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IN THE SENATE OF THE UNITED STATES

MAY 22, 2008

Received; read twice and placed on the calendar

AN ACT

To provide for the continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2012, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Food, Conservation, and Energy Act of 2008''.

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

Sec. 1. Short title; table of contents.
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Sec. 3. Explanatory Statement.
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SEC. 2. DEFINITION OF SECRETARY.

In this Act, the term ''Secretary'' means the Secretary of Agriculture.

SEC. 3. EXPLANATORY STATEMENT.

The Joint Explanatory Statement submitted by the Committee of Conference for the conference report to accompany H.R. 2419 of the 110th Congress (House Report 110-627) shall be deemed to be part of the legislative history of this Act and shall have the same effect with respect to the implementation of this Act as it would have had with respect to the implementation of H.R. 2419.

SEC. 4. REPEAL OF DUPLICATIVE ENACTMENT.

(a) IN GENERAL.—The Act entitled ''An Act to provide for the continuation of agricultural programs through fiscal year 2012, and for other purposes'' (H.R. 2419 of the 110th Congress), and the amendments made by that Act, are repealed, effective on the date of enactment of that Act.

(b) EFFECTIVE DATE.—Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the earlier of—

(1) the date of enactment of this Act; or

(2) the date of the enactment of the Act entitled ''An Act to provide for the continuation of agricultural programs through fiscal year 2012, and for other purposes'' (H.R. 2419 of the 110th Congress).

TITLE I—COMMODITY PROGRAMS

SEC. 1001. DEFINITIONS.

In this title (other than subtitle C):

(1) AVERAGE CROP REVENUE ELECTION PAYMENT.—The term ''average crop revenue election payment'' means a payment made to producers on a farm under section 1105.

(2) BASE ACRES.—

(A) IN GENERAL.—The term ''base acres'', with respect to a covered commodity on a farm, means the number of acres established under section 1101 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911) as in effect on September 30, 2007, subject to any adjustment under section 1101 of this Act.

(B) PEANUTS.—The term ''base acres for peanuts'' has the meaning given the term in section 1301.

(3) COUNTER-CYCLICAL PAYMENT.—The term ''counter-cyclical payment'' means a payment made to producers on a farm under section 1104.

(4) COVERED COMMODITY.—The term ''covered commodity'' means wheat, corn, grain sorghum, barley, oats, upland cotton, long grain rice, medium grain rice, pulse crops, soybeans, and other oilseeds.

(5) DIRECT PAYMENT.—The term ''direct payment'' means a payment made to producers on a farm under section 1103.

(6) EFFECTIVE PRICE.—The term ''effective price'', with respect to a covered commodity for a crop year, means the price calculated by the Secretary under section 1104 to determine whether counter-cyclical payments are required to be made for that crop year.

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

(A) is produced from pure strain varieties of the Barbadense species or any hybrid of the species, or other similar types of extra long staple cotton, designated by the Secretary, having

characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

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

(8) LOAN COMMODITY.—The term ''loan commodity'' means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds, graded wool, nongraded wool, mohair, honey, dry peas, lentils, small chickpeas, and large chickpeas.

(9) MEDIUM GRAIN RICE.—The term ''medium grain rice'' includes short grain rice.

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

(11) PAYMENT ACRES.—The term ''payment acres'' means, in the case of direct payments and counter-cyclical payments—

(A) except as provided in subparagraph (B), 85 percent of the base acres of a covered commodity on a farm on which direct payments or counter-cyclical payments are made; and

(B) in the case of direct payments for each of the 2009 through 2011 crop years, 83.3 percent of the base acres for the covered commodity on a farm on which direct payments are made.

(12) PAYMENT YIELD.—The term ''payment yield'' means the yield established for direct payments and the yield established for counter-cyclical payments under section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912) as in effect on September 30, 2007, or under section 1102 of this Act, for a farm for a covered commodity.

(13) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the

crop available for marketing from the farm, or would have shared had the crop been produced.

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

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

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

(14) PULSE CROP.—The term ''pulse crop'' means dry peas, lentils, small chickpeas, and large chickpeas.

(15) STATE.—The term ''State'' means—

(A) a State;

(B) the District of Columbia;

(C) the Commonwealth of Puerto Rico; and

(D) any other territory or possession of the United States.

(16) TARGET PRICE.—The term ''target price'' means the price per bushel, pound, or hundredweight (or other appropriate unit) of a covered com-

modity used to determine the payment rate for counter-cyclical payments.

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

(18) UNITED STATES PREMIUM FACTOR.—The term ''United States Premium Factor'' means the percentage by which the difference in the United States loan schedule premiums for Strict Middling (SM) 1⅛-inch upland cotton and for Middling (M) 1³⁄₃₂-inch upland cotton exceeds the difference in the applicable premiums for comparable international qualities.

Subtitle A—Direct Payments and Counter-Cyclical Payments

SEC. 1101. BASE ACRES.

(a) ADJUSTMENT OF BASE ACRES.—

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

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

or was terminated or expired during the period beginning on October 1, 2007, and ending on the date of enactment of this Act.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary, or was released during the period beginning on October 1, 2007, and ending on the date of enactment of this Act.

(C) The producer has eligible pulse crop acreage, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

(D) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

(2) SPECIAL CONSERVATION RESERVE ACREAGE PAYMENT RULES.—For the crop year in which a base acres adjustment under subparagraph (A) or (B) of paragraph (1) is first made, the owner of the farm shall elect to receive either direct payments

and counter-cyclical payments with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(b) PREVENTION OF EXCESS BASE ACRES.—

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

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

(A) Any base acres for peanuts for the farm.

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

(C) Any other acreage on the farm enrolled in a Federal conservation program for which

payments are made in exchange for not producing an agricultural commodity on the acreage.

(D) Any eligible pulse crop acreage, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

(E) If the Secretary designates additional oilseeds, any eligible oilseed acreage, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

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

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

(5) COORDINATED APPLICATION OF REQUIREMENTS.—The Secretary shall take into account sec-

tion 1302(b) when applying the requirements of this subsection.

(c) REDUCTION IN BASE ACRES.—

(1) REDUCTION AT OPTION OF OWNER.—

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

(B) EFFECT OF REDUCTION.—A reduction under subparagraph (A) shall be permanent and made in a manner prescribed by the Secretary.

(2) REQUIRED ACTION BY SECRETARY.—

(A) IN GENERAL.—The Secretary shall proportionately reduce base acres on a farm for covered commodities for land that has been subdivided and developed for multiple residential units or other nonfarming uses if the size of the tracts and the density of the subdivision is such that the land is unlikely to return to the previous agricultural use, unless the producers on the farm demonstrate that the land—

(i) remains devoted to commercial agricultural production; or

(ii) is likely to be returned to the previous agricultural use.

(B) REQUIREMENT.—The Secretary shall establish procedures to identify land described in subparagraph (A).

(3) REVIEW AND REPORT.—Each year, to ensure, to the maximum extent practicable, that payments are received only by producers, the Secretary shall submit to Congress a report that describes the results of the actions taken under paragraph (2).

(d) TREATMENT OF FARMS WITH LIMITED BASE ACRES.—

(1) PROHIBITION ON PAYMENTS.—Except as provided in paragraph (2) and notwithstanding any other provision of this title, a producer on a farm may not receive direct payments, counter-cyclical payments, or average crop revenue election payments if the sum of the base acres of the farm is 10 acres or less, as determined by the Secretary.

(2) EXCEPTIONS.—Paragraph (1) shall not apply to a farm owned by—

(A) a socially disadvantaged farmer or rancher (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); or

(B) a limited resource farmer or rancher, as defined by the Secretary.

(3) DATA COLLECTION AND PUBLICATION.—The Secretary shall—

(A) collect and publish segregated data and survey information about the farm profiles, utilization of land, and crop production; and

(B) perform an evaluation on the supply and price of fruits and vegetables based on the effects of suspension of base acres under this section.

SEC. 1102. PAYMENT YIELDS.

(a) ESTABLISHMENT AND PURPOSE.—For the purpose of making direct payments and counter-cyclical payments under this subtitle, the Secretary shall provide for the establishment of a yield for each farm for any designated oilseed or eligible pulse crop for which a payment yield was not established under section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912) in accordance with this section.

(b) PAYMENT YIELDS FOR DESIGNATED OILSEEDS AND ELIGIBLE PULSE CROPS.—

(1) DETERMINATION OF AVERAGE YIELD.—In the case of designated oilseeds and eligible pulse crops, the Secretary shall determine the average yield per planted acre for the designated oilseed or pulse crop on a farm for the 1998 through 2001

crop years, excluding any crop year in which the acreage planted to the designated oilseed or pulse crop was zero.

(2) ADJUSTMENT FOR PAYMENT YIELD.—

(A) IN GENERAL.—The payment yield for a farm for a designated oilseed or eligible pulse crop shall be equal to the product of the following:

(i) The average yield for the designated oilseed or pulse crop determined under paragraph (1).

(ii) The ratio resulting from dividing the national average yield for the designated oilseed or pulse crop for the 1981 through 1985 crops by the national average yield for the designated oilseed or pulse crop for the 1998 through 2001 crops.

(B) NO NATIONAL AVERAGE YIELD INFORMATION AVAILABLE.—To the extent that national average yield information for a designated oilseed or pulse crop is not available, the Secretary shall use such information as the Secretary determines to be fair and equitable to

establish a national average yield under this section.

(3) USE OF PARTIAL COUNTY AVERAGE YIELD.—If the yield per planted acre for a crop of a designated oilseed or pulse crop for a farm for any of the 1998 through 2001 crop years was less than 75 percent of the county yield for that designated oilseed or pulse crop, the Secretary shall assign a yield for that crop year equal to 75 percent of the county yield for the purpose of determining the average under paragraph (1).

(4) NO HISTORIC YIELD DATA AVAILABLE.—In the case of establishing yields for designated oilseeds and eligible pulse crops, if historic yield data is not available, the Secretary shall use the ratio for dry peas calculated under paragraph (2)(A)(ii) in determining the yields for designated oilseeds and eligible pulse crops, as determined to be fair and equitable by the Secretary.

SEC. 1103. AVAILABILITY OF DIRECT PAYMENTS.

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

(b) PAYMENT RATE.—Except as provided in section 1105, the payment rates used to make direct payments with respect to covered commodities for a crop year shall be as follows:

(1) Wheat, $0.52 per bushel.

(2) Corn, $0.28 per bushel.

(3) Grain sorghum, $0.35 per bushel.

(4) Barley, $0.24 per bushel.

(5) Oats, $0.024 per bushel.

(6) Upland cotton, $0.0667 per pound.

(7) Long grain rice, $2.35 per hundredweight.

(8) Medium grain rice, $2.35 per hundredweight.

(9) Soybeans, $0.44 per bushel.

(10) Other oilseeds, $0.80 per hundredweight.

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

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

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

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

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), in the case of each of the 2008 through 2012 crop years, the Secretary may not make direct payments before October 1 of the calendar year in which the crop of the covered commodity is harvested.

(2) ADVANCE PAYMENTS.—

(A) OPTION.—

(i) IN GENERAL.—At the option of the producers on a farm, the Secretary shall pay in advance up to 22 percent of the direct payment for a covered commodity for any of the 2008 through 2011 crop years to the producers on a farm.

(ii) 2008 CROP YEAR.—If the producers on a farm elect to receive advance direct payments under clause (i) for a covered commodity for the 2008 crop year, as soon as practicable after the election, the Secretary shall make the advance direct payment to the producers on the farm.

(B) MONTH.—

(i) SELECTION.—Subject to clauses (ii) and (iii), the producers on a farm shall

select the month during which the advance payment for a crop year will be made.

(ii) OPTIONS.—The month selected may be any month during the period—

(I) beginning on December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested; and

(II) ending during the month within which the direct payment would otherwise be made.

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

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

SEC. 1104. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS.

(a) PAYMENT REQUIRED.—Except as provided in section 1105, for each of the 2008 through 2012 crop years for each covered commodity, the Secretary shall make counter-cyclical payments to producers on farms for which payment yields and base acres are established with respect to the covered commodity if the Secretary determines that the effective price for the covered commodity is less than the target price for the covered commodity.

(b) EFFECTIVE PRICE.—

(1) COVERED COMMODITIES OTHER THAN RICE.—Except as provided in paragraph (2), for purposes of subsection (a), the effective price for a covered commodity is equal to the sum of the following:

(A) The higher of the following:

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

(ii) The national average loan rate for a marketing assistance loan for the covered commodity in effect for the applicable period under subtitle B.

(B) The payment rate in effect for the covered commodity under section 1103 for the purpose of making direct payments with respect to the covered commodity.

(2) RICE.—In the case of long grain rice and medium grain rice, for purposes of subsection (a), the effective price for each type or class of rice is equal to the sum of the following:

(A) The higher of the following:

(i) The national average market price received by producers during the 12-month marketing year for the type or class of rice, as determined by the Secretary.

(ii) The national average loan rate for a marketing assistance loan for the type or class of rice in effect for the applicable period under subtitle B.

(B) The payment rate in effect for the type or class of rice under section 1103 for the purpose of making direct payments with respect to the type or class of rice.

(c) TARGET PRICE.—

(1) 2008 CROP YEAR.—For purposes of the 2008 crop year, the target prices for covered commodities shall be as follows:

(A) Wheat, $3.92 per bushel.

(B) Corn, $2.63 per bushel.

(C) Grain sorghum, $2.57 per bushel.

(D) Barley, $2.24 per bushel.

(E) Oats, $1.44 per bushel.

(F) Upland cotton, $0.7125 per pound.

(G) Long grain rice, $10.50 per hundredweight.

(H) Medium grain rice, $10.50 per hundredweight.

(I) Soybeans, $5.80 per bushel.

(J) Other oilseeds, $10.10 per hundredweight.

(2) 2009 CROP YEAR.—For purposes of the 2009 crop year, the target prices for covered commodities shall be as follows:

(A) Wheat, $3.92 per bushel.

(B) Corn, $2.63 per bushel.

(C) Grain sorghum, $2.57 per bushel.

(D) Barley, $2.24 per bushel.

(E) Oats, $1.44 per bushel.

(F) Upland cotton, $0.7125 per pound.

(G) Long grain rice, $10.50 per hundredweight.

(H) Medium grain rice, $10.50 per hundredweight.

(I) Soybeans, $5.80 per bushel.

(J) Other oilseeds, $10.10 per hundredweight.

(K) Dry peas, $8.32 per hundredweight.

(L) Lentils, $12.81 per hundredweight.

(M) Small chickpeas, $10.36 per hundredweight.

(N) Large chickpeas, $12.81 per hundredweight.

(3) SUBSEQUENT CROP YEARS.—For purposes of each of the 2010 through 2012 crop years, the target prices for covered commodities shall be as follows:

(A) Wheat, $4.17 per bushel.

(B) Corn, $2.63 per bushel.

(C) Grain sorghum, $2.63 per bushel.

(D) Barley, $2.63 per bushel.

(E) Oats, $1.79 per bushel.

(F) Upland cotton, $0.7125 per pound.

(G) Long grain rice, $10.50 per hundredweight.

(H) Medium grain rice, $10.50 per hundredweight.

(I) Soybeans, $6.00 per bushel.

(J) Other oilseeds, $12.68 per hundredweight.

(K) Dry peas, $8.32 per hundredweight.

(L) Lentils, $12.81 per hundredweight.

(M) Small chickpeas, $10.36 per hundredweight.

(N) Large chickpeas, $12.81 per hundredweight.

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

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

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

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

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

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

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

(f) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—Except as provided in paragraph (2), if the Secretary determines under subsection (a) that counter-cyclical payments are required to be made under this section for the crop of a covered commodity, beginning October 1, or as soon as practicable thereafter, after the end of the marketing year for the covered commodity, the Secretary shall make the counter-cyclical payments for the crop.

(2) AVAILABILITY OF PARTIAL PAYMENTS.—

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

(B) ELECTION.—

(i) IN GENERAL.—The Secretary shall allow producers on a farm to make an election to receive partial payments for a covered commodity under subparagraph (A) at any time but not later than 60 days prior to the end of the marketing year for that covered commodity.

(ii) DATE OF ISSUANCE.—The Secretary shall issue the partial payment after the date of an announcement by the Secretary but not later than 30 days prior to the end of the marketing year.

(3) TIME FOR PARTIAL PAYMENTS.—When the Secretary makes partial payments for a covered commodity for any of the 2008 through 2010 crop years—

(A) the first partial payment shall be made after completion of the first 180 days of the marketing year for the covered commodity; and

(B) the final partial payment shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity.

(4) AMOUNT OF PARTIAL PAYMENT.—

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

(B) FINAL PAYMENT.—The final payment for a covered commodity for a crop year shall be equal to the difference between—

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

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

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

SEC. 1105. AVERAGE CROP REVENUE ELECTION PROGRAM.

(a) AVAILABILITY AND ELECTION OF ALTERNATIVE APPROACH.—

(1) AVAILABILITY OF AVERAGE CROP REVENUE ELECTION PAYMENTS.—As an alternative to receiving counter-cyclical payments under section 1104 or 1304 and in exchange for a 20-percent reduction in direct payments under section 1103 or 1303 and a 30-percent reduction in marketing assistance loan rates under section 1202 or 1307, with respect to all covered commodities and peanuts on a farm, during each of the 2009, 2010, 2011, and 2012 crop years, the Secretary shall give the producers on the farm an opportunity to make an irrevocable election to instead receive average crop revenue election (referred to in this section as ''ACRE'') payments under this section for the initial crop year for which the election is made through the 2012 crop year.

(2) LIMITATION.—

(A) IN GENERAL.—The total number of planted acres for which the producers on a farm may receive ACRE payments under this section may not exceed the total base acreage for all covered commodities and peanuts on the farm.

(B) ELECTION.—If the total number of planted acres to all covered commodities and

peanuts of the producers on a farm exceeds the total base acreage of the farm, the producers on the farm may choose which planted acres to enroll in the program under this section.

(3) ELECTION; TIME FOR ELECTION.—

(A) IN GENERAL.—The Secretary shall provide notice to producers regarding the opportunity to make each of the elections described in paragraph (1).

(B) NOTICE REQUIREMENTS.—The notice shall include—

(i) notice of the opportunity of the producers on a farm to make the election; and

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

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

(5) EFFECT OF FAILURE TO MAKE ELECTION.—If all of the producers on a farm fail to make an election under paragraph (1), make different elections under paragraph (1), or fail to timely notify the Secretary of the election made, as required by paragraph (4), all of the producers on the farm shall be deemed to have made the election to receive counter-cyclical payments under section 1104 or 1304 for all covered commodities and peanuts on the farm, and to otherwise not have made the election described in paragraph (1), for the applicable crop years.

(b) PAYMENTS REQUIRED.—

(1) IN GENERAL.—In the case of producers on a farm who make an election under subsection (a) to receive ACRE payments for any of the 2009 through 2012 crop years for all covered commodities and peanuts, the Secretary shall make ACRE payments available to the producers on a farm in accordance with this subsection.

(2) ACRE PAYMENT.—

(A) IN GENERAL.—Subject to paragraph (3), in the case of producers on a farm described in paragraph (1), the Secretary shall

make ACRE payments available to the producers on a farm for each crop year if—

(i) the actual State revenue for the crop year for the covered commodity or peanuts in the State determined under subsection (c); is less than

(ii) the ACRE program guarantee for the crop year for the covered commodity or peanuts in the State determined under subsection (d).

(B) INDIVIDUAL LOSS.—The Secretary shall make ACRE payments available to the producers on a farm in a State for a crop year only if (as determined by the Secretary)—

(i) the actual farm revenue for the crop year for the covered commodity or peanuts, as determined under subsection (e); is less than

(ii) the farm ACRE benchmark revenue for the crop year for the covered commodity or peanuts, as determined under subsection (f).

(3) TIME FOR PAYMENTS.—In the case of each of the 2009 through 2012 crop years, the Secretary shall make ACRE payments beginning October 1, or

as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity or peanuts.

(c) ACTUAL STATE REVENUE.—

(1) IN GENERAL.—For purposes of subsection (b)(2)(A), the amount of the actual State revenue for a crop year of a covered commodity or peanuts shall equal the product obtained by multiplying—

(A) the actual State yield for each planted acre for the crop year for the covered commodity or peanuts determined under paragraph (2); and

(B) the national average market price for the crop year for the covered commodity or peanuts determined under paragraph (3).

(2) ACTUAL STATE YIELD.—For purposes of paragraph (1)(A), the actual State yield for each planted acre for a crop year for a covered commodity or peanuts in a State shall equal (as determined by the Secretary)—

(A) the quantity of the covered commodity or peanuts that is produced in the State during the crop year; divided by

(B) the number of acres that are planted to the covered commodity or peanuts in the State during the crop year.

(3) NATIONAL AVERAGE MARKET PRICE.—For purposes of paragraph (1)(B), the national average market price for a crop year for a covered commodity or peanuts in a State shall equal the greater of—

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

(B) the marketing assistance loan rate for the covered commodity or peanuts under section 1202 or 1307, as reduced under subsection (a)(1).

(d) ACRE PROGRAM GUARANTEE.—

(1) AMOUNT.—

(A) IN GENERAL.—For purposes of subsection (b)(2)(A) and subject to subparagraph (B), the ACRE program guarantee for a crop year for a covered commodity or peanuts in a State shall equal 90 percent of the product obtained by multiplying—

(i) the benchmark State yield for each planted acre for the crop year for the covered commodity or peanuts in a State determined under paragraph (2); and

(ii) the ACRE program guarantee price for the crop year for the covered commodity or peanuts determined under paragraph (3).

(B) MINIMUM AND MAXIMUM GUARANTEE.—In the case of each of the 2010 through 2012 crop years, the ACRE program guarantee for a crop year for a covered commodity or peanuts under subparagraph (A) shall not decrease or increase more than 10 percent from the guarantee for the preceding crop year.

(2) BENCHMARK STATE YIELD.—

(A) IN GENERAL.—For purposes of paragraph (1)(A)(i), subject to subparagraph (B), the benchmark State yield for each planted acre for a crop year for a covered commodity or peanuts in a State shall equal the average yield per planted acre for the covered commodity or peanuts in the State for the most recent 5 crop year yields, excluding each of the crop years

with the highest and lowest yields, using National Agricultural Statistics Service data.

(B) ASSIGNED YIELD.—If the Secretary cannot establish the benchmark State yield for each planted acre for a crop year for a covered commodity or peanuts in a State in accordance with subparagraph (A) or if the yield determined under subparagraph (A) is an unrepresentative average yield for the State (as determined by the Secretary), the Secretary shall assign a benchmark State yield for each planted acre for the crop year for the covered commodity or peanuts in the State on the basis of—

(i) previous average yields for a period of 5 crop years, excluding each of the crop years with the highest and lowest yields; or

(ii) benchmark State yields for planted acres for the crop year for the covered commodity or peanuts in similar States.

(3) ACRE PROGRAM GUARANTEE PRICE.—For purposes of paragraph (1)(A)(ii), the ACRE program guarantee price for a crop year for a covered commodity or peanuts in a State shall be the simple average of the national average market price re-

ceived by producers of the covered commodity or peanuts for the most recent 2 crop years, as determined by the Secretary.

(4) STATES WITH IRRIGATED AND NONIRRIGATED LAND.—In the case of a State in which at least 25 percent of the acreage planted to a covered commodity or peanuts in the State is irrigated and at least 25 percent of the acreage planted to the covered commodity or peanuts in the State is not irrigated, the Secretary shall calculate a separate ACRE program guarantee for the irrigated and nonirrigated areas of the State for the covered commodity or peanuts.

(e) ACTUAL FARM REVENUE.—For purposes of subsection (b)(2)(B)(i), the amount of the actual farm revenue for a crop year for a covered commodity or peanuts shall equal the amount determined by multiplying—

(1) the actual yield for the covered commodity or peanuts of the producers on the farm; and

(2) the national average market price for the crop year for the covered commodity or peanuts determined under subsection (c)(3).

(f) FARM ACRE BENCHMARK REVENUE.—For purposes of subsection (b)(2)(B)(ii), the farm ACRE bench-

mark revenue for the crop year for a covered commodity or peanuts shall equal the sum obtained by adding—

(1) the amount determined by multiplying—

(A) the average yield per planted acre for the covered commodity or peanuts of the producers on the farm for the most recent 5 crop years, excluding each of the crop years with the highest and lowest yields; and

(B) the ACRE program guarantee price for the applicable crop year for the covered commodity or peanuts in a State determined under subsection (d)(3); and

(2) the amount of the per acre crop insurance premium required to be paid by the producers on the farm for the applicable crop year for the covered commodity or peanuts on the farm.

(g) PAYMENT AMOUNT.—If ACRE payments are required to be paid for any of the 2009 through 2012 crop years of a covered commodity or peanuts under this section, the amount of the ACRE payment to be paid to the producers on the farm for the crop year under this section shall be equal to the product obtained by multiplying—

(1) the lesser of—

(A) the difference between—

(i) the ACRE program guarantee for the crop year for the covered commodity or peanuts in the State determined under subsection (d); and

(ii) the actual State revenue from the crop year for the covered commodity or peanuts in the State determined under subsection (c); and

(B) 25 percent of the ACRE program guarantee for the crop year for the covered commodity or peanuts in the State determined under subsection (d);

(2)(A) for each of the 2009 through 2011 crop years, 83.3 percent of the acreage planted or considered planted to the covered commodity or peanuts for harvest on the farm in the crop year; and

(B) for the 2012 crop year, 85 percent of the acreage planted or considered planted to the covered commodity or peanuts for harvest on the farm in the crop year; and

(3) the quotient obtained by dividing—

(A) the average yield per planted acre for the covered commodity or peanuts of the producers on the farm for the most recent 5 crop

years, excluding each of the crop years with the highest and lowest yields; by

(B) the benchmark State yield for the crop year, as determined under subsection (d)(2).

SEC. 1106. PRODUCER AGREEMENT REQUIRED AS CONDITION OF PROVISION OF PAYMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

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

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

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

(C) to comply with the planting flexibility requirements of section 1107;

(D) to use the land on the farm, in a quantity equal to the attributable base acres for the farm and any base acres for peanuts for the

farm under subtitle C, for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use, as determined by the Secretary; and

(E) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary, if the agricultural or conserving use involves the noncultivation of any portion of the land referred to in subparagraph (D).

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

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

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

(1) TERMINATION.—

(A) IN GENERAL.—Except as provided in paragraph (2), a transfer of (or change in) the

interest of the producers on a farm in base acres for which direct payments or counter-cyclical payments are made, or on which average crop revenue election payments are based, shall result in the termination of the direct payments, counter-cyclical payments, or average crop revenue election payments to the extent the payments are made or based on the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

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

(c) REPORTS.—

(1) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this subtitle or subtitle B, the Secretary shall require producers on a farm

to submit to the Secretary annual acreage reports with respect to all cropland on the farm.

(2) PRODUCTION REPORTS.—As a condition on the receipt of any benefits under this subtitle or subtitle B, the Secretary shall require producers on a farm that receive payments under section 1105 to submit to the Secretary annual production reports with respect to all covered commodities and peanuts produced on the farm.

(3) PENALTIES.—No penalty with respect to benefits under this subtitle or subtitle B shall be assessed against the producers on a farm for an inaccurate acreage or production report unless the producers on the farm knowingly and willfully falsified the acreage or production report.

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

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

SEC. 1107. PLANTING FLEXIBILITY.

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

(b) LIMITATIONS REGARDING CERTAIN COMMODITIES.—

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

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

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

(A) Fruits.

(B) Vegetables (other than mung beans and pulse crops).

(C) Wild rice.

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

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

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

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

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

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

(d) PLANTING TRANSFERABILITY PILOT PROJECT.—

(1) PILOT PROJECT AUTHORIZED.—Notwithstanding paragraphs (1) and (2) of subsection (b) and in addition to the exceptions provided in subsection (c), the Secretary shall carry out a pilot project to permit the planting of cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes grown for processing on base acres during each of the 2009 through 2012 crop years.

(2) PILOT PROJECT STATES AND ACRES.—The number of base acres eligible during each crop year for the pilot project under paragraph (1) shall be—

(A) 9,000 acres in the State of Illinois;

(B) 9,000 acres in the State of Indiana;

(C) 1,000 acres in the State of Iowa;

(D) 9,000 acres in the State of Michigan;

(E) 34,000 acres in the State of Minnesota;

(F) 4,000 acres in the State of Ohio; and

(G) 9,000 acres in the State of Wisconsin.

(3) CONTRACT AND MANAGEMENT REQUIREMENTS.—To be eligible for selection to participate in the pilot project, the producers on a farm shall—

(A) demonstrate to the Secretary that the producers on the farm have entered into a con-

tract to produce a crop of a commodity specified in paragraph (1) for processing;

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

(C) provide evidence of the disposition of the crop.

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

(5) DURATION OF REDUCTIONS.—The reduction in the base acres of a farm for a crop year under paragraph (4) shall expire at the end of the crop year.

(6) RECALCULATION OF BASE ACRES.—

(A) IN GENERAL.—If the Secretary recalculates base acres for a farm while the farm is included in the pilot project, the planting and production of a crop of a commodity specified in paragraph (1) on base acres for which a temporary reduction was made under this section shall be considered to be the same as the planting and production of a covered commodity.

(B) PROHIBITION.—Nothing in this paragraph provides authority for the Secretary to recalculate base acres for a farm.

(7) PILOT IMPACT EVALUATION.—

(A) IN GENERAL.—The Secretary shall periodically evaluate the pilot project conducted under this subsection to determine the effects of the pilot project on the supply and price of—

(i) fresh fruits and vegetables; and

(ii) fruits and vegetables for processing.

(B) DETERMINATION.—An evaluation under subparagraph (A) shall include a determination as to whether—

(i) producers of fresh fruits and vegetables are being negatively impacted; and

(ii) existing production capacities are being supplanted.

(C) REPORT.—As soon as practicable after conducting an evaluation under subparagraph (A), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the evaluation.

SEC. 1108. SPECIAL RULE FOR LONG GRAIN AND MEDIUM GRAIN RICE.

(a) CALCULATION METHOD.—Subject to subsections (b) and (c), for the purposes of determining the amount of the counter-cyclical payments to be paid to the producers on a farm for long grain rice and medium grain rice under section 1104, the base acres of rice on the farm shall be apportioned using the 4-year average of the percentages of acreage planted in the applicable State to long grain rice and medium grain rice during the 2003 through 2006 crop years, as determined by the Secretary.

(b) PRODUCER ELECTION.—As an alternative to the calculation method described in subsection (a), the Secretary shall provide producers on a farm the opportunity to elect to apportion rice base acres on the farm using the 4-year average of—

(1) the percentages of acreage planted on the farm to long grain rice and medium grain rice during the 2003 through 2006 crop years;

(2) the percentages of any acreage on the farm that the producers were prevented from planting to long grain rice and medium grain rice during the 2003 through 2006 crop years because of drought, flood, other natural disaster, or other condition beyond the control of the producers, as determined by the Secretary; and

(3) in the case of a crop year for which a producer on a farm elected not to plant to long grain and medium grain rice during the 2003 through 2006 crop years, the percentages of acreage planted in the applicable State to long grain rice and medium grain rice, as determined by the Secretary.

(c) LIMITATION.—In carrying out this section, the Secretary shall use the same total base acres, payment acres, and payment yields established with respect to rice under sections 1101 and 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911, 7912), as in effect on September 30, 2007, subject to any adjustment under section 1101 of this Act.

SEC. 1109. PERIOD OF EFFECTIVENESS.

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

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

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

(a) NONRECOURSE LOANS AVAILABLE.—

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

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

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

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

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

(a) 2008 CROP YEAR.—For purposes of the 2008 crop year, the loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

(1) In the case of wheat, $2.75 per bushel.

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

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

(4) In the case of barley, $1.85 per bushel.

(5) In the case of oats, $1.33 per bushel.

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

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

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

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

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

(11) In the case of other oilseeds, $9.30 per hundredweight for each of the following kinds of oilseeds:

(A) Sunflower seed.

(B) Rapeseed.

(C) Canola.

(D) Safflower.

(E) Flaxseed.

(F) Mustard seed.

(G) Crambe.

(H) Sesame seed.

(I) Other oilseeds designated by the Secretary.

(12) In the case of dry peas, $6.22 per hundredweight.

(13) In the case of lentils, $11.72 per hundredweight.

(14) In the case of small chickpeas, $7.43 per hundredweight.

(15) In the case of graded wool, $1.00 per pound.

(16) In the case of nongraded wool, $0.40 per pound.

(17) In the case of mohair, $4.20 per pound.

(18) In the case of honey, $0.60 per pound.

(b) 2009 CROP YEAR.—Except as provided in section 1105, for purposes of the 2009 crop year, the loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

(1) In the case of wheat, $2.75 per bushel.

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

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

(4) In the case of barley, $1.85 per bushel.

(5) In the case of oats, $1.33 per bushel.

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

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

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

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

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

(11) In the case of other oilseeds, $9.30 per hundredweight for each of the following kinds of oilseeds:

(A) Sunflower seed.

(B) Rapeseed.

(C) Canola.

(D) Safflower.

(E) Flaxseed.

(F) Mustard seed.

(G) Crambe.

(H) Sesame seed.

(I) Other oilseeds designated by the Secretary.

(12) In the case of dry peas, $5.40 per hundredweight.

(13) In the case of lentils, $11.28 per hundredweight.

(14) In the case of small chickpeas, $7.43 per hundredweight.

(15) In the case of large chickpeas, $11.28 per hundredweight.

(16) In the case of graded wool, $1.00 per pound.

(17) In the case of nongraded wool, $0.40 per pound.

(18) In the case of mohair, $4.20 per pound.

(19) In the case of honey, $0.60 per pound.

(c) 2010 THROUGH 2012 CROP YEARS.—Except as provided in section 1105, for purposes of each of the 2010 through 2012 crop years, the loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

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

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

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

(4) In the case of barley, $1.95 per bushel.

(5) In the case of oats, $1.39 per bushel.

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

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

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

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

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

(11) In the case of other oilseeds, $10.09 per hundredweight for each of the following kinds of oilseeds:

(A) Sunflower seed.

(B) Rapeseed.

(C) Canola.

(D) Safflower.

(E) Flaxseed.

(F) Mustard seed.

(G) Crambe.

(H) Sesame seed.

(I) Other oilseeds designated by the Secretary.

(12) In the case of dry peas, $5.40 per hundredweight.

(13) In the case of lentils, $11.28 per hundredweight.

(14) In the case of small chickpeas, $7.43 per hundredweight.

(15) In the case of large chickpeas, $11.28 per hundredweight.

(16) In the case of graded wool, $1.15 per pound.

(17) In the case of nongraded wool, $0.40 per pound.

(18) In the case of mohair, $4.20 per pound.

(19) In the case of honey, $0.69 per pound.

(d) SINGLE COUNTY LOAN RATE FOR OTHER OILSEEDS.—The Secretary shall establish a single loan rate in each county for each kind of other oilseeds described in subsections (a)(11), (b)(11), and (c)(11).

SEC. 1203. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each loan commodity, a marketing assistance loan under section 1201 shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(b) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

SEC. 1204. REPAYMENT OF LOANS.

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

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

(2) a rate (as determined by the Secretary) that—

(A) is calculated based on average market prices for the loan commodity during the preceding 30-day period; and

(B) will minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries; or

(3) a rate that the Secretary may develop using alternative methods for calculating a repayment rate for a loan commodity that the Secretary determines will—

(A) minimize potential loan forfeitures;

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

(C) minimize the cost incurred by the Federal Government in storing the commodity;

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

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

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

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture

Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

(2) the prevailing world market price for the commodity, as determined and adjusted by the Secretary in accordance with this section.

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

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

(1) a formula to determine the prevailing world market price for each of upland cotton, long grain rice, and medium grain rice; and

(2) a mechanism by which the Secretary shall announce periodically those prevailing world market prices.

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

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

(2) COTTON.—The prevailing world market price for upland cotton determined under subsection (d)—

(A) shall be adjusted to United States quality and location, with the adjustment to include—

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

(ii) the average costs to market the commodity, including average transportation costs, as determined by the Secretary; and

(B) may be further adjusted, during the period beginning on the date of enactment of this Act and ending on July 31, 2013, if the Secretary determines the adjustment is necessary to—

(i) minimize potential loan forfeitures;

(ii) minimize the accumulation of stocks of upland cotton by the Federal Government;

(iii) ensure that upland cotton produced in the United States can be marketed freely and competitively, both domestically and internationally; and

(iv) ensure an appropriate transition between current-crop and forward-crop price quotations, except that the Secretary may use forward-crop price quotations prior to July 31 of a marketing year only if—

(I) there are insufficient current-crop price quotations; and

(II) the forward-crop price quotation is the lowest such quotation available.

(3) GUIDELINES FOR ADDITIONAL ADJUSTMENTS.—In making adjustments under this subsection, the Secretary shall establish a mechanism for determining and announcing the adjustments in order to avoid undue disruption in the United States market.

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

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

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

(g) PAYMENT OF COTTON STORAGE COSTS.—

(1) 2008 THROUGH 2011 CROP YEARS.—Effective for each of the 2008 through 2011 crop years, the Secretary shall provide cotton storage payments in the same manner, and at the same rates as the Secretary provided storage payments for the 2006 crop of cotton, except that the rates shall be reduced by 10 percent.

(2) SUBSEQUENT CROP YEARS.—Beginning with the 2012 crop year, the Secretary shall provide cotton storage payments in the same manner, and at the same rates as the Secretary provided storage

payments for the 2006 crop of cotton, except that the rates shall be reduced by 20 percent.

(h) AUTHORITY TO TEMPORARILY ADJUST REPAYMENT RATES.—

(1) ADJUSTMENT AUTHORITY.—In the event of a severe disruption to marketing, transportation, or related infrastructure, the Secretary may modify the repayment rate otherwise applicable under this section for marketing assistance loans under section 1201 for a loan commodity.

(2) DURATION.—Any adjustment made under paragraph (1) in the repayment rate for marketing assistance loans for a loan commodity shall be in effect on a short-term and temporary basis, as determined by the Secretary.

SEC. 1205. LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—

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

commodity in return for loan deficiency payments under this section.

(2) UNSHORN PELTS, HAY, AND SILAGE.—

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

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

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

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

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

(c) PAYMENT RATE.—

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

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

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

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

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

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

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

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

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

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

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

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

(a) ELIGIBLE PRODUCERS.—

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

(2) GRAZING OF TRITICALE ACREAGE.—Effective for the 2008 through 2012 crop years, with re-

spect to a producer on a farm that uses acreage planted to triticale for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of triticale on that acreage.

(b) PAYMENT AMOUNT.—

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

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

(B) the payment quantity determined by multiplying—

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

(ii) the payment yield in effect for the calculation of direct payments under subtitle A with respect to that loan commodity on the farm or, in the case of a farm with-

out a payment yield for that loan commodity, an appropriate yield established by the Secretary in a manner consistent with section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912).

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

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

(B) the payment quantity determined by multiplying—

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

(ii) the payment yield in effect for the calculation of direct payments under subtitle A with respect to wheat on the farm or, in the case of a farm without a pay-

ment yield for wheat, an appropriate yield established by the Secretary in a manner consistent with section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912).

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

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

(2) AVAILABILITY.—

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

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

(d) PROHIBITION ON CROP INSURANCE INDEMNITY OR NONINSURED CROP ASSISTANCE.—A 2008 through 2012 crop of wheat, barley, oats, or triticale planted on acreage that a producer elects, in the agreement required

by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop shall not be eligible for an indemnity under a policy or plan of insurance authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

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

(a) SPECIAL IMPORT QUOTA.—

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

(2) ESTABLISHMENT.—

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

(B) PROGRAM REQUIREMENTS.—Whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as

quoted for Middling (M) 1 3/32-inch cotton, delivered to a definable and significant international market, as determined by the Secretary, exceeds the prevailing world market price, there shall immediately be in effect a special import quota.

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

(4) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (2) and entered into the United States not later than 180 days after that date.

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

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

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

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

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

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

(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 10 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.

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

(1) DEFINITIONS.—In this subsection:

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

(i) the carry-over of upland cotton at the beginning of the marketing year (ad-

1 justed to 480-pound bales) in which the
2 quota is established;
3 (ii) production of the current crop;
4 and
5 (iii) imports to the latest date avail-
6 able during the marketing year.
7 (B) DEMAND.—The term ''demand''
8 means—
9 (i) the average seasonally adjusted an-
10 nual rate of domestic mill consumption of
11 cotton during the most recent 3 months
12 for which data are available; and
13 (ii) the larger of—
14 (I) average exports of upland cot-
15 ton during the preceding 6 marketing
16 years; or
17 (II) cumulative exports of upland
18 cotton plus outstanding export sales
19 for the marketing year in which the
20 quota is established.
21 (C) LIMITED GLOBAL IMPORT QUOTA.—
22 The term ''limited global import quota'' means
23 a quantity of imports that is not subject to the
24 over-quota tariff rate of a tariff-rate quota.

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

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

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

increase the supply to 130 percent of the demand.

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

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

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

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

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

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

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

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

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall, on a monthly basis, provide economic adjustment assistance to domestic users of upland cotton in the form of payments for all documented use of that upland cotton during the previous monthly period regardless of the origin of the upland cotton.

(2) VALUE OF ASSISTANCE.—

(A) BEGINNING PERIOD.—During the period beginning on August 1, 2008, and ending on July 31, 2012, the value of the assistance provided under paragraph (1) shall be 4 cents per pound.

(B) SUBSEQUENT PERIOD.—Effective beginning on August 1, 2012, the value of the assistance provided under paragraph (1) shall be 3 cents per pound.

(3) ALLOWABLE PURPOSES.—Economic adjustment assistance under this subsection shall be made available only to domestic users of upland cotton that certify that the assistance shall be used only to acquire, construct, install, modernize, develop, con-

vert, or expand land, plant, buildings, equipment, facilities, or machinery.

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

(5) IMPROPER USE OF ASSISTANCE.—If the Secretary determines, after a review or audit of the records of the domestic user, that economic adjustment assistance under this subsection was not used for the purposes specified in paragraph (3), the domestic user shall be—

(A) liable to repay the assistance to the Secretary, plus interest, as determined by the Secretary; and

(B) ineligible to receive assistance under this subsection for a period of 1 year following the determination of the Secretary.

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

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on the date of enactment of this Act through July 31, 2013, the Secretary shall carry out a program—

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

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

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

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

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

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

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

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

SEC. 1209. AVAILABILITY OF RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON.

(a) HIGH MOISTURE FEED GRAINS.—

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

(2) RECOURSE LOANS AVAILABLE.—For each of the 2008 through 2012 crops of corn and grain sor-

ghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm that—

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

(B) present—

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

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

(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or

commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

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

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

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

(B) the lower of the farm program payment yield used to make counter-cyclical payments under subtitle A or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

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

cotton and extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(c) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate established for the commodity by the Secretary, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

SEC. 1210. ADJUSTMENTS OF LOANS.

(a) ADJUSTMENT AUTHORITY.—Subject to subsection (e), the Secretary may make appropriate adjustments in the loan rates for any loan commodity (other than cotton) for differences in grade, type, quality, location, and other factors.

(b) MANNER OF ADJUSTMENT.—The adjustments under subsection (a) shall, to the maximum extent practicable, be made in such a manner that the average loan level for the commodity will, on the basis of the anticipated incidence of the factors, be equal to the level of support determined in accordance with this subtitle and subtitles B through E.

(c) ADJUSTMENT ON COUNTY BASIS.—

(1) IN GENERAL.—The Secretary may establish loan rates for a crop for producers in individual

counties in a manner that results in the lowest loan rate being 95 percent of the national average loan rate, if those loan rates do not result in an increase in outlays.

(2) PROHIBITION.—Adjustments under this subsection shall not result in an increase in the national average loan rate for any year.

(d) ADJUSTMENT IN LOAN RATE FOR COTTON.—

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

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

(A) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall implement revisions in the administration of the marketing assistance loan program for upland cotton to more accurately and efficiently reflect market values for upland cotton.

(B) MANDATORY REVISIONS.—Revisions under subparagraph (A) shall include—

(i) the elimination of warehouse location differentials;

(ii) the establishment of differentials for the various quality factors and staple lengths of cotton based on a 3-year, weighted moving average of the weighted designated spot market regions, as determined by regional production;

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

(iv) a mechanism to ensure that no premium or discount is established that exceeds the premium or discount associated with a leaf grade that is 1 better than the applicable color grade.

(C) DISCRETIONARY REVISIONS.—Revisions under subparagraph (A) may include—

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

(ii) adjustments in the premiums or discounts associated with upland cotton with a staple length of 33 or above due to

micronaire with the goal of eliminating any unnecessary artificial splits in the calculations of the premiums or discounts; and

(iii) such other adjustments as the Secretary determines appropriate, after consultations conducted in accordance with paragraph (3).

(3) CONSULTATION WITH PRIVATE SECTOR.—

(A) PRIOR TO REVISION.—In making adjustments to the loan rate for cotton (including any review of the adjustments) as provided in this subsection, the Secretary shall consult with representatives of the United States cotton industry.

(B) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to consultations under this subsection.

(4) REVIEW OF ADJUSTMENTS.—The Secretary may review the operation of the upland cotton quality adjustments implemented pursuant to this subsection and may make further revisions to the administration of the loan program for upland cotton, by—

(A) revoking or revising any actions taken under paragraph (2)(B); or

(B) revoking or revising any actions taken or authorized to be taken under paragraph (2)(C).

(e) RICE.—The Secretary shall not make adjustments in the loan rates for long grain rice and medium grain rice, except for differences in grade and quality (including milling yields).

Subtitle C—Peanuts

SEC. 1301. DEFINITIONS.

In this subtitle:

(1) BASE ACRES FOR PEANUTS.—

(A) IN GENERAL.—The term ''base acres for peanuts'' means the number of acres assigned to a farm pursuant to section 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7952), as in effect on September 30, 2007, subject to any adjustment under section 1302 of this Act.

(B) COVERED COMMODITIES.—The term ''base acres'', with respect to a covered commodity, has the meaning given the term in section 1101.

(2) COUNTER-CYCLICAL PAYMENT.—The term ''counter-cyclical payment'' means a payment made to producers on a farm under section 1304.

(3) DIRECT PAYMENT.—The term ''direct payment'' means a direct payment made to producers on a farm under section 1303.

(4) EFFECTIVE PRICE.—The term ''effective price'' means the price calculated by the Secretary under section 1304 for peanuts to determine whether counter-cyclical payments are required to be made under that section for a crop year.

(5) PAYMENT ACRES.—The term ''payment acres'' means, in the case of direct payments and counter-cyclical payments—

(A) except as provided in subparagraph (B), 85 percent of the base acres of peanuts on a farm on which direct payments or counter-cyclical payments are made; and

(B) in the case of direct payments for each of the 2009 through 2011 crop years, 83.3 percent of the base acres for peanuts on a farm on which direct payments are made.

(6) PAYMENT YIELD.—The term ''payment yield'' means the yield established for direct payments and the yield established for counter-cyclical

payments under section 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7952), as in effect on September 30, 2007, for a farm for peanuts.

(7) PRODUCER.—

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

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

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

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

(8) STATE.—The term ''State'' means—

(A) a State;

(B) the District of Columbia;

(C) the Commonwealth of Puerto Rico; and

(D) any other territory or possession of the United States.

(9) TARGET PRICE.—The term ''target price'' means the price per ton of peanuts used to determine the payment rate for counter-cyclical payments.

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

SEC. 1302. BASE ACRES FOR PEANUTS FOR A FARM.

(a) ADJUSTMENT OF BASE ACREAGE FOR PEANUTS.—

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

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated, or was terminated or expired during the period beginning on October 1, 2007, and ending on the date of enactment of this Act.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary, or was released during the period beginning on October 1, 2007, and ending on the date of enactment of this Act.

(C) The producer has eligible pulse crop acreage, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

(D) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

(2) SPECIAL CONSERVATION RESERVE ACREAGE PAYMENT RULES.—For the crop year in which a base acres for peanuts adjustment under subparagraph (A) or (B) of paragraph (1) is first made, the owner of the farm shall elect to receive either direct payments and counter-cyclical payments with respect to the acreage added to the farm under this sub-

section or a prorated payment under the conservation reserve contract, but not both.

(b) PREVENTION OF EXCESS BASE ACRES FOR PEANUTS.—

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

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

(A) Any base acres for the farm for a covered commodity.

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

(C) Any other acreage on the farm enrolled in a Federal conservation program for which payments are made in exchange for not pro-

ducing an agricultural commodity on the acreage.

(D) Any eligible pulse crop acreage, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

(E) If the Secretary designates additional oilseeds, any eligible oilseed acreage, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911(a)(2)).

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

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

(5) COORDINATED APPLICATION OF REQUIREMENTS.—The Secretary shall take into account sec-

tion 1101(b) when applying the requirements of this subsection.

(c) REDUCTION IN BASE ACRES.—

(1) REDUCTION AT OPTION OF OWNER.—

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

(B) EFFECT OF REDUCTION.—A reduction under subparagraph (A) shall be permanent and made in a manner prescribed by the Secretary.

(2) REQUIRED ACTION BY SECRETARY.—

(A) IN GENERAL.—The Secretary shall proportionately reduce base acres on a farm for peanuts for land that has been subdivided and developed for multiple residential units or other nonfarming uses if the size of the tracts and the density of the subdivision is such that the land is unlikely to return to the previous agricultural use, unless the producers on the farm demonstrate that the land—

(i) remains devoted to commercial agricultural production; or

(ii) is likely to be returned to the previous agricultural use.

(B) REQUIREMENT.—The Secretary shall establish procedures to identify land described in subparagraph (A).

(3) REVIEW AND REPORT.—Each year, to ensure, to the maximum extent practicable, that payments are received only by producers, the Secretary shall submit to Congress a report that describes the results of the actions taken under paragraph (2).

(d) TREATMENT OF FARMS WITH LIMITED BASE ACRES.—

(1) PROHIBITION ON PAYMENTS.—Except as provided in paragraph (2) and notwithstanding any other provision of this title, a producer on a farm may not receive direct payments, counter-cyclical payments, or average crop revenue election payments if the sum of the base acres of the farm is 10 acres or less, as determined by the Secretary.

(2) EXCEPTIONS.—Paragraph (1) shall not apply to a farm owned by—

(A) a socially disadvantaged farmer or rancher (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); or

(B) a limited resource farmer or rancher, as defined by the Secretary.

(3) DATA COLLECTION AND PUBLICATION.—The Secretary shall—

(A) collect and publish segregated data and survey information about the farm profiles, utilization of land, and crop production; and

(B) perform an evaluation on the supply and price of fruits and vegetables based on the effects of suspension of base acres under this section.

SEC. 1303. AVAILABILITY OF DIRECT PAYMENTS FOR PEANUTS.

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

(b) PAYMENT RATE.—Except as provided in section 1105, the payment rate used to make direct payments with respect to peanuts for a crop year shall be equal to $36 per ton.

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

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

(2) The payment acres on the farm.

(3) The payment yield for the farm.

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), in the case of each of the 2008 through 2012 crop years, the Secretary may not make direct payments under this section before October 1 of the calendar year in which the crop is harvested.

(2) ADVANCE PAYMENTS.—

(A) OPTION.—

(i) IN GENERAL.—At the option of the producers on a farm, the Secretary shall pay in advance up to 22 percent of the direct payment for peanuts for any of the 2008 through 2011 crop years to the producers on a farm.

(ii) 2008 CROP YEAR.—If the producers on a farm elect to receive advance direct payments under clause (i) for peanuts for the 2008 crop year, as soon as practicable after the election, the Secretary shall make the advance direct payment to the producers on the farm.

(B) MONTH.—

(i) SELECTION.—Subject to clauses (ii) and (iii), the producers on a farm shall select the month during which the advance payment for a crop year will be made.

(ii) OPTIONS.—The month selected may be any month during the period—

(I) beginning on December 1 of the calendar year before the calendar year in which the crop of peanuts is harvested; and

(II) ending during the month within which the direct payment would otherwise be made.

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

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

the Secretary the applicable amount of the advance payment, as determined by the Secretary.

SEC. 1304. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.

(a) PAYMENT REQUIRED.—Except as provided in section 1105, for each of the 2008 through 2012 crop years for peanuts, the Secretary shall make counter-cyclical payments to producers on farms for which payment yields and base acres for peanuts are established if the Secretary determines that the effective price for peanuts is less than the target price for peanuts.

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

(1) The higher of the following:

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

(B) The national average loan rate for a marketing assistance loan for peanuts in effect for the applicable period under this subtitle.

(2) The payment rate in effect for peanuts under section 1303 for the purpose of making direct payments.

(c) TARGET PRICE.—For purposes of subsection (a), the target price for peanuts shall be equal to $495 per ton.

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

(1) the target price for peanuts; and

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

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

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

(2) The payment acres on the farm.

(3) The payment yield for the farm.

(f) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—Except as provided in paragraph (2), if the Secretary determines under subsection (a) that counter-cyclical payments are required to be made under this section for a crop of peanuts, beginning October 1, or as soon as practicable after the end of the marketing year, the Sec-

retary shall make the counter-cyclical payments for the crop.

(2) AVAILABILITY OF PARTIAL PAYMENTS.—

(A) IN GENERAL.—If, before the end of the 12-month marketing year, the Secretary estimates that counter-cyclical payments will be required under this section for a crop year, the Secretary shall give producers on a farm the option to receive partial payments of the counter-cyclical payment projected to be made for the crop.

(B) ELECTION.—

(i) IN GENERAL.—The Secretary shall allow producers on a farm to make an election to receive partial payments under subparagraph (A) at any time but not later than 60 days prior to the end of the marketing year for the crop.

(ii) DATE OF ISSUANCE.—The Secretary shall issue the partial payment after the date of an announcement by the Secretary but not later than 30 days prior to the end of the marketing year.

(3) TIME FOR PARTIAL PAYMENTS.—When the Secretary makes partial payments for any of the 2008 through 2010 crop years—

(A) the first partial payment shall be made after completion of the first 180 days of the marketing year for that crop; and

(B) the final partial payment shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for that crop.

(4) AMOUNT OF PARTIAL PAYMENTS.—

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

(B) FINAL PAYMENT.—The final payment for a crop year shall be equal to the difference between—

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

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

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

SEC. 1305. PRODUCER AGREEMENT REQUIRED AS CONDITION ON PROVISION OF PAYMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive direct payments or counter-cyclical payments under this subtitle, or average crop revenue election payments under section 1105, with respect to the farm, the producers shall agree, during the crop year for which the payments are made and in exchange for the payments—

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

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

(C) to comply with the planting flexibility requirements of section 1306;

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

(E) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary, if the agricultural or conserving use involves the noncultivation of any portion of the land referred to in subparagraph (D).

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

(3) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the

requirements of this subsection if the modifications are consistent with the objectives of this subsection, as determined by the Secretary.

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

(1) TERMINATION.—

(A) IN GENERAL.—Except as provided in paragraph (2), a transfer of (or change in) the interest of the producers on a farm in the base acres for peanuts for which direct payments or counter-cyclical payments are made, or on which average crop revenue election payments are based, shall result in the termination of the direct payments, counter-cyclical payments, or average crop revenue election payments to the extent the payments are made or based on the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

(2) EXCEPTION.—If a producer entitled to a direct payment, counter-cyclical payment, or average crop revenue election payment dies, becomes incom-

petent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with rules issued by the Secretary.

(c) ACREAGE REPORTS.—

(1) IN GENERAL.—As a condition on the receipt of any benefits under this subtitle, the Secretary shall require producers on a farm to submit to the Secretary annual acreage reports with respect to all cropland on the farm.

(2) PENALTIES.—No penalty with respect to benefits under this subtitle shall be assessed against the producers on a farm for an inaccurate acreage report unless the producers on the farm knowingly and willfully falsified the acreage report.

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

(e) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments, counter-cyclical payments, or average crop revenue election payments under section 1105 among the producers on a farm on a fair and equitable basis.

SEC. 1306. PLANTING FLEXIBILITY.

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

(b) LIMITATIONS REGARDING CERTAIN COMMODITIES.—

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

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

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

(A) Fruits.

(B) Vegetables (other than mung beans and pulse crops).

(C) Wild rice.

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

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

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

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

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

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

SEC. 1307. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.

(a) NONRECOURSE LOANS AVAILABLE.—

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

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

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

(4) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the producers on a farm through—

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

(B) the Farm Service Agency.

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

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

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

(6) STORAGE, HANDLING, AND ASSOCIATED COSTS.—

(A) IN GENERAL.—Beginning with the 2008 crop of peanuts, to ensure proper storage of peanuts for which a loan is made under this section, the Secretary shall pay handling and other associated costs (other than storage costs) incurred at the time at which the peanuts are placed under loan, as determined by the Secretary.

(B) REDEMPTION AND FORFEITURE.—The Secretary shall—

(i) require the repayment of handling and other associated costs paid under subparagraph (A) for all peanuts pledged as collateral for a loan that is redeemed under this section; and

(ii) pay storage, handling, and other associated costs for all peanuts pledged as collateral that are forfeited under this section.

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

(b) LOAN RATE.—Except as provided in section 1105, the loan rate for a marketing assistance loan for peanuts under subsection (a) shall be equal to $355 per ton.

(c) TERM OF LOAN.—

(1) IN GENERAL.—A marketing assistance loan for peanuts under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(2) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

(d) REPAYMENT RATE.—

(1) IN GENERAL.—The Secretary shall permit producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

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

(B) a rate that the Secretary determines will—

(i) minimize potential loan forfeitures;

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

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

(iv) allow peanuts produced in the United States to be marketed freely and

competitively, both domestically and internationally.

(2) AUTHORITY TO TEMPORARILY ADJUST REPAYMENT RATES.—

(A) ADJUSTMENT AUTHORITY.—In the event of a severe disruption to marketing, transportation, or related infrastructure, the Secretary may modify the repayment rate otherwise applicable under this subsection for marketing assistance loans for peanuts under subsection (a).

(B) DURATION.—An adjustment made under subparagraph (A) in the repayment rate for marketing assistance loans for peanuts shall be in effect on a short-term and temporary basis, as determined by the Secretary.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for loan deficiency payments under this subsection.

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

(A) the payment rate determined under paragraph (3) for peanuts; by

(B) the quantity of the peanuts produced by the producers, excluding any quantity for which the producers obtain a marketing assistance loan under subsection (a).

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

(A) the loan rate established under subsection (b); exceeds

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

(4) EFFECTIVE DATE FOR PAYMENT RATE DETERMINATION.—The Secretary shall determine the amount of the loan deficiency payment to be made under this subsection to the producers on a farm with respect to a quantity of peanuts using the payment rate in effect under paragraph (3) as of the date the producers request the payment.

(f) COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.—As a condition of the receipt of

a marketing assistance loan under subsection (a), the producer shall comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland protection requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.) during the term of the loan.

(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF ADMINISTRATIVE EXPENSES.—The Secretary may implement any reimbursable agreements or provide for the payment of administrative expenses under this subtitle only in a manner that is consistent with such activities in regard to other commodities.

SEC. 1308. ADJUSTMENTS OF LOANS.

(a) ADJUSTMENT AUTHORITY.—The Secretary may make appropriate adjustments in the loan rates for peanuts for differences in grade, type, quality, location, and other factors.

(b) MANNER OF ADJUSTMENT.—The adjustments under subsection (a) shall, to the maximum extent practicable, be made in such a manner that the average loan level for peanuts will, on the basis of the anticipated incidence of the factors, be equal to the level of support determined in accordance with this subtitle and subtitles B, D, and E.

(c) ADJUSTMENT ON COUNTY BASIS.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may establish loan rates for a crop of peanuts for producers in individual counties in a manner that results in the lowest loan rate being 95 percent of the national average loan rate, if those loan rates do not result in an increase in outlays.

(2) PROHIBITION.—Adjustments under this subsection shall not result in an increase in the national average loan rate for any year.

Subtitle D—Sugar

SEC. 1401. SUGAR PROGRAM.

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

"SEC. 156. SUGAR PROGRAM.

''(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to—

''(1) 18.00 cents per pound for raw cane sugar for the 2008 crop year;

''(2) 18.25 cents per pound for raw cane sugar for the 2009 crop year;

''(3) 18.50 cents per pound for raw cane sugar for the 2010 crop year;

"(4) 18.75 cents per pound for raw cane sugar for the 2011 crop year; and

"(5) 18.75 cents per pound for raw cane sugar for the 2012 crop year.

"(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to—

"(1) 22.9 cents per pound for refined beet sugar for the 2008 crop year; and

"(2) a rate that is equal to 128.5 percent of the loan rate per pound of raw cane sugar for the applicable crop year under subsection (a) for each of the 2009 through 2012 crop years.

"(c) TERM OF LOANS.—

"(1) IN GENERAL.—A loan under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

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

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

"(2) SUPPLEMENTAL LOANS.—In the case of a loan made under this section in the last 3 months

of a fiscal year, the processor may repledge the sugar as collateral for a second loan in the subsequent fiscal year, except that the second loan shall—

"(A) be made at the loan rate in effect at the time the first loan was made; and

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

"(d) LOAN TYPE; PROCESSOR ASSURANCES.—

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

"(2) PROCESSOR ASSURANCES.—

"(A) IN GENERAL.—The Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for the sugar beets and sugarcane delivered by producers to the processor.

"(B) MINIMUM PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary may establish appro-

priate minimum payments for purposes of this paragraph.

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

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

"(e) LOANS FOR IN-PROCESS SUGAR.—

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

"(2) AVAILABILITY.—The Secretary shall make nonrecourse loans available to processors of a crop

of domestically grown sugarcane and sugar beets for in-process sugars and syrups derived from the crop.

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

"(4) FURTHER PROCESSING ON FORFEITURE.—

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

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

"(C) PAYMENT TO PROCESSOR.—On transfer of the sugar, the Secretary shall make a

payment to the processor in an amount equal to the amount obtained by multiplying—

"(i) the difference between—

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

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

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

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

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

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

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

"(2) INVENTORY DISPOSITION.—

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

"(B) BIOENERGY FEEDSTOCK.—If a reduction in the quantity of production accepted under subparagraph (A) involves sugar beets or

sugarcane that has already been planted, the sugar beets or sugarcane so planted may not be used for any commercial purpose other than as a bioenergy feedstock.

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

"(g) INFORMATION REPORTING.—

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

"(2) DUTY OF PRODUCERS TO REPORT.—

"(A) PROPORTIONATE SHARE STATES.—As a condition of a loan made to a processor for the benefit of a producer, the Secretary shall require each producer of sugarcane located in a State (other than the Commonwealth of Puerto Rico) in which there are in excess of 250 producers of sugarcane to report, in the manner

prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

"(B) OTHER STATES.—The Secretary may require each producer of sugarcane or sugar beets not covered by subparagraph (A) to report, in a manner prescribed by the Secretary, the yields of, and acres planted to, sugarcane or sugar beets, respectively, of the producer.

"(3) DUTY OF IMPORTERS TO REPORT.—

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

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

"(4) COLLECTION OF INFORMATION ON MEXICO.—

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

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

"(ii) publicly available information on Mexican production, consumption, and trade of high fructose corn syrups.

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

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

"(6) MONTHLY REPORTS.—Taking into consideration the information received under this subsection, the Secretary shall publish on a monthly

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

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

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

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

SEC. 1402. UNITED STATES MEMBERSHIP IN THE INTERNATIONAL SUGAR ORGANIZATION.

The Secretary shall work with the Secretary of State to restore United States membership in the International

Sugar Organization not later than 1 year after the date of enactment of this Act.

SEC. 1403. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

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

(1) by redesignating paragraphs (1), (2), (3), and (4) as paragraphs (2), (4), (5), and (6), respectively;

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

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

(3) by inserting after paragraph (2) (as so redesignated) the following:

"(3) MARKET.—

"(A) IN GENERAL.—The term 'market' means to sell or otherwise dispose of in commerce in the United States.

"(B) INCLUSIONS.—The term 'market' includes—

"(i) the forfeiture of sugar under the loan program for sugar established under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272);

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

"(iii) the sale of sugar for the production of ethanol or other bioenergy product, if the disposition of the sugar is administered by the Secretary under section 9010 of the Farm Security and Rural Investment Act of 2002.

"(C) MARKETING YEAR.—Forfeited sugar described in subparagraph (B)(i) shall be considered to have been marketed during the crop year for which a loan is made under the loan program described in that subparagraph.".

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

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

"(a) SUGAR ESTIMATES.—

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

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

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

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

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

"(E) the quantity of sugars, syrups, and molasses that will be imported for human consumption or to be used for the extraction of sugar for human consumption in the United States during the crop year, whether the arti-

cles are under a tariff-rate quota or are in excess or outside of a tariff-rate quota.

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

"(3) REESTIMATES.—The Secretary shall make reestimates of sugar consumption, stocks, production, and imports for a crop year as necessary, but not later than the beginning of each of the second through fourth quarters of the crop year.

"(b) SUGAR ALLOTMENTS.—

"(1) ESTABLISHMENT.—By the beginning of each crop year, the Secretary shall establish for that crop year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar cane or sugar beets or in-process beet sugar (whether the sugar beets or in-process beet sugar was produced domestically or imported) at a level that is—

"(A) sufficient to maintain raw and refined sugar prices above forfeiture levels so that there will be no forfeitures of sugar to the Commodity Credit Corporation under the loan program for

sugar established under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272); but

"(B) not less than 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year.

"(2) PRODUCTS.—The Secretary may include sugar products, the majority content of which is sucrose for human consumption, derived from sugar cane, sugar beets, molasses, or sugar in the allotments established under paragraph (1) if the Secretary determines it to be appropriate for purposes of this part.

"(c) COVERAGE OF ALLOTMENTS.—

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

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

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

"(B) to enable another processor to fulfill an allocation established for that processor; or

"(C) for uses other than domestic human consumption, except for the sale of sugar for the production of ethanol or other bioenergy if the disposition of the sugar is administered by the Secretary under section 9010 of the Farm Security and Rural Investment Act of 2002.

"(3) REQUIREMENT.—The sale of sugar described in paragraph (2)(B) shall be—

"(A) made prior to May 1; and

"(B) reported to the Secretary.

"(d) PROHIBITIONS.—

"(1) IN GENERAL.—During all or part of any crop year for which marketing allotments have been established, no processor of sugar beets or sugarcane shall market for domestic human consumption a quantity of sugar in excess of the allocation established for the processor, except—

"(A) to enable another processor to fulfill an allocation established for that other processor; or

"(B) to facilitate the exportation of the sugar.

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

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

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

"(b) OVERALL ALLOTMENT QUANTITY.—

"(1) IN GENERAL.—The Secretary shall establish the overall quantity of sugar to be allotted for the crop year (referred to in this part as the 'overall allotment quantity') at a level that is—

"(A) sufficient to maintain raw and refined sugar prices above forfeiture levels to avoid for-

feiture of sugar to the Commodity Credit Corporation; but

"(B) not less than a quantity equal to 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year.

"(2) ADJUSTMENT.—Subject to paragraph (1), the Secretary shall adjust the overall allotment quantity to maintain—

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

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

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

(3) in subsection (g)(1)—

(A) by striking "(1) IN GENERAL.—The Secretary" and inserting the following:

"(1) ADJUSTMENTS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary"; and

(B) by adding at the end the following:

"(B) LIMITATION.—In carrying out subparagraph (A), the Secretary may not reduce the overall allotment quantity to a quantity of

less than 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year.''; and

(4) by striking subsection (h).

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

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

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

''(G) SALE OF FACTORIES OF A PROCESSOR TO ANOTHER PROCESSOR.—

''(i) EFFECT OF SALE.—Subject to subparagraphs (E) and (F), if 1 or more factories of a processor of beet sugar (but not all of the assets of the processor) are sold to another processor of beet sugar during a crop year, the Secretary shall assign a pro rata portion of the allocation of the seller to the allocation of the buyer to reflect the historical contribution of the production of the sold 1 or more factories to the total allocation of the seller, unless

the buyer and the seller have agreed upon the transfer of a different portion of the allocation of the seller, in which case, the Secretary shall transfer that portion agreed upon by the buyer and seller.

"(ii) APPLICATION OF ALLOCATION.—The assignment of the allocation under clause (i) shall apply—

"(I) during the remainder of the crop year for which the sale described in clause (i) occurs; and

"(II) during each subsequent crop year.

"(iii) USE OF OTHER FACTORIES TO FILL ALLOCATION.—If the assignment of the allocation under clause (i) to the buyer for the 1 or more purchased factories cannot be filled by the production of the 1 or more purchased factories, the remainder of the allocation may be filled by beet sugar produced by the buyer from other factories of the buyer.

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

"(i) DEFINITION OF NEW ENTRANT.—

"(I) IN GENERAL.—In this subparagraph, the term 'new entrant' means an individual, corporation, or other entity that—

"(aa) does not have an allocation of the beet sugar allotment under this part;

"(bb) is not affiliated with any other individual, corporation, or entity that has an allocation of beet sugar under this part (referred to in this clause as a 'third party'); and

"(cc) will process sugar beets produced by sugar beet growers under contract with the new entrant for the production of sugar at the new or re-opened factory that is the basis for the new entrant allocation.

"(II) AFFILIATION.—For purposes of subclause (I)(bb), a new entrant and a third party shall be considered to be affiliated if—

"(aa) the third party has an ownership interest in the new entrant;

"(bb) the new entrant and the third party have owners in common;

"(cc) the third party has the ability to exercise control over the new entrant by organizational rights, contractual rights, or any other means;

"(dd) the third party has a contractual relationship with the new entrant by which the new entrant will make use of the facilities or assets of the third party; or

"(ee) there are any other similar circumstances by which the Secretary determines that the new entrant and the third party are affiliated.

"(ii) ALLOCATION FOR A NEW ENTRANT THAT HAS CONSTRUCTED A NEW FACTORY OR REOPENED A FACTORY THAT

WAS NOT OPERATED SINCE BEFORE 1998.—If a new entrant constructs a new sugar beet processing factory, or acquires and reopens a sugar beet processing factory that last processed sugar beets prior to the 1998 crop year and there is no allocation currently associated with the factory, the Secretary shall—

"(I) assign an allocation for beet sugar to the new entrant that provides a fair and equitable distribution of the allocations for beet sugar so as to enable the new entrant to achieve a factory utilization rate comparable to the factory utilization rates of other similarly-situated processors; and

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

"(iii) ALLOCATION FOR A NEW ENTRANT THAT HAS ACQUIRED AN EXISTING FACTORY WITH A PRODUCTION HISTORY.—

"(I) IN GENERAL.—If a new entrant acquires an existing factory that

has processed sugar beets from the 1998 or subsequent crop year and has a production history, on the mutual agreement of the new entrant and the company currently holding the allocation associated with the factory, the Secretary shall transfer to the new entrant a portion of the allocation of the current allocation holder to reflect the historical contribution of the production of the 1 or more sold factories to the total allocation of the current allocation holder, unless the new entrant and current allocation holder have agreed upon the transfer of a different portion of the allocation of the current allocation holder, in which case, the Secretary shall transfer that portion agreed upon by the new entrant and the current allocation holder.

"(II) PROHIBITION.—In the absence of a mutual agreement described in subclause (I), the new en-

trant shall be ineligible for a beet sugar allocation.

"(iv) APPEALS.—Any decision made under this subsection may be appealed to the Secretary in accordance with section 359i.".

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

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

(1) by striking paragraph (8);

(2) by redesignating paragraphs (1) through (7) as paragraphs (2) through (8), respectively;

(3) by inserting before paragraph (2) (as so redesignated) the following:

"(1) DEFINITION OF SEED.—

"(A) IN GENERAL.—In this subsection, the term 'seed' means only those varieties of seed that are dedicated to the production of sugarcane from which is produced sugar for human consumption.

"(B) EXCLUSION.—The term 'seed' does not include seed of a high-fiber cane variety dedicated to other uses, as determined by the Secretary";

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

(A) in the first sentence—

(i) by striking "paragraph (1)" and inserting "paragraph (2)"; and

(ii) by inserting "sugar produced from" after "quantity of"; and

(B) in the second sentence, by striking "paragraph (7)" and inserting "paragraph (8)";

(5) in the first sentence of paragraph (6)(C) (as so redesignated), by inserting "for sugar" before "in excess of the farm's proportionate share"; and

(6) in paragraph (8) (as so redesignated), by inserting "sugar from" after "the amount of".

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

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

"(a) TRANSFER OF ACREAGE BASE HISTORY.—

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

"(2) CONVERTED ACREAGE BASE.—

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

"(B) NOTIFICATION.—Not later than 90 days after the Secretary becomes aware of a conversion of any sugarcane acreage base to a nonagricultural use, the Secretary shall notify the 1 or more affected landowners of the transferability of the applicable sugarcane acreage base.

"(C) INITIAL TRANSFER PERIOD.—The owner of the base attributable to the acreage at

the time of the conversion shall be afforded 90 days from the date of the receipt of the notification under subparagraph (B) to transfer the base to 1 or more farms owned by the owner.

"(D) GROWER OF RECORD.—If a transfer under subparagraph (C) cannot be accomplished during the period specified in that subparagraph, the grower of record with regard to the acreage base on the date on which the acreage was converted to nonagricultural use shall—

"(i) be notified; and

"(ii) have 90 days from the date of the receipt of the notification to transfer the base to 1 or more farms operated by the grower.

"(E) POOL DISTRIBUTION.—

"(i) IN GENERAL.—If transfers under subparagraphs (B) and (C) cannot be accomplished during the periods specified in those subparagraphs, the county committee of the Farm Service Agency for the applicable county shall place the acreage base in a pool for possible assignment to other farms.

"(ii) ACCEPTANCE OF REQUESTS.—After providing reasonable notice to farm owners, operators, and growers of record in the county, the county committee shall accept requests from owners, operators, and growers of record in the county.

"(iii) ASSIGNMENT.—The county committee shall assign the acreage base to other farms in the county that are eligible and capable of accepting the acreage base, based on a random drawing from among the requests received under clause (ii).

"(F) STATEWIDE REALLOCATION.—

"(i) IN GENERAL.—Any acreage base remaining unassigned after the transfers and processes described in subparagraphs (A) through (E) shall be made available to the State committee of the Farm Service Agency for allocation among the remaining county committees in the State representing counties with farms eligible for assignment of the base, based on a random drawing.

"(ii) ALLOCATION.—Any county committee receiving acreage base under this

subparagraph shall allocate the acreage base to eligible farms using the process described in subparagraph (E).

''(G) STATUS OF REASSIGNED BASE.—After acreage base has been reassigned in accordance with this subparagraph, the acreage base shall—

''(i) remain on the farm; and

''(ii) be subject to the transfer provisions of paragraph (1).''; and

(2) in subsection (d)—

(A) in paragraph (1)—

(i) by inserting ''affected'' before ''crop-share owners'' each place it appears; and

(ii) by striking '', and from the processing company holding the applicable allocation for such shares,''; and

(B) in paragraph (2), by striking ''based on'' and all that follows through the end of subparagraph (B) and inserting ''based on—

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

''(B) the pro rata amount of allocation at the processing company holding the applicable

allocation that equals the contribution of the grower to allocation of the processing company for the sugarcane acreage base being transferred.''.

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

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

(2) by striking subsection (c).

(i) REALLOCATING SUGAR QUOTA IMPORT SHORTFALLS.—Section 359k of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359kk) is repealed.

(j) ADMINISTRATION OF TARIFF RATE QUOTAS.—Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) (as amended by subsection (i)) is amended by adding at the end the following:

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

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of law, at the beginning of the quota year, the Secretary shall establish the tariff-rate quotas for raw cane sugar and refined sugars at the minimum level necessary to comply with obligations under inter-

national trade agreements that have been approved by Congress.

"(2) EXCEPTION.—Paragraph (1) shall not apply to specialty sugar.

"(b) ADJUSTMENT.—

"(1) BEFORE APRIL 1.—Before April 1 of each fiscal year, if there is an emergency shortage of sugar in the United States market that is caused by a war, flood, hurricane, or other natural disaster, or other similar event as determined by the Secretary—

"(A) the Secretary shall take action to increase the supply of sugar in accordance with sections 359c(b)(2) and 359e(b), including an increase in the tariff-rate quota for raw cane sugar to accommodate the reassignment to imports; and

"(B) if there is still a shortage of sugar in the United States market, and marketing of domestic sugar has been maximized, and domestic raw cane sugar refining capacity has been maximized, the Secretary may increase the tariff-rate quota for refined sugars sufficient to accommodate the supply increase, if the further increase will not threaten to result in the forfeiture of sugar pledged as collateral for a loan

under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272).

"(2) ON OR AFTER APRIL 1.—On or after April 1 of each fiscal year—

"(A) the Secretary may take action to increase the supply of sugar in accordance with sections 359c(b)(2) and 359e(b), including an increase in the tariff-rate quota for raw cane sugar to accommodate the reassignment to imports; and

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

(k) PERIOD OF EFFECTIVENESS.—Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) (as amended by subsection (j)) is amended by adding at the end the following:

"SEC. 359l. PERIOD OF EFFECTIVENESS.

"(a) IN GENERAL.—This part shall be effective only for the 2008 through 2012 crop years for sugar.

"(b) TRANSITION.—The Secretary shall administer flexible marketing allotments for sugar for the 2007 crop year for sugar on the terms and conditions provided in this part as in effect on the day before the date of enactment of this section.".

SEC. 1404. STORAGE FACILITY LOANS.

Section 1402(c) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7971(c)) is amended—

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

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

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

"(2) not include any penalty for prepayment; and"; and

(4) in paragraph (3) (as redesignated by paragraph (2)), by inserting "other" after "on such".

SEC. 1405. COMMODITY CREDIT CORPORATION STORAGE PAYMENTS.

Subtitle E of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7281 et seq.) is amended by adding at the end the following:

"SEC. 167. COMMODITY CREDIT CORPORATION STORAGE PAYMENTS.

"(a) INITIAL CROP YEARS.—Notwithstanding any other provision of law, for each of the 2008 through 2011 crop years, the Commodity Credit Corporation shall establish rates for the storage of forfeited sugar in an amount that is not less than—

"(1) in the case of refined sugar, 15 cents per hundredweight of refined sugar per month; and

"(2) in the case of raw cane sugar, 10 cents per hundredweight of raw cane sugar per month.

"(b) SUBSEQUENT CROP YEARS.—For each of the 2012 and subsequent crop years, the Commodity Credit Corporation shall establish rates for the storage of forfeited sugar in the same manner as was used on the day before the date of enactment of this section.".

Subtitle E—Dairy

SEC. 1501. DAIRY PRODUCT PRICE SUPPORT PROGRAM.

(a) DEFINITION OF NET REMOVALS.—In this section, the term "net removals" means—

(1) the sum of—

(A) the quantity of a product described in subsection (b) purchased by the Commodity Credit Corporation under this section; and

(B) the quantity of the product exported under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14); less

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

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

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

(1) cheddar cheese in blocks at not less than $1.13 per pound;

(2) cheddar cheese in barrels at not less than $1.10 per pound;

(3) butter at not less than $1.05 per pound; and

(4) nonfat dry milk at not less than $0.80 per pound.

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

(1) ADJUSTMENTS AUTHORIZED.—The Secretary may adjust the minimum purchase prices es-

tablished under subsection (c) only as permitted under this subsection.

(2) CHEESE INVENTORIES IN EXCESS OF 200,000,000 POUNDS.—If net removals for a period of 12 consecutive months exceed 200,000,000 pounds of cheese, but do not exceed 400,000,000 pounds, the Secretary may reduce the purchase prices under paragraphs (1) and (2) of subsection (c) during the immediately following month by not more than 10 cents per pound.

(3) CHEESE INVENTORIES IN EXCESS OF 400,000,000 POUNDS.—If net removals for a period of 12 consecutive months exceed 400,000,000 pounds of cheese, the Secretary may reduce the purchase prices under paragraphs (1) and (2) of subsection (c) during the immediately following month by not more than 20 cents per pound.

(4) BUTTER INVENTORIES IN EXCESS OF 450,000,000 POUNDS.—If net removals for a period of 12 consecutive months exceed 450,000,000 pounds of butter, but do not exceed 650,000,000 pounds, the Secretary may reduce the purchase price under subsection (c)(3) during the immediately following month by not more than 10 cents per pound.

(5) BUTTER INVENTORIES IN EXCESS OF 650,000,000 POUNDS.—If net removals for a period of 12 consecutive months exceed 650,000,000 pounds of butter, the Secretary may reduce the purchase price under subsection (c)(3) during the immediately following month by not more than 20 cents per pound.

(6) NONFAT DRY MILK INVENTORIES IN EXCESS OF 600,000,000 POUNDS.—If net removals for a period of 12 consecutive months exceed 600,000,000 pounds of nonfat dry milk, but do not exceed 800,000,000 pounds, the Secretary may reduce the purchase price under subsection (c)(4) during the immediately following month by not more than 5 cents per pound.

(7) NONFAT DRY MILK INVENTORIES IN EXCESS OF 800,000,000 POUNDS.—If net removals for a period of 12 consecutive months exceed 800,000,000 pounds of nonfat dry milk, the Secretary may reduce the purchase price under subsection (c)(4) during the immediately following month by not more than 10 cents per pound.

(e) UNIFORM PURCHASE PRICE.—The prices that the Secretary pays for cheese, butter, or nonfat dry milk,

respectively, under subsection (b) shall be uniform for all regions of the United States.

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

SEC. 1502. DAIRY FORWARD PRICING PROGRAM.

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

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

(1) all uniform and minimum milk price requirements of subparagraphs (B) and (F) of paragraph (5) of section 8c of the Agricultural Adjust-

ment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937; and

(2) the total payment requirement of subparagraph (C) of that paragraph.

(c) MILK COVERED BY PROGRAM.—

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

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

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

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

(d) VOLUNTARY PROGRAM.—

(1) IN GENERAL.—A milk handler may not require participation in a forward pricing contract as a condition of the handler receiving milk from a producer or cooperative association of producers.

(2) PRICING.—A producer or cooperative association described in paragraph (1) may continue to have their milk priced in accordance with the minimum payment provisions of the Federal milk marketing order.

(3) COMPLAINTS.—

(A) IN GENERAL.—The Secretary shall investigate complaints made by producers or cooperative associations of coercion by handlers to enter into forward contracts.

(B) ACTION.—If the Secretary finds evidence of coercion, the Secretary shall take appropriate action.

(e) DURATION.—

(1) NEW CONTRACTS.—No forward price contract may be entered into under the program established under this section after September 30, 2012.

(2) APPLICATION.—No forward contract entered into under the program may extend beyond September 30, 2015.

SEC. 1503. DAIRY EXPORT INCENTIVE PROGRAM.

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

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

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

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

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

''(1) FUNDS AND COMMODITIES.—Except as provided in paragraph (2), the Commodity Credit Corporation shall in each year use money and commodities for the program under this section in the

maximum amount consistent with the obligations of the United States under the Uruguay Round Agreements approved under section 101 of the Uruguay Round Agreements Act (19 U.S.C. 3511), minus the amount expended under section 1163 of this Act during that year.''.

SEC. 1504. REVISION OF FEDERAL MARKETING ORDER AMENDMENT PROCEDURES.

Section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking subsection (17) and inserting the following:

''(17) PROVISIONS APPLICABLE TO AMENDMENTS.—

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

''(B) SUPPLEMENTAL RULES OF PRACTICE.—

''(i) IN GENERAL.—Not later than 60 days after the date of enactment of this subparagraph, the Secretary shall issue, using informal rulemaking, supplemental rules of practice to define guidelines and

1 timeframes for the rulemaking process re-
2 lating to amendments to orders.
3 "(ii) ISSUES.—At a minimum, the
4 supplemental rules of practice shall estab-
5 lish—
6 "(I) proposal submission require-
7 ments;
8 "(II) pre-hearing information
9 session specifications;
10 "(III) written testimony and data
11 request requirements;
12 "(IV) public participation time-
13 frames; and
14 "(V) electronic document submis-
15 sion standards.
16 "(iii) EFFECTIVE DATE.—The supple-
17 mental rules of practice shall take effect
18 not later than 120 days after the date of
19 enactment of this subparagraph, as deter-
20 mined by the Secretary.
21 "(C) HEARING TIMEFRAMES.—
22 "(i) IN GENERAL.—Not more than 30
23 days after the receipt of a proposal for an
24 amendment hearing regarding a milk mar-
25 keting order, the Secretary shall—

"(I) issue a notice providing an action plan and expected timeframes for completion of the hearing not more than 120 days after the date of the issuance of the notice;

"(II)(aa) issue a request for additional information to be used by the Secretary in making a determination regarding the proposal; and

"(bb) if the additional information is not provided to the Secretary within the timeframe requested by the Secretary, issue a denial of the request; or

"(III) issue a denial of the request.

"(ii) REQUIREMENT.—A post-hearing brief may be filed under this paragraph not later than 60 days after the date of an amendment hearing regarding a milk marketing order.

"(iii) RECOMMENDED DECISIONS.—A recommended decision on a proposed amendment to an order shall be issued not

later than 90 days after the deadline for the submission of post-hearing briefs.

"(iv) FINAL DECISIONS.—A final decision on a proposed amendment to an order shall be issued not later than 60 days after the deadline for submission of comments and exceptions to the recommended decision issued under clause (iii).

"(D) INDUSTRY ASSESSMENTS.—If the Secretary determines it is necessary to improve or expedite rulemaking under this subsection, the Secretary may impose an assessment on the affected industry to supplement appropriated funds for the procurement of service providers, such as court reporters.

"(E) USE OF INFORMAL RULEMAKING.—The Secretary may use rulemaking under section 553 of title 5, United States Code, to amend orders, other than provisions of orders that directly affect milk prices.

"(F) AVOIDING DUPLICATION.—The Secretary shall not be required to hold a hearing on any amendment proposed to be made to a milk marketing order in response to an applica-

tion for a hearing on the proposed amendment if—

"(i) the application requesting the hearing is received by the Secretary not later than 90 days after the date on which the Secretary has announced the decision on a previously proposed amendment to that order; and

"(ii) the 2 proposed amendments are essentially the same, as determined by the Secretary.

"(G) MONTHLY FEED AND FUEL COSTS FOR MAKE ALLOWANCES.—As part of any hearing to adjust make allowances under marketing orders commencing prior to September 30, 2012, the Secretary shall—

"(i) determine the average monthly prices of feed and fuel incurred by dairy producers in the relevant marketing area;

"(ii) consider the most recent monthly feed and fuel price data available; and

"(iii) consider those prices in determining whether or not to adjust make allowances.".

SEC. 1505. DAIRY INDEMNITY PROGRAM.

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

SEC. 1506. MILK INCOME LOSS CONTRACT PROGRAM.

(a) DEFINITIONS.—In this section:

(1) CLASS I MILK.—The term ''Class I milk'' means milk (including milk components) classified as Class I milk under a Federal milk marketing order.

(2) ELIGIBLE PRODUCTION.—The term ''eligible production'' means milk produced by a producer in a participating State.

(3) FEDERAL MILK MARKETING ORDER.—The term ''Federal milk marketing order'' means an order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(4) PARTICIPATING STATE.—The term ''participating State'' means each State.

(5) PRODUCER.—The term ''producer'' means an individual or entity that directly or indirectly (as determined by the Secretary)—

(A) shares in the risk of producing milk; and

(B) makes contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

(b) PAYMENTS.—The Secretary shall offer to enter into contracts with producers on a dairy farm located in a participating State under which the producers receive payments on eligible production.

(c) AMOUNT.—Payments to a producer under this section shall be calculated by multiplying (as determined by the Secretary)—

(1) the payment quantity for the producer during the applicable month established under subsection (e);

(2) the amount equal to—

(A) $16.94 per hundredweight, as adjusted under subsection (d); less

(B) the Class I milk price per hundredweight in Boston under the applicable Federal milk marketing order; by

(3)(A) for the period beginning October 1, 2007, and ending September 30, 2008, 34 percent;

(B) for the period beginning October 1, 2008, and ending August 31, 2012, 45 percent; and

(C) for the period beginning September 1, 2012, and thereafter, 34 percent.

(d) PAYMENT RATE ADJUSTMENT FOR FEED PRICES.—

(1) INITIAL ADJUSTMENT AUTHORITY.—During the period beginning on January 1, 2008, and ending on August 31, 2012, if the National Average Dairy Feed Ration Cost for a month during that period is greater than $7.35 per hundredweight, the amount specified in subsection (c)(2)(A) used to determine the payment rate for that month shall be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds $7.35 per hundredweight.

(2) SUBSEQUENT ADJUSTMENT AUTHORITY.—For any month beginning on or after September 1, 2012, if the National Average Dairy Feed Ration Cost for the month is greater than $9.50 per hundredweight, the amount specified in subsection (c)(2)(A) used to determine the payment rate for that month shall be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds $9.50 per hundredweight.

(3) NATIONAL AVERAGE DAIRY FEED RATION COST.—For each month, the Secretary shall calculate a National Average Dairy Feed Ration Cost per hundredweight using the same procedures (adjusted to a hundredweight basis) used to calculate the feed components of the estimated price of 16% Mixed Dairy Feed per pound noted on page 33 of the USDA March 2008 Agricultural Prices publication (including the data and factors noted in footnote 4).

(e) PAYMENT QUANTITY.—

(1) IN GENERAL.—Subject to paragraph (2), the payment quantity for a producer during the applicable month under this section shall be equal to the quantity of eligible production marketed by the producer during the month.

(2) LIMITATION.—

(A) IN GENERAL.—The payment quantity for all producers on a single dairy operation for which the producers receive payments under subsection (b) shall not exceed—

(i) for the period beginning October 1, 2007, and ending September 30, 2008, 2,400,000 pounds;

(ii) for the period beginning October 1, 2008, and ending August 31, 2012, 2,985,000 pounds for each fiscal year; and

(iii) effective beginning September 1, 2012, 2,400,000 pounds per fiscal year.

(B) STANDARDS.—For purposes of determining whether producers are producers on separate dairy operations or a single dairy operation, the Secretary shall apply the same standards as were applied in implementing the dairy program under section 805 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (as enacted into law by Public Law 106–387; 114 Stat. 1549A–50).

(3) RECONSTITUTION.—The Secretary shall ensure that a producer does not reconstitute a dairy operation for the sole purpose of receiving additional payments under this section.

(f) PAYMENTS.—A payment under a contract under this section shall be made on a monthly basis not later than 60 days after the last day of the month for which the payment is made.

(g) SIGNUP.—The Secretary shall offer to enter into contracts under this section during the period beginning

on the date that is 90 days after the date of enactment of this Act and ending on September 30, 2012.

(h) DURATION OF CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2), any contract entered into by producers on a dairy farm under this section shall cover eligible production marketed by the producers on the dairy farm during the period starting with the first day of month the producers on the dairy farm enter into the contract and ending on September 30, 2012.

(2) VIOLATIONS.—If a producer violates the contract, the Secretary may—

(A) terminate the contract and allow the producer to retain any payments received under the contract; or

(B) allow the contract to remain in effect and require the producer to repay a portion of the payments received under the contract based on the severity of the violation.

SEC. 1507. DAIRY PROMOTION AND RESEARCH PROGRAM.

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

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

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

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

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

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

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

(d) ASSESSMENT RATE FOR IMPORTED DAIRY PRODUCTS.—Section 113(g) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(g)) is amended by striking paragraph (3) and inserting the following:

''(3) RATE.—

''(A) IN GENERAL.—The rate of assessment for milk produced in the United States

prescribed by the order shall be 15 cents per hundredweight of milk for commercial use or the equivalent thereof, as determined by the Secretary.

"(B) IMPORTED DAIRY PRODUCTS.—The rate of assessment for imported dairy products prescribed by the order shall be 7.5 cents per hundredweight of milk for commercial use or the equivalent thereof, as determined by the Secretary.".

(e) TIME AND METHOD OF IMPORTER PAYMENTS.—Section 113(g)(6) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(g)(6)) is amended—

(1) by striking subparagraph (B); and

(2) by redesignating subparagraph (C) as subparagraph (B).

(f) REFUND OF ASSESSMENTS ON CERTAIN IMPORTED DAIRY PRODUCTS.—Section 113(g) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(g)) is amended by adding at the end the following:

"(7) REFUND OF ASSESSMENTS ON CERTAIN IMPORTED PRODUCTS.—

"(A) IN GENERAL.—An importer shall be entitled to a refund of any assessment paid under this subsection on imported dairy prod-

ucts imported under a contract entered into prior to the date of enactment of the Food, Conservation, and Energy Act of 2008.

"(B) EXPIRATION.—Refunds under subparagraph (A) shall expire 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008.".

SEC. 1508. REPORT ON DEPARTMENT OF AGRICULTURE REPORTING PROCEDURES FOR NONFAT DRY MILK.

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

SEC. 1509. FEDERAL MILK MARKETING ORDER REVIEW COMMISSION.

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

in this section as the ''commission''), which shall conduct a comprehensive review and evaluation of—

(1) the Federal milk marketing order system in effect on the date of establishment of the commission; and

(2) non-Federal milk marketing order systems.

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

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

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

(3) ensuring the competitiveness and transparency in dairy pricing;

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

(5) simplifying the Federal milk marketing order system;

(6) evaluating whether the Federal milk marketing order system serves the interests of dairy producers, consumers, and dairy processors; and

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

(c) MEMBERSHIP.—

(1) COMPOSITION.—The commission shall consist of 14 members.

(2) MEMBERS.—As soon as practicable after the date on which funds are first made available to carry out this section, the Secretary shall appoint members to the commission according to the following requirements:

(A) At least 1 member shall represent a national consumer organization.

(B) At least 4 members shall represent land-grant universities or NLGCA Institutions (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) with accredited dairy economic programs, with at least 2 of those members being experts in the field of economics.

(C) At least 1 member shall represent the food and beverage retail sector.

(D) 4 dairy producers and 4 dairy processors, appointed so as to balance geographical

distribution of milk production and dairy processing, reflect all segments of dairy processing, and represent all regions of the United States equitably, including States that operate outside of a Federal milk marketing order.

(3) CHAIR.—The commission shall elect 1 of the appointed members of the commission to serve as chairperson for the duration of the proceedings of the commission.

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

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

(d) REPORT.—

(1) IN GENERAL.—Not later than 2 years after the date of the first meeting of the commission, the commission shall submit to Congress and the Secretary a report describing the results of the review and evaluation conducted under this section, including such recommendations regarding the legislative

and regulatory options considered under subsection (b) as the commission considers to be appropriate.

(2) OPINIONS.—The report findings shall reflect, to the maximum extent practicable, a consensus opinion of the commission members, but the report may include majority and minority findings regarding those matters for which consensus was not reached.

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

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

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

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

(i) TERMINATION.—The commission shall terminate effective on the date of the submission of the report under subsection (d).

SEC. 1510. MANDATORY REPORTING OF DAIRY COMMODITIES.

(a) ELECTRONIC REPORTING.—Section 273 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b) is amended—

(1) by redesignating subsection (d) as subsection (e); and

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

''(d) ELECTRONIC REPORTING.—

''(1) IN GENERAL.—Subject to the availability of funds under paragraph (3), the Secretary shall establish an electronic reporting system to carry out this section.

''(2) FREQUENCY OF REPORTS.—After the establishment of the electronic reporting system in accordance with paragraph (1), the Secretary shall increase the frequency of the reports required under this section.

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

(b) QUARTERLY AUDITS.—Section 273(c) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b(c)) is amended by striking paragraph (3) and inserting the following:

"(3) VERIFICATION.—

"(A) IN GENERAL.—The Secretary shall take such actions as the Secretary considers necessary to verify the accuracy of the information submitted or reported under this subtitle.

"(B) QUARTERLY AUDITS.—The Secretary shall quarterly conduct an audit of information submitted or reported under this subtitle and compare such information with other related dairy market statistics.".

Subtitle F—Administration

SEC. 1601. ADMINISTRATION GENERALLY.

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

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

(c) REGULATIONS.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, not later than 90 days after the date of enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall promulgate such regulations as are necessary to implement this title and the amendments made by this title.

(2) PROCEDURE.—The promulgation of the regulations and administration of this title and the amendments made by this title shall be made without regard to—

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

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

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

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

(4) INTERIM REGULATIONS.—Notwithstanding paragraphs (1) and (2), the Secretary shall implement the amendments made by sections 1603 and 1604 for the 2009 crop, fiscal, or program year, as appropriate, through the promulgation of an interim rule.

(d) ADJUSTMENT AUTHORITY RELATED TO TRADE AGREEMENTS COMPLIANCE.—

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

(2) CONGRESSIONAL NOTIFICATION.—Before making any adjustment under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives or the Committee on Agriculture, Nutrition, and Forestry of

the Senate a report describing the determination made under that paragraph and the extent of the adjustment to be made.

(e) TREATMENT OF ADVANCE PAYMENT OPTION.—Section 1601(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7991(d)) is amended—

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

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

(3) by adding at the end the following:

''(3) the advance payment of direct payments and counter-cyclical payments under title I of the Food, Conservation, and Energy Act of 2008.''.

SEC. 1602. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 2008 through 2012 crops of covered commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2012:

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) Title III (7 U.S.C. 1447 et seq.).

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

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

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

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 2008 through 2012.

SEC. 1603. PAYMENT LIMITATIONS.

(a) EXTENSION OF LIMITATIONS.—Sections 1001 and 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308, 1308–3(a)) are amended by striking ''Farm Security and Rural Investment Act of 2002'' each place it appears and inserting ''Food, Conservation, and Energy Act of 2008''.

(b) REVISION OF LIMITATIONS.—

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

(A) in the matter preceding paragraph (1), by inserting ''through section 1001F''after ''section'';

(B) by striking paragraph (2) and redesignating paragraph (3) as paragraph (5); and

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

"(2) FAMILY MEMBER.—The term 'family member' means a person to whom a member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.

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

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

"(B) produces an agricultural commodity.

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

(2) LIMITATION ON DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking subsections (b), (c), and (d) and inserting the following:

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

"(1) DIRECT PAYMENTS.—The total amount of direct payments received, directly or indirectly, by a person or legal entity (except a joint venture or a general partnership) for any crop year under subtitle

A of title I of the Food, Conservation, and Energy Act of 2008 for 1 or more covered commodities (except for peanuts) may not exceed—

"(A) in the case of a person or legal entity that does not participate in the average crop revenue election program under section 1105 of that Act, $40,000; or

"(B) in the case of a person or legal entity that participates in the average crop revenue election program under section 1105 of that Act, an amount equal to—

"(i) the payment limit specified in subparagraph (A); less

"(ii) the amount of the reduction in direct payments under section 1105(a)(1) of that Act.

"(2) COUNTER-CYCLICAL PAYMENTS.—In the case of a person or legal entity (except a joint venture or a general partnership) that does not participate in the average crop revenue election program under section 1105 of the Food, Conservation, and Energy Act of 2008, the total amount of counter-cyclical payments received, directly or indirectly, by the person or legal entity for any crop year under subtitle A of title I of that Act for 1 or more covered

commodities (except for peanuts) may not exceed $65,000.

"(3) ACRE AND COUNTER-CYCLICAL PAYMENTS.—In the case of a person or legal entity (except a joint venture or a general partnership) that participates in the average crop revenue election program under section 1105 of the Food, Conservation, and Energy Act of 2008, the total amount of average crop revenue election payments and counter-cyclical payments received, directly or indirectly, by the person or legal entity for any crop year for 1 or more covered commodities (except for peanuts) may not exceed the sum of—

"(A) $65,000; and

"(B) the amount by which the direct payment limitation is reduced under paragraph (1)(B).

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

"(1) DIRECT PAYMENTS.—The total amount of direct payments received, directly or indirectly, by a person or legal entity (except a joint venture or a general partnership) for any crop year under subtitle

C of title I of the Food, Conservation, and Energy Act of 2008 for peanuts may not exceed—

"(A) in the case of a person or legal entity that does not participate in the average crop revenue election program under section 1105 of that Act, $40,000; or

"(B) in the case of a person or legal entity that participates in the average crop revenue election program under section 1105 of that Act, an amount equal to—

"(i) the payment limit specified in subparagraph (A); less

"(ii) the amount of the reduction in direct payments under section 1105(a)(1) of that Act.

"(2) COUNTER-CYCLICAL PAYMENTS.—In the case of a person or legal entity (except a joint venture or a general partnership) that does not participate in the average crop revenue election program under section 1105 of the Food, Conservation, and Energy Act of 2008, the total amount of counter-cyclical payments received, directly or indirectly, by the person or legal entity for any crop year under subtitle C of title I of that Act for peanuts may not exceed $65,000.

"(3) ACRE AND COUNTER-CYCLICAL PAYMENTS.—In the case of a person or legal entity (except a joint venture or a general partnership) that participates in the average crop revenue election program under section 1105 of the Food, Conservation, and Energy Act of 2008, the total amount of average crop revenue election payments received, directly or indirectly, by the person or legal entity for any crop year for peanuts may not exceed the sum of—

"(A) $65,000; and

"(B) the amount by which the direct payment limitation is reduced under paragraph (1)(B).

"(d) LIMITATION ON APPLICABILITY.—Nothing in this section authorizes any limitation on any benefit associated with the marketing assistance loan program or the loan deficiency payment program under title I of the Food, Conservation, and Energy Act of 2008.".

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

(A) by striking subsections (e) and (f) and redesignating subsection (g) as subsection (h); and

(B) by inserting after subsection (d) the following:

"(e) ATTRIBUTION OF PAYMENTS.—

"(1) IN GENERAL.—In implementing subsections (b) and (c) and a program described in paragraphs (1)(C) and (2)(B) of section 1001D(b), the Secretary shall issue such regulations as are necessary to ensure that the total amount of payments are attributed to a person by taking into account the direct and indirect ownership interests of the person in a legal entity that is eligible to receive the payments.

"(2) PAYMENTS TO A PERSON.—Each payment made directly to a person shall be combined with the pro rata interest of the person in payments received by a legal entity in which the person has a direct or indirect ownership interest unless the payments of the legal entity have been reduced by the pro rata share of the person.

"(3) PAYMENTS TO A LEGAL ENTITY.—

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

the legal entity has been reduced by the pro rata share of the person.

"(B) ATTRIBUTION OF PAYMENTS.—

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

"(ii) EXCEPTION FOR JOINT VENTURES AND GENERAL PARTNERSHIPS.—Payments made to a joint venture or a general partnership shall not exceed, for each payment specified in subsections (b) and (c), the amount determined by multiplying the maximum payment amount specified in subsections (b) and (c) by the number of persons and legal entities (other than joint ventures and general partnerships) that comprise the ownership of the joint venture or general partnership.

"(iii) REDUCTION.—Payments made to a legal entity shall be reduced proportionately by an amount that represents the direct or indirect ownership in the legal entity by any person or legal entity that has

otherwise exceeded the applicable maximum payment limitation.

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

"(A) IN GENERAL.—Attribution of payments made to legal entities shall be traced through 4 levels of ownership in legal entities.

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

"(C) SECOND LEVEL.—

"(i) IN GENERAL.—Any payments made to a first-tier legal entity that is owned (in whole or in part) by another legal entity (a second-tier legal entity) shall be attributed to the second-tier legal entity in proportion to the ownership of the second-tier legal entity in the first-tier legal entity.

"(ii) OWNERSHIP BY A PERSON.—If the second-tier legal entity is owned (in whole or in part) by a person, the amount

of the payment made to the first-tier legal entity shall be attributed to the person in the amount that represents the indirect ownership in the first-tier legal entity by the person.

"(D) THIRD AND FOURTH LEVELS.—

"(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall attribute payments at the third and fourth tiers of ownership in the same manner as specified in subparagraph (C).

"(ii) FOURTH-TIER OWNERSHIP.—If the fourth-tier of ownership is that of a fourth-tier legal entity and not that of a person, the Secretary shall reduce the amount of the payment to be made to the first-tier legal entity in the amount that represents the indirect ownership in the first-tier legal entity by the fourth-tier legal entity.

"(f) SPECIAL RULES.—

"(1) MINOR CHILDREN.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), payments received by a child

under the age of 18 shall be attributed to the parents of the child.

"(B) REGULATIONS.—The Secretary shall issue regulations specifying the conditions under which payments received by a child under the age of 18 will not be attributed to the parents of the child.

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

"(3) TRUSTS AND ESTATES.—

"(A) IN GENERAL.—With respect to irrevocable trusts and estates, the Secretary shall administer this section through section 1001F in such manner as the Secretary determines will ensure the fair and equitable treatment of the beneficiaries of the trusts and estates.

"(B) IRREVOCABLE TRUST.—

"(i) IN GENERAL.—In order for a trust to be considered an irrevocable trust,

the terms of the trust agreement shall not—

"(I) allow for modification or termination of the trust by the grantor;

"(II) allow for the grantor to have any future, contingent, or remainder interest in the corpus of the trust; or

"(III) except as provided in clause (ii), provide for the transfer of the corpus of the trust to the remainder beneficiary in less than 20 years beginning on the date the trust is established.

"(ii) EXCEPTION.—Clause (i)(III) shall not apply in a case in which the transfer is—

"(I) contingent on the remainder beneficiary achieving at least the age of majority; or

"(II) contingent on the death of the grantor or income beneficiary.

"(C) REVOCABLE TRUST.—For the purposes of this section through section 1001F, a

revocable trust shall be considered to be the same person as the grantor of the trust.

"(4) CASH RENT TENANTS.—

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

"(i) for cash; or

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

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

"(5) FEDERAL AGENCIES.—

"(A) IN GENERAL.—Notwithstanding subsection (d), a Federal agency shall not be eligible to receive any payment, benefit, or loan under title I of the Food, Conservation, and Energy Act of 2008 or title XII of this Act.

"(B) LAND RENTAL.—A lessee of land owned by a Federal agency may receive a payment described in subsection (b), (c), or (d) if the lessee otherwise meets all applicable criteria.

"(6) STATE AND LOCAL GOVERNMENTS.—

"(A) IN GENERAL.—Notwithstanding subsection (d), except as provided in subsection (g), a State or local government, or political subdivision or agency of the government, shall not be eligible to receive any payment, benefit, or loan under title I of the Food, Conservation, and Energy Act of 2008 or title XII of this Act.

"(B) TENANTS.—A lessee of land owned by a State or local government, or political subdivision or agency of the government, may receive payments described in subsections (b), (c), and (d) if the lessee otherwise meets all applicable criteria.

"(7) CHANGES IN FARMING OPERATIONS.—

"(A) IN GENERAL.—In the administration of this section through section 1001F, the Secretary may not approve any change in a farming operation that otherwise will increase the number of persons to which the limitations

under this section are applied unless the Secretary determines that the change is bona fide and substantive.

"(B) FAMILY MEMBERS.—The addition of a family member to a farming operation under the criteria set out in section 1001A shall be considered a bona fide and substantive change in the farming operation.

"(8) DEATH OF OWNER.—

"(A) IN GENERAL.—If any ownership interest in land or a commodity is transferred as the result of the death of a program participant, the new owner of the land or commodity may, if the person is otherwise eligible to participate in the applicable program, succeed to the contract of the prior owner and receive payments subject to this section without regard to the amount of payments received by the new owner.

"(B) LIMITATIONS ON PRIOR OWNER.—Payments made under this paragraph 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.

"(g) PUBLIC SCHOOLS.—

"(1) IN GENERAL.—Notwithstanding subsection (f)(6)(A), a State or local government, or political subdivision or agency of the government, shall be eligible, subject to the limitation in paragraph (2), to receive a payment described in subsection (b) or (c) for land owned by the State or local government, or political subdivision or agency of the government, that is used to maintain a public school.

"(2) LIMITATION.—

"(A) IN GENERAL.—For each State, the total amount of payments described in subsections (b) and (c) that are received collectively by the State and local government and all political subdivisions or agencies of those governments shall not exceed $500,000.

"(B) EXCEPTION.—The limitation in subparagraph (A) shall not apply to States with a population of less than 1,500,000.".

(c) REPEAL OF 3-ENTITY RULE.—Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(1) in the section heading, by striking "**PREVENTION OF CREATION OF ENTITIES TO QUAL-**

IFY AS SEPARATE PERSONS'' and inserting ''**NOTIFICATION OF INTERESTS**''; and

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

''(a) NOTIFICATION OF INTERESTS.—To facilitate administration of section 1001 and this section, each person or legal entity receiving payments described in subsections (b) and (c) of section 1001 as a separate person or legal entity shall separately provide to the Secretary, at such times and in such manner as prescribed by the Secretary—

''(1) the name and social security number of each person, or the name and taxpayer identification number of each legal entity, that holds or acquires an ownership interest in the separate person or legal entity; and

''(2) the name and taxpayer identification number of each legal entity in which the person or legal entity holds an ownership interest.''.

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

''(b) ACTIVELY ENGAGED.—

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

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

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

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

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

"(II) personal labor or active personal management;

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

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

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

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

"(ii) the stockholders or members collectively make a significant contribution of

personal labor or active personal management to the operation; and

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

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

"(D) in making determinations under this subsection regarding equipment and personal labor, the Secretary shall take into consideration the equipment and personal labor normally and customarily provided by farm opera-

tors in the area involved to produce program crops.

"(c) SPECIAL CLASSES ACTIVELY ENGAGED.—

"(1) LANDOWNER.—A person or legal entity that is a landowner contributing the owned land to a farming operation shall be considered to be actively engaged in farming with respect to the farming operation if—

"(A) the landowner receives rent or income for the use of the land based on the production on the land or the operating results of the operation; and

"(B) the person or legal entity meets the standards provided in clauses (ii) and (iii) of subsection (b)(2)(A).

"(2) ADULT FAMILY MEMBER.—If a majority of the participants in a farming operation are family members, an adult family member shall be considered to be actively engaged in farming with respect to the farming operation if the person—

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

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

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

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

"(5) CUSTOM FARMING SERVICES.—

"(A) IN GENERAL.—A person or legal entity receiving custom farming services shall be considered separately eligible for payment limitation purposes if the person or legal entity is actively engaged in farming based on subsection (b)(2) or paragraphs (1) through (4) of this subsection.

"(B) PROHIBITION.—No other rules with respect to custom farming shall apply.

"(6) SPOUSE.—If 1 spouse (or estate of a deceased spouse) is determined to be actively engaged, the other spouse shall be determined to have met the requirements of subsection (b)(2)(A)(i)(II).

"(d) CLASSES NOT ACTIVELY ENGAGED.—

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

"(2) OTHER PERSONS AND LEGAL ENTITIES.—Any other person or legal entity that the Secretary determines does not meet the standards described in subsections (b)(2) and (c) shall not be considered to be actively engaged in farming with respect to a farming operation.".

(e) DENIAL OF PROGRAM BENEFITS.—Section 1001B of the Food Security Act of 1985 (7 U.S.C. 1308–2) is amended to read as follows:

"SEC. 1001B. DENIAL OF PROGRAM BENEFITS.

"(a) 2-YEAR DENIAL OF PROGRAM BENEFITS.—A person or legal entity shall be ineligible to receive payments specified in subsections (b) and (c) of section 1001 for the crop year, and the succeeding crop year, in which the Secretary determines that the person or legal entity—

"(1) failed to comply with section 1001A(b) and adopted or participated in adopting a scheme or device to evade the application of section 1001, 1001A, or 1001C; or

"(2) intentionally concealed the interest of the person or legal entity in any farm or legal entity engaged in farming.

"(b) EXTENDED INELIGIBILITY.—If the Secretary determines that a person or legal entity, for the benefit of the person or legal entity or the benefit of any other person or legal entity, has knowingly engaged in, or aided in the creation of a fraudulent document, failed to disclose material information relevant to the administration of sections 1001 through 1001F, or committed other equally serious actions (as identified in regulations issued by the Secretary), the Secretary may for a period not to exceed 5 crop years deny the issuance of payments to the person or legal entity.

"(c) PRO RATA DENIAL.—

"(1) IN GENERAL.—Payments otherwise owed to a person or legal entity described in subsections (a) or (b) shall be denied in a pro rata manner based on the ownership interest of the person or legal entity in a farm.

"(2) CASH RENT TENANT.—Payments otherwise payable to a person or legal entity shall be denied in a pro rata manner if the person or legal entity is a cash rent tenant on a farm owned or under the control of a person or legal entity with respect to which a determination has been made under subsection (a) or (b).

"(d) JOINT AND SEVERAL LIABILITY.—Any legal entity (including partnerships and joint ventures) and any member of any legal entity determined to have knowingly participated in a scheme or device to evade, or that has the purpose of evading, sections 1001, 1001A, or 1001C shall be jointly and severally liable for any amounts that are payable to the Secretary as the result of the scheme or device (including amounts necessary to recover those amounts).

"(e) RELEASE.—The Secretary may partially or fully release from liability any person or legal entity who cooperates with the Secretary in enforcing sections 1001, 1001A, and 1001C, and this section.".

(f) CONFORMING AMENDMENT TO APPLY DIRECT ATTRIBUTION TO NAP.—

(1) IN GENERAL.—Section 196(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(i)) is amended—

(A) by striking paragraphs (1) and (2) and inserting the following:

''(1) DEFINITIONS.—In this subsection, the terms 'legal entity' and 'person' have the meanings given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a)).

''(2) PAYMENT LIMITATION.—The total amount of payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) for any crop year may not exceed $100,000.'';

(B) by striking paragraph (4) and inserting the following:

''(4) ADJUSTED GROSS INCOME LIMITATION.—A person or legal entity that has an average adjusted gross income in excess of the average adjusted gross income limitation applicable under section 1001D(b)(1)(A) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)(1)(A)), or a successor

provision, shall not be eligible to receive noninsured crop disaster assistance under this section.''; and

(C) in paragraph (5)—

(i) by striking ''necessary to ensure'' and inserting ''necessary—

''(A) to ensure''; and

(ii) by striking ''this subsection.'' and inserting the following: ''this subsection; and

''(B) to ensure that payments under this section are attributed to a person or legal entity (excluding a joint venture or general partnership) in accordance with the terms and conditions of sections 1001 through 1001D of the Food Security Act of 1985 (7 U.S.C. 1308 et seq.), as determined by the Secretary.''.

(2) TRANSITION.—Section 196(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(i)), as in effect on September 30, 2007, shall apply with respect to the 2007 and 2008 crops of any eligible crop.

(g) CONFORMING AMENDMENTS.—

(1) Section 1009(e) of the Food Security Act of 1985 (7 U.S.C. 1308a(e)) is amended in the second sentence by striking ''of $50,000''.

(2) Section 609(b)(1) of the Emergency Livestock Feed Assistance Act of 1988 (7 U.S.C. 1471g(b)(1)) is amended by inserting ''(before the amendment made by section 1703(a) of the Food, Conservation, and Energy Act of 2008)'' after ''1985''.

(3) Section 524(b)(3) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(3)) is amended by inserting ''(before the amendment made by section 1703(a) of the Food, Conservation, and Energy Act of 2008)'' after ''1308(5)))''.

(4) Section 10204(c)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8204(c)(1)) is amended by inserting ''(before the amendment made by section 1703(a) of the Food, Conservation, and Energy Act of 2008)'' after ''1308)''.

(5) Section 1271(c)(3)(A) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 2106a(c)(3)(A)) is amended by inserting ''(before the amendment made by section 1703(a) of the Food, Conservation, and Energy Act of 2008)'' after ''1308)''.

(6) Section 291(2) of the Trade Act of 1974 (19 U.S.C. 2401(2)) is amended by inserting ''(be-

fore the amendment made by section 1703(a) of the Food, Conservation, and Energy Act of 2008)'' before the period at the end.

(h) TRANSITION.—Section 1001, 1001A, and 1001B of the Food Security Act of 1985 (7 U.S.C. 1308, 1308–1, 1308–2), as in effect on September 30, 2007, shall continue to apply with respect to the 2007 and 2008 crops of any covered commodity or peanuts.

SEC. 1604. ADJUSTED GROSS INCOME LIMITATION.

(a) IN GENERAL.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a(e)) is amended to read as follows:

"SEC. 1001D. ADJUSTED GROSS INCOME LIMITATION.

''(a) DEFINITIONS.—

''(1) IN GENERAL.—In this section:

''(A) AVERAGE ADJUSTED GROSS INCOME.—The term 'average adjusted gross income', with respect to a person or legal entity, means the average of the adjusted gross income or comparable measure of the person or legal entity over the 3 taxable years preceding the most immediately preceding complete taxable year, as determined by the Secretary.

''(B) AVERAGE ADJUSTED GROSS FARM INCOME.—The term 'average adjusted gross farm

income', with respect to a person or legal entity, means the average of the portion of adjusted gross income of the person or legal entity that is attributable to activities related to farming, ranching, or forestry for the 3 taxable years described in subparagraph (A), as determined by the Secretary in accordance with subsection (c).

"(C) AVERAGE ADJUSTED GROSS NONFARM INCOME.—The term 'average adjusted gross nonfarm income', with respect to a person or legal entity, means the difference between—

"(i) the average adjusted gross income of the person or legal entity; and

"(ii) the average adjusted gross farm income of the person or legal entity.

"(2) SPECIAL RULES FOR CERTAIN PERSONS AND LEGAL ENTITIES.—In the case of a legal entity that is not required to file a Federal income tax return or a person or legal entity that did not have taxable income in 1 or more of the taxable years used to determine the average under subparagraph (A) or (B) of paragraph (1), the Secretary shall provide, by regulation, a method for determining the average adjusted gross income, the average adjusted gross farm income, and the average adjusted gross

nonfarm income of the person or legal entity for purposes of this section.

"(3) ALLOCATION OF INCOME.—On the request of any person filing a joint tax return, the Secretary shall provide for the allocation of average adjusted gross income, average adjusted gross farm income, and average adjusted gross nonfarm income among the persons filing the return if—

"(A) the person provides a certified statement by a certified public accountant or attorney that specifies the method by which the average adjusted gross income, average adjusted gross farm income, and average adjusted gross nonfarm income would have been declared and reported had the persons filed 2 separate returns; and

"(B) the Secretary determines that the method described in the statement is consistent with the information supporting the filed joint tax return.

"(b) LIMITATIONS.—

"(1) COMMODITY PROGRAMS.—

"(A) NONFARM LIMITATION.—Notwithstanding any other provision of law, a person or legal entity shall not be eligible to receive any

benefit described in subparagraph (C) during a crop, fiscal, or program year, as appropriate, if the average adjusted gross nonfarm income of the person or legal entity exceeds $500,000.

"(B) FARM LIMITATION.—Notwithstanding any other provision of law, a person or legal entity shall not be eligible to receive a direct payment under subtitle A or C of title I of the Food, Conservation, and Energy Act of 2008 during a crop year, if the average adjusted gross farm income of the person or legal entity exceeds $750,000.

"(C) COVERED BENEFITS.—Subparagraph (A) applies with respect to the following:

"(i) A direct payment or counter-cyclical payment under subtitle A or C of title I of the Food, Conservation, and Energy Act of 2008 or an average crop revenue election payment under subtitle A of title I of that Act.

"(ii) A marketing loan gain or loan deficiency payment under subtitle B or C of title I of the Food, Conservation, and Energy Act of 2008.

"(iii) A payment or benefit under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

"(iv) A payment or benefit under section 1506 of the Food, Conservation, and Energy Act of 2008.

"(v) A payment or benefit under title IX of the Trade Act of 1974 or subtitle B of the Federal Crop Insurance Act.

"(2) CONSERVATION PROGRAMS.—

"(A) LIMITS.—

"(i) IN GENERAL.—Notwithstanding any other provision of law, except as provided in clause (ii), a person or legal entity shall not be eligible to receive any benefit described in subparagraph (B) during a crop, fiscal, or program year, as appropriate, if the average adjusted gross nonfarm income of the person or legal entity exceeds $1,000,000, unless not less than 66.66 percent of the average adjusted gross income of the person or legal entity is average adjusted gross farm income.

"(ii) EXCEPTION.—The Secretary may waive the limitation established under clause (i) on a case-by-case basis if the Secretary determines that environmentally sensitive land of special significance would be protected.

"(B) COVERED BENEFITS.—Subparagraph (A) applies with respect to the following:

"(i) A payment or benefit under title XII of this Act.

"(ii) A payment or benefit under title II of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 223) or title II of the Food, Conservation, and Energy Act of 2008.

"(iii) A payment or benefit under section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)).

"(c) INCOME DETERMINATION.—

"(1) IN GENERAL.—In determining the average adjusted gross farm income of a person or legal entity, the Secretary shall include income or benefits derived from or related to—

"(A) the production of crops, including specialty crops (as defined in section 3 of the

Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465)) and unfinished raw forestry products;

''(B) the production of livestock (including cattle, elk, reindeer, bison, horses, deer, sheep, goats, swine, poultry, fish, and other aquacultural products used for food, honeybees, and other animals designated by the Secretary) and products produced by, or derived from, livestock;

''(C) the production of farm-based renewable energy (as defined in section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101));

''(D) the sale, including the sale of easements and development rights, of farm, ranch, or forestry land, water or hunting rights, or environmental benefits;

''(E) the rental or lease of land or equipment used for farming, ranching, or forestry operations, including water or hunting rights;

''(F) the processing (including packing), storing (including shedding), and transporting of farm, ranch, and forestry commodities, including renewable energy;

"(G) the feeding, rearing, or finishing of livestock;

"(H) the sale of land that has been used for agriculture;

"(I) payments or other benefits received under any program authorized under title I of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7901 et seq.) or title I of the Food, Conservation, and Energy Act of 2008;

"(J) payments or other benefits received under any program authorized under title XII of this Act, title II of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 223), or title II of the Food, Conservation, and Energy Act of 2008;

"(K) payments or other benefits received under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333);

"(L) payments or other benefits received under title IX of the Trade Act of 1974 or subtitle B of the Federal Crop Insurance Act;

"(M) risk management practices, including benefits received under a program authorized under the Federal Crop Insurance Act (7

U.S.C. 1501 et seq.) (including a catastrophic risk protection plan offered under section 508(b) of that Act (7 U.S.C. 1508(b))); and

"(N) any other activity related to farming, ranching, or forestry, as determined by the Secretary.

"(2) INCOME DERIVED FROM FARMING, RANCHING, OR FORESTRY.—In determining the average adjusted gross farm income of a person or legal entity, in addition to the inclusions described in paragraph (1), the Secretary shall include any income reported on the Schedule F or other schedule used by the person or legal entity to report income from farming, ranching, or forestry operations to the Internal Revenue Service, to the extent such income is not already included under paragraph (1).

"(3) SPECIAL RULE.—If not less than 66.66 percent of the average adjusted gross income of a person or legal entity is derived from farming, ranching, or forestry operations described in paragraphs (1) and (2), in determining the average adjusted gross farm income of the person or legal entity, the Secretary shall also include—

"(A) the sale of equipment to conduct farm, ranch, or forestry operations; and

"(B) the provision of production inputs and services to farmers, ranchers, foresters, and farm operations.

"(d) ENFORCEMENT.—

"(1) IN GENERAL.—To comply with subsection (b), at least once every 3 years a person or legal entity shall provide to the Secretary—

"(A) a certification by a certified public accountant or another third party that is acceptable to the Secretary that the average adjusted gross income, average adjusted gross farm income, and average adjusted gross nonfarm income of the person or legal entity does not exceed the applicable limitation specified in that subsection; or

"(B) information and documentation regarding the average adjusted gross income, average adjusted gross farm income, and average adjusted gross nonfarm income of the person or legal entity through other procedures established by the Secretary.

"(2) DENIAL OF PROGRAM BENEFITS.—If the Secretary determines that a person or legal entity has failed to comply with this section, the Secretary shall deny the issuance of applicable payments and

1 benefits specified in paragraphs (1)(C) and (2)(B) of
2 subsection (b) to the person or legal entity, under
3 similar terms and conditions as described in section
4 1001B.

5 ''(3) AUDIT.—The Secretary shall establish sta-
6 tistically valid procedures under which the Secretary
7 shall conduct targeted audits of such persons or
8 legal entities as the Secretary determines are most
9 likely to exceed the limitations under subsection (b).

10 ''(e) COMMENSURATE REDUCTION.—In the case of a
11 payment or benefit described in paragraphs (1)(C) and
12 (2)(B) of subsection (b) made in a crop, program, or fiscal
13 year, as appropriate, to an entity, general partnership, or
14 joint venture, the amount of the payment or benefit shall
15 be reduced by an amount that is commensurate with the
16 direct and indirect ownership interest in the entity, gen-
17 eral partnership, or joint venture of each person who has
18 an average adjusted gross income, average adjusted gross
19 farm income, or average adjusted gross nonfarm income
20 in excess of the applicable limitation specified in sub-
21 section (b).

22 ''(f) EFFECTIVE PERIOD.—This section shall apply
23 only during the 2009 through 2012 crop, program, or fis-
24 cal years, as appropriate.''.

(b) TRANSITION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a), as in effect on September 30, 2007, shall apply with respect to the 2007 and 2008 crop, fiscal, or program year, as appropriate, for each program described in paragraphs (1)(C) and (2)(B) of subsection (b) of that section (as amended by subsection (a)).

SEC. 1605. AVAILABILITY OF QUALITY INCENTIVE PAYMENTS FOR COVERED OILSEED PRODUCERS.

(a) INCENTIVE PAYMENTS REQUIRED.—Subject to subsection (b) and the availability of appropriations under subsection (h), the Secretary shall use funds made available under subsection (h) to provide quality incentive payments for the production of oilseeds with specialized traits that enhance human health, as determined by the Secretary.

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

(1) been demonstrated to improve the health profile of the oilseed for use in human consumption by—

(A) reducing or eliminating the need to partially hydrogenate the oil derived from the oilseed for use in human consumption; or

(B) adopting new technology traits; and

(2) 1 or more impediments to commercialization.

(c) REQUEST FOR PROPOSALS.—

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

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

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

(A) how use of the oilseed enhances human health;

(B) the impediments to commercial use of the oilseed;

(C) each oilseed variety described in subsection (b) and the value of the oilseed variety as a matter of public policy;

(D) a range for the base price and premiums per bushel or hundredweight to be paid to producers;

(E) a per bushel or hundredweight amount of incentive payments requested for each year under this section that does not exceed ⅓ of the total premium offered for any year;

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

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

(d) CONTRACTS FOR PRODUCTION.—

(1) IN GENERAL.—The Secretary shall approve successful proposals submitted under subsection (c) on a timely basis.

(2) TIMING OF PAYMENTS.—The Secretary shall make payments to producers under this section after the Secretary receives documentation that the premium required under a contract has been paid to covered producers.

(e) ADMINISTRATION.—

(1) IN GENERAL.—If funding provided for a crop year is not fully allocated under the initial request for proposals under subsection (c), the Sec-

retary shall issue additional requests for proposals for subsequent crop years under this section.

(2) PRORATED PAYMENTS.—If funding provided for a crop year is less than the amount otherwise approved by the Secretary or for which approval is sought, the Secretary shall prorate the payments or approvals in a manner determined by the Secretary so that the total payments do not exceed the funding level.

(f) PROPRIETARY INFORMATION.—The Secretary shall protect proprietary information provided to the Secretary for the purpose of administering this section.

(g) PROGRAM COMPLIANCE AND PENALTIES.—

(1) GUARANTEE.—The proponent, if approved, shall be required to guarantee that the oilseed on which a payment is made by the Secretary under this section is used for human consumption as described in the proposal, as approved by the Secretary.

(2) NONCOMPLIANCE.—If oilseeds on which a payment is made by the Secretary under this section are not actually used for the purpose the payment is made, the proponent shall be required to pay to the Secretary an amount equal to, as determined by the Secretary—

(A) in the case of an inadvertent failure, twice the amount of the payment made by the Secretary under this section to the producer of the oilseeds; and

(B) in any other case, up to twice the full value of the oilseeds involved.

(3) DOCUMENTATION.—The Secretary may require such assurances and documentation as may be needed to enforce the guarantee.

(4) ADDITIONAL PENALTIES.—

(A) IN GENERAL.—In addition to payments required under paragraph (2), the Secretary may impose penalties on additional persons that use oilseeds the use of which is restricted under this section for a purpose other than the intended use.

(B) AMOUNT.—The amount of a penalty under this paragraph shall—

(i) be in an amount determined appropriated by the Secretary; but

(ii) not to exceed twice the full value of the oilseeds.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are nec-

essary to carry out this section for each of fiscal years 2009 through 2012.

SEC. 1606. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.

Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284) is amended by striking ''and title I of the Farm Security and Rural Investment Act of 2002'' each place it appears and inserting ''title I of the Farm Security and Rural Investment Act of 2002, and title I of the Food, Conservation, and Energy Act of 2008''.

SEC. 1607. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.

Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286) is amended—

(1) by striking ''and subtitle B and C of title I of the Farm Security and Rural Investment Act of 2002'' each place it appears and inserting '', title I of the Farm Security and Rural Investment Act of 2002, and title I of the Food, Conservation, and Energy Act of 2008''; and

(2) in subsection (c), by adding at the end the following:

"(3) TERMINATION OF AUTHORITY.—The authority to carry out paragraph (1) terminates effective ending with the 2009 crop year.".

SEC. 1608. ASSIGNMENT OF PAYMENTS.

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

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

SEC. 1609. TRACKING OF BENEFITS.

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

SEC. 1610. GOVERNMENT PUBLICATION OF COTTON PRICE FORECASTS.

