if the handler agrees in writing, prior to any handling or disposal of the peanuts, to comply with regulations that the Secretary shall issue.

"(B) **REGULATIONS.**—The regulations issued by the Secretary under subparagraph (A) shall include the following provisions:

"(i) **TYPES OF EXPORTED OR CRUSHED PEANUTS.**—Handlers of shelled or milled peanuts may export or crush peanuts classified by type in all of the following quantities:

"(I) **SOUND SPLIT KERNEL PEANUTS.**—Sound split kernel peanuts purchased by the handler as additional peanuts to which, under price support loan schedules, a mandated deduction with respect to the price paid to the producer of the peanuts would be applied due to the percentage of the sound splits.

"(II) **SOUND MATURE KERNEL PEANUTS.**—Sound mature kernel peanuts (which term includes sound split kernel peanuts and sound whole kernel peanuts) in an amount equal to the poundage of the peanuts purchased by the handler as additional peanuts, less the total poundage of sound split kernel peanuts described in subclause (I).

"(III) REMAINDER.—The remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts.

"(ii) DOCUMENTATION.—Handlers shall ensure that any additional peanuts exported or crushed are evidenced by onboard bills of lading or other appropriate documentation as may be required by the Secretary, or both.

"(iii) LOSS OF PEANUTS.—If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of the loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export or crushing by the handler during the year.

"(iv) SHRINKAGE ALLOWANCE.—

"(I) IN GENERAL.—The obligation of a handler to export or crush 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 the allowance shall not be less than 4 percent, except as provided in subclause (II).

"(II) COMMON INDUSTRY PRACTICES.—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.

"(3) ADEQUATE FINANCES AND FACILITIES.—A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, with the facilities under the control and operation of the handler, to ensure the handler's compliance with the obligation to export peanuts.

"(4) COMMINGLING OF LIKE PEANUTS.—Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) PENALTY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(B) NONDELIVERY.—A handler shall not be subject to a penalty for failure to export additional peanuts if the peanuts were not delivered to the handler.

"(6) REENTRY OF EXPORTED PEANUTS.—If any additional peanuts exported by a handler are reentered into the United States

in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts reentered.

**"(e) SPECIAL EXPORT CREDITS.—**

**"(1) IN GENERAL.—**The Secretary shall, with due regard for the integrity of the peanut program, promulgate regulations that will permit any handler of peanuts who manufactures peanut products from domestic edible peanuts to export the products and receive credit for the fulfillment of export obligations for the peanut content of the products against which the export credits the handler may thereafter apply, up to the amount thereof, equivalent quantities of additional peanuts of the same type acquired by the handler and used in the domestic edible market. The peanuts so acquired for the domestic edible market as provided in this subsection shall be of the same crop year as the peanuts used in the manufacture of the products so exported.

**"(2) CERTIFICATION.—**Under such regulations, the Secretary shall require all handlers who are peanut product manufacturers to submit annual certifications of peanut product content on a product-by-product basis. Any changes in peanut product formulas as affecting peanut content shall be recorded within 90 days of the changes. The Secretary shall conduct an annual review of the certifications. The Secretary shall pursue all available remedies with respect to persons who fail to comply with this paragraph.

**"(3) RECORDS.—**The Secretary shall require handlers who are peanut product manufacturers to maintain and provide such documents as are necessary to ensure compliance with this subsection and to maintain the integrity of the peanut program.

**"(f) CONTRACTS FOR PURCHASE OF ADDITIONAL PEANUTS.—**

**"(1) IN GENERAL.—**Handlers may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing or export, or both.

**"(2) SUBMISSION TO SECRETARY.—**

**"(A) CONTRACT DEADLINE.—**Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval not later than September 15 of the year in which the crop is produced.

**"(B) EXTENSION OF DEADLINE.—**The Secretary may extend the deadline under subparagraph (A) by up to 15 days in response to damaging weather or related condition (as defined in section 112 of the Disaster Assistance Act of 1989 (7 U.S.C. 1421 et seq.)). The Secretary shall announce the extension no later than September 5 of the year in which the crop is produced.

**"(3) FORM.—**The contract shall be executed on a form prescribed by the Secretary. The form shall require such information as the Secretary determines appropriate to ensure the proper handling of the additional peanuts, including the identity of the contracting parties, the poundage, and category of the



peanuts, the disclosure of any liens, and the intended disposition of the peanuts.

"(4) **INFORMATION FOR HANDLING AND PROCESSING ADDITIONAL PEANUTS.**—Notwithstanding any other provision of this section, any person wishing to handle and process additional peanuts as a handler shall submit to the Secretary (or if designated by the Secretary, the area marketing association), such information as may be required under subsection (d) by such date as prescribed by the Secretary so as to permit final action to be taken on the application by July 1 of each marketing year.

"(5) **TERMS.**—Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of the peanuts for domestic edible or seed use.

"(6) **SUSPENSION OF RESTRICTIONS ON IMPORTED PEANUTS.**—Notwithstanding any other provision of this Act, if the President issues a proclamation under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, temporarily suspending restrictions on the importation of peanuts, the Secretary shall, subject to such terms and conditions as the Secretary may prescribe, permit a handler, with the written consent of the producer, to purchase additional peanuts from any producer who contracted with the handler and to offer the peanuts for sale for domestic edible use.

"(g) **MARKETING OF PEANUTS OWNED OR CONTROLLED BY THE COMMODITY CREDIT CORPORATION.**—

"(1) **IN GENERAL.**—Subject to section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use, in accordance with regulations issued by the Secretary, so long as doing so does not result in substantially increased cost to the Commodity Credit Corporation. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to the peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(A) not less than 100 percent of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by and with the written consent of the producer;

"(B) not less than 105 percent of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(C) not less than 107 percent of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(2) **ACCEPTANCE OF BIDS BY AREA MARKETING ASSOCIATIONS.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), for the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following

the year in which the additional peanuts were harvested, the area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts.

"(B) MODIFICATION.—The area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by subparagraph (A) to facilitate the orderly marketing of additional peanuts.

"(3) PRODUCER MARKETING AND EXPENSES.—Notwithstanding any other provision of this Act, the Secretary shall, in any determination required under subsections (a)(2) and (b)(1) of section 108B of the Agricultural Act of 1949, include any additional marketing expenses required by law, excluding the amount of any assessment required under the Omnibus Budget Reconciliation Act of 1990.

"(h) ADMINISTRATION.—

"(1) INTEREST.—The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date the penalty became due.

"(2) DE MINIMIS QUANTITY.—This section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on the farm do not share in the peanuts produced on any other farm.

"(3) LIENS.—Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which the penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) PENALTIES.—

"(A) PROCEDURES.—Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

"(B) JUDICIAL REVIEW.—Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether the determination was made in conformity with the applicable law and regulations.

"(C) CIVIL PENALTIES.—All penalties imposed under this section shall for all purposes be considered civil penalties.

**"(5) REDUCTION OF PENALTIES.—**

**"(A) IN GENERAL.**—Notwithstanding any other provision of law and except as provided in subparagraph (B), the Secretary may reduce the amount of any penalty assessed against handlers under this section by any appropriate amount, including, in an appropriate case, eliminating the penalty entirely, if the Secretary finds that the violation on which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.

**"(B) FAILURE TO EXPORT CONTRACTED ADDITIONAL PEANUTS.**—The amount of any penalty imposed on a handler under this section that resulted from the failure to export or crush contracted additional peanuts shall not be reduced by the Secretary.

**"(i) CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of peanuts."

**SEC. 805. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.**

The Agricultural Adjustment Act of 1938 (as amended by section 803 of this Act) is further amended by inserting after section 358b the following new section:

**"SEC. 358c. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.**

**"(a) IN GENERAL.**—Notwithstanding any other provision of this Act, the Secretary may permit a portion of the poundage quota for peanuts apportioned to any State to be allocated from the State's quota reserve to land-grant institutions identified in the Act of May 8, 1914 (38 Stat. 372, chapter 79; 7 U.S.C. 341 et seq.), and colleges eligible to receive funds under the Act of August 30, 1890 (26 Stat. 419, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee Institute and, as appropriate, the Agricultural Research Service of the Department of Agriculture to be used for experimental and research purposes.

**"(b) QUANTITY.**—The quantity of the quota allocated to an institution under this section shall not exceed the quantity of the quota held by each such institution during the 1985 crop year, except that the total quantity allocated to all institutions in a State shall not exceed  $\frac{1}{10}$  of 1 percent of the State's basic quota.

**"(c) LIMITATION.**—The director of the agricultural experiment station for a State shall be required to ensure, to the extent practicable, that farm operators in the State do not produce quota peanuts under subsection (a) in excess of the quantity needed for experimental and research purposes.

**"(d) CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of peanuts."

**SEC. 806. PRICE SUPPORT PROGRAM.**

The Agricultural Act of 1949 is amended—

(1) by repealing sections 108 and 108A (7 U.S.C. 1445c and 1445c-1);

(2) by redesignating section 108B (7 U.S.C. 1445c-2) as section 108A; and

(3) by inserting after section 108A (as so redesignated) the following new section:

**"SEC. 108B. PRICE SUPPORT PROGRAM FOR 1991 THROUGH 1995 CROPS OF PEANUTS.**

**"(a) QUOTA PEANUTS.—**

**"(1) IN GENERAL.—**The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1991 through 1995 crops.

**"(2) SUPPORT RATES.—**The national average quota support rate for each of the 1991 through 1995 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 5 percent the national average quota support rate for the preceding crop.

**"(3) INSPECTION, HANDLING, OR STORAGE.—**The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage.

**"(4) LOCATION AND OTHER FACTORS.—**The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403.

**"(5) ANNOUNCEMENT.—**The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

**"(b) ADDITIONAL PEANUTS.—**

**"(1) IN GENERAL.—**The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1991 through 1995 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

**"(2) ANNOUNCEMENT.—**The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

**"(c) AREA MARKETING ASSOCIATIONS.—**

**"(1) WAREHOUSE STORAGE LOANS.—**

**"(A) IN GENERAL.—**In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 1, 1989)) to a designated area marketing association of

peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and sections 359 and 359a of the Agricultural Adjustment Act of 1938.

"(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and sections 359 and 359a of the Agricultural Adjustment Act of 1938.

"(C) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and sections 359 and 359a of the Agricultural Adjustment Act of 1938.

"(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

"(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

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

"(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool plus an amount from all additional pool gains equal to any loss on disposition of all peanuts in the pool for quota peanuts.

"(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(d) LOSSES.—Notwithstanding any other provision of this section:

"(1) QUOTA PEANUTS PLACED UNDER LOAN.—Any distribution of net gains on additional peanuts (other than net gains on additional peanuts in separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico)

shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan.

**"(2) QUOTA LOAN POOLS.—**

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

**"(B) OTHER LOSSES.—**Losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358-1(b)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

**"(e) DISAPPROVAL OF QUOTAS.—**Notwithstanding any other provision of law, no price support may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358-1(d) of the Agricultural Adjustment Act of 1938.

**"(f) QUALITY IMPROVEMENT.—**

**"(1) PRICE SUPPORT PEANUTS.—**With respect to peanuts under price support loan, the Secretary shall—

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

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

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

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

**"(2) EXPORTS AND OTHER PEANUTS.—**The Secretary shall require that all peanuts in the domestic market fully comply with all quality standards under Marketing Agreement No. 146. The Secretary shall ensure that peanuts produced for the export market meet quality standards established for the domestic market under Marketing Agreement No. 146.

**"(g) CROPS.—**Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of peanuts."

**SEC. 807. REPORTS AND RECORDS.**

Effective only for the 1991 through 1995 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before "all brokers and dealers in peanuts" the following: "all producers engaged in the production of peanuts,".

**SEC. 808. SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS.**

Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1991 through 1995 crops of peanuts.

**SEC. 809. REGULATIONS.**

The Secretary of Agriculture shall issue such regulations as are necessary to carry out this title and the amendments made by this title. In issuing the regulations, the Secretary—

- (1) is encouraged to comply with subchapter II of chapter 5 of title 5, United States Code;
- (2) shall provide public notice through the Federal Register of any such proposed regulations; and
- (3) shall allow adequate time for written public comment prior to the formulation and issuance of any final regulations.

## **TITLE IX—SUGAR**

**SEC. 901. SUGAR PRICE SUPPORT.**

Title II of the Agricultural Act of 1949 (7 U.S.C. 1446 et seq.) (as amended by section 701 of this Act) is further amended—

- (1) in the matter preceding subsection (a) of section 201 (7 U.S.C. 1446), by striking "honey, and milk" and inserting "honey, milk, sugar beets, and sugarcane"; and
- (2) by adding at the end the following new section:

**"SEC. 206. SUGAR PRICE SUPPORT FOR 1991 THROUGH 1995 CROPS.**

"(a) **IN GENERAL.**—The price of each of the 1991 through 1995 crops of sugar beets and sugarcane, respectively, shall be supported in accordance with this section.

"(b) **SUGARCANE.**—The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate, but not less than 18 cents per pound for raw cane sugar.

"(c) **SUGAR BEETS.**—The Secretary shall support the price of each of the 1991 through 1995 crops of crop of domestically grown sugar beets through nonrecourse loans at such level for each such crop as the Secretary determines reflects—

"(1) an amount that bears the same relation to the support level for the crop of sugarcane under subsection (b) as the weighted average of producer returns for sugar beets bears to the weighted average of producer returns for sugarcane, expressed on a cents per pound basis for refined beet sugar and raw cane sugar, for the most recent 5-year period for which data are available; plus

"(2) an amount that covers sugar beet processor fixed marketing expenses.