Section 15 of the Agricultural Marketing Act (12 U.S.C. 1141j) is amended—

(1) by striking subsection (d); and

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

SEC. 1611. PREVENTION OF DECEASED INDIVIDUALS RECEIVING PAYMENTS UNDER FARM COMMODITY PROGRAMS.

(a) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary shall promulgate regulations that—

(1) describe the circumstances under which, in order to allow for the settlement of estates and for related purposes, payments may be issued in the name of a deceased individual; and

(2) preclude the issuance of payments to, and on behalf of, deceased individuals that were not eligible for the payments.

(b) COORDINATION.—At least twice each year, the Secretary shall reconcile the social security numbers of all individuals who receive payments under this title, whether directly or indirectly, with the Social Security Administration to determine if the individuals are alive.

SEC. 1612. HARD WHITE WHEAT DEVELOPMENT PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE HARD WHITE WHEAT SEED.—The term ''eligible hard white wheat seed'' means hard white wheat seed that, as determined by the Secretary, is—

(A) certified;

(B) of a variety that is suitable for the State in which the seed will be planted;

(C) rated at least superior with respect to quality; and

(D) specifically approved under a seed establishment program established by the State Department of Agriculture and the State Wheat Commission of the 1 or more States in which the seed will be planted.

(2) PROGRAM.—The term ''program'' means the hard white wheat development program established under subsection (b)(1).

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, in consultation with the State Departments of Agriculture and the State Wheat Commissions of the States in regions in which hard white wheat is produced, as determined by the Secretary.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall establish a hard white wheat development program in accordance with paragraph (2) to promote the establishment of hard white wheat as a viable market class of wheat in the United States by encouraging production of at

least 240,000,000 bushels of hard white wheat by 2012.

(2) PAYMENTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C) and subsection (c), if funds are made available for any of the 2009 through 2012 crops of hard white wheat, the Secretary shall make available incentive payments to producers of those crops.

(B) ACREAGE LIMITATION.—The Secretary shall carry out subparagraph (A) subject to a regional limitation determined by the Secretary on the number of acres for which payments may be received that takes into account planting history and potential planting, but does not exceed a total of 2,900,000 acres or the equivalent volume of production based on a yield of 50 bushels per acre.

(C) PAYMENT LIMITATIONS.—Payments to producers on a farm described in subparagraph (A) shall be—

(i) in an amount that is not less than $0.20 per bushel; and

(ii) in an amount that is not less than $2.00 per acre for planting eligible hard white wheat seed.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $35,000,000 for the period of fiscal years 2009 through 2012.

SEC. 1613. DURUM WHEAT QUALITY PROGRAM.

(a) IN GENERAL.—Subject to the availability of funds under subsection (c), the Secretary shall provide compensation to producers of durum wheat in an amount not to exceed 50 percent of the actual cost of fungicides applied to a crop of durum wheat of the producers to control Fusarium head blight (wheat scab) on acres certified to have been planted to Durum wheat in a crop year.

(b) INSUFFICIENT FUNDS.—If the total amount of funds appropriated for a fiscal year under subsection (c) are insufficient to fulfill all eligible requests for compensation under this section, the Secretary shall prorate the compensation payments in a manner determined by the Secretary to be equitable.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2009 through 2012.

SEC. 1614. STORAGE FACILITY LOANS.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall establish a storage facility loan program to provide funds for producers of grains, oilseeds, pulse crops, hay, renewable biomass, and other storable commodities (other than sugar), as determined by the Secretary, to construct or upgrade storage and handling facilities for the commodities.

(b) ELIGIBLE PRODUCERS.—A storage facility loan under this section shall be made available to any producer described in subsection (a) that, as determined by the Secretary—

(1) has a satisfactory credit history;

(2) has a need for increased storage capacity; and

(3) demonstrates an ability to repay the loan.

(c) TERM OF LOANS.—A storage facility loan under this section shall have a maximum term of 12 years.

(d) LOAN AMOUNT.—The maximum principal amount of a storage facility loan under this section shall be $500,000.

(e) LOAN DISBURSEMENTS.—The Secretary shall provide for 1 partial disbursement of loan principal and 1 final disbursement of loan principal, as determined to be appropriate and subject to acceptable documentation,

1 to facilitate the purchase and construction of eligible facili-
2 ties.

3 (f) LOAN SECURITY.—Approval of a storage facility
4 loan under this section shall—

5 (1) require the borrower to provide loan secu-
6 rity to the Secretary, in the form of—

7 (A) a lien on the real estate parcel on
8 which the storage facility is located; or

9 (B) such other security as is acceptable to
10 the Secretary;

11 (2) under such rules and regulations as the
12 Secretary may prescribe, not require a severance
13 agreement from the holder of any prior lien on the
14 real estate parcel on which the storage facility is lo-
15 cated, if the borrower—

16 (A) agrees to increase the down payment
17 on the storage facility by an amount determined
18 appropriate by the Secretary; or

19 (B) provides other security acceptable to
20 the Secretary; and

21 (3) allow a borrower, upon the approval of the
22 Secretary, to define a subparcel of real estate as se-
23 curity for the storage facility loan if the subparcel
24 is—

(A) of adequate size and value to adequately secure the loan; and

(B) not subject to any other liens or mortgages that are superior to the lien interest of the Commodity Credit Corporation.

SEC. 1615. STATE, COUNTY, AND AREA COMMITTEES.

Section 8(b)(5)(B)(ii) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)(B)(ii)) is amended—

(1) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively, and indenting appropriately;

(2) in the matter preceding item (aa) (as redesignated by paragraph (1)), by striking ''A committee established'' and inserting the following:

''(I) IN GENERAL.—Except as provided in subclause (II), a committee established''; and

(3) by adding at the end the following:

''(II) COMBINATION OR CONSOLIDATION OF AREAS.—A committee established by combining or consolidating 2 or more county or area committees shall consist of not fewer than 3 nor more than 11 members that—

"(aa) are fairly representative of the agricultural producers within the area covered by the county, area, or local committee; and

"(bb) are elected by the agricultural producers that participate or cooperate in programs administered within the area under the jurisdiction of the county, area, or local committee.

"(III) REPRESENTATION OF SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.—The Secretary shall develop procedures to maintain representation of socially disadvantaged farmers and ranchers on combined or consolidated committees.

"(IV) ELIGIBILITY FOR MEMBERSHIP.—Notwithstanding any other producer eligibility requirements for service on county or area committees, if a county or area is consolidated or combined, a producer shall be eligible to serve only as a member of the

county or area committee that the producer elects to administer the farm records of the producer.''.

SEC. 1616. PROHIBITION ON CHARGING CERTAIN FEES.

Public Law 108–470 (7 U.S.C. 7416a) is amended—

(1) in subsection (a), by striking ''may'' and inserting ''shall''; and

(2) by adding at the end the following:

''(c) PROHIBITION ON CHARGING CERTAIN FEES.—The Secretary may not charge any fees or related costs for the collection of commodity assessments pursuant to this Act.''.

SEC. 1617. SIGNATURE AUTHORITY.

(a) IN GENERAL.—In carrying out this title and title II and amendments made by those titles, if the Secretary approves a document, the Secretary shall not subsequently determine the document is inadequate or invalid because of the lack of authority of any person signing the document on behalf of the applicant or any other individual, entity, general partnership, or joint venture, or the documents relied upon were determined inadequate or invalid, unless the person signing the program document knowingly and willfully falsified the evidence of signature authority or a signature.

(b) AFFIRMATION.—

(1) IN GENERAL.—Nothing in this section prohibits the Secretary from asking a proper party to affirm any document that otherwise would be considered approved under subsection (a).

(2) NO RETROACTIVE EFFECT.—A denial of benefits based on a lack of affirmation under paragraph (1) shall not be retroactive with respect to third-party producers who were not the subject of the erroneous representation of authority, if the third-party producers—

(A) relied on the prior approval by the Secretary of the documents in good faith; and

(B) substantively complied with all program requirements

SEC. 1618. MODERNIZATION OF FARM SERVICE AGENCY.

Not later than 180 days after the date of enactment of this Act, the Secretary shall transmit to the Committee on Agriculture and the Committee on Appropriations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate a report prepared by a third party that describes—

(1) the data processing and information technology challenges experienced in local offices of the Farm Service Agency;

(2) the impact of those challenges on service to producers, on efficiency of personnel, and on implementation of this Act;

(3) the need for information technology system upgrades of the Farm Service Agency relative to other agencies of the Department of Agriculture;

(4) the detailed plan needed to fulfill the needs of the Department that are identified in paragraph (3), including hardware, software, and infrastructure requirements;

(5) the estimated cost and timeframe for long-term modernization and stabilization of Farm Service Agency information technology systems;

(6) the benefits associated with such modernization and stabilization; and

(7) an evaluation of the existence of appropriate oversight within the Department to ensure that funds needed for systems upgrades can be appropriately managed.

SEC. 1619. INFORMATION GATHERING.

(a) GEOSPATIAL SYSTEMS.—The Secretary shall ensure that all the geospatial data of the agencies of the Department of Agriculture are portable and standardized.

(b) LIMITATION ON DISCLOSURES.—

(1) DEFINITION OF AGRICULTURAL OPERATION.—In this subsection, the term ''agricultural operation'' includes the production and marketing of agricultural commodities and livestock.

(2) PROHIBITION.—Except as provided in paragraphs (3) and (4), the Secretary, any officer or employee of the Department of Agriculture, or any contractor or cooperator of the Department, shall not disclose—

(A) information provided by an agricultural producer or owner of agricultural land concerning the agricultural operation, farming or conservation practices, or the land itself, in order to participate in programs of the Department; or

(B) geospatial information otherwise maintained by the Secretary about agricultural land or operations for which information described in subparagraph (A) is provided.

(3) AUTHORIZED DISCLOSURES.—

(A) LIMITED RELEASE OF INFORMATION.—If the Secretary determines that the information described in paragraph (2) will not be subsequently disclosed except in accordance with paragraph (4), the Secretary may release

or disclose the information to a person or Federal, State, local, or tribal agency working in cooperation with the Secretary in any Department program—

(i) when providing technical or financial assistance with respect to the agricultural operation, agricultural land, or farming or conservation practices; or

(ii) when responding to a disease or pest threat to agricultural operations, if the Secretary determines that a threat to agricultural operations exists and the disclosure of information to a person or cooperating government entity is necessary to assist the Secretary in responding to the disease or pest threat as authorized by law.

(4) EXCEPTIONS.—Nothing in this subsection affects—

(A) the disclosure of payment information (including payment information and the names and addresses of recipients of payments) under any Department program that is otherwise authorized by law;

(B) the disclosure of information described in paragraph (2) if the information has been

transformed into a statistical or aggregate form without naming any—

(i) individual owner, operator, or producer; or

(ii) specific data gathering site; or

(C) the disclosure of information described in paragraph (2) pursuant to the consent of the agricultural producer or owner of agricultural land.

(5) CONDITION OF OTHER PROGRAMS.—The participation of the agricultural producer or owner of agricultural land in, or receipt of any benefit under, any program administered by the Secretary may not be conditioned on the consent of the agricultural producer or owner of agricultural land under paragraph (4)(C).

(6) WAIVER OF PRIVILEGE OR PROTECTION.—The disclosure of information under paragraph (2) shall not constitute a waiver of any applicable privilege or protection under Federal law, including trade secret protection.

SEC. 1620. LEASING OF OFFICE SPACE.

Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture and the Committee on Appropriations of

the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate a report that describes—

(1) the costs and time associated with complying with leasing procedures of the General Services Administration relative to the previous independent leasing procedures of the Department of Agriculture;

(2) the additional staffing needs associated with complying with those procedures; and

(3) the value added to the leasing process and the ability of the Department to secure best-value leases by complying with the General Services Administration leasing procedures.

SEC. 1621. GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS.

(a) DEFINITIONS.—In this section:

(1) AGRICULTURAL COMMODITY.—The term ''agricultural commodity'' has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

(2) GEOGRAPHICALLY DISADVANTAGED FARMER OR RANCHER.—The term ''geographically disadvantaged farmer or rancher'' has the meaning given the term in section 10906(a) of the Farm Se-

curity and Rural Investment Act of 2002 (7 U.S.C. 2204 note; Public Law 107–171).

(b) AUTHORIZATION.—Subject to the availability of funds under subsection (d), the Secretary may provide geographically disadvantaged farmers or ranchers direct reimbursement payments for activities described in subsection (c).

(c) TRANSPORTATION.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary may provide direct reimbursement payments to a geographically disadvantaged farmer or rancher to transport an agricultural commodity, or inputs used to produce an agricultural commodity, during a fiscal year.

(2) PROOF OF ELIGIBILITY.—To be eligible to receive assistance under paragraph (1), a geographically disadvantaged farmer or rancher shall demonstrate to the Secretary that transportation of the agricultural commodity or inputs occurred over a distance of more than 30 miles, as determined by the Secretary.

(3) AMOUNT.—

(A) IN GENERAL.—Subject to paragraph (2), the amount of direct reimbursement payments made to a geographically disadvantaged

farmer or rancher under this section for a fiscal year shall equal the product obtained by multiplying—

(i) the amount of costs incurred by the geographically disadvantaged farmer or rancher for transportation of the agricultural commodity or inputs during the fiscal year; and

(ii)(I) the percentage of the allowance for that fiscal year under section 5941 of title 5, United States Code, for Federal employees stationed in Alaska and Hawaii; or

(II) in the case of an insular area (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)), a comparable percentage of the allowance for the fiscal year, as determined by the Secretary.

(B) LIMITATION.—The total amount of direct reimbursement payments provided by the Secretary under this section shall not exceed $15,000,000 for a fiscal year.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2009 through 2012.

SEC. 1622. IMPLEMENTATION.

The Secretary shall make available to the Farm Service Agency to carry out this title $50,000,000.

SEC. 1623. REPEALS.

(a) COMMISSION ON APPLICATION OF PAYMENT LIMITATIONS.—Section 1605 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7993) is repealed.

(b) RENEWED AVAILABILITY OF MARKET LOSS ASSISTANCE AND CERTAIN EMERGENCY ASSISTANCE TO PERSONS THAT FAILED TO RECEIVE ASSISTANCE UNDER EARLIER AUTHORITIES.—Section 1617 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8000) is repealed.

TITLE II—CONSERVATION

Subtitle A—Definitions and Highly Erodible Land and Wetland Conservation

SEC. 2001. DEFINITIONS RELATING TO CONSERVATION TITLE OF FOOD SECURITY ACT OF 1985.

(a) BEGINNING FARMER OR RANCHER.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended—

(1) by redesignating paragraphs (2) through (6), (7) through (11), (12), (13) through (15), (16), (17), and (18) as paragraphs (3) through (7), (9) through (13), (15), (20) through (22), (24), (26), and (27), respectively; and

(2) by inserting after paragraph (1) the following new paragraph:

"(2) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has the meaning given the term in section 343(a)(8) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(8)).".

(b) FARM.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended by inserting after paragraph (7), as redesignated by subsection (a)(1), the following new paragraph:

"(8) FARM.—The term 'farm' means a farm that—

"(A) is under the general control of one operator;

"(B) has one or more owners;

"(C) consists of one or more tracts of land, whether or not contiguous;

"(D) is located within a county or region, as determined by the Secretary; and

"(E) may contain lands that are incidental to the production of perennial crops, including conserving uses, forestry, and livestock, as determined by the Secretary.".

(c) INDIAN TRIBE.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended by inserting after paragraph (13), as redesignated by subsection (a)(1), the following new paragraph:

"(14) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).".

(d) INTEGRATED PEST MANAGEMENT; LIVESTOCK; NONINDUSTRIAL PRIVATE FOREST LAND; PERSON AND LEGAL ENTITY.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended by inserting

after paragraph (15), as redesignated by subsection (a)(1), the following new paragraphs:

"(16) INTEGRATED PEST MANAGEMENT.—The term 'integrated pest management' means a sustainable approach to managing pests by combining biological, cultural, physical, and chemical tools in a way that minimizes economic, health, and environmental risks.

"(17) LIVESTOCK.—The term 'livestock' means all animals raised on farms, as determined by the Secretary.

"(18) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' means rural land, as determined by the Secretary, that—

"(A) has existing tree cover or is suitable for growing trees; and

"(B) is owned by any nonindustrial private individual, group, association, corporation, Indian tribe, or other private legal entity that has definitive decisionmaking authority over the land.

"(19) PERSON AND LEGAL ENTITY.—For purposes of applying payment limitations under subtitle D, the terms 'person' and 'legal entity' have the

meanings given those terms in section 1001(a) of this Act (7 U.S.C. 1308(a)).''.

(e) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended by inserting after paragraph (22), as redesignated by subsection (a)(1), the following new paragraph:

''(23) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term in section 2501(e)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)(2)).''.

(f) TECHNICAL ASSISTANCE.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended by inserting after paragraph (24), as redesignated by subsection (a)(1), the following new paragraph:

''(25) TECHNICAL ASSISTANCE.—The term 'technical assistance' means technical expertise, information, and tools necessary for the conservation of natural resources on land active in agricultural, forestry, or related uses. The term includes the following:

''(A) Technical services provided directly to farmers, ranchers, and other eligible entities,

such as conservation planning, technical consultation, and assistance with design and implementation of conservation practices.

"(B) Technical infrastructure, including activities, processes, tools, and agency functions needed to support delivery of technical services, such as technical standards, resource inventories, training, data, technology, monitoring, and effects analyses.".

SEC. 2002. REVIEW OF GOOD FAITH DETERMINATIONS RELATED TO HIGHLY ERODIBLE LAND CONSERVATION.

Section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812) is amended by striking subsection (f) and inserting the following new subsection:

"(f) GRADUATED PENALTIES.—

"(1) INELIGIBILITY.—No person shall become ineligible under section 1211 for program loans, payments, and benefits as a result of the failure of the person to actively apply a conservation plan, if the Secretary determines that the person has acted in good faith and without an intent to violate this subtitle.

"(2) ELIGIBLE REVIEWERS.—A determination of the Secretary, or a designee of the Secretary,

under paragraph (1) shall be reviewed by the applicable—

"(A) State Executive Director, with the technical concurrence of the State Conservationist; or

"(B) district director, with the technical concurrence of the area conservationist.

"(3) PERIOD FOR IMPLEMENTATION.—A person who meets the requirements of paragraph (1) shall be allowed a reasonable period of time, as determined by the Secretary, but not to exceed 1 year, during which to implement the measures and practices necessary to be considered to be actively applying the conservation plan of the person.

"(4) PENALTIES.—

"(A) APPLICATION.—This paragraph applies if the Secretary determines that—

"(i) a person has failed to comply with section 1211 with respect to highly erodible cropland, and has acted in good faith and without an intent to violate section 1211; or

"(ii) the violation—

"(I) is technical and minor in nature; and

"(II) has a minimal effect on the erosion control purposes of the conservation plan applicable to the land on which the violation has occurred.

"(B) REDUCTION.—If this paragraph applies under subparagraph (A), the Secretary shall, in lieu of applying the ineligibility provisions of section 1211, reduce program benefits described in section 1211 that the producer would otherwise be eligible to receive in a crop year by an amount commensurate with the seriousness of the violation, as determined by the Secretary.

"(5) SUBSEQUENT CROP YEARS.—Any person whose benefits are reduced for any crop year under this subsection shall continue to be eligible for all of the benefits described in section 1211 for any subsequent crop year if, prior to the beginning of the subsequent crop year, the Secretary determines that the person is actively applying a conservation plan according to the schedule specified in the plan.".

SEC. 2003. REVIEW OF GOOD FAITH DETERMINATIONS RELATED TO WETLAND CONSERVATION.

Section 1222(h) of the Food Security Act of 1985 (16 U.S.C. 3822(h)) is amended—

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

(2) by inserting after paragraph (1) the following new paragraph:

"(2) ELIGIBLE REVIEWERS.—A determination of the Secretary, or a designee of the Secretary, under paragraph (1) shall be reviewed by the applicable—

"(A) State Executive Director, with the technical concurrence of the State Conservationist; or

"(B) district director, with the technical concurrence of the area conservationist."; and

(3) in paragraph (3) (as redesignated by paragraph (1)), by inserting "be" before "actively".

Subtitle B—Conservation Reserve Program

SEC. 2101. EXTENSION OF CONSERVATION RESERVE PROGRAM.

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

(1) by striking "2007 calendar year" and inserting "2012 fiscal year"; and

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

SEC. 2102. LAND ELIGIBLE FOR ENROLLMENT IN CONSERVATION RESERVE.

Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) in paragraph (1)(B)—

(A) by striking ''Farm Security and Rural Investment Act of 2002'' and inserting ''Food, Conservation, and Energy Act of 2008''; and

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

(2) in paragraph (4)—

(A) in subparagraph (C), by striking ''; or'' and inserting a semicolon;

(B) in subparagraph (D), by striking ''and'' at the end and inserting ''or''; and

(C) in subparagraph (E), by inserting ''or'' after the semicolon at the end.

SEC. 2103. MAXIMUM ENROLLMENT OF ACREAGE IN CONSERVATION RESERVE.

Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended—

(1) by striking "2007 calendar years" and inserting "2009 fiscal years";

(2) by striking "(16 U.S.C." and inserting "(16 U.S.C."; and

(3) by adding at the end the following new sentence: "During fiscal years 2010, 2011, and 2012, the Secretary may maintain up to 32,000,000 acres in the conservation reserve at any 1 time.".

SEC. 2104. DESIGNATION OF CONSERVATION PRIORITY AREAS.

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

SEC. 2105. TREATMENT OF MULTI-YEAR GRASSES AND LEGUMES.

Subsection (g) of section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended to read as follows:

"(g) MULTI-YEAR GRASSES AND LEGUMES.—

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

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

SEC. 2106. REVISED PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.

(a) REVISED PROGRAM.—

(1) IN GENERAL.—Title XII of the Food Security Act of 1985 is amended by inserting after section 1231 (16 U.S.C. 3831) the following new section:

"SEC. 1231B. PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.

"(a) PROGRAM REQUIRED.—

"(1) IN GENERAL.—During the 2008 through 2012 fiscal years, the Secretary shall carry out a program in each State under which the Secretary shall enroll eligible acreage described in subsection (b).

"(2) PARTICIPATION AMONG STATES.—The Secretary shall ensure, to the maximum extent practicable, that owners and operators in each State have an equitable opportunity to participate in the program established under this section.

"(b) ELIGIBLE ACREAGE.—

"(1) WETLAND AND RELATED LAND.—Subject to subsections (c) and (d), an owner or operator may enroll in the conservation reserve, pursuant to the program established under this section, land—

"(A) that is wetland (including a converted wetland described in section 1222(b)(1)(A)) that had a cropping history during at least 3 of the immediately preceding 10 crop years;

"(B) on which a constructed wetland is to be developed that will receive flow from a row crop agriculture drainage system and is designed to provide nitrogen removal in addition to other wetland functions;

"(C) that was devoted to commercial pond-raised aquaculture in any year during the period of calendar years 2002 through 2007; or

"(D) that, after January 1, 1990, and before December 31, 2002, was—

"(i) cropped during at least 3 of 10 crop years; and

"(ii) subject to the natural overflow of a prairie wetland.

"(2) BUFFER ACREAGE.—Subject to subsections (c) and (d), an owner or operator may enroll in the conservation reserve, pursuant to the program established under this section, buffer acreage that—

"(A) with respect to land described in subparagraph (A), (B), or (C) of paragraph (1)—

"(i) is contiguous to such land

"(ii) is used to protect such land; and

"(iii) is of such width as the Secretary determines is necessary to protect such land, taking into consideration and accommodating the farming practices (including the straightening of boundaries to accommodate machinery) used with respect to the cropland that surrounds such land; and

"(B) with respect to land described in subparagraph (D) of paragraph (1), enhances a wildlife benefit to the extent practicable in terms of upland to wetland ratios, as determined by the Secretary.

"(c) PROGRAM LIMITATIONS.—

"(1) ACREAGE LIMITATION.—The Secretary may enroll in the conservation reserve, pursuant to the program established under this section, not more than—

"(A) 100,000 acres in any State; and

"(B) a total of 1,000,000 acres.

"(2) RELATIONSHIP TO MAXIMUM ENROLLMENT.—Subject to paragraph (3), any acreage enrolled in the conservation reserve under this section shall be considered acres maintained in the conservation reserve.

"(3) RELATIONSHIP TO OTHER ENROLLED ACREAGE.—Acreage enrolled in the conservation reserve under this section shall not affect for any fiscal year the quantity of—

"(A) acreage enrolled to establish conservation buffers as part of the program announced on March 24, 1998 (63 Fed. Reg. 14109); or

"(B) acreage enrolled into the conservation reserve enhancement program announced on May 27, 1998 (63 Fed. Reg. 28965).

"(4) REVIEW; POTENTIAL INCREASE IN ENROLLMENT ACREAGE.—The Secretary shall conduct

a review of the program established under this section with respect to each State that has enrolled land in the conservation reserve pursuant to the program. As a result of the review, the Secretary may increase the number of acres that may be enrolled in a State under the program to not more than 200,000 acres, notwithstanding paragraph (1)(A).

"(d) OWNER OR OPERATOR ENROLLMENT LIMITATIONS.—

"(1) WETLAND AND RELATED LAND.—

"(A) WETLANDS AND CONSTRUCTED WETLANDS.—The maximum size of any land described in subparagraph (A) or (B) of subsection (b)(1) that an owner or operator may enroll in the conservation reserve, pursuant to the program established under this section, shall be 40 contiguous acres.

"(B) FLOODED FARMLAND.—The maximum size of any land described in subparagraph (D) of subsection (b)(1) that an owner or operator may enroll in the conservation reserve, pursuant to the program established under this section, shall be 20 contiguous acres.

"(C) COVERAGE.—All acres described in subparagraph (A) or (B), including acres that

are ineligible for payment, shall be covered by the conservation contract.

"(2) BUFFER ACREAGE.—The maximum size of any buffer acreage described in subsection (b)(2) that an owner or operator may enroll in the conservation reserve under this section shall be determined by the Secretary in consultation with the State Technical Committee.

"(3) TRACTS.—Except for land described in subsection (b)(1)(C) and buffer acreage related to such land, the maximum size of any eligible acreage described in subsection (b)(1) in a tract of an owner or operator enrolled in the conservation reserve under this section shall be 40 acres.

"(e) DUTIES OF OWNERS AND OPERATORS.—During the term of a contract entered into under the program established under this section, an owner or operator shall agree—

"(1) to restore the hydrology of the wetland within the eligible acreage to the maximum extent practicable, as determined by the Secretary;

"(2) to establish vegetative cover (which may include emerging vegetation in water and bottomland hardwoods, cypress, and other appropriate tree

species) on the eligible acreage, as determined by the Secretary;

"(3) to a general prohibition of commercial use of the enrolled land; and

"(4) to carry out other duties described in section 1232.

"(f) DUTIES OF THE SECRETARY.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), in return for a contract entered into under this section, the Secretary shall—

"(A) make payments to the owner or operator based on rental rates for cropland; and

"(B) provide assistance to the owner or operator in accordance with sections 1233 and 1234.

"(2) CONTRACT OFFERS AND PAYMENTS.—The Secretary shall use the method of determination described in section 1234(c)(2)(B) to determine the acceptability of contract offers and the amount of rental payments under this section.

"(3) INCENTIVES.—The amounts payable to owners and operators in the form of rental payments under contracts entered into under this section shall reflect incentives that are provided to owners and

operators to enroll filterstrips in the conservation reserve under section 1234.''.

(2) REPEAL OF SUPERCEDED PROGRAM.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(A) by striking subsection (h); and

(B) by redesignating subsections (i) and (j) as subsections (h) and (i), respectively.

(b) CONFORMING CHANGES TO EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM.—Subsection (k) of section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(1) by striking ''(k) EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM.—'' and inserting the following:

''SEC. 1231A. EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM.'';

(2) by striking ''subsection'' each place it appears (other than paragraph (3)(C)(ii)) and inserting ''section'';

(3) by redesignating paragraphs (1), (2), and (3) as subsections (a), (b), and (c), respectively;

(4) in subsection (a), as so redesignated, by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; and

(5) in subsection (c), as so redesignated—

(A) by redesignating subparagraphs (A) through (I) as paragraphs (1) through (9), respectively;

(B) in paragraph (1), as so redesignated, by striking ''subparagraph (B)'' and ''subparagraph (G)'' and inserting ''paragraph (2)'' and ''paragraph (7)'', respectively;

(C) in paragraph (3), as so redesignated—

(i) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(ii) by striking ''subsection (d)'' and inserting ''section 1231(d)'';

(D) in paragraph (4), as so redesignated, by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(E) in paragraph (5), as so redesignated—

(i) by redesignating clauses (i) through (v) as subparagraphs (A) through (E), respectively, and subclauses (I) and (II) as clauses (i) and (ii), respectively;

(ii) in subparagraph (B), as so redesignated, by striking ''clause (i)(I)'' and inserting ''subparagraph (A)(i)''; and

(iii) in subparagraph (C), as so redesignated, by striking ''clause (i)(II)'' and inserting ''subparagraph (A)(ii)''; and

(F) in paragraph (9), as so redesignated, by redesignating clauses (i) through (iii) as subparagraphs (A) through (C), respectively, and subclauses (I) through (III) as clauses (i) through (iii), respectively.

SEC. 2107. ADDITIONAL DUTY OF PARTICIPANTS UNDER CONSERVATION RESERVE CONTRACTS.

Section 1232(a) of the Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended—

(1) by redesignating paragraphs (5) through (10) as paragraphs (6) through (11), respectively; and

(2) by inserting after paragraph (4) the following new paragraph:

''(5) to undertake management on the land as needed throughout the term of the contract to implement the conservation plan;''.

SEC. 2108. MANAGED HAYING, GRAZING, OR OTHER COMMERCIAL USE OF FORAGE ON ENROLLED LAND AND INSTALLATION OF WIND TURBINES.

(a) GENERAL PROHIBITION; EXCEPTIONS.—Section 1232(a) of the Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended by striking paragraph (8), as redesignated by section 2107, and inserting the following new paragraph:

"(8) not to conduct any harvesting or grazing, nor otherwise make commercial use of the forage, on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit, consistent with the conservation of soil, water quality, and wildlife habitat (including habitat during nesting seasons for birds in the area)—

"(A) managed harvesting (including the managed harvesting of biomass), except that in permitting managed harvesting, the Secretary, in coordination with the State technical committee—

"(i) shall develop appropriate vegetation management requirements; and

"(ii) shall identify periods during which managed harvesting may be conducted;

"(B) harvesting and grazing or other commercial use of the forage on the land that is subject to the contract in response to a drought or other emergency;

"(C) routine grazing or prescribed grazing for the control of invasive species, except that in permitting such routine grazing or prescribed grazing, the Secretary, in coordination with the State technical committee—

"(i) shall develop appropriate vegetation management requirements and stocking rates for the land that are suitable for continued routine grazing; and

"(ii) shall establish the frequency during which routine grazing may be conducted, taking into consideration regional differences such as—

"(I) climate, soil type, and natural resources;

"(II) the number of years that should be required between routine grazing activities; and

"(III) how often during a year in which routine grazing is permitted that routine grazing should be allowed to occur; and

"(D) the installation of wind turbines, except that in permitting the installation of wind turbines, the Secretary shall determine the number and location of wind turbines that may be installed, taking into account—

"(i) the location, size, and other physical characteristics of the land;

"(ii) the extent to which the land contains wildlife and wildlife habitat; and

"(iii) the purposes of the conservation reserve program under this subchapter;".

(b) RENTAL PAYMENT REDUCTION.—Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended by adding at the end the following new subsection:

"(d) RENTAL PAYMENT REDUCTION FOR CERTAIN AUTHORIZED USES OF ENROLLED LAND.—In the case of an authorized activity under subsection (a)(8) on land that is subject to a contract under this subchapter, the Secretary shall reduce the rental payment otherwise payable

under the contract by an amount commensurate with the economic value of the authorized activity.''.

SEC. 2109. COST SHARING PAYMENTS RELATING TO TREES, WINDBREAKS, SHELTERBELTS, AND WILDLIFE CORRIDORS.

Section 1234(b) of the Food Security Act of 1985 (16 U.S.C. 3834(b)) is amended by striking paragraph (3) and inserting the following new paragraph:

''(3) TREES, WINDBREAKS, SHELTERBELTS, AND WILDLIFE CORRIDORS.—

''(A) APPLICABILITY.—This paragraph applies to—

''(i) land devoted to the production of hardwood trees, windbreaks, shelterbelts, or wildlife corridors under a contract entered into under this subchapter after November 28, 1990;

''(ii) land converted to such production under section 1235A; and

''(iii) land on which an owner or operator agrees to conduct thinning authorized by section 1232(a)(9), if the thinning is necessary to improve the condition of resources on the land.

''(B) PAYMENTS.—

"(i) PERCENTAGE.—In making cost share payments to an owner or operator of land described in subparagraph (A), the Secretary shall pay 50 percent of the reasonable and necessary costs incurred by the owner or operator for maintaining trees or shrubs, including the cost of replanting (if the trees or shrubs were lost due to conditions beyond the control of the owner or operator) or thinning.

"(ii) DURATION.—The Secretary shall make payments as described in clause (i) for a period of not less than 2 years, but not more than 4 years, beginning on the date of—

"(I) the planting of the trees or shrubs; or

"(II) the thinning of existing stands to improve the condition of resources on the land.".

SEC. 2110. EVALUATION AND ACCEPTANCE OF CONTRACT OFFERS, ANNUAL RENTAL PAYMENTS, AND PAYMENT LIMITATIONS.

(a) EVALUATION AND ACCEPTANCE OF CONTRACT OFFERS.—Section 1234(c) of the Food Security Act of

1985 (16 U.S.C. 3834(c)) is amended by striking paragraph (3) and inserting the following new paragraph:

"(3) ACCEPTANCE OF CONTRACT OFFERS.—

"(A) EVALUATION OF OFFERS.—In determining the acceptability of contract offers, the Secretary may take into consideration the extent to which enrollment of the land that is the subject of the contract offer would improve soil resources, water quality, or wildlife habitat or provide other environmental benefits.

"(B) ESTABLISHMENT OF DIFFERENT CRITERIA IN VARIOUS STATES AND REGIONS.—The Secretary may establish different criteria for determining the acceptability of contract offers in various States and regions of the United States based on the extent to which water quality or wildlife habitat may be improved or erosion may be abated.

"(C) LOCAL PREFERENCE.—In determining the acceptability of contract offers for new enrollments, the Secretary shall accept, to the maximum extent practicable, an offer from an owner or operator that is a resident of the county in which the land is located or of a contiguous county if, as determined by the Sec-

retary, the land would provide at least equivalent conservation benefits to land under competing offers.''.

(b) ANNUAL SURVEY OF DRYLAND AND IRRIGATED CASH RENTAL RATES.—

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

''(5) RENTAL RATES.—

''(A) ANNUAL ESTIMATES.—The Secretary (acting through the National Agricultural Statistics Service) shall conduct an annual survey of per acre estimates of county average market dryland and irrigated cash rental rates for cropland and pastureland in all counties or equivalent subdivisions within each State that have 20,000 acres or more of cropland and pastureland.

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

(2) FIRST SURVEY.—The first survey required by paragraph (5) of section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)), as added by subsection (a), shall be conducted not later than 1 year after the date of enactment of this Act.

(c) PAYMENT LIMITATIONS.—Section 1234(f) of the Food Security Act of 1985 (16 U.S.C. 3834(f)) is amended—

(1) in paragraph (1), by striking ''made to a person'' and inserting ''received by a person or legal entity, directly or indirectly,'';

(2) by striking paragraph (2); and

(3) in paragraph (4), by striking ''any person'' and inserting ''any person or legal entity''.

SEC. 2111. CONSERVATION RESERVE PROGRAM TRANSITION INCENTIVES FOR BEGINNING FARMERS OR RANCHERS AND SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.

(a) CONTRACT MODIFICATION AUTHORITY.—Section 1235(c)(1)(B) of the Food Security Act of 1985 (16 U.S.C. 3835(c)(1)(B)) is amended—

(1) in clause (ii), by striking ''or'' at the end;

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

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

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

(b) TRANSITION OPTION.—Section 1235 of the Food Security Act of 1985 (16 U.S.C. 3835) is amended by adding at the end the following new subsection:

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

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

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

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

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

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

"(C) require the covered farmer or rancher to develop and implement a conservation plan;

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

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

"(2) REENROLLMENT.—The Secretary shall provide a covered farmer or rancher with the option to reenroll any applicable partial field conservation practice that—

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

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

Subtitle C—Wetlands Reserve Program

SEC. 2201. ESTABLISHMENT AND PURPOSE OF WETLANDS RESERVE PROGRAM.

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

"(a) ESTABLISHMENT AND PURPOSES.—

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

"(2) PURPOSES.—The purposes of the wetlands reserve program are to restore, protect, or enhance wetlands on private or tribal lands that are eligible under subsections (c) and (d).".

SEC. 2202. MAXIMUM ENROLLMENT AND ENROLLMENT METHODS.

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

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

"(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the wetlands reserve program shall not exceed 3,041,200 acres.";

(2) in paragraph (2), by striking "The Secretary" and inserting "Subject to paragraph (3), the Secretary"; and

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

"(3) ACREAGE OWNED BY INDIAN TRIBES.—In the case of acreage owned by an Indian tribe, the

Secretary shall enroll acreage into the wetlands reserve program through the use of—

"(A) a 30-year contract (the value of which shall be equivalent to the value of a 30-year easement);

"(B) restoration cost-share agreements; or

"(C) any combination of the options described in subparagraphs (A) and (B).".

SEC. 2203. DURATION OF WETLANDS RESERVE PROGRAM AND LANDS ELIGIBLE FOR ENROLLMENT.

(a) IN GENERAL.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended—

(1) in the matter preceding paragraph (1)—

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

(B) by inserting "private or tribal" before "land" the second place it appears;

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

"(2) such land is—

"(A) farmed wetland or converted wetland, together with the adjacent land that is functionally dependent on the wetlands, except that converted wetland with respect to which the conversion was not commenced prior to December

23, 1985, shall not be eligible to be enrolled in the program under this section; or

"(B) cropland or grassland that was used for agricultural production prior to flooding from the natural overflow of a closed basin lake or pothole, as determined by the Secretary, together (where practicable) with the adjacent land that is functionally dependent on the cropland or grassland; and".

(b) CHANGE OF OWNERSHIP.—Section 1237E(a) of the Food Security Act of 1985 (16 U.S.C. 3837e(a)) is amended by striking "in the preceding 12 months" and inserting "during the preceding 7-year period".

(c) ANNUAL SURVEY AND REALLOCATION.—Section 1237F of the Food Security Act of 1985 (16 U.S.C. 3837f) is amended by adding at the end the following new subsection:

"(c) PRAIRIE POTHOLE REGION SURVEY AND REALLOCATION.—

"(1) SURVEY.—The Secretary shall conduct a survey during fiscal year 2008 and each subsequent fiscal year for the purpose of determining interest and allocations for the Prairie Pothole Region to enroll eligible land described in section 1237(c)(2)(B).

"(2) ANNUAL ADJUSTMENT.—The Secretary shall make an adjustment to the allocation for an interested State for a fiscal year, based on the results of the survey conducted under paragraph (1) for the State during the previous fiscal year.".

SEC. 2204. TERMS OF WETLANDS RESERVE PROGRAM EASEMENTS.

Section 1237A(b)(2)(B) of the Food Security Act of 1985 (16 U.S.C. 3837a(b)(2)(B)) is amended—

(1) in clause (i), by striking "or" at the end;

(2) in clause (ii), by striking "; and" and inserting "; or"; and

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

"(iii) to meet habitat needs of specific wildlife species; and".

SEC. 2205. COMPENSATION FOR EASEMENTS UNDER WETLANDS RESERVE PROGRAM.

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

"(f) COMPENSATION.—

"(1) DETERMINATION.—Effective on the date of the enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall pay as com-

pensation for a conservation easement acquired under this subchapter the lowest of—

"(A) the fair market value of the land, as determined by the Secretary, using the Uniform Standards of Professional Appraisal Practices or an area-wide market analysis or survey;

"(B) the amount corresponding to a geographical cap, as determined by the Secretary in regulations; or

"(C) the offer made by the landowner.

"(2) FORM OF PAYMENT.—Compensation for an easement shall be provided by the Secretary in the form of a cash payment, in an amount determined under paragraph (1) and specified in the easement agreement.

"(3) PAYMENT SCHEDULE FOR EASEMENTS.—

"(A) EASEMENTS VALUED AT $500,000 OR LESS.—For easements valued at $500,000 or less, the Secretary may provide easement payments in not more than 30 annual payments.

"(B) EASEMENTS IN EXCESS OF $500,000.—For easements valued at more than $500,000, the Secretary may provide easement payments in at least 5, but not more than 30 annual payments, except that, if the Secretary

determines it would further the purposes of the program, the Secretary may make a lump sum payment for such an easement.

"(4) RESTORATION AGREEMENT PAYMENT LIMITATION.—Payments made to a person or legal entity, directly or indirectly, pursuant to a restoration cost-share agreement under this subchapter may not exceed, in the aggregate, $50,000 per year.

"(5) ENROLLMENT PROCEDURE.—Lands may be enrolled under this subchapter through the submission of bids under a procedure established by the Secretary.".

SEC. 2206. WETLANDS RESERVE ENHANCEMENT PROGRAM AND RESERVED RIGHTS PILOT PROGRAM.

Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended by adding at the end the following new subsection:

"(h) WETLANDS RESERVE ENHANCEMENT PROGRAM.—

"(1) PROGRAM AUTHORIZED.—The Secretary may enter into 1 or more agreements with a State (including a political subdivision or agency of a State), nongovernmental organization, or Indian tribe to carry out a special wetlands reserve en-

hancement program that the Secretary determines would advance the purposes of this subchapter.

"(2) RESERVED RIGHTS PILOT PROGRAM.—

"(A) RESERVATION OF GRAZING RIGHTS.—As part of the wetlands reserve enhancement program, the Secretary shall carry out a pilot program for land in which a landowner may reserve grazing rights in the warranty easement deed restriction if the Secretary determines that the reservation and use of the grazing rights—

"(i) is compatible with the land subject to the easement;

"(ii) is consistent with the long-term wetland protection and enhancement goals for which the easement was established; and

"(iii) complies with a conservation plan.

"(B) DURATION.—The pilot program established under this paragraph shall terminate on September 30, 2012.".

SEC. 2207. DUTIES OF SECRETARY OF AGRICULTURE UNDER WETLANDS RESERVE PROGRAM.

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

(1) in subsection (a)(1), by inserting ''including necessary maintenance activities,'' after ''values,''; and

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

''(c) RANKING OF OFFERS.—

''(1) CONSERVATION BENEFITS AND FUNDING CONSIDERATIONS.—When evaluating offers from landowners, the Secretary may consider—

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

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

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

''(2) ADDITIONAL CONSIDERATIONS.—In determining the acceptability of easement offers, the Secretary may take into consideration—

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

"(B) the productivity of the land; and

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

SEC. 2208. PAYMENT LIMITATIONS UNDER WETLANDS RESERVE CONTRACTS AND AGREEMENTS.

Section 1237D(c)(1) of the Food Security Act of 1985 (16 U.S.C. 3837d(c)(1)) is amended—

(1) by striking "The total amount of easement payments made to a person" and inserting "The total amount of payments that a person or legal entity may receive, directly or indirectly,"; and

(2) by inserting "or under 30-year contracts" before the period at the end.

SEC. 2209. REPEAL OF PAYMENT LIMITATIONS EXCEPTION FOR STATE AGREEMENTS FOR WETLANDS RESERVE ENHANCEMENT.

Section 1237D(c) of the Food Security Act of 1985 (16 U.S.C. 3837d(c)) is amended by striking paragraph (4).

SEC. 2210. REPORT ON IMPLICATIONS OF LONG-TERM NATURE OF CONSERVATION EASEMENTS.

(a) REPORT REQUIRED.—Not later than January 1, 2010, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that evaluates the implications of the long-term nature of conservation easements granted under section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) on resources of the Department of Agriculture.

(b) INCLUSIONS.—The report required by subsection (a) shall include the following:

(1) Data relating to the number and location of conservation easements granted under that section that the Secretary holds or has a significant role in monitoring or managing.

(2) An assessment of the extent to which the oversight of the conservation easement agreements impacts the availability of resources, including technical assistance.

(3) An assessment of the uses and value of agreements with partner organizations.

(4) Any other relevant information relating to costs or other effects that would be helpful to the Committees referred to in subsection (a).

Subtitle D—Conservation Stewardship Program

SEC. 2301. CONSERVATION STEWARDSHIP PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 is amended—

(1) by redesignating subchapters B (farmland protection program) and C (grassland reserve program) as subchapters C and D, respectively; and

(2) by inserting after subchapter A the following new subchapter:

"Subchapter B—Conservation Stewardship Program

"SEC. 1238D. DEFINITIONS.

''In this subchapter:

''(1) CONSERVATION ACTIVITIES.—

''(A) IN GENERAL.—The term 'conservation activities' means conservation systems, practices, or management measures that are designed to address a resource concern.

''(B) INCLUSIONS.—The term 'conservation activities' includes—

''(i) structural measures, vegetative measures, and land management measures, including agriculture drainage manage-

ment systems, as determined by the Secretary; and

"(ii) planning needed to address a resource concern.

"(2) CONSERVATION MEASUREMENT TOOLS.—The term 'conservation measurement tools' means procedures to estimate the level of environmental benefit to be achieved by a producer in implementing conservation activities, including indices or other measures developed by the Secretary.

"(3) CONSERVATION STEWARDSHIP PLAN.—The term 'conservation stewardship plan' means a plan that—

"(A) identifies and inventories resource concerns;

"(B) establishes benchmark data and conservation objectives;

"(C) describes conservation activities to be implemented, managed, or improved; and

"(D) includes a schedule and evaluation plan for the planning, installation, and management of the new and existing conservation activities.

"(4) PRIORITY RESOURCE CONCERN.—The term 'priority resource concern' means a resource

concern that is identified at the State level, in consultation with the State Technical Committee, as a priority for a particular watershed or area of the State.

"(5) PROGRAM.—The term 'program' means the conservation stewardship program established by this subchapter.

"(6) RESOURCE CONCERN.—The term 'resource concern' means a specific natural resource impairment or problem, as determined by the Secretary, that—

"(A) represents a significant concern in a State or region; and

"(B) is likely to be addressed successfully through the implementation of conservation activities by producers on land eligible for enrollment in the program.

"(7) STEWARDSHIP THRESHOLD.—The term 'stewardship threshold' means the level of natural resource conservation and environmental management required, as determined by the Secretary using conservation measurement tools, to improve and conserve the quality and condition of a resource concern.

"SEC. 1238E. CONSERVATION STEWARDSHIP PROGRAM.

"(a) ESTABLISHMENT AND PURPOSE.—During each of fiscal years 2009 through 2012, the Secretary shall carry out a conservation stewardship program to encourage producers to address resource concerns in a comprehensive manner—

"(1) by undertaking additional conservation activities; and

"(2) by improving, maintaining and managing existing conservation activities.

"(b) ELIGIBLE LAND.—

"(1) IN GENERAL.—Except as provided in subsection (c), the following land is eligible for enrollment in the program:

"(A) Private agricultural land (including cropland, grassland, prairie land, improved pastureland, rangeland, and land used for agroforestry).

"(B) Agricultural land under the jurisdiction of an Indian tribe.

"(C) Forested land that is an incidental part of an agricultural operation.

"(D) Other private agricultural land (including cropped woodland, marshes, and agricultural land used for the production of livestock) on which resource concerns related to ag-

ricultural production could be addressed by enrolling the land in the program, as determined by the Secretary.

"(2) SPECIAL RULE FOR NONINDUSTRIAL PRIVATE FOREST LAND.—Nonindustrial private forest land is eligible for enrollment in the program, except that not more than 10 percent of the annual acres enrolled nationally in any fiscal year may be nonindustrial private forest land.

"(3) AGRICULTURAL OPERATION.—Eligible land shall include all acres of an agricultural operation of a producer, whether or not contiguous, that are under the effective control of the producer at the time the producer enters into a stewardship contract, and is operated by the producer with equipment, labor, management, and production or cultivation practices that are substantially separate from other agricultural operations, as determined by the Secretary.

"(c) EXCLUSIONS.—

"(1) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Subject to paragraph (2), the following land is not be eligible for enrollment in the program:

"(A) Land enrolled in the conservation reserve program.

"(B) Land enrolled in the wetlands reserve program.

"(C) Land enrolled in the grassland reserve program.

"(2) CONVERSION TO CROPLAND.—Land used for crop production after the date of enactment of the Food, Conservation, and Energy Act of 2008 that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date shall not be the basis for any payment under the program, unless the land does not meet the requirement because—

"(A) the land had previously been enrolled in the conservation reserve program;

"(B) the land has been maintained using long-term crop rotation practices, as determined by the Secretary; or

"(C) the land is incidental land needed for efficient operation of the farm or ranch, as determined by the Secretary.

"SEC. 1238F. STEWARDSHIP CONTRACTS.

"(a) SUBMISSION OF CONTRACT OFFERS.—To be eligible to participate in the conservation stewardship pro-

gram, a producer shall submit to the Secretary for approval a contract offer that—

"(1) demonstrates to the satisfaction of the Secretary that the producer, at the time of the contract offer, is meeting the stewardship threshold for at least one resource concern; and

"(2) would, at a minimum, meet or exceed the stewardship threshold for at least 1 priority resource concern by the end of the stewardship contract by—

"(A) installing and adopting additional conservation activities; and

"(B) improving, maintaining, and managing conservation activities in place at the operation of the producer at the time the contract offer is accepted by the Secretary.

"(b) EVALUATION OF CONTRACT OFFERS.—

"(1) RANKING OF APPLICATIONS.—In evaluating contract offers made by producers to enter into contracts under the program, the Secretary shall rank applications based on—

"(A) the level of conservation treatment on all applicable priority resource concerns at the time of application, based to the maximum extent practicable on conservation measurement tools;

"(B) the degree to which the proposed conservation treatment on applicable priority resource concerns effectively increases conservation performance, based to the maximum extent possible on conservation measurement tools;

"(C) the number of applicable priority resource concerns proposed to be treated to meet or exceed the stewardship threshold by the end of the contract;

"(D) the extent to which other resource concerns, in addition to priority resource concerns, will be addressed to meet or exceed the stewardship threshold by the end of the contract period; and

"(E) the extent to which the actual and anticipated environmental benefits from the contract are provided at the least cost relative to other similarly beneficial contract offers.

"(2) PROHIBITION.—The Secretary may not assign a higher priority to any application because the applicant is willing to accept a lower payment than the applicant would otherwise be eligible to receive.

"(3) ADDITIONAL CRITERIA.—The Secretary may develop and use such additional criteria for evaluating applications to enroll in the program that

the Secretary determines are necessary to ensure that national, State, and local conservation priorities are effectively addressed.

"(c) ENTERING INTO CONTRACTS.—After a determination that a producer is eligible for the program under subsection (a), and a determination that the contract offer ranks sufficiently high under the evaluation criteria under subsection (b), the Secretary shall enter into a conservation stewardship contract with the producer to enroll the land to be covered by the contract.

"(d) CONTRACT PROVISIONS.—

"(1) TERM.—A conservation stewardship contract shall be for a term of 5 years.

"(2) PROVISIONS.—The conservation stewardship contract of a producer shall—

"(A) state the amount of the payment the Secretary agrees to make to the producer for each year of the conservation stewardship contract under section 1238G(e);

"(B) require the producer—

"(i) to implement during the term of the conservation stewardship contract the conservation stewardship plan approved by the Secretary;

"(ii) to maintain, and make available to the Secretary at such times as the Secretary may request, appropriate records showing the effective and timely implementation of the conservation stewardship contract; and

"(iii) not to engage in any activity during the term of the conservation stewardship contract on the eligible land covered by the contract that would interfere with the purposes of the conservation stewardship contract;

"(C) permit all economic uses of the land that—

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

"(ii) are consistent with the conservation purposes of the conservation stewardship contract;

"(D) include a provision to ensure that a producer shall not be considered in violation of the contract for failure to comply with the contract due to circumstances beyond the control of the producer, including a disaster or related condition, as determined by the Secretary; and

"(E) include such other provisions as the Secretary determines necessary to ensure the purposes of the program are achieved.

"(e) CONTRACT RENEWAL.—At the end of an initial conservation stewardship contract of a producer, the Secretary may allow the producer to renew the contract for one additional five-year period if the producer—

"(1) demonstrates compliance with the terms of the existing contract; and

"(2) agrees to adopt new conservation activities, as determined by the Secretary.

"(f) MODIFICATION.—The Secretary may allow a producer to modify a stewardship contract if the Secretary determines that the modification is consistent with achieving the purposes of the program.

"(g) CONTRACT TERMINATION.—

"(1) VOLUNTARY TERMINATION.—A producer may terminate a conservation stewardship contract if the Secretary determines that termination would not defeat the purposes of the program.

"(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this subchapter if the Secretary determines that the producer violated the contract.

"(3) REPAYMENT.—If a contract is terminated, the Secretary may, consistent with the purposes of the program—

"(A) allow the producer to retain payments already received under the contract; or

"(B) require repayment, in whole or in part, of payments already received and assess liquidated damages.

"(4) CHANGE OF INTEREST IN LAND SUBJECT TO A CONTRACT.—

"(A) IN GENERAL.—Except as provided in paragraph (B), a change in the interest of a producer in land covered by a contract under this chapter shall result in the termination of the contract with regard to that land.

"(B) TRANSFER OF DUTIES AND RIGHTS.—Subparagraph (A) shall not apply if—

"(i) within a reasonable period of time (as determined by the Secretary) after the date of the change in the interest in land covered by a contract under the program, the transferee of the land provides written notice to the Secretary that all duties and rights under the contract have been trans-

ferred to, and assumed by, the transferee; and

"(ii) the transferee meets the eligibility requirements of the program.

"(h) COORDINATION WITH ORGANIC CERTIFICATION.—The Secretary shall establish a transparent means by which producers may initiate organic certification under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et. seq.) while participating in a contract under this subchapter.

"(i) ON-FARM RESEARCH AND DEMONSTRATION OR PILOT TESTING.—The Secretary may approve a contract offer under this subchapter that includes—

"(1) on-farm conservation research and demonstration activities; and

"(2) pilot testing of new technologies or innovative conservation practices.

"SEC. 1238G. DUTIES OF THE SECRETARY.

"(a) IN GENERAL.—To achieve the conservation goals of a contract under the conservation stewardship program, the Secretary shall—

"(1) make the program available to eligible producers on a continuous enrollment basis with 1 or more ranking periods, one of which shall occur in the first quarter of each fiscal year;

"(2) identify not less than 3 nor more than 5 priority resource concerns in a particular watershed or other appropriate region or area within a State; and

"(3) develop reliable conservation measurement tools for purposes of carrying out the program.

"(b) ALLOCATION TO STATES.—The Secretary shall allocate acres to States for enrollment, based—

"(1) primarily on each State's proportion of eligible acres under section 1238E(b)(1) to the total number of eligible acres in all States; and

"(2) also on consideration of—

"(A) the extent and magnitude of the conservation needs associated with agricultural production in each State;

"(B) the degree to which implementation of the program in the State is, or will be, effective in helping producers address those needs; and

"(C) other considerations to achieve equitable geographic distribution of funds, as determined by the Secretary.

"(c) SPECIALTY CROP AND ORGANIC PRODUCERS.—The Secretary shall ensure that outreach and technical assistance are available, and program specifications are ap-

1 propriate to enable specialty crop and organic producers
2 to participate in the program.

3 "(d) ACREAGE ENROLLMENT LIMITATION.—During
4 the period beginning on October 1, 2008, and ending on
5 September 30, 2017, the Secretary shall, to the maximum
6 extent practicable—

7 "(1) enroll in the program an additional
8 12,769,000 acres for each fiscal year; and

9 "(2) manage the program to achieve a national
10 average rate of $18 per acre, which shall include the
11 costs of all financial assistance, technical assistance,
12 and any other expenses associated with enrollment
13 or participation in the program.

14 "(e) CONSERVATION STEWARDSHIP PAYMENTS.—

15 "(1) AVAILABILITY OF PAYMENTS.—The Sec-
16 retary shall provide a payment under the program to
17 compensate the producer for—

18 "(A) installing and adopting additional
19 conservation activities; and

20 "(B) improving, maintaining, and man-
21 aging conservation activities in place at the op-
22 eration of the producer at the time the contract
23 offer is accepted by the Secretary.

24 "(2) PAYMENT AMOUNT.—The amount of the
25 conservation stewardship payment shall be deter-

mined by the Secretary and based, to the maximum extent practicable, on the following factors:

"(A) Costs incurred by the producer associated with planning, design, materials, installation, labor, management, maintenance, or training.

"(B) Income forgone by the producer.

"(C) Expected environmental benefits as determined by conservation measurement tools.

"(3) EXCLUSIONS.—A payment to a producer under this subsection shall not be provided for—

"(A) the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations; or

"(B) conservation activities for which there is no cost incurred or income forgone to the producer.

"(4) TIMING OF PAYMENTS.—

"(A) IN GENERAL.—The Secretary shall make payments as soon as practicable after October 1 of each fiscal year for activities carried out in the previous fiscal year.

"(B) ADDITIONAL ACTIVITIES.—The Secretary shall make payments to compensate pro-

ducers for installation of additional practices at the time at which the practices are installed and adopted.

"(f) SUPPLEMENTAL PAYMENTS FOR RESOURCE-CONSERVING CROP ROTATIONS.—

"(1) AVAILABILITY OF PAYMENTS.—The Secretary shall provide additional payments to producers that, in participating in the program, agree to adopt resource-conserving crop rotations to achieve beneficial crop rotations as appropriate for the land of the producers.

"(2) BENEFICIAL CROP ROTATIONS.—The Secretary shall determine whether a resource-conserving crop rotation is a beneficial crop rotation eligible for additional payments under paragraph (1), based on whether the resource-conserving crop rotation is designed to provide natural resource conservation and production benefits.

"(3) ELIGIBILITY.—To be eligible to receive a payment described in paragraph (1), a producer shall agree to adopt and maintain beneficial resource-conserving crop rotations for the term of the contract.

"(4) RESOURCE-CONSERVING CROP ROTATION.—In this subsection, the term 'resource-conserving crop rotation' means a crop rotation that—

"(A) includes at least 1 resource conserving crop (as defined by the Secretary);

"(B) reduces erosion;

"(C) improves soil fertility and tilth;

"(D) interrupts pest cycles; and

"(E) in applicable areas, reduces depletion of soil moisture or otherwise reduces the need for irrigation.

"(g) PAYMENT LIMITATIONS.—A person or legal entity may not receive, directly or indirectly, payments under this subchapter that, in the aggregate, exceed $200,000 for all contracts entered into during any 5-year period, excluding funding arrangements with federally recognized Indian tribes or Alaska Native corporations, regardless of the number of contracts entered into under the program by the person or entity.

"(h) REGULATIONS.—The Secretary shall promulgate regulations that—

"(1) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsection (g); and

"(2) otherwise enable the Secretary to carry out the program.

"(i) DATA.—The Secretary shall maintain detailed and segmented data on contracts and payments under the program to allow for quantification of the amount of payments made for—

"(1) the installation and adoption of additional conservation activities and improvements to conservation activities in place on the operation of a producer at the time the conservation stewardship offer is accepted by the Secretary;

"(2) participation in research, demonstration, and pilot projects; and

"(3) the development and periodic assessment and evaluation of conservation plans developed under this subchapter.".

(b) TERMINATION OF CONSERVATION SECURITY PROGRAM AUTHORITY; EFFECT ON EXISTING CONTRACTS.—Section 1238A of the Food Security Act of 1985 (16 U.S.C. 3838a) is amended by adding at the end the following new subsection:

"(g) PROHIBITION ON CONSERVATION SECURITY PROGRAM CONTRACTS; EFFECT ON EXISTING CONTRACTS.—

"(1) PROHIBITION.—A conservation security contract may not be entered into or renewed under this subchapter after September 30, 2008.

"(2) EXCEPTION.—This subchapter, and the terms and conditions of the conservation security program, shall continue to apply to—

"(A) conservation security contracts entered into on or before September 30, 2008; and

"(B) any conservation security contract entered into after that date, but for which the application for the contract was received during the 2008 sign-up period.

"(3) EFFECT ON PAYMENTS.—The Secretary shall make payments under this subchapter with respect to conservation security contracts described in paragraph (2) during the remaining term of the contracts.

"(4) REGULATIONS.—A contract described in paragraph (2) may not be administered under the regulations issued to carry out the conservation stewardship program.".

(c) REFERENCE TO REDESIGNATED SUBCHAPTER.—Section 1238A(b)(3)(C) of title XII of the Food Security

Act of 1985 (16 U.S.C. 3838a(b)(3)(C)) is amended by striking ''subchapter C'' and inserting ''subchapter D''.

Subtitle E—Farmland Protection and Grassland Reserve

SEC. 2401. FARMLAND PROTECTION PROGRAM.

(a) DEFINITIONS.—Section 1238H of the Food Security Act of 1985 (16 U.S.C. 3838h) is amended—

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

''(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

''(A) any agency of any State or local government or an Indian tribe (including a farmland protection board or land resource council established under State law); or

''(B) any organization that—

''(i) is organized for, and at all times since the formation of the organization has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), (iii), or (iv) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

''(ii) is an organization described in section 501(c)(3) of that Code that is ex-

empt from taxation under section 501(a) of that Code; and

"(iii) is—

"(I) described in paragraph (1) or (2) of section 509(a) of that Code; or

"(II) described in section 509(a)(3), and is controlled by an organization described in section 509(a)(2), of that Code."; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "that—" and inserting "that is subject to a pending offer for purchase from an eligible entity and—"; and

(ii) by striking clauses (i) and (ii) and inserting the following new clauses:

"(i) has prime, unique, or other productive soil;

"(ii) contains historical or archaeological resources; or

"(iii) the protection of which will further a State or local policy consistent with the purposes of the program."; and

(B) in subparagraph (B)—

(i) in clause (iv), by striking ''and'' at the end; and

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

''(v) forest land that—

''(I) contributes to the economic viability of an agricultural operation; or

''(II) serves as a buffer to protect an agricultural operation from development; and

''(vi) land that is incidental to land described in clauses (i) through (v), if such land is necessary for the efficient administration of a conservation easement, as determined by the Secretary.''.

(b) FARMLAND PROTECTION.—Section 1238I of the Food Security Act of 1985 (16 U.S.C. 3838i) is amended to read as follows:

''SEC. 1238I. FARMLAND PROTECTION PROGRAM.

''(a) ESTABLISHMENT.—The Secretary shall establish and carry out a farmland protection program under which the Secretary shall facilitate and provide funding for the purchase of conservation easements or other interests in eligible land.

"(b) PURPOSE.—The purpose of the program is to protect the agricultural use and related conservation values of eligible land by limiting nonagricultural uses of that land.

"(c) COST-SHARE ASSISTANCE.—

"(1) PROVISION OF ASSISTANCE.—The Secretary shall provide cost-share assistance to eligible entities for purchasing a conservation easement or other interest in eligible land.

"(2) FEDERAL SHARE.—The share of the cost provided by the Secretary for purchasing a conservation easement or other interest in eligible land shall not exceed 50 percent of the appraised fair market value of the conservation easement or other interest in eligible land.

"(3) NON-FEDERAL SHARE.—

"(A) SHARE PROVIDED BY ELIGIBLE ENTITY.—The eligible entity shall provide a share of the cost of purchasing a conservation easement or other interest in eligible land in an amount that is not less than 25 percent of the acquisition purchase price.

"(B) LANDOWNER CONTRIBUTION.—As part of the non-Federal share of the cost of purchasing a conservation easement or other in-

terest in eligible land, an eligible entity may include a charitable donation or qualified conservation contribution (as defined by section 170(h) of the Internal Revenue Code of 1986) from the private landowner from which the conservation easement or other interest in land will be purchased.

''(d) DETERMINATION OF FAIR MARKET VALUE.—Effective on the date of enactment of the Food, Conservation, and Energy Act of 2008, the fair market value of the conservation easement or other interest in eligible land shall be determined on the basis of an appraisal using an industry approved method, selected by the eligible entity and approved by the Secretary.

''(e) BIDDING DOWN PROHIBITED.—If the Secretary determines that 2 or more applications for cost-share assistance are comparable in achieving the purpose of the program, the Secretary shall not assign a higher priority to any 1 of those applications solely on the basis of lesser cost to the program.

''(f) CONDITION ON ASSISTANCE.—

''(1) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased using cost-share assistance provided under the program shall be subject to

a conservation plan that requires, at the option of the Secretary, the conversion of the cropland to less intensive uses.

"(2) CONTINGENT RIGHT OF ENFORCEMENT.—The Secretary shall require the inclusion of a contingent right of enforcement for the Secretary in the terms of a conservation easement or other interest in eligible land that is purchased using cost-share assistance provided under the program.

"(g) AGREEMENTS WITH ELIGIBLE ENTITIES.—

"(1) IN GENERAL.—The Secretary shall enter into agreements with eligible entities to stipulate the terms and conditions under which the eligible entity is permitted to use cost-share assistance provided under subsection (c).

"(2) LENGTH OF AGREEMENTS.—An agreement under this subsection shall be for a term that is—

"(A) in the case of an eligible entity certified under the process described in subsection (h), a minimum of five years; and

"(B) for all other eligible entities, at least three, but not more than five years.

"(3) SUBSTITUTION OF QUALIFIED PROJECTS.—An agreement shall allow, upon mutual agreement of the parties, substitution of qualified

projects that are identified at the time of the proposed substitution.

"(4) MINIMUM REQUIREMENTS.—An eligible entity shall be authorized to use its own terms and conditions, as approved by the Secretary, for conservation easements and other purchases of interests in land, so long as such terms and conditions—

"(A) are consistent with the purposes of the program;

"(B) permit effective enforcement of the conservation purposes of such easements or other interests; and

"(C) include a limit on the impervious surfaces to be allowed that is consistent with the agricultural activities to be conducted.

"(5) EFFECT OF VIOLATION.—If a violation occurs of a term or condition of an agreement entered into under this subsection—

"(A) the agreement shall remain in force; and

"(B) the Secretary may require the eligible entity to refund all or part of any payments received by the entity under the program, with interest on the payments as determined appropriate by the Secretary.

"(h) CERTIFICATION OF ELIGIBLE ENTITIES.—

"(1) CERTIFICATION PROCESS.—The Secretary shall establish a process under which the Secretary may—

"(A) directly certify eligible entities that meet established criteria;

"(B) enter into long-term agreements with certified entities, as authorized by subsection (g)(2)(A); and

"(C) accept proposals for cost-share assistance to certified entities for the purchase of conservation easements or other interests in eligible land throughout the duration of such agreements.

"(2) CERTIFICATION CRITERIA.—In order to be certified, an eligible entity shall demonstrate to the Secretary that the entity will maintain, at a minimum, for the duration of the agreement—

"(A) a plan for administering easements that is consistent with the purpose of this subchapter;

"(B) the capacity and resources to monitor and enforce conservation easements or other interests in land; and

"(C) policies and procedures to ensure—

"(i) the long-term integrity of conservation easements or other interests in eligible land;

"(ii) timely completion of acquisitions of easements or other interests in eligible land; and

"(iii) timely and complete evaluation and reporting to the Secretary on the use of funds provided by the Secretary under the program.

"(3) REVIEW AND REVISION.—

"(A) REVIEW.—The Secretary shall conduct a review of eligible entities certified under paragraph (1) every three years to ensure that such entities are meeting the criteria established under paragraph (2).

"(B) REVOCATION.—If the Secretary finds that the certified entity no longer meets the criteria established under paragraph (2), the Secretary may—

"(i) allow the certified entity a specified period of time, at a minimum 180 days, in which to take such actions as may be necessary to meet the criteria; and

"(ii) revoke the certification of the entity, if after the specified period of time, the certified entity does not meet the criteria established in paragraph (2).".

SEC. 2402. FARM VIABILITY PROGRAM.

Section 1238J(b) of the Food Security Act of 1985 (16 U.S.C. 3838j(b)) is amended by striking "2007" and inserting "2012".

SEC. 2403. GRASSLAND RESERVE PROGRAM.

Subchapter D of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.), as redesignated by section 2301(a)(1), is amended to read as follows:

"Subchapter D—Grassland Reserve Program

"SEC. 1238N. GRASSLAND RESERVE PROGRAM.

"(a) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish a grassland reserve program (referred to in this subchapter as the 'program') for the purpose of assisting owners and operators in protecting grazing uses and related conservation values by restoring and conserving eligible land through rental contracts, easements, and restoration agreements.

"(b) ENROLLMENT OF ACREAGE.—

"(1) ACREAGE ENROLLED.—The Secretary shall enroll an additional 1,220,000 acres of eligible

land in the program during fiscal years 2009 through 2012.

"(2) METHODS OF ENROLLMENT.—The Secretary shall enroll eligible land in the program through the use of;

"(A) a 10-year, 15-year, or 20-year rental contract;

"(B) a permanent easement; or

"(C) in a State that imposes a maximum duration for easements, an easement for the maximum duration allowed under the law of that State.

"(3) LIMITATION.—Of the total amount of funds expended under the program to acquire rental contracts and easements described in paragraph (2), the Secretary shall use, to the extent practicable—

"(A) 40 percent for rental contacts; and

"(B) 60 percent for easements.

"(4) ENROLLMENT OF CONSERVATION RESERVE LAND.—

"(A) PRIORITY.—Upon expiration of a contract under subchapter B of chapter 1 of this subtitle, the Secretary shall give priority for enrollment in the program to land pre-

viously enrolled in the conservation reserve program if—

"(i) the land is eligible land, as defined in subsection (c); and

"(ii) the Secretary determines that the land is of high ecological value and under significant threat of conversion to uses other than grazing.

"(B) MAXIMUM ENROLLMENT.—The number of acres of land enrolled under the priority described in subparagraph (A) in a calendar year shall not exceed 10 percent of the total number of acres enrolled in the program in that calendar year.

"(c) ELIGIBLE LAND DEFINED.—For purposes of the program, the term 'eligible land' means private or tribal land that—

"(1) is grassland, land that contains forbs, or shrubland (including improved rangeland and pastureland) for which grazing is the predominant use;

"(2) is located in an area that has been historically dominated by grassland, forbs, or shrubland, and the land—

"(A) could provide habitat for animal or plant populations of significant ecological value if the land—

"(i) is retained in its current use; or

"(ii) is restored to a natural condition;

"(B) contains historical or archaeological resources; or

"(C) would address issues raised by State, regional, and national conservation priorities; or

"(3) is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of a rental contract or easement under the program.

"SEC. 1238O. DUTIES OF OWNERS AND OPERATORS.

"(a) RENTAL CONTRACTS.—To be eligible to enroll eligible land in the program under a rental contract, the owner or operator of the land shall agree—

"(1) to comply with the terms of the contract and, when applicable, a restoration agreement;

"(2) to suspend any existing cropland base and allotment history for the land under another program administered by the Secretary; and

"(3) to implement a grazing management plan, as approved by the Secretary, which may be modified upon mutual agreement of the parties.

"(b) EASEMENTS.—To be eligible to enroll eligible land in the program through an easement, the owner of the land shall agree—

"(1) to grant an easement to the Secretary or to an eligible entity described in section 1238Q;

"(2) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

"(3) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

"(4) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement;

"(5) to comply with the terms of the easement and, when applicable, a restoration agreement;

"(6) to implement a grazing management plan, as approved by the Secretary, which may be modified upon mutual agreement of the parties; and

"(7) to eliminate any existing cropland base and allotment history for the land under another program administered by the Secretary.

"(c) RESTORATION AGREEMENTS.—

"(1) WHEN APPLICABLE.—To be eligible for cost-share assistance to restore eligible land subject to a rental contract or an easement under the program, the owner or operator of the land shall agree to comply with the terms of a restoration agreement.

"(2) TERMS AND CONDITIONS.—The Secretary shall prescribe the terms and conditions of a restoration agreement by which eligible land that is subject to a rental contract or easement under the program shall be restored.

"(3) DUTIES.—The restoration agreement shall describe the respective duties of the owner or operator and the Secretary, including the Federal share of restoration payments and technical assistance.

"(d) TERMS AND CONDITIONS APPLICABLE TO RENTAL CONTRACTS AND EASEMENTS.—

"(1) PERMISSIBLE ACTIVITIES.—The terms and conditions of a rental contract or easement under the program shall permit—

"(A) common grazing practices, including maintenance and necessary cultural practices, on the land in a manner that is consistent with maintaining the viability of grassland, forb, and shrub species appropriate to that locality;

"(B) haying, mowing, or harvesting for seed production, subject to appropriate restrictions during the nesting season for birds in the local area that are in significant decline or are conserved in accordance with Federal or State law, as determined by the State Conservationist;

"(C) fire presuppression, rehabilitation, and construction of fire breaks; and

"(D) grazing related activities, such as fencing and livestock watering.

"(2) PROHIBITIONS.—The terms and conditions of a rental contract or easement under the program shall prohibit—

"(A) the production of crops (other than hay), fruit trees, vineyards, or any other agricultural commodity that is inconsistent with maintaining grazing land; and

"(B) except as permitted under a restoration plan, the conduct of any other activity that would be inconsistent with maintaining grazing land enrolled in the program.

"(3) ADDITIONAL TERMS AND CONDITIONS.—A rental contract or easement under the program shall include such additional provisions as the Secretary

determines are appropriate to carry out or facilitate the purposes and administration of the program.

''(e) VIOLATIONS.—On a violation of the terms or conditions of a rental contract, easement, or restoration agreement entered into under this section—

''(1) the contract or easement shall remain in force; and

''(2) the Secretary may require the owner or operator to refund all or part of any payments received under the program, with interest on the payments as determined appropriate by the Secretary.

''SEC. 1238P. DUTIES OF SECRETARY.

''(a) EVALUATION AND RANKING OF APPLICATIONS.—

''(1) CRITERIA.—The Secretary shall establish criteria to evaluate and rank applications for rental contracts and easements under the program .

''(2) CONSIDERATIONS.—In establishing the criteria, the Secretary shall emphasize support for—

''(A) grazing operations;

''(B) plant and animal biodiversity; and

''(C) grassland, land that contains forbs, and shrubland under the greatest threat of conversion to uses other than grazing.

''(b) PAYMENTS.—

"(1) IN GENERAL.—In return for the execution of a rental contract or the granting of an easement by an owner or operator under the program, the Secretary shall—

"(A) make rental contract or easement payments to the owner or operator in accordance with paragraphs (2) and (3); and

"(B) make payments to the owner or operator under a restoration agreement for the Federal share of the cost of restoration in accordance with paragraph (4).

"(2) RENTAL CONTRACT PAYMENTS.—

"(A) PERCENTAGE OF GRAZING VALUE OF LAND.—In return for the execution of a rental contract by an owner or operator under the program, the Secretary shall make annual payments during the term of the contract in an amount, subject to subparagraph (B), that is not more than 75 percent of the grazing value of the land covered by the contract.

"(B) PAYMENT LIMITATION.—Payments made under 1 or more rental contracts to a person or legal entity, directly or indirectly, may not exceed, in the aggregate, $50,000 per year.

"(3) EASEMENT PAYMENTS.—

"(A) IN GENERAL.—Subject to subparagraph (B), in return for the granting of an easement by an owner under the program, the Secretary shall make easement payments in an amount not to exceed the fair market value of the land less the grazing value of the land encumbered by the easement.

"(B) METHOD FOR DETERMINATION OF COMPENSATION.—In making a determination under subparagraph (A), the Secretary shall pay as compensation for a easement acquired under the program the lowest of—

"(i) the fair market value of the land encumbered by the easement, as determined by the Secretary, using—

"(I) the Uniform Standards of Professional Appraisal Practices; or

"(II) an area-wide market analysis or survey;

"(ii) the amount corresponding to a geographical cap, as determined by the Secretary in regulations; or

"(iii) the offer made by the landowner.

"(C) SCHEDULE.—Easement payments may be provided in up to 10 annual payments of equal or unequal amount, as agreed to by the Secretary and the owner.

"(4) RESTORATION AGREEMENT PAYMENTS.—

"(A) FEDERAL SHARE OF RESTORATION.—The Secretary shall make payments to an owner or operator under a restoration agreement of not more than 50 percent of the costs of carrying out measures and practices necessary to restore functions and values of that land.

"(B) PAYMENT LIMITATION.—Payments made under 1 or more restoration agreements to a person or legal entity, directly or indirectly, may not exceed, in the aggregate, $50,000 per year.

"(5) PAYMENTS TO OTHERS.—If an owner or operator who is entitled to a payment under the program dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision of

law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.

"SEC. 1238Q. DELEGATION OF DUTY.

"(a) AUTHORITY TO DELEGATE.—The Secretary may delegate a duty under the program—

"(1) by transferring title of ownership to an easement to an eligible entity to hold and enforce; or

"(2) by entering into a cooperative agreement with an eligible entity for the eligible entity to own, write, and enforce an easement.

"(b) ELIGIBLE ENTITY DEFINED.—In this section, the term 'eligible entity' means—

"(1) an agency of State or local government or an Indian tribe; or

"(2) an organization that—

"(A) is organized for, and at all times since the formation of the organization has been operated principally for, one or more of the conservation purposes specified in clause (i), (ii), (iii), or (iv) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

"(B) is an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code; and

"(C) is described in—

"(i) paragraph (1) or (2) of section 509(a) of that Code; or

"(ii) in section 509(a)(3) of that Code, and is controlled by an organization described in section 509(a)(2) of that Code.

"(c) TRANSFER OF TITLE OF OWNERSHIP.—

"(1) TRANSFER.—The Secretary may transfer title of ownership to an easement to an eligible entity to hold and enforce, in lieu of the Secretary, subject to the right of the Secretary to conduct periodic inspections and enforce the easement, if—

"(A) the Secretary determines that the transfer will promote protection of grassland, land that contains forbs, or shrubland;

"(B) the owner authorizes the eligible entity to hold or enforce the easement; and

"(C) the eligible entity agrees to assume the costs incurred in administering and enforcing the easement, including the costs of restoration or rehabilitation of the land as specified by the owner and the eligible entity.

"(2) APPLICATION.—An eligible entity that seeks to hold and enforce an easement shall apply to the Secretary for approval.

"(3) APPROVAL BY SECRETARY.—The Secretary may approve an application described in paragraph (2) if the eligible entity—

"(A) has the relevant experience necessary, as appropriate for the application, to administer an easement on grassland, land that contains forbs, or shrubland;

"(B) has a charter that describes a commitment to conserving ranchland, agricultural land, or grassland for grazing and conservation purposes; and

"(C) has the resources necessary to effectuate the purposes of the charter.

"(d) COOPERATIVE AGREEMENTS.—

"(1) AUTHORIZED; TERMS AND CONDITIONS.—The Secretary shall establish the terms and conditions of a cooperative agreement under which an eligible entity shall use funds provided by the Secretary to own, write, and enforce an easement, in lieu of the Secretary.

"(2) MINIMUM REQUIREMENTS.—At a minimum, the cooperative agreement shall—

"(A) specify the qualification of the eligible entity to carry out the entity's responsibilities under the program, including acquisition, moni-

toring, enforcement, and implementation of management policies and procedures that ensure the long-term integrity of the easement protections;

"(B) require the eligible entity to assume the costs incurred in administering and enforcing the easement, including the costs of restoration or rehabilitation of the land as specified by the owner and the eligible entity;

"(C) specify the right of the Secretary to conduct periodic inspections to verify the eligible entity's enforcement of the easement;

"(D) subject to subparagraph (E), identify a specific project or a range of projects to be funded under the agreement;

"(E) allow, upon mutual agreement of the parties, substitution of qualified projects that are identified at the time of substitution;

"(F) specify the manner in which the eligible entity will evaluate and report the use of funds to the Secretary;

"(G) allow the eligible entity flexibility to develop and use terms and conditions for easements, if the Secretary finds the terms and conditions consistent with the purposes of the pro-

gram and adequate to enable effective enforcement of the easements;

"(H) if applicable, allow an eligible entity to include a charitable donation or qualified conservation contribution (as defined by section 170(h) of the Internal Revenue Code of 1986) from the landowner from which the easement will be purchased as part of the entity's share of the cost to purchase an easement; and

"(I) provide for a schedule of payments to an eligible entity, as agreed to by the Secretary and the eligible entity.

"(3) COST SHARING.—

"(A) IN GENERAL.—As part of a cooperative agreement with an eligible entity under this subsection, the Secretary may provide a share of the purchase price of an easement under the program.

"(B) MINIMUM SHARE BY ELIGIBLE ENTITY.—The eligible entity shall be required to provide a share of the purchase price at least equivalent to that provided by the Secretary.

"(C) PRIORITY.—The Secretary may accord a higher priority to proposals from eligible

entities that leverage a greater share of the purchase price of the easement.

''(4) VIOLATION.—If an eligible entity violates the terms or conditions of a cooperative agreement entered into under this subsection—

''(A) the cooperative agreement shall remain in force; and

''(B) the Secretary may require the eligible entity to refund all or part of any payments received by the eligible entity under the program, with interest on the payments as determined appropriate by the Secretary.

''(e) PROTECTION OF FEDERAL INVESTMENT.—When delegating a duty under this section, the Secretary shall ensure that the terms of an easement include a contingent right of enforcement for the Department.''.

Subtitle F—Environmental Quality Incentives Program

SEC. 2501. PURPOSES OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

(a) REVISED PURPOSES.—Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended—

(1) in the matter preceding paragraph (1), by inserting '', forest management,'' after ''agricultural production''; and

(2) by striking paragraphs (3) and (4) and inserting the following new paragraphs:

''(3) providing flexible assistance to producers to install and maintain conservation practices that sustain food and fiber production while—

''(A) enhancing soil, water, and related natural resources, including grazing land, forestland, wetland, and wildlife; and

''(B) conserving energy;

''(4) assisting producers to make beneficial, cost effective changes to production systems (including conservation practices related to organic production), grazing management, fuels management, forest management, nutrient management associated with livestock, pest or irrigation management, or other practices on agricultural and forested land; and''.

(b) TECHNICAL CORRECTION.—The Food Security Act of 1985 is amended by inserting immediately before section 1240 (16 U.S.C. 3839aa) the following:

''CHAPTER 4—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM''.

SEC. 2502. DEFINITIONS.

Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended to read as follows:

"SEC. 1240A. DEFINITIONS.

"In this chapter:

"(1) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' means land on which agricultural commodities, livestock, or forest-related products are produced.

"(B) INCLUSIONS.—The term 'eligible land' includes the following:

"(i) Cropland.

"(ii) Grassland.

"(iii) Rangeland.

"(iv) Pasture land.

"(v) Nonindustrial private forest land.

"(vi) Other agricultural land (including cropped woodland, marshes, and agricultural land used for the production of livestock) on which resource concerns related to agricultural production could be addressed through a contract under the program, as determined by the Secretary.

"(2) NATIONAL ORGANIC PROGRAM.—The term 'national organic program' means the national organic program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et. seq.).

"(3) ORGANIC SYSTEM PLAN.—The term 'organic system plan' means an organic plan approved under the national organic program.

"(4) PAYMENT.—The term 'payment' means financial assistance provided to a producer for performing practices under this chapter, including compensation for—

"(A) incurred costs associated with planning, design, materials, equipment, installation, labor, management, maintenance, or training; and

"(B) income forgone by the producer.

"(5) PRACTICE.—The term 'practice' means 1 or more improvements and conservation activities that are consistent with the purposes of the program under this chapter, as determined by the Secretary, including—

"(A) improvements to eligible land of the producer, including—

"(i) structural practices;

"(ii) land management practices;

"(iii) vegetative practices;

"(iv) forest management; and

"(v) other practices that the Secretary determines would further the purposes of the program; and

"(B) conservation activities involving the development of plans appropriate for the eligible land of the producer, including—

"(i) comprehensive nutrient management planning; and

"(ii) other plans that the Secretary determines would further the purposes of the program under this chapter.

"(6) PROGRAM.—The term 'program' means the environmental quality incentives program established by this chapter.".

SEC. 2503. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Section 1240B of the Food Security Act of 1985 (16 U.S.C. 3839aa–2) is amended to read as follows:

"SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION.

"(a) ESTABLISHMENT.—During each of the 2002 through 2012 fiscal years, the Secretary shall provide payments to producers that enter into contracts with the Secretary under the program.

"(b) PRACTICES AND TERM.—

"(1) PRACTICES.—A contract under the program may apply to the performance of one or more practices.

"(2) TERM.—A contract under the program shall have a term that—

"(A) at a minimum, is equal to the period beginning on the date on which the contract is entered into and ending on the date that is one year after the date on which all practices under the contract have been implemented; but

"(B) not to exceed 10 years.

"(c) BIDDING DOWN.—If the Secretary determines that the environmental values of two or more applications for payments are comparable, the Secretary shall not assign a higher priority to the application only because it would present the least cost to the program.

"(d) PAYMENTS.—

"(1) AVAILABILITY OF PAYMENTS.—Payments are provided to a producer to implement one or more practices under the program.

"(2) LIMITATION ON PAYMENT AMOUNTS.—A payment to a producer for performing a practice may not exceed, as determined by the Secretary—

"(A) 75 percent of the costs associated with planning, design, materials, equipment, in-

stallation, labor, management, maintenance, or training;

"(B) 100 percent of income foregone by the producer; or

"(C) in the case of a practice consisting of elements covered under subparagraphs (A) and (B)—

"(i) 75 percent of the costs incurred for those elements covered under subparagraph (A); and

"(ii) 100 percent of income foregone for those elements covered under subparagraph (B).

"(3) SPECIAL RULE INVOLVING PAYMENTS FOR FOREGONE INCOME.—In determining the amount and rate of payments under paragraph (2)(B), the Secretary may accord great significance to a practice that, as determined by the Secretary, promotes—

"(A) residue management;

"(B) nutrient management;

"(C) air quality management;

"(D) invasive species management;

"(E) pollinator habitat;

"(F) animal carcass management technology; or

"(G) pest management.

"(4) INCREASED PAYMENTS FOR CERTAIN PRODUCERS.—

"(A) IN GENERAL.—Notwithstanding paragraph (2), in the case of a producer that is a limited resource, socially disadvantaged farmer or rancher or a beginning farmer or rancher, the Secretary shall increase the amount that would otherwise be provided to a producer under this subsection—

"(i) to not more than 90 percent of the costs associated with planning, design, materials, equipment, installation, labor, management, maintenance, or training; and

"(ii) to not less than 25 percent above the otherwise applicable rate.

"(B) ADVANCE PAYMENTS.—Not more than 30 percent of the amount determined under subparagraph (A) may be provided in advance for the purpose of purchasing materials or contracting.

"(5) FINANCIAL ASSISTANCE FROM OTHER SOURCES.—Except as provided in paragraph (6), any payments received by a producer from a State

or private organization or person for the implementation of one or more practices on eligible land of the producer shall be in addition to the payments provided to the producer under this subsection.

"(6) OTHER PAYMENTS.—A producer shall not be eligible for payments for practices on eligible land under the program if the producer receives payments or other benefits for the same practice on the same land under another program under this subtitle.

"(e) MODIFICATION OR TERMINATION OF CONTRACTS.—

"(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under the program if—

"(A) the producer agrees to the modification or termination; and

"(B) the Secretary determines that the modification or termination is in the public interest.

"(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under the program if the Secretary determines that the producer violated the contract.

"(f) ALLOCATION OF FUNDING.—For each of fiscal years 2002 through 2012, 60 percent of the funds made available for payments under the program shall be targeted at practices relating to livestock production.

"(g) FUNDING FOR FEDERALLY RECOGNIZED NATIVE AMERICAN INDIAN TRIBES AND ALASKA NATIVE CORPORATIONS.—The Secretary may enter into alternative funding arrangements with federally recognized Native American Indian Tribes and Alaska Native Corporations (including their affiliated membership organizations) if the Secretary determines that the goals and objectives of the program will be met by such arrangements, and that statutory limitations regarding contracts with individual producers will not be exceeded by any Tribal or Native Corporation member.

"(h) WATER CONSERVATION OR IRRIGATION EFFICIENCY PRACTICE.—

"(1) AVAILABILITY OF PAYMENTS.—The Secretary may provide payments under this subsection to a producer for a water conservation or irrigation practice.

"(2) PRIORITY.—In providing payments to a producer for a water conservation or irrigation practice, the Secretary shall give priority to applications in which—

"(A) consistent with the law of the State in which the eligible land of the producer is located, there is a reduction in water use in the operation of the producer; or

"(B) the producer agrees not to use any associated water savings to bring new land, other than incidental land needed for efficient operations, under irrigated production, unless the producer is participating in a watershed-wide project that will effectively conserve water, as determined by the Secretary.

"(i) PAYMENTS FOR CONSERVATION PRACTICES RELATED TO ORGANIC PRODUCTION.—

"(1) PAYMENTS AUTHORIZED.—The Secretary shall provide payments under this subsection for conservation practices, on some or all of the operations of a producer, related—

"(A) to organic production; and

"(B) to the transition to organic production.

"(2) ELIGIBILITY REQUIREMENTS.—As a condition for receiving payments under this subsection, a producer shall agree—

"(A) to develop and carry out an organic system plan; or

"(B) to develop and implement conservation practices for certified organic production that are consistent with an organic system plan and the purposes of this chapter.

"(3) PAYMENT LIMITATIONS.—Payments under this subsection to a person or legal entity, directly or indirectly, may not exceed, in the aggregate, $20,000 per year or $80,000 during any 6-year period. In applying these limitations, the Secretary shall not take into account payments received for technical assistance.

"(4) EXCLUSION OF CERTAIN ORGANIC CERTIFICATION COSTS.—Payments may not be made under this subsection to cover the costs associated with organic certification that are eligible for cost-share payments under section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523).

"(5) TERMINATION OF CONTRACTS.—The Secretary may cancel or otherwise nullify a contract to provide payments under this subsection if the Secretary determines that the producer—

"(A) is not pursuing organic certification; or

"(B) is not in compliance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq).".

SEC. 2504. EVALUATION OF APPLICATIONS.

Section 1240C of the Food Security Act of 1985 (16 U.S.C. 3839aa–3) is amended to read as follows:

"SEC. 1240C. EVALUATION OF APPLICATIONS.

"(a) EVALUATION CRITERIA.—The Secretary shall develop criteria for evaluating applications that will ensure that national, State, and local conservation priorities are effectively addressed.

"(b) PRIORITIZATION OF APPLICATIONS.—In evaluating applications under this chapter, the Secretary shall prioritize applications—

"(1) based on their overall level of cost-effectiveness to ensure that the conservation practices and approaches proposed are the most efficient means of achieving the anticipated environmental benefits of the project;

"(2) based on how effectively and comprehensively the project addresses the designated resource concern or resource concerns;

"(3) that best fulfill the purpose of the environmental quality incentives program specified in section 1240(1); and

"(4) that improve conservation practices or systems in place on the operation at the time the contract offer is accepted or that will complete a conservation system.

"(c) GROUPING OF APPLICATIONS.—To the greatest extent practicable, the Secretary shall group applications of similar crop or livestock operations for evaluation purposes or otherwise evaluate applications relative to other applications for similar farming operations.".

SEC. 2505. DUTIES OF PRODUCERS UNDER ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Section 1240D of the Food Security Act of 1985 (16 U.S.C. 3839aa–4) is amended—

(1) in the matter preceding paragraph (1), by striking "technical assistance, cost-share payments, or incentive";

(2) in paragraph (2), by striking "farm or ranch" and inserting "farm, ranch, or forest land"; and

(3) in paragraph (4), by striking "cost-share payments and incentive".

SEC. 2506. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

(a) PLAN OF OPERATIONS.—Section 1240E(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–5(a)) is amended—

(1) in the subsection heading, by striking ''IN GENERAL'' and inserting ''PLAN OF OPERATIONS'';

(2) in matter preceding paragraph (1), by striking ''cost-share payments or incentive'';

(3) in paragraph (2), by striking ''and'' after the semicolon at the end;

(4) in paragraph (3), by striking the period at the end and inserting ''; and''; and

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

''(4) in the case of forest land, is consistent with the provisions of a forest management plan that is approved by the Secretary, which may include—

''(A) a forest stewardship plan described in section 5 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a);

''(B) another practice plan approved by the State forester; or

''(C) another plan determined appropriate by the Secretary.''.

(b) AVOIDANCE OF DUPLICATION.—Subsection (b) of section 1240E of the Food Security Act of 1985 (16 U.S.C. 3839aa–5) is amended to read as follows:

"(b) AVOIDANCE OF DUPLICATION.—The Secretary shall—

"(1) consider a plan developed in order to acquire a permit under a water or air quality regulatory program as the equivalent of a plan of operations under subsection (a), if the plan contains elements equivalent to those elements required by a plan of operations; and

"(2) to the maximum extent practicable, eliminate duplication of planning activities under the program under this chapter and comparable conservation programs.".

SEC. 2507. DUTIES OF THE SECRETARY.

Section 1240F(1) of the Food Security Act of 1985 (16 U.S.C. 3839aa–6(1)) is amended by striking "cost-share payments or incentive".

SEC. 2508. LIMITATION ON ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PAYMENTS.

Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

(1) by striking ''An individual or entity'' and inserting ''(a) **LIMITATION**.—Subject to subsection (b), a person or legal entity'';

(2) by striking ''$450,000'' and inserting ''$300,000'';

(3) by striking ''the individual'' both places it appears and inserting ''the person''; and

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

''(b) WAIVER AUTHORITY.—In the case of contracts under this chapter for projects of special environmental significance (including projects involving methane digesters), as determined by the Secretary, the Secretary may—

''(1) waive the limitation otherwise applicable under subsection (a); and

''(2) raise the limitation to not more than $450,000 during any six-year period.''.

SEC. 2509. CONSERVATION INNOVATION GRANTS AND PAYMENTS.

Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended to read as follows:

''SEC. 1240H. CONSERVATION INNOVATION GRANTS AND PAYMENTS.

''(a) COMPETITIVE GRANTS FOR INNOVATIVE CONSERVATION APPROACHES.—

"(1) GRANTS.—Out of the funds made available to carry out this chapter, the Secretary may pay the cost of competitive grants that are intended to stimulate innovative approaches to leveraging the Federal investment in environmental enhancement and protection, in conjunction with agricultural production or forest resource management, through the program.

"(2) USE.—The Secretary may provide grants under this subsection to governmental and non-governmental organizations and persons, on a competitive basis, to carry out projects that—

"(A) involve producers who are eligible for payments or technical assistance under the program;

"(B) leverage Federal funds made available to carry out the program under this chapter with matching funds provided by State and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production;

"(C) ensure efficient and effective transfer of innovative technologies and approaches demonstrated through projects that receive funding

under this section, such as market systems for pollution reduction and practices for the storage of carbon in soil; and

"(D) provide environmental and resource conservation benefits through increased participation by producers of specialty crops.

"(b) AIR QUALITY CONCERNS FROM AGRICULTURAL OPERATIONS.—

"(1) IMPLEMENTATION ASSISTANCE.—The Secretary shall provide payments under this subsection to producers to implement practices to address air quality concerns from agricultural operations and to meet Federal, State, and local regulatory requirements. The funds shall be made available on the basis of air quality concerns in a State and shall be used to provide payments to producers that are cost effective and reflect innovative technologies.

"(2) FUNDING.—Of the funds made available to carry out this chapter, the Secretary shall carry out this subsection using $37,500,000 for each of fiscal years 2009 through 2012.".

SEC. 2510. AGRICULTURAL WATER ENHANCEMENT PROGRAM.

Section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9) is amended to read as follows:

"SEC. 1240I. AGRICULTURAL WATER ENHANCEMENT PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) AGRICULTURAL WATER ENHANCEMENT ACTIVITY.—The term 'agricultural water enhancement activity' includes the following activities carried out with respect to agricultural land:

"(A) Water quality or water conservation plan development, including resource condition assessment and modeling.

"(B) Water conservation restoration or enhancement projects, including conversion to the production of less water-intensive agricultural commodities or dryland farming.

"(C) Water quality or quantity restoration or enhancement projects.

"(D) Irrigation system improvement and irrigation efficiency enhancement.

"(E) Activities designed to mitigate the effects of drought.

"(F) Related activities that the Secretary determines will help achieve water quality or water conservation benefits on agricultural land.

"(2) PARTNER.—The term 'partner' means an entity that enters into a partnership agreement with

the Secretary to carry out agricultural water enhancement activities on a regional basis, including—

"(A) an agricultural or silvicultural producer association or other group of such producers;

"(B) a State or unit of local government; or

"(C) a federally recognized Indian tribe.

"(3) PARTNERSHIP AGREEMENT.—The term 'partnership agreement' means an agreement between the Secretary and a partner.

"(4) PROGRAM.—The term 'program' means the agricultural water enhancement program established under subsection (b).

"(b) ESTABLISHMENT OF PROGRAM.—Beginning in fiscal year 2009, the Secretary shall carry out, in accordance with this section and using such procedures as the Secretary determines to be appropriate, an agricultural water enhancement program as part of the environmental quality incentives program to promote ground and surface water conservation and improve water quality on agricultural lands—

"(1) by entering into contracts with, and making payments to, producers to carry out agricultural water enhancement activities; or

"(2) by entering into partnership agreements with partners, in accordance with subsection (c), on a regional level to benefit working agricultural land.

"(c) PARTNERSHIP AGREEMENTS.—

"(1) AGREEMENTS AUTHORIZED.—The Secretary may enter into partnership agreements to meet the objectives of the program described in subsection (b).

"(2) APPLICATIONS.—An application to the Secretary to enter into a partnership agreement under paragraph (1) shall include the following:

"(A) A description of the geographical area to be covered by the partnership agreement.

"(B) A description of the agricultural water quality or water conservation issues to be addressed by the partnership agreement.

"(C) A description of the agricultural water enhancement objectives to be achieved through the partnership.

"(D) A description of the partners collaborating to achieve the project objectives and the roles, responsibilities, and capabilities of each partner.

"(E) A description of the program resources, including payments the Secretary is requested to make.

"(F) Such other such elements as the Secretary considers necessary to adequately evaluate and competitively select applications for partnership agreements.

"(3) DUTIES OF PARTNERS.—A partner under a partnership agreement shall—

"(A) identify producers participating in the project and act on their behalf in applying for the program;

"(B) leverage funds provided by the Secretary with additional funds to help achieve project objectives;

"(C) conduct monitoring and evaluation of project effects; and

"(D) at the conclusion of the project, report to the Secretary on project results.

"(d) AGRICULTURAL WATER ENHANCEMENT ACTIVITIES BY PRODUCERS.—The Secretary shall select agricultural water enhancement activities proposed by producers according to applicable requirements under the environmental quality incentives program.

"(e) AGRICULTURAL WATER ENHANCEMENT ACTIVITIES BY PARTNERS.—

"(1) COMPETITIVE PROCESS.—The Secretary shall conduct a competitive process to select partners. In carrying out the process, the Secretary shall make public the criteria used in evaluating applications.

"(2) AUTHORITY TO GIVE PRIORITY TO CERTAIN PROPOSALS.—The Secretary may give a higher priority to proposals from partners that—

"(A) include high percentages of agricultural land and producers in a region or other appropriate area;

"(B) result in high levels of applied agricultural water quality and water conservation activities;

"(C) significantly enhance agricultural activity;

"(D) allow for monitoring and evaluation; and

"(E) assist producers in meeting a regulatory requirement that reduces the economic scope of the producer's operation.

"(3) PRIORITY TO PROPOSALS FROM STATES WITH WATER QUANTITY CONCERNS.—The Secretary

shall give a higher priority to proposals from partners that—

"(A) include the conversion of agricultural land from irrigated farming to dryland farming;

"(B) leverage Federal funds provided under the program with funds provided by partners; and

"(C) assist producers in States with water quantity concerns, as determined by the Secretary.

"(4) ADMINISTRATION.—In carrying out this subsection, the Secretary shall—

"(A) accept qualified applications—

"(i) directly from partners applying on behalf of producers; or

"(ii) from producers applying through a partner as part of a regional agricultural water enhancement project; and

"(B) ensure that resources made available for regional agricultural water enhancement activities are delivered in accordance with applicable program rules.

"(f) AREAS EXPERIENCING EXCEPTIONAL DROUGHT.—Notwithstanding the purposes described in section 1240, the Secretary shall consider as an eligible

agricultural water enhancement activity the use of a water impoundment to capture surface water runoff on agricultural land if the agricultural water enhancement activity—

"(1) is located in an area that is experiencing or has experienced exceptional drought conditions during the previous two calendar years; and

"(2) will capture surface water runoff through the construction, improvement, or maintenance of irrigation ponds or small, on-farm reservoirs.

"(g) WAIVER AUTHORITY.—To assist in the implementation of agricultural water enhancement activities under the program, the Secretary shall waive the applicability of the limitation in section 1001D(b)(2)(B) of this Act for participating producers if the Secretary determines that the waiver is necessary to fulfill the objectives of the program.

"(h) PAYMENTS UNDER PROGRAM.—

"(1) IN GENERAL.—The Secretary shall provide appropriate payments to producers participating in agricultural water enhancement activities in an amount determined by the secretary to be necessary to achieve the purposes of the program described in subsection (b).

"(2) PAYMENTS TO PRODUCERS IN STATES WITH WATER QUANTITY CONCERNS.—The Secretary

shall provide payments for a period of five years to producers participating in agricultural water enhancement activities under proposals described in subsection (e)(3) in an amount sufficient to encourage producers to convert from irrigated farming to dryland farming.

"(i) CONSISTENCY WITH STATE LAW.—Any agricultural water enhancement activity conducted under the program shall be conducted in a manner consistent with State water law.

"(j) FUNDING.—

"(1) AVAILABILITY OF FUNDS.—In addition to funds made available to carry out this chapter under section 1241(a), the Secretary shall carry out the program using, of the funds of the Commodity Credit Corporation—

"(A) $73,000,000 for each of fiscal years 2009 and 2010;

"(B) $74,000,000 for fiscal year 2011; and

"(C) $60,000,000 for fiscal year 2012 and each fiscal year thereafter.

"(2) LIMITATION ON ADMINISTRATIVE EXPENSES.—None of the funds made available for regional agricultural water conservation activities

under the program may be used to pay for the administrative expenses of partners.''.

Subtitle G—Other Conservation Programs of the Food Security Act of 1985

SEC. 2601. CONSERVATION OF PRIVATE GRAZING LAND.

Section 1240M(e) of the Food Security Act of 1985 (16 U.S.C. 3839bb(e)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 2602. WILDLIFE HABITAT INCENTIVE PROGRAM.

(a) ELIGIBILITY.—Section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) is amended—

(1) in subsection (a), by inserting before the period at the end the following: ''for the development of wildlife habitat on private agricultural land, nonindustrial private forest land, and tribal lands''.

(2) in subsection (b)(1), by striking ''landowners'' and inserting ''owners of lands referred to in subsection (a)''.

(b) INCLUSION OF PIVOT CORNERS AND IRREGULAR AREAS.—Section 1240N(b)(1)(E) of the Food Security Act of 1985 (16 U.S.C. 3839bb–1(b)(1)(E)) is amended by inserting before the period at the end the following: '', including habitat developed on pivot corners and irregular areas''.

(c) COST SHARE FOR LONG-TERM AGREEMENTS.—Section 1240N(b)(2)(B) of the Food Security Act of 1985 (16 U.S.C. 3839bb–1(b)(2)(B)) is amended by striking ''15 percent'' and inserting ''25 percent''.

(d) PRIORITY FOR CERTAIN CONSERVATION INITIATIVES; PAYMENT LIMITATION.—Section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) is amended by adding at the end the following new subsections:

''(d) PRIORITY FOR CERTAIN CONSERVATION INITIATIVES.—In carrying out this section, the Secretary may give priority to projects that would address issues raised by State, regional, and national conservation initiatives.

''(e) PAYMENT LIMITATION.—Payments made to a person or legal entity, directly or indirectly, under the program may not exceed, in the aggregate, $50,000 per year.''.

SEC. 2603. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

Section 1240O(b) of the Food Security Act of 1985 (16 U.S.C. 3839bb–2(b)) is amended by striking ''$5,000,000 for each of fiscal years 2002 through 2007'' and inserting ''$20,000,000 for each of fiscal years 2008 through 2012''.

SEC. 2604. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.

Section 1240P of the Food Security Act of 1985 (16 U.S.C. 3839bb–3) is amended to read as follows:

"SEC. 1240P. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.

"(a) PROGRAM AUTHORIZED.—The Secretary may carry out the Great Lakes basin program for soil erosion and sediment control (referred to in this section as the 'program'), including providing assistance to implement the recommendations of the Great Lakes Regional Collaboration Strategy to Restore and Protect the Great Lakes.

"(b) CONSULTATION AND COOPERATION.—The Secretary shall carry out the program in consultation with the Great Lakes Commission created by Article IV of the Great Lakes Basin Compact (82 Stat. 415) and in cooperation with the Administrator of the Environmental Protection Agency and the Secretary of the Army.

"(c) ASSISTANCE.—In carrying out the program, the Secretary may—

"(1) provide project demonstration grants, provide technical assistance, and carry out information and educational programs to improve water quality in the Great Lakes basin by reducing soil erosion and improving sediment control; and

"(2) establish a priority for projects and activities that—

"(A) directly reduce soil erosion or improve sediment control;

"(B) reduce soil loss in degraded rural watersheds; or

"(C) improve water quality for downstream watersheds.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out the program $5,000,000 for each of fiscal years 2008 through 2012.".

SEC. 2605. CHESAPEAKE BAY WATERSHED PROGRAM.

Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 is amended by inserting after section 1240P (16 U.S.C. 3839bb–3) the following new section:

"SEC. 1240Q. CHESAPEAKE BAY WATERSHED.

"(a) CHESAPEAKE BAY WATERSHED DEFINED.—In this section, the term 'Chesapeake Bay watershed' means all tributaries, backwaters, and side channels, including their watersheds, draining into the Chesapeake Bay.

"(b) ESTABLISHMENT AND PURPOSE.—The Secretary shall assist producers in implementing conservation activities on agricultural lands in the Chesapeake Bay watershed for the purposes of—

"(1) improving water quality and quantity in the Chesapeake Bay watershed; and

"(2) restoring, enhancing, and preserving soil, air, and related resources in the Chesapeake Bay watershed.

"(c) CONSERVATION ACTIVITIES.—The Secretary shall deliver the funds made available to carry out this section through applicable programs under this subtitle to assist producers in enhancing land and water resources—

"(1) by controlling erosion and reducing sediment and nutrient levels in ground and surface water; and

"(2) by planning, designing, implementing, and evaluating habitat conservation, restoration, and enhancement measures where there is significant ecological value if the lands are—

"(A) retained in their current use; or

"(B) restored to their natural condition.

"(d) AGREEMENTS.—

"(1) IN GENERAL.—The Secretary shall—

"(A) enter into agreements with producers to carry out the purposes of this section; and

"(B) use the funds made available to carry out this section to cover the costs of the program involved with each agreement.

"(2) SPECIAL CONSIDERATIONS.—In entering into agreements under this subsection, the Secretary shall give special consideration to, and begin evaluating, applications with producers in the following river basins:

"(A) The Susquehanna River.

"(B) The Shenandoah River.

"(C) The Potomac River (including North and South Potomac).

"(D) The Patuxent River.

"(e) DUTIES OF THE SECRETARY.—In carrying out the purposes in this section, the Secretary shall—

"(1) where available, use existing plans, models, and assessments to assist producers in implementing conservation activities; and

"(2) proceed expeditiously with the implementation of any agreement with a producer that is consistent with State strategies for the restoration of the Chesapeake Bay watershed.

"(f) CONSULTATION.—The Secretary, in consultation with appropriate Federal agencies, shall ensure conservation activities carried out under this section complement Federal and State programs, including programs that address water quality, in the Chesapeake Bay watershed.

"(g) SENSE OF CONGRESS REGARDING CHESAPEAKE BAY EXECUTIVE COUNCIL.—It is the sense of Congress that the Secretary should be a member of the Chesapeake Bay Executive Council, and is authorized to do so under section 1(3) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a(3)).

"(h) FUNDING.—

"(1) AVAILABILITY.—Of the funds of the Commodity Credit Corporation, the Secretary shall use, to the maximum extent practicable—

"(A) $23,000,000 for fiscal year 2009;

"(B) $43,000,000 for fiscal year 2010;

"(C) $72,000,000 for fiscal year 2011; and

"(D) $50,000,000 for fiscal year 2012.

"(2) DURATION OF AVAILABILITY.—Funds made available under paragraph (1) shall remain available until expended."

SEC. 2606. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.

Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended by inserting after section 1240Q, as added by section 2605, the following new section:

"SEC. 1240R. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a voluntary public access program under which States and tribal governments may apply for grants to encourage owners and operators of privately-held farm, ranch, and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting or fishing under programs administered by the States and tribal governments.

"(b) APPLICATIONS.—In submitting applications for a grant under the program, a State or tribal government shall describe—

"(1) the benefits that the State or tribal government intends to achieve by encouraging public access to private farm and ranch land for—

"(A) hunting and fishing; and

"(B) to the maximum extent practicable, other recreational purposes; and

"(2) the methods that will be used to achieve those benefits.

"(c) PRIORITY.—In approving applications and awarding grants under the program, the Secretary shall give priority to States and tribal governments that propose—

"(1) to maximize participation by offering a program the terms of which are likely to meet with widespread acceptance among landowners;

"(2) to ensure that land enrolled under the State or tribal government program has appropriate wildlife habitat;

"(3) to strengthen wildlife habitat improvement efforts on land enrolled in a special conservation reserve enhancement program described in section 1234(f)(4) by providing incentives to increase public hunting and other recreational access on that land;

"(4) to use additional Federal, State, tribal government, or private resources in carrying out the program; and

"(5) to make available to the public the location of land enrolled.

"(d) RELATIONSHIP TO OTHER LAWS.—

"(1) NO PREEMPTION.—Nothing in this section preempts a State or tribal government law, including any State or tribal government liability law.

"(2) EFFECT OF INCONSISTENT OPENING DATES FOR MIGRATORY BIRD HUNTING.—The Secretary shall reduce by 25 percent the amount of a grant otherwise determined for a State under the program if the opening dates for migratory bird

hunting in the State are not consistent for residents and non-residents.

"(e) REGULATIONS.—The Secretary shall promulgate such regulations as are necessary to carry out this section.

"(f) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use, to the maximum extent practicable, $50,000,000 for the period of fiscal years 2009 through 2012.".

Subtitle H—Funding and Administration of Conservation Programs

SEC. 2701. FUNDING OF CONSERVATION PROGRAMS UNDER FOOD SECURITY ACT OF 1985.

(a) IN GENERAL.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended in the matter preceding paragraph (1), by striking "2007" and inserting "2012".

(b) CONSERVATION RESERVE PROGRAM.—Paragraph (1) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended by striking the period at the end and inserting the following: ", including to the maximum extent practicable—

"(A) $100,000,000 for the period of fiscal years 2009 through 2012 to provide cost share payments under paragraph (3) of section

1234(b) in connection with thinning activities conducted on land described in subparagraph (A)(iii) of such paragraph; and

"(B) $25,000,000 for the period of fiscal years 2009 through 2012 to carry out section 1235(f) to facilitate the transfer of land subject to contracts from retired or retiring owners and operators to beginning farmers or ranchers and socially disadvantaged farmers or ranchers.".

(c) CONSERVATION SECURITY AND CONSERVATION STEWARDSHIP PROGRAMS.—Paragraph (3) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(3)(A) CONSERVATION SECURITY PROGRAM.—The conservation security program under subchapter A of chapter 2, using such sums as are necessary to administer contracts entered into before September 30, 2008.

"(B) CONSERVATION STEWARDSHIP PROGRAM.—The conservation stewardship program under subchapter B of chapter 2.".

(d) FARMLAND PROTECTION PROGRAM.—Paragraph (4) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(4) The farmland protection program under subchapter C of chapter 2, using, to the maximum extent practicable—

"(A) $97,000,000 in fiscal year 2008;

"(B) $121,000,000 in fiscal year 2009;

"(C) $150,000,000 in fiscal year 2010;

"(D) $175,000,000 in fiscal year 2011; and

"(E) $200,000,000 in fiscal year 2012.".

(e) GRASSLAND RESERVE PROGRAM.—Paragraph (5) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(5) The grassland reserve program under subchapter D of chapter 2.".

(f) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—Paragraph (6) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended to read as follows:

"(6) The environmental quality incentives program under chapter 4, using, to the maximum extent practicable—

"(A) $1,200,000,000 in fiscal year 2008;

"(B) $1,337,000,000 in fiscal year 2009;

"(C) $1,450,000,000 in fiscal year 2010;

"(D) $1,588,000,000 in fiscal year 2011; and

"(E) $1,750,000,000 in fiscal year 2012.".

(g) WILDLIFE HABITAT INCENTIVES PROGRAM.—Paragraph (7)(D) of section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended by striking "2007" and inserting "2012".

SEC. 2702. AUTHORITY TO ACCEPT CONTRIBUTIONS TO SUPPORT CONSERVATION PROGRAMS.

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by adding at the end the following new subsection:

"(e) ACCEPTANCE AND USE OF CONTRIBUTIONS.—

"(1) AUTHORITY TO ESTABLISH CONTRIBUTION ACCOUNTS.—Subject to paragraph (2), the Secretary may establish a sub-account for each conservation program administered by the Secretary under subtitle D to accept contributions of non-Federal funds to support the purposes of the program.

"(2) DEPOSIT AND USE OF CONTRIBUTIONS.—Contributions of non-Federal funds received for a conservation program administered by the Secretary under subtitle D shall be deposited into the sub-account established under this subsection for the program and shall be available to the Secretary, without

further appropriation and until expended, to carry out the program.''.

SEC. 2703. REGIONAL EQUITY AND FLEXIBILITY.

(a) REGIONAL EQUITY AND FLEXIBILITY.—Section 1241(d) of the Food Security Act of 1985 (16 U.S.C. 3841(d)) is amended—

(1) by striking ''Before April 1'' and inserting the following:

''(1) PRIORITY FUNDING TO PROMOTE EQUITY.—Before April 1'';

(2) by striking ''$12,000,000'' and inserting ''$15,000,000''; and

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

''(2) SPECIFIC FUNDING ALLOCATIONS.—In determining the specific funding allocations for States under paragraph (1), the Secretary shall consider the respective demand in each State for each program covered by such paragraph.''.

(b) ALLOCATIONS REVIEW AND UPDATE.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by inserting after subsection (e), as added by section 2702, the following new subsection:

''(f) ALLOCATIONS REVIEW AND UPDATE.—

"(1) REVIEW.—Not later than January 1, 2012, the Secretary shall conduct a review of conservation programs and authorities under this title that utilize allocation formulas to determine the sufficiency of the formulas in accounting for State-level economic factors, level of agricultural infrastructure, or related factors that affect conservation program costs.

"(2) UPDATE.—The Secretary shall improve conservation program allocation formulas as necessary to ensure that the formulas adequately reflect the costs of carrying out the conservation programs.".

SEC. 2704. ASSISTANCE TO CERTAIN FARMERS AND RANCHERS TO IMPROVE THEIR ACCESS TO CONSERVATION PROGRAMS.

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by inserting after subsection (f), as added by section 2703(b), the following new subsection:

"(g) ASSISTANCE TO CERTAIN FARMERS OR RANCHERS FOR CONSERVATION ACCESS.—

"(1) ASSISTANCE.—Of the funds made available for each of fiscal years 2009 through 2012 to carry out the environmental quality incentives program and the acres made available for each of such

fiscal years to carry out the conservation stewardship program, the Secretary shall use, to the maximum extent practicable—

"(A) 5 percent to assist beginning farmers or ranchers; and

"(B) 5 percent to assist socially disadvantaged farmers or ranchers.

"(2) REPOOLING OF FUNDS.—In any fiscal year, amounts not obligated under paragraph (1) by a date determined by the Secretary shall be available for payments and technical assistance to all persons eligible for payments or technical assistance in that fiscal year under the environmental quality incentives program.

"(3) REPOOLING OF ACRES.—In any fiscal year, acres not obligated under paragraph (1) by a date determined by the Secretary shall be available for use in that fiscal year under the conservation stewardship program.".

SEC. 2705. REPORT REGARDING ENROLLMENTS AND ASSISTANCE UNDER CONSERVATION PROGRAMS.

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by inserting after subsection (g), as added by section 2704, the following new subsection:

"(h) REPORT ON PROGRAM ENROLLMENTS AND ASSISTANCE.—Beginning in calendar year 2009, and each year thereafter, 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 semiannual report containing statistics by State related to enrollments in conservation programs under this subtitle, as follows:

"(1) Payments made under the wetlands reserve program for easements valued at $250,000 or greater.

"(2) Payments made under the farmland protection program for easements in which the Federal share is $250,000 or greater.

"(3) Payments made under the grassland reserve program valued at $250,000 or greater.

"(4) Payments made under the environmental quality incentives program for land determined to have special environmental significance pursuant to section 1240G(b).

"(5) Payments made under the agricultural water enhancement program subject to the waiver of adjusted gross income limitations pursuant to section 1240I(g).

"(6) Waivers granted by the Secretary under section 1001D(b)(2) of this Act in order to protect environmentally sensitive land of special significance.".

SEC. 2706. DELIVERY OF CONSERVATION TECHNICAL ASSISTANCE.

Section 1242 of the Food Security Act of 1985 (16 U.S.C. 3842) is amended to read as follows:

"SEC. 1242. DELIVERY OF TECHNICAL ASSISTANCE.

"(a) DEFINITION OF ELIGIBLE PARTICIPANT.—In this section, the term 'eligible participant' means a producer, landowner, or entity that is participating in, or seeking to participate in, programs for which the producer, landowner, or entity is otherwise eligible to participate in under this title or the agricultural management assistance program under section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524).

"(b) PURPOSE OF TECHNICAL ASSISTANCE.—The purpose of technical assistance authorized by this section is to provide eligible participants with consistent, science-based, site-specific practices designed to achieve conservation objectives on land active in agricultural, forestry, or related uses.

1 "(c) PROVISION OF TECHNICAL ASSISTANCE.—The
2 Secretary shall provide technical assistance under this title
3 to an eligible participant—
4 "(1) directly;
5 "(2) through an agreement with a third-party
6 provider; or
7 "(3) at the option of the eligible participant,
8 through a payment, as determined by the Secretary,
9 to the eligible participant for an approved third-
10 party provider, if available.
11 "(d) NON-FEDERAL ASSISTANCE.—The Secretary
12 may request the services of, and enter into cooperative
13 agreements or contracts with, other agencies within the
14 Department or non-Federal entities to assist the Secretary
15 in providing technical assistance necessary to assist in im-
16 plementing conservation programs under this title.
17 "(e) CERTIFICATION OF THIRD-PARTY PRO-
18 VIDERS.—
19 "(1) PURPOSE.—The purpose of the third-party
20 provider program is to increase the availability and
21 range of technical expertise available to eligible par-
22 ticipants to plan and implement conservation meas-
23 ures.
24 "(2) REGULATIONS.—Not later than 180 days
25 after the date of the enactment of the Food, Con-

servation, and Energy Act of 2008, the Secretary shall promulgate such regulations as are necessary to carry out this section.

"(3) EXPERTISE.—In promulgating such regulations, the Secretary, to the maximum extent practicable, shall—

"(A) ensure that persons with expertise in the technical aspects of conservation planning, watershed planning, and environmental engineering, including commercial entities, nonprofit entities, State or local governments or agencies, and other Federal agencies, are eligible to become approved providers of the technical assistance;

"(B) provide national criteria for the certification of third party providers; and

"(C) approve any unique certification standards established at the State level.

"(f) ADMINISTRATION.—

"(1) FUNDING.—Effective for fiscal year 2008 and each subsequent fiscal year, funds of the Commodity Credit Corporation made available to carry out technical assistance for each of the programs specified in section 1241 shall be available for the

provision of technical assistance from third-party providers under this section.

"(2) TERM OF AGREEMENT.—An agreement with a third-party provider under this section shall have a term that—

"(A) at a minimum, is equal to the period beginning on the date on which the agreement is entered into and ending on the date that is 1 year after the date on which all activities performed pursuant to the agreement have been completed;

"(B) does not exceed 3 years; and

"(C) can be renewed, as determined by the Secretary.

"(3) REVIEW OF CERTIFICATION REQUIREMENTS.—Not later than 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall—

"(A) review certification requirements for third-party providers; and

"(B) make any adjustments considered necessary by the Secretary to improve participation.

"(4) ELIGIBLE ACTIVITIES.—

"(A) INCLUSION OF ACTIVITIES.—The Secretary may include as activities eligible for payments to a third party provider—

"(i) technical services provided directly to eligible participants, such as conservation planning, education and outreach, and assistance with design and implementation of conservation practices; and

"(ii) related technical assistance services that accelerate conservation program delivery.

"(B) EXCLUSIONS.—The Secretary shall not designate as an activity eligible for payments to a third party provider any service that is provided by a business, or equivalent, in connection with conducting business and that is customarily provided at no cost.

"(5) PAYMENT AMOUNTS.—The Secretary shall establish fair and reasonable amounts of payments for technical services provided by third-party providers.

"(g) AVAILABILITY OF TECHNICAL SERVICES.—

"(1) IN GENERAL.—In carrying out the programs under this title and the agricultural management assistance program under section 524 of the

Federal Crop Insurance Act (7 U.S.C. 1524), the Secretary shall make technical services available to all eligible participants who are installing an eligible practice.

"(2) TECHNICAL SERVICE CONTRACTS.—In any case in which financial assistance is not provided under a program referred to in paragraph (1), the Secretary may enter into a technical service contract with the eligible participant for the purposes of assisting in the planning, design, or installation of an eligible practice.

"(h) REVIEW OF CONSERVATION PRACTICE STANDARDS.—

"(1) REVIEW REQUIRED.—The Secretary shall—

"(A) review conservation practice standards, including engineering design specifications, in effect on the date of the enactment of the Food, Conservation, and Energy Act of 2008;

"(B) ensure, to the maximum extent practicable, the completeness and relevance of the standards to local agricultural, forestry, and natural resource needs, including specialty crops, native and managed pollinators, bio-

energy crop production, forestry, and such other needs as are determined by the Secretary; and

"(C) ensure that the standards provide for the optimal balance between meeting site-specific conservation needs and minimizing risks of design failure and associated costs of construction and installation.

"(2) CONSULTATION.—In conducting the review under paragraph (1), the Secretary shall consult with eligible participants, crop consultants, cooperative extension and land grant universities, nongovernmental organizations, and other qualified entities.

"(3) EXPEDITED REVISION OF STANDARDS.—If the Secretary determines under paragraph (1) that revisions to the conservation practice standards, including engineering design specifications, are necessary, the Secretary shall establish an administrative process for expediting the revisions.

"(i) ADDRESSING CONCERNS OF SPECIALITY CROP, ORGANIC, AND PRECISION AGRICULTURE PRODUCERS.—

"(1) IN GENERAL.—The Secretary shall—

"(A) to the maximum extent practicable, fully incorporate specialty crop production, or-

ganic crop production, and precision agriculture into the conservation practice standards; and

"(B) provide for the appropriate range of conservation practices and resource mitigation measures available to producers involved with organic or specialty crop production or precision agriculture.

"(2) AVAILABILITY OF ADEQUATE TECHNICAL ASSISTANCE.—

"(A) IN GENERAL.—The Secretary shall ensure that adequate technical assistance is available for the implementation of conservation practices by producers involved with organic, specialty crop production, or precision agriculture through Federal conservation programs.

"(B) REQUIREMENTS.—In carrying out subparagraph (A), the Secretary shall develop—

"(i) programs that meet specific needs of producers involved with organic, specialty crop production or precision agriculture through cooperative agreements with other agencies and nongovernmental organizations; and

"(ii) program specifications that allow for innovative approaches to engage local

resources in providing technical assistance for planning and implementation of conservation practices.''.

SEC. 2707. COOPERATIVE CONSERVATION PARTNERSHIP INITIATIVE.

(a) TRANSFER OF EXISTING PROVISIONS.—Subsections (a), (c), and (d) of section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) are—

(1) redesignated as subsections (c), (d), and (e), respectively; and

(2) transferred to appear at the end of section 1244 of such Act (16 U.S.C. 3844).

(b) ESTABLISHMENT OF PARTNERSHIP INITIATIVE.—Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843), as amended by subsection (a), is amended to read as follows:

"SEC. 1243. COOPERATIVE CONSERVATION PARTNERSHIP INITIATIVE.

''(a) ESTABLISHMENT OF INITIATIVE.—The Secretary shall establish a cooperative conservation partnership initiative (in this section referred to as the 'Initiative') to work with eligible partners to provide assistance to producers enrolled in a program described in subsection (c)(1) that will enhance conservation outcomes on agricultural and nonindustrial private forest land.

1 "(b) PURPOSES.—The purposes of a partnership en-
2 tered into under the Initiative shall be—
3 "(1) to address conservation priorities involving
4 agriculture and nonindustrial private forest land on
5 a local, State, multi-State, or regional level;
6 "(2) to encourage producers to cooperate in
7 meeting applicable Federal, State, and local regu-
8 latory requirements related to production involving
9 agriculture and nonindustrial private forest land;
10 "(3) to encourage producers to cooperate in the
11 installation and maintenance of conservation prac-
12 tices that affect multiple agricultural or nonindus-
13 trial private forest operations; or
14 "(4) to promote the development and dem-
15 onstration of innovative conservation practices and
16 delivery methods, including those for specialty crop
17 and organic production and precision agriculture
18 producers.
19 "(c) INITIATIVE PROGRAMS.—
20 "(1) COVERED PROGRAMS.—Except as provided
21 in paragraph (2), the Initiative applies to all con-
22 servation programs under subtitle D.
23 "(2) EXCLUDED PROGRAMS.—The Initiative
24 shall not include the following programs:
25 "(A) Conservation reserve program.

"(B) Wetlands reserve program.

"(C) Farmland protection program

"(D) Grassland reserve program.

"(d) ELIGIBLE PARTNERS.—The Secretary may enter into a partnership under the Initiative with one or more of the following:

"(1) States and local governments.

"(2) Indian tribes.

"(3) Producer associations.

"(4) Farmer cooperatives.

"(5) Institutions of higher education.

"(6) Nongovernmental organizations with a history of working cooperatively with producers to effectively address conservation priorities related to agricultural production and nonindustrial private forest land.

"(e) IMPLEMENTATION AGREEMENTS.—The Secretary shall carry out the Initiative—

"(1) by selecting, through a competitive process, eligible partners from among applications submitted under subsection (f); and

"(2) by entering into multi-year agreements with eligible partners so selected for a period not to exceed 5 years.

"(f) APPLICATIONS.—

"(1) REQUIRED INFORMATION.—An application to enter into a partnership agreement under the Initiative shall include the following:

"(A) A description of the area covered by the agreement, conservation priorities in the area, conservation objectives to be achieved, and the expected level of participation by agricultural producers and nonindustrial private forest landowners.

"(B) A description of the partner, or partners, collaborating to achieve the objectives of the agreement, and the roles, responsibilities, and capabilities of the partner.

"(C) A description of the resources that are requested from the Secretary, and the non-Federal resources that will be leveraged by the Federal contribution.

"(D) A description of the plan for monitoring, evaluating, and reporting on progress made towards achieving the objectives of the agreement.

"(E) Such other information that may be required by the Secretary.

"(2) PRIORITIES.—The Secretary shall give priority to applications for agreements that—

"(A) have a high percentage of producers involved and working agricultural or nonindustrial private forest land included in the area covered by the agreement;

"(B) significantly leverage non-Federal financial and technical resources and coordinate with other local, State, or Federal efforts;

"(C) deliver high percentages of applied conservation to address water quality, water conservation, or State, regional, or national conservation initiatives;

"(D) provide innovation in conservation methods and delivery, including outcome-based performance measures and methods; or

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

"(g) RELATIONSHIP TO COVERED PROGRAMS.—

"(1) COMPLIANCE WITH PROGRAM RULES.—Except as provided in paragraph (2), the Secretary shall ensure that resources made available under the Initiative are delivered in accordance with the applicable rules of programs specified in subsection (c)(1) through normal program mechanisms relating to program functions, including rules governing ap-

peals, payment limitations, and conservation compliance.

"(2) ADJUSTMENT.—The Secretary may adjust the elements of any program specified in subsection (c)(1)—

"(A) to better reflect unique local circumstances and purposes if the Secretary determines such adjustments are necessary to achieve the purposes of the Initiative; and

"(B) to provide preferential enrollment to producers who are eligible for the applicable program and to participate in the Initiative.

"(h) TECHNICAL AND FINANCIAL ASSISTANCE.—The Secretary shall provide appropriate technical and financial assistance to producers participating in the Initiative in an amount determined to be necessary to achieve the purposes of the Initiative.

"(i) FUNDING.—

"(1) RESERVATION.—Of the funds and acres made available for each of fiscal years 2009 through 2012 to implement the programs described in subsection (c)(1), the Secretary shall reserve 6 percent of the funds and acres to ensure an adequate source of funds and acres for the Initiative.

"(2) ALLOCATION REQUIREMENTS.—Of the funds and acres reserved for the Initiative for a fiscal year, the Secretary shall allocate—

"(A) 90 percent of the funds and acres to projects based on the direction of State conservationists, with the advice of State technical committees; and

"(B) 10 percent of the funds and acres to projects based on a national competitive process established by the Secretary.

"(3) UNUSED FUNDING.—Any funds and acres reserved for a fiscal year under paragraph (1) that are not obligated by April 1 of that fiscal year may be used to carry out other activities under the program that is the source of the funds or acres during the remainder of that fiscal year.

"(4) ADMINISTRATIVE COSTS OF PARTNERS.—Overhead or administrative costs of partners may not be covered by funds provided through the Initiative.".

SEC. 2708. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844), as amended by section 2707, is further amended—

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

"(a) INCENTIVES FOR CERTAIN FARMERS AND RANCHERS AND INDIAN TRIBES.—

"(1) INCENTIVES AUTHORIZED.—In carrying out any conservation program administered by the Secretary, the Secretary may provide to a person or entity specified in paragraph (2) incentives to participate in the conservation program—

"(A) to foster new farming and ranching opportunities; and

"(B) to enhance long-term environmental goals.

"(2) COVERED PERSONS.—Incentives authorized by paragraph (1) may be provided to the following:

"(A) Beginning farmers or ranchers.

"(B) Socially disadvantaged farmers or ranchers.

"(C) Limited resource farmers or ranchers.

"(D) Indian tribes."; and

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

"(f) ACREAGE LIMITATIONS.—

"(1) LIMITATIONS.—

"(A) ENROLLMENTS.—The Secretary shall not enroll more than 25 percent of the cropland in any county in the programs administered under subchapters B and C of chapter 1 of subtitle D.

"(B) EASEMENTS.—Not more than 10 percent of the cropland in a country may be subject to an easement acquired under subchapter C of chapter 1 of subtitle D.

"(2) EXCEPTIONS.—The Secretary may exceed the limitation in paragraph (1)(A), if the Secretary determines that—

"(A) the action would not adversely affect the local economy of a county; and

"(B) operators in the county are having difficulties complying with conservation plans implemented under section 1212.

"(3) WAIVER TO EXCLUDE CERTAIN ACREAGE.—The Secretary may grant a waiver to exclude acreage enrolled under subsection (c)(2)(B) or (f)(4) of section 1234 from the limitations in paragraph (1)(A) with the concurrence of the county government of the county involved.

"(4) SHELTERBELTS AND WINDBREAKS.—The limitations established under paragraph (1) shall not

apply to cropland that is subject to an easement under subchapter C of chapter 1 that is used for the establishment of shelterbelts and windbreaks.

"(g) COMPLIANCE AND PERFORMANCE.—For each conservation program under subtitle D, the Secretary shall develop procedures—

"(1) to monitor compliance with program requirements;

"(2) to measure program performance;

"(3) to demonstrate whether the long-term conservation benefits of the program are being achieved;

"(4) to track participation by crop and livestock types; and

"(5) to coordinate activities described in this subsection with the national conservation program authorized under section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004).

"(h) ENCOURAGEMENT OF POLLINATOR HABITAT DEVELOPMENT AND PROTECTION.—In carrying out any conservation program administered by the Secretary, the Secretary may, as appropriate, encourage—

"(1) the development of habitat for native and managed pollinators; and

"(2) the use of conservation practices that benefit native and managed pollinators.

"(i) STREAMLINED APPLICATION PROCESS.—

"(1) IN GENERAL.—In carrying out each conservation program under this title, the Secretary shall ensure that the application process used by producers and landowners is streamlined to minimize complexity and eliminate redundancy.

"(2) REVIEW AND STREAMLINING.—

"(A) REVIEW.—The Secretary shall carry out a review of the application forms and processes for each conservation program covered by this subsection.

"(B) STREAMLINING.—On completion of the review the Secretary shall revise application forms and processes, as necessary, to ensure that—

"(i) all required application information is essential for the efficient, effective, and accountable implementation of conservation programs;

"(ii) conservation program applicants are not required to provide information that is readily available to the Secretary

through existing information systems of the Department of Agriculture;

"(iii) information provided by the applicant is managed and delivered efficiently for use in all stages of the application process, or for multiple applications; and

"(iv) information technology is used effectively to minimize data and information input requirements.

"(3) IMPLEMENTATION AND NOTIFICATION.—Not later than 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall submit to Congress a written notification of completion of the requirements of this subsection.".

SEC. 2709. ENVIRONMENTAL SERVICES MARKETS.

Subtitle E of title XII of the Food Security Act of 1985 is amended by inserting after section 1244 (16 U.S.C. 3844) the following new section:

"SEC. 1245. ENVIRONMENTAL SERVICES MARKETS.

"(a) TECHNICAL GUIDELINES REQUIRED.—The Secretary shall establish technical guidelines that outline science-based methods to measure the environmental services benefits from conservation and land management activities in order to facilitate the participation of farmers,

ranchers, and forest landowners in emerging environmental services markets. The Secretary shall give priority to the establishment of guidelines related to farmer, rancher, and forest landowner participation in carbon markets.

"(b) ESTABLISHMENT.—The Secretary shall establish guidelines under subsection (a) for use in developing the following:

"(1) A procedure to measure environmental services benefits.

"(2) A protocol to report environmental services benefits.

"(3) A registry to collect, record and maintain the benefits measured.

"(c) VERIFICATION REQUIREMENTS.—

"(1) VERIFICATION OF REPORTS.—The Secretary shall establish guidelines for a process to verify that a farmer, rancher, or forest landowner who reports an environmental services benefit pursuant to the protocol required by paragraph (2) of subsection (b) for inclusion in the registry required by paragraph (3) of such subsection has implemented the conservation or land management activity covered by the report.

"(2) ROLE OF THIRD PARTIES.—In establishing the verification guidelines required by paragraph (1), the Secretary shall consider the role of third-parties in conducting independent verification of benefits produced for environmental services markets and other functions, as determined by the Secretary.

"(d) USE OF EXISTING INFORMATION.—In carrying out subsection (b), the Secretary shall build on activities or information in existence on the date of the enactment of the Food, Conservation, and Energy Act of 2008 regarding environmental services markets.

"(e) CONSULTATION.—In carrying out this section, the Secretary shall consult with the following:

"(1) Federal and State government agencies.

"(2) Nongovernmental interests including—

"(A) farm, ranch, and forestry producers;

"(B) financial institutions involved in environmental services trading;

"(C) institutions of higher education with relevant expertise or experience;

"(D) nongovernmental organizations with relevant expertise or experience; and

"(E) private sector representatives with relevant expertise or experience.

"(3) Other interested persons, as determined by the Secretary.".

SEC. 2710. AGRICULTURE CONSERVATION EXPERIENCED SERVICES PROGRAM.

Subtitle F of title XII of the Food Security Act of 1985 is amended by inserting after section 1251 (16 U.S.C. 2005a) the following new section:

"SEC. 1252. AGRICULTURE CONSERVATION EXPERIENCED SERVICES PROGRAM.

"(a) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish a conservation experienced services program (in this section referred to as the 'ACES Program') for the purpose of utilizing the talents of individuals who are age 55 or older, but who are not employees of the Department of Agriculture or a State agriculture department, to provide technical services in support of the conservation-related programs and authorities carried out by the Secretary. Such technical services may include conservation planning assistance, technical consultation, and assistance with design and implementation of conservation practices.

"(b) PROGRAM AGREEMENTS.—

"(1) RELATION TO OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT PROGRAM.—Notwithstanding any other provision of law relating to Fed-

eral grants, cooperative agreements, or contracts, to carry out the ACES program during a fiscal year, the Secretary may enter into agreements with non-profit private agencies and organizations eligible to receive grants for that fiscal year under the Community Service Senior Opportunities Act (42 U.S.C. 3056 et seq.) to secure participants for the ACES program who will provide technical services under the ACES program.

"(2) REQUIRED DETERMINATION.—Before entering into an agreement under paragraph (1), the Secretary shall ensure that the agreement would not—

"(A) result in the displacement of individuals employed by the Department, including partial displacement through reduction of non-overtime hours, wages, or employment benefits;

"(B) result in the use of an individual under the ACES program for a job or function in a case in which a Federal employee is in a layoff status from the same or a substantially-equivalent job or function with the Department; or

"(C) affect existing contracts for services.

"(c) FUNDING SOURCE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may carry out the ACES program using funds made available to carry out each program under this title.

"(2) EXCLUSIONS.—Funds made available to carry out the following programs may not be used to carry out the ACES program:

"(A) The conservation reserve program.

"(B) The wetlands reserve program.

"(C) The grassland reserve program.

"(D) The conservation stewardship program.

"(d) LIABILITY.—An individual providing technical services under the ACES program is deemed to be an employee of the United States Government for purposes of chapter 171 of title 28, United States Code, if the individual—

"(1) is providing technical services pursuant to an agreement entered into under subsection (b); and

"(2) is acting within the scope of the agreement.".

SEC. 2711. ESTABLISHMENT OF STATE TECHNICAL COMMITTEES AND THEIR RESPONSIBILITIES.

Subtitle G of title XII of the Farm Security Act of 1985 (16 U.S.C. 3861, 3862) is amended to read as follows:

"Subtitle G—State Technical Committees

"SEC. 1261. ESTABLISHMENT OF STATE TECHNICAL COMMITTEES.

"(a) ESTABLISHMENT.—The Secretary shall establish a technical committee in each State to assist the Secretary in the considerations relating to implementation and technical aspects of the conservation programs under this title.

"(b) STANDARDS.—Not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall develop—

"(1) standard operating procedures to standardize the operations of State technical committees; and

"(2) standards to be used by State technical committees in the development of technical guidelines under section 1262(b) for the implementation of the conservation provisions of this title.

"(c) COMPOSITION.—Each State technical committee shall be composed of agricultural producers and other pro-

fessionals that represent a variety of disciplines in the soil, water, wetland, and wildlife sciences. The technical committee for a State shall include representatives from among the following:

"(1) The Natural Resources Conservation Service.

"(2) The Farm Service Agency.

"(3) The Forest Service.

"(4) The National Institute of Food and Agriculture.

"(5) The State fish and wildlife agency.

"(6) The State forester or equivalent State official.

"(7) The State water resources agency.

"(8) The State department of agriculture.

"(9) The State association of soil and water conservation districts.

"(10) Agricultural producers representing the variety of crops and livestock or poultry raised within the State.

"(11) Owners of nonindustrial private forest land.

"(12) Nonprofit organizations within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986 with demonstrable conservation exper-

tise and experience working with agriculture producers in the State.

"(13) Agribusiness.

"SEC. 1262. RESPONSIBILITIES.

"(a) IN GENERAL.—Each State technical committee established under section 1261 shall meet regularly to provide information, analysis, and recommendations to appropriate officials of the Department of Agriculture who are charged with implementing the conservation provisions of this title.

"(b) PUBLIC NOTICE AND ATTENDANCE.—Each State technical committee shall provide public notice of, and permit public attendance at, meetings considering issues of concern related to carrying out this title.

"(c) ROLE.—

"(1) IN GENERAL.—The role of State technical committees is advisory in nature, and such committees shall have no implementation or enforcement authority. However, the Secretary shall give strong consideration to the recommendations of such committees in administering the programs under this title.

"(2) ADVISORY ROLE IN ESTABLISHING PROGRAM PRIORITIES AND CRITERIA.—Each State technical committee shall advise the Secretary in estab-

lishing priorities and criteria for the programs in this title, including the review of whether local working groups are addressing those priorities.

''(d) FACA REQUIREMENTS.—

''(1) EXEMPTION.—Each State technical committee shall be exempt from the Federal Advisory Committee Act (5 U.S.C. App.).

''(2) LOCAL WORKING GROUPS.—For purposes of the Federal Advisory Committee Act (5 U.S.C. App.), any local working group established under this subtitle shall be considered to be a subcommittee of the applicable State technical committee.''.

Subtitle I—Conservation Programs Under Other Laws

SEC. 2801. AGRICULTURAL MANAGEMENT ASSISTANCE PROGRAM.

(a) ELIGIBLE STATES.—Section 524(b)(1) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(1)) is amended by inserting ''Hawaii,'' after ''Delaware,''.

(b) FUNDING.—Section 524(b)(4)(B) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(4)(B)) is amended—

(1) in clause (i), by striking ''Except as provided in clauses (ii) and (iii)'' and inserting ''Except as provided in clause (ii)''; and

(2) by striking clauses (ii) and (iii) and inserting the following new clause:

''(ii) EXCEPTION FOR FISCAL YEARS 2008 THROUGH 2012.—For each of fiscal years 2008 through 2012, the Commodity Credit Corporation shall make available to carry out this subsection $15,000,000.''.

(c) CERTAIN USES.—Section 524(b)(4) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(4)) is amended by adding at the end the following new subparagraph:

''(C) CERTAIN USES.—Of the amounts made available to carry out this subsection for a fiscal year, the Commodity Credit Corporation shall use not less than—

''(i) 50 percent to carry out subparagraphs (A), (B), and (C) of paragraph (2) through the Natural Resources Conservation Service;

''(ii) 10 percent to provide organic certification cost share assistance through the Agricultural Marketing Service; and

"(iii) 40 percent to conduct activities to carry out subparagraph (F) of paragraph (2) through the Risk Management Agency.".

SEC. 2802. TECHNICAL ASSISTANCE UNDER SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT.

(a) PREVENTION OF SOIL EROSION.—

(1) IN GENERAL.—The first section of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a) is amended—

(A) by striking "That it" and inserting the following:

"SECTION 1. PURPOSE.

"It"; and

(B) in the matter preceding paragraph (1), by striking "and thereby to preserve natural resources," and inserting "to preserve soil, water, and related resources, promote soil and water quality,".

(2) POLICIES AND PURPOSES.—Section 7(a)(1) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g(a)(1)) is amended by striking "fertility" and inserting "and water quality and related resources".

(b) DEFINITIONS.—Section 10 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590j) is amended to read as follows:

"SEC. 10. DEFINITIONS.

"In this Act:

"(1) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' means—

"(A) an agricultural commodity; and

"(B) any regional or market classification, type, or grade of an agricultural commodity.

"(2) TECHNICAL ASSISTANCE.—

"(A) IN GENERAL.—The term 'technical assistance' means technical expertise, information, and tools necessary for the conservation of natural resources on land active in agricultural, forestry, or related uses.

"(B) INCLUSIONS.—The term 'technical assistance' includes—

"(i) technical services provided directly to farmers, ranchers, and other eligible entities, such as conservation planning, technical consultation, and assistance with design and implementation of conservation practices; and

"(ii) technical infrastructure, including activities, processes, tools, and agency functions needed to support delivery of technical services, such as technical standards, resource inventories, training, data, technology, monitoring, and effects analyses.".

SEC. 2803. SMALL WATERSHED REHABILITATION PROGRAM.

(a) AVAILABILITY OF FUNDS.—Section 14(h)(1) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(1)) is amended by adding at the end the following new subparagraph:

"(G) $100,000,000 for fiscal year 2009, to be available until expended.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 14(h)(2)(E) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is amended by striking "fiscal year 2007" and inserting "each of fiscal years 2008 through 2012".

SEC. 2804. AMENDMENTS TO SOIL AND WATER RESOURCES CONSERVATION ACT OF 1977.

(a) CONGRESSIONAL FINDINGS.—Section 2 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001) is amended—

(1) in paragraph (2), by striking ''base, of the'' and inserting ''base of the''; and

(2) in paragraph (3), by striking ''(3)'' and all that follows through ''Since individual'' and inserting the following:

''(3) Appraisal and inventory of resources, assessment and inventory of conservation needs, evaluation of the effects of conservation practices, and analyses of alternative approaches to existing conservation programs are basic to effective soil, water, and related natural resource conservation.

''(4) Since individual''.

(b) CONTINUING APPRAISAL OF SOIL, WATER, AND RELATED RESOURCES.—Section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004) is amended—

(1) in subsection (a)—

(A) in paragraph (5), by striking ''and'' at the end;

(B) in paragraph (6), by striking the period at the end and inserting ''; and''; and

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

''(7) data on conservation plans, conservation practices planned or implemented, environmental

outcomes, economic costs, and related matters under conservation programs administered by the Secretary.'';

(2) by redesignating subsection (d) as subsection (e);

(3) by inserting after subsection (c) the following new subsection:

''(d) EVALUATION OF APPRAISAL.—In conducting the appraisal described in subsection (a), the Secretary shall concurrently solicit and evaluate recommendations for improving the appraisal, including the content, scope, process, participation in, and other elements of the appraisal, as determined by the Secretary.''; and

(4) in subsection (e), as redesignated by paragraph (2), by striking the first sentence and inserting the following: ''The Secretary shall conduct comprehensive appraisals under this section, to be completed by December 31, 2010, and December 31, 2015.''.

(c) SOIL AND WATER CONSERVATION PROGRAM.—Section 6 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2005) is amended—

(1) by redesignating subsection (b) as subsection (d);

(2) by inserting after subsection (a) the following new subsections:

"(b) EVALUATION OF EXISTING CONSERVATION PROGRAMS.—In evaluating existing conservation programs, the Secretary shall emphasize demonstration, innovation, and monitoring of specific program components in order to encourage further development and adoption of practices and performance-based standards.

"(c) IMPROVEMENT TO PROGRAM.—In developing a national soil and water conservation program under subsection (a), the Secretary shall solicit and evaluate recommendations for improving the program, including the content, scope, process, participation in, and other elements of the program, as determined by the Secretary."; and

(3) in subsection (d), as redesignated by paragraph (1), by striking "December 31, 1979" and all that follows through "December 31, 2007" and inserting "December 31, 2011, and December 31, 2016".

(d) REPORTS TO CONGRESS.—Section 7 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2006) is amended to read as follows:

"SEC. 7. REPORTS TO CONGRESS.

"(a) APPRAISAL.—Not later than the date on which Congress convenes in 2011 and 2016, the President shall transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate the appraisal developed under section 5 and completed before the end of the previous year.

"(b) PROGRAM AND STATEMENT OF POLICY.—Not later than the date on which Congress convenes in 2012 and 2017, the President shall transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate—

"(1) the initial program or updated program developed under section 6 and completed before the end of the previous year;

"(2) a detailed statement of policy regarding soil and water conservation activities of the Department of Agriculture; and

"(3) a special evaluation of the status, conditions, and trends of soil quality on cropland in the United States that addresses the challenges and opportunities for reducing soil erosion to tolerance levels.

"(c) IMPROVEMENTS TO APPRAISAL AND PROGRAM.—Not later than the date on which Congress convenes in 2012, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the plans of the Department of Agriculture for improving the resource appraisal and national conservation program required under this Act, based on the recommendations received under sections 5(d) and 6(c).".

(e) TERMINATION OF PROGRAM.—Section 10 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2009) is amended by striking "2008" and inserting "2018".

SEC. 2805. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

(a) LOCALLY LED PLANNING PROCESS.—Section 1528 of the Agriculture and Food Act of 1981 (16 U.S.C. 3451) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking "planning process" and inserting "locally led planning process";

(2) by redesignating paragraphs (8) and (9) as paragraphs (9) and (8), respectively, and moving those paragraphs so as to appear in numerical order;

(3) in paragraph (8) (as so redesignated)—

(A) by striking "**PLANNING PROCESS**" and inserting "LOCALLY LED PLANNING PROCESS"; and

(B) by striking "council" and inserting "locally led council".

(b) AUTHORIZED TECHNICAL ASSISTANCE.—Section 1528(13) of the Agriculture and Food Act of 1981 (16 U.S.C. 3451(13)) is amended by striking subparagraphs (C) and (D) and inserting the following new subparagraphs:

"(C) providing assistance for the implementation of area plans and projects; and

"(D) providing services that involve the resources of Department of Agriculture programs in a local community, as defined in the locally led planning process.".

(c) IMPROVED PROVISION OF TECHNICAL ASSISTANCE.—Section 1531 of the Agriculture and Food Act of 1981 (16 U.S.C. 3454) is amended—

(1) by inserting "(a) IN GENERAL.—" before "In carrying"; and

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

"(b) COORDINATOR.—

"(1) IN GENERAL.—To improve the provision of technical assistance to councils under this subtitle, the Secretary shall designate for each council an individual to be the coordinator for the council.

"(2) RESPONSIBILITY.—A coordinator for a council shall be directly responsible for the provision of technical assistance to the council.".

(d) PROGRAM EVALUATION.—Section 1534 of the Agriculture and Food Act of 1981 (16 U.S.C. 3457) is repealed.

SEC. 2806. USE OF FUNDS IN BASIN FUNDS FOR SALINITY CONTROL ACTIVITIES UPSTREAM OF IMPERIAL DAM.

(a) IN GENERAL.—Section 202(a) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(a)) is amended by adding at the end the following new paragraph:

"(7) BASIN STATES PROGRAM.—

"(A) IN GENERAL.—A Basin States Program that the Secretary, acting through the Bureau of Reclamation, shall implement to carry out salinity control activities in the Colorado River Basin using funds made available under section 205(f).

"(B) ASSISTANCE.—The Secretary, in consultation with the Colorado River Basin Salinity Control Advisory Council, shall carry out this paragraph using funds described in subparagraph (A) directly or by providing grants, grant commitments, or advance funds to Federal or non-Federal entities under such terms and conditions as the Secretary may require.

"(C) ACTIVITIES.—Funds described in subparagraph (A) shall be used to carry out, as determined by the Secretary—

"(i) cost-effective measures and associated works to reduce salinity from saline springs, leaking wells, irrigation sources, industrial sources, erosion of public and private land, or other sources;

"(ii) operation and maintenance of salinity control features constructed under the Colorado River Basin salinity control program; and

"(iii) studies, planning, and administration of salinity control activities.

"(D) REPORT.—

"(i) IN GENERAL.—Not later than 30 days before implementing the program es-

tablished under this paragraph, the Secretary shall submit to the appropriate committees of Congress a planning report that describes the proposed implementation of the program.

"(ii) IMPLEMENTATION.—The Secretary may not expend funds to implement the program established under this paragraph before the expiration of the 30-day period beginning on the date on which the Secretary submits the report, or any revision to the report, under clause (i).".

(b) CONFORMING AMENDMENTS.—

(1) Section 202 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592) is amended—

(A) in subsection (a), in the matter preceding paragraph (1), by striking "program" and inserting "programs"; and

(B) in subsection (b)(4)—

(i) by striking "program" and inserting "programs"; and

(ii) by striking "and (6)" and inserting "(6), and (7)".

(2) Section 205 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1595) is amended

by striking subsection (f) and inserting the following new subsection:

"(f) UP-FRONT COST SHARE.—

"(1) IN GENERAL.—Effective beginning on the date of enactment of this paragraph, subject to paragraph (3), the cost share obligations required by this section shall be met through an up-front cost share from the Basin Funds, in the same proportions as the cost allocations required under subsection (a), as provided in paragraph (2).

"(2) BASIN STATES PROGRAM.—The Secretary shall expend the required cost share funds described in paragraph (1) through the Basin States Program for salinity control activities established under section 202(a)(7).

"(3) EXISTING SALINITY CONTROL ACTIVITIES.—The cost share contribution required by this section shall continue to be met through repayment in a manner consistent with this section for all salinity control activities for which repayment was commenced prior to the date of enactment of this paragraph.".

SEC. 2807. DESERT TERMINAL LAKES.

Section 2507 of the Farm Security and Rural Investment Act of 2002 (43 U.S.C. 2211 note; Public Law 107–171) is amended—

(1) in subsection (a)—

(A) by striking ''(a)'' and all that follows through ''$200,000,000'' and inserting ''(a) TRANSFER.—Subject to subsection (b) and paragraph (1) of section 207(a) of Public Law 108–7 (117 Stat. 146), notwithstanding paragraph (3) of that section, on the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary of Agriculture shall transfer $175,000,000''; and

(B) by striking the quotation marks at the beginning of paragraphs (1) and (2); and

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

''(b) PERMITTED USES.—In any case in which there are willing sellers, the funds described in subsection (a) may be used—

''(1) to lease water; or

''(2) to purchase land, water appurtenant to the land, and related interests in the Walker River Basin in accordance with section 208(a)(1)(A) of the

Energy and Water Development Appropriations Act, 2006 (Public Law 109–103; 119 Stat. 2268).''.

Subtitle J—Miscellaneous Conservation Provisions

SEC. 2901. HIGH PLAINS WATER STUDY.

Notwithstanding any other provision of this Act, no person shall become ineligible for any program benefits under this Act or an amendment made by this Act solely as a result of participating in a 1-time study of recharge potential for the Ogallala Aquifer in the High Plains of the State of Texas.

SEC. 2902. NAMING OF NATIONAL PLANT MATERIALS CENTER AT BELTSVILLE, MARYLAND, IN HONOR OF NORMAN A. BERG.

The National Plant Materials Center at Beltsville, Maryland, referenced in section 613.5(a) of title 7, Code of Federal Regulations, shall be known and designated as the ''Norman A. Berg National Plant Materials Center''. Any reference in a law, map, regulation, document, paper, or other record of the United States to such National Plant Materials Center shall be deemed to be a reference to the Norman A. Berg National Plant Materials Center.

SEC. 2903. TRANSITION.

(a) CONTINUATION OF PROGRAMS IN FISCAL YEAR 2008.—Except as otherwise provided by an amendment

made by this title, the Secretary of Agriculture shall continue to carry out any program or activity covered by title XII of the Food Security Act (16 U.S.C. 3801 et seq.) until September 30, 2008, using the provisions of law applicable to the program or activity as they existed on the day before the date of the enactment of this Act and using funds made available under such title for fiscal year 2008 for the program or activity.

(b) GROUND AND SURFACE WATER CONSERVATION PROGRAM.—During the period beginning on the date of the enactment of this Act and ending on September 30, 2008, the Secretary of Agriculture shall continue to carry out the ground and surface water conservation program under section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9), as in effect before the amendment made by section 2510, using the terms, conditions, and funds available to the Secretary to carry out such program on the day before the date of the enactment of this Act.

SEC. 2904. REGULATIONS.

(a) ISSUANCE.—Except as otherwise provided in this title or an amendment made by this title, not later than 90 days after the date of enactment of this Act, the Secretary of Agriculture, in consultation with the Commodity Credit Corporation, shall promulgate such regulations as are necessary to implement this title.

(b) APPLICABLE AUTHORITY.—The promulgation of regulations under subsection (a) and administration of this title—

(1) shall be carried out without regard to—

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

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

(2) may—

(A) be promulgated with an opportunity for notice and comment; or

(B) if determined to be appropriate by the Secretary of Agriculture or the Commodity Credit Corporation, as an interim rule effective on publication with an opportunity for notice and comment.

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808(2) of title 5, United States Code.

TITLE III—TRADE

Subtitle A—Food for Peace Act

SEC. 3001. SHORT TITLE.

(a) IN GENERAL.—Section 1 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 note; 104 Stat. 3633) is amended by striking ''Agricultural Trade Development and Assistance Act of 1954'' and inserting ''Food for Peace Act''.

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Each provision of law described in paragraph (2) is amended—

(A) by striking ''Agricultural Trade Development and Assistance Act of 1954'' each place it appears and inserting ''Food for Peace Act''; and

(B) in each section heading, by striking ''**AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954**'' each place it appears and inserting ''**FOOD FOR PEACE ACT**''.

(2) PROVISIONS OF LAW.—The provisions of law referred to in paragraph (1) are the following:

(A) The Agriculture and Food Act of 1981 (Public Law 97–98; 95 Stat. 1213).

(B) The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).

(C) Section 9(a) of the Military Construction Codification Act (7 U.S.C. 1704c).

(D) Section 201 of the Africa: Seeds of Hope Act of 1998 (7 U.S.C. 1721 note; Public Law 105–385).

(E) The Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1 et seq.).

(F) The Food for Progress Act of 1985 (7 U.S.C. 1736o).

(G) Section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1).

(H) Sections 605B and 606C of the Act of August 28, 1954 (commonly known as the ''Agricultural Act of 1954'') (7 U.S.C. 1765b, 1766b).

(I) Section 206 of the Agricultural Act of 1956 (7 U.S.C. 1856).

(J) The Agricultural Competitiveness and Trade Act of 1988 (7 U.S.C. 5201 et seq.).

(K) The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.).

(L) The Export-Import Bank Act of 1945 (12 U.S.C. 635 et seq.).

(M) Section 301 of title 13, United States Code.

(N) Section 8 of the Endangered Species Act of 1973 (16 U.S.C. 1537).

(O) Section 604 of the Enterprise for the Americas Act of 1992 (22 U.S.C. 2077).

(P) Section 5 of the International Health Research Act of 1960 (22 U.S.C. 2103).

(Q) The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.).

(R) The Horn of Africa Recovery and Food Security Act (22 U.S.C. 2151 note; Public Law 102–274).

(S) Section 105 of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455).

(T) Section 35 of the Foreign Military Sales Act (22 U.S.C. 2775).

(U) The Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.).

(V) Section 1707 of the Cuban Democracy Act of 1992 (22 U.S.C. 6006).

(W) The Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 et seq.).

(X) Section 902 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7201).

(Y) Chapter 553 of title 46, United State Code.

(Z) Section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(AA) The Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3359).

(BB) Section 738 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 106–387; 114 Stat 1549A–34).

(c) REFERENCES.—Any reference in any Federal, State, tribal, or local law (including regulations) to the ''Agricultural Trade Development and Assistance Act of 1954'' shall be considered to be a reference to the ''Food for Peace Act''.

SEC. 3002. UNITED STATES POLICY.

Section 2 of the Food for Peace Act (7 U.S.C. 1691) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

SEC. 3003. FOOD AID TO DEVELOPING COUNTRIES.

Section 3(b) of the Food for Peace Act (7 U.S.C. 1691a(b)) is amended by striking ''(b)'' and all that follows through paragraph (1) and inserting the following:

''(b) SENSE OF CONGRESS.—It is the sense of Congress that—

''(1) in negotiations at the Food Aid Convention, the World Trade Organization, the United Nations Food and Agriculture Organization, and other appropriate venues, the President shall—

''(A) seek commitments of higher levels of food aid by donors in order to meet the legitimate needs of developing countries;

''(B) ensure, to the maximum extent practicable, that humanitarian nongovernmental organizations, recipient country governments, charitable bodies, and international organizations shall continue—

''(i) to be eligible to receive resources based on assessments of need conducted by those organizations and entities; and

"(ii) to implement food aid programs in agreements with donor countries; and

"(C) ensure, to the maximum extent practicable, that options for providing food aid for emergency and nonemergency needs shall not be subject to limitation, including in-kind commodities, provision of funds for agricultural commodity procurement, and monetization of commodities, on the condition that the provision of those commodities or funds—

"(i) is based on assessments of need and intended to benefit the food security of, or otherwise assist, recipients, and

"(ii) is provided in a manner that avoids disincentives to local agricultural production and marketing and with minimal potential for disruption of commercial markets; and".

SEC. 3004. TRADE AND DEVELOPMENT ASSISTANCE.

(a) Title I of the Food for Peace Act (7 U.S.C. 1701 et seq.) is amended in the title heading, by striking "**TRADE AND DEVELOPMENT ASSISTANCE**" and inserting "**ECONOMIC ASSISTANCE AND FOOD SECURITY**".

(b) Section 101 of the Food for Peace Act (7 U.S.C. 1701) is amended in the section heading, by striking "**TRADE AND DEVELOPMENT ASSISTANCE**" and inserting "**ECONOMIC ASSISTANCE AND FOOD SECURITY**".

SEC. 3005. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

Section 102 of the Food for Peace Act (7 U.S.C. 1702) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively; and

(2) by striking subsection (c).

SEC. 3006. USE OF LOCAL CURRENCY PAYMENTS.

Section 104(c) of the Food for Peace Act (7 U.S.C. 1704(c)) is amended—

(1) in the matter preceding paragraph (1), by inserting ", through agreements with recipient governments, private voluntary organizations, and cooperatives," after "developing country";

(2) by striking paragraph (1);

(3) in paragraph (2)—

(A) in subparagraph (C), by striking "and" at the end;

(B) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(E) the improvement of the trade capacity of the recipient country.";

(4) in paragraph (3), by striking "agricultural business development and agricultural trade expansion" and inserting "development of agricultural businesses and agricultural trade capacity";

(5) in paragraph (4), by striking ", or otherwise" and all that follows through "United States";

(6) in paragraph (5), by inserting "to promote agricultural products produced in appropriate developing countries" after "trade fairs"; and

(7) by redesignating paragraphs (2) through (9) as paragraphs (1) through (8), respectively.

SEC. 3007. GENERAL AUTHORITY.

Section 201 of the Food for Peace Act (7 U.S.C. 1721) is amended—

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

"(1) address famine and food crises, and respond to emergency food needs, arising from man-made and natural disasters;";

(2) in paragraph (5)—

(A) by inserting ''food security and support'' after ''promote''; and

(B) by striking ''; and'' and inserting a semicolon;

(3) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(7) promote economic and nutritional security by increasing educational, training, and other productive activities.''.

SEC. 3008. PROVISION OF AGRICULTURAL COMMODITIES.

Section 202 of the Food for Peace Act (7 U.S.C. 1722) is amended—

(1) in subsection (b)(2), by striking ''may not deny a request for funds'' and inserting ''may not use as a sole rationale for denying a request for funds'';

(2) in subsection (e)(1)—

(A) in the matter preceding subparagraph (A), by striking ''not less than 5 percent nor more than 10 percent'' and inserting ''not less than 7.5 percent nor more than 13 percent'';

(B) in subparagraph (A), by striking ''; and'' and inserting a semicolon;

(C) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(C) improving and implementing methodologies for food aid programs, including needs assessments (upon the request of the Administrator), monitoring, and evaluation."; and

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

"(h) FOOD AID QUALITY.—

"(1) IN GENERAL.—The Administrator shall use funds made available for fiscal year 2009 and subsequent fiscal years to carry out this title—

"(A) to assess the types and quality of agricultural commodities and products donated for food aid;

"(B) to adjust products and formulations (including the potential introduction of new fortificants and products) as necessary to cost-effectively meet nutrient needs of target populations; and

"(C) to test prototypes.

"(2) ADMINISTRATION.—The Administrator—

"(A) shall carry out this subsection in consultation with and through independent entities

with proven expertise in food aid commodity quality enhancements;

"(B) may enter into contracts to obtain the services of such entities; and

"(C) shall consult with the Food Aid Consultative Group on how to carry out this subsection.

"(3) FUNDING LIMITATION.—Of the funds made available under section 207(f), for fiscal years 2009 through 2011, not more than $4,500,000 may be used to carry out this subsection.".

SEC. 3009. GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Section 203(b) of the Food for Peace Act (7 U.S.C. 1723(b)) is amended by striking "1 or more recipient countries" and inserting "in 1 or more recipient countries".

SEC. 3010. LEVELS OF ASSISTANCE.

Section 204(a) of the Food for Peace Act (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1), by striking "2002 through 2007" and inserting "2008 through 2012"; and

(2) in paragraph (2), by striking ''2002 through 2007'' and inserting ''2008 through 2012''.

SEC. 3011. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Food for Peace Act (7 U.S.C. 1725) is amended—

(1) in subsection (b)—

(A) in paragraph (5), by striking ''and'' at the end;

(B) in paragraph (6), by striking the period and inserting ''; and''; and

(C) by inserting at the end the following:

''(7) representatives from the maritime transportation sector involved in transporting agricultural commodities overseas for programs under this Act.''; and

(2) in subsection (f), by striking ''2007'' and inserting ''2012''.

SEC. 3012. ADMINISTRATION.

Section 207 of the Food for Peace Act (7 U.S.C. 1726a) is amended—

(1) in subsection (a)(3), by striking ''and the conditions that must be met for the approval of such proposal'';

(2) in subsection (c), by striking paragraph (3);

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

"(d) TIMELY PROVISION OF COMMODITIES.—The Administrator, in consultation with the Secretary, shall develop procedures that ensure expedited processing of commodity call forwards in order to provide commodities overseas in a timely manner and to the extent feasible, according to planned delivery schedules."; and

(4) by adding at the end the following:

"(f) PROGRAM OVERSIGHT, MONITORING, AND EVALUATION.—

"(1) DUTIES OF ADMINISTRATOR.—The Administrator, in consultation with the Secretary, shall establish systems and carry out activities—

"(A) to determine the need for assistance provided under this title; and

"(B) to improve, monitor, and evaluate the effectiveness and efficiency of the assistance provided under this title to maximize the impact of the assistance.

"(2) REQUIREMENTS OF SYSTEMS AND ACTIVITIES.—The systems and activities described in paragraph (1) shall include—

"(A) program monitors in countries that receive assistance under this title;

"(B) country and regional food aid impact evaluations;

"(C) the identification and implementation of best practices for food aid programs;

"(D) the evaluation of monetization programs;

"(E) early warning assessments and systems to help prevent famines; and

"(F) upgraded information technology systems.

"(3) IMPLEMENTATION REPORT.—Not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Administrator shall submit to the appropriate committees of Congress a report on efforts undertaken by the Administrator to conduct oversight of non-emergency programs under this title.

"(4) GOVERNMENT ACCOUNTABILITY OFFICE REPORT.—Not later than 270 days after the date of submission of the report under paragraph (3), the Comptroller General of the United States shall submit to the appropriate committees of Congress a report that contains—

"(A) a review of, and comments addressing, the report described in paragraph (3); and

"(B) recommendations relating to any additional actions that the Comptroller General of the United States determines to be necessary to improve the monitoring and evaluation of assistance provided under this title.

"(5) CONTRACT AUTHORITY.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), in carrying out administrative and management activities relating to each activity carried out by the Administrator under paragraph (1), the Administrator may enter into contracts with 1 or more individuals for personal service to be performed in recipient countries or neighboring countries.

"(B) PROHIBITION.—An individual who enters into a contract with the Administrator under subparagraph (A) shall not be considered to be an employee of the Federal Government for the purpose of any law (including regulations) administered by the Office of Personnel Management.

"(C) PERSONAL SERVICE.—Subparagraph (A) does not limit the ability of the Administrator to enter into a contract with any individual for personal service under section 202(a).

"(6) FUNDING.—

"(A) IN GENERAL.—Subject to section 202(h)(3), in addition to other funds made available to the Administrator to carry out the monitoring of emergency food assistance, the Administrator may implement this subsection using up to $22,000,000 of the funds made available under this title for each of fiscal years 2009 through 2012, except for paragraph (2)(F), for which only $2,500,000 shall be made available during fiscal year 2009.

"(B) LIMITATIONS.—

"(i) IN GENERAL.—Subject to clause (ii), of the funds made available under subparagraph (A), for each of fiscal years 2009 through 2012, not more than $8,000,000 may be used by the Administrator to carry out paragraph (2)(E).

"(ii) CONDITION.—No funds shall be made available under subparagraph (A), in accordance with clause (i), unless not less than $8,000,000 is made available under chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) for such purposes for such fiscal year.

"(g) PROJECT REPORTING.—

"(1) IN GENERAL.—In submitting project reports to the Administrator, a private voluntary organization or cooperative shall provide a copy of the report in such form as is necessary for the report to be displayed for public use on the website of the United States Agency for International Development.

"(2) CONFIDENTIAL INFORMATION.—An organization or cooperative described in paragraph (1) may omit any confidential information from the copy of the report submitted for public display under that paragraph.".

SEC. 3013. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208(f) of the Food for Peace Act (7 U.S.C. 1726b(f)) is amended—

(1) by striking "$3,000,000" and inserting "$8,000,000"; and

(2) by striking "2007" and inserting "2012".

SEC. 3014. GENERAL AUTHORITIES AND REQUIREMENTS.

(a) IN GENERAL.—Section 401 of the Food for Peace Act (7 U.S.C. 1731) is amended—

(1) by striking subsection (a);

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

(3) in subsection (b) (as so redesignated), by striking ''(b)(1)'' and inserting ''(a)(1)''.

(b) CONFORMING AMENDMENTS.—

(1) Section 406(a) of the Food for Peace Act (7 U.S.C. 1736(a)) is amended by striking ''(that have been determined to be available under section 401(a))''.

(2) Subsection (e)(1) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(e)(1)) is amended by striking ''determined to be available under section 401 of the Food for Peace Act''.

SEC. 3015. DEFINITIONS.

Section 402 of the Food for Peace Act (7 U.S.C. 1732) is amended—

(1) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

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

''(3) APPROPRIATE COMMITTEE OF CONGRESS.—The term 'appropriate committee of Congress' means—

"(A) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(B) the Committee on Agriculture of the House of Representatives; and

"(C) the Committee on Foreign Affairs of the House of Representatives.".

SEC. 3016. USE OF COMMODITY CREDIT CORPORATION.

Section 406(b)(2) of the Food for Peace Act (7 U.S.C. 1736(b)(2)) is amended by inserting ", including the costs of carrying out section 415" before the semicolon.

SEC. 3017. ADMINISTRATIVE PROVISIONS.

Section 407(c) of the Food for Peace Act (7 U.S.C. 1736a(c)) is amended—

(1) in paragraph (4)—

(A) by striking "Funds made" and inserting the following:

"(A) IN GENERAL.—Funds made";

(B) in subparagraph (A) (as so designated)—

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

(ii) by striking "$2,000,000" and inserting "$10,000,000"; and

(C) by adding at the end the following:

"(B) ADDITIONAL PREPOSITIONING SITES.—

"(i) FEASIBILITY ASSESSMENTS.—The Administrator may carry out assessments for the establishment of not less than 2 sites to determine the feasibility of, and costs associated with, using the sites to store and handle agricultural commodities for prepositioning in foreign countries.

"(ii) ESTABLISHMENT OF SITES.—Based on the results of each assessment carried out under clause (i), the Administrator may establish additional sites for prepositioning in foreign countries."; and

(2) by adding at the end the following:

"(5) NONEMERGENCY OR MULTIYEAR AGREEMENTS.—Annual resource requests for ongoing nonemergency or ongoing multiyear agreements under title II shall be finalized not later than October 1 of the fiscal year in which the agricultural commodities will be shipped under the agreement.".

SEC. 3018. CONSOLIDATION AND MODIFICATION OF ANNUAL REPORTS REGARDING AGRICULTURAL TRADE ISSUES.

(a) ANNUAL REPORTS.—Section 407 of the Food for Peace Act (7 U.S.C. 1736a) is amended by striking subsection (f) and inserting the following:

"(f) ANNUAL REPORTS.—

"(1) ANNUAL REPORT REGARDING AGRICULTURAL TRADE PROGRAMS AND ACTIVITIES.—

"(A) ANNUAL REPORT.—Not later than April 1 of each fiscal year, the Administrator and the Secretary shall jointly prepare and submit to the appropriate committees of Congress a report regarding each program and activity carried out under this Act during the prior fiscal year.

"(B) CONTENTS.—An annual report described in subparagraph (A) shall include, with respect to the prior fiscal year—

"(i) a list that contains a description of each country and organization that receives food and other assistance under this Act (including the quantity of food and assistance provided to each country and organization);

"(ii) a general description of each project and activity implemented under this Act (including each activity funded through the use of local currencies);

"(iii) a statement describing the quantity of agricultural commodities made available to each country pursuant to—

"(I) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)); and

"(II) the Food for Progress Act of 1985 (7 U.S.C. 1736o);

"(iv) an assessment of the progress made through programs under this Act towards reducing food insecurity in the populations receiving food assistance from the United States;

"(v) a description of efforts undertaken by the Food Aid Consultative Group under section 205 to achieve an integrated and effective food assistance program;

"(vi) an assessment of—

"(I) each program oversight, monitoring, and evaluation system implemented under section 207(f); and

"(II) the impact of each program oversight, monitoring, and evaluation system on the effectiveness and efficiency of assistance provided under this title; and

"(vii) an assessment of the progress made by the Administrator in addressing issues relating to quality with respect to the provision of food assistance.

"(2) ANNUAL REPORT REGARDING THE PROVISION OF AGRICULTURAL COMMODITIES TO FOREIGN COUNTRIES.—

"(A) ANNUAL REPORT.—Not later than February 1 of each fiscal year, the Administrator shall prepare and submit to the appropriate committees of Congress a report regarding the administration of food assistance programs under title II to benefit foreign countries during the prior fiscal year.

"(B) CONTENTS.—An annual report described in subparagraph (A) shall include, with respect to the prior fiscal year—

"(i) a list that contains a description of each program, country, and commodity

approved for assistance under section 207; and

"(ii) a statement that contains a description of the total amount of funds approved for transportation and administrative costs under section 207.".

(b) CONFORMING AMENDMENT.—Section 207(e) of the Food for Peace Act (7 U.S.C. 1726a(e)) is amended—

(1) by striking "TIMELY APPROVAL." and all that follows through "The Administrator" and inserting "TIMELY APPROVAL.—The Administrator"; and

(2) by striking paragraph (2).

SEC. 3019. EXPIRATION OF ASSISTANCE.

Section 408 of the Food for Peace Act (7 U.S.C. 1736b) is amended by striking "2007" and inserting "2012".

SEC. 3020. AUTHORIZATION OF APPROPRIATIONS.

Section 412 of the Food for Peace Act (7 U.S.C. 1736f) is amended by striking subsection (a) and inserting the following:

"(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

"(1) for fiscal year 2008 and each fiscal year thereafter, $2,500,000,000 to carry out the emer-

gency and nonemergency food assistance programs under title II; and

"(2) such sums as are necessary—

"(A) to carry out the concessional credit sales program established under title I;

"(B) to carry out the grant program established under title III; and

"(C) to make payments to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under the programs under this Act for the actual costs incurred or to be incurred by the Commodity Credit Corporation in carrying out such programs.".

SEC. 3021. MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.

Section 412 of the Food for Peace Act (7 U.S.C. 1736f) is amended by adding at the end the following:

"(e) MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.—

"(1) FUNDS AND COMMODITIES.—Of the amounts made available to carry out emergency and nonemergency food assistance programs under title II, not less than $375,000,000 for fiscal year 2009, $400,000,000 for fiscal year 2010, $425,000,000 for

fiscal year 2011, and $450,000,000 for fiscal year 2012 shall be expended for nonemergency food assistance programs under title II.

"(2) EXCEPTION.—The President may use less than the amount specified in paragraph (1) in a fiscal year for nonemergency food assistance programs under title II only if—

"(A) the President has made a determination that there is an urgent need for additional emergency food assistance;

"(B) the funds and commodities held in the Bill Emerson Humanitarian Trust have been exhausted; and

"(C) the President has submitted to Congress a supplemental appropriations request for a sum equal to the amount needed to reach the required spending level for nonemergency food assistance under paragraph (1) and the amount exhausted under paragraph (2)(B).

"(3) NOTIFICATION TO CONGRESS.—If the President makes the determination described in paragraph (2)(A), the President shall submit to Congress written notification that the determination has been made.".

SEC. 3022. COORDINATION OF FOREIGN ASSISTANCE PROGRAMS.

Section 413 of the Food for Peace Act (7 U.S.C. 1736g) is amended—

(1) by striking ''To the maximum'' and inserting the following:

''(a) IN GENERAL.—To the maximum''; and

(2) by adding at the end the following:

''(b) REPORT REGARDING EFFORTS TO IMPROVE PROCUREMENT PLANNING.—

''(1) REPORT REQUIRED.—Not later than 90 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Administrator and the Secretary shall submit to each appropriate committee of Congress a report that contains a description of each effort taken by the Administrator and the Secretary to improve planning for food and transportation procurement (including efforts to eliminate bunching of food purchases).

''(2) CONTENTS.—A report required under paragraph (1) should include a description of each effort taken by the Administrator and the Secretary—

''(A) to improve the coordination of food purchases made by—

"(i) the United States Agency for International Development; and

"(ii) the Department of Agriculture;

"(B) to increase flexibility with respect to procurement schedules;

"(C) to increase the use of historical analyses and forecasting; and

"(D) to improve and streamline legal claims processes for resolving transportation disputes.".

SEC. 3023. MICRONUTRIENT FORTIFICATION PROGRAMS.

Section 415 of the Food for Peace Act (7 U.S.C. 1736g–2) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "Not later than September 30, 2003, the Administrator, in consultation with the Secretary" and inserting "Not later than September 30, 2008, the Administrator, in consultation with the Secretary"; and

(B) in paragraph (2)—

(i) in subparagraph (A), by adding "and" after the semicolon at the end; and

(ii) by striking subparagraphs (B) and (C) and inserting the following:

"(B) assess and apply technologies and systems to improve and ensure the quality, shelf life, bioavailability, and safety of fortified food aid agricultural commodities, and products of those agricultural commodities, using recommendations included in the report entitled 'Micronutrient Compliance Review of Fortified Public Law 480 Commodities', published in October 2001, with implementation by independent entities with proven experience and expertise in food aid commodity quality enhancements.";

(2) by striking subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c), respectively; and

(3) in subsection (c) (as redesignated by paragraph (2)), by striking "2007" and inserting "2012".

SEC. 3024. JOHN OGONOWSKI AND DOUG BEREUTER FARMER-TO-FARMER PROGRAM.

(a) MINIMUM FUNDING.—Section 501(d) of the Food for Peace Act (7 U.S.C. 1737(d)) is amended in the matter preceding paragraph (1)—

(1) by striking "not less than" and inserting "not less than the greater of $10,000,000 or"; and

(2) by striking "2002 through 2007" and inserting "2008 through 2012".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 501(e) of the Food for Peace Act (7 U.S.C. 1737(e)) is amended by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—There are authorized to be appropriated for each of fiscal years 2008 through 2012 to carry out the programs under this section—

"(A) $10,000,000 for sub-Saharan African and Caribbean Basin countries; and

"(B) $5,000,000 for other developing or middle-income countries or emerging markets not described in subparagraph (A).".

Subtitle B—Agricultural Trade Act of 1978 and Related Statutes

SEC. 3101. EXPORT CREDIT GUARANTEE PROGRAM.

(a) REPEAL OF SUPPLIER CREDIT GUARANTEE PROGRAM AND INTERMEDIATE EXPORT CREDIT GUARANTEE PROGRAM.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended—

(1) in subsection (a)—

(A) by striking "GUARANTEES.—" and all that follows through "The Commodity" in para-

graph (1) and inserting "GUARANTEES.—The Commodity"; and

(B) by striking paragraphs (2) and (3);

(2) by striking subsections (b) and (c);

(3) by redesignating subsections (d) through (l) as subsections (b) through (j), respectively; and

(4) by adding at the end the following:

"(k) ADMINISTRATION.—

"(1) DEFINITION OF LONG TERM.—In this subsection, the term 'long term' means a period of 10 or more years.

"(2) GUARANTEES.—In administering the export credit guarantees authorized under this section, the Secretary shall—

"(A) maximize the export sales of agricultural commodities;

"(B) maximize the export credit guarantees that are made available and used during the course of a fiscal year;

"(C) develop an approach to risk evaluation that facilitates accurate country risk designations and timely adjustments to the designations (on an ongoing basis) in response to material changes in country risk conditions,

with ongoing opportunity for input and evaluation from the private sector;

"(D) adjust risk-based guarantees as necessary to ensure program effectiveness and United States competitiveness; and

"(E) work with industry to ensure, to the maximum extent practicable, that risk-based fees associated with the guarantees cover, but do not exceed, the operating costs and losses over the long term.".

(b) FUNDING LEVELS.—Section 211 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by striking subsection (b) and inserting the following:

"(b) EXPORT CREDIT GUARANTEE PROGRAMS.—The Commodity Credit Corporation shall make available for each of fiscal years 1996 through 2012 credit guarantees under section 202(a) in an amount equal to but not more than the lesser of—

"(1) $5,500,000,000 in credit guarantees; or

"(2) the sum of—

"(A) the amount of credit guarantees that the Commodity Credit Corporation can make available using budget authority of $40,000,000 for each fiscal year for the costs of the credit guarantees; and

"(B) the amount of credit guarantees that the Commodity Credit Corporation can make available using unobligated budget authority for prior fiscal years.".

(c) CONFORMING AMENDMENTS.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended—

(1) in subsection (b)(4) (as redesignated by subsection (a)(3)), by striking ", consistent with the provisions of subsection (c)";

(2) in subsection (d) (as redesignated by subsection (a)(3))—

(A) by striking "(1)" and all that follows through "The Commodity" and inserting "The Commodity"; and

(B) by striking paragraph (2); and

(3) in subsection (g)(2) (as redesignated by subsection (a)(3)), by striking "subsections (a) and (b)" and inserting "subsection (a)".

SEC. 3102. MARKET ACCESS PROGRAM.

(a) ORGANIC COMMODITIES.—Section 203(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5623(a)) is amended by inserting after "agricultural commodities" the following: "(including commodities that are organically

produced (as defined in section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502)))''.

(b) FUNDING.—Section 211(c)(1)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking ''$200,000,000 for each of fiscal years 2006 and 2007'' and inserting ''$200,000,000 for each of fiscal years 2008 through 2012''.

SEC. 3103. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5651) is repealed.

(b) CONFORMING AMENDMENTS.—The Agricultural Trade Act of 1978 is amended—

(1) in title III, by striking the title heading and inserting the following:

''TITLE III—BARRIERS TO EXPORTS'';

(2) by redesignating sections 302 and 303 (7 U.S.C. 5652 and 5653) as sections 301 and 302, respectively;

(3) in section 302 (as redesignated by paragraph (2)), by striking '', such as that established under section 301,'';

(4) in section 401 (7 U.S.C. 5661)—

(A) in subsection (a), by striking ''section 201, 202, or 301'' and inserting ''section 201 or 202''; and

(B) in subsection (b), by striking ''sections 201, 202, and 301'' and inserting ''sections 201 and 202''; and

(5) in section 402(a)(1) (7 U.S.C. 5662(a)(1)), by striking ''sections 201, 202, 203, and 301'' and inserting ''sections 201, 202, and 203''.

SEC. 3104. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

(a) REPORT TO CONGRESS.—Section 702(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5722(c)) is amended by striking ''Committee on International Relations'' and inserting ''Committee on Foreign Affairs''.

(b) FUNDING.—Section 703(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5723(a)) is amended by striking ''2002 through 2007'' and inserting ''2008 through 2012''.

SEC. 3105. FOOD FOR PROGRESS ACT OF 1985.

(a) IN GENERAL.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended by striking ''2007'' each place it appears and inserting ''2012''.

(b) DESIGNATION OF PROJECT IN SUB-SAHARAN AFRICA.—The Food for Progress Act of 1985 (7 U.S.C.

1736o) is amended in subsection (f) by adding at the end the following:

"(6) PROJECT IN MALAWI.—

"(A) IN GENERAL.—In carrying out this section during fiscal year 2009, the President shall approve not less than 1 multiyear project for Malawi—

"(i) to promote sustainable agriculture; and

"(ii) to increase the number of women in leadership positions.

"(B) USE OF ELIGIBLE COMMODITIES.—Of the eligible commodities used to carry out this section during the period in which the project described in subparagraph (A) is carried out, the President shall carry out the project using eligible commodities with a total value of not less than $3,000,000 during the course of the project.".

SEC. 3106. MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM.

Section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1) is amended—

(1) in subsections (b), (c)(2)(B), (f)(1), (h), (i), and (l)(1), by striking ''President'' each place it appears and inserting ''Secretary'';

(2) in subsection (d), by striking ''The President shall designate 1 or more Federal agencies'' and inserting ''The Secretary shall'';

(3) in paragraph (f)(2), by striking ''implementing agency'' and inserting ''Secretary''; and

(4) in subsection (l)—

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

''(1) USE OF COMMODITY CREDIT CORPORATION FUNDS.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $84,000,000 for fiscal year 2009, to remain available until expended.'';

(B) in paragraph (2), by striking ''2004 through 2007'' and inserting ''2008 through 2012''; and

(C) in paragraph (3), by striking ''any Federal agency implementing or assisting'' and inserting ''the Department of Agriculture or any other Federal agency assisting''.

Subtitle C—Miscellaneous

SEC. 3201. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended—

(1) in subsection (a)—

(A) by striking ''establish a trust stock'' and inserting ''establish and maintain a trust''; and

(B) by striking ''or any combination of the commodities, totaling not more than 4,000,000 metric tons'' and inserting ''any combination of the commodities, or funds'';

(2) in subsection (b)—

(A) in paragraph (1), by striking subparagraph (D) and inserting the following:

''(D) funds made available—

''(i) under paragraph (2)(B);

''(ii) as a result of an exchange of any commodity held in the trust for an equivalent amount of funds from the market, if the Secretary determines that such a sale of the commodity on the market will not unduly disrupt domestic markets; or

"(iii) to maximize the value of the trust, in accordance with subsection (d)(3)."; and

(B) in paragraph (2)(B)—

(i) in clause (i)—

(I) by striking "2007" each place it appears and inserting "2012";

(II) by striking "(c)(2)" and inserting "(c)(1)"; and

(III) by striking "and" at the end;

(ii) in clause (ii), by striking the period at the end and inserting "; or"; and

(iii) by adding at the end the following:

"(iii) from funds accrued through the management of the trust under subsection (d).";

(3) in subsection (c)—

(A) by striking paragraphs (1) and (2) and inserting the following:

"(1) RELEASES FOR EMERGENCY ASSISTANCE.—

"(A) DEFINITION OF EMERGENCY.—

"(i) IN GENERAL.—In this paragraph, the term 'emergency' means an urgent situation—

"(I) in which there is clear evidence that an event or series of events described in clause (ii) has occurred—

"(aa) that causes human suffering; and

"(bb) for which a government concerned has not chosen, or has not the means, to remedy; or

"(II) created by a demonstrably abnormal event or series of events that produces dislocation in the lives of residents of a country or region of a country on an exceptional scale.

"(ii) EVENT OR SERIES OF EVENTS.—An event or series of events referred to in clause (i) includes 1 or more of—

"(I) a sudden calamity, such as an earthquake, flood, locust infestation, or similar unforeseen disaster;

"(II) a human-made emergency resulting in—

"(aa) a significant influx of refugees;

"(bb) the internal displacement of populations; or

"(cc) the suffering of otherwise affected populations;

"(III) food scarcity conditions caused by slow-onset events, such as drought, crop failure, pest infestation, and disease, that result in an erosion of the ability of communities and vulnerable populations to meet food needs; and

"(IV) severe food access or availability conditions resulting from sudden economic shocks, market failure, or economic collapse, that result in an erosion of the ability of communities and vulnerable populations to meet food needs.

"(B) RELEASES.—

"(i) IN GENERAL.—Any funds or commodities held in the trust may be released to provide food, and cover any associated

costs, under title II of the Food for Peace Act (7 U.S.C. 1721 et seq.)—

"(I) to assist in averting an emergency, including during the period immediately preceding the emergency;

"(II) to respond to an emergency; or

"(III) for recovery and rehabilitation after an emergency.

"(ii) PROCEDURE.—A release under clause (i) shall be carried out in the same manner, and pursuant to the same authority as provided in title II of that Act.

"(C) INSUFFICIENCY OF OTHER FUNDS.—The funds and commodities held in the trust shall be made immediately available on a determination by the Administrator that funds available for emergency needs under title II of that Act (7 U.S.C. 1721 et seq.) for a fiscal year are insufficient to meet emergency needs during the fiscal year.

"(D) WAIVER RELATING TO MINIMUM TONNAGE REQUIREMENTS.—Nothing in this paragraph requires a waiver by the Adminis-

trator of the Agency for International Development under section 204(a)(3) of the Food for Peace Act (7 U.S.C. 1724(a)(3)) as a condition for a release of funds or commodities under subparagraph (B).''; and

(B) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(4) in subsection (d)—

(A) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively, and indenting the subparagraphs appropriately;

(B) by striking the subsection designation and heading and all that follows through ''provide—'' and inserting the following:

''(d) MANAGEMENT OF TRUST.—

''(1) IN GENERAL.—The Secretary shall provide for the management of eligible commodities and funds held in the trust in a manner that is consistent with maximizing the value of the trust, as determined by the Secretary.

''(2) ELIGIBLE COMMODITIES.—The Secretary shall provide—'';

(C) in paragraph (2) (as redesignated by subparagraph (B))—

(i) in subparagraph (B) (as redesignated by subparagraph (A)), by striking ''and'' at the end; and

(ii) in subparagraph (C) (as redesignated by subparagraph (A)), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(3) FUNDS.—

''(A) EXCHANGES.—If any commodity held in the trust is exchanged for funds under subsection (b)(1)(D)(ii), the funds shall be held in the trust until the date on which the funds are released in the case of an emergency under subsection (c).

''(B) INVESTMENT.—The Secretary may invest funds held in the trust in any short-term obligation of the United States or any other low-risk short-term instrument or security insured by the Federal Government in which a regulated insurance company may invest under the laws of the District of Columbia.''; and

(5) in subsection (h), in each of paragraphs (1) and (2), by striking ''2007'' each place it appears and inserting ''2012''.

SEC. 3202. GLOBAL CROP DIVERSITY TRUST.

(a) CONTRIBUTION.—The Administrator of the United States Agency for International Development shall contribute funds to endow the Global Crop Diversity Trust (referred to in this section as the ''Trust'') to assist in the conservation of genetic diversity in food crops through the collection and storage of the germplasm of food crops in a manner that provides for—

(1) the maintenance and storage of seed collections;

(2) the documentation and cataloguing of the genetics and characteristics of conserved seeds to ensure efficient reference for researchers, plant breeders, and the public;

(3) building the capacity of seed collection in developing countries;

(4) making information regarding crop genetic data publicly available for researchers, plant breeders, and the public (including through the provision of an accessible Internet website);

(5) the operation and maintenance of a back-up facility in which are stored duplicate samples of

seeds, in the case of natural or man-made disasters; and

(6) oversight designed to ensure international coordination of those actions and efficient, public accessibility to that diversity through a cost-effective system.

(b) UNITED STATES CONTRIBUTION LIMIT.—The aggregate contributions of funds of the Federal Government provided to the Trust shall not exceed 25 percent of the total amount of funds contributed to the Trust from all sources.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $60,000,000 for the period of fiscal years 2008 through 2012.

SEC. 3203. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.

Section 3205 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5680) is amended by striking subsection (d) and inserting the following:

"(d) ANNUAL REPORT.—Not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008 and annually thereafter, the Secretary shall submit to the appropriate committees of Congress a report that contains, for the period covered by the re-

port, a description of each factor that affects the export of specialty crops, including each factor relating to any—

"(1) significant sanitary or phytosanitary issue; or

"(2) trade barrier.

"(e) FUNDING.—

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

"(2) FUNDING AMOUNTS.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

"(A) $4,000,000 for fiscal year 2008;

"(B) $7,000,000 for fiscal year 2009;

"(C) $8,000,000 for fiscal year 2010;

"(D) $9,000,000 for fiscal year 2011; and

"(E) $9,000,000 for fiscal year 2012.".

SEC. 3204. EMERGING MARKETS AND FACILITY GUARANTEE LOAN PROGRAM.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law 101–624) is amended—

(1) in subsection (a), by striking "2007" and inserting "2012";

(2) in subsection (b)—

(A) in the first sentence, by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(B) by striking ''A portion'' and inserting the following:

''(1) IN GENERAL.—A portion'';

(C) in the second sentence, by striking ''The Commodity Credit Corporation'' and inserting the following:

''(2) PRIORITY.—The Commodity Credit Corporation''; and

(D) by adding at the end the following:

''(3) CONSTRUCTION WAIVER.—The Secretary may waive any applicable requirements relating to the use of United States goods in the construction of a proposed facility, if the Secretary determines that—

''(A) goods from the United States are not available; or

''(B) the use of goods from the United States is not practicable.

"(4) TERM OF GUARANTEE.—A facility payment guarantee under this subsection shall be for a term that is not more than the lesser of—

"(A) the term of the depreciation schedule of the facility assisted; or

"(B) 20 years."; and

(3) in subsection (d)(1)(A)(i) by striking "2007" and inserting "2012".

SEC. 3205. CONSULTATIVE GROUP TO ELIMINATE THE USE OF CHILD LABOR AND FORCED LABOR IN IMPORTED AGRICULTURAL PRODUCTS.

(a) DEFINITIONS.—In this section:

(1) CHILD LABOR.—The term "child labor" means the worst forms of child labor as defined in International Labor Convention 182, the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, done at Geneva on June 17, 1999.

(2) CONSULTATIVE GROUP.—The term "Consultative Group" means the Consultative Group to Eliminate the Use of Child Labor and Forced Labor in Imported Agricultural Products established under subsection (b).

(3) FORCED LABOR.—The term "forced labor" means all work or service—

(A) that is exacted from any individual under menace of any penalty for nonperformance of the work or service, and for which—

(i) the work or service is not offered voluntarily; or

(ii) the work or service is performed as a result of coercion, debt bondage, or involuntary servitude (as those terms are defined in section 103 of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102)); and

(B) by 1 or more individuals who, at the time of performing the work or service, were being subjected to a severe form of trafficking in persons (as that term is defined in that section).

(b) ESTABLISHMENT.—There is established a group to be known as the ''Consultative Group to Eliminate the Use of Child Labor and Forced Labor in Imported Agricultural Products'' to develop recommendations relating to guidelines to reduce the likelihood that agricultural products or commodities imported into the United States are produced with the use of forced labor and child labor.

(c) DUTIES.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act and in accordance with section 105(d) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7103(d)), as applicable to the importation of agricultural products made with the use of child labor or forced labor, the Consultative Group shall develop, and submit to the Secretary, recommendations relating to a standard set of practices for independent, third-party monitoring and verification for the production, processing, and distribution of agricultural products or commodities to reduce the likelihood that agricultural products or commodities imported into the United States are produced with the use of forced labor or child labor.

(2) GUIDELINES.—

(A) IN GENERAL.—Not later than 1 year after the date on which the Secretary receives recommendations under paragraph (1), the Secretary shall release guidelines for a voluntary initiative to enable entities to address issues raised by the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).

(B) REQUIREMENTS.—Guidelines released under subparagraph (A) shall be published in

the Federal Register and made available for public comment for a period of 90 days.

(d) MEMBERSHIP.—The Consultative Group shall be composed of not more than 13 individuals, of whom—

(1) 2 members shall represent the Department of Agriculture, as determined by the Secretary;

(2) 1 member shall be the Deputy Under Secretary for International Affairs of the Department of Labor;

(3) 1 member shall represent the Department of State, as determined by the Secretary of State;

(4) 3 members shall represent private agriculture-related enterprises, which may include retailers, food processors, importers, and producers, of whom at least 1 member shall be an importer, food processor, or retailer who utilizes independent, third-party supply chain monitoring for forced labor or child labor;

(5) 2 members shall represent institutions of higher education and research institutions, as determined appropriate by the Bureau of International Labor Affairs of the Department of Labor;

(6) 1 member shall represent an organization that provides independent, third-party certification

services for labor standards for producers or importers of agricultural commodities or products; and

(7) 3 members shall represent organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 that have expertise on the issues of international child labor and do not possess a conflict of interest associated with establishment of the guidelines issued under subsection (c)(2), as determined by the Bureau of International Labor Affairs of the Department of Labor, including representatives from consumer organizations and trade unions, if appropriate.

(e) CHAIRPERSON.—A representative of the Department of Agriculture appointed under subsection (d)(1), as determined by the Secretary, shall serve as the chairperson of the Consultative Group.

(f) REQUIREMENTS.—Not less than 4 times per year, the Consultative Group shall meet at the call of the Chairperson, after reasonable notice to all members, to develop recommendations described in subsection (c)(1).

(g) NONAPPLICABILITY OF FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Consultative Group.

(h) ANNUAL REPORTS.—Not later than 1 year after the date of enactment of this Act, and annually thereafter

through December 31, 2012, the Secretary shall submit to the Committees on Agriculture and Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the activities and recommendations of the Consultative Group.

(i) TERMINATION OF AUTHORITY.—The Consultative Group shall terminate on December 31, 2012.

SEC. 3206. LOCAL AND REGIONAL FOOD AID PROCUREMENT PROJECTS.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Agency for International Development.

(2) APPROPRIATE COMMITTEE OF CONGRESS.—The term ''appropriate committee of Congress'' means—

(A) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

(B) the Committee on Agriculture of the House of Representatives; and

(C) the Committee on Foreign Affairs of the House of Representatives.

(3) ELIGIBLE COMMODITY.—The term ''eligible commodity'' means an agricultural commodity (or the product of an agricultural commodity) that—

(A) is produced in, and procured from, a developing country; and

(B) at a minimum, meets each nutritional, quality, and labeling standard of the country that receives the agricultural commodity, as determined by the Secretary.

(4) ELIGIBLE ORGANIZATION.—The term ''eligible organization'' means an organization that is—

(A) described in section 202(d) of the Food for Peace Act (7 U.S.C. 1722(d)); and

(B) with respect to nongovernmental organizations, subject to regulations promulgated or guidelines issued to carry out this section, including United States audit requirements that are applicable to nongovernmental organizations.

(b) STUDY; FIELD-BASED PROJECTS.—

(1) STUDY.—

(A) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Secretary shall initiate a study of prior local and

regional procurements for food aid programs conducted by—

(i) other donor countries;

(ii) private voluntary organizations; and

(iii) the World Food Program of the United Nations.

(B) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress a report containing the results of the study conducted under subparagraph (A).

(2) FIELD-BASED PROJECTS.—

(A) IN GENERAL.—In accordance with subparagraph (B), the Secretary shall provide grants to, or enter into cooperative agreements with, eligible organizations to carry out field-based projects that consist of local or regional procurements of eligible commodities to respond to food crises and disasters in accordance with this section.

(B) CONSULTATION WITH ADMINISTRATOR.—In carrying out the development and implementation of field-based projects under

subparagraph (A), the Secretary shall consult with the Administrator.

(c) PROCUREMENT.—

(1) IN GENERAL.—Any eligible commodity that is procured for a field-based project carried out under subsection (b)(2) shall be procured through any approach or methodology that the Secretary considers to be an effective approach or methodology to provide adequate information regarding the manner by which to expedite, to the maximum extent practicable, the provision of food aid to affected populations without significantly increasing commodity costs for low-income consumers who procure commodities sourced from the same markets at which the eligible commodity is procured.

(2) REQUIREMENTS.—

(A) IMPACT ON LOCAL FARMERS AND COUNTRIES.—The Secretary shall ensure that the local or regional procurement of any eligible commodity under this section will not have a disruptive impact on farmers located in, or the economy of—

(i) the recipient country of the eligible commodity; or

(ii) any country in the region in which the eligible commodity may be procured.

(B) TRANSSHIPMENT.—The Secretary shall, in accordance with such terms and conditions as the Secretary considers to be appropriate, require from each eligible organization commitments designed to prevent or restrict—

(i) the resale or transshipment of any eligible commodity procured under this section to any country other than the recipient country; and

(ii) the use of the eligible commodity for any purpose other than food aid.

(C) WORLD PRICES.—

(i) IN GENERAL.—In carrying out this section, the Secretary shall take any precaution that the Secretary considers to be reasonable to ensure that the procurement of eligible commodities will not unduly disrupt—

(I) world prices for agricultural commodities; or

(II) normal patterns of commercial trade with foreign countries.

(ii) PROCUREMENT PRICE.—The procurement of any eligible commodity shall be made at a reasonable market price with respect to the economy of the country in which the eligible commodity is procured, as determined by the Secretary.

(d) REGULATIONS; GUIDELINES.—

(1) IN GENERAL.—In accordance with paragraph (2), not later than 180 days after the date of completion of the study under subsection (b)(1), the Secretary shall promulgate regulations or issue guidelines to carry out field-based projects under this section.

(2) REQUIREMENTS.—

(A) USE OF STUDY.—In promulgating regulations or issuing guidelines under paragraph (1), the Secretary shall take into consideration the results of the study described in subsection (b)(1).

(B) PUBLIC REVIEW AND COMMENT.—In promulgating regulations or issuing guidelines under paragraph (1), the Secretary shall provide an opportunity for public review and comment.

(3) AVAILABILITY.—The Secretary shall not approve the procurement of any eligible commodity under this section until the date on which the Secretary promulgates regulations or issues guidelines under paragraph (1).

(e) FIELD-BASED PROJECT GRANTS OR COOPERATIVE AGREEMENTS.—

(1) IN GENERAL.—The Secretary shall award grants to, or enter into cooperative agreements with, eligible organizations to carry out field-based projects.

(2) REQUIREMENTS OF ELIGIBLE ORGANIZATIONS.—

(A) APPLICATION.—

(i) IN GENERAL.—To be eligible to receive a grant from, or enter into a cooperative agreement with, the Secretary under this subsection, an eligible organization shall submit to the Secretary an application by such date, in such manner, and containing such information as the Secretary may require.

(ii) OTHER APPLICABLE REQUIREMENTS.—Any other applicable requirement relating to the submission of proposals for

consideration shall apply to the submission of an application required under clause (i), as determined by the Secretary.

(B) COMPLETION REQUIREMENT.—To be eligible to receive a grant from, or enter into a cooperative agreement with, the Secretary under this subsection, an eligible organization shall agree—

(i) to collect by September 30, 2011, data containing the information required under subsection (f)(1)(B) relating to the field-based project funded through the grant; and

(ii) to provide to the Secretary the data collected under clause (i).

(3) REQUIREMENTS OF SECRETARY.—

(A) PROJECT DIVERSITY.—

(i) IN GENERAL.—Subject to clause (ii) and subparagraph (B), in selecting proposals for field-based projects to fund under this section, the Secretary shall select a diversity of projects, including projects located in—

(I) food surplus regions;

(II) food deficit regions (that are carried out using regional procurement methods); and

(III) multiple geographical regions.

(ii) PRIORITY.—In selecting proposals for field-based projects under clause (i), the Secretary shall ensure that the majority of selected proposals are for field-based projects that—

(I) are located in Africa; and

(II) procure eligible commodities that are produced in Africa.

(B) DEVELOPMENT ASSISTANCE.—A portion of the funds provided under this subsection shall be made available for field-based projects that provide development assistance for a period of not less than 1 year.

(4) AVAILABILITY.—The Secretary shall not award a grant to any eligible organization under paragraph (1) until the date on which the Secretary promulgates regulations or issues guidelines under subsection (d)(1).

(f) INDEPENDENT EVALUATIONS; REPORT.—

(1) INDEPENDENT EVALUATIONS.—

(A) IN GENERAL.—Not later than November 1, 2011, the Secretary shall ensure that an independent third party conducts an independent evaluation of all field-based projects that—

(i) addresses each factor described in subparagraph (B); and

(ii) is conducted in accordance with this section.

(B) REQUIRED FACTORS.—The Secretary shall require the independent third party to develop—

(i) with respect to each relevant market in which an eligible commodity was procured under this section, a description of—

(I) the prevailing and historic supply, demand, and price movements of the market (including the extent of competition for procurement bids);

(II) the impact of the procurement of the eligible commodity on producer and consumer prices in the market;

(III) each government market interference or other activity of the donor country that might have significantly affected the supply or demand of the eligible commodity in the area at which the local or regional procurement occurred;

(IV) the quantities and types of eligible commodities procured in the market;

(V) the time frame for procurement of each eligible commodity; and

(VI) the total cost of the procurement of each eligible commodity (including storage, handling, transportation, and administrative costs);

(ii) an assessment regarding—

(I) whether the requirements of this section have been met;

(II) the impact of different methodologies and approaches on—

(aa) local and regional agricultural producers (including large and small agricultural producers);

(bb) markets;

(cc) low-income consumers; and

(dd) program recipients; and

(III) the length of the period beginning on the date on which the Secretary initiated the procurement process and ending on the date of delivery of eligible commodities;

(iii) a comparison of different methodologies used to carry out this section, with respect to—

(I) the benefits to local agriculture;

(II) the impact on markets and consumers;

(III) the period of time required for procurement and delivery;

(IV) quality and safety assurances; and

(V) implementation costs; and

(iv) to the extent adequate information is available (including the results of the report required under subsection (b)(1)(B)), a comparison of the different

methodologies used by other donor countries to make local and regional procurements.

(C) INDEPENDENT THIRD PARTY ACCESS TO RECORDS AND REPORTS.—The Secretary shall provide to the independent third party access to each record and report that the independent third party determines to be necessary to complete the independent evaluation.

(D) PUBLIC ACCESS TO RECORDS AND REPORTS.—Not later than 180 days after the date described in paragraph (2), the Secretary shall provide public access to each record and report described in subparagraph (C).

(2) REPORT.—Not later than 4 years after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress a report that contains the analysis and findings of the independent evaluation conducted under paragraph (1)(A).

(g) FUNDING.—

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

(2) FUNDING AMOUNTS.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

(A) $5,000,000 for fiscal year 2009;

(B) $25,000,000 for fiscal year 2010;

(C) $25,000,000 for fiscal year 2011; and

(D) $5,000,000 for fiscal year 2012.

Subtitle D—Softwood Lumber

SEC. 3301. SOFTWOOD LUMBER.

(a) IN GENERAL.—The Tariff Act of 1930 (19 U.S.C. 1202 et seq.) is amended by adding at the end the following new title:

"TITLE VIII—SOFTWOOD LUMBER

"SEC. 801. SHORT TITLE; TABLE OF CONTENTS.

''(a) SHORT TITLE.—This title may be cited as the 'Softwood Lumber Act of 2008'.

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

"TITLE VIII—SOFTWOOD LUMBER

''Sec. 801. Short title; table of contents.
''Sec. 802. Definitions.
''Sec. 803. Establishment of softwood lumber importer declaration program.
''Sec. 804. Scope of softwood lumber importer declaration program.
''Sec. 805. Export charge determination and publication.
''Sec. 806. Reconciliation.
''Sec. 807. Verification.
''Sec. 808. Penalties.
''Sec. 809. Reports.

"SEC. 802. DEFINITIONS.

"In this title:

"(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term 'appropriate congressional committees' means the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

"(2) COUNTRY OF EXPORT.—The term 'country of export' means the country (including any political subdivision of the country) from which softwood lumber or a softwood lumber product is exported before entering the United States.

"(3) CUSTOMS LAWS OF THE UNITED STATES.—The term 'customs laws of the United States' means any law or regulation enforced or administered by U.S. Customs and Border Protection.

"(4) EXPORT CHARGES.—The term 'export charges' means any tax, charge, or other fee collected by the country from which softwood lumber or a softwood lumber product, described in section 804(a), is exported pursuant to an international agreement entered into by that country and the United States.

"(5) EXPORT PRICE.—

"(A) IN GENERAL.—The term 'export price' means one of the following:

"(i) In the case of softwood lumber or a softwood lumber product that has undergone only primary processing, the value that would be determined F.O.B. at the facility where the product underwent the last primary processing before export.

"(ii)(I) In the case of softwood lumber or a softwood lumber product described in subclause (II), the value that would be determined F.O.B. at the facility where the lumber or product underwent the last primary processing.

"(II) Softwood lumber or a softwood lumber product described in this subclause is lumber or a product that underwent the last remanufacturing before export by a manufacturer who—

"(aa) does not hold tenure rights provided by the country of export;

"(bb) did not acquire standing timber directly from the country of export; and

"(cc) is not related to the person who holds tenure rights or acquired

standing timber directly from the country of export.

"(iii)(I) In the case of softwood lumber or a softwood lumber product described in subclause (II), the value that would be determined F.O.B. at the facility where the product underwent the last processing before export.

"(II) Softwood lumber or a softwood lumber product described in this subclause is lumber or a product that undergoes the last remanufacturing before export by a manufacturer who—

"(aa) holds tenure rights provided by the country of export;

"(bb) acquired standing timber directly from the country of export; or

"(cc) is related to a person who holds tenure rights or acquired standing timber directly from the country of export.

"(B) RELATED PERSONS.—For purposes of this paragraph, a person is related to another person if—

"(i) the person bears a relationship to such other person described in section 152(a) of the Internal Revenue Code of 1986;

"(ii) the person bears a relationship to such other person described in section 267(b) of such Code, except that '5 percent' shall be substituted for '50 percent' each place it appears;

"(iii) the person and such other person are part of a controlled group of corporations, as that term is defined in section 1563(a) of such Code, except that '5 percent' shall be substituted for '80 percent' each place it appears;

"(iv) the person is an officer or director of such other person; or

"(v) the person is the employer of such other person.

"(C) TENURE RIGHTS.—For purposes of this paragraph, the term 'tenure rights' means rights to harvest timber from public land granted by the country of export.

"(D) EXPORT PRICE WHERE F.O.B. VALUE CANNOT BE DETERMINED.—

"(i) IN GENERAL.—In the case of softwood lumber or a softwood lumber product described in clause (i), (ii), or (iii) of subparagraph (A) for which an F.O.B. value cannot be determined, the export price shall be the market price for the identical lumber or product sold in an arm's-length transaction in the country of export at approximately the same time as the exported lumber or product. The market price shall be determined in the following order of preference:

"(I) The market price for the lumber or a product sold at substantially the same level of trade as the exported lumber or product but in different quantities.

"(II) The market price for the lumber or a product sold at a different level of trade than the exported lumber or product but in similar quantities.

"(III) The market price for the lumber or a product sold at a different level of trade than the exported

lumber or product and in different quantities.

"(ii) LEVEL OF TRADE.—For purposes of clause (i), 'level of trade' shall be determined in the same manner as provided under section 351.412(c) of title 19, Code of Federal Regulations (as in effect on January 1, 2008).

"(6) F.O.B.—The term 'F.O.B.' means a value consisting of all charges payable by a purchaser, including those charges incurred in the placement of merchandise on board of a conveyance for shipment, but does not include the actual shipping charges or any applicable export charges.

"(7) HTS.—The term 'HTS' means the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202) (as in effect on January 1, 2008).

"(8) PERSON.—The term 'person' includes any individual, partnership, corporation, association, organization, business trust, government entity, or other entity subject to the jurisdiction of the United States.

"(9) UNITED STATES.—The term 'United States' means the customs territory of the United States, as defined in General Note 2 of the HTS.

"SEC. 803. ESTABLISHMENT OF SOFTWOOD LUMBER IMPORTER DECLARATION PROGRAM.

"(a) ESTABLISHMENT OF PROGRAM.—

"(1) IN GENERAL.—The President shall establish and maintain an importer declaration program with respect to the importation of softwood lumber and softwood lumber products described in section 804(a). The importer declaration program shall require importers of softwood lumber and softwood lumber products described in section 804(a) to provide the information required under subsection (b) and declare the information required by subsection (c), and require that such information accompany the entry summary documentation.

"(2) ELECTRONIC RECORD.—The President shall establish an electronic record that includes the importer information required under subsection (b) and the declarations required under subsection (c).

"(b) REQUIRED INFORMATION.—The President shall require the following information to be submitted by any person seeking to import softwood lumber or softwood lumber products described in section 804(a):

"(1) The export price for each shipment of softwood lumber or softwood lumber products.

"(2) The estimated export charge, if any, applicable to each shipment of softwood lumber or

1 softwood lumber products as calculated by applying
2 the percentage determined and published by the
3 Under Secretary for International Trade of the De-
4 partment of Commerce pursuant to section 805 to
5 the export price provided in subsection (b)(1).
6 ''(c) IMPORTER DECLARATIONS.—Pursuant to proce-
7 dures prescribed by the President, any person seeking to
8 import softwood lumber or softwood lumber products de-
9 scribed in section 804(a) shall declare that—
10 ''(1) the person has made appropriate inquiry,
11 including seeking appropriate documentation from
12 the exporter and consulting the determinations pub-
13 lished by the Under Secretary for International
14 Trade of the Department of Commerce pursuant to
15 section 805(b); and
16 ''(2) to the best of the person's knowledge and
17 belief—
18 ''(A) the export price provided pursuant to
19 subsection (b)(1) is determined in accordance
20 with the definition provided in section 802(5);
21 ''(B) the export price provided pursuant to
22 subsection (b)(1) is consistent with the export
23 price provided on the export permit, if any,
24 granted by the country of export; and

"(C) the exporter has paid, or committed to pay, all export charges due—

"(i) in accordance with the volume, export price, and export charge rate or rates, if any, as calculated under an international agreement entered into by the country of export and the United States; and

"(ii) consistent with the export charge determinations published by the Under Secretary for International Trade pursuant to section 805(b).

"SEC. 804. SCOPE OF SOFTWOOD LUMBER IMPORTER DECLARATION PROGRAM.

"(a) PRODUCTS INCLUDED IN PROGRAM.—The following products shall be subject to the importer declaration program established under section 803:

"(1) IN GENERAL.—All softwood lumber and softwood lumber products classified under subheading 4407.10.00, 4409.10.10, 4409.10.20, or 4409.10.90 of the HTS, including the following softwood lumber, flooring, and siding:

"(A) Coniferous wood, sawn or chipped lengthwise, sliced or peeled, whether or not

planed, sanded, or finger-jointed, of a thickness exceeding 6 millimeters.

"(B) Coniferous wood siding (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded, or the like) along any of its edges or faces, whether or not planed, sanded, or finger-jointed.

"(C) Other coniferous wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded, or the like) along any of its edges or faces (other than wood moldings and wood dowel rods) whether or not planed, sanded, or finger-jointed.

"(D) Coniferous wood flooring (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded, or the like) along any of its edges or faces, whether or not planed, sanded, or finger-jointed.

"(E) Coniferous drilled and notched lumber and angle cut lumber.

"(2) PRODUCTS CONTINUALLY SHAPED.—Any product classified under subheading 4409.10.05 of the HTS that is continually shaped along its end or side edges.

"(3) OTHER LUMBER PRODUCTS.—Except as otherwise provided in subsection (b) or (c), softwood lumber products that are stringers, radius-cut box-spring frame components, fence pickets, truss components, pallet components, and door and window frame parts classified under subheading 4418.90.46.95, 4421.90.70.40, or 4421.90.97.40 of the HTS.

"(b) PRODUCTS EXCLUDED FROM PROGRAM.—The following products shall be excluded from the importer declaration program established under section 803:

"(1) Trusses and truss kits, properly classified under subheading 4418.90 of the HTS.

"(2) I-joist beams.

"(3) Assembled box-spring frames.

"(4) Pallets and pallet kits, properly classified under subheading 4415.20 of HTS.

"(5) Garage doors.

"(6) Edge-glued wood, properly classified under subheading 4421.90.97.40 of the HTS.

"(7) Complete door frames.

"(8) Complete window frames.

"(9) Furniture.

"(10) Articles brought into the United States temporarily and for which an exemption from duty is claimed under subchapter XIII of chapter 98 of the HTS.

"(11) Household and personal effects.

"(c) EXCEPTIONS FOR CERTAIN PRODUCTS.—The following softwood lumber products shall not be subject to the importer declaration program established under section 803:

"(1) STRINGERS.—Stringers (pallet components used for runners), if the stringers—

"(A) have at least 2 notches on the side, positioned at equal distance from the center, to properly accommodate forklift blades; and

"(B) are properly classified under subheading 4421.90.97.40 of the HTS.

"(2) BOX-SPRING FRAME KITS.—

"(A) IN GENERAL.—Box-spring frame kits, if—

"(i) the kits contain—

"(I) 2 wooden side rails;

"(II) 2 wooden end (or top) rails; and

"(III) varying numbers of wooden slats; and

"(ii) the side rails and the end rails are radius-cut at both ends.

"(B) PACKAGING.—Any kit described in subparagraph (A) shall be individually packaged, and contain the exact number of wooden components needed to make the box-spring frame described on the entry documents, with no further processing required. None of the components contained in the package may exceed 1 inch in actual thickness or 83 inches in length.

"(3) RADIUS-CUT BOX-SPRING FRAME COMPONENTS.—Radius-cut box-spring frame components, not exceeding 1 inch in actual thickness or 83 inches in length, ready for assembly without further processing, if radius cuts are present on both ends of the boards and are substantial cuts so as to completely round 1 corner.

"(4) FENCE PICKETS.—Fence pickets requiring no further processing and properly classified under

subheading 4421.90.70 of the HTS, 1 inch or less in actual thickness, up to 8 inches wide, and 6 feet or less in length, and having finials or decorative cuttings that clearly identify them as fence pickets. In the case of dog-eared fence pickets, the corners of the boards shall be cut off so as to remove pieces of wood in the shape of isosceles right angle triangles with sides measuring ¾ of an inch or more.

"(5) UNITED STATES-ORIGIN LUMBER.—Lumber originating in the United States that is exported to another country for minor processing and imported into the United States if—

"(A) the processing occurring in another country is limited to kiln drying, planing to create smooth-to-size board, and sanding; and

"(B) the importer establishes to the satisfaction of U.S. Customs and Border Protection upon entry that the lumber originated in the United States.

"(6) SOFTWOOD LUMBER.—Any softwood lumber or softwood lumber product that originated in the United States, if the importer, exporter, foreign processor, or original United States producer establishes to the satisfaction of U.S. Customs and Border Protection upon entry that the softwood lumber

entered and documented as originating in the United States was first produced in the United States.

"(7) HOME PACKAGES OR KITS.—

"(A) IN GENERAL.—Softwood lumber or softwood lumber products contained in a single family home package or kit, regardless of the classification under the HTS, if the importer declares that the following requirements have been met:

"(i) The package or kit constitutes a full package of the number of wooden pieces specified in the plan, design, or blueprint necessary to produce a home of at least 700 square feet produced to a specified plan, design, or blueprint.

"(ii) The package or kit contains—

"(I) all necessary internal and external doors and windows, nails, screws, glue, subfloor, sheathing, beams, posts, and connectors; and

"(II) if included in the purchase contract, the decking, trim, drywall, and roof shingles specified in the plan, design, or blueprint.

"(iii) Prior to importation, the package or kit is sold to a United States retailer that sells complete home packages or kits pursuant to a valid purchase contract referencing the particular home design, plan, or blueprint, and the contract is signed by a customer not affiliated with the importer.

"(iv) Softwood lumber products entered as part of the package or kit, whether in a single entry or multiple entries on multiple days, are to be used solely for the construction of the single family home specified by the home design, plan, or blueprint matching the U.S. Customs and Border Protection import entry.

"(B) ADDITIONAL DOCUMENTATION REQUIRED FOR HOME PACKAGES AND KITS.—In the case of each entry of products described in clauses (i) through (iv) of subparagraph (A) the following documentation shall be retained by the importer and made available to U.S. Customs and Border Protection upon request:

"(i) A copy of the appropriate home design, plan, or blueprint matching the customs entry in the United States.

"(ii) A purchase contract from a retailer of home kits or packages signed by a customer not affiliated with the importer.

"(iii) A listing of all parts in the package or kit being entered into the United States that conforms to the home design, plan, or blueprint for which such parts are being imported.

"(iv) If a single contract involves multiple entries, an identification of all the items required to be listed under clause (iii) that are included in each individual shipment.

"(d) PRODUCTS COVERED.—For purposes of determining if a product is covered by the importer declaration program, the President shall be guided by the article descriptions provided in this section.

"SEC. 805. EXPORT CHARGE DETERMINATION AND PUBLICATION.

"(a) DETERMINATION.—The Under Secretary for International Trade of the Department of Commerce shall determine, on a monthly basis, any export charges (ex-

pressed as a percentage of export price) to be collected by a country of export from exporters of softwood lumber or softwood lumber products described in section 804(a) in order to ensure compliance with any international agreement entered into by that country and the United States.

"(b) PUBLICATION.—The Under Secretary for International Trade shall immediately publish any determination made under subsection (a) on the website of the International Trade Administration of the Department of Commerce, and in any other manner the Under Secretary considers appropriate.

"SEC. 806. RECONCILIATION.

"The Secretary of the Treasury shall conduct reconciliations to ensure the proper implementation and operation of international agreements entered into between a country of export of softwood lumber or softwood lumber products described in section 804(a) and the United States. The Secretary of Treasury shall reconcile the following:

"(1) The export price declared by a United States importer pursuant to section 803(b)(1) with the export price reported to the United States by the country of export, if any.

"(2) The export price declared by a United States importer pursuant to section 803(b)(1) with the revised export price reported to the United States by the country of export, if any.

"SEC. 807. VERIFICATION.

"(a) IN GENERAL.—The Secretary of Treasury shall periodically verify the declarations made by a United States importer pursuant to section 803(c), including by determining whether—

"(1) the export price declared by a United States importer pursuant to section 803(b)(1) is the same as the export price provided on the export permit, if any, issued by the country of export; and

"(2) the estimated export charge declared by a United States importer pursuant to section 803(b)(2) is consistent with the determination published by the Under Secretary for International Trade pursuant to section 805(b).

"(b) EXAMINATION OF BOOKS AND RECORDS.—

"(1) IN GENERAL.—Any record relating to the importer declaration program required under section 803 shall be treated as a record required to be maintained and produced under title V of this Act.

"(2) EXAMINATION OF RECORDS.—The Secretary of the Treasury is authorized to take such ac-

tion, and examine such records, under section 509 of this Act, as the Secretary determines necessary to verify the declarations made pursuant to section 803(c) are true and accurate.

"SEC. 808. PENALTIES.

"(a) IN GENERAL.—It shall be unlawful for any person to import into the United States softwood lumber or softwood lumber products in knowing violation of this title.

"(b) CIVIL PENALTIES.—Any person who commits an unlawful act as set forth in subsection (a) shall be liable for a civil penalty not to exceed $10,000 for each knowing violation.

"(c) OTHER PENALTIES.—In addition to the penalties provided for in subsection (b), any violation of this title that violates any other customs law of the United States shall be subject to any applicable civil and criminal penalty, including seizure and forfeiture, that may be imposed under such custom law or title 18, United States Code, with respect to the importation of softwood lumber and softwood lumber products described in section 804(a).

"(d) FACTORS TO CONSIDER IN ASSESSING PENALTIES.—In determining the amount of civil penalties to be assessed under this section, consideration shall be given to any history of prior violations of this title by the person, the ability of the person to pay the penalty, the seriousness

of the violation, and such other matters as fairness may require.

"(e) NOTICE.—No penalty may be assessed under this section against a person for violating a provision of this title unless the person is given notice and opportunity to make statements, both oral and written, with respect to such violation.

"(f) EXCEPTION.—Notwithstanding any other provision of this title, and without limitation, an importer shall not be found to have violated subsection 803(c) if—

"(1) the importer made an appropriate inquiry in accordance with section 803(c)(1) with respect to the declaration;

"(2) the importer produces records maintained pursuant to section 807(b) that substantiate the declaration; and

"(3) there is not substantial evidence indicating that the importer knew that the fact to which the importer made the declaration was false.

"SEC. 809. REPORTS.

"(a) SEMIANNUAL REPORTS.—Not later than 180 days after the effective date of this title, and every 180 days thereafter, the President shall submit to the appropriate congressional committees a report—

"(1) describing the reconciliations conducted under section 806, and the verifications conducted under section 807;

"(2) identifying the manner in which the United States importers subject to reconciliations conducted under section 806 and verifications conducted under section 807 were chosen;

"(3) identifying any penalties imposed under section 808;

"(4) identifying any patterns of noncompliance with this title; and

"(5) identifying any problems or obstacles encountered in the implementation and enforcement of this title.

"(b) SUBSIDIES REPORTS.—Not later than 180 days after the date of the enactment of this title, and every 180 days thereafter, the Secretary of Commerce shall provide to the appropriate congressional committees a report on any subsidies on softwood lumber or softwood lumber products, including stumpage subsidies, provided by countries of export.

"(c) GAO REPORTS.—The Comptroller General of the United States shall submit the following reports to the appropriate congressional committees:

"(1) Not later than 18 months after the date of the enactment of this title, a report on the effectiveness of the reconciliations conducted under section 806, and verifications conducted under section 807.

"(2) Not later than 12 months after the date of the enactment of this title, a report on whether countries that export softwood lumber or softwood lumber products to the United States are complying with any international agreements entered into by those countries and the United States.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date that is 60 days after the date of the enactment of this Act.

TITLE IV—NUTRITION

Subtitle A—Food Stamp Program

PART I—RENAMING OF FOOD STAMP ACT AND PROGRAM

SEC. 4001. RENAMING OF FOOD STAMP ACT AND PROGRAM.

(a) SHORT TITLE.—The first section of the Food Stamp Act of 1977 (7 U.S.C. 2011 note; Public Law 88–525) is amended by striking "Food Stamp Act of 1977" and inserting "Food and Nutrition Act of 2008".

(b) PROGRAM.—The Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) (as amended by subsection (a))

is amended by striking ''food stamp program'' each place it appears and inserting ''supplemental nutrition assistance program''.

SEC. 4002. CONFORMING AMENDMENTS.

(a) IN GENERAL.—

(1) Section 4 of the Food and Nutrition Act of 2008 (7 U.S.C. 2013) is amended in the section heading by striking ''**FOOD STAMP PROGRAM**'' and inserting ''**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**''.

(2) Section 5(h)(2)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(h)(2)(A)) is amended by striking ''Food Stamp Disaster Task Force'' and inserting ''Disaster Task Force''.

(3) Section 6 of the Food and Nutrition Act of 2008 (7 U.S.C. 2015) is amended—

(A) in subsection (d)(3), by striking ''for food stamps'';

(B) in subsection (j), in the subsection heading, by striking ''FOOD STAMP''; and

(C) in subsection (o)—

(i) in paragraph (2), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits''; and

(ii) in paragraph (6)—

(I) in subparagraph (A)—

(aa) in clause (i), by striking ''food stamps'' and inserting ''supplemental nutrition assistance program benefits''; and

(bb) in clause (ii)—

(AA) in the matter preceding subclause (I), by striking ''a food stamp recipient'' and inserting ''a member of a household that receives supplemental nutrition assistance program benefits''; and

(BB) by striking ''food stamp benefits'' each place it appears and inserting ''supplemental nutrition assistance program benefits''; and

(II) in subparagraphs (D) and (E), by striking ''food stamp recipients'' each place it appears and inserting ''members of households that

receive supplemental nutrition assistance program benefits''.

(4) Section 7 of the Food and Nutrition Act of 2008 (7 U.S.C. 2016) is amended—

(A) in subsection (i)—

(i) in paragraph (3)(B)(ii), by striking ''food stamp households'' and inserting ''households receiving supplemental nutrition assistance program benefits''; and

(ii) in paragraph (7), by striking ''food stamp issuance'' and inserting ''supplemental nutrition assistance issuance''; and

(B) in subsection (k)—

(i) in paragraph (2), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits''; and

(ii) in paragraph (3), by striking ''food stamp retail'' and inserting ''retail''.

(5) Section 9(b)(1) of that Food and Nutrition Act of 2008 (7 U.S.C. 2018(b)(1)) is amended by striking ''food stamp households'' and inserting ''households that receive supplemental nutrition assistance program benefits''.

(6) Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020) is amended—

(A) in subsection (e)—

(i) by striking ''food stamps'' each place it appears and inserting ''supplemental nutrition assistance program benefits'';

(ii) by striking ''food stamp offices'' each place it appears and inserting ''supplemental nutrition assistance program offices'';

(iii) by striking ''food stamp office'' each place it appears and inserting ''supplemental nutrition assistance program office''; and

(iv) in paragraph (25)—

(I) in the matter preceding subparagraph (A), by striking ''Simplified Food Stamp Program'' and inserting ''Simplified Supplemental Nutrition Assistance Program''; and

(II) in subparagraph (A), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits'';

(B) in subsection (k), by striking ''may issue, upon request by the State agency, food stamps'' and inserting ''may provide, on request by the State agency, supplemental nutrition assistance program benefits'';

(C) in subsection (l), by striking ''food stamp participation'' and inserting ''supplemental nutrition assistance program participation'';

(D) in subsections (q) and (r), in the subsection headings, by striking ''FOOD STAMPS'' each place it appears and inserting ''BENEFITS'';

(E) in subsection (s), by striking ''food stamp benefits'' each place it appears and inserting ''supplemental nutrition assistance program benefits''; and

(F) in subsection (t)(1)—

(i) in subparagraph (A), by striking ''food stamp application'' and inserting ''supplemental nutrition assistance program application''; and

(ii) in subparagraph (B), by striking ''food stamp benefits'' and inserting ''sup-

plemental nutrition assistance program benefits''.

(7) Section 14(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2023(b)) is amended by striking ''food stamp''.

(8) Section 16 of the Food and Nutrition Act of 2008 (7 U.S.C. 2025) is amended—

(A) in subsection (a)(4), by striking ''food stamp informational activities'' and inserting ''informational activities relating to the supplemental nutrition assistance program'';

(B) in subsection (c)(9)(C), by striking ''food stamp caseload'' and inserting ''the caseload under the supplemental nutrition assistance program''; and

(C) in subsection (h)(1)(E)(i), by striking ''food stamp recipients'' and inserting ''members of households receiving supplemental nutrition assistance program benefits''.

(9) Section 17 of the Food and Nutrition Act of 2008 (7 U.S.C. 2026) is amended—

(A) in subsection (a)(2), by striking ''food stamp benefits'' each place it appears and inserting ''supplemental nutrition assistance program benefits'';

(B) in subsection (b)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits''; and

(II) in subparagraph (B)—

(aa) in clause (ii)(II), by striking ''food stamp recipients'' and inserting ''supplemental nutrition assistance program recipients'';

(bb) in clause (iii)(I), by striking ''the State's food stamp households'' and inserting ''the number of households in the State receiving supplemental nutrition assistance program benefits''; and

(cc) in clause (iv)(IV)(bb), by striking ''food stamp deductions'' and inserting ''supplemental nutrition assistance program deductions'';

(ii) in paragraph (2), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits''; and

(iii) in paragraph (3)—

(I) in subparagraph (A), by striking ''food stamp employment'' and inserting ''supplemental nutrition assistance program employment'';

(II) in subparagraph (B), by striking ''food stamp recipients'' and inserting ''supplemental nutrition assistance program recipients'';

(III) in subparagraph (C), by striking ''food stamps'' and inserting ''supplemental nutrition assistance program benefits''; and

(IV) in subparagraph (D), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits'';

(C) in subsection (c), by striking ''food stamps'' and inserting ''supplemental nutrition assistance'';

(D) in subsection (d)—

(i) in paragraph (1)(B), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits'';

(ii) in paragraph (2)—

(I) in subparagraph (A), by striking ''food stamp allotments'' each place it appears and inserting ''allotments''; and

(II) in subparagraph (C)(ii), by striking ''food stamp benefit'' and inserting ''supplemental nutrition assistance program benefits''; and

(iii) in paragraph (3)(E), by striking ''food stamp benefits'' and inserting ''supplemental nutrition assistance program benefits'';

(E) in subsections (e) and (f), by striking ''food stamp benefits'' each place it appears and inserting ''supplemental nutrition assistance program benefits'';

(F) in subsection (g), in the first sentence, by striking ''receipt of food stamp'' and inserting ''receipt of supplemental nutrition assistance program''; and

(G) in subsection (j), by striking ''food stamp agencies'' and inserting ''supplemental nutrition assistance program agencies''.

(10) Section 18(a)(3)(A)(ii) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(3)(A)(ii)) is amended by striking ''food stamps'' and inserting ''supplemental nutrition assistance program benefits''.

(11) Section 22 of the Food and Nutrition Act of 2008 (7 U.S.C. 2031) is amended—

(A) in the section heading, by striking ''**FOOD STAMP PORTION OF MINNESOTA FAMILY INVESTMENT PLAN**'' and inserting ''**MINNESOTA FAMILY INVESTMENT PROJECT**'';

(B) in subsections (b)(12) and (d)(3), by striking ''the Food Stamp Act, as amended,'' each place it appears and inserting ''this Act''; and

(C) in subsection (g)(1), by striking ''the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)'' and inserting ''this Act''.

(12) Section 26 of the Food and Nutrition Act of 2008 (7 U.S.C. 2035) is amended—

(A) in the section heading, by striking "**SIMPLIFIED FOOD STAMP PROGRAM**" and inserting "**SIMPLIFIED SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**"; and

(B) in subsection (b), by striking "simplified food stamp program" and inserting "simplified supplemental nutrition assistance program".

(b) CONFORMING CROSS-REFERENCES.—

(1) IN GENERAL.—Each provision of law described in paragraph (2) is amended (as applicable)—

(A) by striking "food stamp program" each place it appears and inserting "supplemental nutrition assistance program";

(B) by striking "Food Stamp Act of 1977" each place it appears and inserting "Food and Nutrition Act of 2008";

(C) by striking "Food Stamp Act" each place it appears and inserting "Food and Nutrition Act of 2008";

(D) by striking "food stamp" each place it appears and inserting "supplemental nutrition assistance program benefits";

(E) by striking ''food stamps'' each place it appears and inserting ''supplemental nutrition assistance program benefits'';

(F) in each applicable title, subtitle, chapter, subchapter, and section heading, by striking ''**FOOD STAMP ACT**'' each place it appears and inserting ''**FOOD AND NUTRITION ACT OF 2008**'';

(G) in each applicable subsection and appropriations heading, by striking ''FOOD STAMP ACT'' each place it appears and inserting ''FOOD AND NUTRITION ACT OF 2008'';

(H) in each applicable heading other than a title, subtitle, chapter, subchapter, section, subsection, or appropriations heading, by striking ''**FOOD STAMP ACT**'' each place it appears and inserting ''**FOOD AND NUTRITION ACT OF 2008**'';

(I) in each applicable title, subtitle, chapter, subchapter, and section heading, by striking ''**FOOD STAMP PROGRAM**'' each place it appears and inserting ''**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**'';

(J) in each applicable subsection and appropriations heading, by striking ''FOOD STAMP

PROGRAM'' each place it appears and inserting ''SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM'';

(K) in each applicable heading other than a title, subtitle, chapter, subchapter, section, subsection, or appropriations heading, by striking ''**FOOD STAMP PROGRAM**'' each place it appears and inserting ''**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**'';

(L) in each applicable title, subtitle, chapter, subchapter, and section heading, by striking ''**FOOD STAMPS**'' each place it appears and inserting ''**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS**'';

(M) in each applicable subsection and appropriations heading, by striking ''FOOD STAMPS'' each place it appears and inserting ''SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS''; and

(N) in each applicable heading other than a title, subtitle, chapter, subchapter, section, subsection, or appropriations heading, by striking ''**FOOD STAMPS**'' each place it appears and inserting ''**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS**''.

(2) PROVISIONS OF LAW.—The provisions of law referred to in paragraph (1) are the following:

(A) The Hunger Prevention Act of 1988 (Public Law 100–435; 102 Stat. 1645).

(B) The Food Stamp Program Improvements Act of 1994 (Public Law 103–225; 108 Stat. 106).

(C) Title IV of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 305).

(D) Section 2 of Public Law 103–205 (7 U.S.C. 2012 note).

(E) Section 807(b) of the Stewart B. McKinney Homeless Assistance Act (7 U.S.C. 2014 note; Public Law 100–77).

(F) The Electronic Benefit Transfer Interoperability and Portability Act of 2000 (Public Law 106–171; 114 Stat. 3).

(G) Section 502(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 2025 note; Public Law 105–185).

(H) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.).

(I) The Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.).

(J) The Immigration and Nationality Act (8 U.S.C. 1101 et seq.).

(K) Section 8119 of the Department of Defense Appropriations Act, 1999 (10 U.S.C. 113 note; Public Law 105–262).

(L) The Armored Car Industry Reciprocity Act of 1993 (15 U.S.C. 5901 et seq.).

(M) Title 18, United States Code.

(N) The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(O) The Internal Revenue Code of 1986.

(P) Section 650 of the Treasury and General Government Appropriations Act, 2000 (26 U.S.C. 7801 note; Public Law 106–58).

(Q) The Wagner-Peysner Act (29 U.S.C. 49 et seq.).

(R) The Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

(S) Title 31, United States Code.

(T) Title 37, United States Code.

(U) The Public Health Service Act (42 U.S.C. 201 et seq.).

(V) Titles II through XIX of the Social Security Act (42 U.S.C. 401 et seq.).

(W) Section 406 of the Family Support Act of 1988 (Public Law 100–485; 102 Stat. 2400).

(X) Section 232 of the Social Security Act Amendments of 1994 (42 U.S.C. 1314a).

(Y) The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.).

(Z) The Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

(AA) The Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

(BB) The Older Americans Act of 1965 (42 U.S.C. 3001 et seq.).

(CC) Section 208 of the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728).

(DD) The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(EE) The Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

(FF) Section 658K of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858i).

(GG) The Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).

(HH) Public Law 95–348 (92 Stat. 487).

(II) The Agriculture and Food Act of 1981 (Public Law 97–98; 95 Stat. 1213).

(JJ) The Disaster Assistance Act of 1988 (Public Law 100–387; 102 Stat. 924).

(KK) The Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3359).

(LL) The Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625; 104 Stat. 4079).

(MM) Section 388 of the Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act of 1991 (Public Law 102–25; 105 Stat. 98).

(NN) The Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237; 105 Stat. 1818).

(OO) The Act of March 26, 1992 (Public Law 102–265; 106 Stat. 90).

(PP) Public Law 105–379 (112 Stat. 3399).

(QQ) Section 101(c) of the Emergency Supplemental Act, 2000 (Public Law 106–246; 114 Stat. 528).

(c) REFERENCES.—Any reference in any Federal, State, tribal, or local law (including regulations) to the ''food stamp program'' established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) shall be considered to be a reference to the ''supplemental nutrition assistance program'' established under that Act.

PART II—BENEFIT IMPROVEMENTS

SEC. 4101. EXCLUSION OF CERTAIN MILITARY PAYMENTS FROM INCOME.

Section 5(d) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(d)) is amended—

(1) by striking ''(d) Household'' and inserting ''(d) EXCLUSIONS FROM INCOME.—Household'';

(2) by striking ''only (1) any'' and inserting ''only—

''(1) any'';

(3) by indenting each of paragraphs (2) through (18) so as to align with the margin of paragraph (1) (as amended by paragraph (2));

(4) by striking the comma at the end of each of paragraphs (1) through (16) and inserting a semicolon;

(5) in paragraph (3)—

(A) by striking ''like (A) awarded'' and inserting ''like—

''(A) awarded'';

(B) by striking ''thereof, (B) to'' and inserting ''thereof;

''(B) to''; and

(C) by striking ''program, and (C) to'' and inserting ''program; and

''(C) to'';

(6) in paragraph (11), by striking ''))), or (B) a'' and inserting ''))); or

''(B) a'';

(7) in paragraph (17), by striking '', and'' at the end and inserting a semicolon;

(8) in paragraph (18), by striking the period at the end and inserting ''; and''; and

(9) by adding at the end the following:

''(19) any additional payment under chapter 5 of title 37, United States Code, or otherwise designated by the Secretary to be appropriate for exclusion under this paragraph, that is received by or from a member of the United States Armed Forces deployed to a designated combat zone, if the additional pay—

"(A) is the result of deployment to or service in a combat zone; and

"(B) was not received immediately prior to serving in a combat zone.".

SEC. 4102. STRENGTHENING THE FOOD PURCHASING POWER OF LOW-INCOME AMERICANS.

Section 5(e)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(1)) is amended—

(1) in subparagraph (A)(ii), by striking "not less than $134" and all that follows through the end of the clause and inserting the following: "not less than—

"(I) for fiscal year 2009, $144, $246, $203, and $127, respectively; and

"(II) for fiscal year 2010 and each fiscal year thereafter, an amount that is equal to the amount from the previous fiscal year adjusted to the nearest lower dollar increment to reflect changes for the 12-month period ending on the preceding June 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the De-

partment of Labor, for items other than food.''; (2) in subparagraph (B)(ii), by striking ''not less than $269'' and all that follows through the end of the clause and inserting the following: ''not less than—

''(I) for fiscal year 2009, $289; and

''(II) for fiscal year 2010 and each fiscal year thereafter, an amount that is equal to the amount from the previous fiscal year adjusted to the nearest lower dollar increment to reflect changes for the 12-month period ending on the preceding June 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor, for items other than food.''; and

(3) by adding at the end the following:

''(C) REQUIREMENT.—Each adjustment under subparagraphs (A)(ii)(II) and (B)(ii)(II) shall be based on the unrounded amount for the prior 12-month period.''.

SEC. 4103. SUPPORTING WORKING FAMILIES WITH CHILD CARE EXPENSES.

Section 5(e)(3)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(3)(A)) is amended by striking ", the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent,".

SEC. 4104. ASSET INDEXATION, EDUCATION, AND RETIREMENT ACCOUNTS.

(a) ADJUSTING COUNTABLE RESOURCES FOR INFLATION.—Section (5)(g) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(g)) is amended—

(1) by striking "(g)(1) The Secretary" and inserting the following:

"(g) ALLOWABLE FINANCIAL RESOURCES.—

"(1) TOTAL AMOUNT.—

"(A) IN GENERAL.—The Secretary".

(2) in subparagraph (A) (as so designated by paragraph (1))—

(A) by inserting "(as adjusted in accordance with subparagraph (B))" after "$2,000"; and

(B) by inserting "(as adjusted in accordance with subparagraph (B))" after "$3,000"; and

(3) by adding at the end the following:

"(B) ADJUSTMENT FOR INFLATION.—

"(i) IN GENERAL.—Beginning on October 1, 2008, and each October 1 thereafter, the amounts specified in subparagraph (A) shall be adjusted and rounded down to the nearest $250 increment to reflect changes for the 12-month period ending the preceding June in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

"(ii) REQUIREMENT.—Each adjustment under clause (i) shall be based on the unrounded amount for the prior 12-month period.".

(b) EXCLUSION OF RETIREMENT ACCOUNTS FROM ALLOWABLE FINANCIAL RESOURCES.—

(1) IN GENERAL.—Section 5(g)(2)(B)(v) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(g)(2)(B)(v)) is amended by striking "or retirement account (including an individual account)" and inserting "account".

(2) MANDATORY AND DISCRETIONARY EXCLUSIONS.—Section 5(g) of the Food and Nutrition Act

of 2008 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

"(7) EXCLUSION OF RETIREMENT ACCOUNTS FROM ALLOWABLE FINANCIAL RESOURCES.—

"(A) MANDATORY EXCLUSIONS.—The Secretary shall exclude from financial resources under this subsection the value of—

"(i) any funds in a plan, contract, or account, described in sections 401(a), 403(a), 403(b), 408, 408A, 457(b), and 501(c)(18) of the Internal Revenue Code of 1986 and the value of funds in a Federal Thrift Savings Plan account as provided in section 8439 of title 5, United States Code; and

"(ii) any retirement program or account included in any successor or similar provision that may be enacted and determined to be exempt from tax under the Internal Revenue Code of 1986.

"(B) DISCRETIONARY EXCLUSIONS.—The Secretary may exclude from financial resources under this subsection the value of any other retirement plans, contracts, or accounts (as determined by the Secretary).".

(c) EXCLUSION OF EDUCATION ACCOUNTS FROM ALLOWABLE FINANCIAL RESOURCES.—Section 5(g) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(g)) (as amended by subsection (b)) is amended by adding at the end the following:

"(8) EXCLUSION OF EDUCATION ACCOUNTS FROM ALLOWABLE FINANCIAL RESOURCES.—

"(A) MANDATORY EXCLUSIONS.—The Secretary shall exclude from financial resources under this subsection the value of any funds in a qualified tuition program described in section 529 of the Internal Revenue Code of 1986 or in a Coverdell education savings account under section 530 of that Code.

"(B) DISCRETIONARY EXCLUSIONS.—The Secretary may exclude from financial resources under this subsection the value of any other education programs, contracts, or accounts (as determined by the Secretary).".

SEC. 4105. FACILITATING SIMPLIFIED REPORTING.

Section 6(c)(1)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(c)(1)(A)) is amended—

(1) by striking "reporting by" and inserting "reporting";

(2) in clause (i), by inserting ''for periods shorter than 4 months by'' before ''migrant'';

(3) in clause (ii), by inserting ''for periods shorter than 4 months by'' before ''households''; and

(4) in clause (iii), by inserting ''for periods shorter than 1 year by'' before ''households''.

SEC. 4106. TRANSITIONAL BENEFITS OPTION.

Section 11(s)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(s)(1)) is amended—

(1) by striking ''benefits to a household''; and inserting ''benefits—

''(A) to a household'';

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

(3) by adding at the end the following:

''(B) at the option of the State, to a household with children that ceases to receive cash assistance under a State-funded public assistance program.''.

SEC. 4107. INCREASING THE MINIMUM BENEFIT.

Section 8(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2017(a)) is amended by striking ''$10 per month'' and inserting ''8 percent of the cost of the thrifty food plan for a household containing 1 member, as deter-

mined by the Secretary under section 3, rounded to the nearest whole dollar increment''.

SEC. 4108. EMPLOYMENT, TRAINING, AND JOB RETENTION.

Section 6(d)(4) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (B)—

(A) by redesignating clause (vii) as clause (viii); and

(B) by inserting after clause (vi) the following:

''(vii) Programs intended to ensure job retention by providing job retention services, if the job retention services are provided for a period of not more than 90 days after an individual who received employment and training services under this paragraph gains employment.''; and

(2) in subparagraph (F), by adding at the end the following:

''(iii) Any individual voluntarily electing to participate in a program under this paragraph shall not be subject to the limitations described in clauses (i) and (ii).''.

PART III—PROGRAM OPERATIONS

SEC. 4111. NUTRITION EDUCATION.

(a) AUTHORITY TO PROVIDE NUTRITION EDUCATION.—Section 4(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(a)) is amended in the first sentence by inserting ''and, through an approved State plan, nutrition education'' after ''an allotment''.

(b) IMPLEMENTATION.—Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020) is amended by striking subsection (f) and inserting the following:

''(f) NUTRITION EDUCATION.—

''(1) IN GENERAL.—State agencies may implement a nutrition education program for individuals eligible for program benefits that promotes healthy food choices consistent with the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341).

''(2) DELIVERY OF NUTRITION EDUCATION.—State agencies may deliver nutrition education directly to eligible persons or through agreements with the National Institute of Food and Agriculture, including through the expanded food and nutrition education program under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), and other State and

community health and nutrition providers and organizations.

"(3) NUTRITION EDUCATION STATE PLANS.—

"(A) IN GENERAL.—A State agency that elects to provide nutrition education under this subsection shall submit a nutrition education State plan to the Secretary for approval.

"(B) REQUIREMENTS.—The plan shall—

"(i) identify the uses of the funding for local projects; and

"(ii) conform to standards established by the Secretary through regulations or guidance.

"(C) REIMBURSEMENT.—State costs for providing nutrition education under this subsection shall be reimbursed pursuant to section 16(a).

"(4) NOTIFICATION.—To the maximum extent practicable, State agencies shall notify applicants, participants, and eligible program participants of the availability of nutrition education under this subsection.".

SEC. 4112. TECHNICAL CLARIFICATION REGARDING ELIGIBILITY.

Section 6(k) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(k)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) by striking ''No member'' and inserting the following:

''(1) IN GENERAL.—No member''; and

(3) by adding at the end the following:

''(2) PROCEDURES.—The Secretary shall—

''(A) define the terms 'fleeing' and 'actively seeking' for purposes of this subsection; and

''(B) ensure that State agencies use consistent procedures established by the Secretary that disqualify individuals whom law enforcement authorities are actively seeking for the purpose of holding criminal proceedings against the individual.''.

SEC. 4113. CLARIFICATION OF SPLIT ISSUANCE.

Section 7(h) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) is amended by striking paragraph (2) and inserting the following:

''(2) REQUIREMENTS.—

"(A) IN GENERAL.—Any procedure established under paragraph (1) shall—

"(i) not reduce the allotment of any household for any period; and

"(ii) ensure that no household experiences an interval between issuances of more than 40 days.

"(B) MULTIPLE ISSUANCES.—The procedure may include issuing benefits to a household in more than 1 issuance during a month only when a benefit correction is necessary.".

SEC. 4114. ACCRUAL OF BENEFITS.

Section 7(i) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(i)) is amended by adding at the end the following:

"(12) RECOVERING ELECTRONIC BENEFITS.—

"(A) IN GENERAL.—A State agency shall establish a procedure for recovering electronic benefits from the account of a household due to inactivity.

"(B) BENEFIT STORAGE.—A State agency may store recovered electronic benefits off-line in accordance with subparagraph (D), if the household has not accessed the account after 6 months.

"(C) BENEFIT EXPUNGING.—A State agency shall expunge benefits that have not been accessed by a household after a period of 12 months.

"(D) NOTICE.—A State agency shall—

"(i) send notice to a household the benefits of which are stored under subparagraph (B); and

"(ii) not later than 48 hours after request by the household, make the stored benefits available to the household.".

SEC. 4115. ISSUANCE AND USE OF PROGRAM BENEFITS.

(a) IN GENERAL.—Section 7 of the Food and Nutrition Act of 2008 (7 U.S.C. 2016) is amended—

(1) by striking the section designation and heading and all that follows through "subsection (j)) shall be" and inserting the following:

"SEC. 7. ISSUANCE AND USE OF PROGRAM BENEFITS.

"(a) IN GENERAL.—Except as provided in subsection (i), EBT cards shall be";

(2) in subsection (b)—

(A) by striking "(b) Coupons" and inserting the following:

"(b) USE.—Benefits"; and

(B) by striking the second proviso;

(3) in subsection (c)—

(A) by striking ''(c) Coupons'' and inserting the following:

''(c) DESIGN.—

''(1) IN GENERAL.—EBT cards'';

(B) in the first sentence, by striking ''and define their denomination''; and

(C) by striking the second sentence and inserting the following:

''(2) PROHIBITION.—The name of any public official shall not appear on any EBT card.'';

(4) by striking subsection (d);

(5) in subsection (e)—

(A) by striking ''coupons'' each place it appears and inserting ''benefits''; and

(B) by striking ''coupon issuers'' each place it appears and inserting ''benefit issuers'';

(6) in subsection (f)—

(A) by striking ''coupons'' each place it appears and inserting ''benefits'';

(B) by striking ''coupon issuer'' and inserting ''benefit issuers'';

(C) by striking ''including any losses'' and all that follows through ''section 11(e)(20),''; and

(D) by striking ''and allotments'';

(7) by striking subsection (g) and inserting the following:

''(g) ALTERNATIVE BENEFIT DELIVERY.—

''(1) IN GENERAL.—If the Secretary determines, in consultation with the Inspector General of the Department of Agriculture, that it would improve the integrity of the supplemental nutrition assistance program, the Secretary shall require a State agency to issue or deliver benefits using alternative methods.

''(2) NO IMPOSITION OF COSTS.—The cost of documents or systems that may be required by this subsection may not be imposed upon a retail food store participating in the supplemental nutrition assistance program.

''(3) DEVALUATION AND TERMINATION OF ISSUANCE OF PAPER COUPONS.—

''(A) COUPON ISSUANCE.—Effective on the date of enactment of the Food, Conservation, and Energy Act of 2008, no State shall issue any coupon, stamp, certificate, or authorization card to a household that receives supplemental nutrition assistance under this Act.

"(B) EBT CARDS.—Effective beginning on the date that is 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008, only an EBT card issued under subsection (i) shall be eligible for exchange at any retail food store.

"(C) DE-OBLIGATION OF COUPONS.—Coupons not redeemed during the 1-year period beginning on the date of enactment of the Food, Conservation, and Energy Act of 2008 shall—

"(i) no longer be an obligation of the Federal Government; and

"(ii) not be redeemable.";

(8) in subsection (h)(1), by striking "coupons" and inserting "benefits";

(9) in subsection (i), by adding at the end the following:

"(12) INTERCHANGE FEES.—No interchange fees shall apply to electronic benefit transfer transactions under this subsection.";

(10) in subsection (j)—

(A) in paragraph (2)(A)(ii), by striking "printing, shipping, and redeeming coupons" and inserting "issuing and redeeming benefits"; and

(B) in paragraph (5), by striking ''coupon'' and inserting ''benefit'';

(11) in subsection (k)—

(A) by striking ''coupons in the form of'' each place it appears and inserting ''program benefits in the form of'';

(B) by striking ''a coupon issued in the form of'' each place it appears and inserting ''program benefits in the form of''; and

(C) in subparagraph (A), by striking ''subsection (i)(11)(A)'' and inserting ''subsection (h)(11)(A)''; and

(12) by redesignating subsections (e) through (k) as subsections (d) through (j), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012) is amended—

(A) in subsection (a), by striking ''coupons'' and inserting ''benefits'';

(B) by striking subsection (b) and inserting the following:

''(b) BENEFIT.—The term 'benefit' means the value of supplemental nutrition assistance provided to a household by means of—

1 ''(1) an electronic benefit transfer under section
2 7(i); or
3 ''(2) other means of providing assistance, as de-
4 termined by the Secretary.'';
5 (C) in subsection (c), in the first sentence,
6 by striking ''authorization cards'' and inserting
7 ''benefits'';
8 (D) in subsection (d), by striking ''or ac-
9 cess device'' and all that follows through the
10 end of the subsection and inserting a period;
11 (E) in subsection (e)—
12 (i) by striking ''(e) 'Coupon issuer'
13 means'' and inserting the following:
14 ''(e) BENEFIT ISSUER.—The term 'benefit issuer'
15 means''; and
16 (ii) by striking ''coupons'' and insert-
17 ing ''benefits'';
18 (F) in subsection (g)(7), by striking ''sub-
19 section (r)'' and inserting ''subsection (j)'';
20 (G) in subsection (i)(5)—
21 (i) in subparagraph (B), by striking
22 ''subsection (r)'' and inserting ''subsection
23 (j)''; and
24 (ii) in subparagraph (D), by striking
25 ''coupons'' and inserting ''benefits'';

(H) in subsection (j), by striking ''(as that term is defined in subsection (p))'';

(I) in subsection (k)—

(i) in paragraph (1)(A), by striking ''subsection (u)(1)'' and inserting ''subsection (r)(1)'';

(ii) in paragraph (2), by striking ''subsections (g)(3), (4), (5), (7), (8), and (9) of this section'' and inserting ''paragraphs (3), (4), (5), (7), (8), and (9) of subsection (k)''; and

(iii) in paragraph (3), by striking ''subsection (g)(6) of this section'' and inserting ''subsection (k)(6)'';

(J) in subsection (t), by inserting '', including point of sale devices,'' after ''other means of access'';

(K) in subsection (u), by striking ''(as defined in subsection (g))'';

(L) by adding at the end the following:

''(v) EBT CARD.—The term 'EBT card' means an electronic benefit transfer card issued under section 7(i).''; and

(M) by redesignating subsections (a) through (v) as subsections (b), (d), (f), (g), (e),

(h), (k), (l), (n), (o), (p), (q), (s), (t), (u), (v), (c), (j), (m), (a), (r), and (i), respectively, and moving the subsections so as to appear in alphabetical order.

(2) Section 4(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(a)) is amended—

(A) by striking ''coupons'' each place it appears and inserting ''benefits''; and

(B) by striking ''Coupons issued'' and inserting ''benefits issued''.

(3) Section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is amended—

(A) in subsection (a), by striking ''section 3(i)(4)'' and inserting ''section 3(n)(4)'';

(B) in subsection (h)(3)(B), in the second sentence, by striking ''section 7(i)'' and inserting ''section 7(h)''; and

(C) in subsection (i)(2)(E), by striking '', as defined in section 3(i) of this Act,''.

(4) Section 6 of the Food and Nutrition Act of 2008 (7 U.S.C. 2015) is amended—

(A) in subsection (b)(1)—

(i) in subparagraph (B), by striking ''coupons or authorization cards'' and inserting ''program benefits''; and

(ii) by striking ''coupons'' each place it appears and inserting ''benefits''; and

(B) in subsection (d)(4)(L), by striking ''section 11(e)(22)'' and inserting ''section 11(e)(19)''.

(5) Section 8 of the Food and Nutrition Act of 2008 (7 U.S.C. 2017) is amended—

(A) in subsection (b), by striking '', whether through coupons, access devices, or otherwise''; and

(B) in subsections (e)(1) and (f), by striking ''section 3(i)(5)'' each place it appears and inserting ''section 3(n)(5)''.

(6) Section 9 of the Food and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

(A) by striking ''coupons'' each place it appears and inserting ''benefits'';

(B) in subsection (a)—

(i) in paragraph (1), by striking ''coupon business'' and inserting ''benefit transactions''; and

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

''(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which au-

thorization to accept and redeem benefits shall be valid under the supplemental nutrition assistance program.''; and

(C) in subsection (g), by striking ''section 3(g)(9)'' and inserting ''section 3(k)(9)''.

(7) Section 10 of the Food and Nutrition Act of 2008 (7 U.S.C. 2019) is amended—

(A) by striking the section designation and heading and all that follows through ''Regulations'' and inserting the following:

''SEC. 10. REDEMPTION OF PROGRAM BENEFITS.

''Regulations'';

(B) by striking ''section 3(k)(4) of this Act'' and inserting ''section 3(p)(4)'';

(C) by striking ''section 7(i)'' and inserting ''section 7(h)''; and

(D) by striking ''coupons'' each place it appears and inserting ''benefits''.