"(d) **ADJUSTMENT IN SUPPORT PRICE.**—

"(1) *IN GENERAL.*—The Secretary may increase the support price for each of the 1991 through 1995 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production.

"(2) *REPORT.*—If the Secretary makes a determination not to increase the support price under paragraph (1), the Secretary shall submit a report containing the findings, decision, and supporting data for the determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(e) *ANNOUNCEMENTS.*—The Secretary shall announce the loan rate to be applicable during any fiscal year under this section as far in advance of the beginning of that fiscal year as is practicable consistent with the purposes of this section.

"(f) *TERM.*—Loans under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

"(1) the end of 9 months; or

"(2) the end of the fiscal year.

"(g) *SUPPLEMENTARY NONRECOURSE LOANS.*—In the case of sugar beet producing areas in which sugar beets normally are harvested during the last 3 months of a fiscal year, the Secretary shall make available, to each borrower of a loan made and repaid under this section during the last 3 months of the fiscal year on sugar processed from sugar beets so harvested, a supplementary nonrecourse loan in addition to the initial loan. In each case, the supplementary loan shall—

"(1) be made available to the borrower as of the first day of the following fiscal year;

"(2) be made at the same loan rate as the initial loan; and

"(3) mature in 9 months less the amount of time that the initial loan was in effect.

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

"(i) *CROPS.*—This section shall be effective only for the 1991 through 1995 crops of sugar beets and sugarcane."

#### SEC. 902. MARKETING ALLOTMENTS FOR SUGAR AND CRYSTALLINE FRUCTOSE.

Subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.) is amended by adding at the end the following new part:



## **"PART VII—MARKETING QUOTAS—SUGAR AND CRYSTALLINE FRUCTOSE**

### **"SEC. 359a. INFORMATION REPORTING.**

**"(a) DUTY TO REPORT.**—All cane sugar refiners and sugar beet processors and all manufacturers of crystalline fructose from corn (hereafter in this part referred to as 'crystalline fructose') shall furnish the Secretary, on a monthly basis, such information as the Secretary may require with respect to the person's importation, distribution, and stock levels of sugar or crystalline fructose, respectively.

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

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

### **"SEC. 359b. MARKETING ALLOTMENTS FOR SUGAR AND CRYSTALLINE FRUCTOSE.**

#### **"(a) SUGAR ESTIMATES.—**

**"(1) IN GENERAL.**—Before the beginning of each of the fiscal years 1992 through 1996, the Secretary shall estimate—

**"(A)** the quantity of sugar that will be consumed in the customs territory of the United States during the fiscal year (other than sugar imported for purposes other than human consumption);

**"(B)** the quantity of sugar that will be available from carry-in stocks or from domestically-produced sugarcane and sugar beets for consumption in the United States during the year; and

**"(C)** the quantity of sugar that will be imported for consumption during the year (other than sugar imported for purposes other than human consumption), based on the difference between—

**"(i)** the quantity of estimated consumption; and

**"(ii)** the quantity of sugar estimated to be available from domestically-produced sugarcane and sugar beets and from carry-in stocks.

**"(2) QUARTERLY REESTIMATES.**—The Secretary shall make quarterly reestimates of sugar consumption, availability, and imports for a fiscal year no later than the beginning of each of the second through fourth quarters of the fiscal year.

#### **"(b) SUGAR ALLOTMENTS.—**

**"(1) IN GENERAL.**—For any fiscal year in which the Secretary estimates, under subsection (a), that imports of sugar for consumption in the United States will be less than 1,250,000 short tons, raw value, the Secretary shall establish for that year appropriate allotments under section 359c for the marketing by processors of sugar processed from domestically-produced sugarcane and sugar beets in a manner that is fair, efficient, and equitable to producers, processors, and refiners, at a level that the

Secretary estimates will result in imports of sugar of not less than 1,250,000 short tons, raw value, for that year.

"(2) **PRODUCTS.**—The Secretary may include products of sugar in the allotments under paragraph (1) if the Secretary determines it to be appropriate for purposes of this part.

"(c) **CRYSTALLINE FRUCTOSE ALLOTMENTS.**—For any fiscal year in which the Secretary establishes allotments for the marketing of sugar under section 359c, the Secretary shall establish for that year appropriate allotments for the marketing by manufacturers of crystalline fructose manufactured from corn, at a total level not to exceed the equivalent of 200,000 tons of sugar, raw value, during the fiscal year, in a manner that is fair, efficient, and equitable to manufacturers.

"(d) **PROHIBITIONS.**—

"(1) **SUGAR.**—

"(A) **EXCEEDING ALLOCATION.**—At any time allotments are in effect and allocated to processors under section 359d, the total of—

"(i) the quantity of sugar marketed by a processor, plus

"(ii) the quantity of sugar pledged as collateral by the processor for a price support loan under section 206 of the Agricultural Act of 1949,

shall not exceed the quantity of the allocation of the allotment made to the processor.

"(B) **EXCEPTIONS.**—Subparagraph (A) shall not apply—

"(i) to the marketing during a fiscal year of sugar pledged in that fiscal year as collateral for a price support loan under section 206 of the Agricultural Act of 1949 after the sugar has been subsequently redeemed; or

"(ii) to any sale of sugar by a processor to another processor made to enable the other processor to fulfill the quantity of the allocation of the allotment made to the other processor.

"(2) **CRYSTALLINE FRUCTOSE.**—At any time crystalline fructose allotments are in effect for manufacturers under subsection (c), no manufacturer may market crystalline fructose in excess of the manufacturer's allotment. No restrictions or allotments shall be established on the marketings of any liquid fructose produced from corn.

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

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

**"SEC. 359c. ESTABLISHMENT OF MARKETING ALLOTMENTS.**

**"(a) IN GENERAL.**—The Secretary shall establish marketing allotments for sugar for any fiscal year in which the allotments are required under section 359b(b) in accordance with this section.

**"(b) OVERALL ALLOTMENT QUANTITY.**—

**"(1) IN GENERAL.**—The Secretary shall establish the overall quantity of sugar to be allotted for the fiscal year (hereafter in this part referred to as the 'overall allotment quantity') by deducting from the estimated sugar consumption for the fiscal year, as determined under section 359b(a)—

**"(A)** 1,250,000 short tons, raw value (representing minimum imports of sugar for consumption in the United States during the fiscal year); and

**"(B)** carry-in stocks of sugar, including sugar in Commodity Credit Corporation inventory.

**(2) ADJUSTMENT.**—The Secretary shall adjust the overall allotment quantity to the maximum extent practicable to prevent the accumulation of sugar acquired by the Commodity Credit Corporation.

**"(c) ALLOTMENT.**—The overall allotment quantity for the fiscal year shall be allotted among—

**"(1)** sugar derived from sugar beets; and

**"(2)** sugar derived from sugarcane.

**"(d) PERCENTAGE FACTORS.**—

**"(1) IN GENERAL.**—The Secretary shall establish percentage factors for the overall beet sugar and cane sugar allotments applicable for a fiscal year. The Secretary shall establish the percentage factors in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the marketings of sugar processed from sugarcane and sugar beets of any or all of the 1985 through 1989 crops), processing and refining capacity, and the ability of processors to market the sugar covered under the allotments.

**"(2) PUBLICATION.**—The Secretary shall publish these percentage factors in the Federal Register, along with a description of the Secretary's reasons for establishing the factors, as provided in section 359h(c).

**"(e) MARKETING ALLOTMENT.**—The marketing allotment for sugar derived from sugarcane and the marketing allotment for sugar derived from sugar beets for a fiscal year, in each case, shall be a quantity equal to the product of multiplying the overall allotment quantity for the fiscal year by the percentage factor established by the Secretary under subsection (d)(1) for the allotment.

**"(f) STATE SUGARCANE ALLOTMENT.**—The allotment for sugar derived from sugarcane shall be further allotted among the 5 States in the United States in which sugarcane is produced in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the average of marketings of sugar processed from sugarcane in the 2 highest years of production from each State from the 1985 through 1989 crops), processing capacity, and the ability of processors to market the sugar covered under the allotments.

**"(g) ADJUSTMENT OF MARKETING ALLOTMENTS.**—

**"(1) IN GENERAL.**—The Secretary shall, based on reestimates under section 359b(a)(2), adjust upward or downward marketing

allotments established under subsections (a) through (f) in a fair and equitable manner, or suspend the allotments, as the Secretary determines appropriate, to reflect changes in estimated sugar consumption, availability, or imports.

"(2) **ALLOCATION TO PROCESSORS.**—In the case of any increase or decrease in an allotment, each allocation to a processor of the allotment under section 359d, and each proportionate share established with respect to the allotment under section 359f(b), shall be increased or decreased by the same percentage that the allotment is increased or decreased.

"(3) **REDUCTIONS.**—Whenever a marketing allotment for a fiscal year is required to be reduced during the fiscal year under this paragraph—

"(A) if the quantity of the sugar marketed, including sugar pledged as collateral for a price support loan under section 206 of the Agricultural Act of 1949, for the fiscal year at the time of the reduction under the allotment by all processors covered by the allotment exceeds the reduced allotment, the quantity of the excess sugar marketed shall be deducted—

"(i) if beet sugar is involved, from the marketing allotment, if any, next established for beet sugar; or

"(ii) if cane sugar is involved, from the marketing allotment next established for the State; and

"(B) if the quantity of sugar marketed, including sugar pledged as collateral for a price support loan under section 206 of the Agricultural Act of 1949, for the fiscal year at the time of the reduction by any individual processor covered by the allotment exceeds the processor's reduced allocation, the quantity of the excess sugar marketed shall be deducted from the allocation of an allotment, if any, next established for the processor.

"(h) **FILLING SUGARCANE AND SUGAR BEET ALLOTMENTS.**—Except as otherwise provided in section 359e, each marketing allotment of sugarcane established under this section may only be filled with sugar processed from domestically grown sugarcane, and each marketing allotment of sugar beets established under this section may only be filled with sugar processed from domestically grown sugar beets.

#### "SEC. 359d. ALLOCATION OF MARKETING ALLOTMENTS.

"(a) **IN GENERAL.**—

"(1) **ALLOCATION TO PROCESSORS.**—Whenever marketing allotments are established for a fiscal year under section 359c, in order to afford all interested persons an equitable opportunity to market sugar under an allotment, the Secretary shall allocate each such allotment among the processors covered by the allotment.

"(2) **HEARING AND NOTICE.**—

"(A) **CANE SUGAR.**—The Secretary shall make allocations for cane sugar after such hearing and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of the allocations by taking into consider-

ation processing capacity, past marketings of sugar, and the ability of each processor to market sugar covered by that portion of the allotment allocated. Each such allocation shall be subject to adjustment under section 359c(g).

**"(B) BEET SUGAR.**—The Secretary shall make allocations for beet sugar after such hearing and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of the allocations by taking into consideration processing capacity, past marketings of sugar (considering for the purposes the marketings of sugar processed from sugar beets of any or all of the 1985 through 1989 crops), and the ability of each processor to market sugar covered by that portion of the allotment allocated. Each such allocation shall be subject to adjustment under section 359c(g).

**"(b) FILLING CANE SUGAR ALLOTMENTS.**—Except as otherwise provided in section 359e, the marketing allotment established for cane sugar under this part for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.

**"SEC. 359e. ASSIGNMENTS OF DEFICITS.**

**"(a) ESTIMATES OF MARKETING.**—At any time allotments are in effect under this part, the Secretary, from time to time, shall determine whether (in view of then-current inventories of sugar, the estimated production of sugar and expected marketings, and other pertinent factors) processors of sugarcane in each State covered by an allotment will be able to market the sugar covered by the allotment applicable to them and whether processors of sugar beets will be able to market sugar covered by the portion of the beet sugar allotment applicable to them.

**"(b) REASSIGNMENT OF DEFICITS.**—

**"(1) CANE SUGAR.**—If the Secretary determines that the sugarcane processors subject to a State allotment will be unable to market the State's allotment for the fiscal year—

**"(A)** the Secretary first shall reassign the estimated quantity of the deficit proportionately to the allocations for other processors within that State;

**"(B)** if after the reassignments the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit proportionately to the allotments for other cane sugar States, depending on the capacity of each other State to fill the portion of the deficit to be assigned to it, with the reassigned quantity to each State to be allocated among processors in that State in proportion to the allocations of the processors; and

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

**"(2) BEET SUGAR.**—If the Secretary determines that a sugar beet processor subject to an allotment will be unable to market that allotment—

"(A) the Secretary first shall reassign the estimated quantity of the deficit proportionately to the allotments for other sugar beet processors, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it; and

"(B) if after the reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

"(3) **CORRESPONDING INCREASE.**—The allocation of each processor receiving a reassigned quantity of an allotment under this subsection for a fiscal year shall be increased to reflect the reassignment.

**"SEC. 359f. PROVISIONS APPLICABLE TO PRODUCERS.**

"(a) **PROCESSOR ASSURANCES.**—Whenever allotments for a fiscal year are allocated to processors under section 359d, the Secretary shall obtain from the processors such assurances as the Secretary considers adequate that the allocation will be shared among producers served by the processor in a fair and equitable manner that adequately reflects producers' production histories. Any dispute between a processor and a producer, or group of producers, with respect to the sharing of the processor's allocation shall be resolved through arbitration by the Secretary on the request of either party.