(8) Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020) is amended—

(A) in subsection (d)—

(i) by striking ''section 3(n)(1) of this Act'' each place it appears and inserting ''section 3(t)(1)''; and

(ii) by striking ''section 3(n)(2) of this Act'' each place it appears and inserting ''section 3(t)(2)'';

(B) in subsection (e)—

(i) in paragraph (8)(E), by striking ''paragraph (16) or (20)(B)'' and inserting ''paragraph (15) or (18)(B)'';

(ii) by striking paragraphs (15) and (19);

(iii) by redesignating paragraphs (16) through (18) and (20) through (25) as paragraphs (15) through (17) and (18) through (23), respectively; and

(iv) in paragraph (17) (as so redesignated), by striking ''(described in section 3(n)(1) of this Act)'' and inserting ''described in section 3(t)(1)'';

(C) in subsection (h), by striking ''coupon or coupons'' and inserting ''benefits'';

(D) by striking ''coupon'' each place it appears and inserting ''benefit'';

(E) by striking ''coupons'' each place it appears and inserting ''benefits''; and

(F) in subsection (q), by striking ''section 11(e)(20)(B)'' and inserting ''subsection (e)(18)(B)''.

(9) Section 13 of the Food and Nutrition Act of 2008 (7 U.S.C. 2022) is amended by striking ''coupons'' each place it appears and inserting ''benefits''.

(10) Section 15 of the Food and Nutrition Act of 2008 (7 U.S.C. 2024) is amended—

(A) in subsection (a), by striking ''coupons'' and inserting ''benefits'';

(B) in subsection (b)(1)—

(i) by striking ''coupons, authorization cards, or access devices'' each place it appears and inserting ''benefits'';

(ii) by striking ''coupons or authorization cards'' and inserting ''benefits''; and

(iii) by striking ''access device'' each place it appears and inserting ''benefit'';

(C) in subsection (c), by striking ''coupons'' each place it appears and inserting ''benefits'';

(D) in subsection (d), by striking ''Coupons'' and inserting ''Benefits'';

(E) by striking subsections (e) and (f);

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

(G) in subsection (e) (as so redesignated), by striking ''coupon, authorization cards or access devices'' and inserting ''benefits''.

(11) Section 16(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(a)) is amended by striking ''coupons'' each place it appears and inserting ''benefits''.

(12) Section 17 of the Food and Nutrition Act of 2008 (7 U.S.C. 2026) is amended—

(A) in subsection (a)(2), by striking ''coupon'' and inserting ''benefit'';

(B) in subsection (b)(1)—

(i) in subparagraph (B)—

(I) in clause (iv)—

(aa) in subclause (I), inserting ''or otherwise providing benefits in a form not restricted to the purchase of food'' after ''of cash'';

(bb) in subclause (III)(aa), by striking ''section 3(i)'' and inserting ''section 3(n)''; and

(cc) in subclause (VII), by striking ''section 7(j)'' and inserting ''section 7(i)''; and

(II) in clause (v)—

(aa) by striking ''countersigned food coupons or similar''; and

(bb) by striking ''food coupons'' and inserting ''EBT cards''; and

(ii) in subparagraph (C)(i)(I), by striking ''coupons'' and inserting ''EBT cards'';

(C) in subsection (f), by striking ''section 7(g)(2)'' and inserting ''section 7(f)(2)''; and

(D) in subsection (j), by striking ''coupon'' and inserting ''benefit''.

(13) Section 19(a)(2)(A)(ii) of the Food and Nutrition Act of 2008 (7 U.S.C. 2028(a)(2)(A)(ii)) is amended by striking ''section 3(o)(4)'' and inserting ''section 3(u)(4)''.

(14) Section 21 of the Food and Nutrition Act of 2008 (7 U.S.C. 2030) is repealed.

(15) Section 22 of the Food and Nutrition Act of 2008 (7 U.S.C. 2031) is amended—

(A) by striking ''food coupons'' each place it appears and inserting ''benefits'';

(B) by striking ''coupons'' each place it appears and inserting ''benefits''; and

(C) in subsection (g)(1)(A), by striking ''coupon'' and inserting ''benefits''.

(16) Section 26(f)(3) of the Food and Nutrition Act of 2008 (7 U.S.C. 2035(f)(3)) is amended—

(A) in subparagraph (A), by striking ''subsections (a) through (g)'' and inserting ''subsections (a) through (f)''; and

(B) in subparagraph (E), by striking ''(16), (18), (20), (24), and (25)'' and inserting ''(15), (17), (18), (22), and (23)''.

(c) CONFORMING CROSS-REFERENCES.—

(1) IN GENERAL.—

(A) USE OF TERMS.—Each provision of law described in subparagraph (B) is amended (as applicable)—

(i) by striking ''coupons'' each place it appears and inserting ''benefits'';

(ii) by striking ''coupon'' each place it appears and inserting ''benefit'';

(iii) by striking ''food coupons'' each place it appears and inserting ''benefits'';

(iv) in each section heading, by striking "**FOOD COUPONS**" each place it appears and inserting "**BENEFITS**";

(v) by striking "food stamp coupon" each place it appears and inserting "benefit"; and

(vi) by striking "food stamps" each place it appears and inserting "benefits".

(B) PROVISIONS OF LAW.—The provisions of law referred to in subparagraph (A) are the following:

(i) Section 2 of Public Law 103–205 (7 U.S.C. 2012 note; 107 Stat. 2418).

(ii) Section 1956(c)(7)(D) of title 18, United States Code.

(iii) Titles II through XIX of the Social Security Act (42 U.S.C. 401 et seq.).

(iv) Section 401(b)(3) of the Social Security Amendments of 1972 (42 U.S.C. 1382e note; Public Law 92–603).

(v) The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(vi) Section 802(d)(2)(A)(i)(II) of the Cranston-Gonzalez National Affordable

Housing Act (42 U.S.C. 8011(d)(2)(A)(i)(II)).

(2) DEFINITION REFERENCES.—

(A) Section 2 of Public Law 103–205 (7 U.S.C. 2012 note; 107 Stat. 2418) is amended by striking ''section 3(k)(1)'' and inserting ''section 3(p)(1)''.

(B) Section 205 of the Food Stamp Program Improvements Act of 1994 (7 U.S.C. 2012 note; Public Law 103–225) is amended by striking ''section 3(k) of such Act (as amended by section 201)'' and inserting ''section 3(p) of that Act''.

(C) Section 115 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (21 U.S.C. 862a) is amended—

(i) by striking ''section 3(h)'' each place it appears and inserting ''section 3(l)''; and

(ii) in subsection (e)(2), by striking ''section 3(m)'' and inserting ''section 3(s)''.

(D) Section 402(a) of the Personal Responsibility and Work Opportunity Reconcili-

ation Act of 1996 (8 U.S.C. 1612(a)) is amended—

(i) in paragraph (2)(F)(ii), by striking ''section 3(r)'' and inserting ''section 3(j)''; and

(ii) in paragraph (3)(B), by striking ''section 3(h)'' and inserting ''section 3(l)''.

(E) Section 3803(c)(2)(C)(vii) of title 31, United States Code, is amended by striking ''section 3(h)'' and inserting ''section 3(l)''.

(F) Section 303(d)(4) of the Social Security Act (42 U.S.C. 503(d)(4)) is amended by striking ''section 3(n)(1)'' and inserting ''section 3(t)(1)''.

(G) Section 404 of the Social Security Act (42 U.S.C. 604) is amended by striking ''section 3(h)'' each place it appears and inserting ''section 3(l)''.

(H) Section 531 of the Social Security Act (42 U.S.C. 654) is amended by striking ''section 3(h)'' each place it appears and inserting ''section 3(l)''.

(I) Section 802(d)(2)(A)(i)(II) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(d)(2)(A)(i)(II)) is

amended by striking ''(as defined in section 3(e) of such Act)''.

(d) REFERENCES.—Any reference in any Federal, State, tribal, or local law (including regulations) to a ''coupon'', ''authorization card'', or other access device provided under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) shall be considered to be a reference to a ''benefit'' provided under that Act.

SEC. 4116. REVIEW OF MAJOR CHANGES IN PROGRAM DESIGN.

Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020) is amended by striking the section enumerator and heading and subsection (a) and inserting the following:

''SEC. 11. ADMINISTRATION.

''(a) STATE RESPONSIBILITY.—

''(1) IN GENERAL.—The State agency of each participating State shall have responsibility for certifying applicant households and issuing EBT cards.

''(2) LOCAL ADMINISTRATION.—The responsibility of the agency of the State government shall not be affected by whether the program is operated on a State-administered or county-administered basis, as provided under section 3(t)(1).

''(3) RECORDS.—

"(A) IN GENERAL.—Each State agency shall keep such records as may be necessary to determine whether the program is being conducted in compliance with this Act (including regulations issued under this Act).

"(B) INSPECTION AND AUDIT.—Records described in subparagraph (A) shall—

"(i) be available for inspection and audit at any reasonable time;

"(ii) subject to subsection (e)(8), be available for review in any action filed by a household to enforce any provision of this Act (including regulations issued under this Act); and

"(iii) be preserved for such period of not less than 3 years as may be specified in regulations.

"(4) REVIEW OF MAJOR CHANGES IN PROGRAM DESIGN.—

"(A) IN GENERAL.—The Secretary shall develop standards for identifying major changes in the operations of a State agency, including—

"(i) large or substantially-increased numbers of low-income households that do not live in reasonable proximity to an of-

fice performing the major functions described in subsection (e);

"(ii) substantial increases in reliance on automated systems for the performance of responsibilities previously performed by personnel described in subsection (e)(6)(B);

"(iii) changes that potentially increase the difficulty of reporting information under subsection (e) or section 6(c); and

"(iv) changes that may disproportionately increase the burdens on any of the types of households described in subsection (e)(2)(A).

"(B) NOTIFICATION.—If a State agency implements a major change in operations, the State agency shall—

"(i) notify the Secretary; and

"(ii) collect such information as the Secretary shall require to identify and correct any adverse effects on program integrity or access, including access by any of the types of households described in subsection (e)(2)(A).".

SEC. 4117. CIVIL RIGHTS COMPLIANCE.

Section 11 of the Food and Nutrition Act of 2008 (7 U.S.C. 2020) is amended by striking subsection (c) and inserting the following:

''(c) CIVIL RIGHTS COMPLIANCE.—

''(1) IN GENERAL.—In the certification of applicant households for the supplemental nutrition assistance program, there shall be no discrimination by reason of race, sex, religious creed, national origin, or political affiliation.

''(2) RELATION TO OTHER LAWS.—The administration of the program by a State agency shall be consistent with the rights of households under the following laws (including implementing regulations):

''(A) The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

''(B) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

''(C) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

''(D) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).''.

SEC. 4118. CODIFICATION OF ACCESS RULES.

Section 11(e)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)(1)) is amended—

(1) by striking ''shall (A) at'' and inserting ''shall—

''(A) at''; and

(2) by striking ''and (B) use'' and inserting ''and

''(B) comply with regulations of the Secretary requiring the use of''.

SEC. 4119. STATE OPTION FOR TELEPHONIC SIGNATURE.

Section 11(e)(2)(C) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)(2)(C)) is amended—

(1) by striking ''(C) Nothing in this Act'' and inserting the following:

''(C) ELECTRONIC AND AUTOMATED SYSTEMS.—

''(i) IN GENERAL.—Nothing in this Act''; and

(2) by adding at the end the following:

''(ii) STATE OPTION FOR TELEPHONIC SIGNATURE.—A State agency may establish a system by which an applicant household may sign an application through a recorded verbal assent over the telephone.

''(iii) REQUIREMENTS.—A system established under clause (ii) shall—

"(I) record for future reference the verbal assent of the household member and the information to which assent was given;

"(II) include effective safeguards against impersonation, identity theft, and invasions of privacy;

"(III) not deny or interfere with the right of the household to apply in writing;

"(IV) promptly provide to the household member a written copy of the completed application, with instructions for a simple procedure for correcting any errors or omissions;

"(V) comply with paragraph (1)(B);

"(VI) satisfy all requirements for a signature on an application under this Act and other laws applicable to the supplemental nutrition assistance program, with the date on which the household member provides verbal assent considered as the date of application for all purposes; and

"(VII) comply with such other standards as the Secretary may establish.".

SEC. 4120. PRIVACY PROTECTIONS.

Section 11(e)(8) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)(8)) is amended—

(1) in the matter preceding subparagraph (A)—

(A) by striking "limit" and inserting "prohibit"; and

(B) by striking "to persons" and all that follows through "State programs";

(2) by redesignating subparagraphs (A) through (E) as subparagraphs (B) through (F), respectively;

(3) by inserting before subparagraph (B) (as so redesignated) the following:

"(A) the safeguards shall permit—

"(i) the disclosure of such information to persons directly connected with the administration or enforcement of the provisions of this Act, regulations issued pursuant to this Act, Federal assistance programs, or federally-assisted State programs; and

"(ii) the subsequent use of the information by persons described in clause (i)

only for such administration or enforcement;''; and

(4) in subparagraph (F) (as so redesignated) by inserting ''or subsection (u)'' before the semicolon at the end.

SEC. 4121. PRESERVATION OF ACCESS AND PAYMENT ACCURACY.

Section 16 of the Food and Nutrition Act of 2008 (7 U.S.C. 2025) is amended by striking subsection (g) and inserting the following:

''(g) COST SHARING FOR COMPUTERIZATION.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the Secretary is authorized to pay to each State agency the amount provided under subsection (a)(6) for the costs incurred by the State agency in the planning, design, development, or installation of 1 or more automatic data processing and information retrieval systems that the Secretary determines—

''(A) would assist in meeting the requirements of this Act;

''(B) meet such conditions as the Secretary prescribes;

"(C) are likely to provide more efficient and effective administration of the supplemental nutrition assistance program;

"(D) would be compatible with other systems used in the administration of State programs, including the program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(E) would be tested adequately before and after implementation, including through pilot projects in limited areas for major systems changes as determined under rules promulgated by the Secretary, data from which shall be thoroughly evaluated before the Secretary approves the system to be implemented more broadly; and

"(F) would be operated in accordance with an adequate plan for—

"(i) continuous updating to reflect changed policy and circumstances; and

"(ii) testing the effect of the system on access for eligible households and on payment accuracy.

"(2) LIMITATION.—The Secretary shall not make payments to a State agency under paragraph (1) to the extent that the State agency—

"(A) is reimbursed for the costs under any other Federal program; or

"(B) uses the systems for purposes not connected with the supplemental nutrition assistance program.".

SEC. 4122. FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.

Section 16(h)(1)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(h)(1)(A)) is amended in subparagraph (A), by striking "to remain available until expended" and inserting "to remain available for 15 months".

PART IV—PROGRAM INTEGRITY

SEC. 4131. ELIGIBILITY DISQUALIFICATION.

Section 6 of the Food and Nutrition Act of 2008 (7 U.S.C. 2015) is amended by adding at the end the following:

"(p) DISQUALIFICATION FOR OBTAINING CASH BY DESTROYING FOOD AND COLLECTING DEPOSITS.—Subject to any requirements established by the Secretary, any person who has been found by a State or Federal court or administrative agency in a hearing under subsection (b)

to have intentionally obtained cash by purchasing products with supplemental nutrition assistance program benefits that have containers that require return deposits, discarding the product, and returning the container for the deposit amount shall be ineligible for benefits under this Act for such period of time as the Secretary shall prescribe by regulation.

''(q) DISQUALIFICATION FOR SALE OF FOOD PURCHASED WITH SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS.—Subject to any requirements established by the Secretary, any person who has been found by a State or Federal court or administrative agency in a hearing under subsection (b) to have intentionally sold any food that was purchased using supplemental nutrition assistance program benefits shall be ineligible for benefits under this Act for such period of time as the Secretary shall prescribe by regulation.''.

SEC. 4132. CIVIL PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 12 of the Food and Nutrition Act of 2008 (7 U.S.C. 2021) is amended—

(1) by striking the section designation and heading and all that follows through the end of subsection (a) and inserting the following:

"SEC. 12. CIVIL PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

"(a) DISQUALIFICATION.—

"(1) IN GENERAL.—An approved retail food store or wholesale food concern that violates a provision of this Act or a regulation under this Act may be—

"(A) disqualified for a specified period of time from further participation in the supplemental nutrition assistance program;

"(B) assessed a civil penalty of up to $100,000 for each violation; or

"(C) both.

"(2) REGULATIONS.—Regulations promulgated under this Act shall provide criteria for the finding of a violation of, the suspension or disqualification of and the assessment of a civil penalty against a retail food store or wholesale food concern on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through a transaction report under an electronic benefit transfer system.";

(2) in subsection (b)—

(A) by striking ''(b) Disqualification'' and inserting the following:

''(b) PERIOD OF DISQUALIFICATION.—Subject to subsection (c), a disqualification'';

(B) in paragraph (1), by striking ''of no less than six months nor more than five years'' and inserting ''not to exceed 5 years'';

(C) in paragraph (2), by striking ''of no less than twelve months nor more than ten years'' and inserting ''not to exceed 10 years'';

(D) in paragraph (3)(B)—

(i) by inserting ''or a finding of the unauthorized redemption, use, transfer, acquisition, alteration, or possession of EBT cards'' after ''concern'' the first place it appears; and

(ii) by striking ''civil money penalties'' and inserting ''civil penalties''; and

(E) by striking ''civil money penalty'' each place it appears and inserting ''civil penalty'';

(3) in subsection (c)—

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

''(c) CIVIL PENALTY AND REVIEW OF DISQUALIFICATION AND PENALTY DETERMINATIONS.—

"(1) CIVIL PENALTY.—In addition to a disqualification under this section, the Secretary may assess a civil penalty in an amount not to exceed $100,000 for each violation.

"(2) REVIEW.—The action"; and

(B) in paragraph (2) (as designated by subparagraph (A)), by striking "civil money penalty" and inserting "civil penalty";

(4) in subsection (d)—

(A) by striking "(d)" and all that follows through ". The Secretary shall" and inserting the following:

"(d) CONDITIONS OF AUTHORIZATION.—

"(1) IN GENERAL.—As a condition of authorization to accept and redeem benefits, the Secretary may require a retail food store or wholesale food concern that, pursuant to subsection (a), has been disqualified for more than 180 days, or has been subjected to a civil penalty in lieu of a disqualification period of more than 180 days, to furnish a collateral bond or irrevocable letter of credit for a period of not more than 5 years to cover the value of benefits that the store or concern may in the future accept and redeem in violation of this Act.

"(2) COLLATERAL.—The Secretary also may require a retail food store or wholesale food concern that has been sanctioned for a violation and incurs a subsequent sanction regardless of the length of the disqualification period to submit a collateral bond or irrevocable letter of credit.

"(3) BOND REQUIREMENTS.—The Secretary shall";

(B) by striking "If the Secretary finds" and inserting the following

"(4) FORFEITURE.—If the Secretary finds"; and

(C) by striking "Such store or concern" and inserting the following:

"(5) HEARING.—A store or concern described in paragraph (4)";

(5) in subsection (e), by striking "civil money penalty" each place it appears and inserting "civil penalty"; and

(6) by adding at the end the following:

"(h) FLAGRANT VIOLATIONS.—

"(1) IN GENERAL.—The Secretary, in consultation with the Inspector General of the Department of Agriculture, shall establish procedures under which the processing of program benefit redemptions

for a retail food store or wholesale food concern may be immediately suspended pending administrative action to disqualify the retail food store or wholesale food concern.

"(2) REQUIREMENTS.—Under the procedures described in paragraph (1), if the Secretary, in consultation with the Inspector General, determines that a retail food store or wholesale food concern is engaged in flagrant violations of this Act (including regulations promulgated under this Act), unsettled program benefits that have been redeemed by the retail food store or wholesale food concern—

"(A) may be suspended; and

"(B)(i) if the program disqualification is upheld, may be subject to forfeiture pursuant to section 15(g); or

"(ii) if the program disqualification is not upheld, shall be released to the retail food store or wholesale food concern.

"(3) NO LIABILITY FOR INTEREST.—The Secretary shall not be liable for the value of any interest on funds suspended under this subsection.".

SEC. 4133. MAJOR SYSTEMS FAILURES.

Section 13(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2022(b)) is amended by adding at the end the following:

"(5) OVERISSUANCES CAUSED BY SYSTEMIC STATE ERRORS.—

"(A) IN GENERAL.—If the Secretary determines that a State agency overissued benefits to a substantial number of households in a fiscal year as a result of a major systemic error by the State agency, as defined by the Secretary, the Secretary may prohibit the State agency from collecting these overissuances from some or all households.

"(B) PROCEDURES.—

"(i) INFORMATION REPORTING BY STATES.—Every State agency shall provide to the Secretary all information requested by the Secretary concerning the issuance of benefits to households by the State agency in the applicable fiscal year.

"(ii) FINAL DETERMINATION.—After reviewing relevant information provided by a State agency, the Secretary shall make a final determination—

"(I) whether the State agency overissued benefits to a substantial number of households as a result of a systemic error in the applicable fiscal year; and

"(II) as to the amount of the overissuance in the applicable fiscal year for which the State agency is liable.

"(iii) ESTABLISHING A CLAIM.—Upon determining under clause (ii) that a State agency has overissued benefits to households due to a major systemic error determined under subparagraph (A), the Secretary shall establish a claim against the State agency equal to the value of the overissuance caused by the systemic error.

"(iv) ADMINISTRATIVE AND JUDICIAL REVIEW.—Administrative and judicial review, as provided in section 14, shall apply to the final determinations by the Secretary under clause (ii).

"(v) REMISSION TO THE SECRETARY.—

"(I) DETERMINATION NOT APPEALED.—If the determination of the Secretary under clause (ii) is not appealed, the State agency shall, as soon as practicable, remit to the Secretary the dollar amount specified in the claim under clause (iii).

"(II) DETERMINATION APPEALED.—If the determination of the Secretary under clause (ii) is appealed, upon completion of administrative and judicial review under clause (iv), and a finding of liability on the part of the State, the appealing State agency shall, as soon as practicable, remit to the Secretary a dollar amount subject to the finding made in the administrative and judicial review.

"(vi) ALTERNATIVE METHOD OF COLLECTION.—

"(I) IN GENERAL.—If a State agency fails to make a payment under clause (v) within a reasonable period of time, as determined by the Secretary, the Secretary may reduce any

amount due to the State agency under any other provision of this Act by the amount due.

"(II) ACCRUAL OF INTEREST.—During the period of time determined by the Secretary to be reasonable under subclause (I), interest in the amount owed shall not accrue.

"(vii) LIMITATION.—Any liability amount established under section 16(c)(1)(C) shall be reduced by the amount of the claim established under this subparagraph.".

PART V—MISCELLANEOUS

SEC. 4141. PILOT PROJECTS TO EVALUATE HEALTH AND NUTRITION PROMOTION IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

Section 17 of the Food and Nutrition Act of 2008 (7 U.S.C. 2026) is amended by adding at the end the following:

"(k) PILOT PROJECTS TO EVALUATE HEALTH AND NUTRITION PROMOTION IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—

"(1) IN GENERAL.—The Secretary shall carry out, under such terms and conditions as the Sec-

retary considers to be appropriate, pilot projects to develop and test methods—

"(A) of using the supplemental nutrition assistance program to improve the dietary and health status of households eligible for or participating in the supplemental nutrition assistance program; and

"(B) to reduce overweight, obesity (including childhood obesity), and associated comorbidities in the United States.

"(2) GRANTS.—

"(A) IN GENERAL.—In carrying out this subsection, the Secretary may enter into competitively awarded contracts or cooperative agreements with, or provide grants to, public or private organizations or agencies (as defined by the Secretary), for use in accordance with projects that meet the strategy goals of this subsection.

"(B) APPLICATION.—To be eligible to receive a contract, cooperative agreement, or grant under this paragraph, an organization shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

"(C) SELECTION CRITERIA.—Pilot projects shall be evaluated against publicly disseminated criteria that may include—

"(i) identification of a low-income target audience that corresponds to individuals living in households with incomes at or below 185 percent of the poverty level;

"(ii) incorporation of a scientifically based strategy that is designed to improve diet quality through more healthful food purchases, preparation, or consumption;

"(iii) a commitment to a pilot project that allows for a rigorous outcome evaluation, including data collection;

"(iv) strategies to improve the nutritional value of food served during school hours and during after-school hours;

"(v) innovative ways to provide significant improvement to the health and wellness of children;

"(vi) other criteria, as determined by the Secretary.

"(D) USE OF FUNDS.—Funds provided under this paragraph shall not be used for any

1 project that limits the use of benefits under this
2 Act.
3 "(3) PROJECTS.—Pilot projects carried out
4 under paragraph (1) may include projects to deter-
5 mine whether healthier food purchases by and
6 healthier diets among households participating in
7 the supplemental nutrition assistance program result
8 from projects that—
9 "(A) increase the supplemental nutrition
10 assistance purchasing power of the participating
11 households by providing increased supplemental
12 nutrition assistance program benefit allotments
13 to the participating households;
14 "(B) increase access to farmers markets by
15 participating households through the electronic
16 redemption of supplemental nutrition assistance
17 program benefits at farmers' markets;
18 "(C) provide incentives to authorized sup-
19 plemental nutrition assistance program retailers
20 to increase the availability of healthy foods to
21 participating households;
22 "(D) subject authorized supplemental nu-
23 trition assistance program retailers to stricter
24 retailer requirements with respect to carrying
25 and stocking healthful foods;

"(E) provide incentives at the point of purchase to encourage households participating in the supplemental nutrition assistance program to purchase fruits, vegetables, or other healthful foods; or

"(F) provide to participating households integrated communication and education programs, including the provision of funding for a portion of a school-based nutrition coordinator to implement a broad nutrition action plan and parent nutrition education programs in elementary schools, separately or in combination with pilot projects carried out under subparagraphs (A) through (E).

"(4) EVALUATION AND REPORTING.—

"(A) EVALUATION.—

"(i) INDEPENDENT EVALUATION.—

"(I) IN GENERAL.—The Secretary shall provide for an independent evaluation of projects selected under this subsection that measures the impact of the pilot program on health and nutrition as described in paragraph (1).

"(II) REQUIREMENT.—The independent evaluation under subclause (I) shall use rigorous methodologies, particularly random assignment or other methods that are capable of producing scientifically valid information regarding which activities are effective.

"(ii) COSTS.—The Secretary may use funds provided to carry out this section to pay costs associated with monitoring and evaluating each pilot project.

"(B) REPORTING.—Not later than 90 days after the last day of fiscal year 2009 and each fiscal year thereafter until the completion of the last evaluation under subparagraph (A), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that includes a description of—

"(i) the status of each pilot project;

"(ii) the results of the evaluation completed during the previous fiscal year; and

"(iii) to the maximum extent practicable—

"(I) the impact of the pilot project on appropriate health, nutrition, and associated behavioral outcomes among households participating in the pilot project;

"(II) baseline information relevant to the stated goals and desired outcomes of the pilot project; and

"(III) equivalent information about similar or identical measures among control or comparison groups that did not participate in the pilot project.

"(C) PUBLIC DISSEMINATION.—In addition to the reporting requirements under subparagraph (B), evaluation results shall be shared broadly to inform policy makers, service providers, other partners, and the public in order to promote wide use of successful strategies.

"(5) FUNDING.—

"(A) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appro-

priated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

"(B) MANDATORY FUNDING.—Out of any funds made available under section 18, on October 1, 2008, the Secretary shall make available $20,000,000 to carry out a project described in paragraph (3)(E), to remain available until expended.".

SEC. 4142. STUDY ON COMPARABLE ACCESS TO SUPPLEMENTAL NUTRITION ASSISTANCE FOR PUERTO RICO.

(a) IN GENERAL.—The Secretary shall carry out a study of the feasibility and effects of including the Commonwealth of Puerto Rico in the definition of the term "State" under section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), in lieu of providing block grants under section 19 of that Act (7 U.S.C. 2028).

(b) INCLUSIONS.—The study shall include—

(1) an assessment of the administrative, financial management, and other changes that would be necessary for the Commonwealth to establish a comparable supplemental nutrition assistance program, including compliance with appropriate program rules

under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.), such as—

(A) benefit levels under section 3(u) of that Act (7 U.S.C. 2012(u));

(B) income eligibility standards under sections 5(c) and 6 of that Act (7 U.S.C. 2014(c), 2015); and

(C) deduction levels under section 5(e) of that Act (7 U.S.C. 2014(e));

(2) an estimate of the impact on Federal and Commonwealth benefit and administrative costs;

(3) an assessment of the impact of the program on low-income Puerto Ricans, as compared to the program under section 19 of that Act (7 U.S.C. 2028); and

(4) such other matters as the Secretary considers to be appropriate.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under this section.

(d) FUNDING.—

(1) IN GENERAL.—On October 1, 2008, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $1,000,000, to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

Subtitle B—Food Distribution Programs

PART I—EMERGENCY FOOD ASSISTANCE PROGRAM

SEC. 4201. EMERGENCY FOOD ASSISTANCE.

(a) PURCHASE OF COMMODITIES.—Section 27(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a)) is amended by –

(1) by striking ''(A) PURCHASE OF COMMODITIES'' and all that follows through ''$140,000,000 of'' and inserting the following:

''(a) PURCHASE OF COMMODITIES.—

''(1) IN GENERAL.—From amounts made available to carry out this Act, for each of the fiscal years 2008 through 2012, the Secretary shall pur-

chase a dollar amount described in paragraph (2) of''; and

(2) by adding at the end the following:

''(2) AMOUNTS.—The Secretary shall use to carry out paragraph (1)—

''(A) for fiscal year 2008, $190,000,000;

''(B) for fiscal year 2009, $250,000,000; and

''(C) for each of fiscal years 2010 through 2012, the dollar amount of commodities specified in subparagraph (B) adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(u)(4) between June 30, 2008, and June 30 of the immediately preceding fiscal year.''.

(b) STATE PLANS.—Section 202A of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7503) is amended by striking subsection (a) and inserting the following:

''(a) PLANS.—

''(1) IN GENERAL.—To receive commodities under this Act, a State shall submit to the Secretary an operation and administration plan for the provision of benefits under this Act.

''(2) UPDATES.—A State shall submit to the Secretary for approval any amendment to a plan

submitted under paragraph (1) in any case in which the State proposes to make a change to the operation or administration of a program described in the plan.''.

(c) AUTHORIZATION AND APPROPRIATIONS.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking ''$60,000,000'' and inserting ''$100,000,000''; and

(2) by inserting ''and donated wild game'' before the period at the end.

SEC. 4202. EMERGENCY FOOD PROGRAM INFRASTRUCTURE GRANTS.

The Emergency Food Assistance Act of 1983 is amended by inserting after section 208 (7 U.S.C. 7511) the following:

''SEC. 209. EMERGENCY FOOD PROGRAM INFRASTRUCTURE GRANTS.

''(a) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means an emergency feeding organization.

''(b) PROGRAM AUTHORIZED.—

''(1) IN GENERAL.—The Secretary shall use funds made available under subsection (d) to make

grants to eligible entities to pay the costs of an activity described in subsection (c).

"(2) RURAL PREFERENCE.—The Secretary shall use not less than 50 percent of the funds described in paragraph (1) for a fiscal year to make grants to eligible entities that serve predominantly rural communities for the purposes of—

"(A) expanding the capacity and infrastructure of food banks, State-wide food bank associations, and food bank collaboratives that operate in rural areas; and

"(B) improving the capacity of the food banks to procure, receive, store, distribute, track, and deliver time-sensitive or perishable food products.

"(c) USE OF FUNDS.—An eligible entity shall use a grant received under this section for any fiscal year to carry out activities of the eligible entity, including—

"(1) the development and maintenance of a computerized system for the tracking of time-sensitive food products;

"(2) capital, infrastructure, and operating costs associated with the collection, storage, distribution, and transportation of time-sensitive and perishable food products;

"(3) improving the security and diversity of the emergency food distribution and recovery systems of the United States through the support of small or mid-size farms and ranches, fisheries, and aquaculture, and donations from local food producers and manufacturers to persons in need;

"(4) providing recovered foods to food banks and similar nonprofit emergency food providers to reduce hunger in the United States;

"(5) improving the identification of—

"(A) potential providers of donated foods;

"(B) potential nonprofit emergency food providers; and

"(C) persons in need of emergency food assistance in rural areas; and

"(6) constructing, expanding, or repairing a facility or equipment to support hunger relief agencies in the community.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2008 through 2012.".

PART II—FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

SEC. 4211. ASSESSING THE NUTRITIONAL VALUE OF THE FDPIR FOOD PACKAGE.

(a) IN GENERAL.—Section 4 of the Food and Nutrition Act of 2008 (7 U.S.C. 2013) is amended by striking subsection (b) and inserting the following:

"(b) FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.—

"(1) IN GENERAL.—Distribution of commodities, with or without the supplemental nutrition assistance program, shall be made whenever a request for concurrent or separate food program operations, respectively, is made by a tribal organization.

"(2) ADMINISTRATION.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), in the event of distribution on all or part of an Indian reservation, the appropriate agency of the State government in the area involved shall be responsible for the distribution.

"(B) ADMINISTRATION BY TRIBAL ORGANIZATION.—If the Secretary determines that a tribal organization is capable of effectively and efficiently administering a distribution de-

scribed in paragraph (1), then the tribal organization shall administer the distribution.

"(C) PROHIBITION.—The Secretary shall not approve any plan for a distribution described in paragraph (1) that permits any household on any Indian reservation to participate simultaneously in the supplemental nutrition assistance program and the program established under this subsection.

"(3) DISQUALIFIED PARTICIPANTS.—An individual who is disqualified from participation in the food distribution program on Indian reservations under this subsection is not eligible to participate in the supplemental nutrition assistance program under this Act for a period of time to be determined by the Secretary.

"(4) ADMINISTRATIVE COSTS.—The Secretary is authorized to pay such amounts for administrative costs and distribution costs on Indian reservations as the Secretary finds necessary for effective administration of such distribution by a State agency or tribal organization.

"(5) BISON MEAT.—Subject to the availability of appropriations to carry out this paragraph, the Secretary may purchase bison meat for recipients of

food distributed under this subsection, including bison meat from—

"(A) Native American bison producers; and

"(B) producer–owned cooperatives of bison ranchers.

"(6) TRADITIONAL AND LOCALLY-GROWN FOOD FUND.—

"(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall establish a fund for use in purchasing traditional and locally-grown foods for recipients of food distributed under this subsection.

"(B) NATIVE AMERICAN PRODUCERS.—Where practicable, of the food provided under subparagraph (A), at least 50 percent shall be produced by Native American farmers, ranchers, and producers.

"(C) DEFINITION OF TRADITIONAL AND LOCALLY GROWN.—The Secretary shall determine the definition of the term 'traditional and locally-grown' with respect to food distributed under this paragraph.

"(D) SURVEY.—In carrying out this paragraph, the Secretary shall—

"(i) survey participants of the food distribution program on Indian reservations established under this subsection to determine which traditional foods are most desired by those participants; and

"(ii) purchase or offer to purchase those traditional foods that may be procured cost-effectively.

"(E) REPORT.—Not later than 1 year after the date of enactment of this paragraph, and annually thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the activities carried out under this paragraph during the preceding calendar year.

"(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this paragraph $5,000,000 for each of fiscal years 2008 through 2012.".

(b) FDPIR FOOD PACKAGE.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House

of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

(1) how the Secretary derives the process for determining the food package under the food distribution program on Indian reservations established under section 4(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b)) (referred to in this subsection as the ''food package'');

(2) the extent to which the food package—

(A) addresses the nutritional needs of low-income Native Americans compared to the supplemental nutrition assistance program, particularly for very low-income households;

(B) conforms (or fails to conform) to the 2005 Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341);

(C) addresses (or fails to address) the nutritional and health challenges that are specific to Native Americans; and

(D) is limited by distribution costs or challenges in infrastructure; and

(3)(A) any plans of the Secretary to revise and update the food package to conform with the most recent Dietary Guidelines for Americans, including any costs associated with the planned changes; or

(B) if the Secretary does not plan changes to the food package, the rationale of the Secretary for retaining the food package.

PART III—COMMODITY SUPPLEMENTAL FOOD PROGRAM

SEC. 4221. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended by striking subsection (g) and inserting the following:

''(g) PROHIBITION.—Notwithstanding any other provision of law (including regulations), the Secretary may not require a State or local agency to prioritize assistance to a particular group of individuals that are—

''(1) low-income persons aged 60 and older; or

''(2) women, infants, and children.''.

PART IV—SENIOR FARMERS' MARKET NUTRITION PROGRAM

SEC. 4231. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

Section 4402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007) is amended—

(1) in subsection (b)(1), by inserting ''honey,'' after ''vegetables,'';

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

''(c) EXCLUSION OF BENEFITS IN DETERMINING ELIGIBILITY FOR OTHER PROGRAMS.—The value of any benefit provided to any eligible seniors farmers' market nutrition program recipient under this section shall not be considered to be income or resources for any purposes under any Federal, State, or local law.''; and

(3) by adding at the end the following:

''(d) PROHIBITION ON COLLECTION OF SALES TAX.—Each State shall ensure that no State or local tax is collected within the State on a purchase of food with a benefit distributed under the seniors farmers' market nutrition program.

''(e) REGULATIONS.—The Secretary may promulgate such regulations as the Secretary considers to be necessary to carry out the seniors farmers' market nutrition program.''.

Subtitle C—Child Nutrition and Related Programs

SEC. 4301. STATE PERFORMANCE ON ENROLLING CHILDREN RECEIVING PROGRAM BENEFITS FOR FREE SCHOOL MEALS.

(a) IN GENERAL.—Not later than December 31, 2008 and June 30 of each year thereafter, the Secretary shall submit to the Committees on Agriculture and Education and Labor of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that assesses the effectiveness of each State in enrolling school-aged children in households receiving program benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) (referred to in this section as ''program benefits'') for free school meals using direct certification.

(b) SPECIFIC MEASURES.—The assessment of the Secretary of the performance of each State shall include—

(1) an estimate of the number of school-aged children, by State, who were members of a household receiving program benefits at any time in July, August, or September of the prior year;

(2) an estimate of the number of school-aged children, by State, who were directly certified as eligible for free lunches under the Richard B. Russell

National School Lunch Act (42 U.S.C. 1751 et seq.), based on receipt of program benefits, as of October 1 of the prior year; and

(3) an estimate of the number of school-aged children, by State, who were members of a household receiving program benefits at any time in July, August, or September of the prior year who were not candidates for direct certification because on October 1 of the prior year the children attended a school operating under the special assistance provisions of section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(a)(1)) that is not operating in a base year.

(c) PERFORMANCE INNOVATIONS.—The report of the Secretary shall describe best practices from States with the best performance or the most improved performance from the previous year.

SEC. 4302. PURCHASES OF LOCALLY PRODUCED FOODS.

Section 9(j) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)) is amended to read as follows:

"(j) PURCHASES OF LOCALLY PRODUCED FOODS.—The Secretary shall—

"(1) encourage institutions receiving funds under this Act and the Child Nutrition Act of 1966

(42 U.S.C. 1771 et seq.) to purchase unprocessed agricultural products, both locally grown and locally raised, to the maximum extent practicable and appropriate;

"(2) advise institutions participating in a program described in paragraph (1) of the policy described in that paragraph and paragraph (3) and post information concerning the policy on the website maintained by the Secretary; and

"(3) allow institutions receiving funds under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), including the Department of Defense Fresh Fruit and Vegetable Program, to use a geographic preference for the procurement of unprocessed agricultural products, both locally grown and locally raised.".

SEC. 4303. HEALTHY FOOD EDUCATION AND PROGRAM REPLICABILITY.

Section 18(h) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(h)) is amended—

(1) in paragraph (1)(C), by inserting "promotes healthy food education in the school curriculum and" before "incorporates";

(2) by redesignating paragraph (2) as paragraph (4); and

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

"(2) ADMINISTRATION.—In providing grants under paragraph (1), the Secretary shall give priority to projects that can be replicated in schools.

"(3) PILOT PROGRAM FOR HIGH-POVERTY SCHOOLS.—

"(A) DEFINITIONS.—In this paragraph:

"(i) ELIGIBLE PROGRAM.—The term 'eligible program' means—

"(I) a school-based program with hands-on vegetable gardening and nutrition education that is incorporated into the curriculum for 1 or more grades at 2 or more eligible schools; or

"(II) a community-based summer program with hands-on vegetable gardening and nutrition education that is part of, or coordinated with, a summer enrichment program at 2 or more eligible schools.

"(ii) ELIGIBLE SCHOOL.—The term 'eligible school' means a public school, at least 50 percent of the students of which

are eligible for free or reduced price meals under this Act.

"(B) ESTABLISHMENT.—The Secretary shall carry out a pilot program under which the Secretary shall provide to nonprofit organizations or public entities in not more than 5 States grants to develop and run, through eligible programs, community gardens at eligible schools in the States that would—

"(i) be planted, cared for, and harvested by students at the eligible schools; and

"(ii) teach the students participating in the community gardens about agriculture production practices and diet.

"(C) PRIORITY STATES.—Of the States in which grantees under this paragraph are located—

"(i) at least 1 State shall be among the 15 largest States, as determined by the Secretary;

"(ii) at least 1 State shall be among the 16th to 30th largest States, as determined by the Secretary; and

"(iii) at least 1 State shall be a State that is not described in clause (i) or (ii).

"(D) USE OF PRODUCE.—Produce from a community garden provided a grant under this paragraph may be—

"(i) used to supplement food provided at the eligible school;

"(ii) distributed to students to bring home to the families of the students; or

"(iii) donated to a local food bank or senior center nutrition program.

"(E) NO COST-SHARING REQUIREMENT.—A nonprofit organization or public entity that receives a grant under this paragraph shall not be required to share the cost of carrying out the activities assisted under this paragraph.

"(F) EVALUATION.—A nonprofit organization or public entity that receives a grant under this paragraph shall be required to cooperate in an evaluation in accordance with paragraph (1)(H).".

SEC. 4304. FRESH FRUIT AND VEGETABLE PROGRAM.

(a) PROGRAM.—

(1) IN GENERAL.—The Richard B. Russell National School Lunch Act is amended by inserting after section 18 (42 U.S.C. 1769) the following:

"SEC. 19. FRESH FRUIT AND VEGETABLE PROGRAM.

"(a) IN GENERAL.—For the school year beginning July 2008 and each subsequent school year, the Secretary shall provide grants to States to carry out a program to make free fresh fruits and vegetables available in elementary schools (referred to in this section as the 'program').

"(b) PROGRAM.—A school participating in the program shall make free fresh fruits and vegetables available to students throughout the school day (or at such other times as are considered appropriate by the Secretary) in 1 or more areas designated by the school.

"(c) FUNDING TO STATES.—

"(1) MINIMUM GRANT.—Except as provided in subsection (i)(2), the Secretary shall provide to each of the 50 States and the District of Columbia an annual grant in an amount equal to 1 percent of the funds made available for a year to carry out the program.

"(2) ADDITIONAL FUNDING.—Of the funds remaining after grants are made under paragraph (1), the Secretary shall allocate additional funds to each

State that is operating a school lunch program under section 4 based on the proportion that—

"(A) the population of the State; bears to

"(B) the population of the United States.

"(d) SELECTION OF SCHOOLS.—

"(1) IN GENERAL.—Except as provided in paragraph (2) of this subsection and section 4304(a)(2) of the Food, Conservation, and Energy Act of 2008, each year, in selecting schools to participate in the program, each State shall—

"(A) ensure that each school chosen to participate in the program is a school—

"(i) in which not less than 50 percent of the students are eligible for free or reduced price meals under this Act; and

"(ii) that submits an application in accordance with subparagraph (D);

"(B) to the maximum extent practicable, give the highest priority to schools with the highest proportion of children who are eligible for free or reduced price meals under this Act;

"(C) ensure that each school selected is an elementary school (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801));

"(D) solicit applications from interested schools that include—

"(i) information pertaining to the percentage of students enrolled in the school submitting the application who are eligible for free or reduced price school lunches under this Act;

"(ii) a certification of support for participation in the program signed by the school food manager, the school principal, and the district superintendent (or equivalent positions, as determined by the school);

"(iii) a plan for implementation of the program, including efforts to integrate activities carried out under this section with other efforts to promote sound health and nutrition, reduce overweight and obesity, or promote physical activity; and

"(iv) such other information as may be requested by the Secretary; and

"(E) encourage applicants to submit a plan for implementation of the program that includes a partnership with 1 or more entities that will provide non-Federal resources (includ-

ing entities representing the fruit and vegetable industry).

"(2) EXCEPTION.—Clause (i) of paragraph (1)(A) shall not apply to a State if all schools that meet the requirements of that clause have been selected and the State does not have a sufficient number of additional schools that meet the requirement of that clause.

"(3) OUTREACH TO LOW-INCOME SCHOOLS.—

"(A) IN GENERAL.—Prior to making decisions regarding school participation in the program, a State agency shall inform the schools within the State with the highest proportion of free and reduced price meal eligibility, including Native American schools, of the eligibility of the schools for the program with respect to priority granted to schools with the highest proportion of free and reduced price eligibility under paragraph (1)(B).

"(B) REQUIREMENT.—In providing information to schools in accordance with subparagraph (A), a State agency shall inform the schools that would likely be chosen to participate in the program under paragraph (1)(B).

"(e) NOTICE OF AVAILABILITY.—If selected to participate in the program, a school shall widely publicize within the school the availability of free fresh fruits and vegetables under the program.

"(f) PER-STUDENT GRANT.—The per-student grant provided to a school under this section shall be—

"(1) determined by a State agency; and

"(2) not less than $50, nor more than $75.

"(g) LIMITATION.—To the maximum extent practicable, each State agency shall ensure that in making the fruits and vegetables provided under this section available to students, schools offer the fruits and vegetables separately from meals otherwise provided at the school under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

"(h) EVALUATION AND REPORTS.—

"(1) IN GENERAL.—The Secretary shall conduct an evaluation of the program, including a determination as to whether children experienced, as a result of participating in the program—

"(A) increased consumption of fruits and vegetables;

"(B) other dietary changes, such as decreased consumption of less nutritious foods; and

"(C) such other outcomes as are considered appropriate by the Secretary.

"(2) REPORT.—Not later than September 30, 2011, the Secretary shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the evaluation under paragraph (1).

"(i) FUNDING.—

"(1) IN GENERAL.—Out of the funds made available under subsection (b)(2)(A) of section 14222 of the Food, Conservation, and Energy Act of 2008, the Secretary shall use the following amounts to carry out this section:

"(A) On October 1, 2008, $40,000,000.

"(B) On July 1, 2009, $65,000,000.

"(C) On July 1, 2010, $101,000,000.

"(D) On July 1, 2011, $150,000,000.

"(E) On July 1, 2012, and each July 1 thereafter, the amount made available for the preceding fiscal year, as adjusted to reflect changes for the 12-month period ending the preceding April 30 in the Consumer Price Index for All Urban Consumers published by the Bu-

reau of Labor Statistics of the Department of Labor, for items other than food.

"(2) MAINTENANCE OF EXISTING FUNDING.—In allocating funding made available under paragraph (1) among the States in accordance with subsection (c), the Secretary shall ensure that each State that received funding under section 18(f) on the day before the date of enactment of the Food, Conservation, and Energy Act of 2008 shall continue to receive sufficient funding under this section to maintain the caseload level of the State under that section as in effect on that date.

"(3) EVALUATION FUNDING.—On October 1, 2008, out of any funds made available under subsection (b)(2)(A) of section 14222 of the Food, Conservation, and Energy Act of 2008, the Secretary shall use to carry out the evaluation required under subsection (h), $3,000,000, to remain available for obligation until September 30, 2010.

"(4) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section any funds transferred for that purpose, without further appropriation.

"(5) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other amounts made available to carry out this section, there are authorized to be appropriated such sums as are necessary to expand the program established under this section.

"(6) ADMINISTRATIVE COSTS.—

"(A) IN GENERAL.—Of funds made available to carry out this section for a fiscal year, the Secretary may use not more than $500,000 for the administrative costs of carrying out the program.

"(B) RESERVATION OF FUNDS.—The Secretary shall allow each State to reserve such funding as the Secretary determines to be necessary to administer the program in the State (with adjustments for the size of the State and the grant amount), but not to exceed the amount required to pay the costs of 1 full-time coordinator for the program in the State.

"(7) REALLOCATION.—

"(A) AMONG STATES.—The Secretary may reallocate any amounts made available to carry out this section that are not obligated or expended by a date determined by the Secretary.

"(B) WITHIN STATES.—A State that receives a grant under this section may reallocate any amounts made available under the grant that are not obligated or expended by a date determined by the Secretary.".

(2) TRANSITION OF EXISTING SCHOOLS.—

(A) EXISTING SECONDARY SCHOOLS.—Section 19(d)(1)(C) of the Richard B. Russell National School Lunch Act (as amended by paragraph (1)) may be waived by a State until July 1, 2010, for each secondary school in the State that has been awarded funding under section 18(f) of that Act (42 U.S.C. 1769(f)) for the school year beginning July 1, 2008.

(B) SCHOOL YEAR BEGINNING JULY 1, 2008.—To facilitate transition from the program authorized under section 18(f) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(f)) (as in effect on the day before the date of enactment of this Act) to the program established under section 19 of that Act (as amended by paragraph (1))—

(i) for the school year beginning July 1, 2008, the Secretary may permit any school selected for participation under sec-

tion 18(f) of that Act (42 U.S.C. 1769(f)) for that school year to continue to participate under section 19 of that Act until the end of that school year; and

(ii) funds made available under that Act for fiscal year 2009 may be used to support the participation of any schools selected to participate in the program authorized under section 18(f) of that Act (42 U.S.C. 1769(f)) (as in effect on the day before the date of enactment of this Act).

(b) CONFORMING AMENDMENTS.—Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) is amended—

(1) by striking subsection (f); and

(2) by redesignating subsections (g) through (j) as subsections (f) through (i), respectively.

SEC. 4305. WHOLE GRAIN PRODUCTS.

(a) PURPOSE.—The purpose of this section is to encourage greater awareness and interest in the number and variety of whole grain products available to schoolchildren, as recommended by the 2005 Dietary Guidelines for Americans.

(b) DEFINITION OF ELIGIBLE WHOLE GRAINS AND WHOLE GRAIN PRODUCTS.—In this section, the terms ''whole grains'' and ''whole grain products'' have the meaning given the terms by the Food and Nutrition Service in the HealthierUS School Challenge.

(c) PURCHASE OF WHOLE GRAINS AND WHOLE GRAIN PRODUCTS.—In addition to the commodities delivered under section 6 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755), the Secretary shall purchase whole grains and whole grain products for use in—

(1) the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.); and

(2) the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

(d) EVALUATION.—Not later than September 30, 2011, the Secretary shall conduct an evaluation of the activities conducted under subsection (c) that includes—

(1) an evaluation of whether children participating in the school lunch and breakfast programs increased their consumption of whole grains;

(2) an evaluation of which whole grains and whole grain products are most acceptable for use in the school lunch and breakfast programs;

(3) any recommendations of the Secretary regarding the integration of whole grain products in the school lunch and breakfast programs; and

(4) an evaluation of any other outcomes determined to be appropriate by the Secretary.

(e) REPORT.—As soon as practicable after the completion of the evaluation under subsection (d), the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Education and Labor of the House of Representative a report describing the results of the evaluation.

SEC. 4306. BUY AMERICAN REQUIREMENTS.

(a) FINDINGS.—The Congress finds the following:

(1) Federal law requires that commodities and products purchased with Federal funds be, to the extent practicable, of domestic origin.

(2) Federal Buy American statutory requirements seek to ensure that purchases made with Federal funds benefit domestic producers.

(3) The Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) requires the use of domestic food products for all meals served under

the program, including food products purchased with local funds.

(b) BUY AMERICAN STATUTORY REQUIREMENTS.—The Department of Agriculture should undertake training, guidance, and enforcement of the various current Buy American statutory requirements and regulations, including those of the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

SEC. 4307. SURVEY OF FOODS PURCHASED BY SCHOOL FOOD AUTHORITIES.

(a) IN GENERAL.—For fiscal year 2009, the Secretary shall carry out a nationally representative survey of the foods purchased during the most recent school year for which data is available by school authorities participating in the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

(b) REPORT.—

(1) IN GENERAL.—On completion of the survey, the Secretary shall submit to the Committees on Agriculture and Education and Labor of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the survey.

(2) INTERIM REQUIREMENT.—If the initial report required under paragraph (1) is not submitted to the Committees referred to in that paragraph by June 30, 2009, the Secretary shall submit to the Committees an interim report that describes the relevant survey data, or a sample of such data, available to the Secretary as of that date.

(c) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section not more than $3,000,000.

Subtitle D—Miscellaneous

SEC. 4401. BILL EMERSON NATIONAL HUNGER FELLOWS AND MICKEY LELAND INTERNATIONAL HUNGER FELLOWS.

Section 4404 of the Farm Security and Rural Investment Act of 2002 (2 U.S.C. 1161) is amended to read as follows:

"SEC. 4404. BILL EMERSON NATIONAL HUNGER FELLOWS AND MICKEY LELAND INTERNATIONAL HUNGER FELLOWS.

"(a) SHORT TITLE.—This section may be cited as the 'Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Program Act of 2008'.

"(b) DEFINITIONS.—In this subsection:

"(1) DIRECTOR.—The term 'Director' means the head of the Congressional Hunger Center.

"(2) FELLOW.—The term 'fellow' means—

"(A) a Bill Emerson Hunger Fellow; or

"(B) Mickey Leland Hunger Fellow.

"(3) FELLOWSHIP PROGRAMS.—The term 'Fellowship Programs' means the Bill Emerson National Hunger Fellowship Program and the Mickey Leland International Hunger Fellowship Program established under subsection (c)(1).

"(c) FELLOWSHIP PROGRAMS.—

"(1) IN GENERAL.—There is established the Bill Emerson National Hunger Fellowship Program and the Mickey Leland International Hunger Fellowship Program.

"(2) PURPOSES.—

"(A) IN GENERAL.—The purposes of the Fellowship Programs are—

"(i) to encourage future leaders of the United States—

"(I) to pursue careers in humanitarian and public service;

"(II) to recognize the needs of low-income people and hungry people;

"(III) to provide assistance to people in need; and

"(IV) to seek public policy solutions to the challenges of hunger and poverty;

"(ii) to provide training and development opportunities for such leaders through placement in programs operated by appropriate organizations or entities; and

"(iii) to increase awareness of the importance of public service.

"(B) BILL EMERSON HUNGER FELLOWSHIP PROGRAM.—The purpose of the Bill Emerson Hunger Fellowship Program is to address hunger and poverty in the United States.

"(C) MICKEY LELAND HUNGER FELLOWSHIP PROGRAM.—The purpose of the Mickey Leland Hunger Fellowship Program is to address international hunger and other humanitarian needs.

"(3) ADMINISTRATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall offer to provide

a grant to the Congressional Hunger Center to administer the Fellowship Programs.

"(B) TERMS OF GRANT.—The terms of the grant provided under subparagraph (A), including the length of the grant and provisions for the alteration or termination of the grant, shall be determined by the Secretary in accordance with this section.

"(d) FELLOWSHIPS.—

"(1) IN GENERAL.—The Director shall make available Bill Emerson Hunger Fellowships and Mickey Leland Hunger Fellowships in accordance with this subsection.

"(2) CURRICULUM.—

"(A) IN GENERAL.—The Fellowship Programs shall provide experience and training to develop the skills necessary to train fellows to carry out the purposes described in subsection (c)(2), including—

"(i) training in direct service programs for the hungry and other anti-hunger programs in conjunction with community-based organizations through a program of field placement; and

"(ii) providing experience in policy development through placement in a governmental entity or nongovernmental, nonprofit, or private sector organization.

"(B) WORK PLAN.—To carry out subparagraph (A) and assist in the evaluation of the fellowships under paragraph (6), the Director shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including specific duties and responsibilities relating to those objectives.

"(3) PERIOD OF FELLOWSHIP.—

"(A) BILL EMERSON HUNGER FELLOW.—A Bill Emerson Hunger Fellowship awarded under this section shall be for not more than 15 months.

"(B) MICKEY LELAND HUNGER FELLOW.—A Mickey Leland Hunger Fellowship awarded under this section shall be for not more than 2 years.

"(4) SELECTION OF FELLOWS.—

"(A) IN GENERAL.—Fellowships shall be awarded pursuant to a nationwide competition established by the Director.

"(B) QUALIFICATIONS.—A successful program applicant shall be an individual who has demonstrated—

"(i) an intent to pursue a career in humanitarian services and outstanding potential for such a career;

"(ii) leadership potential or actual leadership experience;

"(iii) diverse life experience;

"(iv) proficient writing and speaking skills;

"(v) an ability to live in poor or diverse communities; and

"(vi) such other attributes as are considered to be appropriate by the Director.

"(5) AMOUNT OF AWARD.—

"(A) IN GENERAL.—A fellow shall receive—

"(i) a living allowance during the term of the Fellowship; and

"(ii) subject to subparagraph (B), an end-of-service award.

"(B) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each fellow shall be entitled to receive an end-of-service

award at an appropriate rate for each month of satisfactory service completed, as determined by the Director.

"(C) TERMS OF FELLOWSHIP.—A fellow shall not be considered an employee of—

"(i) the Department of Agriculture;

"(ii) the Congressional Hunger Center; or

"(iii) a host agency in the field or policy placement of the fellow.

"(D) RECOGNITION OF FELLOWSHIP AWARD.—

"(i) EMERSON FELLOW.—An individual awarded a fellowship from the Bill Emerson Hunger Fellowship shall be known as an 'Emerson Fellow'.

"(ii) LELAND FELLOW.—An individual awarded a fellowship from the Mickey Leland Hunger Fellowship shall be known as a 'Leland Fellow'.

"(6) EVALUATIONS AND AUDITS.—Under terms stipulated in the contract entered into under subsection (c)(3), the Director shall—

"(A) conduct periodic evaluations of the Fellowship Programs; and

"(B) arrange for annual independent financial audits of expenditures under the Fellowship Programs.

"(e) AUTHORITY.—

"(1) IN GENERAL.—Subject to paragraph (2), in carrying out this section, the Director may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of facilitating the work of the Fellowship Programs.

"(2) LIMITATION.—Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be used exclusively for the purposes of the Fellowship Programs.

"(f) REPORT.—The Director shall annually submit to the Secretary of Agriculture, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

"(1) describes the activities and expenditures of the Fellowship Programs during the preceding fiscal year, including expenditures made from funds made available under subsection (g); and

"(2) includes the results of evaluations and audits required by subsection (d).

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this section, to remain available until expended.".

SEC. 4402. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

Section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034) is amended—

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

"(a) DEFINITIONS.—In this section:

"(1) COMMUNITY FOOD PROJECT.—In this section, the term 'community food project' means a community-based project that—

"(A) requires a 1-time contribution of Federal assistance to become self-sustaining; and

"(B) is designed—

"(i)(I) to meet the food needs of low-income individuals;

"(II) to increase the self-reliance of communities in providing for the food needs of the communities; and

"(III) to promote comprehensive responses to local food, farm, and nutrition issues; or

"(ii) to meet specific State, local, or neighborhood food and agricultural needs, including needs relating to—

"(I) infrastructure improvement and development;

"(II) planning for long-term solutions; or

"(III) the creation of innovative marketing activities that mutually benefit agricultural producers and low-income consumers.

"(2) CENTER.—The term 'Center' means the healthy urban food enterprise development center established under subsection (h).

"(3) UNDERSERVED COMMUNITY.—The term 'underserved community' means a community (including an urban or rural community or an Indian tribe) that, as determined by the Secretary, has—

"(A) limited access to affordable, healthy foods, including fresh fruits and vegetables;

"(B) a high incidence of a diet-related disease (including obesity) as compared to the national average;

"(C) a high rate of hunger or food insecurity; or

"(D) severe or persistent poverty.";

(2) by redesignating subsection (h) as subsection (i); and

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

"(h) HEALTHY URBAN FOOD ENTERPRISE DEVELOPMENT CENTER.—

"(1) DEFINITION OF ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means—

"(A) a nonprofit organization;

"(B) a cooperative;

"(C) a commercial entity;

"(D) an agricultural producer;

"(E) an academic institution;

"(F) an individual; and

"(G) such other entities as the Secretary may designate.

"(2) ESTABLISHMENT.—The Secretary shall offer to provide a grant to a nonprofit organization to establish and support a healthy urban food enter-

prise development center to carry out the purpose described in paragraph (3).

"(3) PURPOSE.—The purpose of the Center is to increase access to healthy affordable foods, including locally produced agricultural products, to underserved communities.

"(4) ACTIVITIES.—

"(A) TECHNICAL ASSISTANCE AND INFORMATION.—The Center shall collect, develop, and provide technical assistance and information to small and medium-sized agricultural producers, food wholesalers and retailers, schools, and other individuals and entities regarding best practices and the availability of assistance for aggregating, storing, processing, and marketing locally produced agricultural products and increasing the availability of such products in underserved communities.

"(B) AUTHORITY TO SUBGRANT.—The Center may provide subgrants to eligible entities—

"(i) to carry out feasibility studies to establish businesses for the purpose described in paragraph (3); and

"(ii) to establish and otherwise assist enterprises that process, distribute, aggregate, store, and market healthy affordable foods.

"(5) PRIORITY.—In providing technical assistance and grants under paragraph (4), the Center shall give priority to applications that include projects—

"(A) to benefit underserved communities; and

"(B) to develop market opportunities for small and mid-sized farm and ranch operations.

"(6) REPORT.—For each fiscal year for which the nonprofit organization described in paragraph (2) receives funds, the organization shall submit to the Secretary a report describing the activities carried out in the preceding fiscal year, including—

"(A) a description of technical assistance provided by the Center;

"(B) the total number and a description of the subgrants provided under paragraph (4)(B);

"(C) a complete listing of cases in which the activities of the Center have resulted in increased access to healthy, affordable foods, such as fresh fruit and vegetables, particularly for

school-aged children and individuals in low-income communities; and

"(D) a determination of whether the activities identified in subparagraph (C) are sustained during the years following the initial provision of technical assistance and subgrants under this section.

"(7) COMPETITIVE AWARD PROCESS.—The Secretary shall use a competitive process to award funds to establish the Center.

"(8) LIMITATION ON ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the total amount allocated for this subsection in a given fiscal year may be used for administrative expenses.

"(9) FUNDING.—

"(A) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this subsection $1,000,000 for each of fiscal years 2009 through 2011.

"(B) ADDITIONAL FUNDING.—There is authorized to be appropriated $2,000,000 to carry out this subsection for fiscal year 2012.".

SEC. 4403. JOINT NUTRITION MONITORING AND RELATED RESEARCH ACTIVITIES.

The Secretary and the Secretary of Health and Human Services shall continue to provide jointly for national nutrition monitoring and related research activities carried out as of the date of enactment of this Act—

(1) to collect continuous dietary, health, physical activity, and diet and health knowledge data on a nationally representative sample;

(2) to periodically collect data on special at-risk populations, as identified by the Secretaries;

(3) to distribute information on health, nutrition, the environment, and physical activity to the public in a timely fashion;

(4) to analyze new data that becomes available;

(5) to continuously update food composition tables; and

(6) to research and develop data collection methods and standards.

SEC. 4404. SECTION 32 FUNDS FOR PURCHASE OF FRUITS, VEGETABLES, AND NUTS TO SUPPORT DOMESTIC NUTRITION ASSISTANCE PROGRAMS.

(a) FUNDING FOR ADDITIONAL PURCHASES OF FRUITS, VEGETABLES, AND NUTS.—In addition to the purchases of fruits, vegetables, and nuts required by section 10603 of the Farm Security and Rural Investment

Act of 2002 (7 U.S.C. 612c–4), the Secretary of Agriculture shall purchase fruits, vegetables, and nuts for the purpose of providing nutritious foods for use in domestic nutrition assistance programs, using, of the funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), the following amounts:

(1) $190,000,000 for fiscal year 2008.

(2) $193,000,000 for fiscal year 2009.

(3) $199,000,000 for fiscal year 2010.

(4) $203,000,000 for fiscal year 2011.

(5) $206,000,000 for fiscal year 2012 and each fiscal year thereafter.

(b) FORM OF PURCHASES.—Fruits, vegetables, and nuts may be purchased under this section in the form of frozen, canned, dried, or fresh fruits, vegetables, and nuts.

(c) PURCHASE OF FRESH FRUITS AND VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND SERVICE INSTITUTIONS.—Section 10603 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 612c–4) is amended by striking subsection (b) and inserting the following:

"(b) PURCHASE OF FRESH FRUITS AND VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND SERVICE INSTITUTIONS.—The Secretary of Agriculture shall purchase fresh fruits and vegetables for distribution to schools and service institutions in accordance with section 6(a) of the

Richard B. Russell National School Lunch Act (42 U.S.C. 1755(a)) using, of the amount specified in subsection (a), not less than $50,000,000 for each of fiscal years 2008 through 2012.''.

SEC. 4405. HUNGER-FREE COMMUNITIES.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term ''eligible entity'' means a public food program service provider or nonprofit organization, including an emergency feeding organization, that has collaborated, or will collaborate, with 1 or more local partner organizations to achieve at least 1 hunger-free communities goal.

(2) EMERGENCY FEEDING ORGANIZATION.—The term ''emergency feeding organization'' has the meaning given the term in section 201A of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501).

(3) HUNGER-FREE COMMUNITIES GOAL.—The term ''hunger-free communities goal'' means any of the 14 goals described in the H. Con. Res. 302 (102nd Congress).

(b) HUNGER-FREE COMMUNITIES COLLABORATIVE GRANTS.—

(1) PROGRAM.—

(A) IN GENERAL.—The Secretary shall use not more than 50 percent of any funds made available under subsection (e) to make grants to eligible entities to pay the Federal share of the costs of an activity described in paragraph (2).

(B) FEDERAL SHARE.—The Federal share of the cost of carrying out an activity under this subsection shall not exceed 80 percent.

(C) NON-FEDERAL SHARE.—

(i) CALCULATION.—The non-Federal share of the cost of an activity under this subsection may be provided in cash or fairly evaluated in-kind contributions, including facilities, equipment, or services.

(ii) SOURCES.—Any entity may provide the non-Federal share of the cost of an activity under this subsection through a State government, a local government, or a private source.

(2) USE OF FUNDS.—An eligible entity in a community shall use a grant received under this subsection for any fiscal year for hunger relief activities, including—

(A) meeting the immediate needs of people who experience hunger in the community served by the eligible entity by—

(i) distributing food;

(ii) providing community outreach to assist in participation in federally assisted nutrition programs, including—

(I) the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773);

(II) the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);

(III) the summer food service program for children established under section 13 of that Act; and

(IV) other Federal programs that provide food for children in child care facilities and homeless and older individuals; or

(iii) improving access to food as part of a comprehensive service; and

(B) developing new resources and strategies to help reduce hunger in the community and prevent hunger in the future by—

(i) developing creative food resources, such as community gardens, buying clubs, food cooperatives, community-owned and operated grocery stores, and farmers' markets;

(ii) coordinating food services with park and recreation programs and other community-based outlets to reduce barriers to access; or

(iii) creating nutrition education programs for at-risk populations to enhance food-purchasing and food-preparation skills and to heighten awareness of the connection between diet and health.

(c) HUNGER-FREE COMMUNITIES INFRASTRUCTURE GRANTS.—

(1) PROGRAM AUTHORIZED.—

(A) IN GENERAL.—The Secretary shall use not more than 50 percent of any funds made available for a fiscal year under subsection (e) to make grants to eligible entities to pay the

Federal share of the costs of an activity described in paragraph (2).

(B) FEDERAL SHARE.—The Federal share of the cost of carrying out an activity under this subsection shall not exceed 80 percent.

(2) APPLICATION.—

(A) IN GENERAL.—To receive a grant under this subsection, an eligible entity shall submit an application at such time, in such form, and containing such information as the Secretary may prescribe.

(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

(i) identify any activity described in paragraph (3) that the grant will be used to fund; and

(ii) describe the means by which an activity identified under clause (i) will reduce hunger in the community of the eligible entity.

(C) PRIORITY.—In making grants under this subsection, the Secretary shall give priority to eligible entities that demonstrate 2 or more of the following:

(i) The eligible entity serves a community in which the rates of food insecurity, hunger, poverty, or unemployment are demonstrably higher than national average rates.

(ii) The eligible entity serves a community that has successfully carried out long-term efforts to reduce hunger in the community.

(iii) The eligible entity serves a community that provides public support for the efforts of the eligible entity.

(iv) The eligible entity is committed to achieving more than 1 hunger-free communities goal.

(3) USE OF FUNDS.—An eligible entity shall use a grant received under this subsection to construct, expand, or repair a facility or equipment to support hunger relief efforts in the community.

(d) REPORT.—If funds are made available under subsection (e) to carry out this section, not later than September 30, 2012, the Secretary shall submit to Congress a report that describes—

(1) each grant made under this section, including—

(A) a description of any activity funded; and

(B) the degree of success of each activity funded in achieving hunger free-communities goals; and

(2) the degree of success of all activities funded under this section in achieving domestic hunger goals.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

SEC. 4406. REAUTHORIZATION OF FEDERAL FOOD ASSISTANCE PROGRAMS.

(a) SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking ''for each of the fiscal years 2003 through 2007'' and inserting ''for each of fiscal years 2008 through 2012''.

(2) GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.—Section 11(t)(1) of

the Food and Nutrition Act of 2008 (7 U.S.C. 2020(t)(1)) is amended by striking ''For each of fiscal years 2003 through 2007'' and inserting ''Subject to the availability of appropriations under section 18(a), for each fiscal year''.

(3) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—Section 16(h)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(h)(1)) is amended—

(A) in subparagraph (A), by striking ''the amount of—'' and all that follows through the end of the subparagraph and inserting '', $90,000,000 for each fiscal year.''; and

(B) in subparagraph (E)(i), by striking ''for each of fiscal years 2002 through 2007'' and inserting ''for each fiscal year''.

(4) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(k)(3)) is amended—

(A) in the first sentence of subparagraph (A), by striking ''effective for each of fiscal years 1999 through 2007,''; and

(B) in subparagraph (B)(ii), by striking ''through fiscal year 2007''.

(5) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food and Nutrition Act of 2008 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended—

(A) by striking ''Any pilot'' and inserting ''Subject to the availability of appropriations under section 18(a), any pilot''; and

(B) by striking ''through October 1, 2007,''.

(6) CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.—Section 19(a)(2)(A)(ii) of the Food and Nutrition Act of 2008 (7 U.S.C. 2028(a)(2)(A)(ii)) is amended by striking ''for each of fiscal years 2004 through 2007'' and inserting ''subject to the availability of appropriations under section 18(a), for each fiscal year thereafter''.

(7) ASSISTANCE FOR COMMUNITY FOOD PROJECTS.—Section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034) is amended—

(A) in subsection (b)(2)(B), by striking ''for each of fiscal years 1997 through 2007'' and inserting ''for fiscal year 2008 and each fiscal year thereafter''; and

(B) in subsection (i)(4) (as redesignated by section 4402), by striking ''of fiscal years 2003

through 2007'' and inserting ''fiscal year thereafter''.

(b) COMMODITY DISTRIBUTION.—

(1) EMERGENCY FOOD ASSISTANCE.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence by striking ''for each of the fiscal years 2003 through 2007'' and inserting ''for fiscal year 2008 and each fiscal year thereafter''.

(2) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking ''years 1991 through 2007'' and inserting ''years 2008 through 2012''.

(3) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking ''each of fiscal years 2003 through 2007'' and inserting ''each of fiscal years 2008 through 2012''; and

(ii) in paragraph (2)(B), by striking the subparagraph designation and heading and all that follows through ''2007'' and inserting the following:

''(B) SUBSEQUENT FISCAL YEARS.—For each of fiscal years 2004 through 2012''; and

(B) in subsection (d)(2), by striking ''each of the fiscal years 1991 through 2007'' and inserting ''each of fiscal years 2008 through 2012''.

(4) DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''Effective through September 30, 2007'' and inserting ''For each of fiscal years 2008 through 2012''.

(c) FARM SECURITY AND RURAL INVESTMENT.—

(1) SENIORS FARMERS' MARKET NUTRITION PROGRAM.—Section 4402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007) is amended by striking by striking subsection (a) and inserting the following:

''(a) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall use

to carry out and expand the seniors farmers' market nutrition program $20,600,000 for each of fiscal years 2008 through 2012.''.

(2) NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.—Section 4403(f) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3171 note; Public Law 107–171) is amended by striking ''2007'' and inserting ''2012''.

SEC. 4407. EFFECTIVE AND IMPLEMENTATION DATES.

Except as otherwise provided in this title, this title and the amendments made by this title take effect on October 1, 2008.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 5001. DIRECT LOANS.

Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended—

(1) by striking the section designation and heading and all that follows through ''(a) The Secretary is authorized to'' and inserting the following:

''SEC. 302. PERSONS ELIGIBLE FOR REAL ESTATE LOANS.

''(a) IN GENERAL.—The Secretary may''; and

(2) in subsection (a)(2), by inserting '', taking into consideration all farming experience of the ap-

plicant, without regard to any lapse between farming experiences'' after ''farming operations''.

SEC. 5002. CONSERVATION LOAN AND LOAN GUARANTEE PROGRAM.

Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended to read as follows:

''SEC. 304. CONSERVATION LOAN AND LOAN GUARANTEE PROGRAM.

''(a) IN GENERAL.—The Secretary may make or guarantee qualified conservation loans to eligible borrowers under this section.

''(b) DEFINITIONS.—In this section:

''(1) QUALIFIED CONSERVATION LOAN.—The term 'qualified conservation loan' means a loan, the proceeds of which are used to cover the costs to the borrower of carrying out a qualified conservation project.

''(2) QUALIFIED CONSERVATION PROJECT.—The term 'qualified conservation project' means conservation measures that address provisions of a conservation plan of the eligible borrower.

''(3) CONSERVATION PLAN.—The term 'conservation plan' means a plan, approved by the Secretary, that, for a farming or ranching operation,

identifies the conservation activities that will be addressed with loan funds provided under this section, including—

"(A) the installation of conservation structures to address soil, water, and related resources;

"(B) the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes;

"(C) the installation of water conservation measures;

"(D) the installation of waste management systems;

"(E) the establishment or improvement of permanent pasture;

"(F) compliance with section 1212 of the Food Security Act of 1985; and

"(G) other purposes consistent with the plan, including the adoption of any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.

"(c) ELIGIBILITY.—

"(1) IN GENERAL.—The Secretary may make or guarantee loans to farmers or ranchers in the

United States, farm cooperatives, private domestic corporations, partnerships, joint operations, trusts, or limited liability companies that are controlled by farmers or ranchers and engaged primarily and directly in agricultural production in the United States.

"(2) REQUIREMENTS.—To be eligible for a loan under this section, applicants shall meet the requirements in paragraphs (1) and (2) of section 302(a).

"(d) PRIORITY.—In making or guaranteeing loans under this section, the Secretary shall give priority to—

"(1) qualified beginning farmers or ranchers and socially disadvantaged farmers or ranchers;

"(2) owners or tenants who use the loans to convert to sustainable or organic agricultural production systems; and

"(3) producers who use the loans to build conservation structures or establish conservation practices to comply with section 1212 of the Food Security Act of 1985.

"(e) LIMITATIONS APPLICABLE TO LOAN GUARANTEES.—The portion of a loan that the Secretary may guarantee under this section shall be 75 percent of the principal amount of the loan.

"(f) ADMINISTRATIVE PROVISIONS.—The Secretary shall ensure, to the maximum extent practicable, that loans made or guaranteed under this section are distributed across diverse geographic regions.

"(g) CREDIT ELIGIBILITY.—The provisions of paragraphs (1) and (3) of section 333 shall not apply to loans made or guaranteed under this section.

"(h) AUTHORIZATION OF APPROPRIATIONS.—For each of fiscal years 2008 through 2012, there are authorized to be appropriated to the Secretary such funds as are necessary to carry out this section.".

SEC. 5003. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP LOANS.

Section 305(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)(2)) is amended by striking "$200,000" and inserting "$300,000".

SEC. 5004. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (a)(1), by striking "and ranchers" and inserting "or ranchers and socially disadvantaged farmers or ranchers";

(2) in subsection (b)—

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

"(1) PRINCIPAL.—Each loan made under this section shall be in an amount that does not exceed 45 percent of the least of—

"(A) the purchase price of the farm or ranch to be acquired;

"(B) the appraised value of the farm or ranch to be acquired; or

"(C) $500,000.

"(2) INTEREST RATE.—The interest rate on any loan made by the Secretary under this section shall be a rate equal to the greater of—

"(A) the difference obtained by subtracting 4 percent from the interest rate for farm ownership loans under this subtitle; or

"(B) 1.5 percent."; and

(B) in paragraph (3), by striking "15" and inserting "20";

(3) in subsection (c)—

(A) in paragraph (1), by striking "10" and inserting "5";

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

(C) in paragraph (2)(B) (as so redesignated), by striking "15-year" and inserting "20-year";

(4) in subsection (d)—

(A) in paragraph (3)—

(i) by inserting ''and socially disadvantaged farmers or ranchers'' after ''ranchers''; and

(ii) by striking ''and'' at the end;

(B) in paragraph (4), by striking ''and ranchers.'' and inserting '' or ranchers or socially disadvantaged farmers or ranchers; and''; and

(C) by adding at the end the following:

''(5) establish annual performance goals to promote the use of the down payment loan program and other joint financing arrangements as the preferred choice for direct real estate loans made by any lender to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher.''; and

(5) by adding at the end the following:

''(e) SOCIALLY DISADVANTAGED FARMER OR RANCHER DEFINED.—In this section, the term 'socially disadvantaged farmer or rancher' has the meaning given that term in section 355(e)(2).''.

SEC. 5005. BEGINNING FARMER OR RANCHER AND SOCIALLY DISADVANTAGED FARMER OR RANCHER CONTRACT LAND SALES PROGRAM.

Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is amended to read as follows:

"SEC. 310F. BEGINNING FARMER OR RANCHER AND SOCIALLY DISADVANTAGED FARMER OR RANCHER CONTRACT LAND SALES PROGRAM.

"(a) IN GENERAL.—The Secretary shall, in accordance with this section, guarantee a loan made by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher (as defined in section 355(e)(2)) on a contract land sales basis.

"(b) ELIGIBILITY.—In order to be eligible for a loan guarantee under subsection (a)—

"(1) the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher shall—

"(A) on the date the contract land sale that is subject of the loan is complete, own and operate the farm or ranch that is the subject of the contract land sale;

"(B) have a credit history that—

"(i) includes a record of satisfactory debt repayment, as determined by the Secretary; and

"(ii) is acceptable to the Secretary; and

"(C) demonstrate to the Secretary that the farmer or rancher, as the case may be, is unable to obtain sufficient credit without a guarantee to finance any actual need of the farmer or rancher, as the case may be, at a reasonable rate or term; and

"(2) the loan shall meet applicable underwriting criteria, as determined by the Secretary.

"(c) LIMITATIONS.—

"(1) DOWN PAYMENT.—The Secretary shall not provide a loan guarantee under subsection (a) if the contribution of the qualified beginning farmer or rancher or socially disadvantaged farmer or rancher to the down payment for the farm or ranch that is the subject of the contract land sale would be less than 5 percent of the purchase price of the farm or ranch.

"(2) MAXIMUM PURCHASE PRICE.—The Secretary shall not provide a loan guarantee under subsection (a) if the purchase price or the appraisal

value of the farm or ranch that is the subject of the contract land sale is greater than $500,000.

"(d) PERIOD OF GUARANTEE.—The period during which a loan guarantee under this section is in effect shall be the 10-year period beginning with the date the guarantee is provided.

"(e) GUARANTEE PLAN.—

"(1) SELECTION OF PLAN.—A private seller of a farm or ranch who makes a loan that is guaranteed by the Secretary under subsection (a) may select—

"(A) a prompt payment guarantee plan, which shall cover—

"(i) 3 amortized annual installments; or

"(ii) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments); or

"(B) a standard guarantee plan, which shall cover an amount equal to 90 percent of the outstanding principal of the loan.

"(2) ELIGIBLITY FOR STANDARD GUARANTEE PLAN.—In order for a private seller to be eligible for

a standard guarantee plan referred to in paragraph (1)(B), the private seller shall—

"(A) secure a commercial lending institution or similar entity, as determined by the Secretary, to serve as an escrow agent; or

"(B) in cooperation with the farmer or rancher, use an appropriate alternate arrangement, as determined by the Secretary.

"(f) TRANSITION FROM PILOT PROGRAM.—

"(1) IN GENERAL.—The Secretary may phase-in the implementation of the changes to the Beginning Farmer and Rancher and Socially Disadvantaged Farmer or Rancher Contract Land Sales Program provided for in this section.

"(2) LIMITATION.—All changes to the Beginning Farmer and Rancher and Socially Disadvantaged Farmer or Rancher Contract Land Sales Program must be implemented for the 2011 Fiscal Year.".

Subtitle B—Operating Loans

SEC. 5101. FARMING EXPERIENCE AS ELIGIBILITY REQUIREMENT.

Section 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941) is amended—

(1) by striking the section designation and all that follows through ''(a) The Secretary is authorized to'' and inserting the following:

''SEC. 311. PERSONS ELIGIBLE FOR LOANS.

''(a) IN GENERAL.—The Secretary may'';

(2) in subsection (a)(2), by inserting '', taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences'' after ''farming operations''.

SEC. 5102. LIMITATIONS ON AMOUNT OF OPERATING LOANS.

Section 313(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(a)(1)) is amended by striking ''$200,000'' and inserting ''$300,000''.

SEC. 5103. SUSPENSION OF LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

Section 5102 of the Farm Security And Rural Investment Act of 2002 (7 U.S.C. 1949 note; Public Law 107–171) is amended by striking ''September 30, 2007'' and inserting ''December 31, 2010''.

Subtitle C—Emergency Loans

SEC. 5201. ELIGIBILITY OF EQUINE FARMERS AND RANCHERS FOR EMERGENCY LOANS.

Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) in paragraph (1), by striking ''farmers, ranchers'' and inserting ''farmers or ranchers (including equine farmers or ranchers)''; and

(2) in paragraph (2)(A), by striking ''farming, ranching,'' and inserting ''farming or ranching (including equine farming or ranching)''.

Subtitle D—Administrative Provisions

SEC. 5301. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 333A the following:

''SEC. 333B. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) DEMONSTRATION PROGRAM.—The term 'demonstration program' means a demonstration

program carried out by a qualified entity under the pilot program established in subsection (b)(1).

"(2) ELIGIBLE PARTICIPANT.—The term 'eligible participant' means a qualified beginning farmer or rancher that—

"(A) lacks significant financial resources or assets; and

"(B) has an income that is less than—

"(i) 80 percent of the median income of the State in which the farmer or rancher resides; or

"(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services for the State.

"(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—The term 'individual development account' means a savings account described in subsection (b)(4)(A).

"(4) QUALIFIED ENTITY.—

"(A) IN GENERAL.—The term 'qualified entity' means—

"(i) 1 or more organizations—

"(I) described in section 501(c)(3) of the Internal Revenue Code of 1986; and

"(II) exempt from taxation under section 501(a) of such Code; or

"(ii) a State, local, or tribal government submitting an application jointly with an organization described in clause (i).

"(B) NO PROHIBITION ON COLLABORATION.—An organization described in subparagraph (A)(i) may collaborate with a financial institution or for-profit community development corporation to carry out the purposes of this section.

"(b) PILOT PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a pilot program to be known as the 'New Farmer Individual Development Accounts Pilot Program' under which the Secretary shall work through qualified entities to establish demonstration programs—

"(A) of at least 5 years in duration; and

"(B) in at least 15 States.

"(2) COORDINATION.—The Secretary shall operate the pilot program through, and in coordination with the farm loan programs of, the Farm Service Agency.

"(3) RESERVE FUNDS.—

"(A) IN GENERAL.—A qualified entity carrying out a demonstration program under this section shall establish a reserve fund consisting of a non-Federal match of 50 percent of the total amount of the grant awarded to the demonstration program under this section.

"(B) FEDERAL FUNDS.—After the qualified entity has deposited the non-Federal matching funds described in subparagraph (A) in the reserve fund, the Secretary shall provide the total amount of the grant awarded under this section to the demonstration program for deposit in the reserve fund.

"(C) USE OF FUNDS.—Of the funds deposited under subparagraph (B) in the reserve fund established for a demonstration program, the qualified entity carrying out the demonstration program—

"(i) may use up to 10 percent for administrative expenses; and

"(ii) shall use the remainder in making matching awards described in paragraph (4)(B)(ii)(I).

"(D) INTEREST.—Any interest earned on amounts in a reserve fund established under

subparagraph (A) may be used by the qualified entity as additional matching funds for, or to administer, the demonstration program.

"(E) GUIDANCE.—The Secretary shall issue guidance regarding the investment requirements of reserve funds established under this paragraph.

"(F) REVERSION.—On the date on which all funds remaining in any individual development account established by a qualified entity have reverted under paragraph (5)(B)(ii) to the reserve fund established by the qualified entity, there shall revert to the Treasury of the United States a percentage of the amount (if any) in the reserve fund equal to—

"(i) the amount of Federal funds deposited in the reserve fund under subparagraph (B) that were not used for administrative expenses; divided by

"(ii) the total amount of funds deposited in the reserve fund.

"(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) IN GENERAL.—A qualified entity receiving a grant under this section shall establish

and administer individual development accounts for eligible participants.

"(B) CONTRACT REQUIREMENTS.—To be eligible to receive funds under this section from a qualified entity, an eligible participant shall enter into a contract with only 1 qualified entity under which—

"(i) the eligible participant agrees—

"(I) to deposit a certain amount of funds of the eligible participant in a personal savings account, as prescribed by the contractual agreement between the eligible participant and the qualified entity;

"(II) to use the funds described in subclause (I) only for 1 or more eligible expenditures described in paragraph (5)(A); and

"(III) to complete financial training; and

"(ii) the qualified entity agrees—

"(I) to deposit, not later than 1 month after an amount is deposited pursuant to clause (i)(I), at least a 100-percent, and up to a 200-percent,

match of that amount into the individual development account established for the eligible participant; and

"(II) with uses of funds proposed by the eligible participant.

"(C) LIMITATION.—

"(i) IN GENERAL.—A qualified entity administering a demonstration program under this section may provide not more than $6,000 for each fiscal year in matching funds to the individual development account established by the qualified entity for an eligible participant.

"(ii) TREATMENT OF AMOUNT.—An amount provided under clause (i) shall not be considered to be a gift or loan for mortgage purposes.

"(5) ELIGIBLE EXPENDITURES.—

"(A) IN GENERAL.—An eligible expenditure described in this subparagraph is an expenditure—

"(i) to purchase farmland or make a down payment on an accepted purchase offer for farmland;

"(ii) to make mortgage payments on farmland purchased pursuant to clause (i), for up to 180 days after the date of the purchase;

"(iii) to purchase breeding stock, fruit or nut trees, or trees to harvest for timber; and

"(iv) for other similar expenditures, as determined by the Secretary.

"(B) TIMING.—

"(i) IN GENERAL.—An eligible participant may make an eligible expenditure at any time during the 2-year period beginning on the date on which the last matching funds are provided under paragraph (4)(B)(ii)(I) to the individual development account established for the eligible participant.

"(ii) UNEXPENDED FUNDS.—At the end of the period described in clause (i), any funds remaining in an individual development account established for an eligible participant shall revert to the reserve fund of the demonstration program under which the account was established.

"(c) APPLICATIONS.—

"(1) IN GENERAL.—A qualified entity that seeks to carry out a demonstration program under this section may submit to the Secretary an application at such time, in such form, and containing such information as the Secretary may prescribe.

"(2) CRITERIA.—In considering whether to approve an application to carry out a demonstration program under this section, the Secretary shall assess—

"(A) the degree to which the demonstration program described in the application is likely to aid eligible participants in successfully pursuing new farming opportunities;

"(B) the experience and ability of the qualified entity to responsibly administer the demonstration program;

"(C) the experience and ability of the qualified entity in recruiting, educating, and assisting eligible participants to increase economic independence and pursue or advance farming opportunities;

"(D) the aggregate amount of direct funds from non-Federal public sector and private sources that are formally committed to the

demonstration program as matching contributions;

"(E) the adequacy of the plan of the qualified entity to provide information relevant to an evaluation of the demonstration program; and

"(F) such other factors as the Secretary considers to be appropriate.

"(3) PREFERENCES.—In considering an application to conduct a demonstration program under this section, the Secretary shall give preference to an application from a qualified entity that demonstrates—

"(A) a track record of serving clients targeted by the program, including, as appropriate, socially disadvantaged farmers or ranchers (as defined in section 355(e)(2)); and

"(B) expertise in dealing with financial management aspects of farming.

"(4) APPROVAL.—Not later than 1 year after the date of enactment of this section, in accordance with this section, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration programs as the Secretary considers appropriate.

"(5) TERM OF AUTHORITY.—If the Secretary approves an application to carry out a demonstration program, the Secretary shall authorize the applicant to carry out the project for a period of 5 years, plus an additional 2 years to make eligible expenditures in accordance with subsection (b)(5)(B).

"(d) GRANT AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make a grant to a qualified entity authorized to carry out a demonstration program under this section.

"(2) MAXIMUM AMOUNT OF GRANTS.—The aggregate amount of grant funds provided to a demonstration program carried out under this section shall not exceed $250,000.

"(3) TIMING OF GRANT PAYMENTS.—The Secretary shall pay the amounts awarded under a grant made under this section—

"(A) on the awarding of the grant; or

"(B) pursuant to such payment plan as the qualified entity may specify.

"(e) REPORTS.—

"(1) ANNUAL PROGRESS REPORTS.—

"(A) IN GENERAL.—Not later than 60 days after the end of the calendar year in which the Secretary authorizes a qualified entity to

carry out a demonstration program under this section, and annually thereafter until the conclusion of the demonstration program, the qualified entity shall prepare an annual report that includes, for the period covered by the report—

"(i) an evaluation of the progress of the demonstration program;

"(ii) information about the demonstration program, including the eligible participants and the individual development accounts that have been established; and

"(iii) such other information as the Secretary may require.

"(B) SUBMISSION OF REPORTS.—A qualified entity shall submit each report required under subparagraph (A) to the Secretary.

"(2) REPORTS BY THE SECRETARY.—Not later than 1 year after the date on which all demonstration programs under this section are concluded, the Secretary shall submit to Congress a final report that describes the results and findings of all reports and evaluations carried out under this section.

1 "(f) ANNUAL REVIEW.—The Secretary may conduct
2 an annual review of the financial records of a qualified
3 entity—
4 "(1) to assess the financial soundness of the
5 qualified entity; and
6 "(2) to determine the use of grant funds made
7 available to the qualified entity under this section.
8 "(g) REGULATIONS.—In carrying out this section,
9 the Secretary may promulgate regulations to ensure that
10 the program includes provisions for—
11 "(1) the termination of demonstration pro-
12 grams;
13 "(2) control of the reserve funds in the case of
14 such a termination;
15 "(3) transfer of demonstration programs to
16 other qualified entities; and
17 "(4) remissions from a reserve fund to the Sec-
18 retary in a case in which a demonstration program
19 is terminated without transfer to a new qualified en-
20 tity.
21 "(h) AUTHORIZATION OF APPROPRIATIONS.—There
22 is authorized to be appropriated to carry out this section
23 $5,000,000 for each of fiscal years 2008 through 2012.".

SEC. 5302. INVENTORY SALES PREFERENCES; LOAN FUND SET-ASIDES.

(a) INVENTORY SALES PREFERENCES.—Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in the subparagraph heading, by inserting ''; SOCIALLY DISADVANTAGED FARMER OR RANCHER'' after ''OR RANCHER'';

(ii) in clause (i), by inserting '' or a socially disadvantaged farmer or rancher'' after ''or rancher'';

(iii) in clause (ii), by inserting ''or socially disadvantaged farmer or rancher'' after ''or rancher'';

(iv) in clause (iii), by inserting ''or a socially disadvantaged farmer or rancher'' after ''or rancher''; and

(v) in clause (iv), by striking ''and ranchers'' and inserting ''or ranchers and socially disadvantaged farmers or ranchers''; and

(B) in subparagraph (C), by inserting ''or a socially disadvantaged farmer or rancher'' after ''or rancher'';

(2) in paragraph (5)(B)—

(A) in clause (i)—

(i) in the clause heading, by inserting ''; SOCIALLY DISADVANTAGED FARMER OR RANCHER'' after ''OR RANCHER'';

(ii) by inserting ''or a socially disadvantaged farmer or rancher'' after ''a beginning farmer or rancher''; and

(iii) by inserting ''or the socially disadvantaged farmer or rancher'' after ''the beginning farmer or rancher''; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by inserting ''or a socially disadvantaged farmer or rancher'' after ''or rancher''; and

(ii) in subclause (II), by inserting ''or the socially disadvantaged farmer or rancher'' after ''or rancher''; and

(3) in paragraph (6)—

(A) in subparagraph (A), by inserting ''or a socially disadvantaged farmer or rancher'' after ''or rancher''; and

(B) in subparagraph (C)—

(i) in clause (i)(I), by striking ''and ranchers'' and inserting ''or ranchers and socially disadvantaged farmers or ranchers''; and

(ii) in clause (ii), by inserting ''or socially disadvantaged farmers or ranchers'' after ''or ranchers''.

(b) LOAN FUND SET-ASIDES.—Section 346(b)(2) of such Act (7 U.S.C. 1994(b)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)—

(i) in subclause (I), by striking ''70 percent'' and inserting ''an amount that is not less than 75 percent of the total amount''; and

(ii) in subclause (II)—

(I) in the subclause heading, by inserting ''; JOINT FINANCING ARRANGEMENTS'' after ''PAYMENT LOANS'';

(II) by striking ''60 percent'' and inserting ''an amount not less than ⅔ of the amount''; and

(III) by inserting ''and joint financing arrangements under section 307(a)(3)(D)'' after ''section 310E''; and

(B) in clause (ii)(III), by striking ''2003 through 2007, 35 percent'' and inserting ''2008 through 2012, an amount that is not less than 50 percent of the total amount''; and

(2) in subparagraph (B)(i), by striking ''25 percent'' and inserting ''an amount that is not less than 40 percent of the total amount''.

SEC. 5303. LOAN AUTHORIZATION LEVELS.

Section 346(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking ''$3,796,000,000 for each of fiscal years 2003 through 2007'' and inserting ''$4,226,000,000 for each of fiscal years 2008 through 2012''; and

(2) in subparagraph (A)—

(A) in the matter preceding clause (i), by striking "$770,000,000" and inserting "$1,200,000,000";

(B) in clause (i), by striking "$205,000,000" and inserting "$350,000,000"; and

(C) in clause (ii), by striking "$565,000,000" and inserting "$850,000,000".

SEC. 5304. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 344 the following:

"SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.

"(a) IN GENERAL.—In making or insuring a farm loan under subtitle A or B, the Secretary shall establish a plan and promulgate regulations (including performance criteria) that promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest period of time practicable.

"(b) COORDINATION.—In carrying out this section, the Secretary shall integrate and coordinate the transition policy described in subsection (a) with—

"(1) the borrower training program established by section 359;

"(2) the loan assessment process established by section 360;

"(3) the supervised credit requirement established by section 361;

"(4) the market placement program established by section 362; and

"(5) other appropriate programs and authorities, as determined by the Secretary.".

SEC. 5305. EXTENSION OF THE RIGHT OF FIRST REFUSAL TO REACQUIRE HOMESTEAD PROPERTY TO IMMEDIATE FAMILY MEMBERS OF BORROWER-OWNER.

Section 352(c)(4)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2000(c)(4)(B)) is amended—

(1) in the 1st sentence, by striking ", the borrower-owner" inserting "of a borrower-owner who is a socially disadvantaged farmer or rancher (as defined in section 355(e)(2)), the borrower-owner or a member of the immediate family of the borrower-owner"; and

(2) in the 2nd sentence, by inserting ''or immediate family member, as the case may be,'' before ''from''.

SEC. 5306. RURAL DEVELOPMENT AND FARM LOAN PROGRAM ACTIVITIES.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008r) is amended by inserting after section 364 the following:

''SEC. 365. RURAL DEVELOPMENT AND FARM LOAN PROGRAM ACTIVITIES.

''The Secretary may not complete a study of, or enter into a contract with a private party to carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing activity of the Secretary, including support personnel of the Department of Agriculture, relating to rural development or farm loan programs.''.

Subtitle E—Farm Credit

SEC. 5401. FARM CREDIT SYSTEM INSURANCE CORPORATION.

(a) IN GENERAL.—Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(1) in the first sentence, by striking ''Each Farm'' and inserting the following;

''(1) IN GENERAL.—Each Farm''; and

(2) by striking the second sentence and inserting the following:

"(2) COMPUTATION.—The assessment on any association or other financing institution described in paragraph (1) for any period shall be computed in an equitable manner, as determined by the Corporation.".

(b) RULES AND REGULATIONS.—Section 5.58(10) of such Act (12 U.S.C. 2277a-7(10)) is amended by inserting "and section 1.12(b)" after "part".

SEC. 5402. TECHNICAL CORRECTION.

Section 3.3(b) of the Farm Credit Act of 1971 (12 U.S.C. 2124(b)) is amended in the first sentence by striking "per" and inserting "par".

SEC. 5403. BANK FOR COOPERATIVES VOTING STOCK.

(a) IN GENERAL.—Section 3.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2124(c)) is amended by striking "and (ii)" and inserting "(ii) other categories of persons and entities described in sections 3.7 and 3.8 eligible to borrow from the bank, as determined by the bank's board of directors; and (iii)".

(b) CONFORMING AMENDMENTS.—Section 4.3A(c)(1)(D) of such Act (12 U.S.C. 2154a(c)(1)(D)) is amended by redesignating clauses (ii) and (iii) as clauses

(iii) and (iv), respectively, and inserting after clause (i) the following:

"(ii) persons and entities eligible to borrow from the banks for cooperatives, as described in section 3.3(c)(ii);".

SEC. 5404. PREMIUMS.

(a) AMOUNT IN FUND NOT EXCEEDING SECURE BASE AMOUNT.—Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a-4(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A)—

(i) by striking "paragraph (2)" and inserting "paragraph (3)"; and

(ii) by striking "annual" ; and

(B) by striking subparagraphs (A) through (D) and inserting the following:

"(A) the average outstanding insured obligations issued by the bank for the calendar year, after deducting from the obligations the percentages of the guaranteed portions of loans and investments described in paragraph (2), multiplied by 0.0020; and

"(B) the product obtained by multiplying—

"(i) the sum of—

"(I) the average principal outstanding for the calendar year on loans made by the bank that are in nonaccrual status; and

"(II) the average amount outstanding for the calendar year of other-than-temporarily impaired investments made by the bank; by

"(ii) 0.0010.";

(2) by striking paragraph (4);

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

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

"(2) DEDUCTIONS FROM AVERAGE OUTSTANDING INSURED OBLIGATIONS.—The average outstanding insured obligations issued by the bank for the calendar year referred to in paragraph (1)(A) shall be reduced by deducting from the obligations the sum of (as determined by the Corporation)—

"(A) 90 percent of each of—

"(i) the average principal outstanding for the calendar year on the guaranteed portions of Federal government-guaranteed

loans made by the bank that are in accrual status; and

"(ii) the average amount outstanding for the calendar year of the guaranteed portions of Federal government-guaranteed investments made by the bank that are not permanently impaired; and

"(B) 80 percent of each of—

"(i) the average principal outstanding for the calendar year on the guaranteed portions of State government-guaranteed loans made by the bank that are in accrual status; and

"(ii) the average amount outstanding for the calendar year of the guaranteed portions of State government-guaranteed investments made by the bank that are not permanently impaired.";

(5) in paragraph (3) (as so redesignated by paragraph (3) of this subsection), by striking "annual"; and

(6) in paragraph (4) (as so redesignated by paragraph (3) of this subsection)—

(A) in the paragraph heading, by inserting "OR INVESTMENTS" after "LOANS" ; and

(B) in the matter preceding subparagraph (A), by striking ''As used'' and all that follows through ''guaranteed—'' and inserting ''In this section, the term 'government-guaranteed', when applied to a loan or an investment, means a loan, credit, or investment, or portion of a loan, credit, or investment, that is guaranteed—''.

(b) AMOUNT IN FUND EXCEEDING SECURE BASE AMOUNT.—Section 5.55(b) of such Act (12 U.S.C. 2277a-4(b)) is amended by striking ''annual''.

(c) SECURE BASE AMOUNT.—Section 5.55(c) of such Act (12 U.S.C. 2277a-4(c)) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(1) IN GENERAL.—For purposes'';

(2) by striking ''(adjusted downward'' and all that follows through ''by the Corporation)'' and inserting ''(as adjusted under paragraph (2))''; and

(3) by adding at the end the following:

''(2) ADJUSTMENT.—The aggregate outstanding insured obligations of all insured System banks under paragraph (1) shall be adjusted downward to exclude an amount equal to the sum of (as determined by the corporation)—

"(A) 90 percent of each of—

"(i) the guaranteed portions of principal outstanding on Federal government-guaranteed loans in accrual status made by the banks; and

"(ii) the guaranteed portions of the amount of Federal government-guaranteed investments made by the banks that are not permanently impaired; and

"(B) 80 percent of each of—

"(i) the guaranteed portions of principal outstanding on State government-guaranteed loans in accrual status made by the banks; and

"(ii) the guaranteed portions of the amount of State government-guaranteed investments made by the banks that are not permanently impaired.".

(d) DETERMINATION OF LOAN AND INVESTMENT AMOUNTS.—Section 5.55(d) of such Act (12 U.S.C. 2277a-4(d)) is amended—

(1) in the subsection heading, by striking "PRINCIPAL OUTSTANDING" and inserting "LOAN AND INVESTMENT AMOUNTS";

(2) in the matter preceding paragraph (1), by striking ''For the purpose'' and all that follows through ''made—'' and inserting ''For the purpose of subsections (a) and (c), the principal outstanding on all loans made by an insured System bank, and the amount outstanding on all investments made by an insured System bank, shall be determined based on—'';

(3) in each of paragraphs (1), (2), and (3), by inserting ''all loans or investments made'' before ''by'' the first place it appears; and

(4) in each of paragraphs (1) and (2), by inserting ''or investments'' after ''that is able to make such loans'' each place it appears.

(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—Section 5.55(e) of such Act (12 U.S.C. 2277a-4(e)) is amended—

(1) in paragraph (3), by striking ''the average secure base amount for the calendar year (as calculated on an average daily balance basis)'' and inserting ''the secure base amount'';

(2) in paragraph (4), by striking subparagraph (B) and inserting the following:

''(B) there shall be credited to the allocated insurance reserves account of each in-

sured system bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) as—

"(i) the average principal outstanding for the calendar year on insured obligations issued by the bank (after deducting from the principal the percentages of the guaranteed portions of loans and investments described in subsection (a)(2)); bears to

"(ii) the average principal outstanding for the calendar year on insured obligations issued by all insured System banks (after deducting from the principal the percentages of the guaranteed portions of loans and investments described in subsection (a)(2))."; and

(3) in paragraph (6)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking "beginning more" and all that follows through "January 1, 2005";

(ii) by striking clause (i) and inserting the following:

"(i) subject to subparagraph (D), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the balance in the Allocated Insurance Reserves Account of the System bank; and"; and

(iii) in clause (ii)—

(I) by striking "subparagraphs (C), (E), and (F)" and inserting "subparagraphs (C) and (E)"; and

(II) by striking ", of the lesser of—" and all that follows through the end of subclause (II) and inserting "at the time of the termination of the Financial Assistance Corporation, of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B).";

(B) in subparagraph (C)—

(i) in clause (i), by striking "(in addition to the amounts described in subparagraph (F)(ii))"; and

(ii) by striking clause (ii) and inserting the following:

"(ii) TERMINATION OF ACCOUNT.—On disbursement of an amount equal to $56,000,000, the Corporation shall—

"(I) close the account established under paragraph (1)(B); and

"(II) transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs."; and

(C) by striking subparagraph (F).

SEC. 5405. CERTIFICATION OF PREMIUMS.

(a) FILING CERTIFIED STATEMENT.—Section 5.56 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5) is amended by striking subsection (a) and inserting the following:

"(a) FILING CERTIFIED STATEMENT.—On a date to be determined in the sole discretion of the Board of Directors of the Corporation, each insured System bank that became insured before the beginning of the period for which premiums are being assessed (referred to in this section as the 'period') shall file with the Corporation a certified statement showing—

"(1) the average outstanding insured obligations for the period issued by the bank;

"(2)(A) the average principal outstanding for the period on the guaranteed portion of Federal government-guaranteed loans that are in accrual status; and

"(B) the average amount outstanding for the period of Federal government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

"(3)(A) the average principal outstanding for the period on State government-guaranteed loans that are in accrual status; and

"(B) the average amount outstanding for the period of State government-guaranteed investments that are not permanently impaired (as defined in section 5.55(a)(4));

"(4)(A) the average principal outstanding for the period on loans that are in nonaccrual status; and

"(B) the average amount outstanding for the period of other-than-temporarily impaired investments; and

"(5) the amount of the premium due the Corporation from the bank for the period.".

(b) PREMIUM PAYMENTS.—Section 5.56 of such Act (12 U.S.C. 2277a–5) is amended by striking subsection (c) and inserting the following:

"(c) PREMIUM PAYMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), each insured System bank shall pay to the Corporation the premium payments required under subsection (a), not more frequently than once in each calendar quarter, in such manner and at such 1 or more times as the Board of Directors shall prescribe.

"(2) PREMIUM AMOUNT.—The amount of the premium shall be established not later than 60 days after filing the certified statement specifying the amount of the premium.".

(c) SUBSEQUENT PREMIUM PAYMENTS.—Section 5.56 of such Act (12 U.S.C. 2277a–5) is amended—

(1) by striking subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

SEC. 5406. RURAL UTILITY LOANS.

(a) DEFINITION OF QUALIFIED LOAN.—Section 8.0(9) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)) is amended—

(1) in subparagraph (A)(iii), by striking ''or'' at the end;

(2) in subparagraph (B)(ii), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(C) that is a loan, or an interest in a loan, for an electric or telephone facility by a cooperative lender to a borrower that has received, or is eligible to receive, a loan under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.).''.

(b) GUARANTEE OF QUALIFIED LOANS.—Section 8.6(a)(1) of such Act (12 U.S.C. 2279aa–6(a)(1)) is amended by inserting ''applicable'' before ''standards'' each place it appears in subparagraphs (A) and (B)(i).

(c) STANDARDS FOR QUALIFIED LOANS.—Section 8.8 of such Act (12 U.S.C. 2279aa–8) is amended—

(1) in subsection (a)—

(A) by striking the first sentence and inserting the following:

''(1) IN GENERAL.—The Corporation shall establish underwriting, security appraisal, and repayment standards for qualified loans taking into account the nature, risk profile, and other differences between different categories of qualified loans.

"(2) SUPERVISION, EXAMINATION, AND REPORT OF CONDITION.—The standards shall be subject to the authorities of the Farm Credit Administration under section 8.11."; and

(B) in the last sentence, by striking "In establishing" and inserting the following:

"(3) MORTGAGE LOANS.—In establishing";

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by inserting "with respect to loans secured by agricultural real estate" after "subsection (a)"; and

(B) in paragraph (5)—

(i) by striking "borrower" the first place it appears and inserting "farmer or rancher"; and

(ii) by striking "site" and inserting "farm or ranch";

(3) in subsection (c)(1), by inserting "secured by agricultural real estate" after "A loan";

(4) by striking subsection (d); and

(5) by redesignating subsection (e) as subsection (d).

(d) RISK-BASED CAPITAL LEVELS.—Section 8.32(a)(1) of such Act (12 U.S.C. 2279bb–1(a)(1)) is amended—

(1) by striking ''With respect'' and inserting the following:

''(A) IN GENERAL.—With respect''; and

(2) by adding at the end the following:

''(B) RURAL UTILITY LOANS.—With respect to securities representing an interest in, or obligation backed by, a pool of qualified loans described in section 8.0(9)(C) owned or guaranteed by the Corporation, losses occur at a rate of default and severity reasonably related to risks in electric and telephone facility loans (as applicable), as determined by the Director.''.

SEC. 5407. EQUALIZATION OF LOAN-MAKING POWERS OF CERTAIN DISTRICT ASSOCIATIONS.

(a) IN GENERAL.—The Farm Credit Act of 1971 is amended by inserting after section 7.6 (12 U.S.C. 2279b) the following:

''SEC. 7.7. EQUALIZATION OF LOAN-MAKING POWERS OF CERTAIN DISTRICT ASSOCIATIONS.

''(a) EQUALIZATION OF LOAN-MAKING POWERS.—

''(1) IN GENERAL.—

"(A) FEDERAL LAND BANK ASSOCIATIONS.—Subject to paragraph (2), any association that owns a Federal land bank association authorized as of January 1, 2007, to make long-term loans under title I in its chartered territory within the geographic area described in subsection (b) may make short- and intermediate-term loans and otherwise operate as a production credit association under title II within that same chartered territory.

"(B) PRODUCTION CREDIT ASSOCIATIONS.—Subject to paragraph (2), any association that under its charter has title I lending authority and that owns a production credit association authorized as of January 1, 2007, to make short- and intermediate-term loans under title II in the geographic area described in subsection (b) may make long-term loans and otherwise operate, directly or through a subsidiary association, as a Federal land bank association or Federal land credit association under title I in the geographic area.

"(C) FARM CREDIT BANK.—Notwithstanding section 5.17(a), the Farm Credit Bank with which any association had a written fi-

nancing agreement as of January 1, 2007, may make loans and extend other comparable financial assistance with respect to, and may purchase, any loans made under the new authority provided under subparagraph (A) or (B) by an association exercising such authority.

"(2) REQUIRED APPROVALS.—An association may exercise the additional authority provided for in paragraph (1) only after the exercise of the authority is approved by—

"(A) the board of directors of the association; and

"(B) a majority of the voting stockholders of the association (or, if the association is a subsidiary of another association, the voting stockholders of the parent association) voting, in person or by proxy, at a duly authorized meeting of stockholders in accordance with the process described in section 7.11.

"(b) APPLICABILITY.—This section applies only to associations the chartered territory of which was within the geographic area served by the Federal intermediate credit bank immediately prior to its merger with a Farm Credit Bank under section 410(e)(1) of the Agricultural

Credit Act of 1987 (12 U.S.C. 2011 note; Public Law 100–233).''.

(b) CHARTER AMENDMENTS.—Section 5.17(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by adding at the end the following:

''(15)(A) Approve amendments to the charters of institutions of the Farm Credit System to implement the equalization of loan-making powers of a Farm Credit System association under section 7.7.

''(B) Amendments described in subparagraph (A) to the charters of an association and the related Farm Credit Bank shall be approved by the Farm Credit Administration, subject to any conditions of approval imposed, by not later than 30 days after the date on which the Farm Credit Administration receives all approvals required by section 7.7(a)(2).''.

(c) CONFORMING AMENDMENTS.—

(1) Section 5.17(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)) is amended—

(A) by striking ''(2)(A)'' and inserting ''(2)''; and

(B) by striking subparagraphs (B) and (C).

(2) SECTION 410 OF THE 1987 ACT.—Section 410(e)(1)(A)(iii) of the Agricultural Credit Act of

1987 (12 U.S.C. 2011 note; Public Law 100–233) is amended by inserting ''(except section 7.7 of that Act)'' after ''(12 U.S.C. 2001 et seq.)''.

(3) SECTION 401 OF THE 1992 ACT.—Section 401(b) of the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (12 U.S.C. 2011 note; Public Law 102–552) is amended—

(A) by inserting ''(except section 7.7 of the Farm Credit Act of 1971)'' after ''provision of law''; and

(B) by striking '', subject to such limitations'' and all that follows through the end of the paragraph and inserting a period.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on January 1, 2010.

Subtitle F—Miscellaneous

SEC. 5501. LOANS TO PURCHASERS OF HIGHLY FRACTIONED LAND.

The first section of Public Law 91–229 (25 U.S.C. 488) is amended—

(1) by striking ''That the Secretary'' and inserting the following:

''SECTION 1. LOANS TO PURCHASERS OF HIGHLY FRACTIONED LAND.

''(a) IN GENERAL.—The Secretary''; and

(2) by adding at the end the following:

"(b) HIGHLY FRACTIONATED LAND.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary of Agriculture may make and insure loans in accordance with section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) to eligible purchasers of highly fractionated land pursuant to section 205(c) of the Indian Land Consolidation Act (25 U.S.C. 2204(c)).

"(2) EXCLUSION.—Section 4 shall not apply to trust land, restricted tribal land, or tribal corporation land that is mortgaged in accordance with paragraph (1).".

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Consolidated Farm and Rural Development Act

SEC. 6001. WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.

Section 306(a)(2)(B)(vii) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)(B)(vii)) is amended by striking "2002 through 2007" and inserting "2008 through 2012".

SEC. 6002. SEARCH GRANTS.

(a) IN GENERAL.—Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended by adding at the end the following:

"(C) SPECIAL EVALUATION ASSISTANCE FOR RURAL COMMUNITIES AND HOUSEHOLDS PROGRAM.—

"(i) IN GENERAL.—The Secretary may establish the Special Evaluation Assistance for Rural Communities and Households (SEARCH) program, to make predevelopment planning grants for feasibility studies, design assistance, and technical assistance, to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects described in paragraph (1), this paragraph, and paragraph (24).

"(ii) TERMS.—

"(I) DOCUMENTATION.—With respect to grants made under this subparagraph, the Secretary shall require the lowest amount of documentation practicable.

"(II) MATCHING.—Notwithstanding any other provisions in this subsection, the Secretary may fund up to 100 percent of the eligible costs of grants provided under this subparagraph, as determined by the Secretary.

"(iii) FUNDING.—The Secretary may use not more than 4 percent of the total amount of funds made available for a fiscal year for water, waste disposal, and essential community facility activities under this title to carry out this subparagraph.

"(iv) RELATIONSHIP TO OTHER AUTHORITY.—The funds and authorities provided under this subparagraph are in addition to any other funds or authorities the Secretary may have to carry out activities described in clause (i).".

(b) CONFORMING AMENDMENT.—Subtitle D of title VI of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 2009ee et seq.) is repealed.

SEC. 6003. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is

amended by striking ''1996 through 2007'' and inserting ''2008 through 2012''.

SEC. 6004. CHILD DAY CARE FACILITY GRANTS, LOANS, AND LOAN GUARANTEES.

Section 306(a)(19)(C)(ii) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)(C)(ii)) is amended by striking ''April'' and inserting ''June''.

SEC. 6005. COMMUNITY FACILITY GRANTS TO ADVANCE BROADBAND.

Section 306(a)(20)(E) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(20)(E)) is amended—

(1) by striking ''state'' and inserting ''State''; and

(2) by striking ''dial-up Internet access or''.

SEC. 6006. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a)(22)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(22)(C)) is amended by striking ''$15,000,000 for fiscal year 2003'' and inserting ''$25,000,000 for fiscal year 2008''.

SEC. 6007. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.

Section 306(a)(25) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(25)) is amended—

(1) in subparagraph (A)—

(A) by striking ''tribal colleges and universities'' and inserting ''an entity that is a Tribal College or University''; and

(B) by striking ''tribal college or university'' and inserting ''Tribal College or University'';

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

''(B) FEDERAL SHARE.—The Secretary shall establish the maximum percentage of the cost of the facility that may be covered by a grant under this paragraph, except that the Secretary may not require non-Federal financial support in an amount that is greater than 5 percent of the total cost of the facility.''; and

(3) in subparagraph (C), by striking ''2003 through 2007'' and inserting ''2008 through 2012''.

SEC. 6008. EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)(2)) is amended by striking ''2003 through 2007'' and inserting ''2008 through 2012''.

SEC. 6009. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

(a) IN GENERAL.—Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking ''2001 through 2007'' and inserting ''2008 through 2012''.

(b) RURAL COMMUNITIES ASSISTANCE.—Section 4009 of the Solid Waste Disposal Act (42 U.S.C. 6949) is amended by adding at the end the following:

''(e) ADDITIONAL APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this section for the Denali Commission to provide assistance to municipalities in the State of Alaska $1,500,000 for each of fiscal years 2008 through 2012.

''(2) ADMINISTRATION.—For the purpose of carrying out this subsection, the Denali Commission shall—

''(A) be considered a State; and

"(B) comply with all other requirements and limitations of this section.".

SEC. 6010. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

Section 306E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926e) is amended—

(1) in subsection (b)(2)(C), by striking "$8,000" and inserting "$11,000"; and

(2) in subsection (d), by striking "2003 through 2007" and inserting "2008 through 2012".

SEC. 6011. INTEREST RATES FOR WATER AND WASTE DISPOSAL FACILITIES LOANS.

Section 307(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)) is amended by adding at the end the following:

"(E) INTEREST RATES FOR WATER AND WASTE DISPOSAL FACILITIES LOANS.—

"(i) IN GENERAL.—Except as provided in clause (ii) and notwithstanding subparagraph (A), in the case of a direct

loan for a water or waste disposal facility—

"(I) in the case of a loan that would be subject to the 5 percent interest rate limitation under subparagraph (A), the Secretary shall establish the interest rate at a rate that is equal to 60 percent of the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity of the loan, adjusted to the nearest ⅛ of 1 percent; and

"(II) in the case of a loan that would be subject to the 7 percent limitation under subparagraph (A), the Secretary shall establish the interest rate at a rate that is equal to 80 percent of the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity of the loan, adjusted to the nearest ⅛ of 1 percent.

"(ii) EXCEPTION.—Clause (i) does not apply to a loan for a specific project that is the subject of a loan that has been approved, but not closed, as of the date of enactment of this subparagraph.".

SEC. 6012. COOPERATIVE EQUITY SECURITY GUARANTEE.

(a) IN GENERAL.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) by striking "SEC. 310B. (a)" and inserting the following:

"SEC. 310B. ASSISTANCE FOR RURAL ENTITIES.

"(a) LOANS TO PRIVATE BUSINESS ENTERPRISES.—

"(1) DEFINITIONS.—In this subsection:";

(2) in subsection (a)—

(A) by moving the second and fourth sentences so as to appear as the second and first sentences, respectively;

(B) in the sentence beginning "As used in this subsection, the" (as moved by subparagraph (A)), by striking "As used in this subsection, the" and inserting the following:

"(A) AQUACULTURE.—The";

(C) in the sentence beginning "For the purposes of this subsection, the", by striking

"For the purposes of this subsection, the" and inserting the following:

"(B) SOLAR ENERGY.—The";

(D) in the sentence beginning "The Secretary may also"—

(i) by striking "The Secretary may also" and inserting the following:

"(2) LOAN PURPOSES.—The Secretary may";

(ii) by inserting "and private investment funds that invest primarily in cooperative organizations" after "or nonprofit";

(iii) by striking "of (1) improving" and inserting "of—

"(A) improving";

(iv) by striking "control, (2) the" and inserting "control;

"(B) the";

(v) by striking "areas, (3) reducing" and inserting "areas;

"(C) reducing";

(vi) by striking "areas, and (4) to" and inserting "areas; and

"(D) to";

(E) in the sentence beginning ''Such loans,'', by striking ''Such loans,'' and inserting the following:

''(3) LOAN GUARANTEES.—Loans described in paragraph (2),''; and

(F) in the last sentence, by striking ''No loan'' and inserting the following:

''(4) MAXIMUM AMOUNT OF PRINCIPAL.—No loan''; and

(3) in subsection (g)—

(A) in paragraph (1), by inserting '', including guarantees described in paragraph (3)(A)(ii)'' before the period at the end;

(B) in paragraph (3)(A)—

(i) by striking ''(A) IN GENERAL.—The Secretary'' and inserting the following:

''(A) ELIGIBILITY.—

''(i) IN GENERAL.—The Secretary''; and

(ii) by adding at the end the following:

''(ii) EQUITY.—The Secretary may guarantee a loan made for the purchase of preferred stock or similar equity issued by a cooperative organization or a fund that

invests primarily in cooperative organizations, if the guarantee significantly benefits 1 or more entities eligible for assistance for the purposes described in subsection (a)(1), as determined by the Secretary.''; and

(C) in paragraph (8)(A)(ii), by striking ''a project—'' and all that follows through the end of subclause (II) and inserting ''a project that—

''(I)(aa) is in a rural area; and

''(bb) provides for the value-added processing of agricultural commodities; or

''(II) significantly benefits 1 or more entities eligible for assistance for the purposes described in subsection (a)(1), as determined by the Secretary.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) is amended by striking clause (ii) and inserting the following:

''(ii) section 310B(a)(2)(A); and''.

(2) Section 310B(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)) is amended by striking ''subsection (a)(1)'' each place it appears in paragraphs (1), (6)(A)(iii), and (8)(C) and inserting ''subsection (a)(2)(A)''.

(3) Section 333A(g)(1)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)(B)) is amended by striking ''section 310B(a)(1)'' and inserting ''section 310B(a)(2)(A)''.

(4) Section 381E(d)(3)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(3)(B)) is amended by striking ''section 310B(a)(1)'' and inserting ''section 310B(a)(2)(A)''.

SEC. 6013. RURAL COOPERATIVE DEVELOPMENT GRANTS.

(a) ELIGIBILITY.—Section 310B(e)(5) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(5)) is amended—

(1) in subparagraph (A), by striking ''administering a nationally coordinated, regionally or Statewide operated project'' and inserting ''carrying out activities to promote and assist the development of cooperatively and mutually owned businesses'';

(2) in subparagraph (B), by inserting ''to promote and assist the development of cooperatively

and mutually owned businesses'' before the semicolon;

(3) by striking subparagraph (D);

(4) by redesignating subparagraph (E) as subparagraph (D);

(5) in subparagraph (D) (as so redesignated), by striking ''and'' at the end;

(6) by inserting after subparagraph (D) (as so redesignated) the following:

''(E) demonstrate a commitment to—

''(i) networking with and sharing the results of the efforts of the center with other cooperative development centers and other organizations involved in rural economic development efforts; and

''(ii) developing multiorganization and multistate approaches to addressing the economic development and cooperative needs of rural areas; and''; and

(7) in subparagraph (F), by striking ''providing greater than'' and inserting ''providing''.

(b) AUTHORITY TO AWARD MULTIYEAR GRANTS.—Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended by striking paragraph (6) and inserting the following:

"(6) GRANT PERIOD.—

"(A) IN GENERAL.—A grant awarded to a center that has received no prior funding under this subsection shall be made for a period of 1 year.

"(B) MULTIYEAR GRANTS.—If the Secretary determines it to be in the best interest of the program, the Secretary shall award grants for a period of more than 1 year, but not more than 3 years, to a center that has successfully met the parameters described in paragraph (5), as determined by the Secretary.".

(c) AUTHORITY TO EXTEND GRANT PERIOD.—Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended—

(1) by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (12), respectively; and

(2) by inserting after paragraph (6) the following:

"(7) AUTHORITY TO EXTEND GRANT PERIOD.—The Secretary may extend for 1 additional 12-month period the period in which a grantee may use a grant made under this subsection.".

(d) COOPERATIVE RESEARCH PROGRAM.—Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended by inserting after paragraph (9) (as redesignated by subsection (c)(1)) the following:

"(10) COOPERATIVE RESEARCH PROGRAM.—The Secretary shall enter into a cooperative research agreement with 1 or more qualified academic institutions in each fiscal year to conduct research on the effects of all types of cooperatives on the national economy.".

(e) ADDRESSING NEEDS OF MINORITY COMMUNITIES.—Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended by inserting after paragraph (10) (as added by subsection (d)) the following:

"(11) ADDRESSING NEEDS OF MINORITY COMMUNITIES.—

"(A) DEFINITION OF SOCIALLY DISADVANTAGED GROUP.—In this paragraph, the term 'socially disadvantaged group' has the meaning given the term in section 355(e).

"(B) RESERVATION OF FUNDS.—

"(i) IN GENERAL.—If the total amount appropriated under paragraph

(12) for a fiscal year exceeds $7,500,000, the Secretary shall reserve an amount equal to 20 percent of the total amount appropriated for grants for cooperative development centers, individual cooperatives, or groups of cooperatives—

"(I) that serve socially disadvantaged groups; and

"(II) a majority of the boards of directors or governing boards of which are comprised of individuals who are members of socially disadvantaged groups.

"(ii) INSUFFICIENT APPLICATIONS.—To the extent there are insufficient applications to carry out clause (i), the Secretary shall use the funds as otherwise authorized by this subsection.".

(f) AUTHORIZATION OF APPROPRIATIONS.—Paragraph (12) of section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) (as redesignated by subsection (c)(1)) is amended by striking "1996 through 2007" and inserting "2008 through 2012".

SEC. 6014. GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)(3)) is amended by striking ''2002 through 2007'' and inserting ''2008 through 2012''.

SEC. 6015. LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCTS.

Section 310B(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)) is amended by adding at the end the following:

''(9) LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCTS.—

''(A) DEFINITIONS.—In this paragraph:

''(i) LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCT.—The term 'locally or regionally produced agricultural food product' means any agricultural food product that is raised, produced, and distributed in—

''(I) the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product; or

"(II) the State in which the product is produced.

"(ii) UNDERSERVED COMMUNITY.—The term 'underserved community' means a community (including an urban or rural community and an Indian tribal community) that has, as determined by the Secretary—

"(I) limited access to affordable, healthy foods, including fresh fruits and vegetables, in grocery retail stores or farmer-to-consumer direct markets; and

"(II) a high rate of hunger or food insecurity or a high poverty rate.

"(B) LOAN AND LOAN GUARANTEE PROGRAM.—

"(i) IN GENERAL.—The Secretary shall make or guarantee loans to individuals, cooperatives, cooperative organizations, businesses, and other entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricul-

tural food products to support community development and farm and ranch income.

"(ii) REQUIREMENT.—The recipient of a loan or loan guarantee under clause (i) shall include in an appropriate agreement with retail and institutional facilities to which the recipient sells locally or regionally produced agricultural food products a requirement to inform consumers of the retail or institutional facilities that the consumers are purchasing or consuming locally or regionally produced agricultural food products.

"(iii) PRIORITY.—In making or guaranteeing a loan under clause (i), the Secretary shall give priority to projects that have components benefitting underserved communities.

"(iv) REPORTS.—Not later than 2 years after the date of enactment of this paragraph and annually thereafter, 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 re-

port that describes projects carried out using loans or loan guarantees made under clause (i), including—

"(I) the characteristics of the communities served; and

"(II) resulting benefits.

"(v) RESERVATION OF FUNDS.—

"(I) IN GENERAL.—For each of fiscal years 2008 through 2012, the Secretary shall reserve not less than 5 percent of the funds made available to carry out this subsection to carry out this subparagraph.

"(II) AVAILABILITY OF FUNDS.—Funds reserved under subclause (I) for a fiscal year shall be reserved until April 1 of the fiscal year.".

SEC. 6016. APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

"(i) APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS PROGRAM.—

"(1) DEFINITION OF NATIONAL NONPROFIT AGRICULTURAL ASSISTANCE INSTITUTION.—In this subsection, the term 'national nonprofit agricultural assistance institution' means an organization that—

"(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under 501(a) of that Code;

"(B) has staff and offices in multiple regions of the United States;

"(C) has experience and expertise in operating national agriculture technical assistance programs;

"(D) expands markets for the agricultural commodities produced by producers through the use of practices that enhance the environment, natural resource base, and quality of life; and

"(E) improves the economic viability of agricultural operations.

"(2) ESTABLISHMENT.—The Secretary shall establish a national appropriate technology transfer for rural areas program to assist agricultural producers that are seeking information to—

"(A) reduce input costs;

"(B) conserve energy resources;

"(C) diversify operations through new energy crops and energy generation facilities; and

"(D) expand markets for agricultural commodities produced by the producers by using practices that enhance the environment, natural resource base, and quality of life.

"(3) IMPLEMENTATION.—

"(A) IN GENERAL.—The Secretary shall carry out the program under this subsection by making a grant to, or offering to enter into a cooperative agreement with, a national nonprofit agricultural assistance institution.

"(B) GRANT AMOUNT.—A grant made, or cooperative agreement entered into, under subparagraph (A) shall provide 100 percent of the cost of providing information described in paragraph (2).

"(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for each of fiscal years 2008 through 2012.".

SEC. 6017. RURAL ECONOMIC AREA PARTNERSHIP ZONES.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) (as amended by section 6016) is amended by adding at the end the following:

"(j) RURAL ECONOMIC AREA PARTNERSHIP ZONES.—Effective beginning on the date of enactment of this subsection through September 30, 2012, the Secretary shall carry out those rural economic area partnership zones administratively in effect on the date of enactment of this subsection in accordance with the terms and conditions contained in the memorandums of agreement entered into by the Secretary for the rural economic area partnership zones, except as otherwise provided in this subsection.".

SEC. 6018. DEFINITIONS.

(a) RURAL AREA.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by striking paragraph (13) and inserting the following:

"(13) RURAL AND RURAL AREA.—

"(A) IN GENERAL.—Subject to subparagraphs (B) through (G), the terms 'rural' and 'rural area' mean any area other than—

"(i) a city or town that has a population of greater than 50,000 inhabitants; and

"(ii) any urbanized area contiguous and adjacent to a city or town described in clause (i).

"(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1), (2), and (24) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

"(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), (21), and (24) of section 306(a), the terms 'rural' and 'rural area' mean any area other than a city, town, or unincorporated area that has a population of greater than 20,000 inhabitants.