"(b) **PROPORTIONATE SHARES OF CERTAIN ALLOTMENTS.**—

"(1) **IN GENERAL.**—

"(A) **STATES AFFECTED.**—In any case in which a State allotment is established under section 359c(f) and there are in excess of 250 producers in such State, the Secretary shall make a determination under subparagraph (B).

"(B) **DETERMINATION.**—The Secretary shall determine, for each State allotment described in subparagraph (A), whether the production of sugar, in the absence of proportionate shares, will be greater than the quantity needed to enable processors to fill the allotment and provide a normal carryover inventory.

"(2) **ESTABLISHMENT OF PROPORTIONATE SHARES.**—If the Secretary determines under paragraph (1) that the quantity of sugar processed from all crops by all processors covered by a State allotment for a fiscal year will be in excess of the quantity needed to enable processors to fill the allotment for the fiscal year and provide a normal carryover inventory, the Secretary shall establish proportionate shares for the crop of sugarcane that is harvested during the fiscal year the allotment is in effect as provided in this subsection. Each such proportionate share shall be subject to adjustment under section 359c(g).

"(3) **METHOD OF DETERMINING.**—For purposes of determining proportionate shares for any crop of sugarcane:

"(A) The Secretary shall establish the State's per-acre yield goal for a crop at a level (not less than the average per-acre yield in the State for the preceding 5 years, as determined by the Secretary) that will ensure an adequate net return per pound to producers in the State, taking into consideration any available production research data that the Secretary deems relevant.

"(B) The Secretary shall convert the State allotment for the fiscal year involved into a State acreage allotment for the crop by dividing the State allotment by the per-acre yield goal for the State, as established under subparagraph (A).

"(C) The Secretary shall establish a uniform reduction percentage for the crop by dividing the State acreage allotment, as determined for the crop under subparagraph (B), by the sum of all acreage bases in the State, as determined by the Secretary, that the Secretary estimates would otherwise be harvested for the production of the crop of sugarcane.

"(D) The uniform reduction percentage for the crop, as determined under subparagraph (C), shall be applied to the acreage base for each farm covered by the State allotment to determine the farm's proportionate share for the crop.

"(4) ACREAGE BASE.—For purposes of this subsection, the acreage base for each sugarcane-producing farm shall be determined by the Secretary, as follows:

"(A) The acreage base for any crop shall be the number of acres that is equal to the average of the acreage planted and considered planted for harvest for sugar or seed on the farm in each of the 5 crop years preceding the crop year.

"(B) Acreage that producers on a farm were unable to harvest to sugarcane for sugar or seed because of drought, flood, other natural disaster, or other condition beyond the control of the producers shall be considered as harvested to sugarcane for sugar or seed for purposes of this paragraph.

"(5) VIOLATION.—

"(A) IN GENERAL.—Whenever proportionate shares are in effect in a State for a crop of sugarcane, no producer in the State knowingly may harvest for sugar or seed an acreage of sugarcane of the crop in excess of the farm's proportionate share for the crop or otherwise violate proportionate share regulations issued by the Secretary under section 359h(a).

"(B) CIVIL PENALTY.—Any producer who violates subparagraph (A) shall be liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the United States market value, at the time of the commission of the violation, of that quantity of sugar involved in the violation. The quantity of sugar involved shall be determined based on the per-acre yield goal established under paragraph (3).

"(6) WAIVER.—Notwithstanding the preceding subparagraph, the Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of proportionate shares.

**"SEC. 359g. SPECIAL RULES.**

**"(a) TRANSFER OF PRODUCTION HISTORY.**—For the purpose of establishing proportionate shares for producers under section 359f, the Secretary, on application of any producer, may transfer the production history of land owned, operated, or controlled by the producers to any other parcels of land of the applicant.

**"(b) RESERVATION OF PRODUCTION HISTORY.**—If for reasons beyond the control of an owner of a farm, the owner is unable to use all or a portion of the proportionate share established for the farm under section 359f, the Secretary may reserve for a period of not more than 3 consecutive years the production history of the farm to the extent of the proportionate share involved. The proportionate share may be redistributed to other farm owners or operators, but no production history shall accrue to the other farm owners or operators, by virtue of the redistribution of the proportionate share so redistributed.

**"(c) REVISIONS OF ALLOCATIONS AND PROPORTIONATE SHARES.**—The Secretary, after such hearing and notice as the Secretary by regulation may prescribe, may revise or amend any allocation of a marketing allotment under section 359d, or any proportionate share established for a farm under section 359f, on the same basis as the initial allocation or proportionate share was established.

**"SEC. 359h. REGULATIONS; VIOLATIONS; PUBLICATION OF SECRETARY'S DETERMINATIONS; JURISDICTION OF THE COURTS; UNITED STATES ATTORNEYS.**

**"(a) REGULATIONS.**—

**"(1) IN GENERAL.**—The Secretary shall issue such regulations as may be necessary to carry out the authority vested in the Secretary in administering the marketing allotment program under this part.

**"(2) PRIOR CONSULTATIONS REQUIRED.**—In addition to taking such other action as may be required under section 551 through 559 of title 5, United States Code, prior to proposing any regulations under paragraph (1), the Secretary shall consult with representatives of domestic sugar processors and producers with regard to ensuring that the regulations achieve the objectives of this part. The results of the consultations shall be published in the Federal Register, along with the proposed regulations.

**"(b) VIOLATION.**—Any person knowingly violating any regulation of the Secretary issued under subsection (a) shall be subject to a civil penalty of not more than \$5,000 for each violation.

**"(c) PUBLICATION IN FEDERAL REGISTER.**—Each determination issued by the Secretary to establish, adjust, or suspend allotments under this part shall be promptly published in the Federal Register and shall be accompanied by a statement of the reasons for the determination.

**"(d) JURISDICTION OF COURTS; UNITED STATES ATTORNEYS.**—

**"(1) JURISDICTION OF COURTS.**—The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, this part or any regulation issued thereunder.

**"(2) UNITED STATES ATTORNEYS.**—Whenever the Secretary shall so request, it shall be the duty of the several United States attorneys, in their respective districts, to institute pro-



ceedings to enforce the remedies and to collect the penalties provided for in this part. The Secretary may elect not to refer to a United States attorney any violation of this part or regulation when the Secretary determines that the administration and enforcement of this part would be adequately served by written notice or warning to any person committing the violation.

"(e) **NONEXCLUSIVITY OF REMEDIES.**—The remedies and penalties provided for in this part shall be in addition to, and not exclusive of, any remedies or penalties existing at law or in equity.

**"SEC. 359L. APPEALS.**

"(a) **IN GENERAL.**—An appeal may be taken to the Secretary from any decision under section 359d establishing allocations of marketing allotments, or under section 359f, by any person adversely affected by reason of any such decision.

**"(b) PROCEDURE.**—

"(1) **NOTICE OF APPEAL.**—Any such appeal shall be taken by filing with the Secretary, within 20 days after the decision complained of is effective, notice in writing of the appeal and a statement of the reasons therefor. Unless a later date is specified by the Secretary as part of the Secretary's decision, the decision complained of shall be considered to be effective as of the date on which announcement of the decision is made. The Secretary shall deliver a copy of any notice of appeal to each person shown by the records of the Secretary to be adversely affected by reason of the decision appealed, and shall at all times thereafter permit any such person to inspect and make copies of appellant's reasons for the appeal and shall on application permit the person to intervene in the appeal.

"(2) **HEARING.**—The Secretary shall provide each appellant an opportunity for a hearing. The Secretary shall appoint an administrative law judge to conduct a hearing on the record on each appeal under this section. In all other respects, each appeal under this section shall be subject to sections 551 through 559, and 701 through 706, of title 5, United States Code.

**"SEC. 359j. ADMINISTRATION.**

"(a) **USE OF CERTAIN AGENCIES.**—In carrying out this part, the Secretary may use the services of local committees of sugar beet or sugarcane producers, sugarcane processors, or sugar beet processors, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), and the departments and agencies of the United States Government.

"(b) **USE OF COMMODITY CREDIT CORPORATION.**—The Secretary shall use the services, facilities, funds, and authorities of the Commodity Credit Corporation to carry out sections 359a through 359i.

"(c) **DEFINITION OF UNITED STATES AND STATE.**—Notwithstanding section 301, for purposes of this part, the terms 'United States' and 'State' means the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico."

**SEC. 903. REPORTS ON QUOTA ALLOCATIONS TO COUNTRIES IMPORTING SUGAR.**

Section 902(c) of the Food Security Act of 1985 (7 U.S.C. 1446 note) is amended—

(1) by inserting "(1)" after the subsection designation; and

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

"(2)(A) Effective 90 days after the date of enactment of this paragraph and by August 1 of each year thereafter through 1995, the Secretary of Agriculture shall report to the President and Congress on the extent, if any, of sugar imports from Cuba by the countries described in paragraph (1).

"(B) Commencing with the quota year for sugar imports after the 1990-1991 quota year, the President shall report to Congress by January 1, on—

"(i) the identity of the countries that are net importers of sugar derived from sugarcane or sugar beets who have a quota for the current quota year;

"(ii) the identity of such countries who have verified that they do not import for reexport to the United States any sugar produced in Cuba; and

"(iii) the action, if any, taken by the President with respect to countries reported by the Secretary of Agriculture as net importers of sugar derived from sugarcane or sugar beets who imported the sugar from Cuba who reexported the sugar to the United States during the previous quota year."

## TITLE X—HONEY

### SEC. 1001. HONEY PRICE SUPPORT.

Title II of the Agricultural Act of 1949 (7 U.S.C. 1446 et seq.) (as amended by section 901 of this Act) is further amended by adding at the end the following new section:

#### "SEC. 207. HONEY PRICE SUPPORT.

"(a) IN GENERAL.—For each of the 1991 through 1995 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at not less than 53.8 cents per pound.

"(b) MARKETING LOAN PROVISIONS.—The Secretary may permit a producer to repay a loan made to the producer under this section for a crop at a level that is the lesser of—

"(1) the loan level determined for the crop; or

"(2) such level as the Secretary determines will—

"(A) minimize the number of loan forfeitures;

"(B) not result in excessive total stocks of honey;

"(C) reduce the costs incurred by the Federal Government in storing honey; and

"(D) maintain the competitiveness of honey in the domestic and export markets.

"(c) LOAN DEFICIENCY PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1995 crops of honey, make payments available to producers who, although eligible to obtain a loan under subsection (b), agree to forgo obtaining the loan in return for payments under this subsection.

"(2) COMPUTATION.—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of honey the producer is eligible to place under loan but for which the producer forgoes obtaining the loan in return for payments under this subsection.

"(3) **LOAN PAYMENT RATE.**—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for the crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (b).

"(4) **MARKETING CERTIFICATES.**—The Secretary may make payments under this section available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation.

"(d) **PLEDGING ADULTERATED OR IMPORTED HONEY AS COLLATERAL.**—

"(1) **IN GENERAL.**—If the Secretary determines that a person has knowingly pledged adulterated or imported honey as collateral to secure a loan made under this section, the person, in addition to any other penalty or sanction prescribed by law, shall be ineligible for a loan, purchase, or payment under this section for the 3 crop years succeeding the determination.

"(2) **ADULTERATED HONEY.**—For purposes of paragraph (1), honey shall be considered adulterated if—

"(A) any substance has been substituted wholly or in part for the honey;

"(B) the honey contains a poisonous or deleterious substance that may render the honey injurious to health, except that in any case in which the substance is not added to the honey, the honey shall not be considered adulterated if the quantity of the substance in or on the honey does not ordinarily render it injurious to health; or

"(C) for any other reason, the honey is unsound, unhealthy, unwholesome, or otherwise unfit for human consumption.

"(e) **PAYMENT LIMITATIONS.**—

"(1) **IN GENERAL.**—The total amount of payments that a person may receive under this section may not exceed—

"(A) \$200,000 in the 1991 crop year;

"(B) \$175,000 in the 1992 crop year;

"(C) \$150,000 in the 1993 crop year; and

"(D) \$125,000 in each of the 1994 and subsequent crop years.

"(2) **PAYMENTS.**—For the purposes of this subsection, the term 'payments' means—

"(A) any gain realized by a producer from repaying a loan for a crop of honey at a lower level than the original loan level under this section; and

"(B) any loan deficiency payment received under subsection (c).

"(3) **PERSON.**—The Secretary shall issue regulations defining the term 'person' for the purposes of this section. The regulations shall provide for the attribution of payments received under this section.

"(f) **REGULATIONS.**—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(g) **COMMODITY CREDIT CORPORATION.**—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) **ASSIGNMENT OF PAYMENTS.**—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(i) **CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of honey."

#### **SEC. 1002. LOAN FORFEITURE LIMITATION.**

Section 405A of the Agricultural Act of 1949 (7 U.S.C. 1425A) is amended—

(1) in subsection (a), by striking "producer for such crop of honey under section 201(b), does not exceed \$250,000" and inserting "person for such crop of honey under section 207, does not exceed \$200,000 in the 1991 crop year, \$175,000 in the 1992 crop year, \$150,000 in the 1993 crop year, and \$125,000 in each of the 1994 and subsequent crop years"; and

(2) in subsection (d), by adding at the end the following new sentence: "The regulations shall provide for the attribution of the value of collateral forfeited on loans described in subsection (a)."