"(D) AREAS RURAL IN CHARACTER.—

"(i) APPLICATION.—This subparagraph applies to—

"(I) an urbanized area described in subparagraphs (A)(ii) and (F) that—

"(aa) has 2 points on its boundary that are at least 40 miles apart; and

"(bb) is not contiguous or adjacent to a city or town that has a population of greater than 150,000 inhabitants or an urbanized area of such city or town; and

"(II) an area within an urbanized area described in subparagraphs (A)(ii) and (F) that is within ¼-mile of a rural area described in subparagraph (A).

"(ii) DETERMINATION.—Notwithstanding any other provision of this paragraph, on the petition of a unit of local government in an area described in clause (i) or on the initiative of the Under Secretary for Rural Development, the Under Secretary may determine that a part of an area described in clause (i) is a rural area for the purposes of this paragraph, if the Under Secretary finds that the part is

rural in character, as determined by the Under Secretary.

"(iii) ADMINISTRATION.—In carrying out this subparagraph, the Under Secretary for Rural Development shall—

"(I) not delegate the authority to carry out this subparagraph;

"(II) consult with the applicable rural development State or regional director of the Department of Agriculture and the governor of the respective State;

"(III) provide to the petitioner an opportunity to appeal to the Under Secretary a determination made under this subparagraph;

"(IV) release to the public notice of a petition filed or initiative of the Under Secretary under this subparagraph not later than 30 days after receipt of the petition or the commencement of the initiative, as appropriate;

"(V) make a determination under this subparagraph not less than 15 days, and not more than 60 days,

after the release of the notice under subclause (IV);

"(VI) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on actions taken to carry out this subparagraph; and

"(VII) terminate a determination under this subparagraph that part of an area is a rural area on the date that data is available for the next decennial census conducted under section 141(a) of title 13, United States Code.

"(E) EXCLUSIONS.—Notwithstanding any other provision of this paragraph, in determining which census blocks in an urbanized area are not in a rural area (as defined in this paragraph), the Secretary shall exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census

1 blocks that are otherwise considered not in a
2 rural area under this paragraph.
3 "(F) URBAN AREA GROWTH.—
4 "(i) APPLICATION.—This subpara-
5 graph applies to—
6 "(I) any area that—
7 "(aa) is a collection of cen-
8 sus blocks that are contiguous to
9 each other;
10 "(bb) has a housing density
11 that the Secretary estimates is
12 greater than 200 housing units
13 per square mile; and
14 "(cc) is contiguous or adja-
15 cent to an existing boundary of a
16 rural area; and
17 "(II) any urbanized area contig-
18 uous and adjacent to a city or town
19 described in subparagraph (A)(i).
20 "(ii) ADJUSTMENTS.—The Secretary
21 may, by regulation only, consider—
22 "(I) an area described in clause
23 (i)(I) not to be a rural area for pur-
24 poses of subparagraphs (A) and (C);
25 and

"(II) an area described in clause (i)(II) not to be a rural area for purposes of subparagraph (C).

"(iii) APPEALS.—A program applicant may appeal an estimate made under clause (i)(I) based on appropriate data for an area, as determined by the Secretary.

"(G) HAWAII AND PUERTO RICO.—Notwithstanding any other provision of this paragraph, within the areas of the County of Honolulu, Hawaii, and the Commonwealth of Puerto Rico, the Secretary may designate any part of the areas as a rural area if the Secretary determines that the part is not urban in character, other than any area included in the Honolulu Census Designated Place or the San Juan Census Designated Place.".

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) assesses the various definitions of the term "rural" and "rural area" that are used with respect to programs administered by the Secretary;

(2) describes the effects that the variations in those definitions have on those programs;

(3) make recommendations for ways to better target funds provided through rural development programs; and

(4) determines the effect of the amendment made by subsection (a) on the level of rural development funding and participation in those programs in each State.

SEC. 6019. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Section 378 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008m) is amended—

(1) in subsection (g)(1), by striking ''2003 through 2007'' and inserting ''2008 through 2012''; and

(2) in subsection (h), by striking ''the date that is 5 years after the date of enactment of this section'' and inserting ''September 30, 2012''.

SEC. 6020. HISTORIC BARN PRESERVATION.

(a) GRANT PRIORITY.—Section 379A(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008o(c)) is amended—

(1) in paragraph (2)—

(A) in subparagraphs (A) and (B), by striking ''a historic barn'' each place it appears and inserting ''historic barns''; and

(B) in subparagraph (C), by striking ''on a historic barn'' and inserting ''on historic barns (including surveys)'';

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

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

''(3) PRIORITY.—In making grants under this subsection, the Secretary shall give the highest priority to funding projects described in paragraph (2)(C).''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 379A(c)(5) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008o(c)(5)) (as redesignated by subsection (a)(2)) is amended by striking ''2002 through 2007'' and inserting ''2008 through 2012''.

SEC. 6021. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

Section 379B(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008p(d)) is amended by striking ''2002 through 2007'' and inserting ''2008 through 2012''.

SEC. 6022. RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) is amended by adding at the end the following:

"SEC. 379E. RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(2) MICROENTREPRENEUR.—The term 'microentrepreneur' means an owner and operator, or prospective owner and operator, of a rural microenterprise who is unable to obtain sufficient training, technical assistance, or credit other than under this section, as determined by the Secretary.

"(3) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—The term 'microenterprise development organization' means an organization that—

"(A) is—

"(i) a nonprofit entity;

"(ii) an Indian tribe, the tribal government of which certifies to the Secretary that—

"(I) no microenterprise development organization serves the Indian tribe; and

"(II) no rural microentrepreneur assistance program exists under the jurisdiction of the Indian tribe; or

"(iii) a public institution of higher education;

"(B) provides training and technical assistance to rural microentrepreneurs;

"(C) facilitates access to capital or another service described in subsection (b) for rural microenterprises; and

"(D) has a demonstrated record of delivering services to rural microentrepreneurs, or an effective plan to develop a program to deliver services to rural microentrepreneurs, as determined by the Secretary.

"(4) MICROLOAN.—The term 'microloan' means a business loan of not more than $50,000 that is provided to a rural microenterprise.

"(5) PROGRAM.—The term 'program' means the rural microentrepreneur assistance program established under subsection (b).

"(6) RURAL MICROENTERPRISE.—The term 'rural microenterprise' means—

"(A) a sole proprietorship located in a rural area; or

"(B) a business entity with not more than 10 full-time-equivalent employees located in a rural area.

"(b) RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary shall establish a rural microentrepreneur assistance program to provide loans and grants to support microentrepreneurs in the development and ongoing success of rural microenterprises.

"(2) PURPOSE.—The purpose of the program is to provide microentrepreneurs with—

"(A) the skills necessary to establish new rural microenterprises; and

"(B) continuing technical and financial assistance related to the successful operation of rural microenterprises.

"(3) LOANS.—

"(A) IN GENERAL.—The Secretary shall make loans to microenterprise development organizations for the purpose of providing fixed

interest rate microloans to microentrepreneurs for startup and growing rural microenterprises.

"(B) LOAN TERMS.—A loan made by the Secretary to a microenterprise development organization under this paragraph shall—

"(i) be for a term not to exceed 20 years; and

"(ii) bear an annual interest rate of at least 1 percent.

"(C) LOAN LOSS RESERVE FUND.—The Secretary shall require each microenterprise development organization that receives a loan under this paragraph to—

"(i) establish a loan loss reserve fund; and

"(ii) maintain the reserve fund in an amount equal to at least 5 percent of the outstanding balance of such loans owed by the microenterprise development organization, until all obligations owed to the Secretary under this paragraph are repaid.

"(D) DEFERRAL OF INTEREST AND PRINCIPAL.—The Secretary may permit the deferral of payments on principal and interest due on a loan to a microenterprise development organiza-

tion made under this paragraph for a 2-year period beginning on the date the loan is made.

"(4) GRANTS.—

"(A) GRANTS TO SUPPORT RURAL MICROENTERPRISE DEVELOPMENT.—

"(i) IN GENERAL.—The Secretary shall make grants to microenterprise development organizations to—

"(I) provide training, operational support, business planning, and market development assistance, and other related services to rural microentrepreneurs; and

"(II) carry out such other projects and activities as the Secretary determines appropriate to further the purposes of the program.

"(ii) SELECTION.—In making grants under clause (i), the Secretary shall—

"(I) place an emphasis on microenterprise development organizations that serve microentrepreneurs that are located in rural areas that have suffered significant outward migra-

tion, as determined by the Secretary; and

"(II) ensure, to the maximum extent practicable, that grant recipients include microenterprise development organizations—

"(aa) of varying sizes; and

"(bb) that serve racially and ethnically diverse populations.

"(B) GRANTS TO ASSIST MICROENTREPRENEURS.—

"(i) IN GENERAL.—The Secretary shall make grants to microenterprise development organizations to provide marketing, management, and other technical assistance to microentrepreneurs that—

"(I) received a loan from the microenterprise development organization under paragraph (3); or

"(II) are seeking a loan from the microenterprise development organization under paragraph (3).

"(ii) MAXIMUM AMOUNT OF GRANT.—A microenterprise development organization shall be eligible to receive an annual

grant under this subparagraph in an amount equal to not more than 25 percent of the total outstanding balance of microloans made by the microenterprise development organization under paragraph (3), as of the date the grant is awarded.

"(C) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of a grant received by a microenterprise development organization for a fiscal year under this paragraph may be used to pay administrative expenses.

"(c) ADMINISTRATION.—

"(1) COST SHARE.—

"(A) FEDERAL SHARE.—Subject to subparagraph (B), the Federal share of the cost of a project funded under this section shall not exceed 75 percent.

"(B) MATCHING REQUIREMENT.—As a condition of any grant made under this subparagraph, the Secretary shall require the microenterprise development organization to match not less than 15 percent of the total amount of the grant in the form of matching funds, indirect costs, or in-kind goods or services.

"(C) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project funded under this section may be provided—

"(i) in cash (including through fees, grants (including community development block grants), and gifts); or

"(ii) in the form of in-kind contributions.

"(2) OVERSIGHT.—At a minimum, not later than December 1 of each fiscal year, a microenterprise development organization that receives a loan or grant under this section shall provide to the Secretary such information as the Secretary may require to ensure that assistance provided under this section is used for the purposes for which the loan or grant was made.

"(d) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section, to remain available until expended—

"(A) $4,000,000 for each of fiscal years 2009 through 2011; and

"(B) $3,000,000 for fiscal year 2012.

"(2) DISCRETIONARY FUNDING.—In addition to amounts made available under paragraph (1), there are authorized to be appropriated to carry out this section $40,000,000 for each of fiscal years 2009 through 2012.".

SEC. 6023. GRANTS FOR EXPANSION OF EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES IN RURAL AREAS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6022) is amended by adding at the end the following:

"SEC. 379F. GRANTS FOR EXPANSION OF EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES IN RURAL AREAS.

"(a) DEFINITIONS.—In this section:

"(1) INDIVIDUAL WITH A DISABILITY.—The term 'individual with a disability' means an individual with a disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

"(2) INDIVIDUALS WITH DISABILITIES.—The term 'individuals with disabilities' means more than 1 individual with a disability.

"(b) GRANTS.—The Secretary shall make grants to nonprofit organizations, or to a consortium of nonprofit organizations, to expand and enhance employment opportunities for individuals with disabilities in rural areas.

"(c) ELIGIBILITY.—To be eligible to receive a grant under this section, a nonprofit organization or consortium of nonprofit organizations shall have—

"(1) a significant focus on serving the needs of individuals with disabilities;

"(2) demonstrated knowledge and expertise in—

"(A) employment of individuals with disabilities; and

"(B) advising private entities on accessibility issues involving individuals with disabilities;

"(3) expertise in removing barriers to employment for individuals with disabilities, including access to transportation, assistive technology, and other accommodations; and

"(4) existing relationships with national organizations focused primarily on the needs of rural areas.

"(d) USES.—A grant received under this section may be used only to expand or enhance—

"(1) employment opportunities for individuals with disabilities in rural areas by developing national technical assistance and education resources to assist small businesses in a rural area to recruit, hire, accommodate, and employ individuals with disabilities; and

"(2) self-employment and entrepreneurship opportunities for individuals with disabilities in a rural area.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2008 through 2012.".

SEC. 6024. HEALTH CARE SERVICES.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6023) is amended by adding at the end the following:

"SEC. 379G. HEALTH CARE SERVICES.

"(a) PURPOSE.—The purpose of this section is to address the continued unmet health needs in the Delta region through cooperation among health care professionals, institutions of higher education, research institutions, and other individuals and entities in the region.

"(b) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means a consortium of re-

gional institutions of higher education, academic health and research institutes, and economic development entities located in the Delta region that have experience in addressing the health care issues in the region.

"(c) GRANTS.—To carry out the purpose described in subsection (a), the Secretary may award a grant to an eligible entity for –

"(1) the development of –

"(A) health care services;

"(B) health education programs; and

"(C) health care job training programs; and

"(2) the development and expansion of public health-related facilities in the Delta region to address longstanding and unmet health needs of the region.

"(d) USE.—As a condition of the receipt of the grant, the eligible entity shall use the grant to fund projects and activities described in subsection (c), based on input solicited from local governments, public health care providers, and other entities in the Delta region.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section, $3,000,000 for each of fiscal years 2008 through 2012.".

SEC. 6025. DELTA REGIONAL AUTHORITY.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–12(a)) is amended by striking ''2001 through 2007'' and inserting ''2008 through 2012''.

(b) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking ''2007'' and inserting ''2012''.

(c) EXPANSION.—Section 4(2) of the Delta Development Act (42 U.S.C. 3121 note; Public Law 100–460) is amended—

(1) in subparagraph (D), by inserting ''Beauregard, Bienville, Cameron, Claiborne, DeSoto, Jefferson Davis, Red River, St. Mary, Vermillion, Webster,'' after ''St. James,''; and

(2) in subparagraph (E)—

(A) by inserting ''Jasper,'' after ''Copiah,''; and

(B) by inserting ''Smith,'' after ''Simpson,''.

SEC. 6026. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

(a) DEFINITION OF REGION.—Section 383A(4) of the Consolidated Farm and Rural Development Act (7

U.S.C. 2009bb(4)) is amended by inserting ''Missouri (other than counties included in the Delta Regional Authority),'' after ''Minnesota,''.

(b) ESTABLISHMENT.—Section 383B of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009bb–1) is amended—

(1) in subsection (a), by adding at the end the following:

''(4) FAILURE TO CONFIRM.—

''(A) FEDERAL MEMBER.—Notwithstanding any other provision of this section, if a Federal member described in paragraph (2)(A) has not been confirmed by the Senate by not later than 180 days after the date of enactment of this paragraph, the Authority may organize and operate without the Federal member.

''(B) INDIAN CHAIRPERSON.—In the case of the Indian Chairperson, if no Indian Chairperson is confirmed by the Senate, the regional authority shall consult and coordinate with the leaders of Indian tribes in the region concerning the activities of the Authority, as appropriate.'';

(2) in subsection (d)—

(A) in paragraph (1), by striking ''to establish priorities and'' and inserting ''for multistate cooperation to advance the economic and social well-being of the region and to'';

(B) in paragraph (3), by striking ''local development districts,'' and inserting ''regional and local development districts or organizations, regional boards established under subtitle I,'';

(C) in paragraph (4), by striking ''cooperation;'' and inserting ''cooperation for—

''(i) renewable energy development and transmission;

''(ii) transportation planning and economic development;

''(iii) information technology;

''(iv) movement of freight and individuals within the region;

''(v) federally-funded research at institutions of higher education; and

''(vi) conservation land management;'';

(D) by striking paragraph (6) and inserting the following:

''(6) enhance the capacity of, and provide support for, multistate development and research orga-

nizations, local development organizations and districts, and resource conservation districts in the region;''; and

(E) in paragraph (7), by inserting ''renewable energy,'' after ''commercial,''.

(3) in subsection (f)(2), by striking ''the Federal cochairperson'' and inserting ''a cochairperson'';

(4) in subsection (g)(1), by striking subparagraphs (A) through (C) and inserting the following:

''(A) for each of fiscal years 2008 and 2009, 100 percent;

''(B) for fiscal year 2010, 75 percent; and

''(C) for fiscal year 2011 and each fiscal year thereafter, 50 percent.''.

(c) INTERSTATE COOPERATION FOR ECONOMIC OPPORTUNITY AND EFFICIENCY.—

(1) IN GENERAL.—Subtitle G of the Consolidated Farm and Rural Development Act is amended—

(A) by redesignating sections 383C through 383N (7 U.S.C. 2009bb–2 through 2009bb–13) as sections 383D through 383O, respectively; and

(B) by inserting after section 383B (7 U.S.C. 2009bb–1) the following:

"SEC. 383C. INTERSTATE COOPERATION FOR ECONOMIC OPPORTUNITY AND EFFICIENCY.

"(a) IN GENERAL.—The Authority shall provide assistance to States in developing regional plans to address multistate economic issues, including plans—

"(1) to develop a regional transmission system for movement of renewable energy to markets outside the region;

"(2) to address regional transportation concerns, including the establishment of a Northern Great Plains Regional Transportation Working Group;

"(3) to encourage and support interstate collaboration on federally-funded research that is in the national interest; and

"(4) to establish a Regional Working Group on Agriculture Development and Transportation.

"(b) ECONOMIC ISSUES.—The multistate economic issues referred to in subsection (a) shall include—

"(1) renewable energy development and transmission;

"(2) transportation planning and economic development;

"(3) information technology;

"(4) movement of freight and individuals within the region;

"(5) federally-funded research at institutions of higher education; and

"(6) conservation land management.".

(2) CONFORMING AMENDMENTS.—

(A) Section 383B(c)(3)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009bb–1(c)(3)(B)) is amended by striking "383I" and inserting "383J".

(B) Section 383D(a) of the Consolidated Farm and Rural Development Act (as redesignated by paragraph (1)(A)) is amended by striking "383I" and inserting "383J".

(C) Section 383E of the Consolidated Farm and Rural Development Act (as so redesignated) is amended—

(i) in subsection (b)(1), by striking "383F(b)" and inserting "383G(b)"; and

(ii) in subsection (c)(2)(A), by striking "383I" and inserting "383J".

(D) Section 383G of the Consolidated Farm and Rural Development Act (as so redesignated) is amended—

(i) in subsection (b)—

(I) in paragraph (1), by striking "383M" and inserting "383N"; and

(II) in paragraph (2), by striking "383D(b)" and inserting "383E(b)";

(ii) in subsection (c)(2)(A), by striking "383E(b)" and inserting "383F(b)"; and

(iii) in subsection (d)—

(I) by striking "383M" and inserting "383N"; and

(II) by striking "383C(a)" and inserting "383D(a)".

(E) Section 383J(c)(2) of the Consolidated Farm and Rural Development Act (as so redesignated) is amended by striking "383H" and inserting "383I".

(d) ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.—Section 383D of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "transportation and telecommunication" and inserting "transportation, renewable energy transmission, and telecommunication"; and

(B) by redesignating paragraphs (1) and (2) as paragraphs (2) and (1), respectively, and

moving those paragraphs so as to appear in numerical order; and

(2) in subsection (b)(2), by striking ''the activities in the following order or priority'' and inserting ''the following activities''.

(e) SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.—Section 383E(a) of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended by striking '', including local development districts,''.

(f) MULTISTATE AND LOCAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS AND NORTHERN GREAT PLAINS INC.—Section 383F of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended—

(1) by striking the section heading and inserting ''**MULTISTATE AND LOCAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS AND NORTHERN GREAT PLAINS INC.**''; and

(2) by striking subsections (a) through (c) and inserting the following:

''(a) DEFINITION OF MULTISTATE AND LOCAL DEVELOPMENT DISTRICT OR ORGANIZATION.—In this section, the term 'multistate and local development district or organization' means an entity—

"(1) that—

"(A) is a planning district in existence on the date of enactment of this subtitle that is recognized by the Economic Development Administration of the Department of Commerce; or

"(B) is—

"(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

"(ii) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

"(iii) a nonprofit agency or instrumentality of a State or local government;

"(iv) a public organization established before the date of enactment of this subtitle under State law for creation of multijurisdictional, area-wide planning organizations;

"(v) a nonprofit agency or instrumentality of a State that was established for

the purpose of assisting with multistate cooperation; or

"(vi) a nonprofit association or combination of bodies, agencies, and instrumentalities described in clauses (ii) through (v); and

"(2) that has not, as certified by the Authority (in consultation with the Federal cochairperson or Secretary, as appropriate)—

"(A) inappropriately used Federal grant funds from any Federal source; or

"(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(b) GRANTS TO MULTISTATE, LOCAL, OR REGIONAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS.—

"(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section to multistate, local, and regional development districts and organizations.

"(2) CONDITIONS FOR GRANTS.—

"(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative ex-

penses of the multistate, local, or regional development district or organization receiving the grant.

"(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded for a period greater than 3 years.

"(3) LOCAL SHARE.—The contributions of a multistate, local, or regional development district or organization for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a local development district shall operate as a lead organization serving multicounty areas in the region at the local level.

"(2) DESIGNATION.—The Federal cochairperson may designate an Indian tribe or multijurisdictional organization to serve as a lead organization in such cases as the Federal cochairperson or Secretary, as appropriate, determines appropriate.".

(g) DISTRESSED COUNTIES AND AREAS AND NONDISTRESSED COUNTIES.—Section 383G of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended—

(1) in subsection (b)(1), by striking ''75'' and inserting ''50'';

(2) by striking subsection (c);

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

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

(A) in the subsection heading, by inserting ''RENEWABLE ENERGY,'' after''TELECOMMUNICATION''; and

(B) by inserting '', renewable energy,'' after ''telecommunication,''.

(h) DEVELOPMENT PLANNING PROCESS.—Section 383H of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended—

(1) in subsection (c)(1), by striking subparagraph (A) and inserting the following:

''(A) multistate, regional, and local development districts and organizations; and''; and

(2) in subsection (d)(1), by striking ''State and local development districts'' and inserting ''multistate, regional, and local development districts and organizations''.

(i) PROGRAM DEVELOPMENT CRITERIA.—Section 383I(a)(1) of the Consolidated Farm and Rural Develop-

ment Act (as redesignated by subsection (c)(1)(A)) is amended by inserting ''multistate or'' before ''regional''.

(j) AUTHORIZATION OF APPROPRIATIONS.—Section 383N(a) of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended by striking ''2002 through 2007'' and inserting ''2008 through 2012''.

(k) TERMINATION OF AUTHORITY.—Section 383O of the Consolidated Farm and Rural Development Act (as redesignated by subsection (c)(1)(A)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 6027. RURAL BUSINESS INVESTMENT PROGRAM.

(a) ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.—Section 384F(b)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–5(b)(3)(A)) is amended by striking ''In the event'' and inserting the following:

''(i) AUTHORITY TO PREPAY.—A debenture may be prepaid at any time without penalty.

''(ii) REDUCTION OF GUARANTEE.—Subject to clause (i), if''.

(b) FEES.—Section 384G of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–6) is amended—

(1) in subsection (a), by striking ''such fees as the Secretary considers appropriate'' and inserting ''a fee that does not exceed $500'';

(2) in subsection (b), by striking ''approved by the Secretary'' and inserting ''that does not exceed $500''; and

(3) in subsection (c)—

(A) in paragraph (1), by striking ''The'' and inserting ''Except as provided in paragraph (3), the'';

(B) in paragraph (2)—

(i) in subparagraph (A), by striking ''and'' at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(C) shall not exceed $500 for any fee collected under this subsection.''; and

(C) by adding at the end the following:

''(3) PROHIBITION ON COLLECTION OF CERTAIN FEES.—In the case of a license described in paragraph (1) that was approved before July 1, 2007,

the Secretary shall not collect any fees due on or after the date of enactment of this paragraph.''.

(c) RURAL BUSINESS INVESTMENT COMPANIES.—Section 384I(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–8(c)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

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

''(3) TIME FRAME.—Each rural business investment company shall have a period of 2 years to meet the capital requirements of this subsection.''.

(d) FINANCIAL INSTITUTION INVESTMENTS.—Section 384J of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–9) is amended—

(1) in subsection (a)(1), by inserting '', including an investment pool created entirely by such bank or savings association'' before the period at the end; and

(2) in subsection (c), by striking ''15'' and inserting ''25''.

(e) CONTRACTING OF FUNCTIONS.—Section 384Q of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–16) is repealed.

(f) FUNDING.—The Consolidated Farm and Rural Development Act is amended by striking section 384S (7 U.S.C. 2009cc–18) and inserting the following:

"SEC. 384S. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this subtitle $50,000,000 for the period of fiscal years 2008 through 2012.''.

SEC. 6028. RURAL COLLABORATIVE INVESTMENT PROGRAM.

Subtitle I of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009dd et seq.) is amended to read as follows:

"Subtitle I—Rural Collaborative Investment Program

"SEC. 385A. PURPOSE.

''The purpose of this subtitle is to establish a regional rural collaborative investment program—

''(1) to provide rural regions with a flexible investment vehicle, allowing for local control with Federal oversight, assistance, and accountability;

''(2) to provide rural regions with incentives and resources to develop and implement comprehensive strategies for achieving regional competitiveness, innovation, and prosperity;

"(3) to foster multisector community and economic development collaborations that will optimize the asset-based competitive advantages of rural regions with particular emphasis on innovation, entrepreneurship, and the creation of quality jobs;

"(4) to foster collaborations necessary to provide the professional technical expertise, institutional capacity, and economies of scale that are essential for the long-term competitiveness of rural regions; and

"(5) to better use Department of Agriculture and other Federal, State, and local governmental resources, and to leverage those resources with private, nonprofit, and philanthropic investments, in order to achieve measurable community and economic prosperity, growth, and sustainability.

"SEC. 385B. DEFINITIONS.

"In this subtitle:

"(1) BENCHMARK.—The term 'benchmark' means an annual set of goals and performance measures established for the purpose of assessing performance in meeting a regional investment strategy of a Regional Board.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the

Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) NATIONAL BOARD.—The term 'National Board' means the National Rural Investment Board established under section 385C(c).

"(4) NATIONAL INSTITUTE.—The term 'National Institute' means the National Institute on Regional Rural Competitiveness and Entrepreneurship established under section 385C(b)(2).

"(5) REGIONAL BOARD.—The term 'Regional Board' means a Regional Rural Investment Board described in section 385D(a).

"(6) REGIONAL INNOVATION GRANT.—The term 'regional innovation grant' means a grant made by the Secretary to a certified Regional Board under section 385F.

"(7) REGIONAL INVESTMENT STRATEGY GRANT.—The term 'regional investment strategy grant' means a grant made by the Secretary to a certified Regional Board under section 385E.

"(8) RURAL HERITAGE.—

"(A) IN GENERAL.—The term 'rural heritage' means historic sites, structures, and districts.

"(B) INCLUSIONS.—The term 'rural heritage' includes historic rural downtown areas and main streets, neighborhoods, farmsteads, scenic and historic trails, heritage areas, and historic landscapes.

"SEC. 385C. ESTABLISHMENT AND ADMINISTRATION OF RURAL COLLABORATIVE INVESTMENT PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a Rural Collaborative Investment Program to support comprehensive regional investment strategies for achieving rural competitiveness.

"(b) DUTIES OF SECRETARY.—In carrying out this subtitle, the Secretary shall—

"(1) appoint and provide administrative and program support to the National Board;

"(2) establish a national institute, to be known as the 'National Institute on Regional Rural Competitiveness and Entrepreneurship', to provide technical assistance to the Secretary and the National Board regarding regional competitiveness and rural entrepreneurship, including technical assistance for—

"(A) the development of rigorous analytic programs to assist Regional Boards in deter-

mining the challenges and opportunities that need to be addressed to receive the greatest regional competitive advantage;

"(B) the provision of support for best practices developed by the Regional Boards;

"(C) the establishment of programs to support the development of appropriate governance and leadership skills in the applicable regions; and

"(D) the evaluation of the progress and performance of the Regional Boards in achieving benchmarks established in a regional investment strategy;

"(3) work with the National Board to develop a national rural investment plan that shall—

"(A) create a framework to encourage and support a more collaborative and targeted rural investment portfolio in the United States;

"(B) establish a Rural Philanthropic Initiative, to work with rural communities to create and enhance the pool of permanent philanthropic resources committed to rural community and economic development;

"(C) cooperate with the Regional Boards and State and local governments, organizations,

and entities to ensure investment strategies are developed that take into consideration existing rural assets; and

"(D) encourage the organization of Regional Boards;

"(4) certify the eligibility of Regional Boards to receive regional investment strategy grants and regional innovation grants;

"(5) provide grants for Regional Boards to develop and implement regional investment strategies;

"(6) provide technical assistance to Regional Boards on issues, best practices, and emerging trends relating to rural development, in cooperation with the National Rural Investment Board; and

"(7) provide analytic and programmatic support for regional rural competitiveness through the National Institute, including—

"(A) programs to assist Regional Boards in determining the challenges and opportunities that must be addressed to receive the greatest regional competitive advantage;

"(B) support for best practices development by the regional investment boards;

"(C) programs to support the development of appropriate governance and leadership skills in the region; and

"(D) a review and evaluation of the performance of the Regional Boards (including progress in achieving benchmarks established in a regional investment strategy) in an annual report submitted to—

"(i) the Committee on Agriculture of the House of Representatives; and

"(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(c) NATIONAL RURAL INVESTMENT BOARD.—The Secretary shall establish within the Department of Agriculture a board to be known as the 'National Rural Investment Board'.

"(d) DUTIES OF NATIONAL BOARD.—The National Board shall—

"(1) not later than 180 days after the date of establishment of the National Board, develop rules relating to the operation of the National Board; and

"(2) provide advice to—

"(A) the Secretary and subsequently review the design, development, and execution of the National Rural Investment Plan;

"(B) Regional Boards on issues, best practices, and emerging trends relating to rural development; and

"(C) the Secretary and the National Institute on the development and execution of the program under this subtitle.

"(e) MEMBERSHIP.—

"(1) IN GENERAL.—The National Board shall consist of 14 members appointed by the Secretary not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008.

"(2) SUPERVISION.—The National Board shall be subject to the general supervision and direction of the Secretary.

"(3) SECTORS REPRESENTED.—The National Board shall consist of representatives from each of—

"(A) nationally recognized entrepreneurship organizations;

"(B) regional strategy and development organizations;

"(C) community-based organizations;

"(D) elected members of local governments;

"(E) members of State legislatures;

"(F) primary, secondary, and higher education, job skills training, and workforce development institutions;

"(G) the rural philanthropic community;

"(H) financial, lending, venture capital, entrepreneurship, and other related institutions;

"(I) private sector business organizations, including chambers of commerce and other for-profit business interests;

"(J) Indian tribes; and

"(K) cooperative organizations.

"(4) SELECTION OF MEMBERS.—

"(A) IN GENERAL.—In selecting members of the National Board, the Secretary shall consider recommendations made by—

"(i) the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(ii) the Majority Leader and Minority Leader of the Senate; and

"(iii) the Speaker and Minority Leader of the House of Representatives.

"(B) EX-OFFICIO MEMBERS.—In consultation with the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Secretary may appoint not more than 3 other officers or employees of the Executive Branch to serve as ex-officio, nonvoting members of the National Board.

"(5) TERM OF OFFICE.—

"(A) IN GENERAL.—Subject to subparagraph (B), the term of office of a member of the National Board appointed under paragraph (1)(A) shall be for a period of not more than 4 years.

"(B) STAGGERED TERMS.—The members of the National Board shall be appointed to serve staggered terms.

"(6) INITIAL APPOINTMENTS.—Not later than 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall appoint the initial members of the National Board.

"(7) VACANCIES.—A vacancy on the National Board shall be filled in the same manner as the original appointment.

"(8) COMPENSATION.—A member of the National Board shall receive no compensation for service on the National Board, but shall be reimbursed for related travel and other expenses incurred in carrying out the duties of the member of the National Board in accordance with section 5702 and 5703 of title 5, United States Code.

"(9) CHAIRPERSON.—The National Board shall select a chairperson from among the members of the National Board.

"(10) FEDERAL STATUS.—For purposes of Federal law, a member of the National Board shall be considered a special Government employee (as defined in section 202(a) of title 18, United States Code).

"(f) ADMINISTRATIVE SUPPORT.—The Secretary, on a reimbursable basis from funds made available under section 385H, may provide such administrative support to the National Board as the Secretary determines is necessary.

"SEC. 385D. REGIONAL RURAL INVESTMENT BOARDS.

"(a) IN GENERAL.—A Regional Rural Investment Board shall be a multijurisdictional and multisectoral group that—

"(1) represents the long-term economic, community, and cultural interests of a region;

"(2) is certified by the Secretary to establish a rural investment strategy and compete for regional innovation grants;

"(3) is composed of residents of a region that are broadly representative of diverse public, nonprofit, and private sector interests in investment in the region, including (to the maximum extent practicable) representatives of—

"(A) units of local, multijurisdictional, or State government, including not more than 1 representative from each State in the region;

"(B) nonprofit community-based development organizations, including community development financial institutions and community development corporations;

"(C) agricultural, natural resource, and other asset-based related industries;

"(D) in the case of regions with federally recognized Indian tribes, Indian tribes;

"(E) regional development organizations;

"(F) private business organizations, including chambers of commerce;

"(G)(i) institutions of higher education (as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)));

"(ii) tribally controlled colleges or universities (as defined in section 2(a) of Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a))); and

"(iii) tribal technical institutions;

"(H) workforce and job training organizations;

"(I) other entities and organizations, as determined by the Regional Board;

"(J) cooperatives; and

"(K) consortia of entities and organizations described in subparagraphs (A) through (J);

"(4) represents a region inhabited by—

"(A) more than 25,000 individuals, as determined in the latest available decennial census conducted under section 141(a) of title 13, United States Code; or

"(B) in the case of a region with a population density of less than 2 individuals per

square mile, at least 10,000 individuals, as determined in that latest available decennial census;

"(5) has a membership of which not less than 25 percent, nor more than 40 percent, represents—

"(A) units of local government and Indian tribes described in subparagraphs (A) and (D) of paragraph (3);

"(B) nonprofit community and economic development organizations and institutions of higher education described in subparagraphs (B) and (G) of paragraph (3); or

"(C) private business (including chambers of commerce and cooperatives) and agricultural, natural resource, and other asset-based related industries described in subparagraphs (C) and (F) of paragraph (3);

"(6) has a membership that may include an officer or employee of a Federal agency, serving as an ex-officio, nonvoting member of the Regional Board to represent the agency; and

"(7) has organizational documents that demonstrate that the Regional Board will—

"(A) create a collaborative public-private strategy process;

"(B) develop, and submit to the Secretary for approval, a regional investment strategy that meets the requirements of section 385E, with benchmarks—

"(i) to promote investment in rural areas through the use of grants made available under this subtitle; and

"(ii) to provide financial and technical assistance to promote a broad-based regional development program aimed at increasing and diversifying economic growth, improved community facilities, and improved quality of life;

"(C) implement the approved regional investment strategy;

"(D) provide annual reports to the Secretary and the National Board on progress made in achieving the benchmarks of the regional investment strategy, including an annual financial statement; and

"(E) select a non-Federal organization (such as a regional development organization) in the local area served by the Regional Board that has previous experience in the management

of Federal funds to serve as fiscal manager of any funds of the Regional Board.

"(b) URBAN AREAS.—A resident of an urban area may serve as an ex-officio member of a Regional Board.

"(c) DUTIES.—A Regional Board shall—

"(1) create a collaborative planning process for public-private investment within a region;

"(2) develop, and submit to the Secretary for approval, a regional investment strategy;

"(3) develop approaches that will create permanent resources for philanthropic giving in the region, to the maximum extent practicable;

"(4) implement an approved strategy; and

"(5) provide annual reports to the Secretary and the National Board on progress made in achieving the strategy, including an annual financial statement.

"SEC. 385E. REGIONAL INVESTMENT STRATEGY GRANTS.

"(a) IN GENERAL.—The Secretary shall make regional investment strategy grants available to Regional Boards for use in developing, implementing, and maintaining regional investment strategies.

"(b) REGIONAL INVESTMENT STRATEGY.—A regional investment strategy shall provide—

"(1) an assessment of the competitive advantage of a region, including—

"(A) an analysis of the economic conditions of the region;

"(B) an assessment of the current economic performance of the region;

"(C) an overview of the population, geography, workforce, transportation system, resources, environment, and infrastructure needs of the region; and

"(D) such other pertinent information as the Secretary may request;

"(2) an analysis of regional economic and community development challenges and opportunities, including—

"(A) incorporation of relevant material from other government-sponsored or supported plans and consistency with applicable State, regional, and local workforce investment strategies or comprehensive economic development plans; and

"(B) an identification of past, present, and projected Federal and State economic and community development investments in the region;

"(3) a section describing goals and objectives necessary to solve regional competitiveness challenges and meet the potential of the region;

"(4) an overview of resources available in the region for use in—

"(A) establishing regional goals and objectives;

"(B) developing and implementing a regional action strategy;

"(C) identifying investment priorities and funding sources; and

"(D) identifying lead organizations to execute portions of the strategy;

"(5) an analysis of the current state of collaborative public, private, and nonprofit participation and investment, and of the strategic roles of public, private, and nonprofit entities in the development and implementation of the regional investment strategy;

"(6) a section identifying and prioritizing vital projects, programs, and activities for consideration by the Secretary, including—

"(A) other potential funding sources; and

"(B) recommendations for leveraging past and potential investments;

"(7) a plan of action to implement the goals and objectives of the regional investment strategy;

"(8) a list of performance measures to be used to evaluate implementation of the regional investment strategy, including—

"(A) the number and quality of jobs, including self-employment, created during implementation of the regional rural investment strategy;

"(B) the number and types of investments made in the region;

"(C) the growth in public, private, and nonprofit investment in the human, community, and economic assets of the region;

"(D) changes in per capita income and the rate of unemployment; and

"(E) other changes in the economic environment of the region;

"(9) a section outlining the methodology for use in integrating the regional investment strategy with the economic priorities of the State; and

"(10) such other information as the Secretary determines to be appropriate.

"(c) MAXIMUM AMOUNT OF GRANT.—A regional investment strategy grant shall not exceed $150,000.

"(d) COST SHARING.—

"(1) IN GENERAL.—Subject to paragraph (2), of the share of the costs of developing, maintaining, evaluating, implementing, and reporting with respect to a regional investment strategy funded by a grant under this section—

"(A) not more than 40 percent may be paid using funds from the grant; and

"(B) the remaining share shall be provided by the applicable Regional Board or other eligible grantee.

"(2) FORM.—A Regional Board or other eligible grantee shall pay the share described in paragraph (1)(B) in the form of cash, services, materials, or other in-kind contributions, on the condition that not more than 50 percent of that share is provided in the form of services, materials, and other in-kind contributions.

"SEC. 385F. REGIONAL INNOVATION GRANTS PROGRAM.

"(a) GRANTS.—

"(1) IN GENERAL.—The Secretary shall provide, on a competitive basis, regional innovation grants to Regional Boards for use in implementing projects and initiatives that are identified in a re-

gional rural investment strategy approved under section 385E.

"(2) TIMING.—After October 1, 2008, the Secretary shall provide awards under this section on a quarterly funding cycle.

"(b) ELIGIBILITY.—To be eligible to receive a regional innovation grant, a Regional Board shall demonstrate to the Secretary that—

"(1) the regional rural investment strategy of a Regional Board has been reviewed by the National Board prior to approval by the Secretary;

"(2) the management and organizational structure of the Regional Board is sufficient to oversee grant projects, including management of Federal funds; and

"(3) the Regional Board has a plan to achieve, to the maximum extent practicable, the performance-based benchmarks of the project in the regional rural investment strategy.

"(c) LIMITATIONS.—

"(1) AMOUNT RECEIVED.—A Regional Board may not receive more than $6,000,000 in regional innovation grants under this section during any 5-year period.

"(2) DETERMINATION OF AMOUNT.—The Secretary shall determine the amount of a regional innovation grant based on—

"(A) the needs of the region being addressed by the applicable regional rural investment strategy consistent with the purposes described in subsection (f)(2); and

"(B) the size of the geographical area of the region.

"(3) GEOGRAPHIC DIVERSITY.—The Secretary shall ensure that not more than 10 percent of funding made available under this section is provided to Regional Boards in any State.

"(d) COST-SHARING.—

"(1) LIMITATION.—Subject to paragraph (2), the amount of a grant made under this section shall not exceed 50 percent of the cost of the project.

"(2) WAIVER OF GRANTEE SHARE.—The Secretary may waive the limitation in paragraph (1) under special circumstances, as determined by the Secretary, including—

"(A) a sudden or severe economic dislocation;

"(B) significant chronic unemployment or poverty;

"(C) a natural disaster; or

"(D) other severe economic, social, or cultural duress.

"(3) OTHER FEDERAL ASSISTANCE.—For the purpose of determining cost-share limitations for any other Federal program, funds provided under this section shall be considered to be non-Federal funds.

"(e) PREFERENCES.—In providing regional innovation grants under this section, the Secretary shall give—

"(1) a high priority to strategies that demonstrate significant leverage of capital and quality job creation; and

"(2) a preference to an application proposing projects and initiatives that would—

"(A) advance the overall regional competitiveness of a region;

"(B) address the priorities of a regional rural investment strategy, including priorities that—

"(i) promote cross-sector collaboration, public-private partnerships, or the provision of interim financing or seed capital for program implementation;

"(ii) exhibit collaborative innovation and entrepreneurship, particularly within a public-private partnership; and

"(iii) represent a broad coalition of interests described in section 385D(a);

"(C) include a strategy to leverage public non-Federal and private funds and existing assets, including agricultural, natural resource, and public infrastructure assets, with substantial emphasis placed on the existence of real financial commitments to leverage available funds;

"(D) create quality jobs;

"(E) enhance the role, relevance, and leveraging potential of community and regional foundations in support of regional investment strategies;

"(F) demonstrate a history, or involve organizations with a history, of successful leveraging of capital for economic development and public purposes;

"(G) address gaps in existing basic services, including technology, within a region;

"(H) address economic diversification, including agricultural and non-agriculturally based economies, within a regional framework;

"(I) improve the overall quality of life in the region;

"(J) enhance the potential to expand economic development successes across diverse stakeholder groups within the region;

"(K) include an effective working relationship with 1 or more institutions of higher education, tribally controlled colleges or universities, or tribal technical institutions;

"(L) help to meet the other regional competitiveness needs identified by a Regional Board; or

"(M) protect and promote rural heritage.

"(f) USES.—

"(1) LEVERAGE.—A Regional Board shall prioritize projects and initiatives carried out using funds from a regional innovation grant provided under this section, based in part on the degree to which members of the Regional Board are able to leverage additional funds for the implementation of the projects.

1 "(2) PURPOSES.—A Regional Board may use a
2 regional innovation grant—
3 "(A) to support the development of critical
4 infrastructure (including technology deployment
5 and services) necessary to facilitate the com-
6 petitiveness of a region;
7 "(B) to provide assistance to entities with-
8 in the region that provide essential public and
9 community services;
10 "(C) to enhance the value-added produc-
11 tion, marketing, and use of agricultural and
12 natural resources within the region, including
13 activities relating to renewable and alternative
14 energy production and usage;
15 "(D) to assist with entrepreneurship, job
16 training, workforce development, housing, edu-
17 cational, or other quality of life services or
18 needs, relating to the development and mainte-
19 nance of strong local and regional economies;
20 "(E) to assist in the development of unique
21 new collaborations that link public, private, and
22 philanthropic resources, including community
23 foundations;
24 "(F) to provide support for business and
25 entrepreneurial investment, strategy, expansion,

and development, including feasibility strategies, technical assistance, peer networks, business development funds, and other activities to strengthen the economic competitiveness of the region;

"(G) to provide matching funds to enable community foundations located within the region to build endowments which provide permanent philanthropic resources to implement a regional investment strategy; and

"(H) to preserve and promote rural heritage.

"(3) AVAILABILITY OF FUNDS.—The funds made available to a Regional Board or any other eligible grantee through a regional innovation grant shall remain available for the 7-year period beginning on the date on which the award is provided, on the condition that the Regional Board or other grantee continues to be certified by the Secretary as making adequate progress toward achieving established benchmarks.

"(g) COST SHARING.—

"(1) WAIVER OF GRANTEE SHARE.—The Secretary may waive the share of a grantee of the costs of a project funded by a regional innovation grant

under this section if the Secretary determines that such a waiver is appropriate, including with respect to special circumstances within tribal regions, in the event an area experiences—

"(A) a sudden or severe economic dislocation;

"(B) significant chronic unemployment or poverty;

"(C) a natural disaster; or

"(D) other severe economic, social, or cultural duress.

"(2) OTHER FEDERAL PROGRAMS.—For the purpose of determining cost-sharing requirements for any other Federal program, funds provided as a regional innovation grant under this section shall be considered to be non-Federal funds.

"(h) NONCOMPLIANCE.—If a Regional Board or other eligible grantee fails to comply with any requirement relating to the use of funds provided under this section, the Secretary may—

"(1) take such actions as are necessary to obtain reimbursement of unused grant funds; and

"(2) reprogram the recaptured funds for purposes relating to implementation of this subtitle.

"(i) PRIORITY TO AREAS WITH AWARDS AND APPROVED STRATEGIES.—

"(1) IN GENERAL.—Subject to paragraph (3), in providing rural development assistance under other programs, the Secretary shall give a high priority to areas that receive innovation grants under this section.

"(2) CONSULTATION.—The Secretary shall consult with the heads of other Federal agencies to promote the development of priorities similar to those described in paragraph (1).

"(3) EXCLUSION OF CERTAIN PROGRAMS.—Paragraph (1) shall not apply to the provision of rural development assistance under any program relating to basic health, safety, or infrastructure, including broadband deployment or minimum environmental needs.

"SEC. 385G. RURAL ENDOWMENT LOANS PROGRAM.

"(a) IN GENERAL.—The Secretary may provide long-term loans to eligible community foundations to assist in the implementation of regional investment strategies.

"(b) ELIGIBLE COMMUNITY FOUNDATIONS.—To be eligible to receive a loan under this section, a community foundation shall—

"(1) be located in an area that is covered by a regional investment strategy;

"(2) match the amount of the loan with an amount that is at least 250 percent of the amount of the loan; and

"(3) use the loan and the matching amount to carry out the regional investment strategy in a manner that is targeted to community and economic development, including through the development of community foundation endowments.

"(c) TERMS.—A loan made under this section shall—

"(1) have a term of not less than 10, nor more than 20, years;

"(2) bear an interest rate of 1 percent per annum; and

"(3) be subject to such other terms and conditions as are determined appropriate by the Secretary.

"SEC. 385H. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subtitle $135,000,000 for the period of fiscal years 2009 through 2012.".

SEC. 6029. FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term ''application'' does not include an application for a loan or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary in effect on the date of enactment of this Act.

(b) USE OF FUNDS.—Subject to subsection (c), the Secretary shall use funds made available under subsection (d) to provide funds for applications that are pending on the date of enactment of this Act for—

(1) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)); and

(2) emergency community water assistance grants under section 306A of that Act (7 U.S.C. 1926a).

(c) LIMITATIONS.—

(1) APPROPRIATED AMOUNTS.—Funds made available under this section shall be available to the Secretary to provide funds for applications for loans and grants described in subsection (b) that are pending on the date of enactment of this Act only to the extent that funds for the loans and grants ap-

propriated in the annual appropriations Act for fiscal year 2007 have been exhausted.

(2) PROGRAM REQUIREMENTS.—The Secretary may use funds made available under this section to provide funds for a pending application for a loan or grant described in subsection (b) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

(3) PRIORITY.—In providing funding under this section for pending applications for loans or grants described in subsection (b), the Secretary shall provide funding in the following order of priority (until funds made available under this section are exhausted):

(A) Pending applications for water systems.

(B) Pending applications for waste disposal systems.

(d) FUNDING.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $120,000,000, to remain available until expended.

Subtitle B—Rural Electrification Act of 1936

SEC. 6101. ENERGY EFFICIENCY PROGRAMS.

Sections 2(a) and 4 of the Rural Electrification Act of 1936 (7 U.S.C. 902(a), 904) are amended by inserting ''efficiency and'' before ''conservation'' each place it appears.

SEC. 6102. REINSTATEMENT OF RURAL UTILITY SERVICES DIRECT LENDING.

(a) IN GENERAL.—Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended—

(1) by designating the first, second, and third sentences as subsections (a), (b), and (d), respectively; and

(2) by inserting after subsection (b) (as so designated) the following:

''(c) DIRECT LOANS.—

''(1) DIRECT HARDSHIP LOANS.—Direct hardship loans under this section shall be for the same purposes and on the same terms and conditions as hardship loans made under section 305(c)(1).

''(2) OTHER DIRECT LOANS.—All other direct loans under this section shall bear interest at a rate equal to the then current cost of money to the Gov-

ernment of the United States for loans of similar maturity, plus ⅛ of 1 percent.''.

(b) ELIMINATION OF FEDERAL FINANCING BANK GUARANTEED LOANS.—Section 306 of the Rural Electrification Act of 1936 (7 U.S.C. 936) is amended—

(1) in the third sentence, by striking ''guarantee, accommodation, or subordination'' and inserting ''accommodation or subordination''; and

(2) by striking the fourth sentence.

SEC. 6103. DEFERMENT OF PAYMENTS TO ALLOWS LOANS FOR IMPROVED ENERGY EFFICIENCY AND DEMAND REDUCTION AND FOR ENERGY EFFICIENCY AND USE AUDITS.

Section 12 of the Rural Electrification Act of 1936 (7 U.S.C. 912) is amended by adding at the end the following:

''(c) DEFERMENT OF PAYMENTS ON LOANS.—

''(1) IN GENERAL.—The Secretary shall allow borrowers to defer payment of principal and interest on any direct loan made under this Act to enable the borrower to make loans to residential, commercial, and industrial consumers—

''(A) to conduct energy efficiency and use audits; and

"(B) to install energy efficient measures or devices that reduce the demand on electric systems.

"(2) AMOUNT.—The total amount of a deferment under this subsection shall not exceed the sum of the principal and interest on the loans made to a customer of the borrower, as determined by the Secretary.

"(3) TERM.—The term of a deferment under this subsection shall not exceed 60 months.".

SEC. 6104. RURAL ELECTRIFICATION ASSISTANCE.

Section 13 of the Rural Electrification Act of 1936 (7 U.S.C. 913) is amended to read as follows:

"SEC. 13. DEFINITIONS.

"In this Act:

"(1) FARM.—The term 'farm' means a farm, as defined by the Bureau of the Census.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) RURAL AREA.—Except as provided otherwise in this Act, the term 'rural area' means the farm and nonfarm population of—

"(A) any area described in section 343(a)(13)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(C)); and

"(B) any area within a service area of a borrower for which a borrower has an outstanding loan made under titles I through V as of the date of enactment of this paragraph.

"(4) TERRITORY.—The term 'territory' includes any insular possession of the United States.

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

SEC. 6105. SUBSTANTIALLY UNDERSERVED TRUST AREAS.

The Rural Electrification Act of 1936 is amended by inserting after section 306E (7 U.S.C. 936e) the following:

"SEC. 306F. SUBSTANTIALLY UNDERSERVED TRUST AREAS.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE PROGRAM.—The term 'eligible program' means a program administered by the Rural Utilities Service and authorized in—

"(A) this Act; or

"(B) paragraph (1), (2), (14), (22), or (24) of section 306(a) or section 306A, 306C, 306D, or 306E of the Consolidated Farm and

Rural Development Act (7 U.S.C. 1926(a), 1926a, 1926c, 1926d, 1926e).

"(2) SUBSTANTIALLY UNDERSERVED TRUST AREA.—The term 'substantially underserved trust area' means a community in 'trust land' (as defined in section 3765 of title 38, United States Code) with respect to which the Secretary determines has a high need for the benefits of an eligible program.

"(b) INITIATIVE.—The Secretary, in consultation with local governments and Federal agencies, may implement an initiative to identify and improve the availability of eligible programs in communities in substantially underserved trust areas.

"(c) AUTHORITY OF SECRETARY.—In carrying out subsection (b), the Secretary—

"(1) may make available from loan or loan guarantee programs administered by the Rural Utilities Service to qualified utilities or applicants financing with an interest rate as low as 2 percent, and with extended repayment terms;

"(2) may waive nonduplication restrictions, matching fund requirements, or credit support requirements from any loan or grant program administered by the Rural Utilities Service to facilitate the

construction, acquisition, or improvement of infrastructure;

"(3) may give the highest funding priority to designated projects in substantially underserved trust areas; and

"(4) shall only make loans or loan guarantees that are found to be financially feasible and that provide eligible program benefits to substantially underserved trust areas.

"(d) REPORT.—Not later than 1 year after the date of enactment of this section and annually thereafter, the Secretary shall submit to Congress a report that describes—

"(1) the progress of the initiative implemented under subsection (b); and

"(2) recommendations for any regulatory or legislative changes that would be appropriate to improve services to substantially underserved trust areas.".

SEC. 6106. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—Section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c–1) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''for electrification'' and all that follows through the end and inserting ''for eligible electrification or telephone purposes consistent with this Act.''; and

(B) by striking paragraph (4) and inserting the following:

''(4) ANNUAL AMOUNT.—The total amount of guarantees provided by the Secretary under this section during a fiscal year shall not exceed $1,000,000,000, subject to the availability of funds under subsection (e).'';

(2) in subsection (c), by striking paragraphs (2) and (3) and inserting the following:

''(2) AMOUNT.—

''(A) IN GENERAL.—The amount of the annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

''(B) PROHIBITION.—Except as otherwise provided in this subsection and subsection (e)(2), no other fees shall be assessed.

''(3) PAYMENT.—

"(A) IN GENERAL.—A lender shall pay the fees required under this subsection on a semi-annual basis.

"(B) STRUCTURED SCHEDULE.—The Secretary shall, with the consent of the lender, structure the schedule for payment of the fee to ensure that sufficient funds are available to pay the subsidy costs for note or bond guarantees as provided for in subsection (e)(2)."; and

(3) in subsection (f), by striking "2007" and inserting "2012".

(b) ADMINISTRATION.—The Secretary shall continue to carry out section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c–1) in the same manner as on the day before the date of enactment of this Act, except without regard to the limitations prescribed in subsection (b)(1) of that section, until such time as any regulations necessary to carry out the amendments made by this section are fully implemented.

SEC. 6107. EXPANSION OF 911 ACCESS.

Section 315 of the Rural Electrification Act of 1936 (7 U.S.C. 940e) is amended to read as follows:

"SEC. 315. EXPANSION OF 911 ACCESS.

"(a) IN GENERAL.—Subject to subsection (c) and such terms and conditions as the Secretary may prescribe,

the Secretary may make loans under this title to entities eligible to borrow from the Rural Utilities Service, State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand or improve in rural areas—

"(1) 911 access;

"(2) integrated interoperable emergency communications, including multiuse networks that provide commercial or transportation information services in addition to emergency communications services;

"(3) homeland security communications;

"(4) transportation safety communications; or

"(5) location technologies used outside an urbanized area.

"(b) LOAN SECURITY.—Government-imposed fees related to emergency communications (including State or local 911 fees) may be considered to be security for a loan under this section.

"(c) EMERGENCY COMMUNICATIONS EQUIPMENT PROVIDERS.—The Secretary may make a loan under this section to an emergency communication equipment provider to expand or improve 911 access or other commu-

nications or technologies described in subsection (a) if the local government that has jurisdiction over the project is not allowed to acquire the debt resulting from the loan.

''(d) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall use to make loans under this section any funds otherwise made available for telephone loans for each of fiscal years 2008 through 2012.''.

SEC. 6108. ELECTRIC LOANS FOR RENEWABLE ENERGY.

Title III of the Rural Electrification Act of 1936 is amended by inserting after section 316 (7 U.S.C. 940f) the following:

''SEC. 317. ELECTRIC LOANS FOR RENEWABLE ENERGY.

''(a) DEFINITION OF RENEWABLE ENERGY SOURCE.—In this section, the term 'renewable energy source' means an energy conversion system fueled from a solar, wind, hydropower, biomass, or geothermal source of energy.

''(b) LOANS.—In addition to any other funds or authorities otherwise made available under this Act, the Secretary may make electric loans under this title for electric generation from renewable energy resources for resale to rural and nonrural residents.

''(c) RATE.—The rate of a loan under this section shall be equal to the average tax-exempt municipal bond rate of similar maturities.''.

SEC. 6109. BONDING REQUIREMENTS.

Title III of the Rural Electrification Act of 1936 is amended by inserting after section 317 (as added by section 6108) the following:

"SEC. 318. BONDING REQUIREMENTS.

''The Secretary shall review the bonding requirements for all programs administered by the Rural Utilities Service under this Act to ensure that bonds are not required if—

''(1) the interests of the Secretary are adequately protected by product warranties; or

''(2) the costs or conditions associated with a bond exceed the benefit of the bond.''.

SEC. 6110. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) is amended to read as follows:

"SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

''(a) PURPOSE.—The purpose of this section is to provide loans and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas.

''(b) DEFINITIONS.—In this section:

"(1) BROADBAND SERVICE.—The term 'broadband service' means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, and video.

"(2) INCUMBENT SERVICE PROVIDER.—The term 'incumbent service provider', with respect to an application submitted under this section, means an entity that, as of the date of submission of the application, is providing broadband service to not less than 5 percent of the households in the service territory proposed in the application.

"(3) RURAL AREA.—

"(A) IN GENERAL.—The term 'rural area' means any area other than—

"(i) an area described in clause (i) or (ii) of section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(A)); and

"(ii) a city, town, or incorporated area that has a population of greater than 20,000 inhabitants.

"(B) URBAN AREA GROWTH.—The Secretary may, by regulation only, consider an area

described in section 343(a)(13)(F)(i)(I) of that Act to not be a rural area for purposes of this section.

"(c) LOANS AND LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall make or guarantee loans to eligible entities described in subsection (d) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in rural areas.

"(2) PRIORITY.—In making or guaranteeing loans under paragraph (1), the Secretary shall give the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that, prior to the provision of the broadband service, had no incumbent service provider.

"(d) ELIGIBILITY.—

"(1) ELIGIBLE ENTITIES.—

"(A) IN GENERAL.—To be eligible to obtain a loan or loan guarantee under this section, an entity shall—

"(i) demonstrate the ability to furnish, improve, or extend a broadband service to a rural area;

"(ii) submit to the Secretary a loan application at such time, in such manner, and containing such information as the Secretary may require; and

"(iii) agree to complete buildout of the broadband service described in the loan application by not later than 3 years after the initial date on which proceeds from the loan made or guaranteed under this section are made available.

"(B) LIMITATION.—An eligible entity that provides telecommunications or broadband service to at least 20 percent of the households in the United States may not receive an amount of funds under this section for a fiscal year in excess of 15 percent of the funds authorized and appropriated under subsection (k) for the fiscal year.

"(2) ELIGIBLE PROJECTS.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the proceeds of a loan made or guaranteed under this section may be used to carry out a project in a proposed service territory only if, as of the date on

which the application for the loan or loan guarantee is submitted—

"(i) not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and

"(ii) broadband service is not provided in any part of the proposed service territory by 3 or more incumbent service providers.

"(B) EXCEPTION TO 25 PERCENT REQUIREMENT.—Subparagraph (A)(i) shall not apply to the proposed service territory of a project if a loan or loan guarantee has been made under this section to the applicant to provide broadband service in the proposed service territory.

"(C) EXCEPTION TO 3 OR MORE INCUMBENT SERVICE PROVIDER REQUIREMENT.—

"(i) IN GENERAL.—Except as provided in clause (ii), subparagraph (A)(ii) shall not apply to an incumbent service provider that is upgrading broadband service to the existing territory of the incumbent service provider.

"(ii) EXCEPTION.—Clause (i) shall not apply if the applicant is eligible for funding under another title of this Act.

"(3) EQUITY AND MARKET SURVEY REQUIREMENTS.—

"(A) IN GENERAL.—The Secretary may require an entity to provide a cost share in an amount not to exceed 10 percent of the amount of the loan or loan guarantee requested in the application of the entity, unless the Secretary determines that a higher percentage is required for financial feasibility.

"(B) MARKET SURVEY.—

"(i) IN GENERAL.—The Secretary may require an entity that proposes to have a subscriber projection of more than 20 percent of the broadband service market in a rural area to submit to the Secretary a market survey.

"(ii) LESS THAN 20 PERCENT.—The Secretary may not require an entity that proposes to have a subscriber projection of less than 20 percent of the broadband service market in a rural area to submit to the Secretary a market survey.

"(4) STATE AND LOCAL GOVERNMENTS AND INDIAN TRIBES.—Subject to paragraph (1), a State or local government (including any agency, subdivision, or instrumentality thereof (including consortia thereof)) and an Indian tribe shall be eligible for a loan or loan guarantee under this section to provide broadband services to a rural area.

"(5) NOTICE REQUIREMENT.—The Secretary shall publish a notice of each application for a loan or loan guarantee under this section describing the application, including—

"(A) the identity of the applicant;

"(B) each area proposed to be served by the applicant; and

"(C) the estimated number of households without terrestrial-based broadband service in those areas.

"(6) PAPERWORK REDUCTION.—The Secretary shall take steps to reduce, to the maximum extent practicable, the cost and paperwork associated with applying for a loan or loan guarantee under this section by first-time applicants (particularly first-time applicants who are small and start-up broadband service providers), including by providing for a new application that maintains the ability of the Sec-

retary to make an analysis of the risk associated with the loan involved.

"(7) PREAPPLICATION PROCESS.—The Secretary shall establish a process under which a prospective applicant may seek a determination of area eligibility prior to preparing a loan application under this section.

"(e) BROADBAND SERVICE.—

"(1) IN GENERAL.—The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

"(2) PROHIBITION.—The Secretary shall not establish requirements for bandwidth or speed that have the effect of precluding the use of evolving technologies appropriate for rural areas.

"(f) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether to make a loan or loan guarantee for a project under this section, the Secretary shall use criteria that are technologically neutral.

"(g) TERMS AND CONDITIONS FOR LOANS AND LOAN GUARANTEES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, a loan or loan guarantee under this section shall—

"(A) bear interest at an annual rate of, as determined by the Secretary—

"(i) in the case of a direct loan, a rate equivalent to—

"(I) the cost of borrowing to the Department of the Treasury for obligations of comparable maturity; or

"(II) 4 percent; and

"(ii) in the case of a guaranteed loan, the current applicable market rate for a loan of comparable maturity; and

"(B) have a term of such length, not exceeding 35 years, as the borrower may request, if the Secretary determines that the loan is adequately secured.

"(2) TERM.—In determining the term of a loan or loan guarantee, the Secretary shall consider whether the recipient is or would be serving an area that is not receiving broadband services.

"(3) RECURRING REVENUE.—The Secretary shall consider the existing recurring revenues of the

entity at the time of application in determining an adequate level of credit support.

"(h) ADEQUACY OF SECURITY.—

"(1) IN GENERAL.—The Secretary shall ensure that the type and amount of, and method of security used to secure, any loan or loan guarantee under this section is commensurate to the risk involved with the loan or loan guarantee, particularly in any case in which the loan or loan guarantee is issued to a financially strong and stable entity, as determined by the Secretary.

"(2) DETERMINATION OF AMOUNT AND METHOD OF SECURITY.—In determining the amount of, and method of security used to secure, a loan or loan guarantee under this section, the Secretary shall consider reducing the security in a rural area that does not have broadband service.

"(i) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of any loan made or guaranteed by the Secretary under this Act may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act if the use of the proceeds for that purpose will support

the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in rural areas.

"(j) REPORTS.—Not later than 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008, and annually thereafter, the Administrator shall submit to Congress a report that describes the extent of participation in the loan and loan guarantee program under this section for the preceding fiscal year, including a description of —

"(1) the number of loans applied for and provided under this section;

"(2)(A) the communities proposed to be served in each loan application submitted for the fiscal year; and

"(B) the communities served by projects funded by loans and loan guarantees provided under this section;

"(3) the period of time required to approve each loan application under this section;

"(4) any outreach activities carried out by the Secretary to encourage entities in rural areas without broadband service to submit applications under this section;

"(5) the method by which the Secretary determines that a service enables a subscriber to originate and receive high-quality voice, data, graphics, and video for purposes of subsection (b)(1); and

"(6) each broadband service, including the type and speed of broadband service, for which assistance was sought, and each broadband service for which assistance was provided, under this section.

"(k) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $25,000,000 for each of fiscal years 2008 through 2012, to remain available until expended.

"(2) ALLOCATION OF FUNDS.—

"(A) IN GENERAL.—From amounts made available for each fiscal year under this subsection, the Secretary shall—

"(i) establish a national reserve for loans and loan guarantees to eligible entities in States under this section; and

"(ii) allocate amounts in the reserve to each State for each fiscal year for loans and loan guarantees to eligible entities in the State.

"(B) AMOUNT.—The amount of an allocation made to a State for a fiscal year under subparagraph (A) shall bear the same ratio to the amount of allocations made for all States for the fiscal year as—

"(i) the number of communities with a population of 2,500 inhabitants or less in the State; bears to

"(ii) the number of communities with a population of 2,500 inhabitants or less in all States.

"(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for a State for a fiscal year under subparagraph (B) that are not obligated by April 1 of the fiscal year shall be available to the Secretary to make loans and loan guarantees under this section to eligible entities in any State, as determined by the Secretary.

"(l) TERMINATION OF AUTHORITY.—No loan or loan guarantee may be made under this section after September 30, 2012.".

(b) REGULATIONS.—The Secretary may implement the amendment made by subsection (a) through the promulgation of an interim regulation.

(c) APPLICATION.—The amendment made by subsection (a) shall not apply to—

(1) an application submitted under section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) (as it existed before the amendment made by subsection (a)) that—

(A) was pending on the date that is 45 days prior to the date of enactment of this Act; and

(B) is pending on the date of enactment of this Act; or

(2) a petition for reconsideration of a decision on an application described in paragraph (1).

SEC. 6111. NATIONAL CENTER FOR RURAL TELECOMMUNICATIONS ASSESSMENT.

Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.) is amended by adding at the end the following:

"SEC. 602. NATIONAL CENTER FOR RURAL TELECOMMUNICATIONS ASSESSMENT.

"(a) DESIGNATION OF CENTER.—The Secretary shall designate an entity to serve as the National Center for Rural Telecommunications Assessment (referred to in this section as the 'Center').

"(b) CRITERIA.—In designating the Center under subsection (a), the Secretary shall take into consideration the following criteria:

"(1) The Center shall be an entity that demonstrates to the Secretary—

"(A) a focus on rural policy research; and

"(B) a minimum of 5 years of experience relating to rural telecommunications research and assessment.

"(2) The Center shall be capable of assessing broadband services in rural areas.

"(3) The Center shall have significant experience involving other rural economic development centers and organizations with respect to the assessment of rural policies and the formulation of policy solutions at the Federal, State, and local levels.

"(c) BOARD OF DIRECTORS.—The Center shall be managed by a board of directors, which shall be responsible for the duties of the Center described in subsection (d).

"(d) DUTIES.—The Center shall—

"(1) assess the effectiveness of programs carried out under this title in increasing broadband penetration and purchase in rural areas, especially in rural communities identified by the Secretary as

having no broadband service before the provision of a loan or loan guarantee under this title;

"(2) work with existing rural development centers selected by the Center to identify policies and initiatives at the Federal, State, and local levels that have increased broadband penetration and purchase in rural areas and provide recommendations to Federal, State, and local policymakers on effective strategies to bring affordable broadband services to residents of rural areas, particularly residents located outside of the municipal boundaries of a rural city or town; and

"(3) develop and publish reports describing the activities carried out by the Center under this section.

"(e) REPORTING REQUIREMENTS.—Not later than December 1 of each applicable fiscal year, the board of directors of the Center shall submit to Congress and the Secretary a report describing the activities carried out by the Center during the preceding fiscal year and the results of any research conducted by the Center during that fiscal year, including—

"(1) an assessment of each program carried out under this title; and

"(2) an assessment of the effects of the policy initiatives identified under subsection (d)(2).

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $1,000,000 for each of fiscal years 2008 through 2012.".

SEC. 6112. COMPREHENSIVE RURAL BROADBAND STRATEGY.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Chairman of the Federal Communications Commission, in coordination with the Secretary, shall submit to Congress a report describing a comprehensive rural broadband strategy that includes—

(1) recommendations—

(A) to promote interagency coordination of Federal agencies in regards to policies, procedures, and targeted resources, and to streamline or otherwise improve and streamline the policies, programs, and services;

(B) to coordinate existing Federal rural broadband or rural initiatives;

(C) to address both short- and long-term needs assessments and solutions for a rapid build-out of rural broadband solutions and application of the recommendations for Federal,

State, regional, and local government policymakers; and

(D) to identify how specific Federal agency programs and resources can best respond to rural broadband requirements and overcome obstacles that currently impede rural broadband deployment; and

(2) a description of goals and timeframes to achieve the purposes of the report.

(b) UPDATES.—The Chairman of the Federal Communications Commission, in coordination with the Secretary, shall update and evaluate the report described in subsection (a) during the third year after the date of enactment of this Act.

SEC. 6113. STUDY ON RURAL ELECTRIC POWER GENERATION.

(a) IN GENERAL.—The Secretary shall conduct a study on the electric power generation needs in rural areas of the United States.

(b) COMPONENTS.—The study shall include an examination of—

(1) generation in various areas in rural areas of the United States, particularly by rural electric cooperatives;;

(2) financing available for capacity, including financing available through programs authorized under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.);

(3) the impact of electricity costs on consumers and local economic development;

(4) the ability of fuel feedstock technology to meet regulatory requirements, such as carbon capture and sequestration; and

(5) any other factors that the Secretary considers appropriate.

(c) REPORT.—Not later than 60 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the findings of the study under this section.

Subtitle C—Miscellaneous

SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.

(a) IN GENERAL.—Section 2333(c)(1) of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. Sec. 950aaa–2(a)(1)) is amended—

(1) in subparagraph (A), by striking ''and'' at the end;

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

(3) by adding at the end the following:

"(C) libraries.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking "2007" and inserting "2012".

(c) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note; Public Law 102–551) is amended by striking "2007" and inserting "2012".

SEC. 6202. VALUE-ADDED AGRICULTURAL MARKET DEVELOPMENT PROGRAM GRANTS.

(a) DEFINITIONS.—Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended by striking subsection (a) and inserting the following:

"(a) DEFINITIONS.—In this section:

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

"(2) FAMILY FARM.—The term 'family farm' has the meaning given the term in section 761.2 of title 7, Code of Federal Regulations (as in effect on December 30, 2007).

"(3) MID-TIER VALUE CHAIN.—The term 'mid-tier value chain' means local and regional supply networks that link independent producers with businesses and cooperatives that market value-added agricultural products in a manner that—

"(A) targets and strengthens the profitability and competitiveness of small and medium-sized farms and ranches that are structured as a family farm; and

"(B) obtains agreement from an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

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

"(5) VALUE-ADDED AGRICULTURAL PRODUCT.—The term 'value-added agricultural product' means any agricultural commodity or product that—

"(A)(i) has undergone a change in physical state;

"(ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary;

"(iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product;

"(iv) is a source of farm- or ranch-based renewable energy, including E–85 fuel; or

"(v) is aggregated and marketed as a locally-produced agricultural food product; and

"(B) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced, marketed, or segregated—

"(i) the customer base for the agricultural commodity or product is expanded; and

"(ii) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity

or product is available to the producer of the commodity or product.''.

(b) GRANT PROGRAM.—Section 231(b) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) in paragraph (1), by striking ''paragraph (4)'' and inserting ''paragraph (7)''; and

(2) by striking paragraph (4) and inserting the following:

''(4) TERM.—A grant under this subsection shall have a term that does not exceed 3 years.

''(5) SIMPLIFIED APPLICATION.—The Secretary shall offer a simplified application form and process for project proposals requesting less than $50,000.

''(6) PRIORITY.—In awarding grants under this subsection, the Secretary shall give priority to projects that contribute to increasing opportunities for—

''(A) beginning farmers or ranchers;

''(B) socially disadvantaged farmers or ranchers; and

''(C) operators of small- and medium-sized farms and ranches that are structured as a family farm.

''(7) FUNDING.—

"(A) MANDATORY FUNDING.—On October 1, 2008, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection $15,000,000, to remain available until expended.

"(B) DISCRETIONARY FUNDING.—There is authorized to be appropriated to carry out this subsection $40,000,000 for each of fiscal years 2008 through 2012.

"(C) RESERVATION OF FUNDS FOR PROJECTS TO BENEFIT BEGINNING FARMERS OR RANCHERS, SOCIALLY DISADVANTAGED FARMERS OR RANCHERS, AND MID-TIER VALUE CHAINS.—

"(i) IN GENERAL.—The Secretary shall reserve 10 percent of the amounts made available for each fiscal year under this paragraph to fund projects that benefit beginning farmers or ranchers or socially disadvantaged farmers or ranchers.

"(ii) MID-TIER VALUE CHAINS.—The Secretary shall reserve 10 percent of the amounts made available for each fiscal year under this paragraph to fund applications of eligible entities described in para-

graph (1) that propose to develop mid-tier value chains.

"(iii) UNOBLIGATED AMOUNTS.—Any amounts in the reserves for a fiscal year established under clauses (i) and (ii) that are not obligated by June 30 of the fiscal year shall be available to the Secretary to make grants under this subsection to eligible entities in any State, as determined by the Secretary.".

SEC. 6203. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.

Section 6402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1621 note; Public Law 107–171) is amended by striking subsection (i) and inserting the following:

"(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $6,000,000 for each of fiscal years 2008 through 2012.".

SEC. 6204. RURAL FIREFIGHTERS AND EMERGENCY MEDICAL SERVICE ASSISTANCE PROGRAM.

Section 6405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 2655) is amended to read as follows:

"SEC. 6405. RURAL FIREFIGHTERS AND EMERGENCY MEDICAL SERVICE ASSISTANCE PROGRAM.

"(a) DEFINITION OF EMERGENCY MEDICAL SERVICES.—In this section:

"(1) IN GENERAL.—The term 'emergency medical services' means resources used by a public or nonprofit entity to deliver medical care outside of a medical facility under emergency conditions that occur as a result of—

"(A) the condition of a patient; or

"(B) a natural disaster or related condition.

"(2) INCLUSION.—The term 'emergency medical services' includes services (whether compensated or volunteer) delivered by an emergency medical services provider or other provider recognized by the State involved that is licensed or certified by the State as—

"(A) an emergency medical technician or the equivalent (as determined by the State);

"(B) a registered nurse;

"(C) a physician assistant; or

"(D) a physician that provides services similar to services provided by such an emergency medical services provider.

1 "(b) GRANTS.—The Secretary shall award grants to
2 eligible entities—
3 "(1) to enable the entities to provide for im-
4 proved emergency medical services in rural areas;
5 and
6 "(2) to pay the cost of training firefighters and
7 emergency medical personnel in firefighting, emer-
8 gency medical practices, and responding to haz-
9 ardous materials and bioagents in rural areas.
10 "(c) ELIGIBILITY.—To be eligible to receive a grant
11 under this section, an entity shall—
12 "(1) be—
13 "(A) a State emergency medical services
14 office;
15 "(B) a State emergency medical services
16 association;
17 "(C) a State office of rural health or an
18 equivalent agency;
19 "(D) a local government entity;
20 "(E) an Indian tribe (as defined in section
21 4 of the Indian Self-Determination and Edu-
22 cation Assistance Act (25 U.S.C. 450b));
23 "(F) a State or local ambulance provider;
24 or

1 "(G) any other public or nonprofit entity
2 determined appropriate by the Secretary; and
3 "(2) prepare and submit to the Secretary an
4 application at such time, in such manner, and con-
5 taining such information as the Secretary may re-
6 quire, that includes—
7 "(A) a description of the activities to be
8 carried out under the grant; and
9 "(B) an assurance that the applicant will
10 comply with the matching requirement of sub-
11 section (f).
12 "(d) USE OF FUNDS.—An entity shall use amounts
13 received under a grant made under subsection (b) only in
14 a rural area—
15 "(1) to hire or recruit emergency medical serv-
16 ice personnel;
17 "(2) to recruit or retain volunteer emergency
18 medical service personnel;
19 "(3) to train emergency medical service per-
20 sonnel in emergency response, injury prevention,
21 safety awareness, or other topics relevant to the de-
22 livery of emergency medical services;
23 "(4) to fund training to meet State or Federal
24 certification requirements;

1 "(5) to provide training for firefighters or emer-
2 gency medical personnel for improvements to the
3 training facility, equipment, curricula, or personnel;
4 "(6) to develop new ways to educate emergency
5 health care providers through the use of technology-
6 enhanced educational methods (such as distance
7 learning);
8 "(7) to acquire emergency medical services vehi-
9 cles, including ambulances;
10 "(8) to acquire emergency medical services
11 equipment, including cardiac defibrillators;
12 "(9) to acquire personal protective equipment
13 for emergency medical services personnel as required
14 by the Occupational Safety and Health Administra-
15 tion; or
16 "(10) to educate the public concerning
17 cardiopulmonary resuscitation (CPR), first aid, in-
18 jury prevention, safety awareness, illness prevention,
19 or other related emergency preparedness topics.
20 "(e) PREFERENCE.—In awarding grants under this
21 section, the Secretary shall give preference to—
22 "(1) applications that reflect a collaborative ef-
23 fort by 2 or more of the entities described in sub-
24 paragraphs (A) through (G) of subsection (c)(1);
25 and

"(2) applications submitted by entities that intend to use amounts provided under the grant to fund activities described in any of paragraphs (1) through (5) of subsection (d).

"(f) MATCHING REQUIREMENT.—The Secretary may not make a grant under this section to an entity unless the entity makes available (directly or through contributions from other public or private entities) non-Federal contributions toward the activities to be carried out under the grant in an amount equal to at least 5 percent of the amount received under the grant.

"(g) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to the Secretary to carry out this section not more than $30,000,000 for each of fiscal years 2008 through 2012.

"(2) ADMINISTRATIVE COSTS.—Not more than 5 percent of the amount appropriated under paragraph (1) for a fiscal year may be used for administrative expenses incurred in carrying out this section.".

SEC. 6205. INSURANCE OF LOANS FOR HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR.

Section 514(f)(3) of the Housing Act of 1949 (42 U.S.C. 1484(f)(3)) is amended by striking ''or the handling of such commodities in the unprocessed stage'' and inserting '', the handling of agricultural or aquacultural commodities in the unprocessed stage, or the processing of agricultural or aquacultural commodities''.

SEC. 6206. STUDY OF RURAL TRANSPORTATION ISSUES.

(a) IN GENERAL.—The Secretary of Agriculture and the Secretary of Transportation shall jointly conduct a study of transportation issues regarding the movement of agricultural products, domestically produced renewable fuels, and domestically produced resources for the production of electricity for rural areas of the United States, and economic development in those areas.

(b) INCLUSIONS.—The study shall include an examination of—

(1) the importance of freight transportation, including rail, truck, and barge, to—

(A) the delivery of equipment, seed, fertilizer, and other such products important to the development of agricultural commodities and products;

(B) the movement of agricultural commodities and products to market;

(C) the delivery of ethanol and other renewable fuels;

(D) the delivery of domestically produced resources for use in the generation of electricity for rural areas;

(E) the location of grain elevators, ethanol plants, and other facilities;

(F) the development of manufacturing facilities in rural areas; and

(G) the vitality and economic development of rural communities;

(2) the sufficiency in rural areas of transportation capacity, the sufficiency of competition in the transportation system, the reliability of transportation services, and the reasonableness of transportation rates;

(3) the sufficiency of facility investment in rural areas necessary for efficient and cost-effective transportation; and

(4) the accessibility to shippers in rural areas of Federal processes for the resolution of grievances arising within various transportation modes.

(c) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Transportation shall submit to Congress a report that contains the results of the study required by subsection (a).

Subtitle D—Housing Assistance Council

SEC. 6301. SHORT TITLE.

This subtitle may be cited as the ''Housing Assistance Council Authorization Act of 2008''.

SEC. 6302. ASSISTANCE TO HOUSING ASSISTANCE COUNCIL.

(a) USE.—The Secretary of Housing and Urban Development may provide financial assistance to the Housing Assistance Council for use by the Council to develop the ability and capacity of community-based housing development organizations to undertake community development and affordable housing projects and programs in rural areas. Assistance provided by the Secretary under this section may be used by the Housing Assistance Council for—

(1) technical assistance, training, support, research, and advice to develop the business and administrative capabilities of rural community-based housing development organizations;

(2) loans, grants, or other financial assistance to rural community-based housing development orga-

nizations to carry out community development and affordable housing activities for low- and moderate-income families; and

(3) such other activities as may be determined by the Secretary of Housing and Urban Development and the Housing Assistance Council.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for financial assistance under this section for the Housing Assistance Council $10,000,000 for each of fiscal years 2009 through 2011.

SEC. 6303. AUDITS AND REPORTS.

(a) AUDIT.—

(1) IN GENERAL.—The financial transactions and activities of the Housing Assistance Council shall be audited annually by an independent certified public accountant or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the United States.

(2) REQUIREMENTS OF AUDITS.—The Comptroller General of the United States may rely on any audit completed under paragraph (1), if the audit complies with—

(A) the annual programmatic and financial examination requirements established in OMB Circular A-133; and

(B) generally accepted government auditing standards.

(3) REPORT TO CONGRESS.—The Comptroller General shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representative a report detailing each audit completed under paragraph (1).

(b) GAO REPORT.—The Comptroller General of the United States shall conduct a study and submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representative on the use of any funds appropriated to the Housing Assistance Council over the past 7 years.

SEC. 6304. PERSONS NOT LAWFULLY PRESENT IN THE UNITED STATES.

Aliens who are not lawfully present in the United States shall be ineligible for financial assistance under this subtitle, as provided and defined by section 214 of the Housing and Community Development Act of 1980 (42

U.S.C. 1436a). Nothing in this subtitle shall be construed to alter the restrictions or definitions in such section 214.

SEC. 6305. LIMITATION ON USE OF AUTHORIZED AMOUNTS.

None of the amounts authorized by this subtitle may be used to lobby or retain a lobbyist for the purpose of influencing a Federal, State, or local governmental entity or officer.

TITLE VII—RESEARCH AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

SEC. 7101. DEFINITIONS.

(a) IN GENERAL.—Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) in paragraph (4)—

(A) by redesignating subparagraphs (A) through (E) as clauses (i) through (v), respectively;

(B) by striking ''(4) The terms'' and inserting the following:

''(4) COLLEGE AND UNIVERSITY.—

''(A) IN GENERAL.—The terms''; and

(C) by adding at the end the following:

"(B) INCLUSIONS.—The terms 'college' and 'university' include a research foundation maintained by a college or university described in subparagraph (A).";

(2) by redesignating paragraphs (5) through (8), (9) through (11), (12) through (14), (15), (16), (17), and (18) as paragraphs (6) through (9), (11) through (13), (15) through (17), (20), (5), (18), and (19), respectively, and moving the paragraphs so as to appear in alphabetical and numerical order;

(3) in paragraph (9) (as redesignated by paragraph (2))—

(A) by striking "renewable natural resources" and inserting "renewable energy and natural resources"; and

(B) by striking subparagraph (F) and inserting the following:

"(F) Soil, water, and related resource conservation and improvement.";

(4) by inserting after paragraph (9) (as so redesignated) the following:

"(10) HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.—

"(A) IN GENERAL.—The term 'Hispanic-serving agricultural colleges and universities' means colleges or universities that—

"(i) qualify as Hispanic-serving institutions; and

"(ii) offer associate, bachelors, or other accredited degree programs in agriculture-related fields.

"(B) EXCEPTION.—The term 'Hispanic-serving agricultural colleges and universities' does not include 1862 institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)).";

(5) by striking paragraph (11) (as so redesignated) and inserting the following:

"(11) HISPANIC-SERVING INSTITUTION.—The term 'Hispanic-serving institution' has the meaning given the term in section 502 of the Higher Education Act of 1965 (20 U.S.C. 1101a)."; and

(6) by inserting after paragraph (13) (as so redesignated) the following:

"(14) NLGCA INSTITUTION; NON-LAND-GRANT COLLEGE OF AGRICULTURE.—

"(A) IN GENERAL.—The terms 'NLGCA Institution' and 'non-land-grant college of agriculture' mean a public college or university offering a baccalaureate or higher degree in the study of agriculture or forestry.

"(B) EXCLUSIONS.—The terms 'NLGCA Institution' and 'non-land-grant college of agriculture' do not include—

"(i) Hispanic-serving agricultural colleges and universities; or

"(ii) any institution designated under—

"(I) the Act of July 2, 1862 (commonly known as the 'First Morrill Act'; 7 U.S.C. 301 et seq.);

"(II) the Act of August 30, 1890 (commonly known as the 'Second Morrill Act') (7 U.S.C. 321 et seq.);

"(III) the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note); or

"(IV) Public Law 87–788 (commonly known as the 'McIntire-Stennis

Cooperative Forestry Act') (16 U.S.C. 582a et seq.).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 2(3) of the Research Facilities Act (7 U.S.C. 390(3)) is amended by striking ''section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8))'' and inserting ''section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)''.

(2) Section 2(k) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(k)) is amended in the second sentence by striking ''section 1404(17) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(17))'' and inserting ''section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)''.

(3) Section 18(a)(3)(B) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(3)(B)) is amended by striking ''section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(5)))'' and inserting ''section 1404 of the National Agricultural

Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103))''.

(4) Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended in the first sentence by striking ''section 1404(16) of this title'' and inserting ''section 1404(18)''.

(5) Section 1619(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5801(b)) is amended—

(A) in paragraph (1), by striking ''section 1404(17) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(17))'' and inserting ''section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)'';

(B) in paragraph (5), by striking ''section 1404(7) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(7))'' and inserting ''section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)''; and

(C) in paragraph (8), by striking ''section 1404(13) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(13))'' and inserting ''section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)''.

(6) Section 125(c)(1)(C) of Public Law 100–238 (5 U.S.C. 8432 note) is amended by striking ''section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(5))'' and inserting ''section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)''.

SEC. 7102. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

(a) IN GENERAL.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''31'' and inserting ''25''; and

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

"(3) MEMBERSHIP CATEGORIES.—The Advisory Board shall consist of members from each of the following categories:

"(A) 1 member representing a national farm organization.

"(B) 1 member representing farm cooperatives.

"(C) 1 member actively engaged in the production of a food animal commodity, recommended by a coalition of national livestock organizations.

"(D) 1 member actively engaged in the production of a plant commodity, recommended by a coalition of national crop organizations.

"(E) 1 member actively engaged in aquaculture, recommended by a coalition of national aquacultural organizations.

"(F) 1 member representing a national food animal science society.

"(G) 1 member representing a national crop, soil, agronomy, horticulture, plant pathology, or weed science society.

"(H) 1 member representing a national food science organization.

"(I) 1 member representing a national human health association.

"(J) 1 member representing a national nutritional science society.

"(K) 1 member representing the land-grant colleges and universities eligible to receive funds under the Act of July 2, 1862 (7 U.S.C. 301 et seq.).

"(L) 1 member representing the land-grant colleges and universities eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University.

"(M) 1 member representing the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)).

"(N) 1 member representing NLGCA Institutions.

"(O) 1 member representing Hispanic-serving institutions.

"(P) 1 member representing the American Colleges of Veterinary Medicine.

"(Q) 1 member engaged in the transportation of food and agricultural products to domestic and foreign markets.

"(R) 1 member representing food retailing and marketing interests.

"(S) 1 member representing food and fiber processors.

"(T) 1 member actively engaged in rural economic development.

"(U) 1 member representing a national consumer interest group.

"(V) 1 member representing a national forestry group.

"(W) 1 member representing a national conservation or natural resource group.

"(X) 1 member representing private sector organizations involved in international development.

"(Y) 1 member representing a national social science association.";

(2) in subsection (g)(1), by striking "$350,000" and inserting "$500,000"; and

(3) in subsection (h), by striking "2007" and inserting "2012".

(b) NO EFFECT ON TERMS.—Nothing in this section or any amendment made by this section affects the term of any member of the National Agricultural Research, Extension, Education, and Economics Advisory Board serving as of the date of enactment of this Act.

SEC. 7103. SPECIALTY CROP COMMITTEE REPORT.

Section 1408A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a(c)) is amended by adding at the end the following:

"(4) Analyses of changes in macroeconomic conditions, technologies, and policies on specialty crop production and consumption, with particular focus on the effect of those changes on the financial stability of producers.

"(5) Development of data that provide applied information useful to specialty crop growers, their associations, and other interested beneficiaries in evaluating that industry from a regional and national perspective.".

SEC. 7104. RENEWABLE ENERGY COMMITTEE.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1408A (7 U.S.C. 3123a) the following:

"SEC. 1408B. RENEWABLE ENERGY COMMITTEE.

"(a) INITIAL MEMBERS.—Not later than 90 days after the date of enactment of this section, the executive committee of the Advisory Board shall establish and appoint the initial members of a permanent renewable energy committee.

"(b) DUTIES.—The permanent renewable energy committee shall study the scope and effectiveness of research, extension, and economics programs affecting the renewable energy industry.

"(c) NONADVISORY BOARD MEMBERS.—

"(1) IN GENERAL.—An individual who is not a member of the Advisory Board may be appointed as a member of the renewable energy committee.

"(2) SERVICE.—A member of the renewable energy committee shall serve at the discretion of the executive committee.

"(d) REPORT BY RENEWABLE ENERGY COMMITTEE.—Not later than 180 days after the date of establishment of the renewable energy committee, and annually thereafter, the renewable energy committee shall submit to the Advisory Board a report that contains the findings and any recommendations of the renewable energy committee with respect to the study conducted under subsection (b).

"(e) CONSULTATION.—In carrying out the duties described in subsection (b), the renewable energy committee shall consult with the Biomass Research and Development Technical Advisory Committee established under section 9008(d) of the Biomass Research and Development Act of 2000 (7 U.S.C. 8605).

"(f) MATTERS TO BE CONSIDERED IN BUDGET RECOMMENDATION.—In preparing the annual budget recommendations for the Department, the Secretary shall take into consideration those findings and recommendations contained in the most recent report of the renewable energy committee under subsection (d) that are developed by the Advisory Committee.

"(g) REPORT BY THE SECRETARY.—In the budget material submitted to Congress by the Secretary in connection with the budget submitted pursuant to section 1105 of title 31, United States Code, for a fiscal year, the Secretary shall include a report that describes the ways in which the Secretary addressed each recommendation of the renewable energy committee described in subsection (f).".

SEC. 7105. VETERINARY MEDICINE LOAN REPAYMENT.

(a) IN GENERAL.—Section 1415A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151a) is amended—

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

"(b) DETERMINATION OF VETERINARIAN SHORTAGE SITUATIONS.—In determining 'veterinarian shortage situations', the Secretary may consider—

"(1) geographical areas that the Secretary determines have a shortage of veterinarians; and

"(2) areas of veterinary practice that the Secretary determines have a shortage of veterinarians, such as food animal medicine, public health, epidemiology, and food safety.";

(2) in subsection (c), by adding at the end the following:

"(8) PRIORITY.—In administering the program, the Secretary shall give priority to agreements with veterinarians for the practice of food animal medicine in veterinarian shortage situations.";

(3) by redesignating subsection (d) as subsection (f); and

(4) by inserting after subsection (c) the following:

"(d) USE OF FUNDS.—None of the funds appropriated to the Secretary under subsection (f) may be used to carry out section 5379 of title 5, United States Code.

"(e) REGULATIONS.—Notwithstanding subchapter II of chapter 5 of title 5, United States Code, not later than 270 days after the date of enactment of this subsection, the Secretary shall promulgate regulations to carry out this section.".

(b) DISAPPROVAL OF TRANSFER OF FUNDS.—Congress disapproves the transfer of funds from the Cooperative State Research, Education, and Extension Service to the Food Safety and Inspection Service described in the notice of use of funds for implementation of the veterinary medicine loan repayment program authorized by the National Veterinary Medical Service Act (72 Fed. Reg. 48609 (August 24, 2007)), and such funds shall be rescinded on the date of enactment of this Act and made available to the Secretary, without further appropriation or fiscal year limitation, for use only in accordance with section 1415A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151a) (as amended by subsection (a)).

SEC. 7106. ELIGIBILITY OF UNIVERSITY OF THE DISTRICT OF COLUMBIA FOR GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in the matter preceding paragraph (1) of subsection (b), by inserting ''(including the University of the District of Columbia)'' after ''land-grant colleges and universities''; and

(2) in subsection (d)(2), by inserting ''(including the University of the District of Columbia)'' after ''universities''.

SEC. 7107. GRANTS TO 1890 SCHOOLS TO EXPAND EXTENSION CAPACITY.

Section 1417(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(4)) is amended by striking ''teaching and research'' and inserting ''teaching, research, and extension''.

SEC. 7108. EXPANSION OF FOOD AND AGRICULTURAL SCIENCES AWARDS.

Section 1417(i) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(i)) is amended—

(1) in the subsection heading, by striking ''Teaching Awards'' and inserting ''Teaching, Extension, and Research Awards''; and

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

''(1) ESTABLISHMENT.—

''(A) IN GENERAL.—The Secretary shall establish a National Food and Agricultural Sciences Teaching, Extension, and Research Awards program to recognize and promote excellence in teaching, extension, and research in the food and agricultural sciences at a college or university.

''(B) MINIMUM REQUIREMENT.—The Secretary shall make at least 1 cash award in each fiscal year to a nominee selected by the Secretary for excellence in each of the areas of teaching, extension, and research of food and agricultural science at a college or university.''.

SEC. 7109. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) EDUCATION TEACHING PROGRAMS.—Section 1417(j) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(j)) is amended—

(1) in the subsection heading, by striking ''SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS'' and inserting ''SECONDARY EDUCATION, 2-YEAR POSTSECONDARY EDUCATION, AND AGRICULTURE IN THE K–12 CLASSROOM''; and

(2) in paragraph (3)—

(A) by striking ''secondary schools, and institutions of higher education that award an associate's degree'' and inserting ''secondary schools, institutions of higher education that award an associate's degree, other institutions of higher education, and nonprofit organizations'';

(B) in subparagraph (E), by striking ''and'' at the end;

(C) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(G) to support current agriculture in the classroom programs for grades K–12.''.

(b) REPORT.—Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) by redesignating subsection (l) as subsection (m); and

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

"(l) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a biennial report detailing the distribution of funds used to implement the teaching programs under subsection (j).".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 1417(m) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (as redesignated by subsection (b)(1)) is amended by striking "2007" and inserting "2012".

(d) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on October 1, 2008.

SEC. 7110. GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

(a) IN GENERAL.—Section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) is repealed.

(b) CONFORMING AMENDMENT.—Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking ''1419,''.

SEC. 7111. POLICY RESEARCH CENTERS.

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in subsection (a)(1), by inserting ''(including commodities, livestock, dairy, and specialty crops)'' after ''agricultural sectors'';

(2) in subsection (b), by inserting ''(including the Food Agricultural Policy Research Institute, the Agricultural and Food Policy Center, the Rural Policy Research Institute, and the National Drought Mitigation Center)'' after ''research institutions and organizations''; and

(3) in subsection (d), by striking ''2007'' and inserting ''2012''.

SEC. 7112. EDUCATION GRANTS TO ALASKA NATIVE-SERVING INSTITUTIONS AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.

Section 759 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (7 U.S.C. 3242)—

(1) is amended—

(A) in subsection (a)(3), by striking "2006" and inserting "2012"; and

(B) in subsection (b)—

(i) in paragraph (2)(A), by inserting before the semicolon at the end the following: ", including permitting consortia to designate fiscal agents for the members of the consortia and to allocate among the members funds made available under this section"; and

(ii) in paragraph (3), by striking "2006" and inserting "2012";

(2) is redesignated as section 1419B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977; and

(3) is moved so as to appear after section 1419A of that Act (7 U.S.C. 3155).

SEC. 7113. EMPHASIS OF HUMAN NUTRITION INITIATIVE.

Section 1424(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(b)) is amended—

(1) in paragraph (1), by striking "and,";

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

(3) by adding at the end the following:

"(3) proposals that examine the efficacy of current agriculture policies in promoting the health and welfare of economically disadvantaged populations;".

SEC. 7114. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking "2007" and inserting "2012".

SEC. 7115. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking "2007" and inserting "2012".

SEC. 7116. NUTRITION EDUCATION PROGRAM.

(a) IN GENERAL.—Section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175) is amended—

(1) by redesignating subsections (a) through (c) as subsections (b) through (d), respectively;

(2) by striking the section heading and designation and inserting the following:

"SEC. 1425. NUTRITION EDUCATION PROGRAM.

"(a) DEFINITION OF 1862 INSTITUTION AND 1890 INSTITUTION.—In this section, the terms '1862 Institution' and '1890 Institution' have the meaning given those terms in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601).";

(3) in subsection (b) (as redesignated by paragraph (1)), by striking "(b) The Secretary" and inserting the following:

"(b) ESTABLISHMENT.—The Secretary";

(4) in subsection (c) (as so redesignated), by striking "(c) In order to enable" and inserting the following:

"(c) EMPLOYMENT AND TRAINING.—To enable";

(5) in subsection (d) (as redesignated by paragraph (1))—

(A) by striking "(d) Beginning" and inserting the following:

"(d) ALLOCATION OF FUNDING.—Beginning";

(B) in paragraph (2), by striking subparagraph (B) and inserting the following:

"(B) Notwithstanding section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), the remainder shall be allocated among the States as follows:

"(i) $100,000 shall be distributed to each 1862 Institution and 1890 Institution.

"(ii) Subject to clause (iii), the remainder shall be allocated to each State in an amount that bears the same ratio to the total amount to be allocated under this clause as—

"(I) the population living at or below 125 percent of the income poverty guidelines (as prescribed by the Office of Management and Budget and as adjusted pursuant to section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) in the State; bears to

"(II) the total population living at or below 125 percent of those income poverty guidelines in all States;

as determined by the most recent decennial census at the time at which each such additional amount is first appropriated.

"(iii)(I) Before any allocation of funds under clause (ii), for any fiscal year for which the amount of funds appropriated

for the conduct of the expanded food and nutrition education program exceeds the amount of funds appropriated for the program for fiscal year 2007, the following percentage of such excess funds for the fiscal year shall be allocated to the 1890 Institutions in accordance with subclause (II):

"(aa) 10 percent for fiscal year 2009.

"(bb) 11 percent for fiscal year 2010.

"(cc) 12 percent for fiscal year 2011.

"(dd) 13 percent for fiscal year 2012.

"(ee) 14 percent for fiscal year 2013.

"(ff) 15 percent for fiscal year 2014 and for each fiscal year thereafter.

"(II) Funds made available under subclause (I) shall be allocated to each 1890 Institution in an amount that bears

the same ratio to the total amount to be allocated under this clause as—

"(aa) the population living at or below 125 percent of the income poverty guidelines (as prescribed by the Office of Management and Budget and as adjusted pursuant to section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) in the State in which the 1890 Institution is located; bears to

"(bb) the total population living at or below 125 percent of those income poverty guidelines in all States in which 1890 Institutions are located;

as determined by the most recent decennial census at the time at which each such additional amount is first appropriated.

"(iv) Nothing in this subparagraph precludes the Secretary from developing educational materials and programs for persons in income ranges above the level designated in this subparagraph."; and

(C) by striking paragraph (3); and

(6) by adding at the end the following:

"(e) COMPLEMENTARY ADMINISTRATION.—The Secretary shall ensure the complementary administration of the expanded food and nutrition education program by 1862 Institutions and 1890 Institutions in a State.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the expanded food and nutrition education program established under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), and this section $90,000,000 for each of fiscal years 2009 through 2012.".

(b) CONFORMING AMENDMENT.—Section 1588(b) of the Food Security Act of 1985 (7 U.S.C. 3175e(b)) is amended by striking "section 1425(c)(2)" and inserting "section 1425(d)(2)".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2008.

SEC. 7117. CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended in the first sentence by striking "2007" and inserting "2012".

SEC. 7118. COOPERATION AMONG ELIGIBLE INSTITUTIONS.

Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195) is amended by adding at the end the following:

''(g) COOPERATION AMONG ELIGIBLE INSTITUTIONS.—The Secretary, to the maximum extent practicable, shall encourage eligible institutions to cooperate in setting research priorities under this section through the conduct of regular regional and national meetings.''.

SEC. 7119. APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7120. ANIMAL HEALTH AND DISEASE RESEARCH PROGRAM.

Section 1434(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(b)) is amended by inserting after ''universities'' the following: ''(including 1890 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)))''.

SEC. 7121. AUTHORIZATION LEVEL FOR EXTENSION AT 1890 LAND-GRANT COLLEGES.

Section 1444(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)(2)) is amended by striking ''15 percent'' and inserting ''20 percent''.

SEC. 7122. AUTHORIZATION LEVEL FOR AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES.

Section 1445(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)(2)) is amended by striking ''25 percent'' and inserting ''30 percent''.

SEC. 7123. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7124. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AT THE DISTRICT OF COLUMBIA LAND-GRANT UNIVERSITY.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1447 (7 U.S.C. 3222b) the following:

"SEC. 1447A. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AT THE DISTRICT OF COLUMBIA LAND-GRANT UNIVERSITY.

''(a) PURPOSE.—It is the intent of Congress to assist the land-grant university in the District of Columbia established under section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) in efforts to acquire, alter, or repair facilities or relevant equipment necessary for conducting agricultural research.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $750,000 for each of fiscal years 2008 through 2012.''.

SEC. 7125. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AND EQUIPMENT AT INSULAR AREA LAND-GRANT INSTITUTIONS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1447A (as added by section 7124) the following:

"SEC. 1447B. GRANTS TO UPGRADE AGRICULTURE AND FOOD SCIENCES FACILITIES AND EQUIPMENT AT INSULAR AREA LAND-GRANT INSTITUTIONS.

"(a) PURPOSE.—It is the intent of Congress to assist the land-grant institutions in the insular areas in efforts to acquire, alter, or repair facilities or relevant equipment necessary for conducting agricultural research.

"(b) METHOD OF AWARDING GRANTS.—Grants awarded pursuant to this section shall be made in such amounts and under such terms and conditions as the Secretary determines necessary to carry out the purposes of this section.

"(c) REGULATIONS.—The Secretary may promulgate such rules and regulations as the Secretary considers to be necessary to carry out this section.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $8,000,000 for each of fiscal years 2008 through 2012.".

SEC. 7126. NATIONAL RESEARCH AND TRAINING VIRTUAL CENTERS.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking "2007" each place it appears in subsections (a)(1) and (f) and inserting "2012".

SEC. 7127. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES OF 1890 INSTITUTIONS.

Section 1449(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d(c)) is amended—

(1) in the first sentence—

(A) by striking ''for each of fiscal years 2003 through 2007,''; and

(B) by inserting ''equal'' before ''matching''; and

(2) by striking the second sentence and all that follows through paragraph (5).

SEC. 7128. HISPANIC-SERVING INSTITUTIONS.

Section 1455 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241) is amended—

(1) in subsection (a) by striking ''(or grants without regard to any requirement for competition)'';

(2) in subsection (b)(1), by striking ''of consortia''; and

(3) in subsection (c)—

(A) by striking ''$20,000,000'' and inserting ''$40,000,000''; and

(B) by striking ''2007'' and inserting ''2012''.

SEC. 7129. HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.

(a) IN GENERAL.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1455 (7 U.S.C. 3241) the following:

''SEC. 1456. HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.

''(a) DEFINITION OF ENDOWMENT FUND.—In this section, the term 'endowment fund' means the Hispanic-Serving Agricultural Colleges and Universities Fund established under subsection (b).

''(b) ENDOWMENT.—

''(1) IN GENERAL.—The Secretary of the Treasury shall establish in accordance with this subsection a Hispanic-Serving Agricultural Colleges and Universities Fund.

''(2) AGREEMENTS.—The Secretary of the Treasury may enter into such agreements as are necessary to carry out this subsection.

''(3) DEPOSIT TO THE ENDOWMENT FUND.—The Secretary of the Treasury shall deposit in the endowment fund any—

"(A) amounts made available through Acts of appropriations, which shall be the endowment fund corpus; and

"(B) interest earned on the endowment fund corpus.

"(4) INVESTMENTS.—The Secretary of the Treasury shall invest the endowment fund corpus and income in interest-bearing obligations of the United States.

"(5) WITHDRAWALS AND EXPENDITURES.—

"(A) CORPUS.—The Secretary of the Treasury may not make a withdrawal or expenditure from the endowment fund corpus.

"(B) WITHDRAWALS.—On September 30, 2008, and each September 30 thereafter, the Secretary of the Treasury shall withdraw the amount of the income from the endowment fund for the fiscal year and warrant the funds to the Secretary of Agriculture who, after making adjustments for the cost of administering the endowment fund, shall distribute the adjusted income as follows:

"(i) 60 percent shall be distributed among the Hispanic-serving agricultural colleges and universities on a pro rata

basis based on the Hispanic enrollment count of each institution.

"(ii) 40 percent shall be distributed in equal shares to the Hispanic-serving agricultural colleges and universities.

"(6) ENDOWMENTS.—Amounts made available under this subsection shall be held and considered to be granted to Hispanic-serving agricultural colleges and universities to establish an endowment in accordance with this subsection.

"(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection for fiscal year 2008 and each fiscal year thereafter.

"(c) AUTHORIZATION FOR ANNUAL PAYMENTS.—

"(1) IN GENERAL.—For fiscal year 2008 and each fiscal year thereafter, there are authorized to be appropriated to the Department of Agriculture to carry out this subsection an amount equal to the product obtained by multiplying—

"(A) $80,000; by

"(B) the number of Hispanic-serving agricultural colleges and universities.

"(2) PAYMENTS.—For fiscal year 2008 and each fiscal year thereafter, the Secretary of the Treasury shall pay to the treasurer of each Hispanic-serving agricultural college and university an amount equal to—

"(A) the total amount made available by appropriations under paragraph (1); divided by

"(B) the number of Hispanic-serving agricultural colleges and universities.

"(3) USE OF FUNDS.—

"(A) IN GENERAL.—Amounts authorized to be appropriated under this subsection shall be used in the same manner as is prescribed for colleges under the Act of August 30, 1890 (commonly known as the 'Second Morrill Act') (7 U.S.C. 321 et seq.).

"(B) RELATIONSHIP TO OTHER LAW.—Except as otherwise provided in this subsection, the requirements of that Act shall apply to Hispanic-serving agricultural colleges and universities under this section.

"(d) INSTITUTIONAL CAPACITY-BUILDING GRANTS.—

"(1) IN GENERAL.—For fiscal year 2008 and each fiscal year thereafter, the Secretary shall make

grants to assist Hispanic-serving agricultural colleges and universities in institutional capacity building (not including alteration, repair, renovation, or construction of buildings).

"(2) CRITERIA FOR INSTITUTIONAL CAPACITY-BUILDING GRANTS.—

"(A) REQUIREMENTS FOR GRANTS.—The Secretary shall make grants under this subsection on the basis of a competitive application process under which Hispanic-serving agricultural colleges and universities may submit applications to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(B) DEMONSTRATION OF NEED.—

"(i) IN GENERAL.—As part of an application for a grant under this subsection, the Secretary shall require the applicant to demonstrate need for the grant, as determined by the Secretary.

"(ii) OTHER SOURCES OF FUNDING.—The Secretary may award a grant under this subsection only to an applicant that demonstrates a failure to obtain funding

for a project after making a reasonable effort to otherwise obtain the funding.

"(C) PAYMENT OF NON-FEDERAL SHARE.—A grant awarded under this subsection shall be made only if the recipient of the grant pays a non-Federal share in an amount that is specified by the Secretary and based on assessed institutional needs.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection for fiscal year 2008 and each fiscal year thereafter.

"(e) COMPETITIVE GRANTS PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a competitive grants program to fund fundamental and applied research at Hispanic-serving agricultural colleges and universities in agriculture, human nutrition, food science, bioenergy, and environmental science.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection for fiscal year 2008 and each fiscal year thereafter.".

(b) EXTENSION.—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended—

(1) in subsection (b), by adding at the end the following:

"(4) ANNUAL APPROPRIATION FOR HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.—

"(A) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary for payments to Hispanic-serving agricultural colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) such sums as are necessary to carry out this paragraph for fiscal year 2008 and each fiscal year thereafter, to remain available until expended.

"(B) ADDITIONAL AMOUNT.—Amounts made available under this paragraph shall be in addition to any other amounts made available under this section to States, the Commonwealth of Puerto Rico, Guam, or the United States Virgin Islands.

"(C) ADMINISTRATION.—Amounts made available under this paragraph shall be—

"(i) distributed on the basis of a competitive application process to be developed and implemented by the Secretary;

"(ii) paid by the Secretary to the State institutions established in accordance with the Act of July 2, 1862 (commonly known as the 'First Morrill Act') (7 U.S.C. 301 et seq.); and

"(iii) administered by State institutions through cooperative agreements with the Hispanic-serving agricultural colleges and universities in the State in accordance with regulations promulgated by the Secretary."; and

(2) in subsection (f)—

(A) in the subsection heading, by inserting "AND HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES" after "1994 INSTITUTIONS"; and

(B) by striking "pursuant to subsection (b)(3)" and inserting "or Hispanic-serving agricultural colleges and universities in accordance with paragraphs (3) and (4) of subsection (b)".

(c) CONFORMING AMENDMENTS.—

(1) Section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601) is amended—

(A) by redesignating paragraph (6) as paragraph (7); and

(B) by inserting after paragraph (5) the following:

''(6) HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.—The term 'Hispanic-serving agricultural colleges and universities' has the meaning given the term in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103).''.

(2) Section 102(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(c)) is amended—

(A) in the subsection heading, by inserting ''AND HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES'' after ''INSTITUTIONS''; and

(B) in paragraph (1), by striking '' and 1994 Institution'' and inserting ''1994 Institution, and Hispanic-serving agricultural college and university''.

(3) Section 103(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(e)) is amended by adding at the end the following:

"(3) HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.—To be eligible to obtain agricultural extension funds from the Secretary for an activity, each Hispanic-serving agricultural college and university shall—

"(A) establish a process for merit review of the activity; and

"(B) review the activity in accordance with such process.".

(4) Section 406(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(b)) is amended by striking "and 1994 Institutions" and inserting ", 1994 Institutions, and Hispanic-serving agricultural colleges and universities".

SEC. 7130. INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) in paragraph (1)—

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

(B) in subparagraph (B), by adding ''and'' at the end; and

(C) by adding at the end the following:

''(C) giving priority to those institutions with existing memoranda of understanding, agreements, or other formal ties to United States institutions, or Federal or State agencies;'';

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

''(3) enter into agreements with land-grant colleges and universities, Hispanic-serving agricultural colleges and universities, the Agency for International Development, and international organizations (such as the United Nations, the World Bank, regional development banks, international agricultural research centers), or other organizations, institutions, or individuals with comparable goals, to promote and support—

''(A) the development of a viable and sustainable global agricultural system;

''(B) antihunger and improved international nutrition efforts; and

"(C) increased quantity, quality, and availability of food;";

(3) in paragraph (7)(A), by striking "and land-grant colleges and universities" and inserting ", land-grant colleges and universities, and Hispanic-serving agricultural colleges and universities";

(4) in paragraph (9)—

(A) in subparagraph (A), by striking "or other colleges and universities" and inserting ", Hispanic-serving agricultural colleges and universities, or other colleges and universities"; and

(B) in subparagraph (D), by striking "and" at the end;

(5) in paragraph (10), by striking the period at the end and inserting "; and"; and

(6) by adding at the end the following:

"(11) establish a program for the purpose of providing fellowships to United States or foreign students to study at foreign agricultural colleges and universities working under agreements provided for under paragraph (3).".

SEC. 7131. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7132. ADMINISTRATION.

(a) LIMITATION ON INDIRECT COSTS FOR AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION PROGRAMS.—Section 1462(a) of the National Agriculture Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310(a)) is amended—

(1) by striking ''a competitive'' and inserting ''any''; and

(2) by striking ''19 percent'' and inserting ''22 percent''.

(b) AUDITING, REPORTING, BOOKKEEPING, AND ADMINISTRATIVE REQUIREMENTS.—Section 1469(a)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3315(a)(3)) is amended by striking ''appropriated'' and inserting ''made available''.

SEC. 7133. RESEARCH EQUIPMENT GRANTS.

Section 1462A(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7

U.S.C. 3310a(e)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7134. UNIVERSITY RESEARCH.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by striking ''2007'' each place it appears in subsections (a) and (b) and inserting ''2012''.

SEC. 7135. EXTENSION SERVICE.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7136. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7137. NEW ERA RURAL TECHNOLOGY PROGRAM.

Subtitle K of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) is amended by adding at the end the following:

''SEC. 1473E. NEW ERA RURAL TECHNOLOGY PROGRAM.

''(a) DEFINITION OF COMMUNITY COLLEGE.—In this section, the term 'community college' means an institution

of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001))—

"(1) that admits as regular students individuals who—

"(A) are beyond the age of compulsory school attendance in the State in which the institution is located; and

"(B) have the ability to benefit from the training offered by the institution;

"(2) that does not provide an educational program for which the institution awards a bachelor's degree or an equivalent degree; and

"(3) that—

"(A) provides an educational program of not less than 2 years that is acceptable for full credit toward such a degree; or

"(B) offers a 2-year program in engineering, technology, mathematics, or the physical, chemical, or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

1 "(b) FUNCTIONS.—

2 "(1) ESTABLISHMENT.—

3 "(A) IN GENERAL.—The Secretary shall
4 establish a program to be known as the 'New
5 Era Rural Technology Program', to make
6 grants available for technology development, ap-
7 plied research, and training to aid in the devel-
8 opment of an agriculture-based renewable en-
9 ergy workforce.

10 "(B) SUPPORT.—The initiative under this
11 section shall support the fields of—

12 "(i) bioenergy;

13 "(ii) pulp and paper manufacturing;
14 and

15 "(iii) agriculture-based renewable en-
16 ergy resources.

17 "(2) REQUIREMENTS FOR FUNDING.—To re-
18 ceive funding under this section, an entity shall—

19 "(A) be a community college or advanced
20 technological center, located in a rural area and
21 in existence on the date of the enactment of
22 this section, that participates in agricultural or
23 bioenergy research and applied research;

24 "(B) have a proven record of development
25 and implementation of programs to meet the

needs of students, educators, and business and industry to supply the agriculture-based, renewable energy or pulp and paper manufacturing fields with certified technicians, as determined by the Secretary; and

"(C) have the ability to leverage existing partnerships and occupational outreach and training programs for secondary schools, 4-year institutions, and relevant nonprofit organizations.

"(c) GRANT PRIORITY.—In providing grants under this section, the Secretary shall give preference to eligible entities working in partnership—

"(1) to improve information-sharing capacity; and

"(2) to maximize the ability to meet the requirements of this section.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.".

SEC. 7138. CAPACITY BUILDING GRANTS FOR NLGCA INSTITUTIONS.

Subtitle K of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310

et seq.) (as amended by section 7137) is amended by adding at the end the following:

"SEC. 1473F. CAPACITY BUILDING GRANTS FOR NLGCA INSTITUTIONS.

"(a) GRANT PROGRAM.—

"(1) IN GENERAL.—The Secretary shall make competitive grants to NLGCA Institutions to assist the NLGCA Institutions in maintaining and expanding the capacity of the NLGCA Institutions to conduct education, research, and outreach activities relating to—

"(A) agriculture;

"(B) renewable resources; and

"(C) other similar disciplines.

"(2) USE OF FUNDS.—An NLGCA Institution that receives a grant under paragraph (1) may use the funds made available through the grant to maintain and expand the capacity of the NLGCA Institution—

"(A) to successfully compete for funds from Federal grants and other sources to carry out educational, research, and outreach activities that address priority concerns of national, regional, State, and local interest;

"(B) to disseminate information relating to priority concerns to—

"(i) interested members of the agriculture, renewable resources, and other relevant communities;

"(ii) the public; and

"(iii) any other interested entity;

"(C) to encourage members of the agriculture, renewable resources, and other relevant communities to participate in priority education, research, and outreach activities by providing matching funding to leverage grant funds; and

"(D) through—

"(i) the purchase or other acquisition of equipment and other infrastructure (not including alteration, repair, renovation, or construction of buildings);

"(ii) the professional growth and development of the faculty of the NLGCA Institution; and

"(iii) the development of graduate assistantships.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section

such sums as are necessary for each of fiscal years 2008 through 2012.''.

SEC. 7139. BORLAUG INTERNATIONAL AGRICULTURAL SCIENCE AND TECHNOLOGY FELLOWSHIP PROGRAM.

Subtitle K of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310 et seq.) (as amended by section 7138) is amended by adding at the end the following:

''SEC. 1473G. BORLAUG INTERNATIONAL AGRICULTURAL SCIENCE AND TECHNOLOGY FELLOWSHIP PROGRAM.

''(a) FELLOWSHIP PROGRAM.—

''(1) IN GENERAL.—The Secretary shall establish a fellowship program, to be known as the 'Borlaug International Agricultural Science and Technology Fellowship Program,' to provide fellowships for scientific training and study in the United States to individuals from eligible countries (as described in subsection (b)) who specialize in agricultural education, research, and extension.

''(2) PROGRAMS.—The Secretary shall carry out the fellowship program by implementing 3 programs designed to assist individual fellowship recipients, including—

"(A) a graduate studies program in agriculture to assist individuals who participate in graduate agricultural degree training at a United States institution;

"(B) an individual career improvement program to assist agricultural scientists from developing countries in upgrading skills and understanding in agricultural science and technology; and

"(C) a Borlaug agricultural policy executive leadership course to assist senior agricultural policy makers from eligible countries, with an initial focus on individuals from sub-Saharan Africa and the independent states of the former Soviet Union.

"(b) ELIGIBLE COUNTRIES.—An eligible country is a developing country, as determined by the Secretary using a gross national income per capita test selected by the Secretary.

"(c) PURPOSE OF FELLOWSHIPS.—A fellowship provided under this section shall—

"(1) promote food security and economic growth in eligible countries by—

"(A) educating a new generation of agricultural scientists;

"(B) increasing scientific knowledge and collaborative research to improve agricultural productivity; and

"(C) extending that knowledge to users and intermediaries in the marketplace; and

"(2) shall support—

"(A) training and collaborative research opportunities through exchanges for entry level international agricultural research scientists, faculty, and policymakers from eligible countries;

"(B) collaborative research to improve agricultural productivity;

"(C) the transfer of new science and agricultural technologies to strengthen agricultural practice; and

"(D) the reduction of barriers to technology adoption.

"(d) FELLOWSHIP RECIPIENTS.—

"(1) ELIGIBLE CANDIDATES.—The Secretary may provide fellowships under this section to individuals from eligible countries who specialize or have experience in agricultural education, research, extension, or related fields, including—

"(A) individuals from the public and private sectors; and

"(B) private agricultural producers.

"(2) CANDIDATE IDENTIFICATION.—The Secretary shall use the expertise of United States land-grant colleges and universities and similar universities, international organizations working in agricultural research and outreach, and national agricultural research organizations to help identify program candidates for fellowships under this section from the public and private sectors of eligible countries.

"(e) USE OF FELLOWSHIPS.—A fellowship provided under this section shall be used—

"(1) to promote collaborative programs among agricultural professionals of eligible countries, agricultural professionals of the United States, the international agricultural research system, and, as appropriate, United States entities conducting research; and

"(2) to support fellowship recipients through programs described in subsection (a)(2).

"(f) PROGRAM IMPLEMENTATION.—The Secretary shall provide for the management, coordination, evaluation, and monitoring of the Borlaug International Agricultural Science and Technology Fellowship Program and for

the individual programs described in subsection (a)(2), except that the Secretary may contract out to 1 or more collaborating universities the management of 1 or more of the fellowship programs.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section, to remain available until expended.".

SEC. 7140. AQUACULTURE ASSISTANCE PROGRAMS.

Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking "2007" and inserting "2012".

SEC. 7141. RANGELAND RESEARCH GRANTS.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking "2007" and inserting "2012".

SEC. 7142. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

Section 1484(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3351(a)) is amended by striking "2007" and inserting "2012".

SEC. 7143. RESIDENT INSTRUCTION AND DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA INSTITUTIONS OF HIGHER EDUCATION.

(a) DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.—Section 1490(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(f)) is amended by striking ''2007'' and inserting ''2012''.

(b) RESIDENT INSTRUCTION GRANTS FOR INSULAR AREAS.—Section 1491 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363) is amended—

(1) by redesignating subsection (e) as subsection (c); and

(2) in subsection (c) (as so redesignated), by striking ''2007'' and inserting ''2012''.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 7201. NATIONAL GENETICS RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7202. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amend-

ed by striking ''1991 through 1997'' and inserting ''2008 through 2012''.

SEC. 7203. PARTNERSHIPS.

Section 1672(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(d)) is amended by striking ''may'' and inserting ''shall''.

SEC. 7204. HIGH-PRIORITY RESEARCH AND EXTENSION AREAS.

(a) IN GENERAL.—Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) in subsection (e)—

(A) in paragraph (3), by striking ''and controlling aflatoxin in the food and feed chains.'' and inserting '', improving, and eventually commercializing, alfatoxin controls in corn and other affected agricultural products and crops.'';

(B) by striking paragraphs (1), (4), (7), (8), (15), (17), (21), (23), (26), (27), (32), (34), (41), (42), (43), and (45);

(C) by redesignating paragraphs (2), (3), (5), (6), (9) through (14), (16), (18) through (20), (22), (24), (25), (28) through (31), (33),

(35) through (40), and (44) as paragraphs (1) through (29), respectively; and

(D) by adding at the end the following:

"(30) AIR EMISSIONS FROM LIVESTOCK OPERATIONS.—Research and extension grants may be made under this section for the purpose of conducting field verification tests and developing mitigation options for air emissions from animal feeding operations.

"(31) SWINE GENOME PROJECT.—Research grants may be made under this section to conduct swine genome research, including the mapping of the swine genome.

"(32) CATTLE FEVER TICK PROGRAM.—Research and extension grants may be made under this section to study cattle fever ticks to facilitate understanding of the role of wildlife in the persistence and spread of cattle fever ticks, to develop advanced methods for eradication of cattle fever ticks, and to improve management of diseases relating to cattle fever ticks that are associated with wildlife, livestock, and human health.

"(33) SYNTHETIC GYPSUM.—Research and extension grants may be made under this section to

study the uses of synthetic gypsum from electric power plants to remediate soil and nutrient losses.

"(34) CRANBERRY RESEARCH PROGRAM.—Research and extension grants may be made under this section to study new technologies to assist cranberry growers in complying with Federal and State environmental regulations, increase production, develop new growing techniques, establish more efficient growing methodologies, and educate cranberry producers about sustainable growth practices.

"(35) SORGHUM RESEARCH INITIATIVE.—Research and extension grants may be made under this section to study the use of sorghum as a bioenergy feedstock, promote diversification in, and the environmental benefits of sorghum production, and promote water conservation through the use of sorghum.

"(36) MARINE SHRIMP FARMING PROGRAM.—Research and extension grants may be made under this section to establish a research program to advance and maintain a domestic shrimp farming industry in the United States.

"(37) TURFGRASS RESEARCH INITIATIVE.—Research and extension grants may be made under this section to study the production of turfgrass (includ-

ing the use of water, fertilizer, pesticides, fossil fuels, and machinery for turf establishment and maintenance) and environmental protection and enhancement relating to turfgrass production.

"(38) AGRICULTURAL WORKER SAFETY RESEARCH INITIATIVE.—Research and extension grants may be made under this section—

"(A) to study and demonstrate methods to minimize exposure of farm and ranch owners and operators, pesticide handlers, and agricultural workers to pesticides, including research addressing the unique concerns of farm workers resulting from long-term exposure to pesticides; and

"(B) to develop rapid tests for on-farm use to better inform and educate farmers, ranchers, and farm and ranch workers regarding safe field re-entry intervals.

"(39) HIGH PLAINS AQUIFER REGION.—Research and extension grants may be made under this section to carry out interdisciplinary research relating to diminishing water levels and increased demand for water in the High Plains aquifer region.

"(40) DEER INITIATIVE.—Research and extension grants may be made under this section to sup-

port collaborative research focusing on the development of viable strategies for the prevention, diagnosis, and treatment of infectious, parasitic, and toxic diseases of farmed deer and the mapping of the deer genome.

"(41) PASTURE-BASED BEEF SYSTEMS RESEARCH INITIATIVE.—Research and extension grants may be made under this section to study the development of forage sequences and combinations for cow-calf, heifer development, stocker, and finishing systems, to deliver optimal nutritive value for efficient production of cattle for pasture finishing, to optimize forage systems to improve marketability of pasture-finished beef, and to assess the effect of forage quality on reproductive fitness.

"(42) AGRICULTURAL PRACTICES RELATING TO CLIMATE CHANGE.—Research and extension grants may be made under this section for field and laboratory studies that examine the ecosystem from gross to minute scales and for projects that explore the relationship of agricultural practices to climate change.

"(43) BRUCELLOSIS CONTROL AND ERADICATION.—Research and extension grants may be made under this section to conduct research relating

to the development of vaccines and vaccine delivery systems to effectively control and eliminate brucellosis in wildlife, and to assist with the controlling of the spread of brucellosis from wildlife to domestic animals.

"(44) BIGHORN AND DOMESTIC SHEEP DISEASE MECHANISMS.—Research and extension grants may be made under this section to conduct research relating to the health status of (including the presence of infectious diseases in) bighorn and domestic sheep under range conditions.

"(45) AGRICULTURAL DEVELOPMENT IN THE AMERICAN-PACIFIC REGION.—Research and extension grants may be made under this section to support food and agricultural science at a consortium of land-grant institutions in the American-Pacific region.

"(46) TROPICAL AND SUBTROPICAL AGRICULTURAL RESEARCH.—Research grants may be made under this section, in equal dollar amounts to the Caribbean and Pacific Basins, to support tropical and subtropical agricultural research, including pest and disease research, at the land-grant institutions in the Caribbean and Pacific regions.

"(47) VIRAL HEMORRHAGIC SEPTICEMIA.—Research and extension grants may be made under this section to study—

"(A) the effects of viral hemorrhagic septicemia (referred to in this paragraph as 'VHS') on freshwater fish throughout the natural and expanding range of VHS; and

"(B) methods for transmission and human-mediated transport of VHS among waterbodies.

"(48) FARM AND RANCH SAFETY.—Research and extension grants may be made under this section to carry out projects to decrease the incidence of injury and death on farms and ranches, including—

"(A) on-site farm or ranch safety reviews;

"(B) outreach and dissemination of farm safety research and interventions to agricultural employers, employees, youth, farm and ranch families, seasonal workers, or other individuals; and

"(C) agricultural safety education and training.

"(49) WOMEN AND MINORITIES IN STEM FIELDS.—Research and extension grants may be

made under this section to increase participation by women and underrepresented minorities from rural areas in the fields of science, technology, engineering, and mathematics, with priority given to eligible institutions that carry out continuing programs funded by the Secretary.

"(50) ALFALFA AND FORAGE RESEARCH PROGRAM.—Research and extension grants may be made under this section for the purpose of studying improvements in alfalfa and forage yields, biomass and persistence, pest pressures, the bioenergy potential of alfalfa and other forages, and systems to reduce losses during harvest and storage.

"(51) FOOD SYSTEMS VETERINARY MEDICINE.—Research grants may be made under this section to address health issues that affect food-producing animals, food safety, and the environment, and to improve information resources, curriculum, and clinical education of students with respect to food animal veterinary medicine and food safety.

"(52) BIOCHAR RESEARCH.—Grants may be made under this section for research, extension, and integrated activities relating to the study of biochar production and use, including considerations of agronomic and economic impacts, synergies of coproduc-

tion with bioenergy, and the value of soil enhancements and soil carbon sequestration.'';

(2) by redesignating subsection (h) as subsection (j);

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

''(h) POLLINATOR PROTECTION.—

''(1) RESEARCH AND EXTENSION.—

''(A) GRANTS.—Research and extension grants may be made under this section—

''(i) to survey and collect data on bee colony production and health;

''(ii) to investigate pollinator biology, immunology, ecology, genomics, and bioinformatics;

''(iii) to conduct research on various factors that may be contributing to or associated with colony collapse disorder, and other serious threats to the health of honey bees and other pollinators, including—

''(I) parasites and pathogens of pollinators; and

''(II) the sublethal effects of insecticides, herbicides, and fungicides

on honey bees and native and managed pollinators;

"(iv) to develop mitigative and preventative measures to improve native and managed pollinator health; and

"(v) to promote the health of honey bees and native pollinators through habitat conservation and best management practices.

"(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $10,000,000 for each of fiscal years 2008 through 2012.

"(2) DEPARTMENT OF AGRICULTURE CAPACITY AND INFRASTRUCTURE.—

"(A) IN GENERAL.—The Secretary shall, to the maximum extent practicable, increase the capacity and infrastructure of the Department—

"(i) to address colony collapse disorder and other long-term threats to pollinator health, including the hiring of additional personnel; and

"(ii) to conduct research on colony collapse disorder and other pollinator issues at the facilities of the Department.

"(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $7,250,000 for each of fiscal years 2008 through 2012.