## **TITLE XI—GENERAL COMMODITY PROVISIONS**

### **Subtitle A—Acreage Base and Yield System**

#### **SEC. 1101. ACREAGE BASE AND YIELD SYSTEM.**

Title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

### **"TITLE V—ACREAGE BASE AND YIELD SYSTEM**

#### **"SEC. 501. PURPOSE.**

"The purpose of this title is to prescribe a system for establishing crop acreage bases and program payment yields for the wheat, feed grains, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

#### **"SEC. 502. DEFINITIONS.**

"For purposes of this title:

"(1) **COUNTY COMMITTEE.**—The term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for the county in which the farm is administratively located.

"(2) OILSEED.—The term 'oilseed' means a crop of soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, other oilseeds.

"(3) PROGRAM CROP.—The term 'program crop' means a crop of wheat, corn, grain sorghums, oats, barley, upland cotton, or rice.

#### "SEC. 503. CROP ACREAGE BASES.

##### "(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop, including any program crop produced under an established practice of double cropping.

"(2) LIMITATION.—The sum of the crop acreage bases on the farm may not exceed the cropland on the farm, except to the extent there is an established practice of double cropping on the farm.

"(3) DEFINITION OF DOUBLE CROPPING.—As used in this subsection, the term 'double cropping' means a farming practice, as defined by the Secretary, that has been carried out on a farm during at least 3 of the 5 crop years immediately preceding the crop year for which the crop acreage base for the farm is established.

##### "(b) CALCULATION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the crop acreage base for each program crop for a farm for a crop year shall be the number of acres that is equal to the average of the acreage planted and considered planted to the program crop for harvest on the farm in each of the 5 crop years preceding the crop year.

##### "(2) COTTON AND RICE.—

"(A) IN GENERAL.—In the case of upland cotton and rice, except as provided in subparagraph (B), the crop acreage base for such crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 3 crop years preceding such crop year.

##### "(B) EXCEPTION.—

"(i) 1991 CROPS.—In the case of each of the 1991 crops of upland cotton and rice, if the producers on a farm did not participate in the production adjustment program established for the 1989 and 1990 crops of upland cotton and rice, respectively, the crop acreage base for the 1991 crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 5 crop years preceding the 1991 crop year, excluding all crop years in which planted and considered planted acreage was not established for the farm. Any crop acreage base established in accordance with this subparagraph shall not exceed a number of acres equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 2 crop years preceding the 1991 crop year.

"(ii) 1992 CROPS.—In the case of each of the 1992 crops of upland cotton and rice, if the producers on a farm did not participate in the production adjustment program established for the 1990 and 1991 crops of upland cotton and rice, respectively, the crop acreage base for the 1992 crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 5 crop years preceding the 1992 crop year, excluding all crop years in which planted and considered planted acreage was not established for the farm. Any crop acreage base established in accordance with this subparagraph shall not exceed a number of acres equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the 2 crop years preceding the 1992 crop year.

"(c) ACREAGE CONSIDERED PLANTED.—For purposes of this Act, acreage considered planted to a program crop shall consist of—

"(1) any reduced acreage and diverted acreage on the farm;

"(2) any acreage on the farm that producers were prevented from planting to the crop because of drought, flood, or other natural disaster, or other condition beyond the control of the producers;

"(3) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to conservation uses or the production of commodities permitted by the Secretary under the 0/92 or 50/92 programs established for any of the 1991 through 1995 crops of wheat, feed grains, upland cotton, and rice established under sections 107B(c)(1)(E), 105B(c)(1)(E), 103B(c)(1)(D), and 101B(c)(1)(D), respectively;

"(4) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to the production of commodities in accordance with section 504;

"(5) any acreage on the farm that the Secretary determines is necessary to be included in establishing a fair and equitable crop acreage base;

"(6) the crop acreage base for the crop, if producers on the farm forgo receiving any payments under the program established under title I for the crop and certify that no acreage on the farm was planted to—

"(A) the crop; or

"(B) any fruit or vegetable crop (including potatoes and dry edible beans) not designated as an industrial or experimental crop by the Secretary, in excess of normal plantings; and

"(7) any acreage on the farm for which the crop acreage base for the crop on the farm was adjusted because of a condition or occurrence beyond the control of the producer pursuant to subsection (h).

"(d) CONSTRUCTION OF PLANTING HISTORY.—For the purpose of determining the crop acreage base for the 1991 and subsequent crop years for any farm, the county committee, in accordance with regu-

lations prescribed by the Secretary, may construct a planting history for such crop if—

“(1) planting records for such crop for any of the 5 crop years preceding such crop year are incomplete or unavailable; or

“(2) during at least one but not more than 4 of the 5 crop years preceding such crop year, the program crop was not produced on the farm.

“(e) **CROP ROTATION AND OTHER FACTORS.**—The Secretary shall make adjustments to reflect crop rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable crop acreage base, including adjustments necessary to enable producers to meet the requirements of title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

“(f) **PREVENTED PLANTING.**—If a county committee determines, in accordance with regulations prescribed by the Secretary, that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of a program crop. For purposes of determining the crop acreage base, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

“(g) **SUBSEQUENT CROP YEARS.**—A producer who is eligible to receive a deficiency payment for any program crop or crop of extra long staple cotton in any crop year with respect to a farm may not use the acreage planted or considered planted to any program crop or crop of extra long staple cotton on the farm in the crop year to increase any crop acreage base established for the farm in a subsequent crop year.

“(h) **ADJUSTMENT OF BASES.**—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any crop acreage base for any program crop for any farm if the crop acreage base for the crop on the farm would otherwise be adversely affected by a condition or occurrence beyond the control of the producer.

#### “SEC. 504. PLANTING FLEXIBILITY.

“(a) **IN GENERAL.**—The producers on a farm may, in accordance with this section, plant for harvest on the crop acreage base established for a program crop a commodity, other than the specific program crop, without suffering a reduction in the crop acreage base as a result of the production.

“(b) **SPECIFIED COMMODITIES.**—

“(1) **PERMITTED CROPS.**—Except as provided in paragraph (2), for purposes of this section, the commodities that may be planted for harvest on a crop acreage base are—

“(A) any program crop;

“(B) any oilseed;

"(C) any industrial or experimental crop designated by the Secretary; and

"(D) any other crop, except any fruit or vegetable crop (including potatoes and dry edible beans) not designated by the Secretary as—

"(i) an industrial or experimental crop; or

"(ii) a crop for which no substantial domestic production or market exists.

"(2) **LIMITATION.**—For purposes of this section, the Secretary may, at the discretion of the Secretary, prohibit the planting on a crop acreage base of any crop specified in paragraph (1).

"(3) **NOTIFICATION.**—With regard to commodities that may be planted pursuant to this subsection, the Secretary shall make a determination in each crop year of the commodities that may not be planted pursuant to this subsection and shall make available a list of the commodities.

"(c) **LIMITATION ON ACREAGE.**—

"(1) **IN GENERAL.**—Except as provided in paragraph (2), the quantity of the crop acreage base that may be planted to a commodity, other than the specific program crop, under this section may not exceed 25 percent of the crop acreage base.

"(2) **EXCEPTION FOR SOYBEANS.**—If on January 1 of any calendar year the Secretary estimates that the national average price of soybeans during the following marketing year for soybeans would be less than 105 percent of the nonrecourse loan level for soybeans established in section 205 if soybeans were allowed to be planted on up to 25 percent of the crop acreage base under this section, the quantity of the crop acreage base that may be planted to soybeans under this section may not exceed 15 percent of the crop acreage base.

"(d) **PLANTINGS IN EXCESS OF PERMITTED ACREAGE.**—Notwithstanding any other provision of this Act, producers of a program crop who are participating in the production adjustment program for that program crop under this Act shall be allowed to plant that program crop in a quantity that exceeds the permitted acreage for that crop without losing their eligibility for loans, purchases, or payments with respect to that crop under this Act if—

"(1) the acreage planted to the program crop on the farm in excess of the permitted acreage does not exceed 25 percent of the crop acreage bases on the farm for other program crops; and

"(2) the producer agrees to a reduction in permitted acreage for the other program crops produced on the farm by a quantity equal to the overplanting.

"(e) **LOAN ELIGIBILITY.**—

"(1) **IN GENERAL.**—Producers of a specific program crop (referred to in this subsection as the 'original program crop') who plant for harvest on the crop acreage base established for such original program crop another program crop in accordance with this section and who are not participants in the program established for such other program crop shall be eligible to receive loans, purchases, or loan deficiency payments for such other program crop on the same terms and conditions as are provided to participants in a production adjustment program established for such other program crop.



"(2) **REQUIREMENTS.**—Producers shall be eligible to receive loans, purchases, or loan deficiency payments under this subsection if the producers—

"(A) plant such other program crop in an amount that does not exceed 25 percent of the crop acreage base established for the original program crop; and

"(B) agree to a reduction in the permitted acreage for the original program crop for the particular crop year.

**"SEC. 505. FARM PROGRAM PAYMENT YIELDS.**

"(a) **ESTABLISHMENT.**—The Secretary shall provide for the establishment of a farm program payment yield for each farm for each program crop for each crop year in accordance with subsection (b) or (c).

"(b) **FARM PROGRAM PAYMENT YIELDS BASED ON 1990 CROP YEAR.**—

"(1) **IN GENERAL.**—If the Secretary determines that farm program payment yields shall be established in accordance with this subsection, except as provided in paragraphs (2) and (3), the farm program payment yield for each of the 1991 through 1995 crop years shall be the farm program payment yield for the 1990 crop year for the farm.

"(2) **ADDITIONAL YIELD PAYMENTS.**—In the case of each of the 1991 through 1995 crop years for a commodity, if the farm program payment yield for a farm is reduced more than 10 percent below the farm program payment yield for the 1985 crop year, the Secretary shall make available to producers established price payments for the commodity in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 10 percent below the farm program payment yield for the 1985 crop year. The payments shall be made available not later than the time final deficiency payments are made.

"(3) **NO CROP OR YIELD AVAILABLE.**—If no crop of the commodity was produced on the farm or no farm program payment yield was established for the farm for any of the 1981 through 1985 crop years (or, as appropriate, the 1986 through 1990 crop years), the farm program payment yield shall be established on the basis of the average farm program payment yield for the crop years for similar farms in the area.

"(4) **NATIONAL, STATE, OR COUNTY YIELDS.**—If the Secretary determines the action is necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting the yields in the historical period; or

"(B) the Secretary's estimate of actual yields for the crop year involved if historical yield data is not available.

"(5) **BALANCING YIELDS.**—If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

**"(c) DETERMINATION OF YIELDS.—**

**"(1) ACTUAL YIELDS.—**With respect to the 1991 and subsequent crop years, the Secretary may—

**"(A)** establish the farm program payment yield as provided in subsection (a); or

**"(B)** establish a farm program payment yield for any program crop for any farm on the basis of the average of the yield per harvested acre for the crop for the farm for each of the 5 crop years immediately preceding the crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

**"(2) PRIOR YIELDS.—**For purposes of the preceding sentence, the farm program payment yield for the 1986 crop year and the actual yield per harvested acre with respect to the 1987 and subsequent crop years shall be used in determining farm program payment yields.

**"(3) REDUCTION LIMITATION.—**Notwithstanding any other provision of this paragraph, for purposes of establishing a farm program payment yield for any program crop for any farm for the 1991 and subsequent crop years, the farm program payment yield for the 1986 crop year may not be reduced more than 10 percent below the farm program payment yield for the farm for the 1985 crop year.

**"(4) ADJUSTMENT OF YIELDS.—**The county committee, in accordance with regulations prescribed by the Secretary, may adjust any farm program payment yield for any program crop for any farm if the farm program payment yield for the crop on the farm does not accurately reflect the productive potential of the farm.

**"(d) ASSIGNMENT OF YIELDS.—**In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (c) for any crop year is not available, the county committee may assign the farm a yield for the crop for the crop year on the basis of actual yields for the crop for the crop year on similar farms in the area.

**"(e) ACTUAL YIELD DATA.—**

**"(1) PROVISION.—**The Secretary shall, under such terms and conditions as the Secretary may prescribe, allow producers to provide to county committees data with respect to the actual yield for each farm for each program crop.

**"(2) MAINTENANCE.—**The Secretary shall maintain the data for at least 5 crop years after receipt in a manner that will permit the data to be used, if necessary, in the administration of the commodity programs.

**"(3) NOTIFICATION.—**The Secretary shall provide timely notification to producers of the provisions of this subsection.

**"SEC. 506. PLANTING AND PRODUCTION HISTORY OF FARMS.**

"Each county committee, in accordance with regulations prescribed by the Secretary, may require any producer who seeks to establish a crop acreage base or farm program payment yield for a farm for a crop year to provide planting and production history of

the farm for each of the 5 crop years immediately preceding the crop year.

**"SEC. 507. ESTABLISHMENT OF BASES AND YIELDS BY COUNTY COMMITTEES.**

"Each county committee may, in accordance with regulations prescribed by the Secretary, provide for the establishment of a crop acreage base, and farm program payment yield with respect to any farm administratively located within the county if the crop acreage base or farm program payment yield cannot otherwise be established under this title. The crop acreage bases and farm program payment yields shall be established in a fair and equitable manner, but no such bases or farm program payment yields shall be established for a farm if the producer on the farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

**"SEC. 508. APPEALS.**

"The Secretary shall establish an administrative appeal procedure that provides for an administrative review of determinations made with respect to crop acreage bases and farm program payment yields.

**"SEC. 509. CROPS.**

"Notwithstanding any other provision of law, this title shall be effective only for the 1991 through 1995 program crops."

## **Subtitle B—Payment Limitations**

**SEC. 1111. PAYMENT LIMITATIONS.**

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

(1) in paragraph (1)—

(A) by inserting "(A)" after the paragraph designation;

(B) by striking "1990" and inserting "1995"; and

(C) by adding at the end the following new subparagraph:

"(B) Subject to sections 1001A through 1001C for each of the 1991 through 1995 crops, the total amount of payments specified in clauses (iii), (iv), and (v) of paragraph (2)(B) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for wheat, feed grains, upland cotton, rice, and oilseeds (as defined in section 205(a) of the Agricultural Act of 1949) may not exceed \$75,000."

(2) in paragraph (2)(A)—

(A) by striking "1987 through 1990 crops" and inserting "1991 through 1995 crops"; and

(B) by striking "honey, and (with respect to clause (iii)(II) of subparagraph (B))" and inserting "and"; and

(3) in paragraph (2)(B)—

(A) by striking clause (iii) and inserting the following new clause:

"(iii) any gain realized by a producer from repaying a loan for a crop of any commodity (other than honey) at a lower level

than the original loan level established under the Agricultural Act of 1949;<sup>5</sup>

(B) in clause (iv)—

(i) by striking "section 107D(c)(1) or 105C(c)(1)" and inserting "107B(c)(1) or 105B(c)(1); and

(ii) by striking "section 107D(a)(4) or 105C(a)(3)" and inserting "section 107B(a)(3) or 105B(a)(3)";

(C) by striking clause (v) and inserting the following new clause:

"(v) any loan deficiency payment received for a crop of wheat, feed grains, upland cotton, rice, or oilseeds under section 107B(b), 105B(b), 103B(b), 101B(b), or 205(e), respectively, of the Agricultural Act of 1949; and"; and

(D) in clause (vi), by striking "section 107D(g), 105C(g), 103A(g), or 101A(g)" and inserting "section 107B(f), 105B(f), 103B(f), or 101B(f)".

(b) **FOREIGN PERSONS.**—Section 1001C(a) of such Act (7 U.S.C. 1308-3(a)) is amended—

(1) by striking "1989 and 1990 crops" and inserting "1991 through 1995 crops"; and

(2) by inserting after "(16 U.S.C. 3831 et seq.)" the following: "or under any contract entered into under title XII during the 1989 through 1995 crop years,".

(c) **SPOUSES.**—Clause (iii) of section 1001(5)(B) of such Act (7 U.S.C. 1308(5)(B)(iii)) is amended to read as follows:

"(iii) The regulations shall provide that, with respect to any married couple, the husband and wife shall be considered to be one person, except that, for the purpose of the application of the limitations established under this section—

"(I) in the case of any married couple consisting of spouses who, prior to their marriage, were separately engaged in unrelated farming operations, each spouse shall be treated as a separate person with respect to the farming operation brought into the marriage by the spouse so long as the operation remains as a separate farming operation; and

"(II) at the option of the Secretary, in the case of any married couple consisting of spouses who do not hold, directly or indirectly, a substantial beneficial interest in more than one entity (including the spouses themselves) engaged in farm operations that also receives farm program payments (as described in paragraphs (1) and (2)) as separate persons, the spouses may be considered as separate persons if each spouse meets the other requirements established under this section and section 1001A to be considered to be a separate person.".

(d) **GROWERS OF HYBRID SEED.**—Section 1001A(b) of such Act (7 U.S.C. 1308-1(b)) is amended by adding at the end the following new paragraph:

"(6) **GROWERS OF HYBRID SEED.**—To determine whether a person growing hybrid seed under contract shall be considered to be actively engaged in farming, the Secretary shall not take into consideration the existence of a hybrid seed contract.".

(e) **IRREVOCABLE TRUSTS.**—Section 1001(5)(B)(ii) of such Act (7 U.S.C. 1308(5)(B)(ii)) is amended by adding at the end the following new subparagraph:

"(III) Notwithstanding any other provision of law, to be considered a separate person under this section, an irrevocable trust (other than a trust established prior to January 1, 1987) must not allow for modification or termination of the trust by the grantor, allow for the grantor to have any future, contingent, or remainder interest in the corpus of the trust, or provide for the transfer of the corpus of the trust to the remainder beneficiary in less than 20 years from the date the trust is established except in cases where the transfer is contingent on the remainder beneficiary achieving at least the age of majority or is contingent on the death of the grantor or income beneficiary."

(f) **MINIMAL BENEFICIAL INTERESTS.**—Section 1001A(a)(2) of such Act (7 U.S.C. 1308-1(a)(2)) is amended by striking "10 percent" and inserting "0 to 10 percent".

(g) **EDUCATION PROGRAM.**—Such Act is amended by inserting after section 1001C (7 U.S.C. 1308-3) the following new section:

**"SEC. 1001D. EDUCATION PROGRAM.**

"(a) **IN GENERAL.**—The Secretary shall carry out a payment provisions education program for appropriate personnel of the Department of Agriculture and members and other personnel of county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), for the purpose of fostering more effective and uniform application of the payment limitations and restrictions established under sections 1001 through 1001C.

"(b) **TRAINING.**—The education program shall provide training to the personnel in the fair, accurate, and uniform application to individual farming operations of the provisions of law and regulation relating to the payment provisions of sections 1001 through 1001C.

"(c) **ADMINISTRATION.**—The State office of the Agricultural Stabilization and Conservation Service shall make the initial determination concerning the application of payment limitations and restrictions established under sections 1001 through 1001C to farm operations consisting of more than 5 persons, subject to review by the Secretary.

"(d) **COMMODITY CREDIT CORPORATION.**—The Secretary shall carry out the program provided under this section through the Commodity Credit Corporation."

(h) **TREATMENT OF MULTIYEAR PROGRAM CONTRACT PAYMENTS.**—Such Act (as amended by subsection (g) of this section) is further amended by inserting after section 1001D the following new section:

**"SEC. 1001E. TREATMENT OF MULTIYEAR PROGRAM CONTRACT PAYMENTS.**

"(a) **IN GENERAL.**—Notwithstanding any other provision of law, in the event of a transfer of ownership of land (or an ownership interest in land) by way of devise or descent, the Secretary of Agriculture may, if the new owner succeeds to the prior owner's contract entered into under title XII, make payments to the new owner under such contract without regard to the amount of payments received by the new owner under any contract entered into under title XII executed prior to such devise or descent.

"(b) **LIMITATION.**—Payments made pursuant to this section shall not exceed the amount to which the previous owner was entitled to

receive under the terms of the contract at the time of the death of the prior owner."

(i) **TREATMENT OF CASH RENT TENANTS.**—Section 2 of Public Law 101-217 is amended by striking "Effective only for" and inserting "Effective beginning with".

## **Subtitle C—Provisions Related to Agricultural Act of 1949**

### **SEC. 1121. DEFICIENCY AND LAND DIVERSION PAYMENTS.**

(a) **IN GENERAL.**—Section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) is amended to read as follows:

#### **"SEC. 107C. DEFICIENCY AND LAND DIVERSION PAYMENTS.**

##### **"(a) DEFICIENCY PAYMENTS.—**

"(1) **IN GENERAL.**—If the Secretary establishes an acreage limitation program for any of the 1991 through 1995 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for the commodity for the crop, the Secretary shall make advance deficiency payments available to producers for each of the crops.

"(2) **TERMS AND CONDITIONS.**—Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) **FORM.**—Such payments may be made available in the form of—

"(i) cash;

"(ii) commodities owned by the Commodity Credit Corporation and certificates redeemable in a commodity owned by the Commodity Credit Corporation, except that not more than 50 percent of the payments may be made in commodities or the certificates in the case of any producer; or

"(iii) any combination of clauses (i) and (ii).

"(B) **COMMODITIES AND CERTIFICATES.**—If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

"(i) such commodities; or

"(ii) such certificates.

"(C) **MATURITY.**—Such a certificate shall be redeemable for a period not to exceed 3 years from the date the certificate is issued.

"(D) **STORAGE.**—The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) **TIMING.**—The payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) **AMOUNTS.**—The payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except

that the amount may not exceed an amount determined by multiplying—

- “(i) the estimated payment acreage for the crop; by
- “(ii) the farm program payment yield for the crop; by
- “(iii)(I) in the case of wheat and feed grains, not less than 40 percent, nor more than 50 percent, of the projected payment rate; and
- “(II) in the case of rice and upland cotton, not less than 30 percent, nor more than 50 percent, of the projected payment rate,

as determined by the Secretary.

“(G) REPAYMENT.—If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall repay an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

“(H) REPAYMENT REQUIREMENT.—If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received the advance payments shall repay the payments.

“(I) DEADLINE.—Any repayment required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which the payments were made.

“(J) NONCOMPLIANCE.—If a producer fails to comply with requirements established under the acreage limitation program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

“(3) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

“(4) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

“(5) ADDITIONAL AUTHORITY.—The authority provided in this section 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.

“(b) LAND DIVERSION PAYMENTS.—If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1991 through 1995 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 50 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for the payments.

“(c) TIMING OF DEFICIENCY PAYMENTS.—In the case of deficiency payments made available to producers for any of the 1991 through 1995 crops of wheat, feed grains, and rice which payments are calcu-

lated on the basis of the national weighted average market price (or, in the case of rice, the national average market price) for the marketing year for the crop, the Secretary shall make deficiency payments as follows:

"(1) A portion of the deficiency payment shall be made in advance in accordance with subsection (a)(2).

"(2) Seventy-five percent of the final projected deficiency payment for the crop, reduced by the amount of the advance, shall be made available as soon as practicable after the end of the first 5 months of the applicable marketing year.

"(3) The remainder of the deficiency payments shall be made available at the end of the marketing year."

**(b) REPAYMENT REQUIREMENTS.—**

(1) **IN GENERAL.**—Notwithstanding any other provision of law, effective only for producers who are suffering financial hardship, as determined by the Secretary, on a farm who received an advance deficiency payment for the 1988 or 1989 crop of a commodity and are otherwise described in paragraph (2), the Secretary of Agriculture—

(A) shall not charge an annual interest rate for any delinquent refund for the advance deficiency payment in excess of prevailing rates for operating loans made by Farm Credit System institutions;

(B) shall not withhold, in each of the 3 succeeding crop years, more than  $\frac{1}{3}$  of the farm program payments otherwise due to the producers, as a result of any delinquency in providing the refund; and

(C) shall permit the producers to make the refund in three equal installments during each of the crop years 1990, 1991, and 1992, if the producers enter into an agreement to obtain multiperil crop insurance for each of the crop years, to the extent that the Secretary determines is similar to section 107 of the Disaster Assistance Act of 1989 (7 U.S.C. 1421 et seq.).

**(2) APPLICATION.**—This subparagraph shall apply if—

(A) the producers received an advance deficiency payment for the 1988 or 1989 crop of a commodity under section 107C(a) of the Agricultural Act of 1949 (7 U.S.C. 1445b-2(a);

(B) the producers are required to provide a refund of at least \$1,500 under subparagraph (G) or (H) of section 107C(a)(2) of such Act with respect to the advance deficiency payments;

(C) the producers reside in a county, or in a county that is contiguous to a county, where the Secretary of Agriculture has found that farming, ranching, or aquaculture operations have been substantially affected as evidenced by a reduction in normal production for the county of at least 30 percent during two of the three crop years 1988, 1989, and 1990 by a natural disaster or by a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); and

(D) the total quantity of the 1988 or 1989 crop of the commodity that the producers were able to harvest is less than



the result of multiplying 65 percent of the farm payment yield established by the Secretary for the crop by the sum of the acreage planted for the harvest and the acreage prevented from being planted (because of the disaster or emergency referred to in subparagraph (C)) for the crop.

(c) **CONFORMING AMENDMENT.**—Section 1002 of the Food Security Act of 1985 (Public Law 99-198; 99 Stat. 1446) is amended by striking "Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section" and inserting "Section".

#### **SEC. 1122. COMMODITY CERTIFICATES.**

(a) **IN GENERAL.**—Section 107E of the Agricultural Act of 1949 (7 U.S.C. 1445b-4) is amended by adding at the end the following new subsection:

"(c) The Secretary shall pay interest on the cash redemption of a commodity certificate issued by the Secretary to a producer who holds the certificate for at least 150 days. This subsection shall not apply with respect to commodity certificates issued in connection with the export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978."

#### **(b) SPECIAL RULES.—**

(1) **IN GENERAL.**—A subsequent holder of a commodity certificate issued by the Commodity Credit Corporation shall be allowed to exchange the expired commodity certificate under the same rules that apply to an original holder of the certificate.

(2) **APPLICATION AND REDEMPTION LIMITATIONS.**—This subsection shall only apply during the 180-day period beginning on the date of enactment of this Act. No person may redeem more than \$1,000 worth of certificates under this subsection.

(3) **REDEMPTION LIMITATIONS.**—In no event shall a person receive a payment from the Commodity Credit Corporation for a certificate that is redeemed under this subsection in an amount greater than the price paid for the certificate by the person. No expired certificate shall be exchanged under this section if the owner purchased the certificate after January 1, 1990.

#### **SEC. 1123. FARMER OWNED RESERVE PROGRAM.**

Section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended to read as follows:

#### **"SEC. 110. FARMER OWNED RESERVE PROGRAM.**

"(a) **IN GENERAL.**—The Secretary shall formulate and administer a farmer owned reserve program under which producers of wheat and feed grains will be able to store wheat and feed grains when the commodities are in abundant supply, extend the time period for the orderly marketing of the commodities, and provide for adequate carryover stocks to ensure a reliable supply of the commodities.