"(3) HONEY BEE PEST AND PATHOGEN SURVEILLANCE.—There is authorized to be appropriated to conduct a nationwide honey bee pest and pathogen surveillance program $2,750,000 for each of fiscal years 2008 through 2012.

"(4) ANNUAL REPORT ON RESPONSE TO HONEY BEE COLONY COLLAPSE DISORDER.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report describing the progress made by the Department of Agriculture in—

"(A) investigating the cause or causes of honey bee colony collapse; and

"(B) finding appropriate strategies to reduce colony loss.

"(i) REGIONAL CENTERS OF EXCELLENCE.—

"(1) ESTABLISHMENT.—The Secretary shall prioritize regional centers of excellence established for specific agricultural commodities for the receipt of funding under this section.

"(2) COMPOSITION.—A regional center of excellence shall be composed of 1 or more colleges and universities (including land-grant institutions, schools of forestry, schools of veterinary medicine, or NLGCA Institutions (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103))) that provide financial support to the regional center of excellence.

"(3) CRITERIA FOR REGIONAL CENTERS OF EXCELLENCE.—The criteria for consideration to be a regional center of excellence shall include efforts—

"(A) to ensure coordination and cost-effectiveness by reducing unnecessarily duplicative efforts regarding research, teaching, and extension;

"(B) to leverage available resources by using public/private partnerships among agricultural industry groups, institutions of higher education, and the Federal Government;

"(C) to implement teaching initiatives to increase awareness and effectively disseminate solutions to target audiences through extension activities;

"(D) to increase the economic returns to rural communities by identifying, attracting, and directing funds to high-priority agricultural issues; and

"(E) to improve teaching capacity and infrastructure at colleges and universities (including land-grant institutions, schools of forestry, and schools of veterinary medicine)."; and

(4) in subsection (j) (as redesignated by paragraph (2)), by striking "2007" and inserting "2012".

(b) CONFORMING AMENDMENTS.—Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) in the first sentence of subsection (a), by striking "(e), (f), and (g)" and inserting "(e) through (i)"; and

(2) in subsection (b)—

(A) in paragraph (1), by striking "paragraphs (1), (6), (7), and (11)" and inserting "paragraphs (4), (7), (8), and (11)(B)"; and

(B) in paragraph (2), by striking ''subsection (e)'' and inserting ''subsections (e) through (i)''.

SEC. 7205. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a) is amended—

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

''(1) IN GENERAL.—Paragraphs (4), (7), (8), and (11)(B) of subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) shall apply with respect to the making of grants under this section.'';

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

''(d) PRIORITY.—Following the completion of a peer review process for grant proposals received under this section, the Secretary shall give priority to those grant proposals that involve—

''(1) the cooperation of multiple entities; and

''(2) States or regions with a high concentration of livestock, dairy, or poultry operations.'';

(3) in subsection (e)—

(A) in paragraph (1)(B), by inserting ''and dairy and beef cattle waste'' after ''swine waste''; and

(B) by striking paragraph (5) and inserting the following:

''(5) ALTERNATIVE USES AND RENEWABLE ENERGY.—Research and extension grants may be made under this section for the purpose of finding innovative methods and technologies to allow agricultural operators to make use of animal waste, such as use as fertilizer, methane digestion, composting, and other useful byproducts.'';

(4) by redesignating subsection (g) as subsection (f); and

(5) in subsection (f) (as so redesignated), by striking ''2007'' and inserting ''2012''.

SEC. 7206. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

(a) IN GENERAL.—Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) (commonly known as the ''Organic Agriculture Research and Extension Initiative'') is amended—

(1) in subsection (a)—

(A) in paragraph (5), by striking ''and'' after the semicolon;

(B) in paragraph (6), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(7) examining optimal conservation and environmental outcomes relating to organically produced agricultural products; and

''(8) developing new and improved seed varieties that are particularly suited for organic agriculture.''; and

(2) by adding at the end the following:

''(f) FUNDING.—

''(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

''(A) $18,000,000 for fiscal year 2009; and

''(B) $20,000,000 for each of fiscal years 2010 through 2012.

''(2) ADDITIONAL FUNDING.—In addition to amounts made available under paragraph (1), there is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2009 through 2012.''.

(b) COORDINATION.—In carrying out the amendment made by this section, the Secretary shall ensure that the Division Chief of the applicable Research, Education, and

Extension Office established under section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) coordinates projects and activities under this section to ensure, to the maximum extent practicable, that unnecessary duplication of effort is eliminated or minimized.

SEC. 7207. AGRICULTURAL BIOENERGY FEEDSTOCK AND ENERGY EFFICIENCY RESEARCH AND EXTENSION INITIATIVE.

Title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5801 et seq.) is amended by inserting after section 1672B (7 U.S.C. 5925b) the following:

"SEC. 1672C. AGRICULTURAL BIOENERGY FEEDSTOCK AND ENERGY EFFICIENCY RESEARCH AND EXTENSION INITIATIVE.

''(a) ESTABLISHMENT AND PURPOSE.—There is established within the Department of Agriculture an agricultural bioenergy feedstock and energy efficiency research and extension initiative (referred to in this section as the 'Initiative') for the purpose of enhancing the production of biomass energy crops and the energy efficiency of agricultural operations.

''(b) COMPETITIVE RESEARCH AND EXTENSION GRANTS AUTHORIZED.—In carrying out this section, the

Secretary shall make competitive grants to support research and extension activities specified in subsections (c) and (d).

"(c) AGRICULTURAL BIOENERGY FEEDSTOCK RESEARCH AND EXTENSION AREAS.—

"(1) IN GENERAL.—Agricultural bioenergy feedstock research and extension activities funded under the Initiative shall focus on improving agricultural biomass production, biomass conversion in biorefineries, and biomass use by—

"(A) supporting on-farm research on crop species, nutrient requirements, management practices, environmental impacts, and economics;

"(B) supporting the development and operation of on-farm, integrated biomass feedstock production systems;

"(C) leveraging the broad scientific capabilities of the Department of Agriculture and other entities in—

"(i) plant genetics and breeding;

"(ii) crop production;

"(iii) soil and water science;

"(iv) use of agricultural waste; and

"(v) carbohydrate, lipid, protein, and lignin chemistry, enzyme development, and biochemistry; and

"(D) supporting the dissemination of any of the research conducted under this subsection that will assist in achieving the goals of this section.

"(2) SELECTION CRITERIA.—In selecting grant recipients for projects under paragraph (1), the Secretary shall consider—

"(A) the capabilities and experiences of the applicant, including—

"(i) research in actual field conditions; and

"(ii) engineering and research knowledge relating to biofuels or the production of inputs for biofuel production;

"(B) the range of species types and cropping practices proposed for study (including species types and practices studied using side-by-side comparisons of those types and practices);

"(C) the need for regional diversity among feedstocks;

"(D) the importance of developing multiyear data relevant to the production of biomass feedstock crops;

"(E) the extent to which the project involves direct participation of agricultural producers;

"(F) the extent to which the project proposal includes a plan or commitment to use the biomass produced as part of the project in commercial channels; and

"(G) such other factors as the Secretary may determine.

"(d) ENERGY-EFFICIENCY RESEARCH AND EXTENSION AREAS.—On-farm energy-efficiency research and extension activities funded under the Initiative shall focus on developing and demonstrating technologies and production practices relating to—

"(1) improving on-farm renewable energy production;

"(2) encouraging efficient on-farm energy use;

"(3) promoting on-farm energy conservation;

"(4) making a farm or ranch energy-neutral; and

"(5) enhancing on-farm usage of advanced technologies to promote energy efficiency.

"(e) BEST PRACTICES DATABASE.—The Secretary shall develop a best-practices database that includes information, to be available to the public, on—

"(1) the production potential of a variety of biomass crops; and

"(2) best practices for production, collection, harvesting, storage, and transportation of biomass crops to be used as a source of bioenergy.

"(f) ADMINISTRATION.—

"(1) IN GENERAL.—Paragraphs (4), (7), (8), and (11)(B) of subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)) shall apply with respect to making grants under this section.

"(2) CONSULTATION AND COORDINATION.—The Secretary shall—

"(A) make the grants in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board; and

"(B) coordinate projects and activities carried out under the Initiative with projects and activities under section 9008 of the Farm Security and Rural Investment Act of 2002 to ensure, to the maximum extent practicable, that—

"(i) unnecessary duplication of effort is eliminated or minimized; and

"(ii) the respective strengths of the Department of Agriculture and the Department of Energy are appropriately used.

"(3) GRANT PRIORITY.—The Secretary shall give priority to grant applications that integrate research and extension activities established under subsections (c) and (d), respectively.

"(4) MATCHING FUNDS REQUIRED.—As a condition of receiving a grant under this section, the Secretary shall require the recipient of the grant to provide funds or in-kind support from non-Federal sources in an amount that is at least equal to the amount provided by the Federal Government.

"(5) PARTNERSHIPS ENCOURAGED.—Following the completion of a peer review process for grant proposals received under this section, the Secretary may provide a priority to those grant proposals found as a result of the peer review process—

"(A) to be scientifically meritorious; and

"(B) that involve cooperation—

"(i) among multiple entities; and

"(ii) with agricultural producers.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2008 through 2012.".

SEC. 7208. FARM BUSINESS MANAGEMENT AND BENCHMARKING.

The Food, Agriculture, Conservation and Trade Act of 1990 is amended by inserting after section 1672C (as added by section 7207) the following:

"SEC. 1672D. FARM BUSINESS MANAGEMENT.

"(a) IN GENERAL.—The Secretary may make competitive research and extension grants for the purpose of—

"(1) improving the farm management knowledge and skills of agricultural producers; and

"(2) establishing and maintaining a national, publicly available farm financial management database to support improved farm management.

"(b) SELECTION CRITERIA.—In allocating funds made available to carry out this section, the Secretary may give priority to grants that—

"(1) demonstrate an ability to work directly with agricultural producers;

"(2) collaborate with farm management and producer associations;

"(3) address the farm management needs of a variety of crops and regions of the United States; and

"(4) use and support the national farm financial management database.

"(c) ADMINISTRATION.—Paragraphs (4), (7), (8), and (11)(B) of subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)) shall apply with respect to the making of grants under this section.

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

SEC. 7209. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926) is repealed.

SEC. 7210. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking "2007" and inserting "2012".

SEC. 7211. RESEARCH ON HONEY BEE DISEASES.

Section 1681 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5934) is repealed.

SEC. 7212. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking ''2007'' and inserting ''2012''.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

SEC. 7301. PEER AND MERIT REVIEW.

Section 103(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(a)) is amended by adding at the end the following:

''(3) CONSIDERATION.—Peer and merit review procedures established under paragraphs (1) and (2) shall not take the offer or availability of matching funds into consideration.''.

SEC. 7302. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622) is repealed.

SEC. 7303. PRECISION AGRICULTURE.

Section 403 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623) is repealed.

SEC. 7304. BIOBASED PRODUCTS.

(a) PILOT PROJECT.—Section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) is amended by striking ''2007'' and inserting ''2012''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 404(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(h)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7305. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625) is repealed.

SEC. 7306. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(f)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7307. FUSARIUM GRAMINEARUM GRANTS.

Section 408 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628) is amended—

(1) in subsection (a), in the subsection heading, by striking ''GRANT'' and inserting ''GRANTS''; and

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

SEC. 7308. BOVINE JOHNE'S DISEASE CONTROL PROGRAM.

Section 409(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7629(b)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7309. GRANTS FOR YOUTH ORGANIZATIONS.

Section 410 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630) is amended by striking subsections (b) and (c) and inserting the following:

''(b) FLEXIBILITY.—The Secretary shall provide maximum flexibility in content delivery to each organization receiving funds under this section so as to ensure that the unique goals of each organization, as well as the local community needs, are fully met.

''(c) REDISTRIBUTION OF FUNDING WITHIN ORGANIZATIONS AUTHORIZED.—Recipients of funds under this section may redistribute all or part of the funds received to individual councils or local chapters within the councils without further need of approval from the Secretary.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section

such sums as are necessary for each of fiscal years 2008 through 2012.''.

SEC. 7310. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

Section 411(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7631(c)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7311. SPECIALTY CROP RESEARCH INITIATIVE.

(a) IN GENERAL.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

''SEC. 412. SPECIALTY CROP RESEARCH INITIATIVE.

''(a) DEFINITIONS.—In this section:

''(1) INITIATIVE.—The term 'Initiative' means the specialty crop research and extension initiative established by subsection (b).

''(2) SPECIALTY CROP.—The term 'specialty crop' has the meaning given that term in section 3 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465).

''(b) ESTABLISHMENT.—There is established within the Department a specialty crop research and extension

initiative to address the critical needs of the specialty crop industry by developing and disseminating science-based tools to address needs of specific crops and their regions, including—

"(1) research in plant breeding, genetics, and genomics to improve crop characteristics, such as—

"(A) product, taste, quality, and appearance;

"(B) environmental responses and tolerances;

"(C) nutrient management, including plant nutrient uptake efficiency;

"(D) pest and disease management, including resistance to pests and diseases resulting in reduced application management strategies; and

"(E) enhanced phytonutrient content;

"(2) efforts to identify and address threats from pests and diseases, including threats to specialty crop pollinators;

"(3) efforts to improve production efficiency, productivity, and profitability over the long term (including specialty crop policy and marketing);

"(4) new innovations and technology, including improved mechanization and technologies that delay or inhibit ripening; and

"(5) methods to prevent, detect, monitor, control, and respond to potential food safety hazards in the production and processing of specialty crops, including fresh produce.

"(c) ELIGIBLE ENTITIES.—The Secretary may carry out the Initiative through—

"(1) Federal agencies;

"(2) national laboratories;

"(3) colleges and universities;

"(4) research institutions and organizations;

"(5) private organizations or corporations;

"(6) State agricultural experiment stations;

"(7) individuals; or

"(8) groups consisting of 2 or more entities described in paragraphs (1) through (7).

"(d) RESEARCH PROJECTS.—In carrying out this section, the Secretary shall award grants on a competitive basis.

"(e) ADMINISTRATION.—

"(1) IN GENERAL.—With respect to grants awarded under subsection (d), the Secretary shall—

"(A) seek and accept proposals for grants;

"(B) determine the relevance and merit of proposals through a system of peer and merit review in accordance with section 103; and

"(C) award grants on the basis of merit, quality, and relevance.

"(2) TERM.—The term of a grant under this section may not exceed 10 years.

"(3) MATCHING FUNDS REQUIRED.—The Secretary shall require the recipient of a grant under this section to provide funds or in-kind support from non-Federal sources in an amount that is at least equal to the amount provided by the Federal Government.

"(4) OTHER CONDITIONS.—The Secretary may set such other conditions on the award of a grant under this section as the Secretary determines to be appropriate.

"(f) PRIORITIES.—In making grants under this section, the Secretary shall provide a higher priority to projects that—

"(1) are multistate, multi-institutional, or multidisciplinary; and

"(2) include explicit mechanisms to communicate results to producers and the public.

"(g) BUILDINGS AND FACILITIES.—Funds made available under this section shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing build-

ing or facility (including site grading and improvement, and architect fees).

"(h) FUNDING.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section $30,000,000 for fiscal year 2008 and $50,000,000 for each of fiscal years 2009 through 2012, from which activities under each of paragraphs (1) through (5) of subsection (b) shall be allocated not less than 10 percent.

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under paragraph (1), there is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2008 through 2012.

"(3) TRANSFER.—Of the funds made available to the Secretary under paragraph (1) for fiscal year 2008 and authorized for use for payment of administrative expenses under section 1469(a)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3315(a)(3)), the Secretary shall transfer, upon the date of enactment of this section, $200,000 to the Office of Prevention, Pesticides, and Toxic Substances of the En-

vironmental Protection Agency for use in conducting a meta-analysis relating to methyl bromide.

"(4) AVAILABILITY.—Funds made available pursuant to this subsection for a fiscal year shall remain available until expended to pay for obligations incurred in that fiscal year.".

(b) COORDINATION.—In carrying out the amendment made by this section, the Secretary shall ensure that the Division Chief of the applicable Research, Education, and Extension Office established under section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) coordinates projects and activities under this section to ensure, to the maximum extent practicable, that unnecessary duplication of effort is eliminated or minimized.

SEC. 7312. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE PROGRAM.

Section 604 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7642) is amended by adding at the end the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other funds available to carry out subsection (c), there is authorized to be appropriated to carry out this section $2,500,000 for each of fiscal years 2008 through 2012.".

SEC. 7313. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking ''2007'' and inserting ''2012''.

Subtitle D—Other Laws

SEC. 7401. CRITICAL AGRICULTURAL MATERIALS ACT.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7402. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) DEFINITION OF 1994 INSTITUTIONS.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by adding at the end the following:

''(34) Ilisagvik College.''.

(b) ENDOWMENT FOR 1994 INSTITUTIONS.—Section 533 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) in subsection (a)(3), in the matter preceding subparagraph (A), by inserting ''this section and'' before ''sections 534,''; and

(2) in the first sentence of subsection (b), by striking ''2007'' and inserting ''2012''.

(c) REDISTRIBUTION.—Section 534(a)(3) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) by striking ''The amounts'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), the amounts''; and

(2) by adding at the end the following:

''(B) REDISTRIBUTION.—Funds that would be paid to a 1994 Institution under paragraph (2) shall be withheld from that 1994 Institution and redistributed among the other 1994 Institutions if that 1994 Institution—

''(i) declines to accept funds under paragraph (2); or

''(ii) fails to meet the accreditation requirements under section 533(a)(3).''.

(d) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''2007'' each place it appears and inserting ''2012''.

(e) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7

U.S.C. 301 note; Public Law 103–382) is amended in the first sentence by striking ''2007'' and inserting ''2012''.

(f) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on October 1, 2008.

SEC. 7403. SMITH-LEVER ACT.

(a) PROGRAM.—Section 3(d) of the Smith-Lever Act (7 U.S.C. 343(d)) is amended in the second sentence by striking ''apply for and receive'' and all that follows through paragraph (2) and inserting ''compete for and receive funds directly from the Secretary of Agriculture.''.

(b) ELIMINATION OF THE GOVERNOR'S REPORT REQUIREMENT FOR EXTENSION ACTIVITIES.—Section 5 of the Smith-Lever Act (7 U.S.C. 345) is amended by striking the third sentence.

(c) CONFORMING AMENDMENT.—Section 1444(a)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)(2)) is amended by striking ''after September 30, 1995, under section 3(d) of that Act (7 U.S.C. 343(d))'' and all that follows through the end of the sentence and inserting ''under section 3(d) of that Act (7 U.S.C. 343(d)).''.

SEC. 7404. HATCH ACT OF 1887.

(a) DISTRICT OF COLUMBIA.—Section 3(d)(4) of the Hatch Act of 1887 (7 U.S.C. 361c(d)(4)) is amended—

(1) in the paragraph heading, by inserting ''AND THE DISTRICT OF COLUMBIA'' after ''AREAS'';

(2) in subparagraph (A)—

(A) by inserting ''and the District of Columbia'' after ''United States''; and

(B) by inserting ''and the District of Columbia'' after ''respectively,''; and

(3) in subparagraph (B), by inserting ''or the District of Columbia'' after ''area''.

(b) ELIMINATION OF PENALTY MAIL AUTHORITIES.—

(1) IN GENERAL.—Section 6 of the Hatch Act of 1887 (7 U.S.C. 361f) is amended in the first sentence by striking ''under penalty indicia:'' and all that follows through the end of the sentence and inserting a period.

(2) CONFORMING AMENDMENTS IN OTHER LAWS.—

(A) NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.—

(i) Section 1444(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(f)) is amended by striking ''under

penalty indicia:'' and all that follows through the end of the sentence and inserting a period.

(ii) Section 1445(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(e)) is amended by striking ''under penalty indicia:'' and all that follows through the end of the sentence and inserting a period.

(B) OTHER PROVISIONS.—Section 3202(a) of title 39, United States Code, is amended—

(i) in paragraph (1)—

(I) in subparagraph (D), by adding ''and'' at the end;

(II) in subparagraph (E), by striking ''sections; and'' and inserting ''sections.''; and

(III) by striking subparagraph (F);

(ii) in paragraph (2), by adding ''and'' at the end;

(iii) in paragraph (3) by striking ''thereof; and'' and inserting ''thereof.''; and

(iv) by striking paragraph (4).

SEC. 7405. AGRICULTURAL EXPERIMENT STATION RESEARCH FACILITIES ACT.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7406. AGRICULTURE AND FOOD RESEARCH INITIATIVE.

(a) IN GENERAL.—Subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)) is amended to read as follows:

''(b) AGRICULTURE AND FOOD RESEARCH INITIATIVE.—

''(1) ESTABLISHMENT.—There is established in the Department of Agriculture an Agriculture and Food Research Initiative under which the Secretary of Agriculture (referred to in this subsection as 'the Secretary') may make competitive grants for fundamental and applied research, extension, and education to address food and agricultural sciences (as defined under section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)).

"(2) PRIORITY AREAS.—The competitive grants program established under this subsection shall address the following areas:

"(A) PLANT HEALTH AND PRODUCTION AND PLANT PRODUCTS.—Plant systems, including—

"(i) plant genome structure and function;

"(ii) molecular and cellular genetics and plant biotechnology;

"(iii) conventional breeding, including cultivar and breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding;

"(iv) plant-pest interactions and biocontrol systems;

"(v) crop plant response to environmental stresses;

"(vi) unproved nutrient qualities of plant products; and

"(vii) new food and industrial uses of plant products.

"(B) ANIMAL HEALTH AND PRODUCTION AND ANIMAL PRODUCTS.—Animal systems, including—

"(i) aquaculture;

"(ii) cellular and molecular basis of animal reproduction, growth, disease, and health;

"(iii) animal biotechnology;

"(iv) conventional breeding, including breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding;

"(v) identification of genes responsible for improved production traits and resistance to disease;

"(vi) improved nutritional performance of animals;

"(vii) improved nutrient qualities of animal products and uses; and

"(viii) the development of new and improved animal husbandry and production systems that take into account production

efficiency, animal well-being, and animal systems applicable to aquaculture.

"(C) FOOD SAFETY, NUTRITION, AND HEALTH.—Nutrition, food safety and quality, and health, including—

"(i) microbial contaminants and pesticides residue relating to human health;

"(ii) links between diet and health;

"(iii) bioavailability of nutrients;

"(iv) postharvest physiology and practices; and

"(v) improved processing technologies.

"(D) RENEWABLE ENERGY, NATURAL RESOURCES, AND ENVIRONMENT.—Natural resources and the environment, including—

"(i) fundamental structures and functions of ecosystems;

"(ii) biological and physical bases of sustainable production systems;

"(iii) minimizing soil and water losses and sustaining surface water and ground water quality;

"(iv) global climate effects on agriculture;

"(v) forestry; and

"(vi) biological diversity.

"(E) AGRICULTURE SYSTEMS AND TECHNOLOGY.—Engineering, products, and processes, including—

"(i) new uses and new products from traditional and nontraditional crops, animals, byproducts, and natural resources;

"(ii) robotics, energy efficiency, computing, and expert systems;

"(iii) new hazard and risk assessment and mitigation measures; and

"(iv) water quality and management.

"(F) AGRICULTURE ECONOMICS AND RURAL COMMUNITIES.—Markets, trade, and policy, including—

"(i) strategies for entering into and being competitive in domestic and overseas markets;

"(ii) farm efficiency and profitability, including the viability and competitiveness of small and medium-sized dairy, livestock, crop and other commodity operations;

"(iii) new decision tools for farm and market systems;

"(iv) choices and applications of technology;

"(v) technology assessment; and

"(vi) new approaches to rural development, including rural entrepreneurship.

"(3) TERM.—The term of a competitive grant made under this subsection may not exceed 10 years.

"(4) GENERAL ADMINISTRATION.—In making grants under this subsection, the Secretary shall—

"(A) seek and accept proposals for grants;

"(B) determine the relevance and merit of proposals through a system of peer and merit review in accordance with section 103 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613);

"(C) award grants on the basis of merit, quality, and relevance;

"(D) solicit and consider input from persons who conduct or use agricultural research, extension, or education in accordance with section 102(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7612(b)); and

"(E) in seeking proposals for grants under this subsection and in performing peer review evaluations of such proposals, seek the widest participation of qualified individuals in the Federal Government, colleges and universities, State agricultural experiment stations, and the private sector.

"(5) ALLOCATION OF FUNDS.—In making grants under this subsection, the Secretary shall allocate funds to the Agriculture and Food Research Initiative to ensure that, of funds allocated for research activities—

"(A) not less than 60 percent is made available to make grants for fundamental research (as defined in subsection (f)(1) of section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971)), of which—

"(i) not less than 30 percent is made available to make grants for research to be conducted by multidisciplinary teams; and

"(ii) not more than 2 percent is used for equipment grants under paragraph (6)(A); and

"(B) not less than 40 percent is made available to make grants for applied research (as defined in subsection (f)(1) of section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971)).

"(6) SPECIAL CONSIDERATIONS.—In making grants under this subsection, the Secretary may assist in the development of capabilities in the agricultural, food, and environmental sciences by providing grants—

"(A) to an institution to allow for the improvement of the research, development, technology transfer, and education capacity of the institution through the acquisition of special research equipment and the improvement of agricultural education and teaching, except that the Secretary shall use not less than 25 percent of the funds made available for grants under this subparagraph to provide fellowships to outstanding pre- and post-doctoral students for research in the agricultural sciences;

"(B) to a single investigator or coinvestigators who are beginning research careers and do not have an extensive research publication record, except that, to be eligible for a grant

under this subparagraph, an individual shall be within 5 years of the beginning of the initial career track position of the individual;

"(C) to ensure that the faculty of small, mid-sized, and minority-serving institutions who have not previously been successful in obtaining competitive grants under this subsection receive a portion of the grants; and

"(D) to improve research, extension, and education capabilities in States (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) in which institutions have been less successful in receiving funding under this subsection, based on a 3-year rolling average of funding levels.

"(7) ELIGIBLE ENTITIES.—The Secretary may make grants to carry out research, extension, and education under this subsection to—

"(A) State agricultural experiment stations;

"(B) colleges and universities;

"(C) university research foundations;

"(D) other research institutions and organizations;

"(E) Federal agencies;

"(F) national laboratories;

"(G) private organizations or corporations;

"(H) individuals; or

"(I) any group consisting of 2 or more of the entities described in subparagraphs (A) through (H).

"(8) CONSTRUCTION PROHIBITED.—Funds made available for grants under this subsection shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement, and architect fees).

"(9) MATCHING FUNDS.—

"(A) EQUIPMENT GRANTS.—

"(i) IN GENERAL.—Except as provided in clause (ii), in the case of a grant made under paragraph (6)(A), the amount provided under this subsection may not exceed 50 percent of the cost of the special research equipment or other equipment acquired using funds from the grant.

"(ii) WAIVER.—The Secretary may waive all or part of the matching require-

ment under clause (i) in the case of a college, university, or research foundation maintained by a college or university that ranks in the lowest ⅓ of such colleges, universities, and research foundations on the basis of Federal research funds received, if the equipment to be acquired using funds from the grant costs not more than $25,000 and has multiple uses within a single research project or is usable in more than 1 research project.

"(B) APPLIED RESEARCH.—As a condition of making a grant under paragraph (5)(B), the Secretary shall require the funding of the grant to be matched with equal matching funds from a non-Federal source if the grant is for applied research that is—

"(i) commodity-specific; and

"(ii) not of national scope.

"(10) PROGRAM ADMINISTRATION.—To the maximum extent practicable, the Director of the National Institute of Food and Agriculture, in coordination with the Under Secretary for Research, Education, and Economics, shall allocate grants under this subsection to high-priority research, taking into

consideration, when available, the determinations made by the National Agricultural Research, Extension, Education, and Economics Advisory Board (as established under section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123)).

"(11) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection $700,000,000 for each of fiscal years 2008 through 2012, of which—

"(i) not less than 30 percent shall be made available for integrated research pursuant to section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626); and

"(ii) not more than 4 percent may be retained by the Secretary to pay administrative costs incurred by the Secretary in carrying out this subsection.

"(B) AVAILABILITY.—Funds made available under this paragraph shall—

"(i) be available for obligation for a 2-year period beginning on October 1 of the

fiscal year for which the funds are first made available; and

"(ii) remain available until expended to pay for obligations incurred during that 2-year period.".

(b) REPEALS.—

(1) Section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621) is repealed.

(2) Subsection (d) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(d)) is repealed.

(c) EFFECT ON CURRENT SOLICITATIONS.—The amendments made by this section shall not apply to any solicitation for grant applications issued by the Cooperative State Research, Education, and Extension Service before the date of enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended in the first sentence by striking "and subsection (d)".

(2) Section 1671(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924(d) is amended by striking "Paragraphs (1),

(6), (7), and (11)'' and inserting ''Paragraphs (4), (7), (8), and (11)(B)''.

(3) Section 1672B(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b(b)) is amended by striking ''Paragraphs (1), (6), (7), and (11)'' and inserting ''Paragraphs (4), (7), (8), and (11)(B)''.

SEC. 7407. AGRICULTURAL RISK PROTECTION ACT OF 2000.

Section 221 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 6711(g)) is amended by striking subsection (g) and inserting the following:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2007 through 2012.''.

SEC. 7408. EXCHANGE OR SALE AUTHORITY.

Title III of the Department of Agriculture Reorganization Act of 1994 (Public Law 103–354; 108 Stat. 3238) is amended by adding at the end the following:

''SEC. 307. EXCHANGE OR SALE AUTHORITY.

''(a) DEFINITION OF QUALIFIED ITEM OF PERSONAL PROPERTY.—In this section, the term 'qualified item of personal property' means—

''(1) an animal;

''(2) an animal product;

''(3) a plant; or

"(4) a plant product.

"(b) GENERAL AUTHORITY.—Except as provided in subsection (c), notwithstanding chapter 5 of subtitle I of title 40, United States Code, the Secretary, acting through the Under Secretary for Research, Education, and Economics, in managing personal property for the purpose of carrying out the research functions of the Department, may exchange, sell, or otherwise dispose of any qualified item of personal property, including by way of public auction, and may retain and apply the sale or other proceeds, without further appropriation and without fiscal year limitation, in whole or in partial payment—

"(1) to acquire any qualified item of personal property; or

"(2) to offset costs related to the maintenance, care, or feeding of any qualified item of personal property.

"(c) EXCEPTION.—Subsection (b) does not apply to the free dissemination of new varieties of seeds and germplasm in accordance with section 520 of the Revised Statutes (commonly known as the 'Department of Agriculture Organic Act') (7 U.S.C. 2201).".

SEC. 7409. ENHANCED USE LEASE AUTHORITY PILOT PROGRAM.

Title III of the Department of Agriculture Reorganization Act of 1994 (Public Law 103–354; 108 Stat. 3238) (as amended by section 7408) is amended by adding at the end the following:

"SEC. 308. ENHANCED USE LEASE AUTHORITY PILOT PROGRAM.

"(a) ESTABLISHMENT.—To enhance the use of real property administered by agencies of the Department, the Secretary may establish a pilot program, in accordance with this section, at the Beltsville Agricultural Research Center of the Agricultural Research Service and the National Agricultural Library to lease nonexcess property of the Center or the Library to any individual or entity, including agencies or instrumentalities of State or local governments.

"(b) REQUIREMENTS.—

"(1) IN GENERAL.—Notwithstanding chapter 5 of subtitle I of title 40, United States Code, the Secretary may lease real property at the Beltsville Agricultural Research Center or the National Agricultural Library in accordance with such terms and conditions as the Secretary may prescribe, if the Secretary determines that the lease—

"(A) is consistent with, and will not adversely affect, the mission of the Department agency administering the property;

"(B) will enhance the use of the property;

"(C) will not permit any portion of Department agency property or any facility of the Department to be used for the public retail or wholesale sale of merchandise or residential development;

"(D) will not permit the construction or modification of facilities financed by non-Federal sources to be used by an agency, except for incidental use; and

"(E) will not include any property or facility required for any Department agency purpose without prior consideration of the needs of the agency.

"(2) TERM.—The term of a lease under this section shall not exceed 30 years.

"(3) CONSIDERATION.—

"(A) IN GENERAL.—Consideration provided for a lease under this section shall be—

"(i) in an amount equal to fair market value, as determined by the Secretary; and

"(ii) in the form of cash.

"(B) USE OF FUNDS.—

"(i) IN GENERAL.—Consideration provided for a lease under this section shall be—

"(I) deposited in a capital asset account to be established by the Secretary; and

"(II) available until expended, without further appropriation, for maintenance, capital revitalization, and improvements of the Department properties and facilities at the Beltsville Agricultural Research Center and National Agricultural Library.

"(ii) BUDGETARY TREATMENT.—For purposes of the budget, the amounts described in clause (i) shall not be treated as a receipt of any Department agency or any other agency leasing property under this section.

"(4) COSTS.—The lessee shall cover all costs associated with a lease under this section, including the cost of—

"(A) the project to be carried out on property or at a facility covered by the lease;

"(B) provision and administration of the lease;

"(C) construction of any needed facilities;

"(D) provision of applicable utilities; and

"(E) any other facility cost normally associated with the operation of a leased facility.

"(5) PROHIBITION OF USE OF APPROPRIATIONS.—The Secretary shall not use any funds made available to the Secretary in an appropriations Act for the construction or operating costs of any space covered by a lease under this section.

"(6) TERMINATION OF AUTHORITY.—This section and the authority provided by this section terminate—

"(A) on the date that is 5 years after the date of enactment of this section; or

"(B) with respect to any particular leased property, on the date of termination of the lease.

"(c) EFFECT OF OTHER LAWS.—

"(1) UTILIZATION.—Property that is leased pursuant to this section shall not be considered to be unutilized or underutilized for purposes of section

501 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11411).

"(2) DISPOSAL.—Property at the Beltsville Agricultural Research Center or the National Agricultural Library that is leased pursuant to this section shall not be considered to be disposed of by sale, lease, rental, excessing, or surplusing for purposes of section 523 of Public Law 100–202 (101 Stat. 1329-417).

"(d) ADMINISTRATION.—

"(1) IN GENERAL.—Not later than 90 days after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes detailed management objectives and performance measurements by which the Secretary intends to evaluate the success of the program under this section.

"(2) REPORTS.—Not later than 1, 3, and 5 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry

of the Senate a report describing the implementation of the program under this section, including—

"(A) a copy of each lease entered into pursuant to this section; and

"(B) an assessment by the Secretary of the success of the program using the management objectives and performance measurements developed by the Secretary.".

SEC. 7410. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

(a) GRANTS.—Section 7405(c) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f(c)) is amended—

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

"(3) MAXIMUM TERM AND SIZE OF GRANT.—

"(A) IN GENERAL.—A grant under this subsection shall—

"(i) have a term that is not more than 3 years; and

"(ii) be in an amount that is not more than $250,000 for each year.

"(B) CONSECUTIVE GRANTS.—An eligible recipient may receive consecutive grants under this subsection.";

(2) by redesignating paragraphs (5) through (7) as paragraphs (8) through (10), respectively;

(3) by inserting after paragraph (4) the following:

"(5) EVALUATION CRITERIA.—In making grants under this subsection, the Secretary shall evaluate—

"(A) relevancy;

"(B) technical merit;

"(C) achievability;

"(D) the expertise and track record of 1 or more applicants;

"(E) the adequacy of plans for the participatory evaluation process, outcome-based reporting, and the communication of findings and results beyond the immediate target audience; and

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

"(6) REGIONAL BALANCE.—In making grants under this subsection, the Secretary shall, to the maximum extent practicable, ensure geographical diversity.

"(7) PRIORITY.—In making grants under this subsection, the Secretary shall give priority to part-

nerships and collaborations that are led by or include nongovernmental and community-based organizations with expertise in new agricultural producer training and outreach.''.

(b) FUNDING.—Section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f) is amended by striking subsection (h) and inserting the following:

''(h) FUNDING.—

''(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

''(A) $18,000,000 for fiscal year 2009; and

''(B) $19,000,000 for each of fiscal years 2010 through 2012.

''(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds provided under paragraph (1), there is authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 2008 through 2012.''.

SEC. 7411. PUBLIC EDUCATION REGARDING USE OF BIOTECHNOLOGY IN PRODUCING FOOD FOR HUMAN CONSUMPTION.

Section 10802 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5921a) is repealed.

SEC. 7412. MCINTIRE-STENNIS COOPERATIVE FORESTRY ACT.

(a) IN GENERAL.—Section 2 of Public Law 87–788 (commonly known as the ''McIntire-Stennis Cooperative Forestry Act'') (16 U.S.C. 582a–1) is amended by inserting ''and 1890 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)),'' before ''and (b)''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on October 1, 2008.

SEC. 7413. RENEWABLE RESOURCES EXTENSION ACT OF 1978.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended in the first sentence by striking ''2007'' and inserting ''2012''.

(b) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking ''2007'' and inserting ''2012''.

SEC. 7414. NATIONAL AQUACULTURE ACT OF 1980.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking ''2007'' each place it appears and inserting ''2012''.

SEC. 7415. CONSTRUCTION OF CHINESE GARDEN AT THE NATIONAL ARBORETUM.

The Act of March 4, 1927 (20 U.S.C. 191 et seq.), is amended by adding at the end the following:

"SEC. 7. CONSTRUCTION OF CHINESE GARDEN AT THE NATIONAL ARBORETUM.

"A Chinese Garden may be constructed at the National Arboretum established under this Act with—

"(1) funds accepted under section 5;

"(2) authorities provided to the Secretary of Agriculture under section 6; and

"(3) appropriations provided for this purpose.".

SEC. 7416. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking "2007" and inserting "2012".

SEC. 7417. ELIGIBILITY OF UNIVERSITY OF THE DISTRICT OF COLUMBIA FOR CERTAIN LAND-GRANT UNIVERSITY ASSISTANCE.

(a) IN GENERAL.—Section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) is amended—

(1) in subsection (b)(2), by striking ", except" and all that follows through the period and inserting a period; and

(2) in subsection (c)—

(A) by striking "section 3" each place it appears and inserting "section 3(c)"; and

(B) by striking "Such sums may be used to pay" and all that follows through "work.".

(b) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2008.

Subtitle E—Miscellaneous

PART I—GENERAL PROVISIONS

SEC. 7501. DEFINITIONS.

Except as otherwise provided in this subtitle, in this subtitle:

(1) CAPACITY AND INFRASTRUCTURE PROGRAM.—The term "capacity and infrastructure program" has the meaning given the term in subsection (f)(1) of section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) (as added by section 7511(a)(4)).

(2) CAPACITY AND INFRASTRUCTURE PROGRAM CRITICAL BASE FUNDING.—The term "capacity and infrastructure program critical base funding" means the aggregate amount of Federal funds made avail-

able for capacity and infrastructure programs for fiscal year 2006, as appropriate.

(3) COMPETITIVE PROGRAM.—The term ''competitive program'' has the meaning given the term in subsection (f)(1) of section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) (as added by section 7511(a)(4)).

(4) COMPETITIVE PROGRAM CRITICAL BASE FUNDING.—The term ''competitive program critical base funding'' means the aggregate amount of Federal funds made available for competitive programs for fiscal year 2006, as appropriate.

(5) HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.—The term ''Hispanic-serving agricultural colleges and universities'' has the meaning given the term in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103).

(6) NLGCA INSTITUTION.—The term ''NLGCA Institution'' has the meaning given the term in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103).

(7) 1862 INSTITUTION; 1890 INSTITUTION; 1994 INSTITUTION.—The terms ''1862 Institution'',

"1890 Institution", and "1994 Institution" have the meanings given the terms in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601).

SEC. 7502. GRAZINGLANDS RESEARCH LABORATORY.

Except as otherwise specifically authorized by law and notwithstanding any other provision of law, the Federal land and facilities at El Reno, Oklahoma, administered by the Secretary (as of the date of enactment of this Act) as the Grazinglands Research Laboratory, shall not at any time, in whole or in part, be declared to be excess or surplus Federal property under chapter 5 of subtitle I of title 40, United States Code, or otherwise be conveyed or transferred in whole or in part, for the 5-year period beginning on the date of enactment of this Act.

SEC. 7503. FORT RENO SCIENCE PARK RESEARCH FACILITY.

The Secretary may lease land to the University of Oklahoma at the Grazinglands Research Laboratory at El Reno, Oklahoma, on such terms and conditions as the University and the Secretary may agree in furtherance of cooperative research and existing easement arrangements.

SEC. 7504. ROADMAP.

(a) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary, acting

through the Under Secretary of Research, Education, and Economics (referred to in this section as the ''Under Secretary''), shall commence preparation of a roadmap for agricultural research, education, and extension that—

(1) identifies current trends and constraints;

(2) identifies major opportunities and gaps that no single entity within the Department of Agriculture would be able to address individually;

(3) involves—

(A) interested parties from the Federal Government and nongovernmental entities; and

(B) the National Agricultural Research, Extension, Education, and Economics Advisory Board established under section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123);

(4) incorporates roadmaps for agricultural research, education, and extension made publicly available by other Federal entities, agencies, or offices; and

(5) describes recommended funding levels for areas of agricultural research, education, and extension, including—

(A) competitive programs;

(B) capacity and infrastructure programs, with attention to the future growth needs of—

(i) small 1862 Institutions, 1890 Institutions, and 1994 Institutions;

(ii) Hispanic-serving agricultural colleges and universities;

(iii) NLGCA Institutions; and

(iv) colleges of veterinary medicine; and

(C) intramural programs at agencies within the research, education, and economics mission area; and

(6) describes how organizational changes enacted by this Act have impacted agricultural research, extension, and education across the Department of Agriculture, including minimization of unnecessary programmatic and administrative duplication.

(b) REVIEWABILITY.—The roadmap described in this section shall not be subject to review by any officer or employee of the Federal Government other than the Secretary (or a designee of the Secretary).

(c) ROADMAP IMPLEMENTATION AND REPORT.—Not later than 1 year after the date on which the Secretary

commences preparation of the roadmap under this section, the Secretary shall—

(1) implement and use the roadmap to set the research, education, and extension agenda of the Department of Agriculture; and

(2) make the roadmap available to the public.

SEC. 7505. REVIEW OF PLAN OF WORK REQUIREMENTS.

(a) REVIEW.—The Secretary shall work with university partners in extension and research to review and identify measures to streamline the submission, reporting under, and implementation of plan of work requirements, including those requirements under—

(1) sections 1444(d) and 1445(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(d) and 3222(c), respectively);

(2) section 7 of the Hatch Act of 1887 (7 U.S.C. 361g); and

(3) section 4 of the Smith-Lever Act (7 U.S.C. 344).

(b) CONSULTATION.—In carrying out the review and formulating and compiling the recommendations, the Secretary shall consult with the land-grant institutions.

SEC. 7506. BUDGET SUBMISSION AND FUNDING.

(a) DEFINITION OF COMPETITIVE PROGRAMS.—In this section, the term ''competitive programs'' includes only competitive programs for which annual appropriations are requested in the annual budget submission of the President.

(b) BUDGET REQUEST.—The President shall submit to Congress, together with the annual budget submission of the President, a single budget line item reflecting the total amount requested by the President for funding for research, education, and extension activities of the Research, Education, and Economics mission area of the Department for that fiscal year and for the preceding 5 fiscal years.

(c) CAPACITY AND INFRASTRUCTURE PROGRAM REQUEST.—Of the funds requested for capacity and infrastructure programs in excess of the capacity and infrastructure program critical base funding level, budgetary emphasis should be placed on enhancing funding for—

(1) 1890 Institutions;

(2) 1994 Institutions;

(3) NLGCA Institutions;

(4) Hispanic-serving agricultural colleges and universities; and

(5) small 1862 Institutions.

(d) COMPETITIVE PROGRAM REQUEST.—Of the funds requested for competitive programs in excess of the competitive program critical base funding level, budgetary emphasis should be placed on—

(1) enhancing funding for emerging problems; and

(2) finding solutions for those problems.

PART II—RESEARCH, EDUCATION, AND ECONOMICS

SEC. 7511. RESEARCH, EDUCATION, AND ECONOMICS.

(a) IN GENERAL.—Section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) is amended—

(1) in subsection (a), by inserting ''(referred to in this section as the 'Under Secretary')'' before the period at the end;

(2) by striking subsections (b) through (d);

(3) by redesignating subsection (e) as subsection (g); and

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

''(b) CONFIRMATION REQUIRED.—The Under Secretary shall be appointed by the President, by and with the advice and consent of the Senate, from among distinguished scientists with specialized training or significant

experience in agricultural research, education, and economics.

"(c) CHIEF SCIENTIST.—The Under Secretary shall—

"(1) hold the title of Chief Scientist of the Department; and

"(2) be responsible for the coordination of the research, education, and extension activities of the Department.

"(d) FUNCTIONS OF UNDER SECRETARY.—

"(1) PRINCIPAL FUNCTION.—The Secretary shall delegate to the Under Secretary those functions and duties under the jurisdiction of the Department that relate to research, education, and economics.

"(2) SPECIFIC FUNCTIONS AND DUTIES.—The Under Secretary shall—

"(A) identify, address, and prioritize current and emerging agricultural research, education, and extension needs (including funding);

"(B) ensure that agricultural research, education, and extension programs are effectively coordinated and integrated—

"(i) across disciplines, agencies, and institutions; and

"(ii) among applicable participants, grantees, and beneficiaries;

"(C) promote the collaborative use of all agricultural research, education, and extension resources from the local, State, tribal, regional, national, and international levels to address priority needs; and

"(D) foster communication among agricultural research, education, and extension beneficiaries, including the public, to ensure the delivery of agricultural research, education, and extension knowledge.

"(3) ADDITIONAL FUNCTIONS.—The Under Secretary shall perform such other functions and duties as may be required by law or prescribed by the Secretary.

"(e) RESEARCH, EDUCATION, AND EXTENSION OFFICE.—

"(1) ESTABLISHMENT.—The Under Secretary shall organize within the office of the Under Secretary 6 Divisions, to be known collectively as the 'Research, Education, and Extension Office', which shall coordinate the research programs and activities of the Department.

"(2) DIVISION DESIGNATIONS.—The Divisions within the Research, Education, and Extension Office shall be as follows:

"(A) Renewable energy, natural resources, and environment.

"(B) Food safety, nutrition, and health.

"(C) Plant health and production and plant products.

"(D) Animal health and production and animal products.

"(E) Agricultural systems and technology.

"(F) Agricultural economics and rural communities.

"(3) DIVISION CHIEFS.—

"(A) SELECTION.—The Under Secretary shall select a Division Chief for each Division using available personnel authority under title 5, United States Code, including—

"(i) by term, temporary, or other appointment, without regard to—

"(I) the provisions of title 5, United States Code, governing appointments in the competitive service;

"(II) the provisions of subchapter I of chapter 35 of title 5, United

States Code, relating to retention preference; and

"(III) the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates;

"(ii) by detail, notwithstanding any Act making appropriations for the Department of Agriculture, whether enacted before, on, or after the date of enactment of this paragraph, requiring reimbursement for those details unless the appropriation Act specifically refers to this subsection and specifically includes these details;

"(iii) by reassignment or transfer from any other civil service position; and

"(iv) by an assignment under subchapter VI of chapter 33 of title 5, United States Code.

"(B) SELECTION GUIDELINES.—To the maximum extent practicable, the Under Secretary shall select Division Chiefs under subparagraph (A) in a manner that—

"(i) promotes leadership and professional development;

"(ii) enables personnel to interact with other agencies of the Department; and

"(iii) maximizes the ability of the Under Secretary to allow for rotations of Department personnel into the position of Division Chief.

"(C) TERM OF SERVICE.—Notwithstanding title 5, United States Code, the maximum length of service for an individual selected as a Division Chief under subparagraph (A) shall not exceed 4 years.

"(D) QUALIFICATIONS.—To be eligible for selection as a Division Chief, an individual shall have—

"(i) conducted exemplary research, education, or extension in the field of agriculture or forestry; and

"(ii) earned an advanced degree at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)).

"(E) DUTIES OF DIVISION CHIEFS.—Except as otherwise provided in this Act, each Division Chief shall—

"(i) assist the Under Secretary in identifying and addressing emerging agricultural research, education, and extension needs;

"(ii) assist the Under Secretary in identifying and prioritizing Department-wide agricultural research, education, and extension needs, including funding;

"(iii) assess the strategic workforce needs of the research, education, and extension functions of the Department, and develop strategic workforce plans to ensure that existing and future workforce needs are met;

"(iv) communicate with research, education, and extension beneficiaries, including the public, and representatives of the research, education, and extension system, including the National Agricultural Research, Extension, Education, and Economics Advisory Board, to promote the

benefits of agricultural research, education, and extension;

"(v) assist the Under Secretary in preparing and implementing the roadmap for agricultural research, education, and extension, as described in section 7504 of the Food, Conservation, and Energy Act of 2008; and

"(vi) perform such other duties as the Under Secretary may determine.

"(4) GENERAL ADMINISTRATION.—

"(A) FUNDING.—Notwithstanding any Act making appropriations for the Department of Agriculture, whether enacted before, on, or after the date of enactment of this paragraph unless the appropriation Act specifically refers to this subsection and specifically includes the administration of funds under this section, the Secretary may transfer funds made available to an agency in the research, education, and economics mission area to fund the costs of Division personnel.

"(B) LIMITATION.—To the maximum extent practicable—

"(i) the Under Secretary shall minimize the number of full-time equivalent positions in the Divisions; and

"(ii) at no time shall the aggregate number of staff for all Divisions exceed 30 full-time equivalent positions.

"(C) ROTATION OF PERSONNEL.—To the maximum extent practicable, and using the authority described in paragraph (3)(A), the Under Secretary shall rotate personnel among the Divisions, and between the Divisions and agencies of the Department, in a manner that—

"(i) promotes leadership and professional development; and

"(ii) enables personnel to interact with other agencies of the Department.

"(5) ORGANIZATION.—The Under Secretary shall integrate leadership functions of the national program staff of the research agencies into the Research, Education and Extension Office in such form as is required to ensure that administrative duplication does not occur.

"(f) NATIONAL INSTITUTE OF FOOD AND AGRICULTURE.—

"(1) DEFINITIONS.—In this subsection:

"(A) ADVISORY BOARD.—The term 'Advisory Board' means the National Agricultural Research, Extension, Education, and Economics Advisory Board established under section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123).

"(B) APPLIED RESEARCH.—The term 'applied research' means research that includes expansion of the findings of fundamental research to uncover practical ways in which new knowledge can be advanced to benefit individuals and society.

"(C) CAPACITY AND INFRASTRUCTURE PROGRAM.—The term 'capacity and infrastructure program' means each of the following agricultural research, extension, education, and related programs for which the Secretary has administrative or other authority as of the day before the date of enactment of the Food, Conservation, and Energy Act of 2008:

"(i) Each program providing funding to any of the 1994 Institutions under sections 533, 534(a), and 535 of the Equity

in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382).

''(ii) The program established under section 536 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) providing research grants for 1994 Institutions.

''(iii) Each program established under subsections (b) and (c) of section 3 of the Smith-Lever Act (7 U.S.C. 343).

''(iv) Each program established under the Hatch Act of 1887 (7 U.S.C. 361a et seq.).

''(v) Each program established under section 1417(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)).

''(vi) The animal health and disease research program established under subtitle E of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191 et seq.).

''(vii) Each extension program available to 1890 Institutions established under

section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221).

''(viii) The program established under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222).

''(ix) The program providing grants to upgrade agricultural and food sciences facilities at 1890 Institutions established under section 1447 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b).

''(x) The program providing distance education grants for insular areas established under section 1490 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362).

''(xi) The program providing resident instruction grants for insular areas established under section 1491 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363).

"(xii) Each research and development and related program established under Public Law 87–788 (commonly known as the 'McIntire-Stennis Cooperative Forestry Act') (16 U.S.C. 582a et seq.).

"(xiii) Each program established under the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 et seq.).

"(xiv) Each program providing funding to Hispanic-serving agricultural colleges and universities under section 1456 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

"(xv) The program providing capacity grants to NLGCA Institutions under section 1473F of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

"(xvi) Other programs that are capacity and infrastructure programs, as determined by the Secretary.

"(D) COMPETITIVE PROGRAM.—The term 'competitive program' means each of the following agricultural research, extension, education, and related programs for which the Sec-

retary has administrative or other authority as of the day before the date of enactment of the Food, Conservation, and Energy Act of 2008:

"(i) The Agriculture and Food Research Initiative established under section 2(b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)).

"(ii) The program providing competitive grants for risk management education established under section 524(a)(3) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)(3)).

"(iii) The program providing community food project competitive grants established under section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034).

"(iv) The program providing grants for beginning farmer and rancher development established under section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f).

"(v) The program providing grants under section 1417(j) of the National Agri-

cultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(j)).

''(vi) The program providing grants for Hispanic-serving institutions established under section 1455 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241).

''(vii) The program providing competitive grants for international agricultural science and education programs under section 1459A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b).

''(viii) The research and extension projects carried out under section 1621 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811).

''(ix) The organic agriculture research and extension initiative established under section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b).

''(x) The specialty crop research initiative under section 412 of the Agricul-

tural Research, Extension, and Education Reform Act of 1998.

"(xi) The administration and management of the Agricultural Bioenergy Feedstock and Energy Efficiency Research and Extension Initiative carried out under section 1672C of the Food, Agriculture, Conservation, and Trade Act of 1990.

"(xii) The research, extension, and education programs authorized by section 407 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7627) relating to the competitiveness, viability and sustainability of small- and medium-sized dairy, livestock, and poultry operations.

"(xiii) Other programs that are competitive programs, as determined by the Secretary.

"(E) DIRECTOR.—The term 'Director' means the Director of the Institute.

"(F) FUNDAMENTAL RESEARCH.—The term 'fundamental research' means research that—

"(i) increases knowledge or understanding of the fundamental aspects of phenomena and has the potential for broad application; and

"(ii) has an effect on agriculture, food, nutrition, or the environment.

"(G) INSTITUTE.—The term 'Institute' means the National Institute of Food and Agriculture established by paragraph (2)(A).

"(2) ESTABLISHMENT OF NATIONAL INSTITUTE OF FOOD AND AGRICULTURE.—

"(A) ESTABLISHMENT.—The Secretary shall establish within the Department an agency to be known as the 'National Institute of Food and Agriculture'.

"(B) TRANSFER OF AUTHORITIES.—The Secretary shall transfer to the Institute, effective not later than October 1, 2009, the authorities (including all budget authorities, available appropriations, and personnel), duties, obligations, and related legal and administrative functions prescribed by law or otherwise granted to the Secretary, the Department, or any other agency or official of the Department under—

"(i) the capacity and infrastructure programs;

"(ii) the competitive programs;

"(iii) the research, education, economic, cooperative State research programs, cooperative extension and education programs, international programs, and other functions and authorities delegated by the Under Secretary to the Administrator of the Cooperative State Research, Education, and Extension Service pursuant to section 2.66 of title 7, Code of Federal Regulations (or successor regulations); and

"(iv) any and all other authorities administered by the Administrator of the Cooperative State Research, Education, and Extension Service.

"(3) DIRECTOR.—

"(A) IN GENERAL.—The Institute shall be headed by a Director, who shall be an individual who is—

"(i) a distinguished scientist; and

"(ii) appointed by the President.

"(B) SUPERVISION.—The Director shall report directly to the Secretary, or the designee of the Secretary.

"(C) FUNCTIONS OF THE DIRECTOR.—The Director shall—

"(i) serve for a 6-year term, subject to reappointment for an additional 6-year term;

"(ii) periodically report to the Secretary, or the designee of the Secretary, with respect to activities carried out by the Institute; and

"(iii) consult regularly with the Secretary, or the designee of the Secretary, to ensure, to the maximum extent practicable, that—

"(I) research of the Institute is relevant to agriculture in the United States and otherwise serves the national interest; and

"(II) the research of the Institute supplements and enhances, and does not supplant, research conducted or funded by other Federal agencies.

"(D) COMPENSATION.—The Director shall receive basic pay at a rate not to exceed the maximum amount of compensation payable to a member of the Senior Executive Service under subsection (b) of section 5382 of title 5, United States Code, except that the certification requirement in that subsection shall not apply to the compensation of the Director.

"(E) AUTHORITY AND RESPONSIBILITIES OF DIRECTOR.—Except as otherwise specifically provided in this subsection, the Director shall—

"(i) exercise all of the authority provided to the Institute by this subsection;

"(ii) formulate and administer programs in accordance with policies adopted by the Institute, in coordination with the Under Secretary;

"(iii) establish offices within the Institute;

"(iv) establish procedures for the provision and administration of grants by the Institute; and

"(v) consult regularly with the Advisory Board.

"(4) REGULATIONS.—The Institute shall have such authority as is necessary to carry out this subsection, including the authority to promulgate such regulations as the Institute considers to be necessary for governance of operations, organization, and personnel.

"(5) ADMINISTRATION.—

"(A) IN GENERAL.—The Director shall organize offices and functions within the Institute to administer fundamental and applied research and extension and education programs.

"(B) RESEARCH PRIORITIES.—The Director shall ensure the research priorities established by the Under Secretary through the Research, Education and Extension Office are carried out by the offices and functions of the Institute, where applicable.

"(C) FUNDAMENTAL AND APPLIED RESEARCH.—The Director shall—

"(i) determine an appropriate balance between fundamental and applied research programs and functions to ensure future research needs are met; and

"(ii) designate staff, as appropriate, to assist in carrying out this subparagraph.

"(D) COMPETITIVELY FUNDED AWARDS.—The Director shall—

"(i) promote the use and growth of grants awarded through a competitive process; and

"(ii) designate staff, as appropriate, to assist in carrying out this subparagraph.

"(E) COORDINATION.—The Director shall ensure that the offices and functions established under subparagraph (A) are effectively coordinated for maximum efficiency.

"(6) FUNDING.—

"(A) IN GENERAL.—In addition to funds otherwise appropriated to carry out each program administered by the Institute, there are authorized to be appropriated such sums as are necessary to carry out this subsection for each fiscal year.

"(B) ALLOCATION.—Funding made available under subparagraph (A) shall be allocated according to recommendations contained in the roadmap described in section 7504 of the Food, Conservation, and Energy Act of 2008.".

(b) FUNCTIONS.—Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) is amended—

(1) in paragraph (4), by striking ''or'' at the end;

(2) in paragraph (5), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(6) the authority of the Secretary to establish in the Department, under section 251—

''(A) the position of Under Secretary of Agriculture for Research, Education, and Economics;

''(B) the Research, Education, and Extension Office; and

''(C) the National Institute of Food and Agriculture.''.

(c) CONFORMING AMENDMENTS.—The following conforming amendments shall take effect on October 1, 2009:

(1) Section 522(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1522(d)(2)) is amended by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(2) Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended in each of paragraphs (1)(B) and (3)(A) by striking ''the Cooperative State Research, Education, and Extension Service'' each place it appears and inserting ''the National Institute of Food and Agriculture''.

(3) Section 306(a)(11)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(C)) is amended by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(4) Section 5(b)(2)(E) of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1929 note; Public Law 102–554) is amended by striking ''Cooperative Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(5) Section 11(f)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(f)(1)) is amended by striking ''Cooperative Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(6) Section 502(h) of the Rural Development Act of 1972 (7 U.S.C. 2662(h)) is amended—

(A) in paragraph (1), by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''; and

(B) in paragraph (4), by striking ''Extension Service staff'' and inserting ''National Institute of Food and Agriculture staff''.

(7) Section 7404(b)(1)(B) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3101 note; Public Law 107–171) is amended by striking clause (vi) and inserting the following:

''(vi) the National Institute of Food and Agriculture.''.

(8) Section 1408(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(b)(4)) is amended by striking ''the Administrator of the Cooperative State Research, Education, and Extension Service'' and inserting ''the Director of the National Institute of Food and Agriculture''.

(9) Section 2381(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(a)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(10) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended—

(A) in section 1424A(b) (7 U.S.C. 3174a(b)), by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''; and

(B) in section 1458(a)(10) (7 U.S.C. 3291(a)(10)), by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(11) Section 1587(a) of the Food Security Act of 1985 (7 U.S.C. 3175d(a)) is amended by striking ''Extension Service'' each place it appears and inserting ''National Institute of Food and Agriculture''.

(12) Section 1444(b)(2)(A) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(b)(2)(A)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(13) Section 1473D(d) of the National Agricultural Research, Extension, and Teaching Policy Act

of 1977 (7 U.S.C. 3319d(d)) is amended by striking "the Cooperative State Research Service, the Extension Service" and inserting "the National Institute of Food and Agriculture".

(14) Section 1499(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5506(c)) is amended by striking "the Cooperative State Research Service" and all that follows through "extension services;" and inserting "the National Institute of Food and Agriculture, in conjunction with the system of State agricultural experiment stations and State and county cooperative extension services; the Economic Research Service;".

(15) Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) is amended—

(A) in subsection (a)(1), by striking "the Cooperative State Research Service in close cooperation with the Extension Service" and inserting "the National Institute of Food and Agriculture";

(B) in subsection (b)(1)—

(i) by striking subparagraphs (B) and (C) and inserting the following:

"(B) the National Institute of Food and Agriculture;"; and

(ii) by redesignating subparagraphs (D) through (L) as subparagraphs (C) through (K), respectively.

(16) Section 1627(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(d)) is amended by striking "Extension Service" and inserting "National Institute of Food and Agriculture".

(17) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended—

(A) in subsection (b), in the first sentence, by striking "the Extension Service" and inserting "the National Institute of Food and Agriculture"; and

(B) in subsection (h), by striking "Extension Service" and inserting "National Institute of Food and Agriculture".

(18) Section 1638(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5852(b)) is amended—

(A) in paragraph (3), by striking "Cooperative State Research Service" and inserting

"National Institute of Food and Agriculture"; and

(B) in paragraph (5), by striking "Cooperative State Research Service" and inserting "National Institute of Food and Agriculture".

(19) Section 1640(a)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5854(a)(2)) is amended by striking "the Administrator of the Extension Service, the Administrator of the Cooperative State Research Service" and inserting "the Director of the National Institute of Food and Agriculture".

(20) Section 1641(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(a)) is amended—

(A) in paragraph (2), by striking "Cooperative State Research Service" and inserting "National Institute of Food and Agriculture"; and

(B) in paragraph (4,) by striking "Extension Service" and inserting "National Institute of Food and Agriculture".

(21) Section 1668(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921(b)) is amended by striking "Cooperative State

Research, Education, and Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(22) Section 1670(a)(4) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(a)(4)) is amended by striking ''the Administrator of the Cooperative State Research, Education, and Extension Service'' and inserting ''the Director of the National Institute of Food and Agriculture''.

(23) Section 1677(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5930(a)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(24) Section 2122(b)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6521(b)(1)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(25) Section 2371 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6601) is amended—

(A) in subsection (a), by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''; and

(B) in subsection (c)(3), by striking ''Service'' and inserting ''System''.

(26) Section 2377(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6615(a)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(27) Section 212(a)(2)(A) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6912(a)(2)(A)) is amended by striking ''251(d),'' and inserting ''251(f),''.

(28) Section 537 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7446) is amended in each of subsections (a)(2) and (b)(3)(B)(i) by striking ''Cooperative State Research, Education, and Extension Service'' and inserting ''cooperative extension''.

(29) Section 101(b)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7611(b)(2)) is amended by striking ''Cooperative State Research, Education, and Exten-

sion Service'' and inserting ''National Institute of Food and Agriculture''.

(30) Section 103(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(a)) is amended—

(A) in the subsection heading, by striking ''Cooperative State Research, Education, and Extension Service'' and inserting ''National Institute of Food and Agriculture''; and

(B) in each of paragraphs (1) and (2)(A), by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(31) Section 407(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7627(c)) is amended by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(32) Section 410(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630(a)) is amended by striking ''the Administrator of the Cooperative State Research, Education, and Extension Service'' and in-

serting ''the Director of the National Institute of Food and Agriculture''.

(33) Section 307(g)(5) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 8606(g)(5)) is amended by striking ''Administrator of the Cooperative State Research, Education, and Extension Service'' and inserting ''Director of the National Institute of Food and Agriculture''.

(34) Section 5(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1674a(a)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(35) Section 6(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103b(b)) is amended by striking ''the Cooperative State Research, Education, and Extension Service, may provide technical, financial, and related assistance to State foresters, equivalent State officials, or Cooperative Extension officials'' and inserting ''the National Institute of Food and Agriculture, may provide technical, financial, and related assistance to State foresters, equivalent State officials, or cooperative extension officials''.

(36) Section 9(g)(2)(A)(viii) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C.

2105(g)(2)(A)(viii)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(37) Section 19(b)(1)(B)(i) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)(1)(B)(i)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(38) Section 1261(c)(4) of the Food Security Act of 1985 (16 U.S.C. 3861(c)(4)) is amended by striking ''Extension Service'' and inserting ''National Institute of Food and Agriculture''.

(39) Section 105(a) of the Africa: Seeds of Hope Act of 1998 (22 U.S.C. 2293 note; Public Law 105–385) is amended by striking ''the Cooperative State, Research, Education, and Extension Service (CSREES)'' and inserting ''the National Institute of Food and Agriculture''.

(40) Section 307(a)(4) of the National Aeronautic and Space Administration Authorization Act of 2005 (42 U.S.C. 16657(a)(4)) is amended by striking subparagraph (B) and inserting the following:

''(B) the program and structure of, peer review process of, management of conflicts of

interest by, compensation of reviewers of, and the effects of compensation on reviewer efficiency and quality within, the National Institute of Food and Agriculture of the Department of Agriculture;''.

PART III—NEW GRANT AND RESEARCH PROGRAMS

SEC. 7521. RESEARCH AND EDUCATION GRANTS FOR THE STUDY OF ANTIBIOTIC-RESISTANT BACTERIA.

(a) IN GENERAL.—The Secretary shall provide research and education grants, on a competitive basis—

(1) to study the development of antibiotic-resistant bacteria, including—

(A) movement of antibiotic-resistant bacteria into groundwater and surface water; and

(B) the effect on antibiotic resistance from various drug use regimens; and

(2) to study and ensure the judicious use of antibiotics in veterinary and human medicine, including—

(A) methods and practices of animal husbandry;

(B) safe and effective alternatives to antibiotics;

(C) the development of better veterinary diagnostics to improve decisionmaking; and

(D) the identification of conditions or factors that affect antibiotic use on farms.

(b) ADMINISTRATION.—Paragraphs (4), (7), (8), and (11)(B) of subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) shall apply with respect to the making of grants under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

SEC. 7522. FARM AND RANCH STRESS ASSISTANCE NETWORK.

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Health and Human Services, shall make competitive grants to support cooperative programs between State cooperative extension services and nonprofit organizations to establish a Farm and Ranch Stress Assistance Network that provides stress assistance programs to individuals who are engaged in farming, ranching, and other agriculture-related occupations.

(b) ELIGIBLE PROGRAMS.—Grants awarded under subsection (a) may be used to initiate, expand, or sustain programs that provide professional agricultural behavioral

health counseling and referral for other forms of assistance as necessary through—

(1) farm telephone helplines and websites;

(2) community education;

(3) support groups;

(4) outreach services and activities; and

(5) home delivery of assistance, in a case in which a farm resident is homebound.

(c) EXTENSION SERVICES.—Grants shall be awarded under this subsection directly to State cooperative extension services to enable the State cooperative extension services to enter into contracts, on a multiyear basis, with nonprofit, community-based, direct-service organizations to initiate, expand, or sustain cooperative programs described in subsections (a) and (b).

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

SEC. 7523. SEED DISTRIBUTION.

(a) IN GENERAL.—The Secretary shall make competitive grants to eligible entities to carry out a seed distribution program to administer and maintain the distribution of vegetable seeds donated by commercial seed companies.

(b) PURPOSES.—The purposes of this program include—

(1) the distribution of seeds donated by commercial seed companies free-of-charge to appropriate—

(A) individuals;

(B) groups;

(C) institutions;

(D) governmental and nongovernmental organizations; and

(E) such other entities as the Secretary may designate;

(2) distribution of seeds to underserved communities, such as communities that experience—

(A) limited access to affordable fresh vegetables;

(B) a high rate of hunger or food insecurity; or

(C) severe or persistent poverty.

(c) ADMINISTRATION.—Paragraphs (4), (7), (8), and (11)(B) of subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) shall apply with respect to the making of grants under this section.

(d) SELECTION.—An eligible entity selected to receive a grant under subsection (a) shall have—

(1) expertise regarding the distribution of vegetable seeds donated by commercial seed companies; and

(2) the ability to achieve the purpose of the seed distribution program.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

SEC. 7524. LIVE VIRUS FOOT AND MOUTH DISEASE RESEARCH.

(a) IN GENERAL.—The Secretary shall issue a permit required under section 12 of the Act of May 29, 1884 (21 U.S.C. 113a) to the Secretary of Homeland Security for work on the live virus of foot and mouth disease at any facility that is a successor to the Plum Island Animal Disease Center and charged with researching high-consequence biological threats involving zoonotic and foreign animal diseases (referred to in this section as the ''successor facility'').

(b) LIMITATION TO SINGLE FACILITY.—Not more than 1 facility shall be issued a permit under subsection (a).

(c) LIMITATION ON VALIDITY.—The permit issued under this section shall be valid unless the Secretary deter-

mines that the study of live foot and mouth disease virus at the successor facility is not being carried out in accordance with the regulations promulgated by the Secretary pursuant to the Agricultural Bioterrorism Protection Act of 2002 (7 U.S.C. 8401 et seq.).

(d) AUTHORITY.—The suspension, revocation, or other impairment of the permit issued under this section—

(1) shall be made by the Secretary; and

(2) is a nondelegable function.

SEC. 7525. NATURAL PRODUCTS RESEARCH PROGRAM.

(a) IN GENERAL.—The Secretary shall establish within the Department a natural products research program.

(b) DUTIES.—In carrying out the program established under subsection (a), the Secretary shall coordinate research relating to natural products, including—

(1) research to improve human health and agricultural productivity through the discovery, development, and commercialization of products and agrichemicals from bioactive natural products, including products from plant, marine, and microbial sources;

(2) research to characterize the botanical sources, production, chemistry, and biological properties of plant-derived natural products; and

(3) other research priorities identified by the Secretary.

(c) PEER AND MERIT REVIEW.—The Secretary shall—

(1) determine the relevance and merit of research under this section through a system of peer review established by the Secretary pursuant to section 103 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613); and

(2) approve funding for research on the basis of merit, quality, and relevance to advancing the purposes of this section.

(d) BUILDINGS AND FACILITIES.—Funds made available under this section shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement and architect fees).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section

such sums as are necessary for each of fiscal years 2008 through 2012.

SEC. 7526. SUN GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish and carry out a program to provide grants to the sun grant centers and subcenter specified in subsection (b)—

(1) to enhance national energy security through the development, distribution, and implementation of biobased energy technologies;

(2) to promote diversification in, and the environmental sustainability of, agricultural production in the United States through biobased energy and product technologies;

(3) to promote economic diversification in rural areas of the United States through biobased energy and product technologies; and

(4) to enhance the efficiency of bioenergy and biomass research and development programs through improved coordination and collaboration among—

(A) the Department of Agriculture;

(B) the Department of Energy; and

(C) land-grant colleges and universities.

(b) GRANTS.—

(1) IN GENERAL.—The Secretary shall use amounts made available under subsection (g) to provide grants to each of the following:

(A) NORTH-CENTRAL CENTER.—A north-central sun grant center at South Dakota State University for the region composed of the States of Illinois, Indiana, Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming.

(B) SOUTHEASTERN CENTER.—A southeastern sun grant center at the University of Tennessee at Knoxville for the region composed of—

(i) the States of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia;

(ii) the Commonwealth of Puerto Rico; and

(iii) the United States Virgin Islands.

(C) SOUTH-CENTRAL CENTER.—A south-central sun grant center at Oklahoma State University for the region composed of the States of Arkansas, Colorado, Kansas, Lou-

isiana, Missouri, New Mexico, Oklahoma, and Texas.

(D) WESTERN CENTER.—A western sun grant center at Oregon State University for the region composed of—

(i) the States of Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington; and

(ii) insular areas (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103 (other than the insular areas referred to in clauses (ii) and (iii) of subparagraph (B))).

(E) NORTHEASTERN CENTER.—A northeastern sun grant center at Cornell University for the region composed of the States of Connecticut, Delaware, Massachusetts, Maryland, Maine, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, and West Virginia.

(F) WESTERN INSULAR PACIFIC SUBCENTER.—A western insular Pacific sun grant subcenter at the University of Hawaii for the region of Alaska, Hawaii, Guam, American

Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

(2) MANNER OF DISTRIBUTION.—

(A) CENTERS.—In providing any funds made available under subsection (g), the Secretary shall distribute the grants in equal amounts to the sun grant centers described in subparagraphs (A) through (E) of paragraph (1).

(B) SUBCENTER.—The sun grant center described in paragraph (1)(D) shall allocate a portion of the funds received under paragraph (1) to the subcenter described in paragraph (1)(F) pursuant to guidance issued by the Secretary.

(3) FAILURE TO COMPLY WITH REQUIREMENTS.—If the Secretary finds on the basis of a review of the annual report required under subsection (f) or on the basis of an audit of a sun grant center or subcenter conducted by the Secretary that the center or subcenter has not complied with the requirements of this section, the sun grant center or subcenter shall be ineligible to receive further grants

under this section for such period of time as may be prescribed by the Secretary.

(c) USE OF FUNDS.—

(1) COMPETITIVE GRANTS.—

(A) IN GENERAL.—A sun grant center or subcenter shall use 75 percent of the funds described in subsection (b) to provide competitive grants to entities that are—

(i) eligible to receive grants under subsection (b)(7) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(7)); and

(ii) located in the region covered by the sun grant center or subcenter.

(B) ACTIVITIES.—Grants described in subparagraph (A) shall be used by the grant recipient to conduct, in a manner consistent with the purposes described in subsection (a), multi-institutional and multistate—

(i) research, extension, and education programs on technology development; and

(ii) integrated research, extension, and education programs on technology implementation.

(C) FUNDING ALLOCATION.—Of the amount of funds that is used to provide grants under subparagraph (A), the sun grant center or subcenter shall use—

(i) not less than 30 percent of the funds to carry out the programs described in subparagraph (B)(i); and

(ii) not less than 30 percent of the funds to carry out the programs described in subparagraph (B)(ii).

(D) ADMINISTRATION.—

(i) PEER AND MERIT REVIEW.—In making grants under this paragraph, a sun grant center or subcenter shall—

(I) seek and accept proposals for grants;

(II) determine the relevance and merit of proposals through a system of peer review similar to that established by the Secretary pursuant to section 103 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613); and

(III) award grants on the basis of merit, quality, and relevance to advancing the purposes of this section.

(ii) PRIORITY.—A sun grant center or subcenter shall give a higher priority to programs that are consistent with the plan approved by the Secretary under subsection (d).

(iii) TERM.—A grant awarded by a sun grant center or subcenter shall have a term that does not exceed 5 years.

(iv) MATCHING FUNDS REQUIRED.—

(I) IN GENERAL.—Except as provided in subclauses (II) and (III), as a condition of receiving a grant under this paragraph, the sun grant center or subcenter shall require that not less than 20 percent of the cost of an activity described in subparagraph (B) be matched with funds, including in-kind contributions, from a non-Federal source.

(II) EXCLUSION.—Subclause (I) shall not apply to fundamental research (as defined in subsection (f)(1)

of section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) (as added by section 7511(a)(4)).

(III) REDUCTION.—The sun grant center or subcenter may reduce or eliminate the requirement for non-Federal funds under subclause (I) for applied research (as defined in subsection (f)(1) of section 251 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) (as added by section 7511(a)(4)) if the sun grant center or subcenter determines that the reduction is necessary and appropriate pursuant to guidance issued by the Secretary.

(v) BUILDINGS AND FACILITIES.—Funds made available for grants shall not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement and architect fees).

(vi) LIMITATION ON INDIRECT COSTS.—A sun grant center or subcenter may not recover the indirect costs of making grants under subparagraph (A).

(2) ADMINISTRATIVE EXPENSES.—A sun grant center or subcenter may use up to 4 percent of the funds described in subsection (b) to pay administrative expenses incurred in carrying out paragraph (1).

(3) RESEARCH, EXTENSION AND EDUCATIONAL ACTIVITIES.—The sun grant centers and subcenter shall use the remainder of the funds described in subsection (b) to conduct, in a manner consistent with the purposes described in subsection (a), multi-institutional and multistate—

(A) research, extension, and educational programs on technology development; and

(B) integrated research, extension, and educational programs on technology implementation.

(d) PLAN FOR RESEARCH ACTIVITIES TO BE FUNDED.—

(1) IN GENERAL.—Subject to the availability of funds under subsection (g), and in cooperation with land-grant colleges and universities and private industry in accordance with paragraph (2), the sun

grant centers and subcenter shall jointly develop and submit to the Secretary for approval a plan for addressing the bioenergy, biomass, and gasification research priorities of the Department of Agriculture and the Department of Energy at the State and regional levels.

(2) GASIFICATION COORDINATION.—With respect to gasification research activity, the sun grant centers and subcenter shall coordinate planning with land-grant colleges and universities in their respective regions that have ongoing research activities in that area.

(3) FUNDING.—Funds described in subsection (c)(2) shall be available to carry out planning coordination under paragraph (1).

(4) USE OF PLAN.—The sun grant centers and subcenter shall use the plan described in paragraph (1) in making grants under subsection (c)(1).

(e) GRANT INFORMATION ANALYSIS CENTER.—The sun grant centers and subcenter shall maintain a Sun Grant Information Analysis Center at the sun grant center specified in subsection (b)(1)(A) to provide the sun grant centers and subcenter with analysis and data management support.

(f) ANNUAL REPORTS.—Not later than 90 days after the end of each fiscal year, a sun grant center or subcenter receiving a grant under this section shall submit to the Secretary a report that describes the policies, priorities, and operations of the program carried out by the center or subcenter during the fiscal year, including—

(1) the results of all peer and merit review procedures conducted pursuant to subsection (c)(1)(D)(i); and

(2) a description of progress made in facilitating the priorities described in subsection (d)(1).

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $75,000,000 for each of fiscal years 2008 through 2012, of which not more than $4,000,000 for each fiscal year shall be made available to carry out subsection (e).

SEC. 7527. STUDY AND REPORT ON FOOD DESERTS.

(a) DEFINITION OF FOOD DESERT.—In this section, the term ''food desert'' means an area in the United States with limited access to affordable and nutritious food, particularly such an area composed of predominantly lower-income neighborhoods and communities.

(b) STUDY AND REPORT.—The Secretary shall carry out a study of, and prepare a report on, food deserts.

(c) CONTENTS.—The study and report shall—

(1) assess the incidence and prevalence of food deserts;

(2) identify—

(A) characteristics and factors causing and influencing food deserts; and

(B) the effect on local populations of limited access to affordable and nutritious food; and

(3) provide recommendations for addressing the causes and effects of food deserts through measures that include—

(A) community and economic development initiatives;

(B) incentives for retail food market development, including supermarkets, small grocery stores, and farmers' markets; and

(C) improvements to Federal food assistance and nutrition education programs.

(d) COORDINATION WITH OTHER AGENCIES AND ORGANIZATIONS.—The Secretary shall conduct the study under this section in coordination and consultation with—

(1) the Secretary of Health and Human Services;

(2) the Administrator of the Small Business Administration;

(3) the Institute of Medicine; and

(4) representatives of appropriate businesses, academic institutions, and nonprofit and faith-based organizations.

(e) SUBMISSION TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate the report prepared under this section, including the findings and recommendations described in subsection (c).

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $500,000.

SEC. 7528. DEMONSTRATION PROJECT AUTHORITY FOR TEMPORARY POSITIONS.

Notwithstanding section 4703(d)(1) of title 5, United States Code, the amendment to the personnel management demonstration project established in the Department of Agriculture (67 Fed. Reg. 70776 (2002)), shall become effective upon the date of enactment of this Act and shall remain in effect unless modified by law.

SEC. 7529. AGRICULTURAL AND RURAL TRANSPORTATION RESEARCH AND EDUCATION.

(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Transportation, shall make competitive grants to institutions of higher education to carry out agricultural and rural transportation research and education activities.

(b) ACTIVITIES.—Research and education grants made under this section shall be used to address rural transportation and logistics needs of agricultural producers and related rural businesses, including—

(1) the transportation of biofuels; and

(2) the export of agricultural products.

(c) SELECTION CRITERIA.—

(1) IN GENERAL.—The Secretary shall award grants under this section on the basis of the transportation research, education, and outreach expertise of the applicant, as determined by the Secretary.

(2) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to institutions of higher education for use in coordinating research and education activities with other institutions of higher education with similar agricultural and rural transportation research and education programs.

(d) DIVERSIFICATION OF RESEARCH.—The Secretary shall award grants under this section in areas that are regionally diverse and broadly representative of the diversity of agricultural production and related transportation needs in the rural areas of the United States.

(e) MATCHING FUNDS REQUIREMENT.—The Secretary shall require each recipient of a grant under this section to provide, from non-Federal sources, in cash or in kind, 50 percent of the cost of carrying out activities under the grant.

(f) GRANT REVIEW.—A grant shall be awarded under this section on a competitive, peer- and merit-reviewed basis in accordance with section 103(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(a)).

(g) NO DUPLICATION.—In awarding grants under this section, the Secretary shall ensure that activities funded under this section do not duplicate the efforts of the University Transportation Centers described in sections 5505 and 5506 of title 49, United States Code.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2008 through 2012.

TITLE VIII—FORESTRY

Subtitle A—Amendments to Cooperative Forestry Assistance Act of 1978

SEC. 8001. NATIONAL PRIORITIES FOR PRIVATE FOREST CONSERVATION.

Section 2 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101) is amended—

(1) by redesignating subsections (c) and (d) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (b) the following new subsections:

''(c) PRIORITIES.—In allocating funds appropriated or otherwise made available under this Act, the Secretary shall focus on the following national private forest conservation priorities, notwithstanding other priorities specified elsewhere in this Act:

''(1) Conserving and managing working forest landscapes for multiple values and uses.

''(2) Protecting forests from threats, including catastrophic wildfires, hurricanes, tornados, windstorms, snow or ice storms, flooding, drought, invasive species, insect or disease outbreak, or development, and restoring appropriate forest types in response to such threats.

"(3) Enhancing public benefits from private forests, including air and water quality, soil conservation, biological diversity, carbon storage, forest products, forestry-related jobs, production of renewable energy, wildlife, wildlife corridors and wildlife habitat, and recreation.

"(d) REPORTING REQUIREMENT.—Not later than September 30, 2011, the Secretary shall submit to Congress a report describing how funds were used under this Act, and through other programs administered by the Secretary, to address the national priorities specified in subsection (c) and the outcomes achieved in meeting the national priorities.".

SEC. 8002. LONG-TERM STATE-WIDE ASSESSMENTS AND STRATEGIES FOR FOREST RESOURCES.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 2 (16 U.S.C. 2101) the following new section:

"SEC. 2A. STATE-WIDE ASSESSMENT AND STRATEGIES FOR FOREST RESOURCES.

"(a) ASSESSMENT AND STRATEGIES FOR FOREST RESOURCES.—For a State to be eligible to receive funds under the authorities of this Act, the State forester of that State or equivalent State official shall develop and submit to the Secretary, not later than two years after the date

of enactment of the Food, Conservation, and Energy Act of 2008, the following:

"(1) A State-wide assessment of forest resource conditions, including—

"(A) the conditions and trends of forest resources in that State;

"(B) the threats to forest lands and resources in that State consistent with the national priorities specified in section 2(c);

"(C) any areas or regions of that State that are a priority; and

"(D) any multi-State areas that are a regional priority.

"(2) A long-term State-wide forest resource strategy, including—

"(A) strategies for addressing threats to forest resources in the State outlined in the assessment required by paragraph (1); and

"(B) a description of the resources necessary for the State forester or equivalent State official from all sources to address the State-wide strategy.

"(b) UPDATING.—At such times as the Secretary determines to be necessary, the State forester or equivalent State official shall update and resubmit to the Secretary

the State-wide assessment and State-wide strategy required by subsection (a).

"(c) COORDINATION.—In developing or updating the State-wide assessment and State-wide strategy required by subsection (a), the State Forester or equivalent State official shall coordinate with—

"(1) the State Forest Stewardship Coordinating Committee established for the State under section 19(b);

"(2) the State wildlife agency, with respect to strategies contained in the State wildlife action plans;

"(3) the State Technical Committee;

"(4) applicable Federal land management agencies; and

"(5) for purposes of the Forest Legacy Program under section 7, the State lead agency designated by the Governor.

"(d) INCORPORATION OF OTHER PLANS.—In developing or updating the State-wide assessment and State-wide strategy required by subsection (a), the State forester or equivalent State official shall incorporate any forest management plan of the State, including community wildfire protection plans and State wildlife action plans.

"(e) SUFFICIENCY.—Once approved by the Secretary, a State-wide assessment and State-wide strategy developed under subsection (a) shall be deemed to be sufficient to satisfy all relevant State planning and assessment requirements under this Act.

"(f) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section up to $10,000,000 for each of fiscal years 2008 through 2012.

"(2) ADDITIONAL FUNDING SOURCES.—In addition to the funds appropriated for a fiscal year pursuant to the authorization of appropriations in paragraph (1) to carry out this section, the Secretary may use any other funds made available for planning under this Act to carry out this section, except that the total amount of combined funding used to carry out this section may not exceed $10,000,000 in any fiscal year.

"(g) ANNUAL REPORT ON USE OF FUNDS.—The State forester or equivalent State official shall submit to the Secretary an annual report detailing how funds made available to the State under this Act are being used.".

SEC. 8003. COMMUNITY FOREST AND OPEN SPACE CONSERVATION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) the Forest Service projects that, by calendar year 2030, approximately 44,000,000 acres of privately-owned forest land will be developed throughout the United States;

(2) public access to parcels of privately-owned forest land for outdoor recreational activities, including hunting, fishing, and trapping, has declined and, as a result, participation in those activities has also declined in cases in which public access is not secured;

(3) rising rates of obesity and other public health problems relating to the inactivity of the citizens of the United States have been shown to be ameliorated by improving public access to safe and attractive areas for outdoor recreation;

(4) in rapidly-growing communities of all sizes throughout the United States, remaining parcels of forest land play an essential role in protecting public water supplies;

(5) forest parcels owned by local governmental entities and nonprofit organizations are providing important demonstration sites for private landowners to learn forest management techniques;

(6) throughout the United States, communities of diverse types and sizes are deriving significant financial and community benefits from managing forest land owned by local governmental entities for timber and other forest products; and

(7) there is an urgent need for local governmental entities to be able to leverage financial resources in order to purchase important parcels of privately-owned forest land as the parcels are offered for sale.

(b) COMMUNITY FOREST AND OPEN SPACE CONSERVATION PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 7 (16 U.S.C. 2103c) the following new section:

"SEC. 7A. COMMUNITY FOREST AND OPEN SPACE CONSERVATION PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) ELIGIBLE ENTITY.—The term 'eligible entity' means a local governmental entity, Indian tribe, or nonprofit organization that owns or acquires a parcel under the program.

''(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(3) LOCAL GOVERNMENTAL ENTITY.—The term 'local governmental entity' includes any municipal government, county government, or other local government body with jurisdiction over local land use decisions.

"(4) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization that—

"(A) is described in section 170(h)(3) of the Internal Revenue Code of 1986; and

"(B) operates in accordance with 1 or more of the purposes specified in section 170(h)(4)(A) of that Code.

"(5) PROGRAM.—The term 'Program' means the community forest and open space conservation program established under subsection (b).

"(6) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Chief of the Forest Service.

"(b) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'community forest and open space conservation program'.

"(c) GRANT PROGRAM.—

"(1) IN GENERAL.—The Secretary may award grants to eligible entities to acquire private forest land, to be owned in fee simple, that—

"(A) are threatened by conversion to non-forest uses; and

"(B) provide public benefits to communities, including—

"(i) economic benefits through sustainable forest management;

"(ii) environmental benefits, including clean water and wildlife habitat;

"(iii) benefits from forest-based educational programs, including vocational education programs in forestry;

"(iv) benefits from serving as models of effective forest stewardship for private landowners; and

"(v) recreational benefits, including hunting and fishing.

"(2) FEDERAL COST SHARE.—An eligible entity may receive a grant under the Program in an amount equal to not more than 50 percent of the cost of acquiring 1 or more parcels, as determined by the Secretary.

"(3) NON-FEDERAL SHARE.—As a condition of receipt of the grant, an eligible entity that receives a grant under the Program shall provide, in cash, donation, or in kind, a non-Federal matching share in an amount that is at least equal to the amount of the grant received.

"(4) APPRAISAL OF PARCELS.—To determine the non-Federal share of the cost of a parcel of privately-owned forest land under paragraph (2), an eligible entity shall require appraisals of the land that comply with the Uniform Appraisal Standards for Federal Land Acquisitions developed by the Interagency Land Acquisition Conference.

"(5) APPLICATION.—An eligible entity that seeks to receive a grant under the Program shall submit to the State forester or equivalent official (or in the case of an Indian tribe, an equivalent official of the Indian tribe) an application that includes—

"(A) a description of the land to be acquired;

"(B) a forest plan that provides—

"(i) a description of community benefits to be achieved from the acquisition of the private forest land; and

"(ii) an explanation of the manner in which any private forest land to be acquired using funds from the grant will be managed; and

"(C) such other relevant information as the Secretary may require.

"(6) EFFECT ON TRUST LAND.—

"(A) INELIGIBILITY.—The Secretary shall not provide a grant under the Program for any project on land held in trust by the United States (including Indian reservations and allotment land).

"(B) ACQUIRED LAND.—No land acquired using a grant provided under the Program shall be converted to land held in trust by the United States on behalf of any Indian tribe.

"(7) APPLICATIONS TO SECRETARY.—The State forester or equivalent official (or in the case of an Indian tribe, an equivalent official of the Indian tribe) shall submit to the Secretary a list that includes a description of each project submitted by an eligible entity at such times and in such form as the Secretary shall prescribe.

"(d) DUTIES OF ELIGIBLE ENTITY.—An eligible entity shall provide public access to, and manage, forest land

acquired with a grant under this section in a manner that is consistent with the purposes for which the land was acquired under the Program.

"(e) PROHIBITED USES.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), an eligible entity that acquires a parcel under the Program shall not sell the parcel or convert the parcel to nonforest use.

"(2) REIMBURSEMENT OF FUNDS.—An eligible entity that sells or converts to nonforest use a parcel acquired under the Program shall pay to the Federal Government an amount equal to the greater of the current sale price, or current appraised value, of the parcel.

"(3) LOSS OF ELIGIBILITY.—An eligible entity that sells or converts a parcel acquired under the Program shall not be eligible for additional grants under the Program.

"(f) STATE ADMINISTRATION AND TECHNICAL ASSISTANCE.—The Secretary may allocate not more than 10 percent of all funds made available to carry out the Program for each fiscal year to State foresters or equivalent officials (including equivalent officials of Indian tribes) for Program administration and technical assistance.

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

SEC. 8004. ASSISTANCE TO THE FEDERATED STATES OF MICRONESIA, THE REPUBLIC OF THE MARSHALL ISLANDS, AND THE REPUBLIC OF PALAU.

Section 13(d)(1) of the Cooperative Forestry Act of 1978 (16 U.S.C. 2109(d)(1)) is amended by striking "the Trust Territory of the Pacific Islands," and inserting "the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau,".

SEC. 8005. CHANGES TO FOREST RESOURCE COORDINATING COMMITTEE.

Section 19 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113) is amended by striking subsection (a) and inserting the following new subsection:

"(a) FOREST RESOURCE COORDINATING COMMITTEE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a committee, to be known as the 'Forest Resource Coordinating Committee' (in this section referred to as the 'Coordinating Committee'), to coordinate nonindustrial private forestry activities

within the Department of Agriculture and with the private sector.

"(2) COMPOSITION.—The Coordinating Committee shall be composed of the following:

"(A) The Chief of the Forest Service.

"(B) The Chief of the Natural Resources Conservation Service.

"(C) The Director of the Farm Service Agency.

"(D) The Director of the National Institute of Food and Agriculture.

"(E) Non-Federal representatives appointed by the Secretary to 3 year terms, although initial appointees shall have staggered terms, including the following persons:

"(i) At least three State foresters or equivalent State officials from geographically diverse regions of the United States.

"(ii) A representative of a State fish and wildlife agency.

"(iii) An owner of nonindustrial private forest land.

"(iv) A forest industry representative.

"(v) A conservation organization representative.

"(vi) A land-grant university or college representative.

"(vii) A private forestry consultant.

"(viii) A representative from a State Technical Committee established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861).

"(F) Such other persons as determined by the Secretary to be appropriate.

"(3) CHAIRPERSON.—The Chief of the Forest Service shall serve as chairperson of the Coordinating Committee.

"(4) DUTIES.—The Coordinating Committee shall—

"(A) provide direction and coordination of actions within the Department of Agriculture, and coordination with State agencies and the private sector, to effectively address the national priorities specified in section 2(c), with specific focus owners of nonindustrial private forest land;

"(B) clarify individual agency responsibilities of each agency represented on the Coordinating Committee concerning the national pri-

orities specified in section 2(c), with specific focus on nonindustrial private forest land;

"(C) provide advice on the allocation of funds, including the competitive funds set-aside by sections 13A and 13B; and

"(D) assist the Secretary in developing and reviewing the report required by section 2(d).

"(5) MEETING.—The Coordinating Committee shall meet annually to discuss progress in addressing the national priorities specified in section 2(c) and issues regarding nonindustrial private forest land.

"(6) COMPENSATION.—

"(A) FEDERAL MEMBERS.—Members of the Coordinating Committee who are full-time officers or employees of the United States shall receive no additional pay, allowances, or benefits by reason of their service on the Coordinating Committee.

"(B) NON-FEDERAL MEMBERS.—Non-federal members of the Coordinating Committee shall serve without pay, but may be reimbursed for reasonable costs incurred while performing their duties on behalf of the Coordinating Committee.".

SEC. 8006. CHANGES TO STATE FOREST STEWARDSHIP COORDINATING COMMITTEES.

Section 19(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)) is amended—

(1) in paragraph (1)(B)(ii)—

(A) by striking ''and'' at the end of subclause (VII); and

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

''(IX) the State Technical Committee.''.

(2) in paragraph (2)(C), by striking ''a Forest Stewardship Plan under paragraph (3)'' and inserting ''the State-wide assessment and strategy regarding forest resource conditions under section 2A'';

(3) by striking paragraphs (3) and (4); and

(4) by redesignating paragraphs (5) and (6) as paragraphs (3) and (4), respectively.

SEC. 8007. COMPETITION IN PROGRAMS UNDER COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 13 (16 U.S.C. 2109) the following new section:

"SEC. 13A. COMPETITIVE ALLOCATION OF FUNDS TO STATE FORESTERS OR EQUIVALENT STATE OFFICIALS.

"(a) COMPETITION.—Beginning not later than 3 years after the date of the enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall competitively allocate a portion, to be determined by the Secretary, of the funds available under this Act to State foresters or equivalent State officials.

"(b) DETERMINATION.—In determining the competitive allocation of funds under subsection (a), the Secretary shall consult with the Forest Resource Coordinating Committee established by section 19(a).

"(c) PRIORITY.—The Secretary shall give priority for funding to States for which the long-term State-wide forest resource strategies submitted under section 2A(a)(2) will best promote the national priorities specified in section 2(c).".

SEC. 8008. COMPETITIVE ALLOCATION OF FUNDS FOR COOPERATIVE FOREST INNOVATION PARTNERSHIP PROJECTS.

The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 13A, as added by section 8006, the following new section:

"SEC. 13B. COMPETITIVE ALLOCATION OF FUNDS FOR COOPERATIVE FOREST INNOVATION PARTNERSHIP PROJECTS.

"(a) COOPERATIVE FOREST INNOVATION PARTNERSHIP PROJECTS.—The Secretary may competitively allocate not more than 5 percent of the funds made available under this Act to support innovative national, regional, or local education, outreach, or technology transfer projects that the Secretary determines would substantially increase the ability of the Department of Agriculture to address the national priorities specified in section 2(c).

"(b) ELIGIBILITY.—Notwithstanding the eligibility limitations contained in this Act, any State or local government, Indian tribe, land-grant college or university, or private entity shall be eligible to compete for funds to be competitively allocated under subsection (a).

"(c) COST-SHARE REQUIREMENT.—In carrying out subsection (a), the Secretary shall not cover more than 50 percent of the total cost of a project under such subsection. In calculating the total cost of a project and contributions made with regard to the project, the Secretary shall include in-kind contributions.".

Subtitle B—Cultural and Heritage Cooperation Authority

SEC. 8101. PURPOSES.

The purposes of this subtitle are—

(1) to authorize the reburial of human remains and cultural items on National Forest System land, including human remains and cultural items repatriated under the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001 et seq.);

(2) to prevent the unauthorized disclosure of information regarding reburial sites, including the quantity and identity of human remains and cultural items on sites and the location of sites;

(3) to authorize the Secretary of Agriculture to ensure access to National Forest System land, to the maximum extent practicable, by Indians and Indian tribes for traditional and cultural purposes;

(4) to authorize the Secretary to provide forest products, without consideration, to Indian tribes for traditional and cultural purposes;

(5) to authorize the Secretary to protect the confidentiality of certain information, including information that is culturally sensitive to Indian tribes;

(6) to increase the availability of Forest Service programs and resources to Indian tribes in support of the policy of the United States to promote tribal sovereignty and self-determination; and

(7) to strengthen support for the policy of the United States of protecting and preserving the traditional, cultural, and ceremonial rites and practices of Indian tribes, in accordance with Public Law 95–341 (commonly known as the American Indian Religious Freedom Act; 42 U.S.C. 1996).

SEC. 8102. DEFINITIONS.

In this subtitle:

(1) ADJACENT SITE.—The term ''adjacent site'' means a site that borders a boundary line of National Forest System land.

(2) CULTURAL ITEMS.—The term ''cultural items'' has the meaning given the term in section 2 of the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001), except that the term does not include human remains.

(3) HUMAN REMAINS.—The term ''human remains'' means the physical remains of the body of a person of Indian ancestry.

(4) INDIAN.—The term ''Indian'' means an individual who is a member of an Indian tribe.

(5) INDIAN TRIBE.—The term ''Indian tribe'' means any Indian or Alaska Native tribe, band, nation, pueblo, village, or other community the name of which is included on a list published by the Sec-

retary of the Interior pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a–1).

(6) LINEAL DESCENDANT.—The term ''lineal descendant'' means an individual that can trace, directly and without interruption, the ancestry of the individual through the traditional kinship system of an Indian tribe, or through the common law system of descent, to a known Indian, the human remains, funerary objects, or other sacred objects of whom are claimed by the individual.

(7) NATIONAL FOREST SYSTEM.—The term ''National Forest System'' has the meaning given the term in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)).

(8) REBURIAL SITE.—The term ''reburial site'' means a specific physical location at which cultural items or human remains are reburied.

(9) TRADITIONAL AND CULTURAL PURPOSE.—The term ''traditional and cultural purpose'', with respect to a definable use, area, or practice, means that the use, area, or practice is identified by an Indian tribe as traditional or cultural because of the

long-established significance or ceremonial nature of the use, area, or practice to the Indian tribe.

SEC. 8103. REBURIAL OF HUMAN REMAINS AND CULTURAL ITEMS.

(a) REBURIAL SITES.—In consultation with an affected Indian tribe or lineal descendant, the Secretary may authorize the use of National Forest System land by the Indian tribe or lineal descendant for the reburial of human remains or cultural items in the possession of the Indian tribe or lineal descendant that have been disinterred from National Forest System land or an adjacent site.

(b) REBURIAL.—With the consent of the affected Indian tribe or lineal descendent, the Secretary may recover and rebury, at Federal expense or using other available funds, human remains and cultural items described in subsection (a) at the National Forest System land identified under that subsection.

(c) AUTHORIZATION OF USE.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may authorize such uses of reburial sites on National Forest System land, or on the National Forest System land immediately surrounding a reburial site, as the Secretary determines to be necessary for management of the National Forest System.

(2) AVOIDANCE OF ADVERSE IMPACTS.—In carrying out paragraph (1), the Secretary shall avoid adverse impacts to cultural items and human remains, to the maximum extent practicable.

SEC. 8104. TEMPORARY CLOSURE FOR TRADITIONAL AND CULTURAL PURPOSES.

(a) RECOGNITION OF HISTORIC USE.—To the maximum extent practicable, the Secretary shall ensure access to National Forest System land by Indians for traditional and cultural purposes, in accordance with subsection (b), in recognition of the historic use by Indians of National Forest System land.

(b) CLOSING LAND FROM PUBLIC ACCESS.—

(1) AUTHORITY TO CLOSE.—Upon the approval by the Secretary of a request from an Indian tribe, the Secretary may temporarily close from public access specifically identified National Forest System land to protect the privacy of tribal activities for traditional and cultural purposes.

(2) LIMITATION.—A closure of National Forest System land under paragraph (1) shall affect the smallest practicable area for the minimum period necessary for activities of the applicable Indian tribe.

(3) CONSISTENCY.—Access by Indian tribes to National Forest System land under this subsection

shall be consistent with the purposes of Public Law 95–341 (commonly known as the American Indian Religious Freedom Act; 42 U.S.C. 1996).

SEC. 8105. FOREST PRODUCTS FOR TRADITIONAL AND CULTURAL PURPOSES.

(a) IN GENERAL.—Notwithstanding section 14 of the National Forest Management Act of 1976 (16 U.S.C. 472a), the Secretary may provide free of charge to Indian tribes any trees, portions of trees, or forest products from National Forest System land for traditional and cultural purposes.

(b) PROHIBITION.—Trees, portions of trees, or forest products provided under subsection (a) may not be used for commercial purposes.

SEC. 8106. PROHIBITION ON DISCLOSURE.

(a) NONDISCLOSURE OF INFORMATION.—

(1) IN GENERAL.—The Secretary shall not disclose under section 552 of title 5, United States Code (commonly known as the ''Freedom of Information Act''), information relating to—

(A) subject to subsection (b)(l), human remains or cultural items reburied on National Forest System land under section 8103; or

(B) subject to subsection (b)(2), resources, cultural items, uses, or activities that—

(i) have a traditional and cultural purpose; and

(ii) are provided to the Secretary by an Indian or Indian tribe under an express expectation of confidentiality in the context of forest and rangeland research activities carried out under the authority of the Forest Service.

(2) LIMITATIONS ON DISCLOSURE.—Subject to subsection (b)(2), the Secretary shall not be required to disclose information under section 552 of title 5, United States Code (commonly known as the ''Freedom of Information Act''), concerning the identity, use, or specific location in the National Forest System of—

(A) a site or resource used for traditional and cultural purposes by an Indian tribe; or

(B) any cultural items not covered under section 8103.

(b) LIMITED RELEASE OF INFORMATION.—

(1) REBURIAL.—The Secretary may disclose information described in subsection (a)(l)(A) if, before the disclosure, the Secretary—

(A) consults with an affected Indian tribe or lineal descendent;

(B) determines that disclosure of the information—

(i) would advance the purposes of this subtitle; and

(ii) is necessary to protect the human remains or cultural items from harm, theft, or destruction; and

(C) attempts to mitigate any adverse impacts identified by an Indian tribe or lineal descendant that reasonably could be expected to result from disclosure of the information.

(2) OTHER INFORMATION.—The Secretary, in consultation with appropriate Indian tribes, may disclose information described under paragraph (1)(B) or (2) of subsection (a) if the Secretary determines that disclosure of the information to the public—

(A) would advance the purposes of this subtitle;

(B) would not create an unreasonable risk of harm, theft, or destruction of the resource, site, or object, including individual organic or inorganic specimens; and

(C) would be consistent with other applicable laws.

SEC. 8107. SEVERABILITY AND SAVINGS PROVISIONS.

(a) SEVERABILITY.—If any provision of this subtitle, or the application of any provision of this subtitle to any person or circumstance is held invalid, the application of such provision or circumstance and the remainder of this subtitle shall not be affected thereby.

(b) SAVINGS.—Nothing in this subtitle—

(1) diminishes or expands the trust responsibility of the United States to Indian tribes, or any legal obligation or remedy resulting from that responsibility;

(2) alters, abridges, repeals, or affects any valid agreement between the Forest Service and an Indian tribe;

(3) alters, abridges, diminishes, repeals, or affects any reserved or other right of an Indian tribe; or

(4) alters, abridges, diminishes, repeals, or affects any other valid existing right relating to National Forest System land or other public land.

Subtitle C—Amendments to Other Forestry-Related Laws

SEC. 8201. RURAL REVITALIZATION TECHNOLOGIES.

Section 2371(d)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2))

is amended by striking ''2004 through 2008'' and inserting ''2008 through 2012''.

SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6704(d)) is amended by striking ''2007'' and inserting ''2012''.

SEC. 8203. EMERGENCY FOREST RESTORATION PROGRAM.

(a) ESTABLISHMENT.—Title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 et seq.) is amended by adding at the end the following new section:

''SEC. 407. EMERGENCY FOREST RESTORATION PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) EMERGENCY MEASURES.—The term 'emergency measures' means those measures that—

''(A) are necessary to address damage caused by a natural disaster to natural resources on nonindustrial private forest land, and the damage, if not treated—

''(i) would impair or endanger the natural resources on the land; and

''(ii) would materially affect future use of the land; and

''(B) would restore forest health and forest-related resources on the land.

"(2) NATURAL DISASTER.—The term 'natural disaster' includes wildfires, hurricanes or excessive winds, drought, ice storms or blizzards, floods, or other resource-impacting events, as determined by the Secretary.

"(3) NONINDUSTRIAL PRIVATE FOREST LAND.—The term 'nonindustrial private forest land' means rural land, as determined by the Secretary, that—

"(A) has existing tree cover (or had tree cover immediately before the natural disaster and is suitable for growing trees); and

"(B) is owned by any nonindustrial private individual, group, association, corporation, or other private legal entity, that has definitive decision-making authority over the land.

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

"(b) AVAILABILITY OF ASSISTANCE.—The Secretary may make payments to an owner of nonindustrial private forest land who carries out emergency measures to restore the land after the land is damaged by a natural disaster.

"(c) ELIGIBILITY.—To be eligible to receive a payment under subsection (b), an owner must demonstrate to the satisfaction of the Secretary that the nonindustrial

private forest land on which the emergency measures are carried out had tree cover immediately before the natural disaster.

"(d) COST SHARE REQUIREMENT.—Payments made under subsection (b) shall not exceed 75 percent of the total cost of the emergency measures carried out by an owner of nonindustrial private forest land.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such funds as may be necessary to carry out this section. Amounts so appropriated shall remain available until expended.".

(b) REGULATIONS.—Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall issue regulations to carry out section 407 of the Agricultural Credit Act of 1978, as added by subsection (a).

SEC. 8204. PREVENTION OF ILLEGAL LOGGING PRACTICES.

(a) DEFINITIONS.—

(1) PLANT.—Subsection (f) of section 2 of the Lacey Act Amendments of 1981 (16 U.S.C. 3371) is amended to read as follows:

"(f) PLANT.—

"(1) IN GENERAL.—The terms 'plant' and 'plants' mean any wild member of the plant king-

dom, including roots, seeds, parts, or products thereof, and including trees from either natural or planted forest stands.

"(2) EXCLUSIONS.—The terms 'plant' and 'plants' exclude—

"(A) common cultivars, except trees, and common food crops (including roots, seeds, parts, or products thereof);

"(B) a scientific specimen of plant genetic material (including roots, seeds, germplasm, parts, or products thereof) that is to be used only for laboratory or field research; and

"(C) any plant that is to remain planted or to be planted or replanted.

"(3) EXCEPTIONS TO APPLICATION OF EXCLUSIONS.—The exclusions made by subparagraphs (B) and (C) of paragraph (2) do not apply if the plant is listed—

"(A) in an appendix to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (27 UST 1087; TIAS 8249);

"(B) as an endangered or threatened species under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.); or

"(C) pursuant to any State law that provides for the conservation of species that are indigenous to the State and are threatened with extinction.".

(2) INCLUSION OF SECRETARY OF AGRICULTURE.—Section 2(h) of the Lacey Act Amendments of 1981 (16 U.S.C. 3371(h)) is amended by striking "plants the term means" and inserting "plants, the term also means".

(3) TAKEN AND TAKING.—Subsection (j) of section 2 of the Lacey Act Amendments of 1981 (16 U.S.C. 3371) is amended to read as follows:

"(j) TAKEN AND TAKING.—

"(1) TAKEN.—The term 'taken' means captured, killed, or collected and, with respect to a plant, also means harvested, cut, logged, or removed.

"(2) TAKING.—The term 'taking' means the act by which fish, wildlife, or plants are taken.".

(b) PROHIBITED ACTS.—

(1) OFFENSES OTHER THAN MARKING.—Section 3(a) of the Lacey Act Amendments of 1981 (16 U.S.C. 3372(a)) is amended—

(A) in paragraph (2), by striking subparagraph (B) and inserting the following new subparagraph:

"(B) any plant—

"(i) taken, possessed, transported, or sold in violation of any law or regulation of any State, or any foreign law, that protects plants or that regulates—

"(I) the theft of plants;

"(II) the taking of plants from a park, forest reserve, or other officially protected area;

"(III) the taking of plants from an officially designated area; or

"(IV) the taking of plants without, or contrary to, required authorization;

"(ii) taken, possessed, transported, or sold without the payment of appropriate royalties, taxes, or stumpage fees required for the plant by any law or regulation of any State or any foreign law; or

"(iii) taken, possessed, transported, or sold in violation of any limitation under any law or regulation of any State, or under any foreign law, governing the export or transshipment of plants; or"; and

(B) in paragraph (3), by striking subparagraph (B) and inserting the following subparagraph:

''(B) to possess any plant—

''(i) taken, possessed, transported, or sold in violation of any law or regulation of any State, or any foreign law, that protects plants or that regulates—

''(I) the theft of plants;

''(II) the taking of plants from a park, forest reserve, or other officially protected area;

''(III) the taking of plants from an officially designated area; or

''(IV) the taking of plants without, or contrary to, required authorization;

''(ii) taken, possessed, transported, or sold without the payment of appropriate royalties, taxes, or stumpage fees required for the plant by any law or regulation of any State or any foreign law; or

''(iii) taken, possessed, transported, or sold in violation of any limitation under any law or regulation of any State, or

under any foreign law, governing the export or transshipment of plants; or''.

(2) PLANT DECLARATIONS.—Section 3 of the Lacey Act Amendments of 1981 (16 U.S.C. 3372) is amended by adding at the end the following new subsection:

''(f) PLANT DECLARATIONS.—

''(1) IMPORT DECLARATION.—Effective 180 days from the date of enactment of this subsection, and except as provided in paragraph (3), it shall be unlawful for any person to import any plant unless the person files upon importation a declaration that contains—

''(A) the scientific name of any plant (including the genus and species of the plant) contained in the importation;

''(B) a description of—

''(i) the value of the importation; and

''(ii) the quantity, including the unit of measure, of the plant; and

''(C) the name of the country from which the plant was taken.

''(2) DECLARATION RELATING TO PLANT PRODUCTS.—Until the date on which the Secretary pro-

mulgates a regulation under paragraph (6), a declaration relating to a plant product shall—

"(A) in the case in which the species of plant used to produce the plant product that is the subject of the importation varies, and the species used to produce the plant product is unknown, contain the name of each species of plant that may have been used to produce the plant product;

"(B) in the case in which the species of plant used to produce the plant product that is the subject of the importation is commonly taken from more than one country, and the country from which the plant was taken and used to produce the plant product is unknown, contain the name of each country from which the plant may have been taken; and

"(C) in the case in which a paper or paperboard plant product includes recycled plant product, contain the average percent recycled content without regard for the species or country of origin of the recycled plant product, in addition to the information for the non-recycled plant content otherwise required by this subsection.

"(3) EXCLUSIONS.—Paragraphs (1) and (2) shall not apply to plants used exclusively as packaging material to support, protect, or carry another item, unless the packaging material itself is the item being imported.

"(4) REVIEW.—Not later than two years after the date of enactment of this subsection, the Secretary shall review the implementation of each requirement imposed by paragraphs (1) and (2) and the effect of the exclusion provided by paragraph (3). In conducting the review, the Secretary shall provide public notice and an opportunity for comment.

"(5) REPORT.—Not later than 180 days after the date on which the Secretary completes the review under paragraph (4), the Secretary shall submit to the appropriate committees of Congress a report containing—

"(A) an evaluation of—

"(i) the effectiveness of each type of information required under paragraphs (1) and (2) in assisting enforcement of this section; and

"(ii) the potential to harmonize each requirement imposed by paragraphs (1)

and (2) with other applicable import regulations in existence as of the date of the report;

"(B) recommendations for such legislation as the Secretary determines to be appropriate to assist in the identification of plants that are imported into the United States in violation of this section; and

"(C) an analysis of the effect of subsection (a) and this subsection on—

"(i) the cost of legal plant imports; and

"(ii) the extent and methodology of illegal logging practices and trafficking.

"(6) PROMULGATION OF REGULATIONS.—Not later than 180 days after the date on which the Secretary completes the review under paragraph (4), the Secretary may promulgate regulations—

"(A) to limit the applicability of any requirement imposed by paragraph (2) to specific plant products;

"(B) to make any other necessary modification to any requirement imposed by paragraph (2), as determined by the Secretary based on the review; and

"(C) to limit the scope of the exclusion provided by paragraph (3), if the limitations in scope are warranted as a result of the review.".

(c) CROSS-REFERENCES TO NEW REQUIREMENT.—Section 4 of the Lacey Act Amendments of 1981 (16 U.S.C. 3373) is amended—

(1) by striking "subsections (b) and (d)" each place it appears and inserting "subsections (b), (d), and (f)";

(2) by striking "section 3(d)" each place it appears and inserting "subsection (d) or (f) of section 3"; and

(3) in subsection (a)(2), by striking "subsection 3(b)" and inserting "subsection (b) or (f) of section 3, except as provided in paragraph (1),".

(d) CIVIL FORFEITURES.—Section 5 of the Lacey Act Amendments of 1981 (16 U.S.C. 3374) is amended by adding at the end the following new subsection:

"(d) CIVIL FORFEITURES.—Civil forfeitures under this section shall be governed by the provisions of chapter 46 of title 18, United States Code.".

(e) ADMINISTRATION.—Section 7 of the Lacey Act Amendments of 1981 (16 U.S.C. 3376) is amended—

(1) in subsection (a)(1), by striking ''section 4 and section'' and inserting ''sections 3(f), 4, and''; and

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

''(c) CLARIFICATION OF EXCLUSIONS FROM DEFINITION OF PLANT.—The Secretary of Agriculture and the Secretary of the Interior, after consultation with the appropriate agencies, shall jointly promulgate regulations to define the terms used in section 2(f)(2)(A) for the purposes of enforcement under this Act.''.

(f) TECHNICAL CORRECTION.—Effective as of November 14, 1988, and as if included therein as enacted, section 102(c) of Public Law 100–653 (102 Stat. 3825) is amended—

(1) by inserting ''of the Lacey Act Amendments of 1981'' after ''Section 4''; and

(2) by striking ''(other than section 3(b))'' and inserting ''(other than subsection 3(b))''.

SEC. 8205. HEALTHY FORESTS RESERVE PROGRAM.

(a) ENROLLMENT.—Section 502 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6572(f)(1)) is amended—

(1) by striking subsections (e) and (f);

(2) by redesignating subsection (g) as subsection (f); and

(3) by inserting after subsection (d) the following new subsection:

"(e) METHODS OF ENROLLMENT.—

"(1) AUTHORIZED METHODS.—Land may be enrolled in the healthy forests reserve program in accordance with—

"(A) a 10-year cost-share agreement;

"(B) a 30-year easement; or

"(C)(i) a permanent easement; or

"(ii) in a State that imposes a maximum duration for easements, an easement for the maximum duration allowed under State law.

"(2) LIMITATION ON USE OF COST-SHARE AGREEMENTS AND EASEMENTS.—

"(A) IN GENERAL.—Of the total amount of funds expended under the program for a fiscal year to acquire easements and enter into cost-share agreements described in paragraph (1)—

"(i) not more than 40 percent shall be used for cost-share agreements described in paragraph (1)(A); and

"(ii) not more than 60 percent shall be used for easements described in subparagraphs (B) and (C) of paragraph (1).

"(B) REPOOLING.—The Secretary may use any funds allocated under clause (i) or (ii) of subparagraph (A) that are not obligated by April 1 of the fiscal year for which the funds are made available to carry out a different method of enrollment during that fiscal year.

"(3) ACREAGE OWNED BY INDIAN TRIBES.—In the case of acreage owned by an Indian tribe, the Secretary may enroll acreage into the healthy forests reserve program through the use of—

"(A) a 30-year contract (the value of which shall be equivalent to the value of a 30-year easement);

"(B) a 10-year cost-share agreement; or

"(C) any combination of the options described in subparagraphs (A) and (B).".

(b) FINANCIAL ASSISTANCE.—Section 504(a) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6574(a)) is amended by striking "(a) EASEMENTS OF NOT MORE THAN 99 YEARS" and all that follows through "502(f)(1)(C)" and inserting the following:

"(a) PERMANENT EASEMENTS.—In the case of land enrolled in the healthy forests reserve program using a permanent easement (or an easement described in section 502(f)(1)(C)(ii))".

(c) FUNDING.—Section 508 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6578) is amended to read as follows:

"SEC. 508. FUNDING.

"(a) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make available $9,750,000 for each of fiscal years 2009 through 2012 to carry out this title.

"(b) DURATION OF AVAILABILITY.—The funds made available under subsection (a) shall remain available until expended.".

Subtitle D—Boundary Adjustments and Land Conveyance Provisions

SEC. 8301. GREEN MOUNTAIN NATIONAL FOREST BOUNDARY ADJUSTMENT.

(a) IN GENERAL.—The boundary of the Green Mountain National Forest is modified to include the 13 designated expansion units as generally depicted on the forest maps entitled "Green Mountain Expansion Area Map I" and "Green Mountain Expansion Area Map II" and dated February 20, 2002 (copies of which shall be on file and

available for public inspection in the Office of the Chief of the Forest Service, Washington, District of Columbia), and more particularly described according to the site specific maps and legal descriptions on file in the office of the Forest Supervisor, Green Mountain National Forest.

(b) MANAGEMENT.—Federally owned land delineated on the maps acquired for National Forest purposes shall continue to be managed in accordance with the laws (including regulations) applicable to the National Forest System.

(c) LAND AND WATER CONSERVATION FUND.—For the purposes of section 7 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460 l–9), the boundaries of the Green Mountain National Forest, as adjusted by this section, shall be considered to be the boundaries of the national forest as of January 1, 1965.

SEC. 8302. LAND CONVEYANCES, CHIHUAHUAN DESERT NATURE PARK, NEW MEXICO, AND GEORGE WASHINGTON NATIONAL FOREST, VIRGINIA.

(a) CHIHUAHUAN DESERT NATURE PARK CONVEYANCE.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, subject to valid existing rights and subsection (b), the Secretary of Agriculture shall convey to the Chihuahuan Desert

Nature Park, Inc., a nonprofit corporation in the State of New Mexico (in this section referred to as the ''Nature Park''), by quitclaim deed and for no consideration, all right, title, and interest of the United States in and to the land described in paragraph (2)

(2) DESCRIPTION OF LAND.—

(A) IN GENERAL.—The parcel of land referred to in paragraph (1) consists of the approximately 935.62 acres of land in Dona Ana County, New Mexico, which is more particularly described—

(i) as sections 17, 20, and 21 of T. 21 S., R. 2 E., N.M.P.M.; and

(ii) in an easement deed dated May 14, 1998, from the Department of Agriculture to the Nature Park.

(B) MODIFICATIONS.—The Secretary may modify the description of the land under subparagraph (A) to—

(i) correct errors in the description; or

(ii) facilitate management of the land.

(b) CONDITIONS.—The conveyance of land under subsection (a) shall be subject to—

(1) the reservation by the United States of all mineral and subsurface rights to the land, including any geothermal resources;

(2) the condition that the Chihuahuan Desert Nature Park Board pay any costs relating to the conveyance;

(3) any rights-of-way reserved by the Secretary;

(4) a covenant or restriction in the deed to the land requiring that—

(A) the land may be used only for educational or scientific purposes; and

(B) if the land is no longer used for the purposes described in subparagraph (A), the land may, at the discretion of the Secretary, revert to the United States in accordance with subsection (c); and

(5) any other terms and conditions that the Secretary determines to be appropriate.

(c) REVERSION.—If the land conveyed under subsection (a) is no longer used for the purposes described in subsection (b)(4)(A), the land may, at the discretion of the Secretary, revert to the United States. If the Secretary chooses to have the land revert to the United States, the Secretary shall—

(1) determine whether the land is environmentally contaminated, including contamination from hazardous wastes, hazardous substances, pollutants, contaminants, petroleum, or petroleum by-products; and

(2) if the Secretary determines that the land is environmentally contaminated, the Nature Park, the successor to the Nature Park, or any other person responsible for the contamination shall be required to remediate the contamination.

(d) WITHDRAWAL.—All federally owned mineral and subsurface rights to the land to be conveyed under subsection (a) are withdrawn from—

(1) location, entry, and patent under the mining laws; and

(2) the operation of the mineral leasing laws, including the geothermal leasing laws.

(e) WATER RIGHTS.—Nothing in subsection (a) authorizes the conveyance of water rights to the Nature Park.

(f) GEORGE WASHINGTON NATIONAL FOREST CONVEYANCE, VIRGINIA.—

(1) CONVEYANCE REQUIRED.—The Secretary of Agriculture shall convey, without consideration, to the Central Advent Christian Church of Alleghany

County, Virginia (in this subsection referred to as the ''recipient''), all right, title, and interest of the United States in and to a parcel of real property in the George Washington National Forest, Alleghany County, Virginia, consisting of not more than 8 acres, including a cemetery encompassing approximately 6 acres designated as an area of special use for the recipient, and depicted on the Forest Service map showing tract G–2032c and dated August 20, 2002, and the Forest Service map showing the area of special use and dated March 14, 2001.

(2) CONDITION OF CONVEYANCE.—The conveyance under this subsection shall be subject to the condition that the recipient accept the real property described in paragraph (1) in its condition at the time of the conveyance, commonly known as conveyance ''as is''.

(3) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under this subsection shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the recipient.

(4) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance

under this subsection as the Secretary considers appropriate to protect the interests of the United States.

SEC. 8303. SALE AND EXCHANGE OF NATIONAL FOREST SYSTEM LAND, VERMONT.

(a) DEFINITIONS.—In this section:

(1) BROMLEY.—The term ''Bromley'' means Bromley Mountain Ski Resort, Inc.

(2) MAP.—The term ''map'' means the map entitled ''Proposed Bromley Land Sale or Exchange'' and dated April 7, 2004.

(3) STATE.—The term ''State'' means the State of Vermont.

(b) SALE OR EXCHANGE OF GREEN MOUNTAIN NATIONAL FOREST LAND.—

(1) IN GENERAL.—The Secretary of Agriculture may, under any terms and conditions that the Secretary may prescribe, sell or exchange any right, title, and interest of the United States in and to the parcels of National Forest System land described in paragraph (2).

(2) DESCRIPTION OF LAND.—The parcels of National Forest System land referred to in paragraph (1) are the 5 parcels of land in Bennington

County in the State, as generally depicted on the map.

(3) MAP AND LEGAL DESCRIPTIONS.—

(A) IN GENERAL.—The map shall be on file and available for public inspection in—

(i) the office of the Chief of the Forest Service; and

(ii) the office of the Supervisor of the Green Mountain National Forest.

(B) MODIFICATIONS.—The Secretary may modify the map and legal descriptions to—

(i) correct technical errors; or

(ii) facilitate the conveyance under paragraph (1).

(4) CONSIDERATION.—Consideration for the sale or exchange of land described in paragraph (2)—

(A) shall be equal to an amount that is not less than the fair market value of the land sold or exchanged; and

(B) may be in the form of cash, land, or a combination of cash and land.

(5) APPRAISALS.—Any appraisal carried out to facilitate the sale or exchange of land under para-

graph (1) shall conform with the Uniform Appraisal Standards for Federal Land Acquisitions.

(6) METHODS OF SALE.—

(A) CONVEYANCE TO BROMLEY.—

(i) IN GENERAL.—Before soliciting offers under subparagraph (B), the Secretary shall offer to convey to Bromley the land described in paragraph (2).

(ii) CONTRACT DEADLINE.—If Bromley accepts the offer under clause (i), the Secretary and Bromley shall have not more than 180 days after the date on which any environmental analyses with respect to the land are completed to enter into a contract for the sale or exchange of the land.

(B) PUBLIC OR PRIVATE SALE.—If the Secretary and Bromley do not enter into a contract for the sale or exchange of the land by the date specified in subparagraph (A)(ii), the Secretary may sell or exchange the land at public or private sale (including auction), in accordance with such terms, conditions, and procedures as the Secretary determines to be in the public interest.

(C) REJECTION OF OFFERS.—The Secretary may reject any offer received under this paragraph if the Secretary determines that the offer is not adequate or is not in the public interest.

(D) BROKERS.—In any sale or exchange of land under this subsection, the Secretary may—

(i) use a real estate broker or other third party; and

(ii) pay the real estate broker or third party a commission in an amount comparable to the amounts of commission generally paid for real estate transactions in the area.

(7) CASH EQUALIZATION.—Notwithstanding section 206(b) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(b)), the Secretary may accept a cash equalization payment in excess of 25 percent of the value of any Federal land exchanged under this section.

(c) DISPOSITION OF PROCEEDS.—

(1) IN GENERAL.—The Secretary shall deposit the net proceeds from a sale or exchange under this section in the fund established under Public Law

90–171 (16 U.S.C. 484a) (commonly known as the "Sisk Act").

(2) USE.—Amounts deposited under paragraph (1) shall be available to the Secretary until expended, without further appropriation, for—

(A) the location and relocation of the Appalachian National Scenic Trail and the Long National Recreation Trail in the State;

(B) the acquisition of land and interests in land by the Secretary for National Forest System purposes within the boundary of the Green Mountain National Forest, including land for and adjacent to the Appalachian National Scenic Trail and the Long National Recreation Trail;

(C) the acquisition of wetland or an interest in wetland within the boundary of the Green Mountain National Forest to offset the loss of wetland from the parcels sold or exchanged; and

(D) the payment of direct administrative costs incurred in carrying out this section.

(3) LIMITATION.—Amounts deposited under paragraph (1) shall not—

(A) be paid or distributed to the State or counties or towns in the State under any provision of law; or

(B) be considered to be money received from units of the National Forest System for purposes of—

(i) the Act of May 23, 1908 (16 U.S.C. 500); or

(ii) the Act of March 4, 1913 (16 U.S.C. 501).

(4) PROHIBITION OF TRANSFER OR REPROGRAMMING.—Amounts deposited under paragraph (1) shall not be subject to transfer or reprogramming for wildfire management or any other emergency purposes.

(d) ACQUISITION OF LAND.—The Secretary may acquire, using funds made available under subsection (c) or otherwise made available for acquisition, land or an interest in land for National Forest System purposes within the boundary of the Green Mountain National Forest.

(e) EXEMPTION FROM CERTAIN LAWS.—Subtitle I of title 40, United States Code, shall not apply to any sale or exchange of National Forest System land under this section.

Subtitle E—Miscellaneous Provisions

SEC. 8401. QUALIFYING TIMBER CONTRACT OPTIONS.

(a) DEFINITIONS.—In this section:

(1) AUTHORIZED PRODUCER PRICE INDEX.—The term ''authorized Producer Price Index'' includes—

(A) the softwood commodity index (code number WPU 0811);

(B) the hardwood commodity index (code number WPU 0812);

(C) the wood chip index (code number PCU 3211133211135); and

(D) any other subsequent comparable index, as established by the Bureau of Labor Statistics of the Department of Labor and utilized by the Secretary of Agriculture.

(2) QUALIFYING CONTRACT.—The term ''qualifying contract'' means a contract for the sale of timber on National Forest System land—

(A) that was awarded during the period beginning on July 1, 2004, and ending on December 31, 2006;

(B) for which there is unharvested volume remaining;

(C) for which, not later than 90 days after the date of enactment of this Act, the timber purchaser makes a written request to the Secretary for one or more of the options described in subsection (b);

(D) that is not a salvage sale;

(E) for which the Secretary determines there is not an urgent need to harvest due to deteriorating timber conditions that developed after the award of the contract; and

(F) that is not in breach or in default.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Chief of the Forest Service.

(b) OPTIONS FOR QUALIFYING CONTRACTS.—

(1) CANCELLATION OR RATE REDETERMINATION.—Notwithstanding any other provision of law, if the rate at which a qualifying contract would be advertised as of the date of enactment of this Act is at least 50 percent less than the sum of the original bid rates for all of the species of timber that are the subject of the qualifying contract, the Secretary may, at the sole discretion of the Secretary—

(A) cancel the qualifying contract if the timber purchaser—

(i) pays 30 percent of the total value of the timber remaining in the qualifying contract based on bid rates;

(ii) completes each contractual obligation (including the removal of downed timber, the completion of road work, and the completion of erosion control work) of the timber purchaser with respect to each unit on which harvest has begun to a logical stopping point, as determined by the Secretary after consultation with the timber purchaser; and

(iii) terminates its rights under the qualifying contract; or

(B) modify the qualifying contract to redetermine the current contract rate of the qualifying contract to equal the sum obtained by adding—

(i) 25 percent of the bid premium on the qualifying contract; and

(ii) the rate at which the qualifying contract would be advertised as of the date of enactment of this Act.

(2) SUBSTITUTION OF INDEX.—

(A) SUBSTITUTION.—Notwithstanding any other provision of law, the Secretary may, at the sole discretion of the Secretary, substitute the Producer Price Index specified in the qualifying contract of a timber purchaser if the timber purchaser identifies—

(i) the products the timber purchaser intends to produce from the timber harvested under the qualifying contract; and

(ii) a substitute index from an authorized Producer Price Index that more accurately represents the predominant product identified in clause (i) for which there is an index.

(B) RATE REDETERMINATION FOLLOWING SUBSTITUTION OF INDEX.—If the Secretary substitutes the Producer Price Index of a qualifying contract under subparagraph (A), the Secretary may, at the sole discretion of the Secretary, modify the qualifying contract to provide for—

(i) an emergency rate redetermination under the terms of the contract; or

(ii) a rate redetermination under paragraph (1)(B).

(C) LIMITATION ON MARKET-RELATED CONTRACT TERM ADDITION; PERIODIC PAYMENTS.—Notwithstanding any other provision of law, if the Secretary substitutes the Producer Price Index of a qualifying contract under subparagraph (A), the Secretary may, at the sole discretion of the Secretary, modify the qualifying contract—

(i) to adjust the term in accordance with the market-related contract term addition provision in the qualifying contract and section 223.52 of title 36, Code of Federal Regulations, as in effect on the date of the adjustment, but only if the drastic reduction criteria in such section are met for 2 or more consecutive calendar year quarters beginning with the calendar quarter in which the Secretary substitutes the Producer Price Index under subparagraph (A); and

(ii) to adjust the periodic payments required under the contract in accordance with applicable law and policies.

(3) CONTRACTS USING HARDWOOD LUMBER INDEX.—With respect to a qualifying contract using

the hardwood commodity index referred to in subsection (a)(1)(B) for which the Secretary does not substitute the Producer Price Index under paragraph (2), the Secretary may, at the sole discretion of the Secretary—

(A) extend the contract term for a 1-year period beginning on the current contract termination date; and

(B) adjust the periodic payments required under the contract in accordance with applicable law and policies.

(c) EXTENSION OF MARKET-RELATED CONTRACT TERM ADDITION TIME LIMIT FOR CERTAIN CONTRACTS.—Notwithstanding any other provision of law, upon the written request of a timber purchaser, the Secretary may, at the sole discretion of the Secretary, modify a timber sale contract (including a qualifying contract) awarded to the purchaser before January 1, 2007, to adjust the term of the contract in accordance with the market-related contract term addition provision in the contract and section 223.52 of title 36, Code of Federal Regulations, as in effect on the date of the modification, except that the Secretary may add no more than 4 years to the original contract length.

(d) EFFECT OF OPTIONS.—

(1) NO SURRENDER OF CLAIMS.—Operation of this section shall not have the effect of surrendering any claim by the United States against any timber purchaser that arose—

(A) under a qualifying contract before the date on which the Secretary cancels the contract or redetermines the rate under subsection (b)(1), substitutes a Producer Price Index under subsection (b)(2), or modifies the contract under subsection (b)(3); or

(B) under a timber sale contract, including a qualifying contract, before the date on which the Secretary adjusts the contract term under subsection (c).

(2) RELEASE OF LIABILITY.—In the written request for any option provided under subsections (b) and (c), a timber purchaser shall release the United States from all liability, including further consideration or compensation, resulting from—

(A) the cancellation of a qualifying contract of the purchaser or rate redetermination under subsection (b)(1), the substitution of a Producer Price Index under subsection (b)(2), the modification of the contract under subsection (b)(3) or a determination by the Sec-

retary not to provide the cancellation, redetermination, substitution, or modification; or

(B) the modification of the term of a timber sale contract (including a qualifying contract) of the purchaser under subsection (c) or a determination by the Secretary not to provide the modification.

(3) LIMITATION.—Subject to subsection (b)(1)(A), the cancellation of a qualifying contract by the Secretary under subsection (b)(1) shall release the timber purchaser from further obligation under the canceled contract.

SEC. 8402. HISPANIC-SERVING INSTITUTION AGRICULTURAL LAND NATIONAL RESOURCES LEADERSHIP PROGRAM.

(a) DEFINITION OF HISPANIC-SERVING INSTITUTION.—In this section, the term ''Hispanic-serving institution'' has the meaning given that term in section 502(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)(5)).

(b) GRANT AUTHORITY.—The Secretary of Agriculture may make grants, on a competitive basis, to Hispanic-serving institutions for the purpose of establishing an undergraduate scholarship program to assist in the re-

cruitment, retention, and training of Hispanics and other under-represented groups in forestry and related fields.

(c) USE OF GRANT FUNDS.—Grants made under this section shall be used to recruit, retain, train, and develop professionals to work in forestry and related fields with Federal agencies, such as the Forest Service, State agencies, and private-sector entities.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary for each of fiscal years 2008 through 2012 such sums as may be necessary to carry out this section.

TITLE IX—ENERGY

SEC. 9001. ENERGY.

(a) IN GENERAL.—Title IX of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101 et seq.) is amended to read as follows:

"TITLE IX—ENERGY

"SEC. 9001. DEFINITIONS.

''Except as otherwise provided, in this title:

''(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

''(2) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and

Development Technical Advisory Committee established by section 9008(d)(1).

"(3) ADVANCED BIOFUEL.—

"(A) IN GENERAL.—The term 'advanced biofuel' means fuel derived from renewable biomass other than corn kernel starch.

"(B) INCLUSIONS.—Subject to subparagraph (A), the term 'advanced biofuel' includes—

"(i) biofuel derived from cellulose, hemicellulose, or lignin;

"(ii) biofuel derived from sugar and starch (other than ethanol derived from corn kernel starch);

"(iii) biofuel derived from waste material, including crop residue, other vegetative waste material, animal waste, food waste, and yard waste;

"(iv) diesel-equivalent fuel derived from renewable biomass, including vegetable oil and animal fat;

"(v) biogas (including landfill gas and sewage waste treatment gas) produced through the conversion of organic matter from renewable biomass;

"(vi) butanol or other alcohols produced through the conversion of organic matter from renewable biomass; and

"(vii) other fuel derived from cellulosic biomass.

"(4) BIOBASED PRODUCT.—The term 'biobased product' means a product determined by the Secretary to be a commercial or industrial product (other than food or feed) that is—

"(A) composed, in whole or in significant part, of biological products, including renewable domestic agricultural materials and forestry materials; or

"(B) an intermediate ingredient or feedstock.

"(5) BIOFUEL.—The term 'biofuel' means a fuel derived from renewable biomass.

"(6) BIOMASS CONVERSION FACILITY.—The term 'biomass conversion facility' means a facility that converts or proposes to convert renewable biomass into—

"(A) heat;

"(B) power;

"(C) biobased products; or

"(D) advanced biofuels.

"(7) BIOREFINERY.—The term 'biorefinery' means a facility (including equipment and processes) that—

"(A) converts renewable biomass into biofuels and biobased products; and

"(B) may produce electricity.

"(8) BOARD.—The term 'Board' means the Biomass Research and Development Board established by section 9008(c).

"(9) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(10) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 102(a) of the Higher Education Act of 1965 (20 U.S.C. 1002(a)).

"(11) INTERMEDIATE INGREDIENT OR FEEDSTOCK.—The term 'intermediate ingredient or feedstock' means a material or compound made in whole or in significant part from biological products, including renewable agricultural materials (including plant, animal, and marine materials) or forestry materials, that are subsequently used to make a more complex compound or product.

"(12) RENEWABLE BIOMASS.—The term 'renewable biomass' means—

"(A) materials, pre-commercial thinnings, or invasive species from National Forest System land and public lands (as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702)) that—

"(i) are byproducts of preventive treatments that are removed—

"(I) to reduce hazardous fuels;

"(II) to reduce or contain disease or insect infestation; or

"(III) to restore ecosystem health;

"(ii) would not otherwise be used for higher-value products; and

"(iii) are harvested in accordance with—

"(I) applicable law and land management plans; and

"(II) the requirements for—

"(aa) old-growth maintenance, restoration, and management direction of paragraphs (2), (3), and (4) of subsection (e) of

section 102 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6512); and

"(bb) large-tree retention of subsection (f) of that section; or

"(B) any organic matter that is available on a renewable or recurring basis from non-Federal land or land belonging to an Indian or Indian tribe that is held in trust by the United States or subject to a restriction against alienation imposed by the United States, including—

"(i) renewable plant material, including—

"(I) feed grains;

"(II) other agricultural commodities;

"(III) other plants and trees; and

"(IV) algae; and

"(ii) waste material, including—

"(I) crop residue;

"(II) other vegetative waste material (including wood waste and wood residues);

"(III) animal waste and byproducts (including fats, oils, greases, and manure); and

"(IV) food waste and yard waste.

"(13) RENEWABLE ENERGY.—The term 'renewable energy' means energy derived from—

"(A) a wind, solar, renewable biomass, ocean (including tidal, wave, current, and thermal), geothermal, or hydroelectric source; or

"(B) hydrogen derived from renewable biomass or water using an energy source described in subparagraph (A).

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

"SEC. 9002. BIOBASED MARKETS PROGRAM.

"(a) FEDERAL PROCUREMENT OF BIOBASED PRODUCTS.—

"(1) DEFINITION OF PROCURING AGENCY.—In this subsection, the term 'procuring agency' means—

"(A) any Federal agency that is using Federal funds for procurement; or

"(B) a person that is a party to a contract with any Federal agency, with respect to work performed under such a contract.

"(2) PROCUREMENT PREFERENCE.—

"(A) IN GENERAL.—

"(i) PROCURING AGENCY DUTIES.—Except as provided in clause (ii) and subparagraph (B), after the date specified in applicable guidelines prepared pursuant to paragraph (3), each procuring agency shall—

"(I) establish a procurement program, develop procurement specifications, and procure biobased products identified under the guidelines described in paragraph (3) in accordance with this section; and

"(II) with respect to items described in the guidelines, give a procurement preference to those items that—

"(aa) are composed of the highest percentage of biobased products practicable; or

"(bb) comply with the regulations issued under section 103 of Public Law 100–556 (42 U.S.C. 6914b–1).

"(ii) EXCEPTION.—The requirements of clause (i)(I) to establish a procurement program and develop procurement specifications shall not apply to a person described in paragraph (1)(B).

"(B) FLEXIBILITY.—Notwithstanding subparagraph (A), a procuring agency may decide not to procure items described in that subparagraph if the procuring agency determines that the items—

"(i) are not reasonably available within a reasonable period of time;

"(ii) fail to meet—

"(I) the performance standards set forth in the applicable specifications; or

"(II) the reasonable performance standards of the procuring agencies; or

"(iii) are available only at an unreasonable price.

"(C) MINIMUM REQUIREMENTS.—Each procurement program required under this subsection shall, at a minimum—

"(i) be consistent with applicable provisions of Federal procurement law;

"(ii) ensure that items composed of biobased products will be purchased to the maximum extent practicable;

"(iii) include a component to promote the procurement program;

"(iv) provide for an annual review and monitoring of the effectiveness of the procurement program; and

"(v) adopt 1 of the 2 polices described in subparagraph (D) or (E), or a policy substantially equivalent to either of those policies.

"(D) CASE-BY-CASE POLICY.—

"(i) IN GENERAL.—Subject to subparagraph (B) and except as provided in clause (ii), a procuring agency adopting the case-by-case policy shall award a contract to the vendor offering an item composed of the highest percentage of biobased products practicable.

"(ii) EXCEPTION.—Subject to subparagraph (B), an agency adopting the policy described in clause (i) may make an

award to a vendor offering items with less than the maximum biobased products content.

"(E) MINIMUM CONTENT STANDARDS.—Subject to subparagraph (B), a procuring agency adopting the minimum content standards policy shall establish minimum biobased products content specifications for awarding contracts in a manner that ensures that the biobased products content required is consistent with this subsection.

"(F) CERTIFICATION.—After the date specified in any applicable guidelines prepared pursuant to paragraph (3), contracting offices shall require that vendors certify that the biobased products to be used in the performance of the contract will comply with the applicable specifications or other contractual requirements.

"(3) GUIDELINES.—

"(A) IN GENERAL.—The Secretary, after consultation with the Administrator, the Administrator of General Services, and the Secretary of Commerce (acting through the Director of the National Institute of Standards and

Technology), shall prepare, and from time to time revise, guidelines for the use of procuring agencies in complying with the requirements of this subsection.

"(B) REQUIREMENTS.—The guidelines under this paragraph shall—

"(i) designate those items (including finished products) that are or can be produced with biobased products (including biobased products for which there is only a single product or manufacturer in the category) that will be subject to the preference described in paragraph (2);

"(ii) designate those intermediate ingredients and feedstocks that are or can be used to produce items that will be subject to the preference described in paragraph (2);

"(iii) automatically designate items composed of intermediate ingredients and feedstocks designated under clause (ii), if the content of the designated intermediate ingredients and feedstocks exceeds 50 percent of the item (unless the Secretary de-

termines a different composition percentage is appropriate);

"(iv) set forth recommended practices with respect to the procurement of biobased products and items containing such materials;

"(v) provide information as to the availability, relative price, performance, and environmental and public health benefits of such materials and items; and

"(vi) take effect on the date established in the guidelines, which may not exceed 1 year after publication.

"(C) INFORMATION PROVIDED.—Information provided pursuant to subparagraph (B)(v) with respect to a material or item shall be considered to be provided for another item made with the same material or item.

"(D) PROHIBITION.—Guidelines issued under this paragraph may not require a manufacturer or vendor of biobased products, as a condition of the purchase of biobased products from the manufacturer or vendor, to provide to procuring agencies more data than would be required to be provided by other manufacturers or

vendors offering products for sale to a procuring agency, other than data confirming the biobased content of a product.

"(E) QUALIFYING PURCHASES.—The guidelines shall apply with respect to any purchase or acquisition of a procurement item for which—

"(i) the purchase price of the item exceeds $10,000; or

"(ii) the quantity of the items or of functionally-equivalent items purchased or acquired during the preceding fiscal year was at least $10,000.

"(4) ADMINISTRATION.—

"(A) OFFICE OF FEDERAL PROCUREMENT POLICY.—The Office of Federal Procurement Policy, in cooperation with the Secretary, shall—

"(i) coordinate the implementation of this subsection with other policies for Federal procurement;

"(ii) annually collect the information required to be reported under subparagraph (B) and make the information publicly available;

"(iii) take a leading role in informing Federal agencies concerning, and promoting the adoption of and compliance with, procurement requirements for biobased products by Federal agencies; and

"(iv) not less than once every 2 years, submit to Congress a report that—

"(I) describes the progress made in carrying out this subsection; and

"(II) contains a summary of the information reported pursuant to subparagraph (B).

"(B) OTHER AGENCIES.—To assist the Office of Federal Procurement Policy in carrying out subparagraph (A)—

"(i) each procuring agency shall submit each year to the Office of Federal Procurement Policy, to the maximum extent practicable, information concerning—

"(I) actions taken to implement paragraph (2);

"(II) the results of the annual review and monitoring program established under paragraph (2)(C)(iv);

"(III) the number and dollar value of contracts entered into during the year that include the direct procurement of biobased products;

"(IV) the number of service and construction (including renovations) contracts entered into during the year that include language on the use of biobased products; and

"(V) the types and dollar value of biobased products actually used by contractors in carrying out service and construction (including renovations) contracts during the previous year; and

"(ii) the General Services Administration and the Defense Logistics Agency shall submit each year to the Office of Federal Procurement Policy information concerning, to the maximum extent practicable, the types and dollar value of biobased products purchased by procuring agencies.

"(C) PROCUREMENT SUBJECT TO OTHER LAW.—Any procurement by any Federal agency

that is subject to regulations of the Administrator under section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962) shall not be subject to the requirements of this section to the extent that the requirements are inconsistent with the regulations.

"(b) LABELING.—

"(1) IN GENERAL.—The Secretary, in consultation with the Administrator, shall establish a voluntary program under which the Secretary authorizes producers of biobased products to use the label 'USDA Certified Biobased Product'.

"(2) ELIGIBILITY CRITERIA.—

"(A) CRITERIA.—

"(i) IN GENERAL.—Not later than 90 days after the date of the enactment of the Food, Conservation, and Energy Act of 2008 and except as provided in clause (ii), the Secretary, in consultation with the Administrator and representatives from small and large businesses, academia, other Federal agencies, and such other persons as the Secretary considers appropriate, shall issue criteria (as of the date of enactment of that Act) for determining which prod-

ucts may qualify to receive the label under paragraph (1).

"(ii) EXCEPTION.—Clause (i) shall not apply to final criteria that have been issued (as of the date of enactment of that Act) by the Secretary.

"(B) REQUIREMENTS.—Criteria issued under subparagraph (A) shall—

"(i) encourage the purchase of products with the maximum biobased content;

"(ii) provide that the Secretary may designate as biobased for the purposes of the voluntary program established under this subsection finished products that contain significant portions of biobased materials or components; and

"(iii) to the maximum extent practicable, be consistent with the guidelines issued under subsection (a)(3).

"(3) USE OF LABEL.—The Secretary shall ensure that the label referred to in paragraph (1) is used only on products that meet the criteria issued pursuant to paragraph (2).

"(c) RECOGNITION.—The Secretary shall—

"(1) establish a program to recognize Federal agencies and private entities that use a substantial amount of biobased products; and

"(2) encourage Federal agencies to establish incentives programs to recognize Federal employees or contractors that make exceptional contributions to the expanded use of biobased products.

"(d) LIMITATION.—Nothing in this section shall apply to the procurement of motor vehicle fuels, heating oil, or electricity.

"(e) INCLUSION.—Effective beginning on the date that is 90 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Architect of the Capitol, the Sergeant at Arms of the Senate, and the Chief Administrative Officer of the House of Representatives shall consider the biobased product designations made under this section in making procurement decisions for the Capitol Complex.

"(f) NATIONAL TESTING CENTER REGISTRY.—The Secretary shall establish a national registry of testing centers for biobased products that will serve biobased product manufacturers.

"(g) REPORTS.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Food, Conserva-

tion, and Energy Act of 2008 and each year thereafter, the Secretary shall submit to Congress a report on the implementation of this section.

"(2) CONTENTS.—The report shall include—

"(A) a comprehensive management plan that establishes tasks, milestones, and timelines, organizational roles and responsibilities, and funding allocations for fully implementing this section; and

"(B) information on the status of implementation of—

"(i) item designations (including designation of intermediate ingredients and feedstocks); and

"(ii) the voluntary labeling program established under subsection (b).

"(h) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to provide mandatory funding for biobased products testing and labeling as required to carry out this section—

"(A) $1,000,000 for fiscal year 2008; and

"(B) $2,000,000 for each of fiscal years 2009 through 2012.

"(2) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9003. BIOREFINERY ASSISTANCE.

"(a) PURPOSE.—The purpose of this section is to assist in the development of new and emerging technologies for the development of advanced biofuels, so as to—

"(1) increase the energy independence of the United States;

"(2) promote resource conservation, public health, and the environment;

"(3) diversify markets for agricultural and forestry products and agriculture waste material; and

"(4) create jobs and enhance the economic development of the rural economy.

"(b) DEFINITIONS.—In this section:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means an individual, entity, Indian tribe, or unit of State or local government, including a corporation, farm cooperative, farmer cooperative organization, association of agricultural producers, National Laboratory, institution of higher education,

rural electric cooperative, public power entity, or consortium of any of those entities.

"(2) ELIGIBLE TECHNOLOGY.—The term 'eligible technology' means, as determined by the Secretary—

"(A) a technology that is being adopted in a viable commercial-scale operation of a biorefinery that produces an advanced biofuel; and

"(B) a technology not described in subparagraph (A) that has been demonstrated to have technical and economic potential for commercial application in a biorefinery that produces an advanced biofuel.

"(c) ASSISTANCE.—The Secretary shall make available to eligible entities—

"(1) grants to assist in paying the costs of the development and construction of demonstration-scale biorefineries to demonstrate the commercial viability of 1 or more processes for converting renewable biomass to advanced biofuels; and

"(2) guarantees for loans made to fund the development, construction, and retrofitting of commercial-scale biorefineries using eligible technology.

"(d) GRANTS.—

"(1) COMPETITIVE BASIS.—The Secretary shall award grants under subsection (c)(1) on a competitive basis.

"(2) SELECTION CRITERIA.—

"(A) IN GENERAL.—In approving grant applications, the Secretary shall establish a priority scoring system that assigns priority scores to each application and only approve applications that exceed a specified minimum, as determined by the Secretary.

"(B) FEASIBILITY.—In approving a grant application, the Secretary shall determine the technical and economic feasibility of the project based on a feasibility study of the project described in the application conducted by an independent third party.

"(C) SCORING SYSTEM.—In determining the priority scoring system, the Secretary shall consider—

"(i) the potential market for the advanced biofuel and the byproducts produced;

"(ii) the level of financial participation by the applicant, including support from non-Federal and private sources;

"(iii) whether the applicant is proposing to use a feedstock not previously used in the production of advanced biofuels;

"(iv) whether the applicant is proposing to work with producer associations or cooperatives;

"(v) whether the applicant has established that the adoption of the process proposed in the application will have a positive impact on resource conservation, public health, and the environment;

"(vi) the potential for rural economic development;

"(vii) whether the area in which the applicant proposes to locate the biorefinery has other similar facilities;

"(viii) whether the project can be replicated; and

"(ix) scalability for commercial use.

"(3) COST SHARING.—

"(A) LIMITS.—The amount of a grant awarded for development and construction of a biorefinery under subsection (c)(1) shall not ex-

ceed an amount equal to 30 percent of the cost of the project.

"(B) FORM OF GRANTEE SHARE.—

"(i) IN GENERAL.—The grantee share of the cost of a project may be made in the form of cash or material.

"(ii) LIMITATION.—The amount of the grantee share that is made in the form of material shall not exceed 15 percent of the amount of the grantee share determined under subparagraph (A).

"(e) LOAN GUARANTEES.—

"(1) SELECTION CRITERIA.—

"(A) IN GENERAL.—In approving loan guarantee applications, the Secretary shall establish a priority scoring system that assigns priority scores to each application and only approve applications that exceed a specified minimum, as determined by the Secretary.

"(B) FEASIBILITY.—In approving a loan guarantee application, the Secretary shall determine the technical and economic feasibility of the project based on a feasibility study of the project described in the application conducted by an independent third party.

"(C) SCORING SYSTEM.—In determining the priority scoring system for loan guarantees under subsection (c)(2), the Secretary shall consider—

"(i) whether the applicant has established a market for the advanced biofuel and the byproducts produced;

"(ii) whether the area in which the applicant proposes to place the biorefinery has other similar facilities;

"(iii) whether the applicant is proposing to use a feedstock not previously used in the production of advanced biofuels;

"(iv) whether the applicant is proposing to work with producer associations or cooperatives;

"(v) the level of financial participation by the applicant, including support from non-Federal and private sources;

"(vi) whether the applicant has established that the adoption of the process proposed in the application will have a positive impact on resource conservation, public health, and the environment;

"(vii) whether the applicant can establish that if adopted, the biofuels production technology proposed in the application will not have any significant negative impacts on existing manufacturing plants or other facilities that use similar feedstocks;

"(viii) the potential for rural economic development;

"(ix) the level of local ownership proposed in the application; and

"(x) whether the project can be replicated.

"(2) LIMITATIONS.—

"(A) MAXIMUM AMOUNT OF LOAN GUARANTEED.—The principal amount of a loan guaranteed under subsection (c)(2) may not exceed $250,000,000.

"(B) MAXIMUM PERCENTAGE OF LOAN GUARANTEED.—

"(i) IN GENERAL.—Except as otherwise provided in this subparagraph, a loan guaranteed under subsection (c)(2) shall be in an amount not to exceed 80 percent of the project costs, as determined by the Secretary.

"(ii) OTHER DIRECT FEDERAL FUNDING.—The amount of a loan guaranteed for a project under subsection (c)(2) shall be reduced by the amount of other direct Federal funding that the eligible entity receives for the same project.

"(iii) AUTHORITY TO GUARANTEE THE LOAN.—The Secretary may guarantee up to 90 percent of the principal and interest due on a loan guaranteed under subsection (c)(2).

"(C) LOAN GUARANTEE FUND DISTRIBUTION.—Of the funds made available for loan guarantees for a fiscal year under subsection (h), 50 percent of the funds shall be reserved for obligation during the second half of the fiscal year.

"(f) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

"(g) CONDITION ON PROVISION OF ASSISTANCE.—

"(1) IN GENERAL.—As a condition of receiving a grant or loan guarantee under this section, an eligible entity shall ensure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed, in

whole or in part, with the grant or loan guarantee, as the case may be, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with sections 3141 through 3144, 3146, and 3147 of title 40, United States Code.

"(2) AUTHORITY AND FUNCTIONS.—The Secretary of Labor shall have, with respect to the labor standards described in paragraph (1), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (5 U.S.C. App) and section 3145 of title 40, United States Code.

"(h) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use for the cost of loan guarantees under this section, to remain available until expended—

"(A) $75,000,000 for fiscal year 2009; and

"(B) $245,000,000 for fiscal year 2010.

"(2) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $150,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9004. REPOWERING ASSISTANCE.

"(a) IN GENERAL.—The Secretary shall carry out a program to encourage biorefineries in existence on the date of enactment of the Food, Conservation, and Energy Act of 2008 to replace fossil fuels used to produce heat or power to operate the biorefineries by making payments for—

"(1) the installation of new systems that use renewable biomass; or

"(2) the new production of energy from renewable biomass.

"(b) PAYMENTS.—

"(1) IN GENERAL.—The Secretary may make payments under this section to any biorefinery that meets the requirements of this section for a period determined by the Secretary.

"(2) AMOUNT.—The Secretary shall determine the amount of payments to be made under this section to a biorefinery after considering—

"(A) the quantity of fossil fuels a renewable biomass system is replacing;

"(B) the percentage reduction in fossil fuel used by the biorefinery that will result from the installation of the renewable biomass system; and

"(C) the cost and cost effectiveness of the renewable biomass system.

"(c) ELIGIBILITY.—To be eligible to receive a payment under this section, a biorefinery shall demonstrate to the Secretary that the renewable biomass system of the biorefinery is feasible based on an independent feasibility study that takes into account the economic, technical and environmental aspects of the system.

"(d) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to make payments under this section $35,000,000 for fiscal year 2009, to remain available until expended.

"(2) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED BIOFUELS.

"(a) DEFINITION OF ELIGIBLE PRODUCER.—In this section, the term 'eligible producer' means a producer of advanced biofuels.

"(b) PAYMENTS.—The Secretary shall make payments to eligible producers to support and ensure an expanding production of advanced biofuels.

"(c) CONTRACTS.—To receive a payment, an eligible producer shall—

"(1) enter into a contract with the Secretary for production of advanced biofuels; and

"(2) submit to the Secretary such records as the Secretary may require as evidence of the production of advanced biofuels.

"(d) BASIS FOR PAYMENTS.—The Secretary shall make payments under this section to eligible producers based on—

"(1) the quantity and duration of production by the eligible producer of an advanced biofuel;

"(2) the net nonrenewable energy content of the advanced biofuel, if sufficient data is available, as determined by the Secretary; and

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

"(e) EQUITABLE DISTRIBUTION.—The Secretary may limit the amount of payments that may be received by a single eligible producer under this section in order to distribute the total amount of funding available in an equitable manner.

"(f) OTHER REQUIREMENTS.—To receive a payment under this section, an eligible producer shall meet any other requirements of Federal and State law (including regulations) applicable to the production of advanced biofuels.

"(g) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section, to remain available until expended—

"(A) $55,000,000 for fiscal year 2009;

"(B) $55,000,000 for fiscal year 2010;

"(C) $85,000,000 for fiscal year 2011; and

"(D) $105,000,000 for fiscal year 2012.

"(2) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2009 through 2012.

"(3) LIMITATION.—Of the funds provided for each fiscal year, not more than 5 percent of the funds shall be made available to eligible producers for production at facilities with a total refining capacity exceeding 150,000,000 gallons per year.

"SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as the Secretary determines to be appropriate, make competitive grants to eligible entities to educate governmental and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

"(b) ELIGIBLE ENTITIES.—To receive a grant under subsection (b), an entity shall—

"(1) be a nonprofit organization or institution of higher education;

"(2) have demonstrated knowledge of biodiesel fuel production, use, or distribution; and

"(3) have demonstrated the ability to conduct educational and technical support programs.

"(c) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

"(d) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $1,000,000 for each of fiscal years 2008 through 2012.

"SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.

"(a) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of Energy, shall establish a Rural Energy for America Program to promote energy efficiency

and renewable energy development for agricultural producers and rural small businesses through—

"(1) grants for energy audits and renewable energy development assistance; and

"(2) financial assistance for energy efficiency improvements and renewable energy systems.

"(b) ENERGY AUDITS AND RENEWABLE ENERGY DEVELOPMENT ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall make competitive grants to eligible entities to provide assistance to agricultural producers and rural small businesses—

"(A) to become more energy efficient; and

"(B) to use renewable energy technologies and resources.

"(2) ELIGIBLE ENTITIES.—An eligible entity under this subsection is—

"(A) a unit of State, tribal, or local government;

"(B) a land-grant college or university or other institution of higher education;

"(C) a rural electric cooperative or public power entity; and

"(D) any other similar entity, as determined by the Secretary.

"(3) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under paragraph (1), the Secretary shall consider—

"(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

"(B) the geographic scope of the program proposed by the eligible entity in relation to the identified need;

"(C) the number of agricultural producers and rural small businesses to be assisted by the program;

"(D) the potential of the proposed program to produce energy savings and environmental benefits;

"(E) the plan of the eligible entity for performing outreach and providing information and assistance to agricultural producers and rural small businesses on the benefits of energy efficiency and renewable energy development; and

"(F) the ability of the eligible entity to leverage other sources of funding.

"(4) USE OF GRANT FUNDS.—A recipient of a grant under paragraph (1) shall use the grant funds

to assist agricultural producers and rural small businesses by—

"(A) conducting and promoting energy audits; and

"(B) providing recommendations and information on how—

"(i) to improve the energy efficiency of the operations of the agricultural producers and rural small businesses; and

"(ii) to use renewable energy technologies and resources in the operations.

"(5) LIMITATION.—Grant recipients may not use more than 5 percent of a grant for administrative expenses.

"(6) COST SHARING.—A recipient of a grant under paragraph (1) that conducts an energy audit for an agricultural producer or rural small business under paragraph (4) shall require that, as a condition of the energy audit, the agricultural producer or rural small business pay at least 25 percent of the cost of the energy audit, which shall be retained by the eligible entity for the cost of the energy audit.

"(c) FINANCIAL ASSISTANCE FOR ENERGY EFFICIENCY IMPROVEMENTS AND RENEWABLE ENERGY SYSTEMS.—

"(1) IN GENERAL.—In addition to any similar authority, the Secretary shall provide loan guarantees and grants to agricultural producers and rural small businesses—

"(A) to purchase renewable energy systems, including systems that may be used to produce and sell electricity; and

"(B) to make energy efficiency improvements.

"(2) AWARD CONSIDERATIONS.—In determining the amount of a loan guarantee or grant provided under this section, the Secretary shall take into consideration, as applicable—

"(A) the type of renewable energy system to be purchased;

"(B) the estimated quantity of energy to be generated by the renewable energy system;

"(C) the expected environmental benefits of the renewable energy system;

"(D) the quantity of energy savings expected to be derived from the activity, as demonstrated by an energy audit;

"(E) the estimated period of time for the energy savings generated by the activity to equal the cost of the activity;

"(F) the expected energy efficiency of the renewable energy system; and

"(G) other appropriate factors.

"(3) FEASIBILITY STUDIES.—

"(A) IN GENERAL.—The Secretary may provide assistance in the form of grants to an agricultural producer or rural small business to conduct a feasibility study for a project for which assistance may be provided under this subsection.

"(B) LIMITATION.—The Secretary shall use not more than 10 percent of the funds made available to carry out this subsection to provide assistance described in subparagraph (A).

"(C) AVOIDANCE OF DUPLICATIVE ASSISTANCE.—An entity shall be ineligible to receive assistance to carry out a feasibility study for a project under this paragraph if the entity has received other Federal or State assistance for a feasibility study for the project.

"(4) LIMITS.—

"(A) GRANTS.—The amount of a grant under this subsection shall not exceed 25 per-

cent of the cost of the activity carried out using funds from the grant.

"(B) MAXIMUM AMOUNT OF LOAN GUARANTEES.—The amount of a loan guaranteed under this subsection shall not exceed $25,000,000.

"(C) MAXIMUM AMOUNT OF COMBINED GRANT AND LOAN GUARANTEE.—The combined amount of a grant and loan guaranteed under this subsection shall not exceed 75 percent of the cost of the activity funded under this subsection.

"(d) OUTREACH.—The Secretary shall ensure, to the maximum extent practicable, that adequate outreach relating to this section is being conducted at the State and local levels.

"(e) LOWER-COST ACTIVITIES.—

"(1) LIMITATION ON USE OF FUNDS.—Except as provided in paragraph (2), the Secretary shall use not less than 20 percent of the funds made available under subsection (g) to provide grants of $20,000 or less.

"(2) EXCEPTION.—Effective beginning on June 30 of each fiscal year, paragraph (1) shall not apply

to funds made available under subsection (g) for the fiscal year.

"(f) REPORT.—Not later than 4 years after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall submit to Congress a report on the implementation of this section, including the outcomes achieved by projects funded under this section.

"(g) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section, to remain available until expended—

"(A) $55,000,000 for fiscal year 2009;

"(B) $60,000,000 for fiscal year 2010;

"(C) $70,000,000 for fiscal year 2011; and

"(D) $70,000,000 for fiscal year 2012.

"(2) AUDIT AND TECHNICAL ASSISTANCE FUNDING.—

"(A) IN GENERAL.—Subject to subparagraph (B), of the funds made available for each fiscal year under paragraph (1), 4 percent shall be available to carry out subsection (b).

"(B) OTHER USE.—Funds not obligated under subparagraph (A) by April 1 of each fis-

cal year to carry out subsection (b) shall become available to carry out subsection (c).

"(3) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.

"(a) DEFINITIONS.—In this section:

"(1) BIOBASED PRODUCT.—The term 'biobased product' means—

"(A) an industrial product (including chemicals, materials, and polymers) produced from biomass; or

"(B) a commercial or industrial product (including animal feed and electric power) derived in connection with the conversion of biomass to fuel.

"(2) DEMONSTRATION.—The term 'demonstration' means demonstration of technology in a pilot plant or semi-works scale facility, including a plant or facility located on a farm.

"(3) INITIATIVE.—The term 'Initiative' means the Biomass Research and Development Initiative established under subsection (e).

"(b) COOPERATION AND COORDINATION IN BIOMASS RESEARCH AND DEVELOPMENT.—

"(1) IN GENERAL.—The Secretary of Agriculture and the Secretary of Energy shall coordinate policies and procedures that promote research and development regarding the production of biofuels and biobased products.

"(2) POINTS OF CONTACT.—To coordinate research and development programs and activities relating to biofuels and biobased products that are carried out by their respective departments—

"(A) the Secretary of Agriculture shall designate, as the point of contact for the Department of Agriculture, an officer of the Department of Agriculture appointed by the President to a position in the Department before the date of the designation, by and with the advice and consent of the Senate; and

"(B) the Secretary of Energy shall designate, as the point of contact for the Department of Energy, an officer of the Department of Energy appointed by the President to a position in the Department before the date of the designation, by and with the advice and consent of the Senate.

"(c) BIOMASS RESEARCH AND DEVELOPMENT BOARD.—

"(1) ESTABLISHMENT.—There is established the Biomass Research and Development Board to carry out the duties described in paragraph (3).

"(2) MEMBERSHIP.—The Board shall consist of—

"(A) the point of contacts of the Department of Energy and the Department of Agriculture, who shall serve as cochairpersons of the Board;

"(B) a senior officer of each of the Department of the Interior, the Environmental Protection Agency, the National Science Foundation, and the Office of Science and Technology Policy, each of whom shall have a rank that is equivalent to the rank of the points of contact; and

"(C) at the option of the Secretary of Agriculture and the Secretary of Energy, other members appointed by the Secretaries (after consultation with the Board).

"(3) DUTIES.—The Board shall—

"(A) coordinate research and development activities relating to biofuels and biobased products—

"(i) between the Department of Agriculture and the Department of Energy; and

"(ii) with other departments and agencies of the Federal Government;

"(B) provide recommendations to the points of contact concerning administration of this title;

"(C) ensure that—

"(i) solicitations are open and competitive with awards made annually; and

"(ii) objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest; and

"(D) ensure that the panel of scientific and technical peers assembled under subsection (e) to review proposals is composed predominantly of independent experts selected from outside the Departments of Agriculture and Energy.

"(4) FUNDING.—Each agency represented on the Board is encouraged to provide funds for any purpose under this section.

"(5) MEETINGS.—The Board shall meet at least quarterly.

"(d) BIOMASS RESEARCH AND DEVELOPMENT TECHNICAL ADVISORY COMMITTEE.—

"(1) ESTABLISHMENT.—There is established the Biomass Research and Development Technical Advisory Committee to carry out the duties described in paragraph (3).

"(2) MEMBERSHIP.—

"(A) IN GENERAL.—The Advisory Committee shall consist of—

"(i) an individual affiliated with the biofuels industry;

"(ii) an individual affiliated with the biobased industrial and commercial products industry;

"(iii) an individual affiliated with an institution of higher education who has expertise in biofuels and biobased products;

"(iv) 2 prominent engineers or scientists from government or academia who

have expertise in biofuels and biobased products;

''(v) an individual affiliated with a commodity trade association;

''(vi) 2 individuals affiliated with environmental or conservation organizations;

''(vii) an individual associated with State government who has expertise in biofuels and biobased products;

''(viii) an individual with expertise in energy and environmental analysis;

''(ix) an individual with expertise in the economics of biofuels and biobased products;

''(x) an individual with expertise in agricultural economics;

''(xi) an individual with expertise in plant biology and biomass feedstock development;

''(xii) an individual with expertise in agronomy, crop science, or soil science; and

''(xiii) at the option of the points of contact, other members.

1 "(B) APPOINTMENT.—The members of the
2 Advisory Committee shall be appointed by the
3 points of contact.
4 "(3) DUTIES.—The Advisory Committee
5 shall—
6 "(A) advise the points of contact with re-
7 spect to the Initiative; and
8 "(B) evaluate and make recommendations
9 in writing to the Board regarding whether—
10 "(i) funds authorized for the Initiative
11 are distributed and used in a manner that
12 is consistent with the objectives, purposes,
13 and considerations of the Initiative;
14 "(ii) solicitations are open and com-
15 petitive with awards made annually;
16 "(iii) objectives and evaluation criteria
17 of the solicitations are clearly stated and
18 minimally prescriptive, with no areas of
19 special interest;
20 "(iv) the points of contact are funding
21 proposals under this title that are selected
22 on the basis of merit, as determined by an
23 independent panel of scientific and tech-
24 nical peers predominantly from outside the

Departments of Agriculture and Energy; and

"(v) activities under this title are carried out in accordance with this title.

"(4) COORDINATION.—To avoid duplication of effort, the Advisory Committee shall coordinate its activities with those of other Federal advisory committees working in related areas.

"(5) MEETINGS.—The Advisory Committee shall meet at least quarterly.

"(6) TERMS.—Members of the Advisory Committee shall be appointed for a term of 3 years.

"(e) BIOMASS RESEARCH AND DEVELOPMENT INITIATIVE.—

"(1) IN GENERAL.—The Secretary of Agriculture and the Secretary of Energy, acting through their respective points of contact and in consultation with the Board, shall establish and carry out a Biomass Research and Development Initiative under which competitively awarded grants, contracts, and financial assistance are provided to, or entered into with, eligible entities to carry out research on and development and demonstration of—

"(A) biofuels and biobased products; and

"(B) the methods, practices, and technologies, for the production of biofuels and biobased products.

"(2) OBJECTIVES.—The objectives of the Initiative are to develop—

"(A) technologies and processes necessary for abundant commercial production of biofuels at prices competitive with fossil fuels;

"(B) high-value biobased products—

"(i) to enhance the economic viability of biofuels and power;

"(ii) to serve as substitutes for petroleum-based feedstocks and products; and

"(iii) to enhance the value of coproducts produced using the technologies and processes; and

"(C) a diversity of economically and environmentally sustainable domestic sources of renewable biomass for conversion to biofuels, bioenergy, and biobased products.

"(3) TECHNICAL AREAS.—The Secretary of Agriculture and the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and heads of other appropriate departments and agencies (referred to in this sub-

section as the 'Secretaries'), shall direct the Initiative in the 3 following areas:

"(A) FEEDSTOCKS DEVELOPMENT.—Research, development, and demonstration activities regarding feedstocks and feedstock logistics (including the harvest, handling, transport, preprocessing, and storage) relevant to production of raw materials for conversion to biofuels and biobased products.

"(B) BIOFUELS AND BIOBASED PRODUCTS DEVELOPMENT.—Research, development, and demonstration activities to support—

"(i) the development of diverse cost-effective technologies for the use of cellulosic biomass in the production of biofuels and biobased products; and

"(ii) product diversification through technologies relevant to production of a range of biobased products (including chemicals, animal feeds, and cogenerated power) that potentially can increase the feasibility of fuel production in a biorefinery.

"(C) BIOFUELS DEVELOPMENT ANALYSIS.—

"(i) STRATEGIC GUIDANCE.—The development of analysis that provides strategic guidance for the application of renewable biomass technologies to improve sustainability and environmental quality, cost effectiveness, security, and rural economic development.

"(ii) ENERGY AND ENVIRONMENTAL IMPACT.—Development of systematic evaluations of the impact of expanded biofuel production on the environment (including forest land) and on the food supply for humans and animals, including the improvement and development of tools for life cycle analysis of current and potential biofuels.

"(iii) ASSESSMENT OF FEDERAL LAND.—Assessments of the potential of Federal land resources to increase the production of feedstocks for biofuels and biobased products, consistent with the integrity of soil and water resources and with other environmental considerations.

"(4) ADDITIONAL CONSIDERATIONS.—Within the technical areas described in paragraph (3), the

Secretaries shall support research and development—

"(A) to create continuously expanding opportunities for participants in existing biofuels production by seeking synergies and continuity with current technologies and practices;

"(B) to maximize the environmental, economic, and social benefits of production of biofuels and derived biobased products on a large scale; and

"(C) to facilitate small-scale production and local and on-farm use of biofuels, including the development of small-scale gasification technologies for production of biofuel from cellulosic feedstocks.

"(5) ELIGIBILITY.—To be eligible for a grant, contract, or assistance under this section, an applicant shall be—

"(A) an institution of higher education;

"(B) a National Laboratory;

"(C) a Federal research agency;

"(D) a State research agency;

"(E) a private sector entity;

"(F) a nonprofit organization; or

"(G) a consortium of 2 or more entities described in subparagraphs (A) through (F).

"(6) ADMINISTRATION.—

"(A) IN GENERAL.—After consultation with the Board, the points of contact shall—

"(i) publish annually 1 or more joint requests for proposals for grants, contracts, and assistance under this subsection;

"(ii) require that grants, contracts, and assistance under this section be awarded based on a scientific peer review by an independent panel of scientific and technical peers;

"(iii) give special consideration to applications that—

"(I) involve a consortia of experts from multiple institutions;

"(II) encourage the integration of disciplines and application of the best technical resources; and

"(III) increase the geographic diversity of demonstration projects; and

"(iv) require that the technical areas described in each of subparagraphs (A),

(B), and (C) of paragraph (3) receive not less than 15 percent of funds made available to carry out this section.

"(B) COST SHARE.—

"(i) RESEARCH AND DEVELOPMENT PROJECTS.—

"(I) IN GENERAL.—Except as provided in subclause (II), the non-Federal share of the cost of a research or development project under this section shall be not less than 20 percent.

"(II) REDUCTION.—The Secretary of Agriculture or the Secretary of Energy, as appropriate, may reduce the non-Federal share required under subclause (I) if the appropriate Secretary determines the reduction to be necessary and appropriate.

"(ii) DEMONSTRATION AND COMMERCIAL PROJECTS.—The non-Federal share of the cost of a demonstration or commercial project under this section shall be not less than 50 percent.

"(C) TECHNOLOGY AND INFORMATION TRANSFER.—The Secretary of Agriculture and the Secretary of Energy shall ensure that applicable research results and technologies from the Initiative are—

"(i) adapted, made available, and disseminated, as appropriate; and

"(ii) included in the best practices database established under section 1672C(e) of the Food, Agriculture, Conservation, and Trade Act of 1990.

"(f) ADMINISTRATIVE SUPPORT AND FUNDS.—

"(1) IN GENERAL.—The Secretary of Energy and the Secretary of Agriculture may provide such administrative support and funds of the Department of Energy and the Department of Agriculture to the Board and the Advisory Committee as are necessary to enable the Board and the Advisory Committee to carry out their duties under this section.

"(2) OTHER AGENCIES.—The heads of the agencies referred to in subsection (c)(2)(B), and the other members of the Board appointed under subsection (c)(2)(C), are encouraged to provide administrative support and funds of their respective agencies to the Board and the Advisory Committee.

"(3) LIMITATION.—Not more than 4 percent of the amount made available for each fiscal year under subsection (h) may be used to pay the administrative costs of carrying out this section.

"(g) REPORTS.—For each fiscal year for which funds are made available to carry out this section, the Secretary of Energy and the Secretary of Agriculture shall jointly submit to Congress a detailed report on—

"(1) the status and progress of the Initiative, including a report from the Advisory Committee on whether funds appropriated for the Initiative have been distributed and used in a manner that is consistent with the objectives and requirements of this section;

"(2) the general status of cooperation and research and development efforts carried out at each agency with respect to biofuels and biobased products; and

"(3) the plans of the Secretary of Energy and the Secretary of Agriculture for addressing concerns raised in the report, including concerns raised by the Advisory Committee.

"(h) FUNDING.—

"(1) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary of

Agriculture shall use to carry out this section, to remain available until expended—

"(A) $20,000,000 for fiscal year 2009;

"(B) $28,000,000 for fiscal year 2010;

"(C) $30,000,000 for fiscal year 2011; and

"(D) $40,000,000 for fiscal year 2012.

"(2) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $35,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9009. RURAL ENERGY SELF-SUFFICIENCY INITIATIVE.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means a community located in a rural area (as defined in section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(A))).

"(2) INITIATIVE.—The term 'Initiative' means the Rural Energy Self-Sufficiency Initiative established under this section.

"(3) INTEGRATED RENEWABLE ENERGY SYSTEM.—The term 'integrated renewable energy system' means a community-wide energy system that—

"(A) reduces conventional energy use; and

"(B) increases the use of energy from renewable sources.

"(b) ESTABLISHMENT.—The Secretary shall establish a Rural Energy Self-Sufficiency Initiative to provide financial assistance for the purpose of enabling eligible rural communities to substantially increase the energy self-sufficiency of the eligible rural communities.

"(c) GRANT ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall make grants available under the Initiative to eligible rural communities to carry out an activity described in paragraph (2).

"(2) USE OF GRANT FUNDS.—An eligible rural community may use a grant—

"(A) to conduct an energy assessment that assesses the total energy use of all energy users in the eligible rural community;

"(B) to formulate and analyze ideas for reducing energy usage by the eligible rural community from conventional sources; and

"(C) to develop and install an integrated renewable energy system.

"(3) GRANT SELECTION.—

"(A) APPLICATION.—To be considered for a grant, an eligible rural community shall sub-

mit an application to the Secretary that describes the ways in which the community would use the grant to carry out an activity described in paragraph (2).

"(B) PREFERENCE.—The Secretary shall give preference to those applications that propose to carry out an activity in coordination with—

"(i) institutions of higher education or nonprofit foundations of institutions of higher education;

"(ii) Federal, State, or local government agencies;

"(iii) public or private power generation entities; or

"(iv) government entities with responsibility for water or natural resources.

"(4) REPORT.—An eligible rural community receiving a grant under the Initiative shall submit to the Secretary a report on the project of the eligible rural community.

"(5) COST-SHARING.—The amount of a grant under the Initiative shall not exceed 50 percent of the cost of the activities described in the application.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9010. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIOENERGY PRODUCERS.

"(a) DEFINITIONS.—In this section:

"(1) BIOENERGY.—The term 'bioenergy' means fuel grade ethanol and other biofuel.

"(2) BIOENERGY PRODUCER.—The term 'bioenergy producer' means a producer of bioenergy that uses an eligible commodity to produce bioenergy under this section.

"(3) ELIGIBLE COMMODITY.—The term 'eligible commodity' means a form of raw or refined sugar or in-process sugar that is eligible to be marketed in the United States for human consumption or to be used for the extraction of sugar for human consumption.

"(4) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity located in the United States that markets an eligible commodity in the United States.

"(b) FEEDSTOCK FLEXIBILITY PROGRAM.—

"(1) IN GENERAL.—

"(A) PURCHASES AND SALES.—For each of the 2008 through 2012 crops, the Secretary shall purchase eligible commodities from eligible entities and sell such commodities to bioenergy producers for the purpose of producing bioenergy in a manner that ensures that section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272) is operated at no cost to the Federal Government by avoiding forfeitures to the Commodity Credit Corporation.

"(B) COMPETITIVE PROCEDURES.—In carrying out the purchases and sales required under subparagraph (A), the Secretary shall, to the maximum extent practicable, use competitive procedures, including the receiving, offering, and accepting of bids, when entering into contracts with eligible entities and bioenergy producers, provided that such procedures are consistent with the purposes of subparagraph (A).

"(C) LIMITATION.—The purchase and sale of eligible commodities under subparagraph (A) shall only be made in crop years in which such purchases and sales are necessary to ensure

that the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272) is operated at no cost to the Federal Government by avoiding forfeitures to the Commodity Credit Corporation.

"(2) NOTICE.—

"(A) IN GENERAL.—As soon as practicable after the date of enactment of the Food, Conservation, and Energy Act of 2008 and each September 1 thereafter through September 1, 2012, the Secretary shall provide notice to eligible entities and bioenergy producers of the quantity of eligible commodities that shall be made available for purchase and sale for the crop year following the date of the notice under this section.

"(B) REESTIMATES.—Not later than the January 1, April 1, and July 1 of the calendar year following the date of a notice under subparagraph (A), the Secretary shall reestimate the quantity of eligible commodities determined under subparagraph (A), and provide notice and make purchases and sales based on such reestimates.

"(3) COMMODITY CREDIT CORPORATION INVENTORY.—

"(A) DISPOSITIONS.—

"(i) BIOENERGY AND GENERALLY.—Except as provided in clause (ii), to the extent that an eligible commodity is owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272)), the Secretary shall—

"(I) sell the eligible commodity to bioenergy producers under this section consistent with paragraph (1)(C);

"(II) dispose of the eligible commodity in accordance with section 156(f)(2) of that Act; or

"(III) otherwise dispose of the eligible commodity through the buyback of certificates of quota entry.

"(ii) PRESERVATION OF OTHER AUTHORITIES.—Nothing in this section limits the use of other authorities for the disposition of an eligible commodity held in the

inventory of the Commodity Credit Corporation for nonfood use or otherwise in a manner that does not increase the net quantity of sugar available for human consumption in the United States market, consistent with section 156(f)(1) of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272(f)(1)).

"(B) EMERGENCY SHORTAGES.—Notwithstanding subparagraph (A), if there is an emergency shortage of sugar for human consumption in the United States market that is caused by a war, flood, hurricane, or other natural disaster, or other similar event, the Secretary may dispose of an eligible commodity that is owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272)) through disposition as authorized under section 156(f) of that Act or through the use of any other authority of the Commodity Credit Corporation.

"(4) TRANSFER RULE; STORAGE FEES.—

"(A) GENERAL TRANSFER RULE.—Except with regard to emergency dispositions under paragraph (3)(B) and as provided in subparagraph (C), the Secretary shall ensure that bioenergy producers that purchase eligible commodities pursuant to this section take possession of the eligible commodities within 30 calendar days of the date of such purchase from the Commodity Credit Corporation.

"(B) PAYMENT OF STORAGE FEES PROHIBITED.—

"(i) IN GENERAL.—The Secretary shall, to the maximum extent practicable, carry out this section in a manner that ensures no storage fees are paid by the Commodity Credit Corporation in the administration of this section.

"(ii) EXCEPTION.—Clause (i) shall not apply with respect to any commodities owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program authorized under section 156 of the Federal Agriculture Improvement and Reform Act (7 U.S.C. 7272)).

"(C) OPTION TO PREVENT STORAGE FEES.—

"(i) IN GENERAL.—The Secretary may enter into contracts with bioenergy producers to sell eligible commodities to such producers prior in time to entering into contracts with eligible entities to purchase the eligible commodities to be used to satisfy the contracts entered into with the bioenergy producers.

"(ii) SPECIAL TRANSFER RULE.—If the Secretary makes a sale and purchase referred to in clause (i), the Secretary shall ensure that the bioenergy producer that purchased eligible commodities takes possession of such commodities within 30 calendar days of the date the Commodity Credit Corporation purchases the eligible commodities.

"(5) RELATION TO OTHER LAWS.—If sugar that is subject to a marketing allotment under part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) is the subject of a payment under this section, the sugar shall be considered marketed and shall count

against a processor's allocation of an allotment under such part, as applicable.

"(6) FUNDING.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation, including the use of such sums as are necessary, to carry out this section.

"SEC. 9011. BIOMASS CROP ASSISTANCE PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) BCAP.—The term 'BCAP' means the Biomass Crop Assistance Program established under this section.

"(2) BCAP PROJECT AREA.—The term 'BCAP project area' means an area that—

"(A) has specified boundaries that are submitted to the Secretary by the project sponsor and subsequently approved by the Secretary;

"(B) includes producers with contract acreage that will supply a portion of the renewable biomass needed by a biomass conversion facility; and

"(C) is physically located within an economically practicable distance from the biomass conversion facility.

"(3) CONTRACT ACREAGE.—The term 'contract acreage' means eligible land that is covered by a BCAP contract entered into with the Secretary.

"(4) ELIGIBLE CROP.—

"(A) IN GENERAL.—The term 'eligible crop' means a crop of renewable biomass.

"(B) EXCLUSIONS.—The term 'eligible crop' does not include—

"(i) any crop that is eligible to receive payments under title I of the Food, Conservation, and Energy Act of 2008 or an amendment made by that title; or

"(ii) any plant that is invasive or noxious or has the potential to become invasive or noxious, as determined by the Secretary, in consultation with other appropriate Federal or State departments and agencies.

"(5) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' includes agricultural and nonindustrial private forest lands (as defined in section 5(c) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a(c))).

"(B) EXCLUSIONS.—The term 'eligible land' does not include—

"(i) Federal- or State-owned land;

"(ii) land that is native sod, as of the date of enactment of the Food, Conservation, and Energy Act of 2008;

"(iii) land enrolled in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.);

"(iv) land enrolled in the wetlands reserve program established under subchapter C of chapter 1 of subtitle D of title XII of that Act (16 U.S.C. 3837 et seq.); or

"(v) land enrolled in the grassland reserve program established under subchapter D of chapter 2 of subtitle D of title XII of that Act (16 U.S.C. 3838n et seq.).

"(6) ELIGIBLE MATERIAL.—

"(A) IN GENERAL.—The term 'eligible material' means renewable biomass.

"(B) EXCLUSIONS.—The term 'eligible material' does not include—

"(i) any crop that is eligible to receive payments under title I of the Food, Conservation, and Energy Act of 2008 or an amendment made by that title;

"(ii) animal waste and byproducts (including fats, oils, greases, and manure);

"(iii) food waste and yard waste; or

"(iv) algae.

"(7) PRODUCER.—The term 'producer' means an owner or operator of contract acreage that is physically located within a BCAP project area.

"(8) PROJECT SPONSOR.—The term 'project sponsor' means—

"(A) a group of producers; or

"(B) a biomass conversion facility.

"(b) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish and administer a Biomass Crop Assistance Program to—

"(1) support the establishment and production of eligible crops for conversion to bioenergy in selected BCAP project areas; and

"(2) assist agricultural and forest land owners and operators with collection, harvest, storage, and

1 transportation of eligible material for use in a bio-
2 mass conversion facility.
3 ''(c) BCAP PROJECT AREA.—
4 ''(1) IN GENERAL.—The Secretary shall provide
5 financial assistance to producers of eligible crops in
6 a BCAP project area.
7 ''(2) SELECTION OF PROJECT AREAS.—
8 ''(A) IN GENERAL.—To be considered for
9 selection as a BCAP project area, a project
10 sponsor shall submit to the Secretary a pro-
11 posal that includes, at a minimum—
12 ''(i) a description of the eligible land
13 and eligible crops of each producer that
14 will participate in the proposed BCAP
15 project area;
16 ''(ii) a letter of commitment from a
17 biomass conversion facility that the facility
18 will use the eligible crops intended to be
19 produced in the proposed BCAP project
20 area;
21 ''(iii) evidence that the biomass con-
22 version facility has sufficient equity avail-
23 able, as determined by the Secretary, if the
24 biomass conversion facility is not oper-

ational at the time the proposal is submitted to the Secretary; and

"(iv) any other appropriate information about the biomass conversion facility or proposed biomass conversion facility that gives the Secretary a reasonable assurance that the plant will be in operation by the time that the eligible crops are ready for harvest.

"(B) BCAP PROJECT AREA SELECTION CRITERIA.—In selecting BCAP project areas, the Secretary shall consider—

"(i) the volume of the eligible crops proposed to be produced in the proposed BCAP project area and the probability that such crops will be used for the purposes of the BCAP;

"(ii) the volume of renewable biomass projected to be available from sources other than the eligible crops grown on contract acres;

"(iii) the anticipated economic impact in the proposed BCAP project area;

"(iv) the opportunity for producers and local investors to participate in the

ownership of the biomass conversion facility in the proposed BCAP project area;

"(v) the participation rate by—

"(I) beginning farmers or ranchers (as defined in accordance with section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))); or

"(II) socially disadvantaged farmers or ranchers (as defined in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)));

"(vi) the impact on soil, water, and related resources;

"(vii) the variety in biomass production approaches within a project area, including (as appropriate)—

"(I) agronomic conditions;

"(II) harvest and postharvest practices; and

"(III) monoculture and polyculture crop mixes;

"(viii) the range of eligible crops among project areas; and

"(ix) any additional information, as determined by the Secretary.

"(3) CONTRACT.—

"(A) IN GENERAL.—On approval of a BCAP project area by the Secretary, each producer in the BCAP project area shall enter into a contract directly with the Secretary.

"(B) MINIMUM TERMS.—At a minimum, contracts shall include terms that cover—

"(i) an agreement to make available to the Secretary, or to an institution of higher education or other entity designated by the Secretary, such information as the Secretary considers to be appropriate to promote the production of eligible crops and the development of biomass conversion technology;

"(ii) compliance with the highly erodible land conservation requirements of subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and the wetland conservation requirements of subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

"(iii) the implementation of (as determined by the Secretary)—

"(I) a conservation plan; or

"(II) a forest stewardship plan or an equivalent plan; and

"(iv) any additional requirements the Secretary considers appropriate.

"(C) DURATION.—A contract under this subsection shall have a term of up to—

"(i) 5 years for annual and perennial crops; or

"(ii) 15 years for woody biomass.

"(4) RELATIONSHIP TO OTHER PROGRAMS.—In carrying out this subsection, the Secretary shall provide for the preservation of cropland base and yield history applicable to the land enrolled in a BCAP contract.

"(5) PAYMENTS.—

"(A) IN GENERAL.—The Secretary shall make establishment and annual payments directly to producers to support the establishment and production of eligible crops on contract acreage.

"(B) AMOUNT OF ESTABLISHMENT PAYMENTS.—The amount of an establishment pay-

ment under this subsection shall be up to 75 percent of the costs of establishing an eligible perennial crop covered by the contract, including—

"(i) the cost of seeds and stock for perennials;

"(ii) the cost of planting the perennial crop, as determined by the Secretary; and

"(iii) in the case of nonindustrial private forestland, the costs of site preparation and tree planting.

"(C) AMOUNT OF ANNUAL PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the amount of an annual payment under this subsection shall be determined by the Secretary.

"(ii) REDUCTION.—The Secretary shall reduce an annual payment by an amount determined to be appropriate by the Secretary, if—

"(I) an eligible crop is used for purposes other than the production of energy at the biomass conversion facility;

"(II) an eligible crop is delivered to the biomass conversion facility;

"(III) the producer receives a payment under subsection (d);

"(IV) the producer violates a term of the contract; or

"(V) there are such other circumstances, as determined by the Secretary to be necessary to carry out this section.

"(d) ASSISTANCE WITH COLLECTION, HARVEST, STORAGE, AND TRANSPORTATION.—

"(1) IN GENERAL.—The Secretary shall make a payment for the delivery of eligible material to a biomass conversion facility to—

"(A) a producer of an eligible crop that is produced on BCAP contract acreage; or

"(B) a person with the right to collect or harvest eligible material.

"(2) PAYMENTS.—

"(A) COSTS COVERED.—A payment under this subsection shall be in an amount described in subparagraph (B) for—

"(i) collection;

"(ii) harvest;

"(iii) storage; and

"(iv) transportation to a biomass conversion facility.

"(B) AMOUNT.—Subject to paragraph (3), the Secretary may provide matching payments at a rate of $1 for each $1 per ton provided by the biomass conversion facility, in an amount equal to not more than $45 per ton for a period of 2 years.

"(3) LIMITATION ON ASSISTANCE FOR BCAP CONTRACT ACREAGE.—As a condition of the receipt of annual payment under subsection (c), a producer receiving a payment under this subsection for collection, harvest, storage or transportation of an eligible crop produced on BCAP acreage shall agree to a reduction in the annual payment.

"(e) REPORT.—Not later than 4 years after the date of enactment of the Food, Conservation, and Energy Act of 2008, 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 dissemination by the Secretary of the best practice data and information gathered from participants receiving assistance under this section.

"(f) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.

"SEC. 9012. FOREST BIOMASS FOR ENERGY.

"(a) IN GENERAL.—The Secretary, acting through the Forest Service, shall conduct a competitive research and development program to encourage use of forest biomass for energy.

"(b) ELIGIBLE ENTITIES.—Entities eligible to compete under the program under this section include—

"(1) the Forest Service (acting through Research and Development);

"(2) other Federal agencies;

"(3) State and local governments;

"(4) Indian tribes;

"(5) land-grant colleges and universities; and

"(6) private entities.

"(c) PRIORITY FOR PROJECT SELECTION.—In carrying out this section, the Secretary shall give priority to projects that—

"(1) develop technology and techniques to use low-value forest biomass, such as byproducts of forest health treatments and hazardous fuels reduction, for the production of energy;

"(2) develop processes that integrate production of energy from forest biomass into biorefineries or other existing manufacturing streams;

"(3) develop new transportation fuels from forest biomass; and

"(4) improve the growth and yield of trees intended for renewable energy production.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2009 through 2012.

"SEC. 9013. COMMUNITY WOOD ENERGY PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) COMMUNITY WOOD ENERGY PLAN.—The term 'community wood energy plan' means an assessment of—

"(A) available feedstocks necessary to supply a community wood energy system; and

"(B) the long-term feasibility of supplying and operating a community wood energy system.

"(2) COMMUNITY WOOD ENERGY SYSTEM.—

"(A) IN GENERAL.—The term 'community wood energy system' means an energy system that—

"(i) primarily services public facilities owned or operated by State or local governments, including schools, town halls, libraries, and other public buildings; and

"(ii) uses woody biomass as the primary fuel.

"(B) INCLUSIONS.—The term 'community wood energy system' includes single facility central heating, district heating, combined heat and energy systems, and other related biomass energy systems.

"(b) GRANT PROGRAM.—

"(1) IN GENERAL.—The Secretary, acting through the Chief of the Forest Service, shall establish a program to be known as the 'Community Wood Energy Program' to provide—

"(A) grants of up to $50,000 to State and local governments (or designees) to develop community wood energy plans; and

"(B) competitive grants to State and local governments to acquire or upgrade community wood energy systems.

"(2) CONSIDERATIONS.—In selecting applicants for grants under paragraph (1)(B), the Secretary shall consider—

"(A) the energy efficiency of the proposed system;

"(B) the cost effectiveness of the proposed system; and

"(C) other conservation and environmental criteria that the Secretary considers appropriate.

"(3) USE OF PLAN.—A State or local government applying to receive a competitive grant described in paragraph (1)(B) shall submit to the Secretary as part of the grant application the applicable community wood energy plan.

"(c) LIMITATION.—A community wood energy system acquired with grant funds provided under subsection (b)(1)(B) shall not exceed an output of—

"(1) 50,000,000 Btu per hour for heating; and

"(2) 2 megawatts for electric power production.

"(d) MATCHING FUNDS.—A State or local government that receives a grant under subsection (b) shall contribute an amount of non-Federal funds towards the development of the community wood energy plan, or acquisition of the community wood energy systems that is at least equal to the amount of grant funds received by the State or local government under that subsection.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2009 through 2012.".

(b) CONFORMING AMENDMENT.—The Biomass Research and Development Act of 2000 (7 U.S.C. 8601 et seq.) is repealed.

SEC. 9002. BIOFUELS INFRASTRUCTURE STUDY.

(a) IN GENERAL.—The Secretary of Agriculture, the Secretary of Energy, the Administrator of the Environmental Protection Agency, and the Secretary of Transportation (referred to in this section as the "Secretaries"), shall jointly conduct a study that includes—

(1) an assessment of the infrastructure needs for expanding the domestic production, transport, and distribution of biofuels given current and likely future market trends;

(2) recommendations for infrastructure needs and development approaches, taking into account cost and other associated factors; and

(3) a report that includes—

(A) a summary of infrastructure needs;

(B) an analysis of alternative development approaches to meeting the needs described in subparagraph (A), including cost, siting, and other regulatory issues; and

(C) recommendations for specific infrastructure development actions to be taken.

(b) SCOPE OF STUDY.—

(1) IN GENERAL.—In conducting the study described in subsection (a), the Secretaries shall address—

(A) current and likely future market trends for biofuels through calendar year 2025;

(B) current and future availability of feedstocks;

(C) water resource needs, including water requirements for biorefineries;

(D) shipping and storage needs for biomass feedstock and biofuels, including the adequacy of rural roads; and

(E) modes of transportation and delivery for biofuels (including shipment by rail, truck, pipeline or barge) and associated infrastructure issues.

(2) CONSIDERATIONS.—In addressing the issues described in paragraph (1), the Secretaries shall consider—

(A) the effects of increased tank truck, rail, and barge transport on existing infrastructure and safety;

(B) the feasibility of shipping biofuels through pipelines in existence as the date of enactment of this Act;

(C) the development of new biofuels pipelines, including siting, financing, timing, and other economic issues;

(D) the implications of various biofuel blend levels on infrastructure needs;

(E) the implications of various approaches to infrastructure development on resource use and conservation;

(F) regional differences in biofuels infrastructure needs; and

(G) other infrastructure issues, as determined by the Secretaries.

(c) IMPLEMENTATION.—In carrying out this section, the Secretaries —

(1) shall—

(A) consult with individuals and entities with interest or expertise in the areas described in subsection (b);

(B) to the extent available, use the information developed and results of the related studies authorized under sections 243 and 245 of the Energy Independence and Security Act

of 2007 (Public Law 110–140; 121 Stat. 1540, 1546)); and

(C) submit to Congress the report required under subsection (a)(3), including—

(i) in the Senate—

(I) the Committee on Agriculture, Nutrition, and Forestry ;

(II) the Committee on Commerce, Science, and Transportation;

(III) the Committee on Energy and Natural Resources; and

(IV) the Committee on Environment and Public Works; and

(ii) in the House of Representatives—

(I) the Committee on Agriculture;

(II) the Committee on Energy and Commerce;

(III) the Committee on Transportation and Infrastructure; and

(IV) the Committee on Science and Technology; and

(2) may issue a solicitation for a competition to select a contractor to support the Secretaries.

SEC. 9003. RENEWABLE FERTILIZER STUDY.

(a) IN GENERAL.—Not later than 1 year after the date of receipt of appropriations to carry out this section, the Secretary shall—

(1) conduct a study to assess the current state of knowledge regarding the potential for the production of fertilizer from renewable energy sources in rural areas, including—

(A) identification of the critical challenges to commercialization of rural production of nitrogen and phosphorus-based fertilizer from renewables;

(B) the most promising processes and technologies for renewable fertilizer production;

(C) the potential cost-competitiveness of renewable fertilizer; and

(D) the potential impacts of renewable fertilizer on fossil fuel use and the environment; and

(2) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the study.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal year 2009.

TITLE X—HORTICULTURE AND ORGANIC AGRICULTURE

SEC. 10001. DEFINITIONS.

In this title:

(1) SPECIALTY CROP.—The term ''specialty crop'' has the meaning given the term in section 3 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465).

(2) STATE DEPARTMENT OF AGRICULTURE.—The term ''State department of agriculture'' means the agency, commission, or department of a State government responsible for protecting and promoting agriculture in the State.

Subtitle A—Horticulture Marketing and Information

SEC. 10101. INDEPENDENT EVALUATION OF DEPARTMENT OF AGRICULTURE COMMODITY PURCHASE PROCESS.

(a) EVALUATION REQUIRED.—The Secretary shall arrange to have performed an independent evaluation of the purchasing processes (including the budgetary, statutory, and regulatory authority underlying the processes) used by the Department of Agriculture to implement the requirement that funds available under section 32 of the

Act of August 24, 1935 (7 U.S.C. 612c), shall be principally devoted to perishable agricultural commodities.

(b) SUBMISSION OF RESULTS.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the evaluation.

SEC. 10102. QUALITY REQUIREMENTS FOR CLEMENTINES.

Section 8e(a) of the Agricultural Adjustment Act (7 U.S.C. 608e–1(a)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended in the matter preceding the first proviso in the first sentence by inserting ''clementines,'' after ''nectarines,''.

SEC. 10103. INCLUSION OF SPECIALTY CROPS IN CENSUS OF AGRICULTURE.

Section 2(a) of the Census of Agriculture Act of 1997 (7 U.S.C. 2204g(a)) is amended—

(1) by striking ''In 1998'' and inserting the following:

''(1) IN GENERAL.—In 1998''; and

(2) by adding at the end the following:

''(2) INCLUSION OF SPECIALTY CROPS.—Effective beginning with the census of agriculture required to be conducted in 2008, the Secretary shall

conduct as part of each census of agriculture a census of specialty crops (as that term is defined in section 3 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108-465)).".

SEC. 10104. MUSHROOM PROMOTION, RESEARCH, AND CONSUMER INFORMATION.

(a) REGIONS AND MEMBERS.—Section 1925(b)(2) of the Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6104(b)(2)) is amended—

(1) in subparagraph (B), by striking "4 regions" and inserting "3 regions";

(2) in subparagraph (D), by striking "35,000,000 pounds" and inserting "50,000,000 pounds"; and

(3) by striking subparagraph (E) and inserting the following:

"(E) ADDITIONAL MEMBERS.—In addition to the members appointed pursuant to paragraph (1), and subject to the 9-member limit of members on the Council provided in that paragraph, the Secretary shall appoint additional members to the council from a region that attains additional pounds of production as follows:

"(i) If the annual production of a region is greater than 110,000,000 pounds, but less than or equal to 180,000,000 pounds, the region shall be represented by 1 additional member.

"(ii) If the annual production of a region is greater than 180,000,000 pounds, but less than or equal to 260,000,000 pounds, the region shall be represented by 2 additional members.

"(iii) If the annual production of a region is greater than 260,000,000 pounds, the region shall be represented by 3 additional members.".

(b) POWERS AND DUTIES OF COUNCIL.—Section 1925(c) of the Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6104(c)) is amended—

(1) by redesignating paragraphs (6), (7), and (8) as paragraphs (7), (8), and (9), respectively; and

(2) by inserting after paragraph (5) the following:

"(6) to develop and propose to the Secretary programs for good agricultural and good handling practices and related activities for mushrooms;".

SEC. 10105. FOOD SAFETY EDUCATION INITIATIVES.

(a) INITIATIVE AUTHORIZED.—The Secretary may carry out a food safety education program to educate the public and persons in the fresh produce industry about—

(1) scientifically proven practices for reducing microbial pathogens on fresh produce; and

(2) methods of reducing the threat of cross-contamination of fresh produce through sanitary handling practices.

(b) COOPERATION.—The Secretary may carry out the education program in cooperation with public and private partners.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $1,000,000 for each of fiscal years 2008 through 2012, to remain available until expended.

SEC. 10106. FARMERS' MARKET PROMOTION PROGRAM.

Section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005) is amended—

(1) in subsection (a), by inserting ''and to promote direct producer-to-consumer marketing'' before the period at the end;

(2) in subsection (b)(1)—

(A) in subparagraph (A), by inserting ''agri-tourism activities,'' after ''programs,''; and

(B) in subparagraph (B)—

(i) by inserting ''agri-tourism activities,'' after ''programs,'' and

(ii) by striking ''infrastructure'' and inserting ''marketing opportunities'';

(3) in subsection (c)(1), by inserting ''or a producer network or association'' after ''cooperative''; and

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

''(e) FUNDING.—

''(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

''(A) $3,000,000 for fiscal year 2008;

''(B) $5,000,000 for each of fiscal years 2009 through 2010; and

''(C) $10,000,000 for each of fiscal years 2011 and 2012.

''(2) USE OF FUNDS.—Not less than 10 percent of the funds used to carry out this section in a fiscal year under paragraph (1) shall be used to support the use of electronic benefits transfers for Federal nutrition programs at farmers' markets.

"(3) INTERDEPARTMENTAL COORDINATION.—In carrying out this subsection, the Secretary shall ensure coordination between the various agencies to the maximum extent practicable.

"(4) LIMITATION.—Funds described in paragraph (2)—

"(A) may not be used for the ongoing cost of carrying out any project; and

"(B) shall only be provided to eligible entities that demonstrate a plan to continue to provide EBT card access at 1 or more farmers' markets following the receipt of the grant.".

SEC. 10107. SPECIALTY CROPS MARKET NEWS ALLOCATION.

(a) IN GENERAL.—The Secretary shall—

(1) carry out market news activities to provide timely price and shipment information of specialty crops in the United States; and

(2) use funds made available under subsection (b) to increase the reporting levels for specialty crops in effect on the date of enactment of this Act.

(b) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other funds made available through annual appropriations for market news services, there is authorized to be appropriated to carry out this section $9,000,000

for each of fiscal years 2008 through 2012, to remain available until expended.

SEC. 10108. EXPEDITED MARKETING ORDER FOR HASS AVOCADOS FOR GRADES AND STANDARDS AND OTHER PURPOSES.

(a) IN GENERAL.—The Secretary shall initiate procedures under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to determine whether it would be appropriate to establish a Federal marketing order for Hass avocados relating to grades and standards and for other purposes under that Act.

(b) EXPEDITED PROCEDURES.—

(1) PROPOSAL FOR AN ORDER.—An organization of domestic avocado producers in existence on the date of enactment of this Act may request the issuance of, and submit to the Secretary a proposal for, an order described in subsection (a).

(2) PUBLICATION OF PROPOSAL.—Not later than 60 days after the date on which the Secretary receives a proposed order under paragraph (1), the Secretary shall initiate procedures described in subsection (a) to determine whether the proposed order should proceed.

(c) EFFECTIVE DATE.—Any order issued under this section shall become effective not later than 15 months after the date on which the Secretary initiates procedures under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

SEC. 10109. SPECIALTY CROP BLOCK GRANTS.

(a) DEFINITION OF SPECIALTY CROP.—Section 3(1) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note) is amended by inserting ''horticulture and'' before ''nursery''.

(b) DEFINITION OF STATE.—Section 3(2) of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note) is amended by striking ''and the Commonwealth of Puerto Rico'' and inserting ''the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands''.

(c) SPECIALTY CROP BLOCK GRANTS.—Section 101 of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 7 U.S.C. 1621 note) is amended—

(1) in subsection (a)—

(A) by striking ''Subject to the appropriation of funds to carry out this section'' and in-

serting "Using the funds made available under subsection (j)"; and

(B) by striking "2009" and inserting "2012";

(2) in subsection (b), by striking "appropriated pursuant to the authorization of appropriations in subsection (i)" and inserting "made available under subsection (j)";

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

"(c) MINIMUM GRANT AMOUNT.—Notwithstanding subsection (b), each State shall receive a grant under this section for each fiscal year in an amount that is at least equal to the higher of—

"(1) $100,000; or

"(2) ⅓ of 1 percent of the total amount of funding made available to carry out this section for the fiscal year."; and

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

"(i) REALLOCATION.—

"(1) IN GENERAL.—The Secretary shall reallocate to other States in accordance with paragraph (2) any amounts made available for a fiscal year under this section that are not obligated or expended

by a date during that fiscal year determined by the Secretary.

"(2) PRO RATA ALLOCATION.—The Secretary shall allocate funds described in paragraph (1) pro rata to the remaining States that applied during the specified grant application period.

"(3) USE OF REALLOCATED FUNDS.—Funds allocated to a State under this subsection shall be used by the State only to carry out projects that were previously approved in the State plan of the State.

"(j) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make grants under this section, using—

"(1) $10,000,000 for fiscal year 2008;

"(2) $49,000,000 for fiscal year 2009; and

"(3) $55,000,000 for each of fiscal years 2010 through 2012.".

Subtitle B—Pest and Disease Management

SEC. 10201. PLANT PEST AND DISEASE MANAGEMENT AND DISASTER PREVENTION.

(a) IN GENERAL.—Subtitle A of the Plant Protection Act (7 U.S.C. 7711 et seq.) is amended by adding at the end the following:

"SEC. 420. PLANT PEST AND DISEASE MANAGEMENT AND DISASTER PREVENTION.

"(a) DEFINITIONS.—In this section:

"(1) EARLY PLANT PEST DETECTION AND SURVEILLANCE.—The term 'early plant pest detection and surveillance' means the full range of activities undertaken to find newly introduced plant pests, whether the plant pests are new to the United States or new to certain areas of the United States, before—

"(A) the plant pests become established; or

"(B) the plant pest infestations become too large and costly to eradicate or control.

"(2) SPECIALTY CROP.—The term 'specialty crop' has the meaning given the term in section 3 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465).

"(3) STATE DEPARTMENT OF AGRICULTURE.—The term 'State department of agriculture' means an agency of a State that has a legal responsibility to perform early plant pest detection and surveillance activities.

"(b) EARLY PLANT PEST DETECTION AND SURVEILLANCE IMPROVEMENT PROGRAM.—

"(1) COOPERATIVE AGREEMENTS.—The Secretary shall enter into a cooperative agreement with

each State department of agriculture that agrees to conduct early plant pest detection and surveillance activities.

"(2) CONSULTATION.—In carrying out this subsection, the Secretary shall consult with—

"(A) the National Plant Board; and

"(B) other interested parties.

"(3) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to consultations under this subsection.

"(4) APPLICATION.—

"(A) IN GENERAL.—A State department of agriculture seeking to enter into a cooperative agreement under this subsection shall submit to the Secretary an application containing such information as the Secretary may require.

"(B) NOTIFICATION.—The Secretary shall notify applicants of—

"(i) the requirements to be imposed on a State department of agriculture for auditing of, and reporting on, the use of any funds provided by the Secretary under the cooperative agreement;

"(ii) the criteria to be used to ensure that early pest detection and surveillance activities supported under the cooperative agreement are based on sound scientific data or thorough risk assessments; and

"(iii) the means of identifying pathways of pest introductions.

"(5) USE OF FUNDS.—

"(A) PLANT PEST DETECTION AND SURVEILLANCE ACTIVITIES.—A State department of agriculture that receives funds under this subsection shall use the funds to carry out early plant pest detection and surveillance activities approved by the Secretary to prevent the introduction or spread of a plant pest.

"(B) SUBAGREEMENTS.—Nothing in this subsection prevents a State department of agriculture from using funds received under paragraph (4) to enter into subagreements with political subdivisions of the State that have legal responsibilities relating to agricultural plant pest and disease surveillance.

"(C) NON-FEDERAL SHARE.—The non-Federal share of the cost of carrying out a cooperative agreement under this section may be

provided in-kind, including through provision of such indirect costs of the cooperative agreement as the Secretary considers to be appropriate.

"(D) ABILITY TO PROVIDE FUNDS.—The Secretary shall not take the ability to provide non-Federal costs to carry out a cooperative agreement entered into under subparagraph (A) into consideration when deciding whether to enter into a cooperative agreement with a State department of agriculture.

"(6) SPECIAL FUNDING CONSIDERATIONS.—The Secretary shall provide funds to a State department of agriculture if the Secretary determines that—

"(A) the State department of agriculture is in a State that has a high risk of being affected by 1 or more plant pests or diseases, taking into consideration—

"(i) the number of international ports of entry in the State;

"(ii) the volume of international passenger and cargo entry into the State;

"(iii) the geographic location of the State and if the location or types of agricultural commodities produced in the State

are conducive to agricultural pest and disease establishment due to the climate, crop diversity, or natural resources (including unique plant species) of the State; and

"(iv) whether the Secretary has determined that an agricultural pest or disease in the State is a Federal concern ; and

"(B) the early plant pest detection and surveillance activities supported with the funds will likely—

"(i) prevent the introduction and establishment of plant pests; and

"(ii) provide a comprehensive approach to compliment Federal detection efforts.

"(7) REPORTING REQUIREMENT.—Not later than 90 days after the date of completion of an early plant pest detection and surveillance activity conducted by a State department of agriculture using funds provided under this section, the State department of agriculture shall submit to the Secretary a report that describes the purposes and results of the activities.

"(c) THREAT IDENTIFICATION AND MITIGATION PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary shall establish a threat identification and mitigation program to determine and address threats to the domestic production of crops.

"(2) REQUIREMENTS.—In conducting the program established under paragraph (1), the Secretary shall—

"(A) develop risk assessments of the potential threat to the agricultural industry of the United States from foreign sources;

"(B) collaborate with the National Plant Board; and

"(C) implement action plans for high consequence plant pest and diseases to assist in preventing the introduction and widespread dissemination of new plant pest and disease threats in the United States.

"(3) REPORTS.—Not later than 1 year after the date of enactment of this paragraph, and annually thereafter, 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 action plans described in paragraph (2), including an accounting of funds expended on the action plans.

"(d) SPECIALTY CROP CERTIFICATION AND RISK MANAGEMENT SYSTEMS.—The Secretary shall provide funds and technical assistance to specialty crop growers, organizations representing specialty crop growers, and State and local agencies working with specialty crop growers and organizations for the development and implementation of—

"(1) audit-based certification systems, such as best management practices—

"(A) to address plant pests; and

"(B) to mitigate the risk of plant pests in the movement of plants and plant products; and

"(2) nursery plant pest risk management systems, in collaboration with the nursery industry, research institutions, and other appropriate entities—

"(A) to enable growers to identify and prioritize nursery plant pests and diseases of regulatory significance;

"(B) to prevent the introduction, establishment, and spread of those plant pests and diseases; and

"(C) to reduce the risk of and mitigate those plant pests and diseases.

"(e) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

"(1) $12,000,000 for fiscal year 2009;

"(2) $45,000,000 for fiscal year 2010;

"(3) $50,000,000 for fiscal year 2011; and

"(4) $50,000,000 for fiscal year 2012 and each fiscal year thereafter.".

(b) CONGRESSIONAL DISAPPROVAL.—Congress disapproves the rule submitted by the Secretary of Agriculture relating to cost-sharing for animal and plant health emergency programs (68 Fed. Reg. 40541 (2003)), and such rule shall have no force or effect.

SEC. 10202. NATIONAL CLEAN PLANT NETWORK.

(a) IN GENERAL.—The Secretary shall establish a program to be known as the "National Clean Plant Network" (referred to in this section as the "Program").

(b) REQUIREMENTS.—Under the Program, the Secretary shall establish a network of clean plant centers for diagnostic and pathogen elimination services to—

(1) produce clean propagative plant material; and

(2) maintain blocks of pathogen-tested plant material in sites located throughout the United States.

(c) AVAILABILITY OF CLEAN PLANT SOURCE MATERIAL.—Clean plant source material may be made available to—

(1) a State for a certified plant program of the State; and

(2) private nurseries and producers.

(d) CONSULTATION AND COLLABORATION.—In carrying out the Program, the Secretary shall—

(1) consult with State departments of agriculture, land grant universities, and NLGCA Institutions (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

(2) to the extent practicable and with input from the appropriate State officials and industry representatives, use existing Federal or State facilities to serve as clean plant centers.

(e) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out the Program $5,000,000 for each of fiscal years 2009 through 2012, to remain available until expended.

SEC. 10203. PLANT PROTECTION.

(a) REVIEW OF PAYMENT OF COMPENSATION.—Section 415(e) of the Plant Protection Act (7 U.S.C. 7715(e))

is amended in the second sentence by striking ''of longer than 60 days''.

(b) SECRETARIAL DISCRETION.—Section 442(c) of the Plant Protection Act (7 U.S.C. 7772(c)) is amended by striking ''of longer than 60 days''.

(c) SUBPOENA AUTHORITY.—Section 423 of the Plant Protection Act (7 U.S.C. 7733) is amended—

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

''(a) AUTHORITY TO ISSUE.—The Secretary shall have the power to subpoena the attendance and testimony of any witness, the production of all evidence (including books, papers, documents, electronically stored information, and other tangible things that constitute or contain evidence), or to require the person to whom the subpoena is directed to permit the inspection of premises relating to the administration or enforcement of this title or any matter under investigation in connection with this title.'';

(2) in subsection (b), by striking ''documentary''; and

(3) in subsection (c)—

(A) in the first sentence, by striking ''testimony of any witness and the production of documentary evidence'' and inserting ''testimony of

any witness, the production of evidence, or the inspection of premises''; and

(B) in the second sentence, by striking ''question or to produce documentary evidence'' and inserting ''question, produce evidence, or permit the inspection of premises''.

(d) WILLFUL VIOLATIONS.—Section 424(b)(1)(A) of the Plant Protection Act (7 U.S.C. 7734(b)(1)(A)) is amended by striking ''and $500,000 for all violations adjudicated in a single proceeding'' and inserting ''$500,000 for all violations adjudicated in a single proceeding if the violations do not include a willful violation, and $1,000,000 for all violations adjudicated in a single proceeding if the violations include a willful violation''.

SEC. 10204. REGULATIONS TO IMPROVE MANAGEMENT AND OVERSIGHT OF CERTAIN REGULATED ARTICLES.

(a) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall—

(1) take action on each issue identified in the document entitled ''Lessons Learned and Revisions under Consideration for APHIS' Biotechnology Framework'', dated October 4, 2007; and

(2) as the Secretary considers appropriate, promulgate regulations to improve the management and

oversight of articles regulated under the Plant Protection Act (7 U.S.C. 7701 et seq.).

(b) INCLUSIONS.—In carrying out subsection (a), the Secretary shall take actions that are designed to enhance—

(1) the quality and completeness of records;

(2) the availability of representative samples;

(3) the maintenance of identity and control in the event of an unauthorized release;

(4) corrective actions in the event of an unauthorized release;

(5) protocols for conducting molecular forensics;

(6) clarity in contractual agreements;

(7) the use of the latest scientific techniques for isolation and confinement distances;

(8) standards for quality management systems and effective research; and

(9) the design of electronic permits to store documents and other information relating to the permit and notification processes.

(c) CONSIDERATION.—In carrying out subsection (a), the Secretary shall consider—

(1) establishing—

(A) a system of risk-based categories to classify each regulated article;

(B) a means to identify regulated articles (including the retention of seed samples); and

(C) standards for isolation and containment distances; and

(2) requiring permit holders—

(A) to maintain a positive chain of custody;

(B) to provide for the maintenance of records;

(C) to provide for the accounting of material;

(D) to conduct periodic audits;

(E) to establish an appropriate training program;

(F) to provide contingency and corrective action plans; and

(G) to submit reports as the Secretary considers to be appropriate.

SEC. 10205. PEST AND DISEASE REVOLVING LOAN FUND.

(a) DEFINITIONS.—In this section:

(1) AUTHORIZED EQUIPMENT.—

(A) IN GENERAL.—The term ''authorized equipment'' means any equipment necessary for the management of forest land.

(B) INCLUSIONS.—The term ''authorized equipment'' includes—

(i) cherry pickers;

(ii) equipment necessary for—

(I) the construction of staging and marshalling areas;

(II) the planting of trees; and

(III) the surveying of forest land;

(iii) vehicles capable of transporting harvested trees;

(iv) wood chippers; and

(v) any other appropriate equipment, as determined by the Secretary.

(2) FUND.—The term ''Fund'' means the Pest and Disease Revolving Loan Fund established by subsection (b).

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Deputy Chief of the State and Private Forestry organization.

(b) ESTABLISHMENT OF FUND.—There is established in the Treasury of the United States a revolving fund, to be known as the ''Pest and Disease Revolving Loan Fund'', consisting of such amounts as are appropriated to the Fund under subsection (f).

(c) EXPENDITURES FROM FUND.—

(1) IN GENERAL.—Subject to paragraph (2), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary such amounts as the Secretary determines are necessary to provide loans under subsection (e).

(2) ADMINISTRATIVE EXPENSES.—An amount not exceeding 10 percent of the amounts in the Fund shall be available for each fiscal year to pay the administrative expenses necessary to carry out this section.

(d) TRANSFERS OF AMOUNTS.—

(1) IN GENERAL.—The amounts required to be transferred to the Fund under this section shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(2) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(e) USES OF FUND.—

(1) LOANS.—

(A) IN GENERAL.—The Secretary shall use amounts in the Fund to provide loans to eligible

units of local government to finance purchases of authorized equipment to monitor, remove, dispose of, and replace infested trees that are located—

(i) on land under the jurisdiction of the eligible units of local government; and

(ii) within the borders of quarantine areas infested by plant pests.

(B) MAXIMUM AMOUNT.—The maximum amount of a loan that may be provided by the Secretary to an eligible unit of local government under this subsection shall be the lesser of—

(i) the amount that the eligible unit of local government has appropriated to finance purchases of authorized equipment in accordance with subparagraph (A); or

(ii) $5,000,000.

(C) INTEREST RATE.—The interest rate on any loan made by the Secretary under this paragraph shall be a rate equal to 2 percent.

(D) REPORT.—Not later than 180 days after the date on which an eligible unit of local government receives a loan provided by the Secretary under subparagraph (A), the eligible unit of local government shall submit to the Sec-

retary a report that describes each purchase made by the eligible unit of local government using assistance provided through the loan.

(2) LOAN REPAYMENT SCHEDULE.—

(A) IN GENERAL.—To be eligible to receive a loan from the Secretary under paragraph (1), in accordance with each requirement described in subparagraph (B), an eligible unit of local government shall enter into an agreement with the Secretary to establish a loan repayment schedule relating to the repayment of the loan.

(B) REQUIREMENTS RELATING TO LOAN REPAYMENT SCHEDULE.—A loan repayment schedule established under subparagraph (A) shall require the eligible unit of local government—

(i) to repay to the Secretary of the Treasury, not later than 1 year after the date on which the eligible unit of local government receives a loan under paragraph (1), and semiannually thereafter, an amount equal to the quotient obtained by dividing—

(I) the principal amount of the loan (including interest); by

(II) the total quantity of payments that the eligible unit of local government is required to make during the repayment period of the loan; and

(ii) not later than 20 years after the date on which the eligible unit of local government receives a loan under paragraph (1), to complete repayment to the Secretary of the Treasury of the loan made under this section (including interest).

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

SEC. 10206. COOPERATIVE AGREEMENTS RELATING TO PLANT PEST AND DISEASE PREVENTION ACTIVITIES.

Section 431 of the Plant Protection Act (7 U.S.C. 7751) is amended by adding at the end the following:

"(f) TRANSFER OF COOPERATIVE AGREEMENT FUND.—

"(1) IN GENERAL.—A State may provide to a unit of local government in the State described in paragraph (2) any cost-sharing assistance or financing mechanism provided to the State under a cooper-

ative agreement entered into under this Act between the Secretary and the State relating to the eradication, prevention, control, or suppression of plant pests.

"(2) REQUIREMENTS.—To be eligible for assistance or financing under paragraph (1), a unit of local government shall be—

"(A) engaged in any activity relating to the eradication, prevention, control, or suppression of the plant pest infestation covered under the cooperative agreement between the Secretary and the State; and

"(B) capable of documenting each plant pest infestation eradication, prevention, control, or suppression activity generally carried out by—

"(i) the Department of Agriculture; or

"(ii) the State department of agriculture that has jurisdiction over the unit of local government.".

Subtitle C—Organic Agriculture

SEC. 10301. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

Section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523) is amended—

(1) in subsection (a), by striking ''$5,000,000 for fiscal year 2002'' and inserting ''$22,000,000 for fiscal year 2008'';

(2) in subsection (b)(2), by striking ''$500'' and inserting ''$750''; and

(3) by adding at the end the following:

''(c) REPORTING.—Not later than March 1 of each year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the requests by, disbursements to, and expenditures for each State under the program during the current and previous fiscal year, including the number of producers and handlers served by the program in the previous fiscal year.''.

SEC. 10302. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

Section 7407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5925c) is amended to read as follows:

''SEC. 7407. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

''(a) IN GENERAL.—The Secretary shall collect and report data on the production and marketing of organic agricultural products.

"(b) REQUIREMENTS.—In carrying out subsection (a), the Secretary shall, at a minimum—

"(1) collect and distribute comprehensive reporting of prices relating to organically produced agricultural products;

"(2) conduct surveys and analysis and publish reports relating to organic production, handling, distribution, retail, and trend studies (including consumer purchasing patterns); and

"(3) develop surveys and report statistical analysis on organically produced agricultural products.

"(c) REPORT.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

"(1) describes the progress that has been made in implementing this section; and

"(2) identifies any additional production and marketing data needs.

"(d) FUNDING.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $5,000,000, to remain available until expended.

"(2) ADDITIONAL FUNDING.—In addition to funds made available under paragraph (1), there are authorized to be appropriated to carry out this section not more than $5,000,000 for each of fiscal years 2008 through 2012, to remain available until expended.".

SEC. 10303. NATIONAL ORGANIC PROGRAM.

Section 2123 of the Organic Foods Production Act of 1990 (7 U.S.C. 6522) is amended—

(1) by striking "There are" and inserting the following:

"(a) IN GENERAL.—There are"; and

(2) by adding at the end the following:

"(b) NATIONAL ORGANIC PROGRAM.—Notwithstanding any other provision of law, in order to carry out activities under the national organic program established under this title, there are authorized to be appropriated—

"(1) $5,000,000 for fiscal year 2008;

"(2) $6,500,000 for fiscal year 2009;

"(3) $8,000,000 for fiscal year 2010;

"(4) $9,500,000 for fiscal year 2011;

"(5) $11,000,000 for fiscal year 2012; and

"(6) in addition to those amounts, such additional sums as are necessary for fiscal year 2009 and each fiscal year thereafter.".

Subtitle D—Miscellaneous

SEC. 10401. NATIONAL HONEY BOARD.

Section 7(c) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4606(c)) is amended by adding at the end the following:

"(12) REFERENDUM REQUIREMENT.—

"(A) DEFINITION OF EXISTING HONEY BOARD.—The term 'existing Honey Board' means the Honey Board in effect on the date of enactment of this paragraph.

"(B) CONDUCT OF REFERENDA.—Notwithstanding any other provision of law, subject to subparagraph (C), the order providing for the establishment and operation of the existing Honey Board shall continue in force, until the Secretary first conducts, at the earliest practicable date, but not later than 180 days after the date of enactment of this paragraph, referenda on orders to establish a honey packer-importer board or a United States honey producer board.

"(C) REQUIREMENTS.—In conducting referenda under subparagraph (B), and in exercising fiduciary responsibilities in any transition

to any 1 or more successor boards, the Secretary shall—

"(i) conduct a referendum of eligible United States honey producers for the establishment of a marketing board solely for United States honey producers;

"(ii) conduct a referendum of eligible packers, importers, and handlers of honey for the establishment of a marketing board for packers, importers, and handlers of honey;

"(iii) notwithstanding the timing of the referenda required under clauses (i) and (ii) or of the establishment of any 1 or more successor boards pursuant to those referenda, ensure that the rights and interests of honey producers, importers, packers, and handlers of honey are equitably protected in any disposition of the assets, facilities, intellectual property, and programs of the existing Honey Board and in the transition to any 1 or more new successor marketing boards;

"(iv) ensure that the existing Honey Board continues in operation until such time as the Secretary determines that—

"(I) any 1 or more successor boards, if approved, are operational; and

"(II) the interests of producers, importers, packers, and handlers of honey can be equitably protected during any remaining period in which a referendum on a successor board or the establishment of such a board is pending; and

"(v) discontinue collection of assessments under the order establishing the existing Honey Board on the date the Secretary requires that collections commence pursuant to an order approved in a referendum by eligible producers or processors and importers of honey.

"(D) HONEY BOARD REFERENDUM.—If 1 or more orders are approved pursuant to paragraph (C)—

"(i) the Secretary shall not be required to conduct a continuation ref-

erendum on the order in existence on the date of enactment of this paragraph; and

"(ii) that order shall be terminated pursuant to the provisions of the order.".

SEC. 10402. IDENTIFICATION OF HONEY.

(a) IN GENERAL.—Section 203(h) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(h)) is amended—

(1) by designating the first through sixth sentences as paragraphs (1), (2)(A), (2)(B), (3), (4), and (5), respectively; and

(2) by adding at the end the following:

"(6) IDENTIFICATION OF HONEY.—

"(A) IN GENERAL.—The use of a label or advertising material on, or in conjunction with, packaged honey that bears any official certificate of quality, grade mark or statement, continuous inspection mark or statement, sampling mark or statement, or any combination of the certificates, marks, or statements of the Department of Agriculture is hereby prohibited under this Act unless there appears legibly and permanently in close proximity (such as on the same side(s) or surface(s)) to the certificate, mark, or statement, and in at least a comparable size, the 1 or more names of the 1 or

more countries of origin of the lot or container of honey, preceded by the words 'Product of' or other words of similar meaning.

"(B) VIOLATION.—A violation of the requirements of subparagraph (A) may be deemed by the Secretary to be sufficient cause for debarment from the benefits of this Act only with respect to honey.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date that is 1 year after the date of enactment of this Act.

SEC. 10403. GRANT PROGRAM TO IMPROVE MOVEMENT OF SPECIALTY CROPS.

(a) GRANTS AUTHORIZED.—The Secretary may make grants under this section to an eligible entity described in subsection (b)—

(1) to improve the cost-effective movement of specialty crops to local, regional, national, and international markets; and

(2) to address regional intermodal transportation deficiencies that adversely affect the movement of specialty crops to markets inside or outside the United States.

(b) ELIGIBLE GRANT RECIPIENTS.—Grants may be made under this section to any of, or any combination of:

(1) State and local governments.

(2) Grower cooperatives.

(3) National, State, or regional organizations of producers, shippers, or carriers.

(4) Other entities as determined to be appropriate by the Secretary.

(c) MATCHING FUNDS.—The recipient of a grant under this section shall contribute an amount of non-Federal funds toward the project for which the grant is provided that is at least equal to the amount of grant funds received by the recipient under this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.

SEC. 10404. MARKET LOSS ASSISTANCE FOR ASPARAGUS PRODUCERS.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall make payments to producers of the 2007 crop of asparagus for market loss resulting from imports during the 2004 through 2007 crop years.

(b) PAYMENT RATE.—The payment rate for a payment under this section shall be based on the reduction

in revenue received by asparagus producers associated with imports during the 2004 through 2007 crop years.

(c) PAYMENT QUANTITY.—The payment quantity for asparagus for which the producers on a farm are eligible for payments under this section shall be equal to the average quantity of the 2003 crop of asparagus produced by producers on the farm.

(d) FUNDING.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make available $15,000,000 of the funds of the Commodity Credit Corporation to carry out a program to provide market loss payments to producers of asparagus under this section.

(2) ALLOCATION.—Of the amount made available under paragraph (1), the Secretary shall use—

(A) $7,500,000 to make payments to producers of asparagus for the fresh market; and

(B) $7,500,000 to make payments to producers of asparagus for the processed or frozen market.

TITLE XI—LIVESTOCK

SEC. 11001. LIVESTOCK MANDATORY REPORTING.

(a) WEB SITE IMPROVEMENTS AND USER EDUCATION.—

(1) IN GENERAL.—Section 251(g) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636(g)) is amended to read as follows:

"(g) ELECTRONIC REPORTING AND PUBLISHING.—

"(1) IN GENERAL.—The Secretary shall, to the maximum extent practicable, provide for the reporting and publishing of the information required under this subtitle by electronic means.

"(2) IMPROVEMENTS AND EDUCATION.—

"(A) ENHANCED ELECTRONIC PUBLISHING.—The Secretary shall develop and implement an enhanced system of electronic publishing to disseminate information collected pursuant to this subtitle. Such system shall—

"(i) present information in a format that can be readily understood by producers, packers, and other market participants;

"(ii) adhere to the publication deadlines in this subtitle;

"(iii) present information in charts and graphs, as appropriate;

"(iv) present comparative information for prior reporting periods, as the Secretary considers appropriate; and

"(v) be updated as soon as practicable after information is reported to the Secretary.

"(B) EDUCATION.—The Secretary shall carry out a market news education program to educate the public and persons in the livestock and meat industries about—

"(i) usage of the system developed under subparagraph (A); and

"(ii) interpreting and understanding information collected and disseminated through such system.".

(2) APPLICABILITY.—

(A) ENHANCED REPORTING.—The Secretary of Agriculture shall develop and implement the system required under paragraph (2)(A) of section 251(g) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636(g)), as amended by paragraph (1), not later than one year after the date on which the Secretary determines sufficient funds have been appropriated pursuant to subsection (c).

(B) CURRENT SYSTEM.—Notwithstanding the amendment made by paragraph (1), the Secretary shall continue to use the information

format for disseminating information under subtitle B of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) in effect on the date of the enactment of this Act at least until the date that is two years after the date on which the Secretary makes the determination referred to in subparagraph (A).

(b) STUDY AND REPORT.—

(1) STUDY.—The Secretary shall conduct a study on the effects of requiring packer processing plants to report to the Secretary information on wholesale pork cuts (including price and volume information), including—

(A) the positive or negative economic effects on producers and consumers; and

(B) the effects of a confidentiality requirement on mandatory reporting.

(2) INFORMATION.—During the period preceding the submission of the report under paragraph (3), the Secretary may collect, and each packer processing plant shall provide, such information as is necessary to enable the Secretary to conduct the study required under paragraph (1).

(3) REPORT.—Not later than one year after the date of the enactment of this Act, the Secretary

shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the study conducted under paragraph (1).

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

SEC. 11002. COUNTRY OF ORIGIN LABELING.

Subtitle D of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638 et seq.) is amended—

(1) in section 281(2)(A)—

(A) in clause (v), by striking ''and'';

(B) in clause (vi), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(vii) meat produced from goats;

''(viii) chicken, in whole and in part;

''(ix) ginseng;

''(x) pecans; and

''(xi) macadamia nuts.'';

(2) in section 282—

(A) in subsection (a), by striking paragraphs (2) and (3) and inserting the following:

"(2) DESIGNATION OF COUNTRY OF ORIGIN FOR BEEF, LAMB, PORK, CHICKEN, AND GOAT MEAT.—

"(A) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity that is beef, lamb, pork, chicken, or goat meat may designate the covered commodity as exclusively having a United States country of origin only if the covered commodity is derived from an animal that was—

"(i) exclusively born, raised, and slaughtered in the United States;

"(ii) born and raised in Alaska or Hawaii and transported for a period of not more than 60 days through Canada to the United States and slaughtered in the United States; or

"(iii) present in the United States on or before July 15, 2008, and once present in the United States, remained continuously in the United States.

"(B) MULTIPLE COUNTRIES OF ORIGIN.—

"(i) IN GENERAL.—A retailer of a covered commodity that is beef, lamb,

pork, chicken, or goat meat that is derived from an animal that is—

"(I) not exclusively born, raised, and slaughtered in the United States,

"(II) born, raised, or slaughtered in the United States, and

"(III) not imported into the United States for immediate slaughter,

may designate the country of origin of such covered commodity as all of the countries in which the animal may have been born, raised, or slaughtered.

"(ii) RELATION TO GENERAL REQUIREMENT.—Nothing in this subparagraph alters the mandatory requirement to inform consumers of the country of origin of covered commodities under paragraph (1).

"(C) IMPORTED FOR IMMEDIATE SLAUGHTER.—A retailer of a covered commodity that is beef, lamb, pork, chicken, or goat meat that is derived from an animal that is imported into the United States for immediate slaughter shall

designate the origin of such covered commodity as—

"(i) the country from which the animal was imported; and

"(ii) the United States.

"(D) FOREIGN COUNTRY OF ORIGIN.—A retailer of a covered commodity that is beef, lamb, pork, chicken, or goat meat that is derived from an animal that is not born, raised, or slaughtered in the United States shall designate a country other than the United States as the country of origin of such commodity.

"(E) GROUND BEEF, PORK, LAMB, CHICKEN, AND GOAT.—The notice of country of origin for ground beef, ground pork, ground lamb, ground chicken, or ground goat shall include—

"(i) a list of all countries of origin of such ground beef, ground pork, ground lamb, ground chicken, or ground goat; or

"(ii) a list of all reasonably possible countries of origin of such ground beef, ground pork, ground lamb, ground chicken, or ground goat.

"(3) DESIGNATION OF COUNTRY OF ORIGIN FOR FISH.—

"(A) IN GENERAL.—A retailer of a covered commodity that is farm-raised fish or wild fish may designate the covered commodity as having a United States country of origin only if the covered commodity—

"(i) in the case of farm-raised fish, is hatched, raised, harvested, and processed in the United States; and

"(ii) in the case of wild fish, is—

"(I) harvested in the United States, a territory of the United States, or a State, or by a vessel that is documented under chapter 121 of title 46, United States Code, or registered in the United States; and

"(II) processed in the United States, a territory of the United States, or a State, including the waters thereof, or aboard a vessel that is documented under chapter 121 of title 46, United States Code, or registered in the United States.

"(B) DESIGNATION OF WILD FISH AND FARM-RAISED FISH.—The notice of country of origin for wild fish and farm-raised fish shall

distinguish between wild fish and farm-raised fish.

"(4) DESIGNATION OF COUNTRY OF ORIGIN FOR PERISHABLE AGRICULTURAL COMMODITIES, GINSENG, PEANUTS, PECANS, AND MACADAMIA NUTS.—

"(A) IN GENERAL.—A retailer of a covered commodity that is a perishable agricultural commodity, ginseng, peanut, pecan, or macadamia nut may designate the covered commodity as having a United States country of origin only if the covered commodity is exclusively produced in the United States.

"(B) STATE, REGION, LOCALITY OF THE UNITED STATES.—With respect to a covered commodity that is a perishable agricultural commodity, ginseng, peanut, pecan, or macadamia nut produced exclusively in the United States, designation by a retailer of the State, region, or locality of the United States where such commodity was produced shall be sufficient to identify the United States as the country of origin."; and

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

"(d) AUDIT VERIFICATION SYSTEM.—

"(1) IN GENERAL.—The Secretary may conduct an audit of any person that prepares, stores, handles, or distributes a covered commodity for retail sale to verify compliance with this subtitle (including the regulations promulgated under section 284(b)).

"(2) RECORD REQUIREMENTS.—

"(A) IN GENERAL.—A person subject to an audit under paragraph (1) shall provide the Secretary with verification of the country of origin of covered commodities. Records maintained in the course of the normal conduct of the business of such person, including animal health papers, import or customs documents, or producer affidavits, may serve as such verification.

"(B) PROHIBITION ON REQUIREMENT OF ADDITIONAL RECORDS.—The Secretary may not require a person that prepares, stores, handles, or distributes a covered commodity to maintain a record of the country of origin of a covered commodity other than those maintained in the course of the normal conduct of the business of such person."; and

(3) in section 283—

(A) by striking subsections (a) and (c);

(B) by redesignating subsection (b) as subsection (a);

(C) in subsection (a) (as so redesignated), by striking ''retailer'' and inserting ''retailer or person engaged in the business of supplying a covered commodity to a retailer''; and

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

''(b) FINES.—If, on completion of the 30-day period described in subsection (a)(2), the Secretary determines that the retailer or person engaged in the business of supplying a covered commodity to a retailer has—

''(1) not made a good faith effort to comply with section 282, and

''(2) continues to willfully violate section 282 with respect to the violation about which the retailer or person received notification under subsection (a)(1),

after providing notice and an opportunity for a hearing before the Secretary with respect to the violation, the Secretary may fine the retailer or person in an amount of not more than $1,000 for each violation.''.

SEC. 11003. AGRICULTURAL FAIR PRACTICES ACT OF 1967 DEFINITIONS.

Section 3 of the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2302) is amended—

(1) by striking ''When used in this Act—'' and inserting ''In this Act:'';

(2) in subsection (a)—

(A) by redesignating paragraphs (1) through (4) as clauses (i) through (iv), respectively; and

(B) in clause (iv) (as so redesignated), by striking ''clause (1), (2), or (3) of this paragraph'' and inserting ''clause (i), (ii), or (iii)'';

(3) by striking subsection (d);

(4) by redesignating subsections (a), (b), (c), and (e) as paragraphs (3), (4), (2), (1), respectively, indenting appropriately, and moving those paragraphs so as to appear in numerical order;

(5) in each paragraph (as so redesignated) that does not have a heading, by inserting a heading, in the same style as the heading in the amendment made by paragraph (6), the text of which is comprised of the term defined in the paragraph;

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

(A) by striking ''The term 'association of producers' means'' and inserting the following:

"(2) ASSOCIATION OF PRODUCERS.—

"(A) IN GENERAL.—The term 'association of producers' means"; and

(B) by adding at the end the following:

"(B) INCLUSION.—The term 'association of producers' includes an organization whose membership is exclusively limited to agricultural producers and dedicated to promoting the common interest and general welfare of producers of agricultural products."; and

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

(A) by striking "The term" and inserting the following:

"(3) HANDLER.—

"(A) IN GENERAL.—The term"; and

(B) by inserting after clause (iv) of subparagraph (A) (as redesignated by subparagraph (A) and paragraph (2)) the following:

"(B) EXCLUSION.—The term 'handler' does not include a person, other than a packer (as defined in section 201 of the Packers and Stockyards Act, 1921 (7 U.S.C. 191)), that provides custom feeding services for a producer.".

SEC. 11004. ANNUAL REPORT.

(a) IN GENERAL.—The Packers and Stockyards Act, 1921, is amended—

(1) by redesignating section 416 (7 U.S.C. 229) as section 417; and

(2) by inserting after section 415 (7 U.S.C. 228d) the following:

"SEC. 416. ANNUAL REPORT.

"(a) IN GENERAL.—Not later than March 1 of each year, the Secretary shall submit to Congress and make publicly available a report that—

"(1) states, for the preceding year, separately for livestock and poultry and separately by enforcement area category (financial, trade practice, or competitive acts and practices), with respect to investigations into possible violations of this Act—

"(A) the number of investigations opened;

"(B) the number of investigations that were closed or settled without a referral to the General Counsel of the Department of Agriculture;

"(C) for investigations described in subparagraph (B), the length of time from initiation of the investigation to when the investigation was closed or settled without the filing of an enforcement complaint;

"(D) the number of investigations that resulted in referral to the General Counsel of the Department of Agriculture for further action, the number of such referrals resolved without administrative enforcement action, and the number of enforcement actions filed by the General Counsel;

"(E) for referrals to the General Counsel that resulted in an administrative enforcement action being filed, the length of time from the referral to the filing of the administrative action;

"(F) for referrals to the General Counsel that resulted in an administrative enforcement action being filed, the length of time from filing to resolution of the administrative enforcement action;

"(G) the number of investigations that resulted in referral to the Department of Justice for further action, and the number of civil enforcement actions filed by the Department of Justice on behalf of the Secretary pursuant to such a referral;

"(H) for referrals that resulted in a civil enforcement action being filed by the Depart-

ment of Justice, the length of time from the referral to the filing of the enforcement action;

"(I) for referrals that resulted in a civil enforcement action being filed by the Department of Justice, the length of time from the filing of the enforcement action to resolution; and

"(J) the average civil penalty imposed in administrative or civil enforcement actions for violations of this Act, and the total amount of civil penalties imposed in all such enforcement actions; and

"(2) includes any other additional information the Secretary considers important to include in the annual report.

"(b) FORMAT OF INFORMATION PROVIDED.—For subparagraphs (C), (E), (F), and (H) of subsection (a)(1), the Secretary may, if appropriate due to the number of complaints for a given category, provide summary statistics (including range, maximum, minimum, mean, and average times) and graphical representations.".

(b) SUNSET.—Effective September 30, 2012, section 416 of the Packers and Stockyards Act, 1921, as added by subsection (a)(2), is repealed.

SEC. 11005. PRODUCTION CONTRACTS.

Title II of the Packers and Stockyards Act, 1921 (7 U.S.C. 198 et seq.) is amended by adding at the end the following:

"SEC. 208. PRODUCTION CONTRACTS.

"(a) RIGHT OF CONTRACT PRODUCERS TO CANCEL PRODUCTION CONTRACTS.—

"(1) IN GENERAL.—A poultry grower or swine production contract grower may cancel a poultry growing arrangement or swine production contract by mailing a cancellation notice to the live poultry dealer or swine contractor not later than the later of—

"(A) the date that is 3 business days after the date on which the poultry growing arrangement or swine production contract is executed; or

"(B) any cancellation date specified in the poultry growing arrangement or swine production contract.

"(2) DISCLOSURE.—A poultry growing arrangement or swine production contract shall clearly disclose—

"(A) the right of the poultry grower or swine production contract grower to cancel the

poultry growing arrangement or swine production contract;

"(B) the method by which the poultry grower or swine production contract grower may cancel the poultry growing arrangement or swine production contract; and

"(C) the deadline for canceling the poultry growing arrangement or swine production contract.

"(b) REQUIRED DISCLOSURE OF ADDITIONAL CAPITAL INVESTMENTS IN PRODUCTION CONTRACTS.—

"(1) IN GENERAL.—A poultry growing arrangement or swine production contract shall contain on the first page a statement identified as 'Additional Capital Investments Disclosure Statement', which shall conspicuously state that additional large capital investments may be required of the poultry grower or swine production contract grower during the term of the poultry growing arrangement or swine production contract.

"(2) APPLICATION.—Paragraph (1) shall apply to any poultry growing arrangement or swine production contract entered into, amended, altered, modified, renewed, or extended after the date of the enactment of this section.

"SEC. 209. CHOICE OF LAW AND VENUE.

"(a) LOCATION OF FORUM.—The forum for resolving any dispute among the parties to a poultry growing arrangement or swine production or marketing contract that arises out of the arrangement or contract shall be located in the Federal judicial district in which the principle part of the performance takes place under the arrangement or contract.

"(b) CHOICE OF LAW.—A poultry growing arrangement or swine production or marketing contract may specify which State's law is to apply to issues governed by State law in any dispute arising out of the arrangement or contract, except to the extent that doing so is prohibited by the law of the State in which the principal part of the performance takes place under the arrangement or contract.

"SEC. 210. ARBITRATION.

"(a) IN GENERAL.—Any livestock or poultry contract that contains a provision requiring the use of arbitration to resolve any controversy that may arise under the contract shall contain a provision that allows a producer or grower, prior to entering the contract to decline to be bound by the arbitration provision.

"(b) DISCLOSURE.—Any livestock or poultry contract that contains a provision requiring the use of arbitration shall contain terms that conspicuously disclose the right

of the contract producer or grower, prior to entering the contract, to decline the requirement to use arbitration to resolve any controversy that may arise under the livestock or poultry contract.

''(c) DISPUTE RESOLUTION.—Any contract producer or grower that declines a requirement of arbitration pursuant to subsection (b) has the right, to nonetheless seek to resolve any controversy that may arise under the livestock or poultry contract, if, after the controversy arises, both parties consent in writing to use arbitration to settle the controversy.

''(d) APPLICATION.—Subsections (a) (b) and (c) shall apply to any contract entered into, amended, altered, modified, renewed, or extended after the date of the enactment of the Food, Conservation, and Energy Act of 2008 .

''(e) UNLAWFUL PRACTICE.—Any action by or on behalf of a packer, swine contractor, or live poultry dealer that violates this section (including any action that has the intent or effect of limiting the ability of a producer or grower to freely make a choice described in subsection (b)) is an unlawful practice under this Act.

''(f) REGULATIONS.—The Secretary shall promulgate regulations to—

''(1) carry out this section; and

"(2) establish criteria that the Secretary will consider in determining whether the arbitration process provided in a contract provides a meaningful opportunity for the grower or producer to participate fully in the arbitration process.".

SEC. 11006. REGULATIONS.

As soon as practicable, but not later than 2 years after the date of the enactment of this Act, the Secretary of Agriculture shall promulgate regulations with respect to the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) to establish criteria that the Secretary will consider in determining—

(1) whether an undue or unreasonable preference or advantage has occurred in violation of such Act;

(2) whether a live poultry dealer has provided reasonable notice to poultry growers of any suspension of the delivery of birds under a poultry growing arrangement;

(3) when a requirement of additional capital investments over the life of a poultry growing arrangement or swine production contract constitutes a violation of such Act; and

(4) if a live poultry dealer or swine contractor has provided a reasonable period of time for a poul-

try grower or a swine production contract grower to remedy a breach of contract that could lead to termination of the poultry growing arrangement or swine production contract.

SEC. 11007. SENSE OF CONGRESS REGARDING PSEUDORABIES ERADICATION PROGRAM.

It is the sense of Congress that—

(1) the Secretary of Agriculture should recognize the threat feral swine pose to the domestic swine population and the entire livestock industry;

(2) keeping the United States commercial swine herd free of pseudorabies is essential to maintaining and growing pork export markets;

(3) the establishment and continued support of a swine surveillance system will assist the swine industry in the monitoring, surveillance, and eradication of pseudorabies; and

(4) pseudorabies eradication is a high priority that the Secretary should carry out under the authorities of the Animal Health Protection Act.

SEC. 11008. SENSE OF CONGRESS REGARDING THE CATTLE FEVER TICK ERADICATION PROGRAM.

It is the sense of Congress that—

(1) the cattle fever tick and the southern cattle tick are vectors of the causal agent of babesiosis, a severe and often fatal disease of cattle; and

(2) implementing a national strategic plan for the cattle fever tick eradication program is a high priority that the Secretary of Agriculture should carry out in order to—

(A) prevent the entry of cattle fever ticks into the United States;

(B) enhance and maintain an effective surveillance program to rapidly detect any cattle fever tick incursions; and

(C) research, identify, and procure the tools and knowledge necessary to prevent and eradicate cattle fever ticks in the United States.

SEC. 11009. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

(a) FUNDING.—Section 375(e)(6) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j(e)(6)) is amended by striking subparagraphs (B) and (C) and inserting the following:

"(B) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section

$1,000,000 for fiscal year 2008, to remain available until expended.

"(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $10,000,000 for each of fiscal years 2008 through 2012.".

(b) REPEAL OF REQUIREMENT TO PRIVATIZE REVOLVING FUND.—

(1) IN GENERAL.—Section 375 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j) is amended by striking subsection (j).

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect on May 1, 2007.

SEC. 11010. TRICHINAE CERTIFICATION PROGRAM.

(a) VOLUNTARY TRICHINAE CERTIFICATION.—

(1) ESTABLISHMENT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Agriculture shall establish a voluntary trichinae certification program. Such program shall include the facilitation of the export of pork products and certification services related to such products.

(2) REGULATIONS.—The Secretary shall issue final regulations to implement the program under

paragraph (1) not later than 90 days after the date of the enactment of this Act.

(3) REPORT.—If final regulations are not published in accordance with paragraph (2) within 90 days of the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing—

(A) an explanation of why the final regulations have not been issued in accordance with paragraph (2); and

(B) the date on which the Secretary expects to issue such final regulations.

(b) FUNDING.—Subject to the availability of appropriations under subsection (d)(1)(A) of section 10405 of the Animal Health Protection Act (7 U.S.C. 8304), as added by subsection (c), the Secretary shall use not less than $6,200,000 of the funds made available under such subsection to carry out subsection (a).

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 10405 of the Animal Health Protection Act (7 U.S.C. 8304) is amended by adding at the end the following new subsection:

''(d) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated—

"(A) $1,500,000 for each of fiscal years 2008 through 2012 to carry out section 11010 of the Food, Conservation, and Energy Act of 2008; and

"(B) such sums as may be necessary for each of fiscal years 2008 through 2012 to carry out this section.

"(2) AVAILABILITY.—Funds appropriated under paragraph (1) shall remain available until expended.".

SEC. 11011. LOW PATHOGENIC DISEASES.

The Animal Health Protection Act (7 U.S.C. 8301 et seq.) is amended—

(1) in section 10407(d)(2)(C) (7 U.S.C. 8306(d)(2)(C)), by striking "of longer than 60 days";

(2) in section 10409(b) (7 U.S.C. 8308(b))—

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

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

"(2) SPECIFIC COOPERATIVE PROGRAMS.—The Secretary shall compensate industry participants and

State agencies that cooperate with the Secretary in carrying out operations and measures under subsection (a) for 100 percent of eligible costs relating to cooperative programs involving Federal, State, and industry participants to control diseases of low pathogenicity in accordance with regulations issued by the Secretary.''; and

(C) in paragraph (3) (as so redesignated), by striking ''of longer than 60 days''; and

(3) in section 10417(b)(3) (7 U.S.C. 8316(b)(3)), by striking ''of longer than 60 days''.

SEC. 11012. ANIMAL PROTECTION.

(a) WILLFUL VIOLATIONS.—Section 10414(b)(1)(A) of the Animal Health Protection Act (7 U.S.C. 8316(b)(1)(A)) is amended by striking clause (iii) and inserting the following:

''(iii) for all violations adjudicated in a single proceeding—

''(I) $500,000 if the violations do not include a willful violation; or

''(II) $1,000,000 if the violations include 1 or more willful violations.''.

(b) SUBPOENA AUTHORITY.—Section 10415(a)(2) of the Animal Health Protection Act (7 U.S.C. 8314) is amended

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

"(A) IN GENERAL.—The Secretary shall have the power to subpoena the attendance and testimony of any witness, the production of all evidence (including books, papers, documents, electronically stored information, and other tangible things that constitute or contain evidence), or to require the person to whom the subpoena is directed to permit the inspection of premises relating to the administration or enforcement of this title or any matter under investigation in connection with this title.";

(2) in subparagraph (B), by striking "documentary"; and

(3) in subparagraph (C)—

(A) in clause (i), by striking "testimony of any witness and the production of documentary evidence" and inserting "testimony of any witness, the production of evidence, or the inspection of premises"; and

(B) in clause (ii), by striking "question or to produce documentary evidence" and inserting "question, produce evidence, or permit the inspection of premises".

SEC. 11013. NATIONAL AQUATIC ANIMAL HEALTH PLAN.

(a) IN GENERAL.—The Secretary of Agriculture may enter into a cooperative agreement with an eligible entity to carry out a project under a national aquatic animal health plan under the authority of the Secretary under section 10411 of the Animal Health Protection Act (7 U.S.C. 8310) for the purpose of detecting, controlling, or eradicating diseases of aquaculture species and promoting species-specific best management practices.

(b) COOPERATIVE AGREEMENTS BETWEEN ELIGIBLE ENTITIES AND THE SECRETARY.—

(1) DUTIES.—As a condition of entering into a cooperative agreement with the Secretary under this section, an eligible entity shall agree to—

(A) assume responsibility for the non-Federal share of the cost of carrying out the project under the national aquatic health plan, as determined by the Secretary in accordance with paragraph (2); and

(B) act in accordance with applicable disease and species specific best management practices relating to activities to be carried out under such project.

(2) NON-FEDERAL SHARE.—The Secretary shall determine the non-Federal share of the cost of carrying out a project under the national aquatic

health plan on a case-by-case basis for each such project. Such non-Federal share may be provided in cash or in-kind.

(c) APPLICABILITY OF OTHER LAWS.—In carrying out this section, the Secretary may make use of the authorities under the Animal Health Protection Act (7 U.S.C. 8301 et seq.), including the authority to carry out operations and measures to detect, control, and eradicate pests and diseases and the authority to pay claims arising out of the destruction of any animal, article, or means of conveyance.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section for each of fiscal years 2008 through 2012.

(e) ELIGIBLE ENTITY DEFINED.—In this section, the term ''eligible entity'' means a State, a political subdivision of a State, Indian tribe, or other appropriate entity, as determined by the Secretary of Agriculture.

SEC. 11014. STUDY ON BIOENERGY OPERATIONS.

(a) STUDY.—The Secretary of Agriculture shall conduct a study to evaluate the role of animal manure as a source of fertilizer and its potential additional uses. Such study shall include—

(1) a determination of the extent to which animal manure is utilized as fertilizer in agricultural operations by type (including species and agronomic practices employed) and size;

(2) an evaluation of the potential impact on consumers and on agricultural operations (by size) resulting from limitations being placed on the utilization of animal manure as fertilizer; and

(3) an evaluation of the effects on agriculture production contributable to the increased competition for animal manure use due to bioenergy production, including as a feedstock or a replacement for fossil fuels.

(b) REPORT.—Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate the results of the study conducted under subsection (a).

SEC. 11015. INTERSTATE SHIPMENT OF MEAT AND POULTRY INSPECTED BY FEDERAL AND STATE AGENCIES FOR CERTAIN SMALL ESTABLISHMENTS.

(a) MEAT AND MEAT PRODUCTS.—The Federal Meat Inspection Act (21 U.S.C. 601 et seq.) is amended by adding at the end the following:

"TITLE V—INSPECTIONS BY FEDERAL AND STATE AGENCIES

"SEC. 501. INTERSTATE SHIPMENT OF MEAT INSPECTED BY FEDERAL AND STATE AGENCIES FOR CERTAIN SMALL ESTABLISHMENTS.

"(a) DEFINITIONS.—

"(1) APPROPRIATE STATE AGENCY.—The term 'appropriate State agency' means a State agency described in section 301(b).

"(2) DESIGNATED PERSONNEL.—The term 'designated personnel' means inspection personnel of a State agency that have undergone all necessary inspection training and certification to assist the Secretary in the administration and enforcement of this Act, including rules and regulations issued under this Act.

"(3) ELIGIBLE ESTABLISHMENT.—The term 'eligible establishment' means an establishment that is in compliance with—

"(A) the State inspection program of the State in which the establishment is located; and

"(B) this Act, including rules and regulations issued under this Act.

"(4) MEAT ITEM.—The term 'meat item' means—

"(A) a portion of meat; and

"(B) a meat food product.

"(5) SELECTED ESTABLISHMENT.—The term 'selected establishment' means an eligible establishment that is selected by the Secretary, in coordination with the appropriate State agency of the State in which the eligible establishment is located, under subsection (b) to ship carcasses, portions of carcasses, and meat items in interstate commerce.

"(b) AUTHORITY OF SECRETARY TO ALLOW SHIPMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary, in coordination with the appropriate State agency of the State in which an establishment is located, may select the establishment to ship carcasses, portions of carcasses, and meat items in interstate commerce, and place on each carcass, portion of a carcass, and meat item shipped in inter-

state commerce a Federal mark, stamp, tag, or label of inspection, if—

"(A) the carcass, portion of carcass, or meat item qualifies for the mark, stamp, tag, or label of inspection under the requirements of this Act;

"(B) the establishment is an eligible establishment; and

"(C) inspection services for the establishment are provided by designated personnel.

"(2) PROHIBITED ESTABLISHMENTS.—In carrying out paragraph (1), the Secretary, in coordination with an appropriate State agency, shall not select an establishment that—

"(A) on average, employs more than 25 employees (including supervisory and non-supervisory employees), as defined by the Secretary;

"(B) as of the date of the enactment of this section, ships in interstate commerce carcasses, portions of carcasses, or meat items that are inspected by the Secretary in accordance with this Act;

"(C)(i) is a Federal establishment;

"(ii) was a Federal establishment that was reorganized on a later date under the same name or a different name or person by the person, firm, or corporation that controlled the establishment as of the date of the enactment of this section; or

"(iii) was a State establishment as of the date of the enactment of this section that—

"(I) as of the date of the enactment of this section, employed more than 25 employees; and

"(II) was reorganized on a later date by the person, firm, or corporation that controlled the establishment as of the date of the enactment of this section;

"(D) is in violation of this Act;

"(E) is located in a State that does not have a State inspection program; or

"(F) is the subject of a transition carried out in accordance with a procedure developed by the Secretary under paragraph (3)(A).