#### **"(b) TERMS OF PROGRAM.—**

"(1) **PRICE SUPPORT LOANS.**—In carrying out this program, the Secretary shall provide extended price support loans for wheat and feed grains. An extended loan shall only be made to a producer after the expiration of a 9-month price support loan (hereafter in this section referred to as the 'original loan') made in accordance with this title.

"(2) **LEVEL OF LOANS.**—Loans made under this section shall not be less than the then current level of support under the wheat and feed grain programs established under this title.

"(3) **OTHER TERMS AND CONDITIONS.**—The Secretary shall provide for—

"(A) repayment of the extended price support loan 27 months from the date on which the original loan expired unless, at the discretion of the Secretary, the loan has been extended for one 6-month period;

"(B) a rate of interest as provided under subsection (c); and

"(C) payments to producers for storage as provided in subsection (d).

"(4) **REGIONAL DIFFERENCES.**—The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in the program established under this section, taking into account regional differences in the time of harvest.

"(c) **INTEREST CHARGES.**—

"(1) **LEVYING OF INTEREST.**—The Secretary may charge interest on loans under this section whenever the price of wheat or feed grains is equal to or exceeds 105 percent of the then current established price for the commodity.

"(2) **90-DAY PERIOD.**—If interest is levied on the loans under paragraph (a), the interest may be charged for a period of 90 days after the last day on which the price of wheat or feed grains was equal to or in excess of 105 percent of the established price for the commodities.

"(3) **RATE OF INTEREST.**—The rate of interest charged participants in this program shall not be less than the rate of interest charged by the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust the interest as the Secretary considers appropriate to effectuate the purposes of this section.

"(d) **STORAGE PAYMENTS.**—

"(1) **IN GENERAL.**—The Secretary shall provide storage payments to producers for storage of wheat or feed grains under the program established in this section in such amounts and under such conditions as the Secretary determines appropriate encourage producers to participate in the program.

"(2) **TIMING.**—The Secretary shall make storage payments available to participants in this program at the end of each quarter.

"(3) **DURATION.**—The Secretary shall cease making storage payments whenever the price of wheat or feed grains is equal to or exceeds 95 percent of the then current established price for the commodities, and for any 90-day period immediately following the last day on which the price of wheat or feed grains was equal to or in excess of 95 percent of the then current established price for the commodities.

"(e) **EMERGENCIES.**—Notwithstanding any other provision of law, the Secretary may require producers to repay loans made under this section, plus accrued interest and such other charges as may be required by regulation prior to the maturity date thereof, if the Secretary determines that emergency conditions exist that require that

the commodity be made available in the market to meet urgent domestic or international needs and the Secretary reports the determination and the reasons for the determination to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least 14 days before taking the action.

"(f) **QUANTITY OF COMMODITIES IN PROGRAM.**—The Secretary may establish maximum quantities of wheat and feed grains that may receive loans and storage payments under this program as follows:

"(1) The maximum quantities of wheat may not be established at less than 300 million bushels, nor more than 450 million bushels.

"(2) The maximum quantities of feed grains may not be established at less than 600 million bushels, nor more than 900 million bushels.

"(g) **ANNOUNCEMENT OF PROGRAM.**—

"(1) **TIME OF ANNOUNCEMENT.**—The Secretary shall announce the terms and conditions of the producer storage program for a crop of wheat and feed grains by—

"(A) in the case of wheat, December 15 of the year in which the crop of wheat was harvested; and

"(B) in the case of feed grains, March 15 of the year following the year in which the crop of corn was harvested.

"(2) **DISCRETIONARY ENTRY.**—The Secretary may make extended loans available to producers of wheat or feed grains if—

"(A) the Secretary determines that the average market price for wheat or corn, respectively, for the 90-day period prior to the dates specified in paragraph (1) is less than 120 percent of the current loan rate for wheat or corn respectively; or

"(B) as of the appropriate date specified in paragraph (1), the Secretary estimates that the stocks-to-use ratio on the last day of the current marketing year will be—

"(i) in the case of wheat more than 37.5 percent; and

"(ii) in the case of corn more than 22.5 percent.

"(3) **MANDATORY ENTRY.**—The Secretary shall make extended loans available to producers of wheat or feed grains if the conditions specified in subparagraphs (A) and (B) of paragraph (2) are met for wheat or feed grains, respectively.

"(4) **CONTENT OF ANNOUNCEMENT.**—In the announcement, the Secretary shall specify the maximum quantity of wheat or feed grains to be stored under this program that the Secretary determines appropriate to promote the orderly marketing of the commodities.

"(h) **DISCRETIONARY EXIT.**—A producer may repay a loan extended under this section at any time.

"(i) **RECONCENTRATION OF GRAIN.**—The Secretary may, with the concurrence of the owner of grain stored under this program, reconcentrate all such grain stored in commercial warehouses at such points as the Secretary considers to be in the public interest, taking into account such factors as transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations that assure that the holding producer or warehouseman shall, at all times, have available

for delivery at the designated place of storage both the quantity and quality of grain covered by the producer's or warehouseman's commitment.

**"(j) MANAGEMENT OF GRAIN.**—Whenever grain is stored under this section, the Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate the commodities that the Commodity Credit Corporation owns or controls. The purchases to offset sales shall be made within 2 market days following the sales. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions.

**"(k) USE OF COMMODITY CREDIT CORPORATION.**—The Secretary shall use the Commodity Credit Corporation, to the extent feasible, to fulfill the purposes of this section. To the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.

**"(l) USE OF COMMODITY CERTIFICATES.**—Notwithstanding any other provision of law, if a producer has substituted purchased or other commodities for the commodities originally pledged as collateral for a loan made under this section, the Secretary may allow a producer to repay the loan using a generic commodity certificate that may be exchanged for commodities owned by the Commodity Credit Corporation, if the substitute commodities have been pledged as loan collateral and redeemed only within the same county.

**"(m) ADDITIONAL AUTHORITY.**—The authority provided by this section shall be in addition to other authorities available to the Secretary for carrying out producer loan and storage operations.

**"(n) REGULATIONS.**—The Secretary of Agriculture shall issue such regulations as are necessary to carry out this section not later than 60 days after the date of enactment of this section.

**"(o) CROPS.**—Notwithstanding any other provision of law, this section shall become effective December 1, 1990."

#### **SEC. 1124. COMPARABILITY OF STORAGE PAYMENTS.**

In making storage payments to producers under section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) and to commercial warehousemen in accordance with the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Commodity Credit Corporation and the Secretary of Agriculture shall, to the extent practicable, ensure that the rates of the storage payments made to producers are equivalent to average rates paid for commercial storage, taking into account the current demand for storage for commodities, efficiency, location, regulatory compliance costs, bonding requirements, and impact of user fees as determined by the Secretary, except that the rates paid to producers and commercial warehouse shall be established at rates that will result in no increase in current or projected combined outlays of the Commodity Credit Corporation for the storage payments made to producers and commercial warehouse as a result of the adjustment of storage rates under this section.

**SEC. 1125. SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY.**

(a) **IN GENERAL.**—Section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

**“SEC. 113. SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY.**

“Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for an acreage limitation program under section 105B or 107B for one or more of the 1991 through 1995 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of the Federal Government. To carry out effectively an acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.”.

(b) **CONFORMING AMENDMENT.**—Section 1011 of the Food Security Act of 1985 (Public Law 99-198; 99 Stat. 1454) is amended by striking “Effective for the 1986 through 1990 crops of wheat and feed grains, section” and inserting “Section”.

**SEC. 1126. DISASTER PAYMENTS.**

Title II of Agricultural Act of 1949 (as amended by section 1001 of this Act) is further amended by adding at the end the following new section:

**“SEC. 208. DISASTER PAYMENTS FOR 1991 THROUGH 1995 CROPS OF PEANUTS, SOYBEANS, SUGAR BEETS, AND SUGARCANE.**

“(a) **PREVENTED PLANTING.**—If the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage on the farm intended for peanuts, soybeans, sugar beets, or sugarcane to peanuts, soybeans, sugar beets, sugarcane, or other non-conserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary may make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

“(1) the number of acres so affected but not to exceed the acreage planted to peanuts, soybeans, sugar beets, or sugarcane for harvest (including any acreage that the producers were prevented from planting to the commodity or to other nonconserving crops in lieu of peanuts, soybeans, sugar beets, or sugarcane because of drought, flood or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

“(2) 75 percent of the farm program payment yield established by the Secretary; by

“(3) a payment rate equal to 50 percent of the loan and purchase level for the crop.

“(b) **REDUCED YIELDS.**—If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of peanuts, soybeans, sugar beets, or sugarcane that the producers are able to harvest on any farm is less than the result of multiplying 60 percent

of the farm program payment yield established by the Secretary for the crop by the acreage planted for harvest for the crop, the Secretary may make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the loan and purchase level for the crop for the deficiency in production below 60 percent for the crop.

"(c) **ADJUSTMENTS.**—The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of the payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d) **CROPS.**—Notwithstanding any other provision of law, this section shall be effective only for the 1991 through 1995 crops of peanuts, soybeans, sugar beets, and sugarcane."

#### **SEC. 1127. INCREASE IN SUPPORT LEVELS.**

Section 402 of the Agricultural Act of 1949 (7 U.S.C. 1421) is amended—

(1) by inserting "(a)" after the section designation; and

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

"(b) Effective only for the 1991 through 1995 crops of wheat, feed grains, cotton, and rice, the Secretary of Agriculture may provide for annual adjustments in the established prices for such program crops to reflect any change during the last calendar year ending before the beginning of each such crop year in the index of prices paid by farmers for production items, interest, taxes, and wage rates in such calendar year."

#### **SEC. 1128. ADJUSTMENT OF SUPPORT PRICES.**

Section 403 of the Agricultural Act of 1949 (7 U.S.C. 1423) is amended to read as follows:

##### **"SEC. 403. ADJUSTMENTS OF SUPPORT PRICES.**

"(a) **IN GENERAL.**—The Secretary may make appropriate adjustments in the support price for any commodity (excluding cotton) for differences in grade, type, quality, location and other factors. The adjustments shall, so far as practicable, be made in such manner that the average support price for the commodity will, on the basis of the anticipated incidence of such factors be equal to the level of support determined as provided in this Act.

"(b) **ADJUSTMENT IN SUPPORT PRICES FOR COTTON.**—The Secretary may make appropriate adjustments in the support price for cotton for differences in quality factors and location. Beginning with the 1991 crop, the quality differences (premiums and discounts for quality factors) for the upland cotton loan program shall be established by the Secretary by giving equal weight to (1) loan differences for the preceding crop, and (2) market differences for such crop in the designated United States spot markets.

"(c) **LIMITATION ON ADJUSTMENTS FOR WHEAT AND FEED GRAINS.**—Notwithstanding any other provision of this section, for each of the 1990 through 1995 crops of wheat and feed grains, no adjustment in the loan rate applicable to a particular region, State, or county for the purpose of reflecting transportation differentials may increase or decrease the regional, State, or county loan rate from the level established for the previous year by more than the

percentage change in the national average loan rate plus or minus 3 percent."

#### **SEC. 1129. PROGRAM OPTION FOR 1996 CROPS.**

Subsection (b) of section 406 of the Agricultural Act of 1949 (7 U.S.C. 1426(b)) is amended to read as follows:

"(b)(1) Notwithstanding any other provision of law, the Secretary may offer an option to producers of the 1996 crop of wheat, feed grains, upland cotton, extra long staple cotton, rice, or oilseeds and to dairy producers for the 1996 calendar year to participate in commodity price support, production adjustment, and payment programs as provided in this subsection.

"(2) The Secretary may offer such programs based on the terms and conditions as are provided in sections 101(h), 101B, 103B, 105B, 107B, 114, 204, and 205 of the Agricultural Act of 1949, and any other relevant provisions of the Agricultural Act of 1949, as determined by the Secretary. Any established price or loan and purchase level made available in accordance with this subsection shall be established at the same level as that established for the 1995 crop or, in the case of milk, for the 1995 calendar year.

"(3) The Secretary may offer each of the programs provided for by this subsection if the Secretary has not made final announcement of the terms of the commodity price support, production adjustment, or payment programs for the 1996 crops of wheat, feed grains, cotton, rice, or oilseeds, or the 1996 calendar year for dairy on or before the later of—

"(A) in the case of wheat, June 1, 1995;

"(B) in the case of feed grains, September 30, 1995;

"(C) in the case of upland cotton, November 1, 1995;

"(D) in the case of extra long staple cotton, December 1, 1995;

"(E) in the case of rice, January 31, 1996;

"(F) in the case of oilseeds, July 15, 1995; and

"(G) in the case of dairy, November 1, 1995.

"(4) Producers may not participate in such programs unless a law has been enacted subsequent to the date of enactment of this subsection that provides for loans and purchases for the 1996 crop of wheat, feed grains, cotton, rice, or oilseeds, or for dairy for the 1996 calendar year.

"(5) The Secretary may use the funds, facilities and authorities of the Commodity Credit Corporation in carrying out this subsection."

#### **SEC. 1130. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.**

Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended to read as follows:

##### **"SEC. 407. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.**

"(a) **IN GENERAL.**—The Commodity Credit Corporation may sell any farm commodity owned or controlled by the Corporation at any price not prohibited by this section.

"(b) **INVENTORIES.**—In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should consider the establishment of such policies with respect to prices, terms, and conditions as the Corporation determines will not discourage or deter manufacturers, processors, and dealers from

acquiring and carrying normal inventories of the commodity of the current crop.

**"(c) SALES PRICE RESTRICTIONS.—**

**"(1) IN GENERAL.—**Except as otherwise provided in this section, the Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 115 percent of the lower of—

**"(A)** the current national average price support loan rate for the commodity adjusted for the current market differentials reflecting grade, quality, location, reasonable carrying charges, and other factors determined appropriate by the Corporation; or

**"(B)** the loan repayment level.

**"(2) EXTRA LONG STAPLE COTTON.—**The Corporation may sell extra long staple cotton for unrestricted use at such price as the Corporation determines is appropriate to maintain and expand export and domestic markets.

**"(3) OILSEEDS.—**The Corporation shall not sell oilseeds at less than the lower of—

**"(A)** 105 percent of the current national average price support loan rate for the oilseed, adjusted for the current market differentials reflecting grade, quality, location, reasonable carrying charges, and other factors determined appropriate by the Corporation; or

**"(B)** 115 percent of the loan repayment level.

**"(4) WHEAT AND FEED GRAINS.—**Whenever the producer reserve program for wheat and feed grains established under section 110 is in effect, the Corporation may not sell any of its stocks of wheat or feed grains at a level that is less than 150 percent of the then current loan rate for wheat or feed grains.

**"(5) UPLAND COTTON.—**The Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same price the Corporation sells upland cotton for export, but in no event at less than the amount provided for in paragraph (1).

**"(d) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—**The foregoing restrictions of this section shall not apply to—

**"(1)** sales for new or byproduct uses;

**"(2)** sales of peanuts and oilseeds for the extraction of oil;

**"(3)** sales for seed or feed if the sales will not substantially impair any price support program;

**"(4)** sales of commodities that have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

**"(5)** sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity;

**"(6)** sales for export (excluding sales of upland cotton for export);

**"(7)** sales of wool; and

**"(8)** sales for other than primary uses.

**"(e) DISTRESS, DISASTER, AND LIVESTOCK EMERGENCY AREAS.—**



*"(1) IN GENERAL.—Notwithstanding the foregoing provisions of this section, the Corporation, on such terms and conditions as the Secretary may consider in the public interest, may—*

*"(A) make available any farm commodity or product thereof owned or controlled by the Corporation for use in relieving distress—*

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

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

*"(B) donate or sell commodities in accordance with title VI.*

*"(2) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making the commodity available under this subsection beyond the cost of the commodities to the Corporation in—*

*"(A) the storage of the commodity; and*

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

*"(f) EFFICIENT OPERATIONS.—*

*"(1) IN GENERAL.—Subject to paragraph (2), the foregoing restrictions of this section shall not apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantities involved, or because of age, location or questionable continued storability of the commodity.*

*"(2) OFFSETS.—The sales shall be offset (if necessary) by the purchases of commodities as the Corporation determines is appropriate to prevent the sales from substantially impairing any price support program or unduly affecting market prices, except that the purchase price shall not exceed the Corporation's minimum sales price for the commodities for unrestricted use.*

*"(3) COMPETITIVE BID BASIS.—Subject to the sales price restrictions contained in this section, the Corporation may sell any basic agricultural commodity or storable nonbasic commodity on a competitive bid basis, if the sale is determined to be appropriate by the Secretary.*

*"(g) SALES FOR EXPORT.—For the purposes of this section, sales for export shall include—*

*"(1) sales made on condition that the identical commodities sold be exported; and*

*"(2) sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form."*

**SEC. 1131. APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949.**

(a) **IN GENERAL.**—Subsection (k) of section 408 of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"(k)(1) Reference made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the loan and purchase level for wheat, feed grains, upland cotton, extra long staple cotton, honey, oilseeds and rice under this Act.

"(2) References made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to loan and purchase operations for wheat, feed grains, upland cotton, extra long staple cotton, honey, oilseeds and rice under this Act.

"(3) Notwithstanding any other provision of law, this subsection shall be effective only for the 1991 through 1995 crops of wheat, feed grains, upland cotton, extra long staple cotton, honey, oilseeds and rice."

(b) **PRODUCER.**—Section 408 of such Act is amended by striking subsections (l) and (m) and inserting the following new subsection:

"(l) 'Producer' shall include a person growing hybrid seed under contract. In determining the interest of a grower of hybrid seed in a crop, the Secretary shall not take into consideration the existence of a hybrid seed contract."

**SEC. 1132. PRODUCER APPEALS PROCESS.**

(a) **IN GENERAL.**—Title IV of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by adding at the end thereof the following new section:

**"SEC. 426. APPEALS.**

"(a) **RIGHT TO APPEAL.**—Any participant in any of the programs under this Act or any other Act administered by the Agricultural Stabilization and Conservation Service, or any successor agency in the United States Department of Agriculture (hereafter in this section referred to as the 'ASCS'), shall have the right to appeal any adverse determination made by any State or county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act, by employees or agents of such committees, by other personnel of the ASCS, or by agents of the Commodity Credit Corporation under this Act or under any other Act administered by the ASCS.

"(b) **APPEAL PROCEDURE.**—

"(1) **IN GENERAL.**—Such appeal shall be made in accordance with this section.

"(2) **CONDITIONS OF APPEAL.**—Any participant who believes that a proper determination has not been made with respect to the implementation of any program administered by the ASCS concerning such participant may appeal such determination as follows:

"(A) if such determination was rendered by a county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act, the participant may appeal such determination to the applicable State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act;

"(B) if such determination was rendered by a State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act, the participant may appeal such determination to the National Appeals Division established in accordance with this section; and

"(C) if such determination was rendered by any other employee or agent of the ASCS or the Commodity Credit Corporation, the participant may appeal such determination to the National Appeals Division.

"(3) **TIME OF FILING OF APPEAL.**—A participant shall file a notice of appeal within a reasonable time after receiving notice of the adverse determination, as determined by the Secretary.

"(c) **NATIONAL APPEALS DIVISION.**—

"(1) **ESTABLISHMENT.**—For the purpose of hearing producer appeals, the Secretary shall establish and maintain within the ASCS, a National Appeals Division, which shall consist of a director, hearing officers, and such other personnel necessary to the administration of the division, all of whom shall be employees of the Department of Agriculture who shall have no duties other than hearing and determining formal appeals arising under this Act or any other Act administered by the Agricultural Stabilization and Conservation Service, or a successor agency.

"(2) **HEARING OFFICERS.**—Hearing officers within the National Appeals Division shall hear each appeal made to the National Appeals Division under this section.

"(3) **POWERS AND DUTIES OF DIRECTOR.**—The director of the National Appeals Division, in carrying out the provisions of this section—

"(A) shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available that relate to programs and operations with respect to which an appeal has been taken;

"(B) may request such information or assistance as may be necessary for carrying out the duties and responsibilities established under this section from any Federal, State, or local governmental agency or unit thereof;

"(C) may require the attendance of witnesses, the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary to the proper resolution of appeals;

"(D) may, if appropriate, require the attendance of witnesses and production of documentary evidence by subpoena, which subpoena, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court;

"(E) may administer oaths and affirmations, whenever necessary in the process of hearing appeals;

"(F) may enter into contracts and other arrangements for reporting and other services and make such payments as may be necessary to carry out the provisions of this section;

"(G) shall issue procedural rules for the conduct of appeals; and

"(H) may delegate to hearing officers the authorities provided in subparagraphs (A) through (E) of this paragraph as the Secretary determines appropriate.

"(4) **HEARINGS.**—

"(A) **IN GENERAL.**—The hearing shall be held at a time and place designated by the National Appeals Division.

"(B) **CONDUCT OF HEARING.**—At a minimum, the hearing shall be conducted as follows:

"(i) the participant shall be advised of the issues involved;

"(ii) the participant shall be given a full opportunity to present facts and information relevant to the matter in issue and may present evidence; and

"(iii) the hearing officer may confine the presentation of facts and evidence to pertinent matters and may exclude irrelevant, immaterial, or unduly repetitious evidence, information, or questions.

"(C) **RECORD.**—At the request of the participant, each hearing before a hearing officer in the National Appeals Division shall be recorded verbatim by voice recorder, stenographer, or other method. A transcript of the hearing, together with all documents and evidence submitted shall be made available to the participant, on request, if the decision of the hearing officer is appealed. The record of the hearing shall consist of copies of all documents and other evidence presented to the hearing officer and the transcript of the hearing, if prepared.

"(5) **REVIEW OF DECISION.**—

"(A) **IN GENERAL.**—The director of the National Appeals Division shall make all determinations with respect to the appeals submitted to the Division for review.

"(B) **PROCEDURE.**—In submitting an appeal for the determination of the director, the hearing officer shall certify the record and deliver or otherwise provide the certified record to the director.

"(C) **BASIS OF REVIEW.**—The National Appeals Division shall base its review of the hearing on the transcript of the hearing and the evidence presented to the hearing officer, except that the director of the National Appeals Division may order that further proceedings be had in order that the record presented for review by the National Appeals Division may be complete or in order to hear new or additional evidence.

"(6) **INDEPENDENCE OF DIVISION.**—All hearing officers within the National Appeals Division shall report to the principal officers of the division and shall not be under the direction or control of, or receive administrative support (except on a reimbursable basis) from, offices other than the National Appeals Division.

"(7) **FINALITY OF DECISIONS.**—Except as provided in subsection (e), determinations of the director of the National Appeals Division shall be final, conclusive, and binding on the Department of Agriculture, including the Commodity Credit Corporation, and any agency thereof.

"(d) **COURT REVIEW.**—Final decisions of the Department of Agriculture under the process provided for in this section shall be reviewable by a United States court of competent jurisdiction.

"(e) **PARTICIPANT.**—For the purposes of this section, a participant means any person whose right to participate in, or receive payments or other benefits in accordance with, any of the programs under this Act or any other Act administered by the ASCS is adversely affected by a determination of any State or county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act, by employees or agents of such committees, by other personnel of the ASCS, or by agents of the Commodity Credit Corporation under this Act or under any other Act administered by the ASCS.

"(f) **DELEGATION OF AUTHORITY.**—Nothing contained in this section shall preclude the Secretary, the Administrator of the ASCS, or the Executive Vice President of the Commodity Credit Corporation from determining at any time any question arising under the programs to which the provisions of this section apply or from reversing or modifying (in writing, with sufficient reason given therefor) any determination made by a county or State committee or the director of the National Appeals Division.

"(g) **DECISIONS OF STATE AND COUNTY COMMITTEES.**—Decisions of the State and County Committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, or employees of such committees made in good faith in the absence of misrepresentation, false statement, fraud, or wilful misconduct, unless otherwise appealed under this section, shall be final, unless otherwise modified under subsection (f) within 90 days, and no action shall be taken to recover amounts found to have been disbursed thereon in error unless the producer had reason to believe that the decision was erroneous.

"(h) **REGULATIONS.**—The Secretary may issue such regulations as are determined necessary to implement the provisions of this section, including regulations governing the conduct of appeals made before State and county committees established under section 8(e) of the Soil Conservation and Domestic Allotment Act."

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall not apply to any appeal or proceeding with respect to any adverse determination made by any State or county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), by employees or agents of the committees, by other personnel of the Agricultural Stabilization and Conservation Service, or by agents of the Commodity Credit Corporation prior to the date of enactment of this Act.

(c) **GOOD FAITH RELIANCE.**—Section 326 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339c) is amended to read as follows:

"SEC. 326. **GOOD FAITH RELIANCE.**

"Notwithstanding any other provision of law, to the extent the Secretary of Agriculture considers it desirable in order to provide fair and equitable treatment, the Secretary may make price support or other payments available to farmers who have, in attempting to comply with the requirements of any price support or other program administered by the Secretary or any other requirements in law affecting such person's eligibility under such programs, taken actions

in good faith in reliance on the action or advice of an authorized representative of the Secretary. The Secretary may provide such price support or other payments to the extent the Secretary determines such farmer has been injured by such good faith reliance and may require such farmer to take necessary actions designed to remedy any failure to comply with such programs."

## **Subtitle D—Miscellaneous Commodity Provisions**

### **SEC. 1141. NORMALLY PLANTED ACREAGE.**

Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended—

- (1) by striking "1990" each place it appears and inserting in lieu thereof "1995"; and
- (2) in subsection (c)(2), by striking "section 107D(d)(3)(A)" and inserting "section 107B(d)(3)(A)".

### **SEC. 1142. NORMAL SUPPLY.**

Section 1019 of the Food Security Act of 1985 (7 U.S.C. 1310a) is amended by striking "1990" and inserting "1995".

### **SEC. 1143. FOOD SECURITY WHEAT RESERVE.**

(a) **EXTENSION.**—Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1(i)) is amended by striking "1990" both places it appears and inserting "1995".

(b) **REPLENISHMENT.**—Section 302(b)(2) of such Act is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(2) by inserting "(A)" after the paragraph designation;

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

"(B) Not later than 18 months after the release of stocks from the reserve, the Secretary of Agriculture shall replenish the reserve—

"(i) through purchases under subparagraph (A)(i), to the extent of available appropriations; or

"(ii) by designating an equivalent quantity of wheat from uncommitted stocks of the Commodity Credit Corporation, to the extent sufficient appropriations are not available under subparagraph (A)(i), except to the extent that the Secretary reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that there are not sufficient uncommitted stocks of the Commodity Credit Corporation available."

### **SEC. 1144. DETERMINATIONS OF THE SECRETARY.**

Section 1017(b) of the Food Security Act of 1985 (Public Law 99-198; 99 Stat. 1459) is amended by striking "1986 through 1990" and inserting "1991 through 1995".

### **SEC. 1145. NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD.**

(a) **MEMBERSHIP.**—The first sentence of section 1006(a)(1) of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(a)(1)) is amended by striking "seven members who are engaged in the commercial production of one or more of the various major agricultural commod-

ities produced in the United States" and inserting "seven members who, individually or as a group, are engaged in the commercial production of each of the program crops and in one or more of the other various major agricultural commodities produced in the United States".

(b) **EXTENSION.**—Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking "1990" and inserting "1995".

#### **SEC. 1146. ASSIGNMENT OF PAYMENTS.**

Subsection (g) of section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) is amended to read as follows:

"(g) A payment that may be made to a producer under this section may be assigned only in accordance with regulations issued by the Secretary. This subsection shall not authorize any suit against or impose any liability on the Secretary, any disbursing agent, or any agency of the United States if payment is made to the producer without regard to the existence of any such assignment."

#### **SEC. 1147. FINANCIAL IMPACT STUDY.**

(a) **STUDY.**—The Secretary of Agriculture shall conduct an annual study of the financial impact of the support levels established and announced by the Secretary under programs contained in the Agricultural Act of 1949 (hereafter in this section referred to as "programs"), including a study of the effect of the support levels on the ability of producers to meet their financial obligations (with special emphasis on borrowers from the Farmers Home Administration and the Farm Credit System).

(b) **REPORT.**—The Secretary shall annually prepare a report containing the results of the study and submit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than the date of the final announcement for the programs by the Secretary for any 1 year.

(c) **INFORMATIONAL PURPOSES.**—The study under this section (including the study of the effect of the support levels on the ability of producers to meet their financial obligations) shall be only for informational purposes and for Congressional oversight and shall not give rise to any cause of action, be a basis for, or be used as evidence in support of, any claim or right of any person, including farmers and borrowers, in any administrative or judicial proceeding.

#### **SEC. 1148. SURVEY OF PROGRAM PARTICIPANTS.**

(a) **SURVEY.**—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall provide that producers, during the sign-up period for commodity programs under the Agricultural Act of 1949 (7 U.S.C. 1441) in the 1992 calendar year, complete a survey regarding the preference of the producers, either to increase the efficiency of their farming operation or to assist in meeting conservation requirements for the farm, for the redistribution of any crop acreage bases on each producer's farm. The survey shall include questions designed to determine whether the producers would prefer to redistribute their current crop acreage bases—

(1) in different proportions among the program crops for which the producers currently have a crop acreage base;

(2) among program crops for which the producers currently do not have a crop acreage base; or

(3) in some combination of the options provided under paragraphs (1) and (2),

without exceeding total cropland of the farm. The survey shall be prepared and administered by the Agricultural Stabilization and Conservation Service, and conducted in every county where sign-ups for Federal commodity programs are administered.

(b) **ANALYSIS OF DATA.**—The Secretary shall compile and analyze the data collected from the survey required under subsection (a) to determine—

(1) the potential increases and decreases in State, regional, and national acreage that would be planted to various program crops if producers were given the option to redistribute their current crop acreage bases as indicated by the survey conducted under subsection (a);

(2) the potential commodity program costs or savings if producers were allowed to implement the redistribution of such crop acreage bases as described in paragraph (1);

(3) the potential impact of such a redistribution of crop acreage bases on the competitiveness of United States agriculture in world markets; and

(4) such other consequences of such a redistribution of crop acreage bases that the Secretary determines to be of significance to United States agriculture.

(c) **REPORT.**—Not later than January 31, 1993, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the survey conducted under subsection (a). The report shall—

(1) include a compilation of the data collected pursuant to the survey conducted under subsection (a);

(2) include the results of the analysis and determinations required under subsection (b);

(3) provide a summary of such data and determinations on a program crop-by-program crop and State-by-State basis; and

(4) provide such other recommendations or information as the Secretary determines appropriate.

## **Subtitle E—Options Pilot Program**

### **SEC. 1151. SHORT TITLE.**

This subtitle may be cited as the "Options Pilot Program Act of 1990".

### **SEC. 1152. PURPOSES.**

It is the purpose of this subtitle to require the Secretary of Agriculture (hereinafter in this subtitle referred to as the "Secretary") to conduct research necessary—

(1) to ascertain whether futures options trading would provide reasonable protection to producers from fluctuations in the value of the commodities they produce;



(2) to ascertain whether producers will accept and fully utilize this method of price protection if information is provided to the producers concerning its proper use; and

(3) to determine the effect widespread adoption of such futures options trading program would have on commodity prices.

#### SEC. 1153. OPTIONS PILOT PROGRAM.

(a) **IN GENERAL.**—To determine whether regulated agricultural commodity options trading can be used by producers to obtain protection from fluctuations in the market prices of the commodities they produce and the impact of such trading on the prices of the commodities, the Secretary shall conduct a pilot program for each of the 1991 through 1995 crops of corn and for each of the 1993 through 1995 crops of wheat and soybeans.

(b) **COUNTIES.**—The Secretary shall conduct the pilot program in various counties that produce significant quantities of the 1991 through 1995 crops of corn, and significant quantities of the 1993 through 1995 crops of wheat and soybeans. For the 1991 crop year, the Secretary shall select not less than three counties in each of three major corn-producing States to conduct the pilot program for corn for the crop year. The Secretary may add additional States and counties to the program in succeeding crop years.

(c) **BROKERS.**—Trades under the pilot program conducted under this subtitle shall be carried out through registered commodity brokers who choose to participate in the program.

(d) **ELIGIBLE PRODUCER PARTICIPANTS.**—The Secretary shall contract with eligible producers who wish to participate in the program and who are located in the counties selected for the pilot program. The contracts shall set forth the terms and conditions for participation in the pilot program, including a provision that the contract may be terminated by any participating producer at any time prior to receiving payments for options contracted for under the pilot program.

#### SEC. 1154. TERMS AND CONDITIONS.

##### (a) **ELIGIBILITY REQUIREMENTS.**—

(1) **IN GENERAL.**—To be eligible to participate in the pilot program conducted under this subtitle, a producer shall meet all of the eligibility requirements specified in this subtitle, and the regulations issued pursuant to this subtitle.

(2) **PARTICIPATION IN PRICE SUPPORT PROGRAMS.**—The regulations shall specify to what degree participation in the price support and production adjustment program established for the applicable crop of the commodity shall be required for participation in the pilot program.

(3) **ADDITIONAL REQUIREMENTS.**—To be eligible to participate in the pilot program, a producer shall—

(A) attend not less than one seminar conducted by the Cooperative Extension Service;

(B) maintain a separate brokerage account for the purpose of trading futures and options contracts covered by the pilot program; and

(C) compile, maintain, and submit (or authorize the compilation, maintenance, and submission) of such documentation as the regulations governing the program may require

to permit a proper record to be kept of the results of all cash, futures, or options trading that may be undertaken under the pilot program by the producer.

(b) **PROGRAM TERMS AND CONDITIONS.**—The Secretary shall issue regulations or develop contract forms, or both, that set forth the terms and conditions of the program, and the rights and obligations of all of the parties participating in the program (including producers and registered brokers). At a minimum, the terms and conditions shall include the following:

(1) **CONTRACT MONTHS AND STRIKE PRICES.**—

(A) **IN GENERAL.**—The contract months and options strike prices at which participating producers may buy commodity put options in order to receive payments to cover the premiums on the options for each of the 1991 through 1995 crops of corn, and for each of the 1993 through 1995 crops of wheat and soybeans.

(B) **TARGET PRICE AND LOAN RATE STRIKE PRICES.**—The pilot program shall provide—

(i) a target price strike price for put options that is equivalent to the target price for the commodity involved; and

(ii) a loan rate strike price that is equivalent to the loan rate for the commodity involved.

(C) **OTHER OPTIONS STRIKE PRICES.**—Other options strike prices for commodities included in the program may be used if the prices are selected and agreed on by the Secretary and the representatives of the commodity futures trading industry designated in accordance with section 1155(a).

(2) **ELIGIBLE PORTION OF CROP.**—The portion of the crop of an eligible producer that may be used as a basis for acquiring options contracts.

(3) **PUT OPTIONS CONTRACTS.**—The time when, and the manner in which, put options contracts shall be acquired, held, and liquidated by producers to meet program requirements.

(4) **PROGRAM BENEFITS.**—

(A) **IN GENERAL.**—The program benefits to be offered participating producers shall include the cost of option premiums and payments of not more than 15 cents per bushel to cover transaction fees, interest, and other expenses.

(B) **RELATIVE BENEFITS.**—The Secretary shall inform participants that their participation is voluntary and that neither the United States, the Commodity Credit Corporation, nor representatives of the futures industry can guarantee that the participants will be better or worse off financially as a result of participation in the pilot program than the participants would be if the participants participated solely in price support and production adjustment programs carried out by the Secretary and the Commodity Credit Corporation.

**SEC. 1155. COMMODITY FUTURES TRADING INDUSTRY.**

(a) **CONSULTATION.**—The Secretary or the Secretary's designees may consult with representatives of the commodity futures trading industry who are specialists in the trading of futures contracts and

futures options contracts, and who are designated by the regulated commodity futures markets that choose to participate in the pilot program.

(b) **PROCEDURE.**—The designations and consultations may be held without regard to the Federal Advisory Committee Act (5 U.S.C. App. 2). Such Act shall not be applicable to the pilot program carried out under this subtitle, or to the meetings of representatives of the commodity futures trading industry with the Secretary or the Secretary's designees relating to this subtitle.

#### **SEC. 1156. COMMODITY CREDIT CORPORATION.**

(a) **IN GENERAL.**—The pilot program established under this subtitle shall be carried out by and through the Commodity Credit Corporation.

(b) **FUNDS.**—The Corporation shall expend such funds as may be required to conduct the pilot program for futures options contract trading in the manner specified in this subtitle and the regulations issued, and contracts entered into, to carry out this subtitle, except that funds of the Corporation may not be used to carry out this subtitle unless the Corporation has received funds to cover such expenditures from appropriations made in advance to carry out this subtitle.

(c) **CONTRACTS.**—Contracts entered into under this subtitle shall be considered to be program benefit contracts of the Commodity Credit Corporation, and not service or acquisition contracts of the United States.

## **Subtitle F—Conforming Amendments**

#### **SEC. 1161. CONFORMING AMENDMENTS.**

(a) **MISCELLANEOUS COMMODITY PROVISIONS.**—The Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) (as amended by sections 301, 1121, and 1122 of this Act) is further amended—

(1) by transferring sections 107C and 107E (7 U.S.C. 1445b-2 and 1445b-4) to the end of title I and redesignating such sections as sections 114 and 115, respectively; and

(2) by repealing section 107F (7 U.S.C. 1445b-5).

(b) **DESIGNATED NONBASIC AGRICULTURAL COMMODITIES.**—Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) in the first sentence—

(A) by inserting “(a)” before “The Secretary”; and

(B) by striking “as follows:” and inserting “in accordance with this title.”;

(2) in subsection (c), by striking “subsection (d)” and inserting “section 204”; and

(3) by redesignating subsection (c) (as amended) as subsection (b).

(c) **SUGAR.**—Section 902(a) of the Food Security Act of 1985 (7 U.S.C. 1446 note) is amended by striking “section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446)” and inserting “section 206 of the Agricultural Act of 1949”.

(d) **HONEY.**—Section 405A(a) of the Agricultural Act of 1949 (7 U.S.C. 1425a(a)) is amended—

- (1) by striking "section 201(b) of this Act" and inserting "section 207"; and  
 (2) by striking "section 201(b)(2)(B)" and inserting "section 207(b)(2)".

## **Subtitle G—Effective Date**

### **SEC. 1171. EFFECTIVE DATE.**

(a) *IN GENERAL.*—Except as otherwise specifically provided in title I through this title, such titles and the amendments made by such titles shall become effective beginning with the 1991 crop of an agricultural commodity.

(b) *PRIOR CROPS.*—Except as otherwise specifically provided and notwithstanding any other provision of law, title I through this title, and the amendments made by such titles, shall not affect the authority of the Secretary of Agriculture to carry out a price support or production adjustment program for any of the 1986 through 1990 crops of an agricultural commodity established under a provision of law in effect immediately before the effective date prescribed by subsection (a).

## **TITLE XII—STATE AND PRIVATE FORESTRY**

### **SEC. 1201. SHORT TITLE.**

This title may be cited as the "Forest Stewardship Act of 1990".

## **Subtitle A—Cooperative Forestry Assistance Act of 1978**

### **SEC. 1211. REFERENCES.**

Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101 et seq.).

### **SEC. 1212. FINDINGS, PURPOSE, AND POLICY.**

Section 2 of the Act (16 U.S.C. 2101) is amended to read as follows:

#### **"SEC. 2. FINDINGS, PURPOSE, AND POLICY.**

**"(a) FINDINGS.**—Congress finds that—

"(1) most of the productive forest land of the United States is in private, State, and local governmental ownership, and the capacity of the United States to produce renewable forest resources is significantly dependent on such non-Federal forest lands;

"(2) adequate supplies of timber and other forest resources are essential to the United States, and adequate supplies are dependent on efficient methods for establishing, managing, and