"(3) ESTABLISHMENTS THAT EMPLOY MORE THAN 25 EMPLOYEES.—

"(A) DEVELOPMENT OF PROCEDURE.—The Secretary may develop a procedure to tran-

sition to a Federal establishment any establishment under this section that, on average, consistently employs more than 25 employees.

"(B) ELIGIBILITY OF CERTAIN ESTABLISHMENTS.—

"(i) IN GENERAL.—A State establishment that employs more than 25 employees but less than 35 employees as of the date of the enactment of this section may be selected as a selected establishment under this subsection.

"(ii) PROCEDURES.—A State establishment shall be subject to the procedures established under subparagraph (A) beginning on the date that is 3 years after the effective date described in subsection (j).

"(c) REIMBURSEMENT OF STATE COSTS.—The Secretary shall reimburse a State for costs related to the inspection of selected establishments in the State in accordance with Federal requirements in an amount of not less than 60 percent of eligible State costs.

"(d) COORDINATION BETWEEN FEDERAL AND STATE AGENCIES.—

"(1) IN GENERAL.—The Secretary shall designate an employee of the Federal Government as

State coordinator for each appropriate State agency—

"(A) to provide oversight and enforcement of this title; and

"(B) to oversee the training and inspection activities of designated personnel of the State agency.

"(2) SUPERVISION.—A State coordinator shall be under the direct supervision of the Secretary.

"(3) DUTIES OF STATE COORDINATOR.—

"(A) IN GENERAL.—A State coordinator shall visit selected establishments with a frequency that is appropriate to ensure that selected establishments are operating in a manner that is consistent with this Act (including regulations and policies under this Act).

"(B) QUARTERLY REPORTS.—A State coordinator shall, on a quarterly basis, submit to the Secretary a report that describes the status of each selected establishment that is under the jurisdiction of the State coordinator with respect to the level of compliance of each selected establishment with the requirements of this Act.

"(C) IMMEDIATE NOTIFICATION REQUIREMENT.—If a State coordinator determines that

any selected establishment that is under the jurisdiction of the State coordinator is in violation of any requirement of this Act, the State coordinator shall—

"(i) immediately notify the Secretary of the violation; and

"(ii) deselect the selected establishment or suspend inspection at the selected establishment.

"(4) PERFORMANCE EVALUATIONS.—Performance evaluations of State coordinators designated under this subsection shall be conducted by the Secretary as part of the Federal agency management control system.

"(e) AUDITS.—

"(1) PERIODIC AUDITS CONDUCTED BY INSPECTOR GENERAL OF THE DEPARTMENT OF AGRICULTURE.—Not later than 2 years after the effective date described in subsection (j), and not less often than every 3 years thereafter, the Inspector General of the Department of Agriculture shall conduct an audit of each activity taken by the Secretary under this section for the period covered by the audit to determine compliance with this section.

"(2) AUDIT CONDUCTED BY COMPTROLLER GENERAL OF THE UNITED STATES.—Not earlier than 3 years, nor later than 5 years, after the date of the enactment of this section, the Comptroller General of the United States shall conduct an audit of the implementation of this section to determine—

"(A) the effectiveness of the implementation of this section; and

"(B) the number of selected establishments selected by the Secretary to ship carcasses, portions of carcasses, or meat items under this section.

"(f) TECHNICAL ASSISTANCE DIVISION.—

"(1) ESTABLISHMENT.—Not later than 180 days after the effective date described in subsection (j), the Secretary shall establish in the Food Safety and Inspection Service of the Department of Agriculture a technical assistance division to coordinate the initiatives of any other appropriate agency of the Department of Agriculture to provide—

"(A) outreach, education, and training to very small or certain small establishments (as defined by the Secretary); and

"(B) grants to appropriate State agencies to provide outreach, technical assistance, edu-

cation, and training to very small or certain small establishments (as defined by the Secretary).

"(2) PERSONNEL.—The technical assistance division shall be comprised of individuals that, as determined by the Secretary—

"(A) are of a quantity sufficient to carry out the duties of the technical assistance division; and

"(B) possess appropriate qualifications and expertise relating to the duties of the technical assistance division.

"(g) TRANSITION GRANTS.—The Secretary may provide grants to appropriate State agencies to assist the appropriate State agencies in helping establishments covered by title III to transition to selected establishments.

"(h) VIOLATIONS.—Any selected establishment that the Secretary determines to be in violation of any requirement of this Act shall be transitioned to a Federal establishment in accordance with a procedure developed by the Secretary under subsection (b)(3)(A).

"(i) EFFECT.—Nothing in this section limits the jurisdiction of the Secretary with respect to the regulation of meat and meat products under this Act.

"(j) EFFECTIVE DATE.—

"(1) IN GENERAL.—This section takes effect on the date on which the Secretary, after providing a period of public comment (including through the conduct of public meetings or hearings), promulgates final regulations to carry out this section.

"(2) REQUIREMENT.—Not later than 18 months after the date of the enactment of this section, the Secretary shall promulgate final regulations in accordance with paragraph (1).".

(b) POULTRY AND POULTRY PRODUCTS.—The Poultry Products Inspection Act (21 U.S.C. 451 et seq.) is amended by adding at the end the following:

"SEC. 31. INTERSTATE SHIPMENT OF POULTRY INSPECTED BY FEDERAL AND STATE AGENCIES FOR CERTAIN SMALL ESTABLISHMENTS.

"(a) DEFINITIONS.—

"(1) APPROPRIATE STATE AGENCY.—The term 'appropriate State agency' means a State agency described in section 5(a)(1).

"(2) DESIGNATED PERSONNEL.—The term 'designated personnel' means inspection personnel of a State agency that have undergone all necessary inspection training and certification to assist the Secretary in the administration and enforcement of this

Act, including rules and regulations issued under this Act.

"(3) ELIGIBLE ESTABLISHMENT.—The term 'eligible establishment' means an establishment that is in compliance with—

"(A) the State inspection program of the State in which the establishment is located; and

"(B) this Act, including rules and regulations issued under this Act.

"(4) POULTRY ITEM.—The term 'poultry item' means—

"(A) a portion of poultry; and

"(B) a poultry product.

"(5) SELECTED ESTABLISHMENT.—The term 'selected establishment' means an eligible establishment that is selected by the Secretary, in coordination with the appropriate State agency of the State in which the eligible establishment is located, under subsection (b) to ship poultry items in interstate commerce.

"(b) AUTHORITY OF SECRETARY TO ALLOW SHIPMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary, in coordination with the appropriate State agency of the State in which an establishment

is located, may select the establishment to ship poultry items in interstate commerce, and place on each poultry item shipped in interstate commerce a Federal mark, stamp, tag, or label of inspection, if—

"(A) the poultry item qualifies for the Federal mark, stamp, tag, or label of inspection under the requirements of this Act;

"(B) the establishment is an eligible establishment; and

"(C) inspection services for the establishment are provided by designated personnel.

"(2) PROHIBITED ESTABLISHMENTS.—In carrying out paragraph (1), the Secretary, in coordination with an appropriate State agency, shall not select an establishment that—

"(A) on average, employs more than 25 employees (including supervisory and non-supervisory employees), as defined by the Secretary;

"(B) as of the date of the enactment of this section, ships in interstate commerce carcasses, portions of carcasses, or poultry items that are inspected by the Secretary in accordance with this Act;

"(C)(i) is a Federal establishment;

"(ii) was a Federal establishment as of the date of the enactment of this section, and was reorganized on a later date under the same name or a different name or person by the person, firm, or corporation that controlled the establishment as of the date of the enactment of this section; or

"(iii) was a State establishment as of the date of the enactment of this section that—

"(I) as of the date of the enactment of this section, employed more than 25 employees; and

"(II) was reorganized on a later date by the person, firm, or corporation that controlled the establishment as of the date of the enactment of this section;

"(D) is in violation of this Act;

"(E) is located in a State that does not have a State inspection program; or

"(F) is the subject of a transition carried out in accordance with a procedure developed by the Secretary under paragraph (3)(A).

"(3) ESTABLISHMENTS THAT EMPLOY MORE THAN 25 EMPLOYEES.—

"(A) DEVELOPMENT OF PROCEDURE.—The Secretary may develop a procedure to transition to a Federal establishment any establishment under this section that, on average, consistently employs more than 25 employees.

"(B) ELIGIBILITY OF CERTAIN ESTABLISHMENTS.—

"(i) IN GENERAL.—A State establishment that employs more than 25 employees but less than 35 employees as of the date of the enactment of this section may be selected as a selected establishment under this subsection.

"(ii) PROCEDURES.—A State establishment shall be subject to the procedures established under subparagraph (A) beginning on the date that is 3 years after the effective date described in subsection (i).

"(c) REIMBURSEMENT OF STATE COSTS.—The Secretary shall reimburse a State for costs related to the inspection of selected establishments in the State in accordance with Federal requirements in an amount of not less than 60 percent of eligible State costs.

"(d) COORDINATION BETWEEN FEDERAL AND STATE AGENCIES.—

"(1) IN GENERAL.—The Secretary shall designate an employee of the Federal Government as State coordinator for each appropriate State agency—

"(A) to provide oversight and enforcement of this section; and

"(B) to oversee the training and inspection activities of designated personnel of the State agency.

"(2) SUPERVISION.—A State coordinator shall be under the direct supervision of the Secretary.

"(3) DUTIES OF STATE COORDINATOR.—

"(A) IN GENERAL.—A State coordinator shall visit selected establishments with a frequency that is appropriate to ensure that selected establishments are operating in a manner that is consistent with this Act (including regulations and policies under this Act).

"(B) QUARTERLY REPORTS.—A State coordinator shall, on a quarterly basis, submit to the Secretary a report that describes the status of each selected establishment that is under the jurisdiction of the State coordinator with respect to the level of compliance of each selected establishment with the requirements of this Act.

"(C) IMMEDIATE NOTIFICATION REQUIREMENT.—If a State coordinator determines that any selected establishment that is under the jurisdiction of the State coordinator is in violation of any requirement of this Act, the State coordinator shall—

"(i) immediately notify the Secretary of the violation; and

"(ii) deselect the selected establishment or suspend inspection at the selected establishment.

"(4) PERFORMANCE EVALUATIONS.—Performance evaluations of State coordinators designated under this subsection shall be conducted by the Secretary as part of the Federal agency management control system.

"(e) AUDITS.—

"(1) PERIODIC AUDITS CONDUCTED BY INSPECTOR GENERAL OF THE DEPARTMENT OF AGRICULTURE.—Not later than 2 years after the effective date described in subsection (i), and not less often than every 3 years thereafter, the Inspector General of the Department of Agriculture shall conduct an audit of each activity taken by the Secretary

under this section for the period covered by the audit to determine compliance with this section.

"(2) AUDIT CONDUCTED BY COMPTROLLER GENERAL OF THE UNITED STATES.—Not earlier than 3 years, nor later than 5 years, after the date of the enactment of this section, the Comptroller General of the United States shall conduct an audit of the implementation of this section to determine—

"(A) the effectiveness of the implementation of this section; and

"(B) the number of selected establishments selected by the Secretary to ship poultry items under this section.

"(f) TRANSITION GRANTS.—The Secretary may provide grants to appropriate State agencies to assist the appropriate State agencies in helping establishments covered by this Act to transition to selected establishments.

"(g) VIOLATIONS.—Any selected establishment that the Secretary determines to be in violation of any requirement of this Act shall be transitioned to a Federal establishment in accordance with a procedure developed by the Secretary under subsection (b)(3)(A).

"(h) EFFECT.—Nothing in this section limits the jurisdiction of the Secretary with respect to the regulation of poultry and poultry products under this Act.

"(i) EFFECTIVE DATE.—

"(1) IN GENERAL.—This section takes effect on the date on which the Secretary, after providing a period of public comment (including through the conduct of public meetings or hearings), promulgates final regulations to carry out this section.

"(2) REQUIREMENT.—Not later than 18 months after the date of the enactment of this section, the Secretary shall promulgate final regulations in accordance with paragraph (1).".

SEC. 11016. INSPECTION AND GRADING.

(a) GRADING.—Section 203 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622) is amended—

(1) by redesignating subsection (n) as subsection (o); and

(2) by inserting after subsection (m) the following new subsection:

"(n) GRADING PROGRAM.—To establish within the Department of Agriculture a voluntary fee based grading program for—

"(1) catfish (as defined by the Secretary under paragraph (2) of section 1(w) of the Federal Meat Inspection Act (21 U.S.C. 601(w))); and

"(2) any additional species of farm-raised fish or farm-raised shellfish—

"(A) for which the Secretary receives a petition requesting such voluntary fee based grading; and

"(B) that the Secretary considers appropriate.".

(b) INSPECTION.—

(1) IN GENERAL.—The Federal Meat Inspection Act is amended—

(A) in section 1(w) (21 U.S.C. 601(w)) —

(i) by striking "and" at the end of paragraph (1);

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

(iii) by inserting after paragraph (1) the following new paragraph:

"(2) catfish, as defined by the Secretary; and";

(B) by striking section 6 (21 U.S.C. 606) and inserting the following new section:

"SEC. 6. (a) IN GENERAL.—For the purposes hereinbefore set forth the Secretary shall cause to be made, by inspectors appointed for that purpose, an examination and inspection of all meat food products prepared for commerce in any slaughtering, meat-canning, salting, packing, rendering, or similar establishment, and for the purposes of any examination and inspection and inspectors shall

have access at all times, by day or night, whether the establishment be operated or not, to every part of said establishment; and said inspectors shall mark, stamp, tag, or label as 'Inspected and passed' all such products found to be not adulterated; and said inspectors shall label, mark, stamp, or tag as 'Inspected and condemned' all such products found adulterated, and all such condemned meat food products shall be destroyed for food purposes, as hereinbefore provided, and the Secretary may remove inspectors from any establishment which fails to so destroy such condemned meat food products: *Provided*, That subject to the rules and regulations of the Secretary the provisions of this section in regard to preservatives shall not apply to meat food products for export to any foreign country and which are prepared or packed according to the specifications or directions of the foreign purchaser, when no substance is used in the preparation or packing thereof in conflict with the laws of the foreign country to which said article is to be exported; but if said article shall be in fact sold or offered for sale for domestic use or consumption then this proviso shall not exempt said article from the operation of all the other provisions of this chapter.

"(b) CATFISH.—In the case of an examination and inspection under subsection (a) of a meat food product

derived from catfish, the Secretary shall take into account the conditions under which the catfish is raised and transported to a processing establishment.''; and

(C) by adding at the end of title I the following new section:

''SEC. 25. Notwithstanding any other provision of this Act, the requirements of sections 3, 4, 5, 10(b), and 23 shall not apply to catfish.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by paragraph (1) shall not apply until the date on which the Secretary of Agriculture issues final regulations (after providing a period of public comment, including through the conduct of public meetings or hearings, in accordance with chapter 5 of title 5, United States Code) to carry out such amendments.

(B) REGULATIONS.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Agriculture, in consultation with the Commissioner of Food and Drugs, shall issue final regulations to carry out the amendments made by paragraph (1).

(3) BUDGET REQUEST.—Not later than 30 days after the date of the enactment of this Act, the

Secretary of Agriculture shall submit to Congress an estimate of the costs of implementing the amendments made by paragraph (1), including the estimated—

(A) staff years;

(B) number of establishments;

(C) volume expected to be produced at such establishments; and

(D) any other information used in estimating the costs of implementing such amendments.

SEC. 11017. FOOD SAFETY IMPROVEMENT.

(a) FEDERAL MEAT INSPECTION ACT.—Title I of the Federal Meat Inspection Act is further amended by inserting after section 11 (21 U.S.C. 611) the following:

"SEC. 12. NOTIFICATION.

''Any establishment subject to inspection under this Act that believes, or has reason to believe, that an adulterated or misbranded meat or meat food product received by or originating from the establishment has entered into commerce shall promptly notify the Secretary with regard to the type, amount, origin, and destination of the meat or meat food product.

"SEC. 13. PLANS AND REASSESSMENTS.

''The Secretary shall require that each establishment subject to inspection under this Act shall, at a minimum—

''(1) prepare and maintain current procedures for the recall of all meat or meat food products produced and shipped by the establishment;

''(2) document each reassessment of the process control plans of the establishment; and

''(3) upon request, make the procedures and reassessed process control plans available to inspectors appointed by the Secretary for review and copying.''.

(b) POULTRY PRODUCTS INSPECTION ACT.—Section 10 of the Poultry Products Inspection Act (21 U.S.C. 459) is amended—

(1) by striking the section heading and all that follows through ''**SEC. 10**. No establishment'' and inserting the following:

"SEC. 10. COMPLIANCE BY ALL ESTABLISHMENTS.

''(a) IN GENERAL.—No establishment''; and

(2) by adding at the end the following:

''(b) NOTIFICATION.—Any establishment subject to inspection under this Act that believes, or has reason to believe, that an adulterated or misbranded poultry or poultry product received by or originating from the establishment has entered into commerce shall promptly notify the

Secretary with regard to the type, amount, origin, and destination of the poultry or poultry product.

"(c) PLANS AND REASSESSMENTS.—The Secretary shall require that each establishment subject to inspection under this Act shall, at a minimum—

"(1) prepare and maintain current procedures for the recall of all poultry or poultry products produced and shipped by the establishment;

"(2) document each reassessment of the process control plans of the establishment; and

"(3) upon request, make the procedures and reassessed process control plans available to inspectors appointed by the Secretary for review and copying.".

TITLE XII—CROP INSURANCE AND DISASTER ASSISTANCE PROGRAMS

Subtitle A—Crop Insurance and Agricultural Disaster Assistance

SEC. 12001. DEFINITION OF ORGANIC CROP.

Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

(1) by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively; and

(2) by inserting after paragraph (6) the following:

"(7) ORGANIC CROP.—The term 'organic crop' means an agricultural commodity that is organically produced consistent with section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502).".

SEC. 12002. GENERAL POWERS.

(a) IN GENERAL.—Section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506) is amended—

(1) in the first sentence of subsection (d), by striking "The Corporation" and inserting "Subject to section 508(j)(2)(A), the Corporation"; and

(2) by striking subsection (n).

(b) CONFORMING AMENDMENTS.—

(1) Section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506) is amended by redesignating subsections (o), (p), and (q) as subsections (n), (o), and (p), respectively.

(2) Section 521 of the Federal Crop Insurance Act (7 U.S.C. 1521) is amended by striking the last sentence.

SEC. 12003. REDUCTION IN LOSS RATIO.

(a) PROJECTED LOSS RATIO.—Subsection (n)(2) of section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506) (as redesignated by section 12002(b)(1)) is amended—

(1) in the paragraph heading, by striking ''AS OF OCTOBER 1, 1998'';

(2) by striking '', on and after October 1, 1998,''; and

(3) by striking ''1.075'' and inserting ''1.0''.

(b) PREMIUMS REQUIRED.—Section 508(d)(1) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(1)) is amended by striking ''not greater than 1.1'' and all that follows and inserting ''not greater than—

''(A) 1.1 through September 30, 1998;

''(B) 1.075 for the period beginning October 1, 1998, and ending on the day before the date of enactment of the Food, Conservation, and Energy Act of 2008; and

''(C) 1.0 on and after the date of enactment of that Act.''.

SEC. 12004. PREMIUMS ADJUSTMENTS.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following:

''(9) PREMIUM ADJUSTMENTS.—

''(A) PROHIBITION.—Except as provided in subparagraph (B), no person shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, either as an inducement to

procure insurance or after insurance has been procured, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy or any other valuable consideration or inducement not specified in the policy.

"(B) EXCEPTIONS.—Subparagraph (A) does not apply with respect to—

"(i) a payment authorized under subsection (b)(5)(B);

"(ii) a performance-based discount authorized under subsection (d)(3); or

"(iii) a patronage dividend, or similar payment, that is paid—

"(I) by an entity that was approved by the Corporation to make such payments for the 2005, 2006, or 2007 reinsurance year, in accordance with subsection (b)(5)(B) as in effect on the day before the date of enactment of this paragraph; and

"(II) in a manner consistent with the payment plan approved in accordance with that subsection for the enti-

ty by the Corporation for the applicable reinsurance year.''.

SEC. 12005. CONTROLLED BUSINESS INSURANCE.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) (as amended by section 12004) is amended by adding at the end the following:

''(10) COMMISSIONS.—

''(A) DEFINITION OF IMMEDIATE FAMILY.—In this paragraph, the term 'immediate family' means an individual's father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, the spouse of the foregoing, and the individual's spouse.

''(B) PROHIBITION.—No individual (including a subagent) may receive directly, or indirectly through an entity, any compensation (including any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale or service of a policy or plan of insurance offered under this title if—

"(i) the individual has a substantial beneficial interest, or a member of the individual's immediate family has a substantial beneficial interest, in the policy or plan of insurance; and

"(ii) the total compensation to be paid to the individual with respect to the sale or service of the policies or plans of insurance that meet the condition described in clause (i) exceeds 30 percent or the percentage specified in State law, whichever is less, of the total of all compensation received directly or indirectly by the individual for the sale or service of all policies and plans of insurance offered under this title for the reinsurance year.

"(C) REPORTING.—Not later than 90 days after the annual settlement date of the reinsurance year, any individual that received directly or indirectly any compensation for the service or sale of any policy or plan of insurance offered under this title in the prior reinsurance year shall certify to applicable approved insurance providers that the compensation that the

individual received was in compliance with this paragraph.

"(D) SANCTIONS.—The procedural requirements and sanctions prescribed in section 515(h) shall apply to the prosecution of a violation of this paragraph.

"(E) APPLICABILITY.—

"(i) IN GENERAL.—Sanctions for violations under this paragraph shall only apply to the individuals or entities directly responsible for the certification required under subparagraph (C) or the failure to comply with the requirements of this paragraph.

"(ii) PROHIBITION.—No sanctions shall apply with respect to the policy or plans of insurance upon which compensation is received, including the reinsurance for those policies or plans.".

SEC. 12006. ADMINISTRATIVE FEE.

(a) IN GENERAL.—Section 508(b)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)) is amended—

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

"(A) BASIC FEE.—Each producer shall pay an administrative fee for catastrophic risk protection in the amount of $300 per crop per county."; and

(2) in subparagraph (B)—

(A) by striking "**PAYMENT ON BEHALF OF PRODUCERS**" and inserting "**PAYMENT OF CATASTROPHIC RISK PROTECTION FEE ON BEHALF OF PRODUCERS**";

(B) in clause (i)—

(i) by striking "or other payment"; and

(ii) by striking "with catastrophic risk protection or additional coverage" and inserting "through the payment of catastrophic risk protection administrative fees";

(C) by striking clauses (ii) and (vi);

(D) by redesignating clauses (iii), (iv), and (v) as clauses (ii), (iii), and (iv), respectively;

(E) in clause (iii) (as so redesignated), by striking "A policy or plan of insurance" and inserting "Catastrophic risk protection coverage"; and

(F) in clause (iv) (as so redesignated)—

(i) by striking ''or other arrangement under this subparagraph''; and

(ii) by striking ''additional''.

(b) REPEAL.—Section 748 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1508 note; Public Law 105–277) is repealed.

SEC. 12007. TIME FOR PAYMENT.

Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(1) in subsection (b)(5)(C), by striking ''the date that premium'' and inserting ''the same date on which the premium'';

(2) in subsection (c)(10), by adding at the end the following:

''(C) TIME FOR PAYMENT.—Subsection (b)(5)(C) shall apply with respect to the collection date for the administrative fee.''; and

(3) in subsection (d), by adding at the end the following:

''(4) BILLING DATE FOR PREMIUMS.—Effective beginning with the 2012 reinsurance year, the Corporation shall establish August 15 as the billing date for premiums.''.

SEC. 12008. CATASTROPHIC COVERAGE REIMBURSEMENT RATE.

Section 508(b)(11) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(11)) is amended by striking ''8 percent'' and inserting ''6 percent''.

SEC. 12009. GRAIN SORGHUM PRICE ELECTION.

Section 508(c)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)(5)) is amended by adding at the end the following:

''(D) GRAIN SORGHUM PRICE ELECTION.—

''(i) IN GENERAL.—The Corporation, in conjunction with the Secretary (referred to in this subparagraph as the 'Corporation'), shall—

''(I) not later than 60 days after the date of enactment of this subparagraph, make available all methods and data, including data from the Economic Research Service, used by the Corporation to develop the expected market prices for grain sorghum under the production and revenue-based plans of insurance of the Corporation; and

''(II) request applicable data from the grain sorghum industry.

"(ii) EXPERT REVIEWERS.—

"(I) IN GENERAL.—Not later than 120 days after the date of enactment of this subparagraph, the Corporation shall contract individually with 5 expert reviewers described in subclause (II) to develop and recommend a methodology for determining an expected market price for sorghum for both the production and revenue-based plans of insurance to more accurately reflect the actual price at harvest.

"(II) REQUIREMENTS.—The expert reviewers under subclause (I) shall be comprised of agricultural economists with experience in grain sorghum and corn markets, of whom—

"(aa) 2 shall be agricultural economists of institutions of higher education;

"(bb) 2 shall be economists from within the Department; and

"(cc) 1 shall be an economist nominated by the grain sorghum industry.

"(iii) RECOMMENDATIONS.—

"(I) IN GENERAL.—Not later than 90 days after the date of contracting with the expert reviewers under clause (ii), the expert reviewers shall submit, and the Corporation shall make available to the public, the recommendations of the expert reviewers.

"(II) CONSIDERATION.—The Corporation shall consider the recommendations under subclause (I) when determining the appropriate pricing methodology to determine the expected market price for grain sorghum under both the production and revenue-based plans of insurance.

"(III) PUBLICATION.—Not later than 60 days after the date on which the Corporation receives the recommendations of the expert reviewers, the Corporation shall publish the pro-

1 posed pricing methodology for both
2 the production and revenue-based
3 plans of insurance for notice and com-
4 ment and, during the comment period,
5 conduct at least 1 public meeting to
6 discuss the proposed pricing meth-
7 odologies.
8 ''(iv) APPROPRIATE PRICING METHOD-
9 OLOGY.—
10 ''(I) IN GENERAL.—Not later
11 than 180 days after the close of the
12 comment period in clause (iii)(III),
13 but effective not later than the 2010
14 crop year, the Corporation shall im-
15 plement a pricing methodology for
16 grain sorghum under the production
17 and revenue-based plans of insurance
18 that is transparent and replicable.
19 ''(II) INTERIM METHODOLOGY.—
20 Until the date on which the new pric-
21 ing methodology is implemented, the
22 Corporation may continue to use the
23 pricing methodology that the Corpora-
24 tion determines best establishes the
25 expected market price.

"(III) AVAILABILITY.—On an annual basis, the Corporation shall make available the pricing methodology and data used to determine the expected market prices for grain sorghum under the production and revenue-based plans of insurance, including any changes to the methodology used to determine the expected market prices for grain sorghum from the previous year.".

SEC. 12010. PREMIUM REDUCTION AUTHORITY.

Subsection 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended—

(1) in paragraph (2), by striking "paragraph (4)" and inserting "paragraph (3)";

(2) by striking paragraph (3); and

(3) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

SEC. 12011. ENTERPRISE AND WHOLE FARM UNITS.

Section 508(e) of Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 12010) is amended by adding at the end the following:

"(5) ENTERPRISE AND WHOLE FARM UNITS.—

"(A) IN GENERAL.—The Corporation may carry out a pilot program under which the Corporation pays a portion of the premiums for plans or policies of insurance for which the insurable unit is defined on a whole farm or enterprise unit basis that is higher than would otherwise be paid in accordance with paragraph (2).

"(B) AMOUNT.—The percentage of the premium paid by the Corporation to a policyholder for a policy with an enterprise or whole farm unit under this paragraph shall, to the maximum extent practicable, provide the same dollar amount of premium subsidy per acre that would otherwise have been paid by the Corporation under paragraph (2) if the policyholder had purchased a basic or optional unit for the crop for the crop year.

"(C) LIMITATION.—The amount of the premium paid by the Corporation under this paragraph may not exceed 80 percent of the total premium for the enterprise or whole farm unit policy.".

SEC. 12012. PAYMENT OF PORTION OF PREMIUM FOR AREA REVENUE PLANS.

Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 12011) is amended—

(1) in paragraph (2), in the matter preceding subparagraph (A), by striking ''paragraph (4)'' and inserting ''paragraphs (4), (6), and (7)''; and

(2) by adding at the end the following:

''(6) PREMIUM SUBSIDY FOR AREA REVENUE PLANS.—Subject to paragraph (4), in the case of a policy or plan of insurance that covers losses due to a reduction in revenue in an area, the amount of the premium paid by the Corporation shall be as follows:

''(A) In the case of additional area coverage equal to or greater than 70 percent, but less than 75 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

''(i) 59 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage

level selected to cover operating and administrative expenses.

"(B) In the case of additional area coverage equal to or greater than 75 percent, but less than 85 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

"(i) 55 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

"(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

"(C) In the case of additional area coverage equal to or greater than 85 percent, but less than 90 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

"(i) 49 percent of the amount of the premium established under subsection

(d)(2)(B)(i) for the coverage level selected; and

"(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

"(D) In the case of additional area coverage equal to or greater than 90 percent of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

"(i) 44 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

"(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

"(7) PREMIUM SUBSIDY FOR AREA YIELD PLANS.—Subject to paragraph (4), in the case of a policy or plan of insurance that covers losses due to a loss of yield or prevented planting in an area, the amount of the premium paid by the Corporation shall be as follows:

"(A) In the case of additional area coverage equal to or greater than 70 percent, but less than 80 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

"(i) 59 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

"(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

"(B) In the case of additional area coverage equal to or greater than 80 percent, but less than 90 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

"(i) 55 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

"(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

"(C) In the case of additional area coverage equal to or greater than 90 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

"(i) 51 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

"(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.".

SEC. 12013. DENIAL OF CLAIMS.

Section 508(j)(2)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)(2)(A)) is amended by inserting "on behalf of the Corporation" after "approved provider".

SEC. 12014. SETTLEMENT OF CROP INSURANCE CLAIMS ON FARM-STORED PRODUCTION.

(a) IN GENERAL.—Section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)) is amended by adding at the end the following:

"(5) SETTLEMENT OF CLAIMS ON FARM-STORED PRODUCTION.—A producer with farm-stored production may, at the option of the producer, delay settlement of a crop insurance claim relating to the farm-stored production for up to 4 months after the last date on which claims may be submitted under the policy of insurance.".

(b) STUDY ON THE EFFICACY OF PACK FACTORS.—

(1) IN GENERAL.—The Secretary shall conduct a study of the efficacy and accuracy of the application of pack factors regarding the measurement of farm-stored production for purposes of providing policies or plans of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(2) CONSIDERATIONS.—The study shall consider—

(A) structural shape and size;

(B) time in storage;

(C) the impact of facility aeration systems; and

(D) any other factors the Secretary considers appropriate.

(3) REPORT.—Not later than 3 years after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that includes the findings of the study and any related policy recommendations.

SEC. 12015. TIME FOR REIMBURSEMENT.

Section 508(k)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)) is amended by adding at the end the following:

"(D) TIME FOR REIMBURSEMENT.—Effective beginning with the 2012 reinsurance year, the Corporation shall reimburse approved insurance providers and agents for the allowable administrative and operating costs of the providers and agents as soon as practicable after October 1 (but not later than October 31) after the reinsurance year for which reimbursements are earned.".

SEC. 12016. REIMBURSEMENT RATE.

Section 508(k)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)) (as amended by section 12015) is amended—

(1) in subparagraph (A), by striking ''Except as provided in subparagraph (B)'' and inserting ''Except as otherwise provided in this paragraph''; and

(2) by adding at the end the following:

''(E) REIMBURSEMENT RATE REDUCTION.—In the case of a policy of additional coverage that received a rate of reimbursement for administrative and operating costs for the 2008 reinsurance year, for each of the 2009 and subsequent reinsurance years, the reimbursement rate for administrative and operating costs shall be 2.3 percentage points below the rates in effect as of the date of enactment of the Food, Conservation, and Energy Act of 2008 for all crop insurance policies used to define loss ratio, except that only ½ of the reduction shall apply in a reinsurance year to the total premium written in a State in which the State loss ratio is greater than 1.2.

''(F) REIMBURSEMENT RATE FOR AREA POLICIES AND PLANS OF INSURANCE.—Notwithstanding subparagraphs (A) through (E),

for each of the 2009 and subsequent reinsurance years, the reimbursement rate for area policies and plans of insurance widely available as of the date of enactment of this subparagraph shall be 12 percent of the premium used to define loss ratio for that reinsurance year.''.

SEC. 12017. RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.

Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) is amended by adding at the end the following:

''(8) RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), notwithstanding section 536 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 1506 note; Public Law 105–185) and section 148 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1506 note; Public Law 106–224), the Corporation may renegotiate the financial terms and conditions of each Standard Reinsurance Agreement—

''(i) to be effective for the 2011 reinsurance year beginning July 1, 2010; and

"(ii) once during each period of 5 reinsurance years thereafter.

"(B) EXCEPTIONS.—

"(i) ADVERSE CIRCUMSTANCES.—Subject to clause (ii), subparagraph (A) shall not apply in any case in which the approved insurance providers, as a whole, experience unexpected adverse circumstances, as determined by the Secretary.

"(ii) EFFECT OF FEDERAL LAW CHANGES.—If Federal law is enacted after the date of enactment of this paragraph that requires revisions in the financial terms of the Standard Reinsurance Agreement, and changes in the Agreement are made on a mandatory basis by the Corporation, the changes shall not be considered to be a renegotiation of the Agreement for purposes of subparagraph (A).

"(C) NOTIFICATION REQUIREMENT.—If the Corporation renegotiates a Standard Reinsurance Agreement under subparagraph (A)(iii), the Corporation shall notify the Committee on Agriculture of the House of Rep-

resentatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the renegotiation.

"(D) CONSULTATION.—The approved insurance providers may confer with each other and collectively with the Corporation during any renegotiation under subparagraph (A).

"(E) 2011 REINSURANCE YEAR.—

"(i) IN GENERAL.—As part of the Standard Reinsurance Agreement renegotiation authorized under subparagraph (A)(i), the Corporation shall consider alternative methods to determine reimbursement rates for administrative and operating costs.

"(ii) ALTERNATIVE METHODS.—Alternatives considered under clause (i) shall include—

"(I) methods that—

"(aa) are graduated and base reimbursement rates in a State on changes in premiums in that State;

"(bb) are graduated and base reimbursement rates in a

State on the loss ratio for crop insurance for that State; and

"(cc) are graduated and base reimbursement rates on individual policies on the level of total premium for each policy; and

"(II) any other method that takes into account current financial conditions of the program and ensures continued availability of the program to producers on a nationwide basis.".

SEC. 12018. CHANGE IN DUE DATE FOR CORPORATION PAYMENTS FOR UNDERWRITING GAINS.

Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) (as amended by section 12017) is amended by adding at the end the following:

"(9) DUE DATE FOR PAYMENT OF UNDERWRITING GAINS.—Effective beginning with the 2011 reinsurance year, the Corporation shall make payments for underwriting gains under this title on—

"(A) for the 2011 reinsurance year, October 1, 2012; and

"(B) for each reinsurance year thereafter, October 1 of the following calendar year.".

SEC. 12019. MALTING BARLEY.

Section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)) is amended by adding at the end the following:

"(5) SPECIAL PROVISIONS FOR MALTING BARLEY.—The Corporation shall promulgate special provisions under this subsection specific to malting barley, taking into consideration any changes in quality factors, as required by applicable market conditions.".

SEC. 12020. CROP PRODUCTION ON NATIVE SOD.

(a) FEDERAL CROP INSURANCE.—Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended by adding at the end the following:

"(o) CROP PRODUCTION ON NATIVE SOD.—

"(1) DEFINITION OF NATIVE SOD.—In this subsection, the term 'native sod' means land—

"(A) on which the plant cover is composed principally of native grasses, grasslike plants, forbs, or shrubs suitable for grazing and browsing; and

"(B) that has never been tilled for the production of an annual crop as of the date of enactment of this subsection.

"(2) INELIGIBILITY FOR BENEFITS.—

"(A) IN GENERAL.—Subject to subparagraph (B) and paragraph (3), native sod acreage that has been tilled for the production of an annual crop after the date of enactment of this subsection shall be ineligible during the first 5 crop years of planting, as determined by the Secretary, for benefits under—

"(i) this title; and

"(ii) section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

"(B) DE MINIMIS ACREAGE EXEMPTION.—The Secretary shall exempt areas of 5 acres or less from subparagraph (A).

"(3) APPLICATION.—Paragraph (2) may apply to native sod acreage in the Prairie Pothole National Priority Area at the election of the Governor of the respective State.".

(b) NONINSURED CROP DISASTER ASSISTANCE.—Section 196(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)) is amended by adding at the end the following:

"(4) PROGRAM INELIGIBILITY RELATING TO CROP PRODUCTION ON NATIVE SOD.—

"(A) DEFINITION OF NATIVE SOD.—In this paragraph, the term 'native sod' means land—

"(i) on which the plant cover is composed principally of native grasses, grass-like plants, forbs, or shrubs suitable for grazing and browsing; and

"(ii) that has never been tilled for the production of an annual crop as of the date of enactment of this paragraph.

"(B) INELIGIBILITY FOR BENEFITS.—

"(i) IN GENERAL.—Subject to clause (ii) and subparagraph (C), native sod acreage that has been tilled for the production of an annual crop after the date of enactment of this paragraph shall be ineligible during the first 5 crop years of planting, as determined by the Secretary, for benefits under—

"(I) this section; and

"(II) the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

"(ii) DE MINIMIS ACREAGE EXEMPTION.—The Secretary shall exempt areas of 5 acres or less from clause (i).

"(C) APPLICATION.—Subparagraph (B) may apply to native sod acreage in the Prairie Pothole National Priority Area at the election of the Governor of the respective State.".

SEC. 12021. INFORMATION MANAGEMENT.

Section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515) is amended—

(a) in subsection (j)(3), by adding before the period at the end the following: ", which shall be subject to competition on a periodic basis, as determined by the Secretary"; and

(b) by striking subsection (k) and inserting the following:

"(k) FUNDING.—

"(1) INFORMATION TECHNOLOGY.—To carry out subsection (j)(1), the Corporation may use, from amounts made available from the insurance fund established under section 516(c), not more than $15,000,000 for each of fiscal years 2008 through 2011.

"(2) DATA MINING.—To carry out subsection (j)(2), the Corporation may use, from amounts made available from the insurance fund established under section 516(c), not more than $4,000,000 for fiscal year 2009 and each subsequent fiscal year.".

SEC. 12022. RESEARCH AND DEVELOPMENT.

(a) IN GENERAL.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

"(1) RESEARCH AND DEVELOPMENT PAYMENT.—

"(A) IN GENERAL.—The Corporation shall provide a payment to an applicant for research and development costs in accordance with this subsection.

"(B) REIMBURSEMENT.—An applicant who submits a policy under section 508(h) shall be eligible for the reimbursement of reasonable research and development costs directly related to the policy if the policy is approved by the Board for sale to producers.

"(2) ADVANCE PAYMENTS.—

"(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Board may approve the request of an applicant for advance payment of a portion of reasonable research and development costs prior to submission and approval of the policy by the Board under section 508(h).

"(B) PROCEDURES.—The Board shall establish procedures for approving advance payment of reasonable research and development costs to applicants.

"(C) CONCEPT PROPOSAL.—As a condition of eligibility for advance payments, an applicant shall submit a concept proposal for the policy that the applicant plans to submit to the Board under section 508(h), consistent with procedures established by the Board for submissions under subparagraph (B), including—

"(i) a summary of the qualifications of the applicant, including any prior concept proposals and submissions to the Board under section 508(h) and, if applicable, any work conducted under this section;

"(ii) a projection of total research and development costs that the applicant expects to incur;

"(iii) a description of the need for the policy, the marketability of and expected demand for the policy among affected producers, and the potential impact of the pol-

icy on producers and the crop insurance delivery system;

"(iv) a summary of data sources available to demonstrate that the policy can reasonably be developed and actuarially appropriate rates established; and

"(v) an identification of the risks the proposed policy will cover and an explanation of how the identified risks are insurable under this title.

"(D) REVIEW.—

"(i) EXPERTS.—If the requirements of subparagraph (B) and (C) are met, the Board may submit a concept proposal described in subparagraph (C) to not less than 2 independent expert reviewers, whose services are appropriate for the type of concept proposal submitted, to assess the likelihood that the proposed policy being developed will result in a viable and marketable policy, as determined by the Board.

"(ii) TIMING.—The time frames described in subparagraphs (C) and (D) of section 508(h)(4) shall apply to the review

of concept proposals under this subparagraph.

"(E) APPROVAL.—The Board may approve up to 50 percent of the projected total research and development costs to be paid in advance to an applicant, in accordance with the procedures developed by the Board for the making of such payments, if, after consideration of the reviewer reports described in subparagraph (D) and such other information as the Board determines appropriate, the Board determines that—

"(i) the concept, in good faith, will likely result in a viable and marketable policy consistent with section 508(h);

"(ii) in the sole opinion of the Board, the concept, if developed into a policy and approved by the Board, would provide crop insurance coverage—

"(I) in a significantly improved form;

"(II) to a crop or region not traditionally served by the Federal crop insurance program; or

"(III) in a form that addresses a recognized flaw or problem in the program;

"(iii) the applicant agrees to provide such reports as the Corporation determines are necessary to monitor the development effort;

"(iv) the proposed budget and timetable are reasonable; and

"(v) the concept proposal meets any other requirements that the Board determines appropriate.

"(F) SUBMISSION OF POLICY.—If the Board approves an advanced payment under subparagraph (E), the Board shall establish a date by which the applicant shall present a submission in compliance with section 508(h) (including the procedures implemented under that section) to the Board for approval.

"(G) FINAL PAYMENT.—

"(i) APPROVED POLICIES.—If a policy is submitted under subparagraph (F) and approved by the Board under section 508(h) and the procedures established by the Board (including procedures estab-

lished under subparagraph (B)), the applicant shall be eligible for a payment of reasonable research and development costs in the same manner as policies reimbursed under paragraph (1)(B), less any payments made pursuant to subparagraph (E).

"(ii) POLICIES NOT APPROVED.—If a policy is submitted under subparagraph (F) and is not approved by the Board under section 508(h), the Corporation shall—

"(I) not seek a refund of any payments made in accordance with this paragraph; and

"(II) not make any further research and development cost payments associated with the submission of the policy under this paragraph.

"(H) POLICY NOT SUBMITTED.—If an applicant receives an advance payment and fails to fulfill the obligation of the applicant to the Board by not submitting a completed submission without just cause and in accordance with the procedures established under subparagraph

(B)), including notice and reasonable opportunity to respond, as determined by the Board, the applicant shall return to the Board the amount of the advance plus interest.

"(I) REPEATED SUBMISSIONS.—The Board may prohibit advance payments to applicants who have submitted—

"(i) a concept proposal or submission that did not result in a marketable product; or

"(ii) a concept proposal or submission of poor quality.

"(J) CONTINUED ELIGIBILITY.—A determination that an applicant is not eligible for advance payments under this paragraph shall not prevent an applicant from reimbursement under paragraph (1)(B).".

(b) CONFORMING AMENDMENTS.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended—

(1) in paragraph (3), by striking "or (2)"; and

(2) in paragraph (4)(A), by striking "and (2)"."

SEC. 12023. CONTRACTS FOR ADDITIONAL POLICIES AND STUDIES.

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522) is amended—

(1) by redesignating paragraph (10) as paragraph (17); and

(2) by inserting after paragraph (9) the following:

"(10) CONTRACTS FOR ORGANIC PRODUCTION COVERAGE IMPROVEMENTS.—

"(A) CONTRACTS REQUIRED.—Not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Corporation shall enter into 1 or more contracts for the development of improvements in Federal crop insurance policies covering crops produced in compliance with standards issued by the Department of Agriculture under the national organic program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

"(B) REVIEW OF UNDERWRITING RISK AND LOSS EXPERIENCE.—

"(i) REVIEW REQUIRED.—

"(I) IN GENERAL.—A contract under subparagraph (A) shall include

a review of the underwriting, risk, and loss experience of organic crops covered by the Corporation, as compared with the same crops produced in the same counties and during the same crop years using nonorganic methods.

"(II) REQUIREMENTS.—The review shall—

"(aa) to the maximum extent practicable, be designed to allow the Corporation to determine whether significant, consistent, or systemic variations in loss history exist between organic and nonorganic production;

"(bb) include the widest available range of data collected by the Secretary and other outside sources of information; and

"(cc) not be limited to loss history under existing crop insurance policies.

"(ii) EFFECT ON PREMIUM SURCHARGE.—Unless the review under this subparagraph documents the existence of

significant, consistent, and systemic variations in loss history between organic and nonorganic crops, either collectively or on an individual crop basis, the Corporation shall eliminate or reduce the premium surcharge that the Corporation charges for coverage for organic crops, as determined in accordance with the results.

"(iii) ANNUAL UPDATES.—Beginning with the 2009 crop year, the review under this subparagraph shall be updated on an annual basis as data is accumulated by the Secretary and other sources, so that the Corporation may make determinations regarding adjustments to the surcharge in a timely manner as quickly as evolving practices and data trends allow.

"(C) ADDITIONAL PRICE ELECTION.—

"(i) IN GENERAL.—A contract under subparagraph (A) shall include the development of a procedure, including any associated changes in policy terms or materials required for implementation of the procedure, to offer producers of organic crops an additional price election that reflects ac-

tual prices received by organic producers for crops from the field (including appropriate retail and wholesale prices), as established using data collected and maintained by the Secretary or from other sources.

"(ii) TIMING.—The development of the procedure shall be completed in a timely manner to allow the Corporation to begin offering the additional price election for organic crops with sufficient data for the 2010 crop year.

"(iii) EXPANSION.—The procedure shall be expanded as quickly as practicable as additional data on prices of organic crops collected by the Secretary and other sources of information becomes available, with a goal of applying this procedure to all organic crops not later than the fifth full crop year that begins after the date of enactment of Food, Conservation, and Energy Act of 2008.

"(D) REPORTING REQUIREMENTS.—

"(i) IN GENERAL.—The Corporation shall submit to the Committee on Agri-

culture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on progress made in developing and improving Federal crop insurance for organic crops, including—

"(I) the numbers and varieties of organic crops insured;

"(II) the development of new insurance approaches; and

"(III) the progress of implementing the initiatives required under this paragraph, including the rate at which additional price elections are adopted for organic crops.

"(ii) RECOMMENDATIONS.—The report shall include such recommendations as the Corporation considers appropriate to improve Federal crop insurance coverage for organic crops.

"(11) ENERGY CROP INSURANCE POLICY.—

"(A) DEFINITION OF DEDICATED ENERGY CROP.—In this subsection, the term 'dedicated energy crop' means an annual or perennial crop that—

"(i) is grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products; and

"(ii) is not typically used for food, feed, or fiber.

"(B) AUTHORITY.—The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding a policy to insure dedicated energy crops.

"(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of dedicated energy crops, including policies and plans of insurance that—

"(i) are based on market prices and yields;

"(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate the policies and plans of insurance based on the use of weather or rainfall indices to protect the interests of crop producers; and

"(iii) provide protection for production or revenue losses, or both.

"(12) AQUACULTURE INSURANCE POLICY.—

"(A) DEFINITION OF AQUACULTURE.—In this subsection:

"(i) IN GENERAL.—The term 'aquaculture' means the propagation and rearing of aquatic species in controlled or selected environments, including shellfish cultivation on grants or leased bottom and ocean ranching.

"(ii) EXCLUSION.—The term 'aquaculture' does not include the private ocean ranching of Pacific salmon for profit in any State in which private ocean ranching of Pacific salmon is prohibited by any law (including regulations).

"(B) AUTHORITY.—

"(i) IN GENERAL.—As soon as practicable after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Corporation shall offer to enter into 3 or more contracts with qualified entities to carry out research and development regarding a policy to insure the pro-

duction of aquacultural species in aquaculture operations.

"(ii) BIVALVE SPECIES.—At least 1 of the contracts described in clause (i) shall address insurance of bivalve species, including—

"(I) American oysters (crassostrea virginica);

"(II) hard clams (mercenaria mercenaria);

"(III) Pacific oysters (crassostrea gigas);

"(IV) Manila clams (tapes phillipinnarium); or

"(V) blue mussels (mytilus edulis).

"(iii) FRESHWATER SPECIES.—At least 1 of the contracts described in clause (i) shall address insurance of freshwater species, including—

"(I) catfish (icataluridae);

"(II) rainbow trout (oncorhynchus mykiss);

"(III) largemouth bass (micropterus salmoides);

"(IV) striped bass (morone saxatilis);

"(V) bream (abramis brama);

"(VI) shrimp (penaeus); or

"(VII) tilapia (oreochromis niloticus).

"(iv) SALTWATER SPECIES.—At least 1 of the contracts described in clause (i) shall address insurance of saltwater species, including—

"(I) Atlantic salmon (salmo salar); or

"(II) shrimp (penaeus).

"(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of policies and plans of insurance for the production of aquacultural species in aquaculture operations, including policies and plans of insurance that—

"(i) are based on market prices and yields;

"(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate how best

to incorporate insuring of production of aquacultural species in aquaculture operations into existing policies covering adjusted gross revenue; and

"(iii) provide protection for production or revenue losses, or both.

"(13) POULTRY INSURANCE POLICY.—

"(A) DEFINITION OF POULTRY.—In this paragraph, the term 'poultry' has the meaning given the term in section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)).

"(B) AUTHORITY.—The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding a policy to insure commercial poultry production.

"(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of poultry, including policies and plans of insurance that provide protection for production or revenue losses, or both, while the poultry is in production.

"(14) APIARY POLICIES.—The Corporation shall offer to enter into a contract with a qualified entity to carry out research and development regarding insurance policies that cover loss of bees.

"(15) ADJUSTED GROSS REVENUE POLICIES FOR BEGINNING PRODUCERS.—The Corporation shall offer to enter into a contract with a qualified entity to carry out research and development into needed modifications of adjusted gross revenue insurance policies, consistent with principles of actuarial sufficiency, to permit coverage for beginning producers with no previous production history, including permitting those producers to have production and premium rates based on information with similar farming operations.

"(16) SKIPROW CROPPING PRACTICES.—

"(A) IN GENERAL.—The Corporation shall offer to enter into a contract with a qualified entity to carry out research into needed modifications of policies to insure corn and sorghum produced in the Central Great Plains (as determined by the Agricultural Research Service) through use of skiprow cropping practices.

"(B) RESEARCH.—Research described in subparagraph (A) shall—

"(i) review existing research on skiprow cropping practices and actual production history of producers using skiprow cropping practices; and

"(ii) evaluate the effectiveness of risk management tools for producers using skiprow cropping practices, including—

"(I) the appropriateness of rules in existence as of the date of enactment of this paragraph relating to the determination of acreage planted in skiprow patterns; and

"(II) whether policies for crops produced through skiprow cropping practices reflect actual production capabilities.".

SEC. 12024. FUNDING FROM INSURANCE FUND.

Section 522(e) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)) is amended—

(1) in paragraph (1), by striking "$10,000,000" and all that follows through the end of the paragraph and inserting "$7,500,000 for fiscal year 2008 and each subsequent fiscal year";

(2) in paragraph (2)(A), by striking "$20,000,000 for" and all that follows through

"year 2004" and inserting "$12,500,000 for fiscal year 2008"; and

(3) in paragraph (3), by striking "the Corporation may use" and all that follows through the end of the paragraph and inserting "the Corporation may use—

"(A) not more than $5,000,000 for each fiscal year to improve program integrity, including by—

"(i) increasing compliance-related training;

"(ii) improving analysis tools and technology regarding compliance;

"(iii) use of information technology, as determined by the Corporation; and

"(iv) identifying and using innovative compliance strategies; and

"(B) any excess amounts to carry out other activities authorized under this section.".

SEC. 12025. PILOT PROGRAMS.

(a) IN GENERAL.—Section 523 of the Federal Crop Insurance Act (7 U.S.C. 1523) is amended by adding at the end the following:

"(f) CAMELINA PILOT PROGRAM.—

"(1) IN GENERAL.—The Corporation shall establish a pilot program under which producers or processors of camelina may propose for approval by the Board policies or plans of insurance for camelina, in accordance with section 508(h).

"(2) DETERMINATION BY BOARD.—The Board shall approve a policy or plan of insurance proposed under paragraph (1) if, as determined by the Board, the policy or plan of insurance—

"(A) protects the interests of producers;

"(B) is actuarially sound; and

"(C) meets the requirements of this title.

"(3) TIMEFRAME.—The Corporation shall commence the camelina insurance pilot program as soon as practicable after the date of enactment of this subsection.

"(g) SESAME INSURANCE PILOT PROGRAM.—

"(1) IN GENERAL.—In addition to any other authority of the Corporation, the Corporation shall establish and carry out a pilot program under which a producer of nondehiscent sesame under contract may elect to obtain multiperil crop insurance, as determined by the Corporation.

"(2) TERMS AND CONDITIONS.—The multiperil crop insurance offered under the sesame insurance pilot program shall—

"(A) be offered through reinsurance arrangements with private insurance companies;

"(B) be actuarially sound; and

"(C) require the payment of premiums and administrative fees by a producer obtaining the insurance.

"(3) LOCATION.—The sesame insurance pilot program shall be carried out only in the State of Texas.

"(4) DURATION.—The Corporation shall commence the sesame insurance pilot program as soon as practicable after the date of the enactment of this subsection.

"(h) GRASS SEED INSURANCE PILOT PROGRAM.—

"(1) IN GENERAL.—In addition to any other authority of the Corporation, the Corporation shall establish and carry out a grass seed pilot program under which a producer of Kentucky bluegrass or perennial rye grass under contract may elect to obtain multiperil crop insurance, as determined by the Corporation.

"(2) TERMS AND CONDITIONS.—The multiperil crop insurance offered under the grass seed insurance pilot program shall—

"(A) be offered through reinsurance arrangements with private insurance companies;

"(B) be actuarially sound; and

"(C) require the payment of premiums and administrative fees by a producer obtaining the insurance.

"(3) LOCATION.—The grass seed insurance pilot program shall be carried out only in each of the States of Minnesota and North Dakota.

"(4) DURATION.—The Corporation shall commence the grass seed insurance pilot program as soon as practicable after the date of the enactment of this subsection.".

(b) CONFORMING AMENDMENT.—Section 196(a)(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(2)(B)) is amended by adding "camelina," after "sea oats,".

SEC. 12026. RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS OR RANCHERS.

Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

(1) in paragraph (1), by striking ''paragraph (4)'' and inserting ''paragraph (5)'';

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following:

''(4) REQUIREMENTS.—In carrying out the programs established under paragraphs (2) and (3), the Secretary shall place special emphasis on risk management strategies, education, and outreach specifically targeted at—

''(A) beginning farmers or ranchers;

''(B) legal immigrant farmers or ranchers that are attempting to become established producers in the United States;

''(C) socially disadvantaged farmers or ranchers;

''(D) farmers or ranchers that—

''(i) are preparing to retire; and

''(ii) are using transition strategies to help new farmers or ranchers get started; and

''(E) new or established farmers or ranchers that are converting production and marketing systems to pursue new markets.''.

SEC. 12027. COVERAGE FOR AQUACULTURE UNDER NONINSURED CROP ASSISTANCE PROGRAM.

Section 196(c)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(c)(2)) is amended—

(1) by striking ''On making'' and inserting the following:

''(A) IN GENERAL.—On making''; and

(2) by adding at the end the following:

''(B) AQUACULTURE PRODUCERS.—On making a determination described in subsection (a)(3) for aquaculture producers, the Secretary shall provide assistance under this section to aquaculture producers from all losses related to drought.''.

SEC. 12028. INCREASE IN SERVICE FEES FOR NONINSURED CROP ASSISTANCE PROGRAM.

Section 196(k)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(k)(1)) is amended—

(1) in subparagraph (A), by striking ''$100'' and inserting ''$250''; and

(2) in subparagraph (B)—

(A) by striking ''$300'' and inserting ''$750''; and

(B) by striking "$900" and inserting "$1,875".

SEC. 12029. DETERMINATION OF CERTAIN SWEET POTATO PRODUCTION.

Section 9001(d) of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110–28; 121 Stat. 211) is amended—

(1) by redesignating paragraph (8) as paragraph (9); and

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

"(8) SWEET POTATOES.—

"(A) DATA.—In the case of sweet potatoes, any data obtained under a pilot program carried out by the Risk Management Agency shall not be considered for the purpose of determining the quantity of production under the crop disaster assistance program established under this section.

"(B) EXTENSION OF DEADLINE.—If this paragraph is not implemented before the sign-up deadline for the crop disaster assistance program established under this section, the Secretary shall extend the deadline for producers of

sweet potatoes to permit sign-up for the program in accordance with this paragraph.''.

SEC. 12030. DECLINING YIELD REPORT.

Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing details about activities and administrative options of the Federal Crop Insurance Corporation and Risk Management Agency that address issues relating to—

(1) declining yields on the actual production histories of producers; and

(2) declining and variable yields for perennial crops, including pecans.

SEC. 12031. DEFINITION OF BASIC UNIT.

The Secretary shall not modify the definition of ''basic unit'' in accordance with the proposed regulations entitled ''Common Crop Insurance Regulations'' (72 Fed. Reg. 28895; relating to common crop insurance regulations) or any successor regulation.

SEC. 12032. CROP INSURANCE MEDIATION.

Section 275 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6995) is amended—

(1) by striking ''If an officer'' and inserting the following:

''(a) IN GENERAL.—If an officer'';

(2) by striking ''With respect to'' and inserting the following:

''(b) FARM SERVICE AGENCY.—With respect to'';

(3) by striking ''If a mediation''; and inserting the following:

''(c) MEDIATION.—If a mediation''; and

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

(A) by striking ''participant shall be offered'' and inserting ''participant shall—

''(1) be offered''; and

(B) by striking the period at the end and inserting the following: ''; and

''(2) to the maximum extent practicable, be allowed to use both informal agency review and mediation to resolve disputes under that title.''.

SEC. 12033. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.

(a) IN GENERAL.—The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) is amended by adding at the end the following:

"Subtitle B—Supplemental Agricultural Disaster Assistance

"SEC. 531. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.

''(a) DEFINITIONS.—In this section:

''(1) ACTUAL PRODUCTION HISTORY YIELD.—The term 'actual production history yield' means the weighted average of the actual production history for each insurable commodity or noninsurable commodity, as calculated under subtitle A or the noninsured crop disaster assistance program, respectively.

''(2) ADJUSTED ACTUAL PRODUCTION HISTORY YIELD.—The term 'adjusted actual production history yield' means—

''(A) in the case of an eligible producer on a farm that has at least 4 years of actual production history yields for an insurable commodity that are established other than pursuant to section 508(g)(4)(B), the actual production history for the eligible producer without regard to any yields established under that section;

''(B) in the case of an eligible producer on a farm that has less than 4 years of actual production history yields for an insurable com-

modity, of which 1 or more were established pursuant to section 508(g)(4)(B), the actual production history for the eligible producer as calculated without including the lowest of the yields established pursuant to section 508(g)(4)(B); and

"(C) in all other cases, the actual production history of the eligible producer on a farm.

"(3) ADJUSTED NONINSURED CROP DISASTER ASSISTANCE PROGRAM YIELD.—The term 'adjusted noninsured crop disaster assistance program yield' means—

"(A) in the case of an eligible producer on a farm that has at least 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields, the noninsured crop disaster assistance program yield without regard to any replacement yields;

"(B) in the case of an eligible producer on a farm that less than 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields, the noninsured crop disaster assistance pro-

gram yield as calculated without including the lowest of the replacement yields; and

"(C) in all other cases, the production history of the eligible producer on the farm under the noninsured crop disaster assistance program.

"(4) COUNTER-CYCLICAL PROGRAM PAYMENT YIELD.—The term 'counter-cyclical program payment yield' means the weighted average payment yield established under section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912), section 1102 of the Food, Conservation, and Energy Act of 2008, or a successor section.

"(5) DISASTER COUNTY.—

"(A) IN GENERAL.—The term 'disaster county' means a county included in the geographic area covered by a qualifying natural disaster declaration.

"(B) INCLUSION.—The term 'disaster county' includes—

"(i) a county contiguous to a county described in subparagraph (A); and

"(ii) any farm in which, during a calendar year, the total loss of production of the farm relating to weather is greater

than 50 percent of the normal production of the farm, as determined by the Secretary.

"(6) ELIGIBLE PRODUCER ON A FARM.—

"(A) IN GENERAL.—The term 'eligible producer on a farm' means an individual or entity described in subparagraph (B) that, as determined by the Secretary, assumes the production and market risks associated with the agricultural production of crops or livestock.

"(B) DESCRIPTION.—An individual or entity referred to in subparagraph (A) is—

"(i) a citizen of the United States;

"(ii) a resident alien;

"(iii) a partnership of citizens of the United States; or

"(iv) a corporation, limited liability corporation, or other farm organizational structure organized under State law.

"(7) FARM.—

"(A) IN GENERAL.—The term 'farm' means, in relation to an eligible producer on a farm, the sum of all crop acreage in all counties that is planted or intended to be planted for harvest by the eligible producer.

"(B) AQUACULTURE.—In the case of aquaculture, the term 'farm' means, in relation to an eligible producer on a farm, all fish being produced in all counties that are intended to be harvested for sale by the eligible producer.

"(C) HONEY.—In the case of honey, the term 'farm' means, in relation to an eligible producer on a farm, all bees and beehives in all counties that are intended to be harvested for a honey crop by the eligible producer.

"(8) FARM-RAISED FISH.—The term 'farm-raised fish' means any aquatic species that is propagated and reared in a controlled environment.

"(9) INSURABLE COMMODITY.—The term 'insurable commodity' means an agricultural commodity (excluding livestock) for which the producer on a farm is eligible to obtain a policy or plan of insurance under subtitle A.

"(10) LIVESTOCK.—The term 'livestock' includes—

"(A) cattle (including dairy cattle);

"(B) bison;

"(C) poultry;

"(D) sheep;

"(E) swine;

"(F) horses; and

"(G) other livestock, as determined by the Secretary.

"(11) NONINSURABLE COMMODITY.—The term 'noninsurable commodity' means a crop for which the eligible producers on a farm are eligible to obtain assistance under the noninsured crop assistance program.

"(12) NONINSURED CROP ASSISTANCE PROGRAM.—The term 'noninsured crop assistance program' means the program carried out under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

"(13) QUALIFYING NATURAL DISASTER DECLARATION.—The term 'qualifying natural disaster declaration' means a natural disaster declared by the Secretary for production losses under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)).

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

"(15) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term in sec-

tion 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)).

"(16) STATE.—The term 'State' means—

"(A) a State;

"(B) the District of Columbia;

"(C) the Commonwealth of Puerto Rico; and

"(D) any other territory or possession of the United States.

"(17) TRUST FUND.—The term 'Trust Fund' means the Agricultural Disaster Relief Trust Fund established under section 902 of the Trade Act of 1974.

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

"(b) SUPPLEMENTAL REVENUE ASSISTANCE PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall use such sums as are necessary from the Trust Fund to make crop disaster assistance payments to eligible producers on farms in disaster counties that have incurred crop production losses or crop quality losses, or both, during the crop year.

"(2) AMOUNT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall provide crop disaster assistance payments under this section to an eligible producer on a farm in an amount equal to 60 percent of the difference between—

"(i) the disaster assistance program guarantee, as described in paragraph (3); and

"(ii) the total farm revenue for a farm, as described in paragraph (4).

"(B) LIMITATION.—The disaster assistance program guarantee for a crop used to calculate the payments for a farm under subparagraph (A)(i) may not be greater than 90 percent of the sum of the expected revenue, as described in paragraph (5) for each of the crops on a farm, as determined by the Secretary.

"(3) SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM GUARANTEE.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, the supplemental assistance program guarantee shall be the sum obtained by adding—

"(i) for each insurable commodity on the farm, 115 percent of the product obtained by multiplying—

"(I) a payment rate for the commodity that is equal to the price election for the commodity elected by the eligible producer;

"(II) the payment acres for the commodity that is equal to the number of acres planted, or prevented from being planted, to the commodity;

"(III) the payment yield for the commodity that is equal to the percentage of the crop insurance yield elected by the producer of the higher of—

"(aa) the adjusted actual production history yield; or

"(bb) the counter-cyclical program payment yield for each crop; and

"(ii) for each noninsurable commodity on a farm, 120 percent of the product obtained by multiplying—

"(I) a payment rate for the commodity that is equal to 100 percent of the noninsured crop assistance program established price for the commodity;

"(II) the payment acres for the commodity that is equal to the number of acres planted, or prevented from being planted, to the commodity; and

"(III) the payment yield for the commodity that is equal to the higher of—

"(aa) the adjusted noninsured crop assistance program yield guarantee; or

"(bb) the counter-cyclical program payment yield for each crop.

"(B) ADJUSTMENT INSURANCE GUARANTEE.—Notwithstanding subparagraph (A), in the case of an insurable commodity for which a plan of insurance provides for an adjustment in the guarantee, such as in the case of prevented planting, the adjusted insurance guarantee shall

be the basis for determining the disaster assistance program guarantee for the insurable commodity.

"(C) ADJUSTED ASSISTANCE LEVEL.—Notwithstanding subparagraph (A), in the case of a noninsurable commodity for which the noninsured crop assistance program provides for an adjustment in the level of assistance, such as in the case of unharvested crops, the adjusted assistance level shall be the basis for determining the disaster assistance program guarantee for the noninsurable commodity.

"(D) EQUITABLE TREATMENT FOR NON-YIELD BASED POLICIES.—The Secretary shall establish equitable treatment for non-yield based policies and plans of insurance, such as the Adjusted Gross Revenue Lite insurance program.

"(4) FARM REVENUE.—

"(A) IN GENERAL.—For purposes of this subsection, the total farm revenue for a farm, shall equal the sum obtained by adding—

"(i) the estimated actual value for each crop produced on a farm by using the product obtained by multiplying—

"(I) the actual crop acreage harvested by an eligible producer on a farm;

"(II) the estimated actual yield of the crop production; and

"(III) subject to subparagraphs (B) and (C), to the extent practicable, the national average market price received for the marketing year, as determined by the Secretary;

"(ii) 15 percent of amount of any direct payments made to the producer under sections 1103 and 1303 of the Food, Conservation, and Energy Act of 2008 or successor sections;

"(iii) the total amount of any countercyclical payments made to the producer under sections 1104 and 1304 of the Food, Conservation, and Energy Act of 2008 or successor sections or of any average crop revenue election payments made to the producer under section 1105 of that Act;

"(iv) the total amount of any loan deficiency payments, marketing loan gains, and marketing certificate gains made to

the producer under subtitles B and C of the Food, Conservation, and Energy Act of 2008 or successor subtitles;

"(v) the amount of payments for prevented planting on a farm;

"(vi) the amount of crop insurance indemnities received by an eligible producer on a farm for each crop on a farm;

"(vii) the amount of payments an eligible producer on a farm received under the noninsured crop assistance program for each crop on a farm; and

"(viii) the value of any other natural disaster assistance payments provided by the Federal Government to an eligible producer on a farm for each crop on a farm for the same loss for which the eligible producer is seeking assistance.

"(B) ADJUSTMENT.—The Secretary shall adjust the average market price received by the eligible producer on a farm—

"(i) to reflect the average quality discounts applied to the local or regional market price of a crop or mechanically harvested forage due to a reduction in the in-

trinsic characteristics of the production resulting from adverse weather, as determined annually by the State office of the Farm Service Agency; and

"(ii) to account for a crop the value of which is reduced due to excess moisture resulting from a disaster-related condition.

"(C) MAXIMUM AMOUNT FOR CERTAIN CROPS.—With respect to a crop for which an eligible producer on a farm receives assistance under the noninsured crop assistance program, the national average market price received during the marketing year shall be an amount not more than 100 percent of the price of the crop established under the noninsured crop assistance program.

"(5) EXPECTED REVENUE.—The expected revenue for each crop on a farm shall equal the sum obtained by adding—

"(A) the product obtained by multiplying—

"(i) the greatest of—

"(I) the adjusted actual production history yield of the eligible producer on a farm; and

"(II) the counter-cyclical program payment yield;

"(ii) the acreage planted or prevented from being planted for each crop; and

"(iii) 100 percent of the insurance price guarantee; and

"(B) the product obtained by multiplying—

"(i) 100 percent of the adjusted noninsured crop assistance program yield; and

"(ii) 100 percent of the noninsured crop assistance program price for each of the crops on a farm.

"(c) LIVESTOCK INDEMNITY PAYMENTS.—

"(1) PAYMENTS.—The Secretary shall use such sums as are necessary from the Trust Fund to make livestock indemnity payments to eligible producers on farms that have incurred livestock death losses in excess of the normal mortality due to adverse weather, as determined by the Secretary, during the calendar year, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold.

"(2) PAYMENT RATES.—Indemnity payments to an eligible producer on a farm under paragraph (1)

shall be made at a rate of 75 percent of the market value of the applicable livestock on the day before the date of death of the livestock, as determined by the Secretary.

"(d) LIVESTOCK FORAGE DISASTER PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) COVERED LIVESTOCK.—

"(i) IN GENERAL.—Except as provided in clause (ii), the term 'covered livestock' means livestock of an eligible livestock producer that, during the 60 days prior to the beginning date of a qualifying drought or fire condition, as determined by the Secretary, the eligible livestock producer—

"(I) owned;

"(II) leased;

"(III) purchased;

"(IV) entered into a contract to purchase;

"(V) is a contract grower; or

"(VI) sold or otherwise disposed of due to qualifying drought conditions during—

"(aa) the current production year; or

"(bb) subject to paragraph (3)(B)(ii), 1 or both of the 2 production years immediately preceding the current production year.

"(ii) EXCLUSION.—The term 'covered livestock' does not include livestock that were or would have been in a feedlot, on the beginning date of the qualifying drought or fire condition, as a part of the normal business operation of the eligible livestock producer, as determined by the Secretary.

"(B) DROUGHT MONITOR.—The term 'drought monitor' means a system for classifying drought severity according to a range of abnormally dry to exceptional drought, as defined by the Secretary.

"(C) ELIGIBLE LIVESTOCK PRODUCER.—

"(i) IN GENERAL.—The term 'eligible livestock producer' means an eligible producer on a farm that—

"(I) is an owner, cash or share lessee, or contract grower of covered livestock that provides the pastureland or grazing land, including cash-leased pastureland or grazing land, for the livestock;

"(II) provides the pastureland or grazing land for covered livestock, including cash-leased pastureland or grazing land that is physically located in a county affected by drought;

"(III) certifies grazing loss; and

"(IV) meets all other eligibility requirements established under this subsection.

"(ii) EXCLUSION.—The term 'eligible livestock producer' does not include an owner, cash or share lessee, or contract grower of livestock that rents or leases pastureland or grazing land owned by another person on a rate-of-gain basis.

"(D) NORMAL CARRYING CAPACITY.—The term 'normal carrying capacity', with respect to each type of grazing land or pastureland in a county, means the normal carrying capacity, as

determined under paragraph (3)(D)(i), that would be expected from the grazing land or pastureland for livestock during the normal grazing period, in the absence of a drought or fire that diminishes the production of the grazing land or pastureland.

"(E) NORMAL GRAZING PERIOD.—The term 'normal grazing period', with respect to a county, means the normal grazing period during the calendar year for the county, as determined under paragraph (3)(D)(i).

"(2) PROGRAM.—The Secretary shall use such sums as are necessary from the Trust Fund to provide compensation for losses to eligible livestock producers due to grazing losses for covered livestock due to—

"(A) a drought condition, as described in paragraph (3); or

"(B) fire, as described in paragraph (4).

"(3) ASSISTANCE FOR LOSSES DUE TO DROUGHT CONDITIONS.—

"(A) ELIGIBLE LOSSES.—

"(i) IN GENERAL.—An eligible livestock producer may receive assistance under this subsection only for grazing

losses for covered livestock that occur on land that—

"(I) is native or improved pastureland with permanent vegetative cover; or

"(II) is planted to a crop planted specifically for the purpose of providing grazing for covered livestock.

"(ii) EXCLUSIONS.—An eligible livestock producer may not receive assistance under this subsection for grazing losses that occur on land used for haying or grazing under the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

"(B) MONTHLY PAYMENT RATE.—

"(i) IN GENERAL.—Except as provided in clause (ii), the payment rate for assistance under this paragraph for 1 month shall, in the case of drought, be equal to 60 percent of the lesser of—

"(I) the monthly feed cost for all covered livestock owned or leased by

the eligible livestock producer, as determined under subparagraph (C); or

"(II) the monthly feed cost calculated by using the normal carrying capacity of the eligible grazing land of the eligible livestock producer.

"(ii) PARTIAL COMPENSATION.—In the case of an eligible livestock producer that sold or otherwise disposed of covered livestock due to drought conditions in 1 or both of the 2 production years immediately preceding the current production year, as determined by the Secretary, the payment rate shall be 80 percent of the payment rate otherwise calculated in accordance with clause (i).

"(C) MONTHLY FEED COST.—

"(i) IN GENERAL.—The monthly feed cost shall equal the product obtained by multiplying—

"(I) 30 days;

"(II) a payment quantity that is equal to the feed grain equivalent, as determined under clause (ii); and

"(III) a payment rate that is equal to the corn price per pound, as determined under clause (iii).

"(ii) FEED GRAIN EQUIVALENT.—For purposes of clause (i)(I), the feed grain equivalent shall equal—

"(I) in the case of an adult beef cow, 15.7 pounds of corn per day; or

"(II) in the case of any other type of weight of livestock, an amount determined by the Secretary that represents the average number of pounds of corn per day necessary to feed the livestock.

"(iii) CORN PRICE PER POUND.—For purposes of clause (i)(II), the corn price per pound shall equal the quotient obtained by dividing—

"(I) the higher of—

"(aa) the national average corn price per bushel for the 12-month period immediately preceding March 1 of the year for which the disaster assistance is calculated; or

"(bb) the national average corn price per bushel for the 24-month period immediately preceding that March 1; by

"(II) 56.

"(D) NORMAL GRAZING PERIOD AND DROUGHT MONITOR INTENSITY.—

"(i) FSA COUNTY COMMITTEE DETERMINATIONS.—

"(I) IN GENERAL.—The Secretary shall determine the normal carrying capacity and normal grazing period for each type of grazing land or pastureland in the county served by the applicable committee.

"(II) CHANGES.—No change to the normal carrying capacity or normal grazing period established for a county under subclause (I) shall be made unless the change is requested by the appropriate State and county Farm Service Agency committees.

"(ii) DROUGHT INTENSITY.—

"(I) D2.—An eligible livestock producer that owns or leases grazing

land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having a D2 (severe drought) intensity in any area of the county for at least 8 consecutive weeks during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph in an amount equal to 1 monthly payment using the monthly payment rate determined under subparagraph (B).

"(II) D3.—An eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having at least a D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph—

"(aa) in an amount equal to 2 monthly payments using the monthly payment rate determined under subparagraph (B); or

"(bb) if the county is rated as having a D3 (extreme drought) intensity in any area of the county for at least 4 weeks during the normal grazing period for the county, or is rated as having a D4 (exceptional drought) intensity in any area of the county at any time during the normal grazing period, in an amount equal to 3 monthly payments using the monthly payment rate determined under subparagraph (B).

"(4) ASSISTANCE FOR LOSSES DUE TO FIRE ON PUBLIC MANAGED LAND.—

"(A) IN GENERAL.—An eligible livestock producer may receive assistance under this paragraph only if—

"(i) the grazing losses occur on rangeland that is managed by a Federal agency; and

"(ii) the eligible livestock producer is prohibited by the Federal agency from grazing the normal permitted livestock on the managed rangeland due to a fire.

"(B) PAYMENT RATE.—The payment rate for assistance under this paragraph shall be equal to 50 percent of the monthly feed cost for the total number of livestock covered by the Federal lease of the eligible livestock producer, as determined under paragraph (3)(C).

"(C) PAYMENT DURATION.—

"(i) IN GENERAL.—Subject to clause (ii), an eligible livestock producer shall be eligible to receive assistance under this paragraph for the period—

"(I) beginning on the date on which the Federal agency excludes the eligible livestock producer from using the managed rangeland for grazing; and

"(II) ending on the last day of the Federal lease of the eligible livestock producer.

"(ii) LIMITATION.—An eligible livestock producer may only receive assistance under this paragraph for losses that occur on not more than 180 days per year.

"(5) MINIMUM RISK MANAGEMENT PURCHASE REQUIREMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, a livestock producer shall only be eligible for assistance under this subsection if the livestock producer—

"(i) obtained a policy or plan of insurance under subtitle A for the grazing land incurring the losses for which assistance is being requested; or

"(ii) filed the required paperwork, and paid the administrative fee by the applicable State filing deadline, for the noninsured crop assistance program for the grazing land incurring the losses for which assistance is being requested.

"(B) WAIVER FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING

FARMER OR RANCHER.—In the case of an eligible livestock producer that is a socially disadvantaged farmer or rancher or limited resource or beginning farmer or rancher, as determined by the Secretary, the Secretary may—

"(i) waive subparagraph (A); and

"(ii) provide disaster assistance under this section at a level that the Secretary determines to be equitable and appropriate.

"(C) WAIVER FOR 2008 CALENDAR YEAR.—In the case of an eligible livestock producer that suffered losses on grazing land during the 2008 calendar year but does not meet the requirements of subparagraph (A), the Secretary shall waive subparagraph (A) if the eligible livestock producer pays a fee in an amount equal to the applicable noninsured crop assistance program fee or catastrophic risk protection plan fee required under subparagraph (A) to the Secretary not later than 90 days after the date of enactment of this subtitle.

"(D) EQUITABLE RELIEF.—

"(i) IN GENERAL.—The Secretary may provide equitable relief to an eligible

livestock producer that is otherwise ineligible or unintentionally fails to meet the requirements of subparagraph (A) for the grazing land incurring the loss on a case-by-case basis, as determined by the Secretary.

"(ii) 2008 CALENDAR YEAR.—In the case of an eligible livestock producer that suffered losses on grazing land during the 2008 calendar year, the Secretary shall take special consideration to provide equitable relief in cases in which the eligible livestock producer failed to meet the requirements of subparagraph (A) due to the enactment of this subtitle after the closing date of sales periods for crop insurance under subtitle A and the noninsured crop assistance program.

"(6) NO DUPLICATIVE PAYMENTS.—

"(A) IN GENERAL.—An eligible livestock producer may elect to receive assistance for grazing or pasture feed losses due to drought conditions under paragraph (3) or fire under paragraph (4), but not both for the same loss, as determined by the Secretary.

"(B) RELATIONSHIP TO SUPPLEMENTAL REVENUE ASSISTANCE.—An eligible livestock producer that receives assistance under this subsection may not also receive assistance for losses to crops on the same land with the same intended use under subsection (b).

"(e) EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEY BEES, AND FARM-RAISED FISH.—

"(1) IN GENERAL.—The Secretary shall use up to $50,000,000 per year from the Trust Fund to provide emergency relief to eligible producers of livestock, honey bees, and farm-raised fish to aid in the reduction of losses due to disease, adverse weather, or other conditions, such as blizzards and wildfires, as determined by the Secretary, that are not covered under subsection (b), (c), or (d).

"(2) USE OF FUNDS.—Funds made available under this subsection shall be used to reduce losses caused by feed or water shortages, disease, or other factors as determined by the Secretary.

"(3) AVAILABILITY OF FUNDS.—Any funds made available under this subsection shall remain available until expended.

"(f) TREE ASSISTANCE PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) ELIGIBLE ORCHARDIST.—The term 'eligible orchardist' means a person that produces annual crops from trees for commercial purposes.

"(B) NATURAL DISASTER.—The term 'natural disaster' means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence, as determined by the Secretary.

"(C) NURSERY TREE GROWER.—The term 'nursery tree grower' means a person who produces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale, as determined by the Secretary.

"(D) TREE.—The term 'tree' includes a tree, bush, and vine.

"(2) ELIGIBILITY.—

"(A) LOSS.—Subject to subparagraph (B), the Secretary shall provide assistance—

"(i) under paragraph (3) to eligible orchardists and nursery tree growers that planted trees for commercial purposes but lost the trees as a result of a natural disaster, as determined by the Secretary; and

"(ii) under paragraph (3)(B) to eligible orchardists and nursery tree growers that have a production history for commercial purposes on planted or existing trees but lost the trees as a result of a natural disaster, as determined by the Secretary.

"(B) LIMITATION.—An eligible orchardist or nursery tree grower shall qualify for assistance under subparagraph (A) only if the tree mortality of the eligible orchardist or nursery tree grower, as a result of damaging weather or related condition, exceeds 15 percent (adjusted for normal mortality).

"(3) ASSISTANCE.—Subject to paragraph (4), the assistance provided by the Secretary to eligible orchardists and nursery tree growers for losses described in paragraph (2) shall consist of—

"(A)(i) reimbursement of 70 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

"(ii) at the option of the Secretary, sufficient seedlings to reestablish a stand; and

"(B) reimbursement of 50 percent of the cost of pruning, removal, and other costs incurred by an eligible orchardist or nursery tree grower to salvage existing trees or, in the case of tree mortality, to prepare the land to replant trees as a result of damage or tree mortality due to a natural disaster, as determined by the Secretary, in excess of 15 percent damage or mortality (adjusted for normal tree damage and mortality).

"(4) LIMITATIONS ON ASSISTANCE.—

"(A) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this paragraph, the terms 'legal entity' and 'person' have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a) (as amended by section 1603 of the Food, Conservation, and Energy Act of 2008).

"(B) AMOUNT.—The total amount of payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this subsection may not exceed $100,000 for any crop year, or an equivalent value in tree seedlings.

"(C) ACRES.—The total quantity of acres planted to trees or tree seedlings for which a person or legal entity shall be entitled to receive payments under this subsection may not exceed 500 acres.

"(g) RISK MANAGEMENT PURCHASE REQUIREMENT.—

"(1) IN GENERAL.—Except as otherwise provided in this section, the eligible producers on a farm shall not be eligible for assistance under this section (other than subsection (c)) if the eligible producers on the farm—

"(A) in the case of each insurable commodity of the eligible producers on the farm, did not obtain a policy or plan of insurance under subtitle A (excluding a crop insurance pilot program under that subtitle); or

"(B) in the case of each noninsurable commodity of the eligible producers on the farm, did not file the required paperwork, and pay the administrative fee by the applicable State filing deadline, for the noninsured crop assistance program.

"(2) MINIMUM.—To be considered to have obtained insurance under paragraph (1)(A), an eligible

producer on a farm shall have obtained a policy or plan of insurance with not less than 50 percent yield coverage at 55 percent of the insurable price for each crop grazed, planted, or intended to be planted for harvest on a whole farm.

"(3) WAIVER FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING FARMER OR RANCHER.—With respect to eligible producers that are socially disadvantaged farmers or ranchers or limited resource or beginning farmers or ranchers, as determined by the Secretary, the Secretary may—

"(A) waive paragraph (1); and

"(B) provide disaster assistance under this section at a level that the Secretary determines to be equitable and appropriate.

"(4) WAIVER FOR 2008 CROP YEAR.—In the case of an eligible producer that suffered losses in an insurable commodity or noninsurable commodity during the 2008 crop year but does not meet the requirements of paragraph (1), the Secretary shall waive paragraph (1) if the eligible producer pays a fee in an amount equal to the applicable noninsured crop assistance program fee or catastrophic risk protection plan fee required under paragraph (1) to the

Secretary not later than 90 days after the date of enactment of this subtitle.

"(5) EQUITABLE RELIEF.—

"(A) IN GENERAL.—The Secretary may provide equitable relief to eligible producers on a farm that are otherwise ineligible or unintentionally fail to meet the requirements of paragraph (1) for 1 or more crops on a farm on a case-by-case basis, as determined by the Secretary.

"(B) 2008 CROP YEAR.—In the case of eligible producers on a farm that suffered losses in an insurable commodity or noninsurable commodity during the 2008 crop year, the Secretary shall take special consideration to provide equitable relief in cases in which the eligible producers failed to meet the requirements of paragraph (1) due to the enactment of this subtitle after the closing date of sales periods for crop insurance under subtitle A and the noninsured crop assistance program.

"(h) PAYMENT LIMITATIONS.—

"(1) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this subsection, the terms 'legal entity' and 'person' have the meaning given those terms in sec-

tion 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a) (as amended by section 1603 of the Food, Conservation, and Energy Act of 2008).

"(2) AMOUNT.—The total amount of disaster assistance payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this section (excluding payments received under subsection (f)) may not exceed $100,000 for any crop year.

"(3) AGI LIMITATION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a) or any successor provision shall apply with respect to assistance provided under this section.

"(4) DIRECT ATTRIBUTION.—Subsections (e) and (f) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) or any successor provisions relating to direct attribution shall apply with respect to assistance provided under this section.

"(i) PERIOD OF EFFECTIVENESS.—This section shall be effective only for losses that are incurred as the result of a disaster, adverse weather, or other environmental condition that occurs on or before September 30, 2011, as determined by the Secretary.

"(j) NO DUPLICATIVE PAYMENTS.—In implementing any other program which makes disaster assistance pay-

ments (except for indemnities made under subtitle A and section 196 of the Federal Agriculture Improvement and Reform Act of 1996), the Secretary shall prevent duplicative payments with respect to the same loss for which a person receives a payment under subsections (b), (c), (d), (e), or (f).

"(k) APPLICATION.—

"(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any provision of subtitle A, subtitle A shall not apply to this subtitle.

"(2) CROSS REFERENCES.—Paragraph (1) shall not apply to a specific reference in this subtitle to a provision of subtitle A.".

(b) TRANSITION.—For purposes of the 2008 crop year, the Secretary shall carry out subsections (f)(4) and (h) of section 531 of the Federal Crop Insurance Act (as added by subsection (a)) in accordance with the terms and conditions of sections 1001 through 1001D of the Food Security Act of 1985 (16 U.S.C. 1308 et seq.), as in effect on September 30, 2007.

(c) CONFORMING AMENDMENTS.—

(1) Section 501 of the Federal Crop Insurance Act (7 U.S.C. 1501) is amended by striking the section heading and enumerator and inserting the following:

"Subtitle A—Federal Crop Insurance Act

"SEC. 501. SHORT TITLE AND APPLICATION OF OTHER PROVISIONS.".

(2) Subtitle A of the Federal Crop Insurance Act (as designated under paragraph (1)) is amended—

(A) by striking ''This title'' each place it appears and inserting ''This subtitle''; and

(B) by striking ''this title'' each place it appears and inserting ''this subtitle''.

SEC. 12034. FISHERIES DISASTER ASSISTANCE.

Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall transfer to the Secretary of Commerce $170,000,000 for fiscal year 2008 for the National Marine Fisheries Service to distribute to commercial and recreational members of the fishing communities affected by the salmon fishery failure in the States of California, Oregon, and Washington designated under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(a)) on May 1, 2008, in accordance with that section.

Subtitle B—Small Business Disaster Loan Program

SEC. 12051. SHORT TITLE.

This subtitle may be cited as the ''Small Business Disaster Response and Loan Improvements Act of 2008''.

SEC. 12052. DEFINITIONS.

In this subtitle—

(1) the terms ''Administration'' and ''Administrator'' mean the Small Business Administration and the Administrator thereof, respectively;

(2) the term ''disaster area'' means an area affected by a natural or other disaster, as determined for purposes of paragraph (1) or (2) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), during the period of such declaration;

(3) the term ''disaster loan program of the Administration'' means assistance under section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act;

(4) the term ''disaster update period'' means the period beginning on the date on which the President declares a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9) of section 7(b) of the Small Business

Act (15 U.S.C. 636(b)), as added by this Act) and ending on the date on which such declaration terminates;

(5) the term ''major disaster'' has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122);

(6) the term ''small business concern'' has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632); and

(7) the term ''State'' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any territory or possession of the United States.

PART I—DISASTER PLANNING AND RESPONSE

SEC. 12061. ECONOMIC INJURY DISASTER LOANS TO NONPROFITS.

(a) IN GENERAL.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended—

(1) in the matter preceding subparagraph (A)—

(A) by inserting after ''small business concern'' the following: '', private nonprofit organization,''; and

(B) by inserting after ''the concern'' the following: '', the organization,''; and

(2) in subparagraph (D) by inserting after ''small business concerns'' the following: '', private nonprofit organizations,''.

(b) CONFORMING AMENDMENT.—Section 7(c)(5)(C) of the Small Business Act (15 U.S.C. 636(c)(5)(C)) is amended by inserting after ''business'' the following: '', private nonprofit organization,''.

SEC. 12062. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.

The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 37 as section 44; and

(2) by inserting after section 36 the following:

''SEC. 37. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.

''(a) COORDINATION REQUIRED.—The Administrator shall ensure that the disaster assistance programs of the Administration are coordinated, to the maximum extent practicable, with the disaster assistance programs of the Federal Emergency Management Agency.

''(b) REGULATIONS REQUIRED.—The Administrator, in consultation with the Administrator of the Federal

Emergency Management Agency, shall establish regulations to ensure that each application for disaster assistance is submitted as quickly as practicable to the Administration or directed to the appropriate agency under the circumstances.

"(c) COMPLETION; REVISION.—The initial regulations shall be completed not later than 270 days after the date of the enactment of the Small Business Disaster Response and Loan Improvements Act of 2008. Thereafter, the regulations shall be revised on an annual basis.

"(d) REPORT.—The Administrator shall include a report on the regulations whenever the Administration submits the report required by section 43.".

SEC. 12063. PUBLIC AWARENESS OF DISASTER DECLARATION AND APPLICATION PERIODS.

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3), the following:

"(4) COORDINATION WITH FEMA.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, for any disaster declared under this subsection or major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), the

Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall ensure, to the maximum extent practicable, that all application periods for disaster relief under this Act correspond with application deadlines established under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), or as extended by the President.

"(B) DEADLINES.—Notwithstanding any other provision of law, not later than 10 days before the closing date of an application period for a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report that includes—

"(i) the deadline for submitting applications for assistance under this Act relating to that major disaster;

"(ii) information regarding the number of loan applications and disbursements processed by the Administrator relating to that major disaster for each day during the period beginning on the date on which that major disaster was declared and ending on the date of that report; and

"(iii) an estimate of the number of potential applicants that have not submitted an application relating to that major disaster.

"(5) PUBLIC AWARENESS OF DISASTERS.—If a disaster is declared under this subsection or the Administrator declares eligibility for additional disaster assistance under paragraph (9), the Administrator shall make every effort to communicate through radio, television, print, and web-based outlets, all relevant information needed by disaster loan applicants, including—

"(A) the date of such declaration;

"(B) cities and towns within the area of such declaration;

"(C) loan application deadlines related to such disaster;

"(D) all relevant contact information for victim services available through the Administration (including links to small business development center websites);

"(E) links to relevant Federal and State disaster assistance websites, including links to websites providing information regarding assistance available from the Federal Emergency Management Agency;

"(F) information on eligibility criteria for Administration loan programs, including where such applications can be found; and

"(G) application materials that clearly state the function of the Administration as the Federal source of disaster loans for homeowners and renters.".

(b) MARKETING AND OUTREACH.—Not later than 90 days after the date of enactment of this Act, the Administrator shall create a marketing and outreach plan that—

(1) encourages a proactive approach to the disaster relief efforts of the Administration;

(2) makes clear the services provided by the Administration, including contact information, application information, and timelines for submitting appli-

cations, the review of applications, and the disbursement of funds;

(3) describes the different disaster loan programs of the Administration, including how they are made available and the eligibility requirements for each loan program;

(4) provides for regional marketing, focusing on disasters occurring in each region before the date of enactment of this Act, and likely scenarios for disasters in each such region; and

(5) ensures that the marketing plan is made available at small business development centers and on the website of the Administration.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

''(s) MAJOR DISASTER.—In this Act, the term 'major disaster' has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122).''.

(2) TECHNICAL CORRECTION.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended by striking ''Disaster Relief and Emergency Assistance Act'' and inserting ''Robert T.

Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)''.

SEC. 12064. CONSISTENCY BETWEEN ADMINISTRATION REGULATIONS AND STANDARD OPERATING PROCEDURES.

(a) IN GENERAL.—The Administrator shall, promptly following the date of enactment of this Act, conduct a study of whether the standard operating procedures of the Administration for loans offered under section 7(b) of the Small Business Act (15 U.S.C. 636(b)) are consistent with the regulations of the Administration for administering the disaster loan program.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to Congress a report containing all findings and recommendations of the study conducted under subsection (a).

SEC. 12065. INCREASING COLLATERAL REQUIREMENTS.

Section 7(c)(6) of the Small Business Act (15 U.S.C. 636(c)(6)) is amended by striking ''$10,000 or less'' and inserting ''$14,000 or less (or such higher amount as the Administrator determines appropriate in the event of a major disaster)''.

SEC. 12066. PROCESSING DISASTER LOANS.

(a) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS TO PROCESS DISASTER LOANS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (5), as added by this Act, the following:

"(6) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS.—

"(A) DISASTER LOAN PROCESSING.—The Administrator may enter into an agreement with a qualified private contractor, as determined by the Administrator, to process loans under this subsection in the event of a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), under which the Administrator shall pay the contractor a fee for each loan processed.

"(B) LOAN LOSS VERIFICATION SERVICES.—The Administrator may enter into an agreement with a qualified lender or loss verification professional, as determined by the Administrator, to verify losses for loans under this subsection in the event of a major disaster (including any major disaster relating to which

the Administrator declares eligibility for additional disaster assistance under paragraph (9)), under which the Administrator shall pay the lender or verification professional a fee for each loan for which such lender or verification professional verifies losses.''.

(b) COORDINATION OF EFFORTS BETWEEN THE ADMINISTRATOR AND THE INTERNAL REVENUE SERVICE TO EXPEDITE LOAN PROCESSING.—The Administrator and the Commissioner of Internal Revenue shall, to the maximum extent practicable, ensure that all relevant and allowable tax records for loan approval are shared with loan processors in an expedited manner, upon request by the Administrator.

SEC. 12067. INFORMATION TRACKING AND FOLLOW-UP SYSTEM.

The Small Business Act is amended by inserting after section 37, as added by this Act, the following:

''SEC. 38. INFORMATION TRACKING AND FOLLOW-UP SYSTEM FOR DISASTER ASSISTANCE.

''(a) SYSTEM REQUIRED.—The Administrator shall develop, implement, or maintain a centralized information system to track communications between personnel of the Administration and applicants for disaster assistance. The system shall ensure that whenever an applicant for dis-

aster assistance communicates with such personnel on a matter relating to the application, the following information is recorded:

"(1) The method of communication.

"(2) The date of communication.

"(3) The identity of the personnel.

"(4) A summary of the subject matter of the communication.

"(b) FOLLOW-UP REQUIRED.—The Administrator shall ensure that an applicant for disaster assistance receives, by telephone, mail, or electronic mail, follow-up communications from the Administration at all critical stages of the application process, including the following:

"(1) When the Administration determines that additional information or documentation is required to process the application.

"(2) When the Administration determines whether to approve or deny the loan.

"(3) When the primary contact person managing the loan application has changed.".

SEC. 12068. INCREASED DEFERMENT PERIOD.

(a) IN GENERAL.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

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

"(f) ADDITIONAL REQUIREMENTS FOR 7(b) LOANS.—

"(1) INCREASED DEFERMENT AUTHORIZED.—

"(A) IN GENERAL.—In making loans under subsection (b), the Administrator may provide, to the person receiving the loan, an option to defer repayment on the loan.

"(B) PERIOD.—The period of a deferment under subparagraph (A) may not exceed 4 years.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) in section 4(c)—

(A) in paragraph (1), by striking "7(c)(2)" and inserting "7(d)(2)"; and

(B) in paragraph (2)—

(i) by striking "7(c)(2)" and inserting "7(d)(2)"; and

(ii) by striking "7(e),"; and

(2) in section 7(b), in the undesignated matter following paragraph (3)—

(A) by striking ''That the provisions of paragraph (1) of subsection (c)'' and inserting ''That the provisions of paragraph (1) of subsection (d)''; and

(B) by striking ''Notwithstanding the provisions of any other law the interest rate on the Administration's share of any loan made under subsection (b) except as provided in subsection (c),'' and inserting ''Notwithstanding any other provision of law, and except as provided in subsection (d), the interest rate on the Administration's share of any loan made under subsection (b)''.

SEC. 12069. DISASTER PROCESSING REDUNDANCY.

The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 38, as added by this Act, the following:

''SEC. 39. DISASTER PROCESSING REDUNDANCY.

''(a) IN GENERAL.—The Administrator shall ensure that the Administration has in place a facility for disaster loan processing that, whenever the Administration's primary facility for disaster loan processing becomes unavailable, is able to take over all disaster loan processing from that primary facility within 2 days.

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

SEC. 12070. NET EARNINGS CLAUSES PROHIBITED.

Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (f), as added by this Act, the following:

"(g) NET EARNINGS CLAUSES PROHIBITED FOR 7(b) LOANS.—In making loans under subsection (b), the Administrator shall not require the borrower to pay any non-amortized amount for the first five years after repayment begins.".

SEC. 12071. ECONOMIC INJURY DISASTER LOANS IN CASES OF ICE STORMS AND BLIZZARDS.

Section 3(k)(2) of the Small Business Act (15 U.S.C. 632(k)(2)) is amended—

(1) in subparagraph (A) by striking "and";

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

(3) by adding at the end the following:

"(C) ice storms and blizzards.".

SEC. 12072. DEVELOPMENT AND IMPLEMENTATION OF MAJOR DISASTER RESPONSE PLAN.

(a) IN GENERAL.—Not later than 3 months after the date of enactment of this Act, the Administrator shall—

(1) by rule, amend the 2006 Atlantic hurricane season disaster response plan of the Administration (in this section referred to as the ''disaster response plan'') to apply to major disasters; and

(2) submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives detailing the amendments to the disaster response plan.

(b) CONTENTS.—The report required under subsection (a)(2) shall include—

(1) any updates or modifications made to the disaster response plan since the report regarding the disaster response plan submitted to Congress on July 14, 2006;

(2) a description of how the Administrator plans to use and integrate District Office personnel of the Administration in the response to a major disaster, including information on the use of personnel for loan processing and loan disbursement;

(3) a description of the disaster scalability model of the Administration and on what basis or function the plan is scaled;

(4) a description of how the agency-wide Disaster Oversight Council is structured, which offices

comprise its membership, and whether the Associate Deputy Administrator for Entrepreneurial Development of the Administration is a member;

(5) a description of how the Administrator plans to coordinate the disaster efforts of the Administration with State and local government officials, including recommendations on how to better incorporate State initiatives or programs, such as State-administered bridge loan programs, into the disaster response of the Administration;

(6) recommendations, if any, on how the Administration can better coordinate its disaster response operations with the operations of other Federal, State, and local entities;

(7) any surge plan for the disaster loan program of the Administration in effect on or after August 29, 2005 (including surge plans for loss verification, loan processing, mailroom, customer service or call center operations, and a continuity of operations plan);

(8) the number of full-time equivalent employees and job descriptions for the planning and disaster response staff of the Administration;

(9) the in-service and preservice training procedures for disaster response staff of the Administration;

(10) information on the logistical support plans of the Administration (including equipment and staffing needs, and detailed information on how such plans will be scalable depending on the size and scope of the major disaster;

(11) a description of the findings and recommendations of the Administrator, if any, based on a review of the response of the Administration to Hurricane Katrina of 2005, Hurricane Rita of 2005, and Hurricane Wilma of 2005; and

(12) a plan for how the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, will coordinate the provision of accommodations and necessary resources for disaster assistance personnel to effectively perform their responsibilities in the aftermath of a major disaster.

(c) BIENNIAL DISASTER SIMULATION EXERCISE.—

(1) EXERCISE REQUIRED.—The Administrator shall conduct a disaster simulation exercise at least once every 2 fiscal years. The exercise shall include the participation of, at a minimum, not less than 50

percent of the individuals in the disaster reserve corps and shall test, at maximum capacity, all of the information technology and telecommunications systems of the Administration that are vital to the activities of the Administration during such a disaster.

(2) REPORT.—The Administrator shall include a report on the disaster simulation exercises conducted under paragraph (1) each time the Administration submits a report required under section 43 of the Small Business Act, as added by this Act.

SEC. 12073. DISASTER PLANNING RESPONSIBILITIES.

(a) ASSIGNMENT OF SMALL BUSINESS ADMINISTRATION DISASTER PLANNING RESPONSIBILITIES.—The disaster planning function of the Administration shall be assigned to an individual appointed by the Administrator who—

(1) is not an employee of the Office of Disaster Assistance of the Administration;

(2) has proven management ability;

(3) has substantial knowledge in the field of disaster readiness and emergency response; and

(4) has demonstrated significant experience in the area of disaster planning.

(b) RESPONSIBILITIES.—The individual assigned the disaster planning function of the Administration shall re-

port directly and solely to the Administrator and shall be responsible for—

(1) creating, maintaining, and implementing the comprehensive disaster response plan of the Administration described in section 12072;

(2) ensuring there are in-service and pre-service training procedures for the disaster response staff of the Administration;

(3) coordinating and directing the training exercises of the Administration relating to disasters, including disaster simulation exercises and disaster exercises coordinated with other government departments and agencies; and

(4) other responsibilities relevant to disaster planning and readiness, as determined by the Administrator.

(c) COORDINATION.—In carrying out the responsibilities described in subsection (b), the individual assigned the disaster planning function of the Administration shall coordinate with—

(1) the Office of Disaster Assistance of the Administration;

(2) the Administrator of the Federal Emergency Management Agency; and

(3) other Federal, State, and local disaster planning offices, as necessary.

(d) RESOURCES.—The Administrator shall ensure that the individual assigned the disaster planning function of the Administration has adequate resources to carry out the duties under this section.

(e) REPORT.—Not later than 30 days after the date of enactment of this Act, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report containing—

(1) a description of the actions of the Administrator to assign an individual the disaster planning function of the Administration;

(2) information detailing the background and expertise of the individual assigned; and

(3) information on the status of the implementation of the responsibilities described in subsection (b).

SEC. 12074. ASSIGNMENT OF EMPLOYEES OF THE OFFICE OF DISASTER ASSISTANCE AND DISASTER CADRE.

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting im-

1 mediately after paragraph (6), as added by this Act, the
2 following:

3 "(7) DISASTER ASSISTANCE EMPLOYEES.—

4 "(A) IN GENERAL.—In carrying out this
5 section, the Administrator may, where prac-
6 ticable, ensure that the number of full-time
7 equivalent employees—

8 "(i) in the Office of the Disaster As-
9 sistance is not fewer than 800; and

10 "(ii) in the Disaster Cadre of the Ad-
11 ministration is not fewer than 1,000.

12 "(B) REPORT.—In carrying out this sub-
13 section, if the number of full-time employees for
14 either the Office of Disaster Assistance or the
15 Disaster Cadre of the Administration is below
16 the level described in subparagraph (A) for that
17 office, not later than 21 days after the date on
18 which that staffing level decreased below the
19 level described in subparagraph (A), the Admin-
20 istrator shall submit to the Committee on Ap-
21 propriations and the Committee on Small Busi-
22 ness and Entrepreneurship of the Senate and
23 the Committee on Appropriations and Com-
24 mittee on Small Business of the House of Rep-
25 resentatives, a report—

"(i) detailing staffing levels on that date;

"(ii) requesting, if practicable and determined appropriate by the Administrator, additional funds for additional employees; and

"(iii) containing such additional information, as determined appropriate by the Administrator.".

SEC. 12075. COMPREHENSIVE DISASTER RESPONSE PLAN.

The Small Business Act (15 U.S.C. 631 et seq.) is amended inserting after section 39, as added by this Act, the following:

"SEC. 40. COMPREHENSIVE DISASTER RESPONSE PLAN.

"(a) PLAN REQUIRED.—The Administrator shall develop, implement, or maintain a comprehensive written disaster response plan. The plan shall include the following:

"(1) For each region of the Administration, a description of the disasters most likely to occur in that region.

"(2) For each disaster described under paragraph (1)—

"(A) an assessment of the disaster;

"(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;

"(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and

"(D) guidelines pursuant to which the Administration will coordinate with other Federal agencies and with State and local authorities to best respond to the demand referred to in subparagraph (B) and to best use the resources referred to in that subparagraph.

"(b) COMPLETION; REVISION.—The first plan required by subsection (a) shall be completed not later than 180 days after the date of the enactment of this section. Thereafter, the Administrator shall update the plan on an annual basis and following any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under section 7(b)(9).

"(c) KNOWLEDGE REQUIRED.—The Administrator shall carry out subsections (a) and (b) through an individual with substantial knowledge in the field of disaster readiness and emergency response.

"(d) REPORT.—The Administrator shall include a report on the plan whenever the Administration submits the report required by section 43.".

SEC. 12076. PLANS TO SECURE SUFFICIENT OFFICE SPACE.

The Small Business Act is amended by inserting after section 40, as added by this Act, the following:

"SEC. 41. PLANS TO SECURE SUFFICIENT OFFICE SPACE.

"(a) PLANS REQUIRED.—The Administrator shall develop long-term plans to secure sufficient office space to accommodate an expanded workforce in times of disaster.

"(b) REPORT.—The Administrator shall include a report on the plans developed under subsection (a) each time the Administration submits a report required under section 43.".

SEC. 12077. APPLICANTS THAT HAVE BECOME A MAJOR SOURCE OF EMPLOYMENT DUE TO CHANGED ECONOMIC CIRCUMSTANCES.

Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by inserting after "constitutes" the following: ", or have become due to changed economic circumstances,".

SEC. 12078. DISASTER LOAN AMOUNTS.

(a) INCREASED LOAN CAPS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by in-

serting immediately after paragraph (7), as added by this Act, the following:

"(8) INCREASED LOAN CAPS.—

"(A) AGGREGATE LOAN AMOUNTS.—Except as provided in subparagraph (B), and notwithstanding any other provision of law, the aggregate loan amount outstanding and committed to a borrower under this subsection may not exceed $2,000,000.

"(B) WAIVER AUTHORITY.—The Administrator may, at the discretion of the Administrator, increase the aggregate loan amount under subparagraph (A) for loans relating to a disaster to a level established by the Administrator, based on appropriate economic indicators for the region in which that disaster occurred.".

(b) DISASTER MITIGATION.—

(1) IN GENERAL.—Section 7(b)(1)(A) of the Small Business Act (15 U.S.C. 636(b)(1)(A)) is amended by inserting "of the aggregate costs of such damage or destruction (whether or not compensated for by insurance or otherwise)" after "20 per centum".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to a loan or guarantee made after the date of enactment of this Act.

(c) TECHNICAL AMENDMENTS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended—

(1) in the matter preceding paragraph (1), by striking ''the, Administration'' and inserting ''the Administration''; and

(2) in the undesignated matter at the end—

(A) by striking '', (2), and (4)'' and inserting ''and (2)''; and

(B) by striking '', (2), or (4)'' and inserting ''(2)''.

SEC. 12079. SMALL BUSINESS BONDING THRESHOLD.

(a) IN GENERAL.—Except as provided in subsection (b), and notwithstanding any other provision of law, for any procurement related to a major disaster, the Administrator may, upon such terms and conditions as the Administrator may prescribe, guarantee and enter into commitments to guarantee any surety against loss resulting from a breach of the terms of a bid bond, payment bond, performance bond, or bonds ancillary thereto, by a principal on any total work order or contract amount at the time of bond execution that does not exceed $5,000,000.

(b) INCREASE OF AMOUNT.—Upon request of the head of any Federal agency other than the Administration involved in reconstruction efforts in response to a major disaster, the Administrator may guarantee and enter into a commitment to guarantee any security against loss under subsection (a) on any total work order or contract amount at the time of bond execution that does not exceed $10,000,000.

(c) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may carry out this section only with amounts appropriated in advance specifically to carry out this section.

PART II—DISASTER LENDING

SEC. 12081. ELIGIBILITY FOR ADDITIONAL DISASTER ASSISTANCE.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (8), as added by this Act, the following:

"(9) DECLARATION OF ELIGIBILITY FOR ADDITIONAL DISASTER ASSISTANCE.—

"(A) IN GENERAL.—If the President declares a major disaster, the Administrator may declare eligibility for additional disaster assistance in accordance with this paragraph.

"(B) THRESHOLD.—A major disaster for which the Administrator declares eligibility for additional disaster assistance under this paragraph shall—

"(i) have resulted in extraordinary levels of casualties or damage or disruption severely affecting the population (including mass evacuations), infrastructure, environment, economy, national morale, or government functions in an area;

"(ii) be comparable to the description of a catastrophic incident in the National Response Plan of the Administration, or any successor thereto, unless there is no successor to such plan, in which case this clause shall have no force or effect; and

"(iii) be of such size and scope that—

"(I) the disaster assistance programs under the other paragraphs under this subsection are incapable of providing adequate and timely assistance to individuals or business concerns located within the disaster area; or

"(II) a significant number of business concerns outside the disaster area have suffered disaster-related substantial economic injury as a result of the incident.".

SEC. 12082. ADDITIONAL ECONOMIC INJURY DISASTER LOAN ASSISTANCE.

Paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as added by section 12081, is amended by adding at the end the following:

"(C) ADDITIONAL ECONOMIC INJURY DISASTER LOAN ASSISTANCE.—

"(i) IN GENERAL.—If the Administrator declares eligibility for additional disaster assistance under this paragraph, the Administrator may make such loans under this subparagraph (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator determines appropriate to eligible small business concerns located anywhere in the United States.

"(ii) PROCESSING TIME.—

"(I) IN GENERAL.—If the Administrator determines that the average processing time for applications for disaster loans under this subparagraph relating to a specific major disaster is more than 15 days, the Administrator shall give priority to the processing of such applications submitted by eligible small business concerns located inside the disaster area, until the Administrator determines that the average processing time for such applications is not more than 15 days.

"(II) SUSPENSION OF APPLICATIONS FROM OUTSIDE DISASTER AREA.—If the Administrator determines that the average processing time for applications for disaster loans under this subparagraph relating to a specific major disaster is more than 30 days, the Administrator shall suspend the processing of such applications submitted by eligible small business concerns located outside the dis-

aster area, until the Administrator determines that the average processing time for such applications is not more than 15 days.

"(iii) LOAN TERMS.—A loan under this subparagraph shall be made on the same terms as a loan under paragraph (2).

"(D) DEFINITIONS.—In this paragraph—

"(i) the term 'disaster area' means the area for which the applicable major disaster was declared;

"(ii) the term 'disaster-related substantial economic injury' means economic harm to a business concern that results in the inability of the business concern to—

"(I) meet its obligations as it matures;

"(II) meet its ordinary and necessary operating expenses; or

"(III) market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern because the business concern relies on materials from

the disaster area or sells or markets in the disaster area; and

"(iii) the term 'eligible small business concern' means a small business concern—

"(I) that has suffered disaster-related substantial economic injury as a result of the applicable major disaster; and

"(II)(aa) for which not less than 25 percent of the market share of that small business concern is from business transacted in the disaster area;

"(bb) for which not less than 25 percent of an input into a production process of that small business concern is from the disaster area; or

"(cc) that relies on a provider located in the disaster area for a service that is not readily available elsewhere.".

SEC. 12083. PRIVATE DISASTER LOANS.

(a) IN GENERAL.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (b) the following:

"(c) PRIVATE DISASTER LOANS.—

"(1) DEFINITIONS.—In this subsection—

"(A) the term 'disaster area' means any area for which the President declared a major disaster relating to which the Administrator declares eligibility for additional disaster assistance under subsection (b)(9), during the period of that major disaster declaration;

"(B) the term 'eligible individual' means an individual who is eligible for disaster assistance under subsection (b)(1) relating to a major disaster relating to which the Administrator declares eligibility for additional disaster assistance under subsection (b)(9);

"(C) the term 'eligible small business concern' means a business concern that is—

"(i) a small business concern, as defined under this Act; or

"(ii) a small business concern, as defined in section 103 of the Small Business Investment Act of 1958;

"(D) the term 'preferred lender' means a lender participating in the Preferred Lender Program;

"(E) the term 'Preferred Lender Program' has the meaning given that term in subsection (a)(2)(C)(ii); and

"(F) the term 'qualified private lender' means any privately-owned bank or other lending institution that—

"(i) is not a preferred lender; and

"(ii) the Administrator determines meets the criteria established under paragraph (10).

"(2) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Private Disaster Assistance program, under which the Administration may guarantee timely payment of principal and interest, as scheduled, on any loan made to an eligible small business concern located in a disaster area and to an eligible individual.

"(3) USE OF LOANS.—A loan guaranteed by the Administrator under this subsection may be used for any purpose authorized under subsection (b).

"(4) ONLINE APPLICATIONS.—

"(A) ESTABLISHMENT.—The Administrator may establish, directly or through an agreement with another entity, an online appli-

cation process for loans guaranteed under this subsection.

"(B) OTHER FEDERAL ASSISTANCE.—The Administrator may coordinate with the head of any other appropriate Federal agency so that any application submitted through an online application process established under this paragraph may be considered for any other Federal assistance program for disaster relief.

"(C) CONSULTATION.—In establishing an online application process under this paragraph, the Administrator shall consult with appropriate persons from the public and private sectors, including private lenders.

"(5) MAXIMUM AMOUNTS.—

"(A) GUARANTEE PERCENTAGE.—The Administrator may guarantee not more than 85 percent of a loan under this subsection.

"(B) LOAN AMOUNT.—The maximum amount of a loan guaranteed under this subsection shall be $2,000,000.

"(6) TERMS AND CONDITIONS.—A loan guaranteed under this subsection shall be made under the same terms and conditions as a loan under subsection (b).

1 "(7) LENDERS.—

2 "(A) IN GENERAL.—A loan guaranteed
3 under this subsection made to—

4 "(i) a qualified individual may be
5 made by a preferred lender; and

6 "(ii) a qualified small business con-
7 cern may be made by a qualified private
8 lender or by a preferred lender that also
9 makes loans to qualified individuals.

10 "(B) COMPLIANCE.—If the Administrator
11 determines that a preferred lender knowingly
12 failed to comply with the underwriting stand-
13 ards for loans guaranteed under this subsection
14 or violated the terms of the standard operating
15 procedure agreement between that preferred
16 lender and the Administration, the Adminis-
17 trator shall do 1 or more of the following:

18 "(i) Exclude the preferred lender from
19 participating in the program under this
20 subsection.

21 "(ii) Exclude the preferred lender
22 from participating in the Preferred Lender
23 Program for a period of not more than 5
24 years.

25 "(8) FEES.—

"(A) IN GENERAL.—The Administrator may not collect a guarantee fee under this subsection.

"(B) ORIGINATION FEE.—The Administrator may pay a qualified private lender or preferred lender an origination fee for a loan guaranteed under this subsection in an amount agreed upon in advance between the qualified private lender or preferred lender and the Administrator.

"(9) DOCUMENTATION.—A qualified private lender or preferred lender may use its own loan documentation for a loan guaranteed by the Administrator under this subsection, to the extent authorized by the Administrator. The ability of a lender to use its own loan documentation for a loan guaranteed under this subsection shall not be considered part of the criteria for becoming a qualified private lender under the regulations promulgated under paragraph (10).

"(10) IMPLEMENTATION REGULATIONS.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of the Small Business Disaster Response and Loan Improvements Act of 2008, the Administrator shall

issue final regulations establishing permanent criteria for qualified private lenders.

"(B) REPORT TO CONGRESS.—Not later than 6 months after the date of enactment of the Small Business Disaster Response and Loan Improvements Act of 2008, the Administrator shall submit a report on the progress of the regulations required by subparagraph (A) to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.

"(11) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—Amounts necessary to carry out this subsection shall be made available from amounts appropriated to the Administration to carry out subsection (b).

"(B) AUTHORITY TO REDUCE INTEREST RATES AND OTHER TERMS AND CONDITIONS.—Funds appropriated to the Administration to carry out this subsection, may be used by the Administrator to meet the loan terms and conditions specified in paragraph (6).

"(12) PURCHASE OF LOANS.—The Administrator may enter into an agreement with a qualified

private lender or preferred lender to purchase any loan guaranteed under this subsection.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any major disaster declared on or after the date of enactment of this Act.

SEC. 12084. IMMEDIATE DISASTER ASSISTANCE PROGRAM.

The Small Business Act is amended by inserting after section 41, as added by this Act, the following:

''SEC. 42. IMMEDIATE DISASTER ASSISTANCE PROGRAM.

''(a) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Immediate Disaster Assistance program, under which the Administration participates on a deferred (guaranteed) basis in 85 percent of the balance of the financing outstanding at the time of disbursement of the loan if such balance is less than or equal to $25,000 for businesses affected by a disaster.

''(b) ELIGIBILITY REQUIREMENT.—To receive a loan guaranteed under subsection (a), the applicant shall also apply for, and meet basic eligibility standards for, a loan under subsection (b) or (c) of section 7.

''(c) USE OF PROCEEDS.—A person who receives a loan under subsection (b) or (c) of section 7 shall use the proceeds of that loan to repay all loans guaranteed under

subsection (a), if any, before using the proceeds for any other purpose.

"(d) LOAN TERMS.—

"(1) NO PREPAYMENT PENALTY.—There shall be no prepayment penalty on a loan guaranteed under subsection (a).

"(2) REPAYMENT.—A person who receives a loan guaranteed under subsection (a) and who is disapproved for a loan under subsection (b) or (c) of section 7, as the case may be, shall repay the loan guaranteed under subsection (a) not later than the date established by the Administrator, which may not be earlier than 10 years after the date on which the loan guaranteed under subsection is disbursed.

"(e) APPROVAL OR DISAPPROVAL.—The Administrator shall ensure that each applicant for a loan under the program receives a decision approving or disapproving of the application within 36 hours after the Administration receives the application.".

SEC. 12085. EXPEDITED DISASTER ASSISTANCE LOAN PROGRAM.

(a) DEFINITION.—In this section, the term "program" means the expedited disaster assistance business loan program established under subsection (b).

(b) CREATION OF PROGRAM.—The Administrator shall take such administrative action as is necessary to establish and implement an expedited disaster assistance business loan program under which the Administration may, on an expedited basis, guarantee timely payment of principal and interest, as scheduled on any loan made to an eligible small business concern under paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as added by this Act.

(c) CONSULTATION REQUIRED.—In establishing the program, the Administrator shall consult with—

(1) appropriate personnel of the Administration (including District Office personnel of the Administration);

(2) appropriate technical assistance providers (including small business development centers);

(3) appropriate lenders and credit unions;

(4) the Committee on Small Business and Entrepreneurship of the Senate; and

(5) the Committee on Small Business of the House of Representatives.

(d) RULES.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Administrator shall issue rules in final form establishing and imple-

1 menting the program in accordance with this sec-
2 tion. Such rules shall apply as provided for in this
3 section, beginning 90 days after their issuance in
4 final form.

5 (2) CONTENTS.—The rules promulgated under
6 paragraph (1) shall—

7 (A) identify whether appropriate uses of
8 funds under the program may include—

9 (i) paying employees;

10 (ii) paying bills and other financial
11 obligations;

12 (iii) making repairs;

13 (iv) purchasing inventory;

14 (v) restarting or operating a small
15 business concern in the community in
16 which it was conducting operations prior to
17 the applicable major disaster, or to a
18 neighboring area, county, or parish in the
19 disaster area; or

20 (vi) covering additional costs until the
21 small business concern is able to obtain
22 funding through insurance claims, Federal
23 assistance programs, or other sources; and

(B) set the terms and conditions of any loan made under the program, subject to paragraph (3).

(3) TERMS AND CONDITIONS.—A loan guaranteed by the Administration under this section—

(A) shall be for not more than $150,000;

(B) shall be a short-term loan, not to exceed 180 days, except that the Administrator may extend such term as the Administrator determines necessary or appropriate on a case-by-case basis;

(C) shall have an interest rate not to exceed 300 basis points above the interest rate established by the Board of Governors of the Federal Reserve System that 1 bank charges another for reserves that are lent on an overnight basis on the date the loan is made;

(D) shall have no prepayment penalty;

(E) may only be made to a borrower that meets the requirements for a loan under section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act;

(F) may be refinanced as part of any subsequent disaster assistance provided under sec-

tion 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act;

(G) may receive expedited loss verification and loan processing, if the applicant is—

(i) a major source of employment in the disaster area (which shall be determined in the same manner as under section 7(b)(3)(B) of the Small Business Act (15 U.S.C. 636(b)(3)(B))); or

(ii) vital to recovery efforts in the region (including providing debris removal services, manufactured housing, or building materials); and

(H) shall be subject to such additional terms as the Administrator determines necessary or appropriate.

(e) REPORT TO CONGRESS.—Not later than 5 months after the date of enactment of this Act, the Administrator shall report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives on the progress of the Administrator in establishing the program.

(f) AUTHORIZATION.—There are authorized to be appropriated to the Administrator such sums as are necessary to carry out this section.

SEC. 12086. GULF COAST DISASTER LOAN REFINANCING PROGRAM.

(a) IN GENERAL.—The Administrator may carry out a program to refinance Gulf Coast disaster loans (in this section referred to as the ''program'').

(b) TERMS.—The terms of a Gulf Coast disaster loan refinanced under the program shall be identical to the terms of the original loan, except that the Administrator may provide an option to defer repayment on the loan. A deferment under the program shall end not later than 4 years after the date on which the initial disbursement under the original loan was made.

(c) AMOUNT.—The amount of a Gulf Coast disaster loan refinanced under the program shall not exceed the amount of the original loan.

(d) DISCLOSURE OF ACCRUED INTEREST.—If the Administrator provides an option to defer repayment under the program, the Administrator shall disclose the accrued interest that must be paid under the option.

(e) DEFINITION.—In this section, the term ''Gulf Coast disaster loan'' means a loan—

(1) made under section 7(b) of the Small Business Act (15 U.S.C. 636(b));

(2) in response to Hurricane Katrina of 2005, Hurricane Rita of 2005, or Hurricane Wilma of 2005; and

(3) to a small business concern located in a county or parish designated by the Administrator as a disaster area by reason of a hurricane described in paragraph (2) under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223.

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

PART III—MISCELLANEOUS

SEC. 12091. REPORTS ON DISASTER ASSISTANCE.

(a) MONTHLY ACCOUNTING REPORT TO CONGRESS.—

(1) REPORTING REQUIREMENTS.—Not later than the fifth business day of each month during the applicable period for a major disaster, the Administrator shall submit to the Committee on Small Business and Entrepreneurship and the Committee on Appropriations of the Senate and to the Committee on Small Business and the Committee on Appropria-

tions of the House of Representatives a report on the operation of the disaster loan program authorized under section 7 of the Small Business Act (15 U.S.C. 636) for that major disaster during the preceding month.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) the daily average lending volume, in number of loans and dollars, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(B) the weekly average lending volume, in number of loans and dollars, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(C) the amount of funding spent over the month for loans, both in appropriations and program level, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(D) the amount of funding available for loans, both in appropriations and program level, and the percent by which each category has increased or decreased since the previous report

under paragraph (1), noting the source of any additional funding;

(E) an estimate of how long the available funding for such loans will last, based on the spending rate;

(F) the amount of funding spent over the month for staff, along with the number of staff, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(G) the amount of funding spent over the month for administrative costs, and the percent by which such spending has increased or decreased since the previous report under paragraph (1);

(H) the amount of funding available for salaries and expenses combined, and the percent by which such funding has increased or decreased since the previous report under paragraph (1), noting the source of any additional funding; and

(I) an estimate of how long the available funding for salaries and expenses will last, based on the spending rate.

(b) WEEKLY DISASTER UPDATES TO CONGRESS FOR PRESIDENTIALLY DECLARED DISASTERS.—

(1) IN GENERAL.—Each week during a disaster update period, the Administration shall submit to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives a report on the operation of the disaster loan program of the Administration for the area in which the President declared a major disaster.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) the number of Administration staff performing loan processing, field inspection, and other duties for the declared disaster, and the allocations of such staff in the disaster field offices, disaster recovery centers, workshops, and other Administration offices nationwide;

(B) the daily number of applications received from applicants in the relevant area, as well as a breakdown of such figures by State;

(C) the daily number of applications pending application entry from applicants in the relevant area, as well as a breakdown of such figures by State;

(D) the daily number of applications withdrawn by applicants in the relevant area, as well as a breakdown of such figures by State;

(E) the daily number of applications summarily declined by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(F) the daily number of applications declined by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(G) the daily number of applications in process from applicants in the relevant area, as well as a breakdown of such figures by State;

(H) the daily number of applications approved by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(I) the daily dollar amount of applications approved by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(J) the daily amount of loans dispersed, both partially and fully, by the Administration

to applicants in the relevant area, as well as a breakdown of such figures by State;

(K) the daily dollar amount of loans disbursed, both partially and fully, from the relevant area, as well as a breakdown of such figures by State;

(L) the number of applications approved, including dollar amount approved, as well as applications partially and fully disbursed, including dollar amounts, since the last report under paragraph (1); and

(M) the declaration date, physical damage closing date, economic injury closing date, and number of counties included in the declaration of a major disaster.

(c) PERIODS WHEN ADDITIONAL DISASTER ASSISTANCE IS MADE AVAILABLE.—

(1) IN GENERAL.—During any period for which the Administrator declares eligibility for additional disaster assistance under paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 632(b)), as amended by this Act, the Administrator shall, on a monthly basis, submit to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of

Representatives a report on the disaster assistance operations of the Administration with respect to the applicable major disaster.

(2) CONTENTS.—Each report submitted under paragraph (1) shall specify—

(A) the number of applications for disaster assistance distributed;

(B) the number of applications for disaster assistance received;

(C) the average time for the Administration to approve or disapprove an application for disaster assistance;

(D) the amount of disaster loans approved;

(E) the average time for initial disbursement of disaster loan proceeds; and

(F) the amount of disaster loan proceeds disbursed.

(d) NOTICE OF THE NEED FOR SUPPLEMENTAL FUNDS.—On the same date that the Administrator notifies any committee of the Senate or the House of Representatives that supplemental funding is necessary for the disaster loan program of the Administration in any fiscal year, the Administrator shall notify in writing the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the

House of Representatives regarding the need for supplemental funds for that loan program.

(e) REPORT ON CONTRACTING.—

(1) IN GENERAL.—Not later than 6 months after the date on which the President declares a major disaster, and every 6 months thereafter until the date that is 18 months after the date on which the major disaster was declared, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives regarding Federal contracts awarded as a result of that major disaster.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) the total number of contracts awarded as a result of that major disaster;

(B) the total number of contracts awarded to small business concerns as a result of that major disaster;

(C) the total number of contracts awarded to women and minority-owned businesses as a result of that major disaster; and

(D) the total number of contracts awarded to local businesses as a result of that major disaster.

(f) REPORT ON LOAN APPROVAL RATE.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives detailing how the Administration can improve the processing of applications under the disaster loan program of the Administration.

(2) CONTENTS.—The report submitted under paragraph (1) shall include—

(A) recommendations, if any, regarding—

(i) staffing levels during a major disaster;

(ii) how to improve the process for processing, approving, and disbursing loans under the disaster loan program of the Administration, to ensure that the maximum assistance is provided to victims in a timely manner;

(iii) the viability of using alternative methods for assessing the ability of an ap-

plicant to repay a loan, including the credit score of the applicant on the day before the date on which the disaster for which the applicant is seeking assistance was declared;

(iv) methods, if any, for the Administration to expedite loss verification and loan processing of disaster loans during a major disaster for businesses affected by, and located in the area for which the President declared, the major disaster that are a major source of employment in the area or are vital to recovery efforts in the region (including providing debris removal services, manufactured housing, or building materials);

(v) legislative changes, if any, needed to implement findings from the Accelerated Disaster Response Initiative of the Administration; and

(vi) a description of how the Administration plans to integrate and coordinate the response to a major disaster with the technical assistance programs of the Administration; and

(B) the plans of the Administrator for implementing any recommendation made under subparagraph (A).

(g) REPORTS ON DISASTER ASSISTANCE.—The Small Business Act is amended by inserting after section 42, as added by this Act, the following:

"SEC. 43. ANNUAL REPORTS ON DISASTER ASSISTANCE.

''Not later than 45 days after the end of a fiscal year, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report on the disaster assistance operations of the Administration for that fiscal year. The report shall—

''(1) specify the number of Administration personnel involved in such operations;

''(2) describe any material changes to those operations, such as changes to technologies used or to personnel responsibilities;

''(3) describe and assess the effectiveness of the Administration in responding to disasters during that fiscal year, including a description of the number and amounts of loans made for damage and for economic injury; and

"(4) describe the plans of the Administration for preparing to respond to disasters during the next fiscal year.".

TITLE XIII—COMMODITY FUTURES

SEC. 13001. SHORT TITLE.

This title may be cited as the "CFTC Reauthorization Act of 2008".

Subtitle A—General Provisions

SEC. 13101. COMMISSION AUTHORITY OVER AGREEMENTS, CONTRACTS OR TRANSACTIONS IN FOREIGN CURRENCY.

(a) IN GENERAL.—Section 2(c)(2) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)) is amended by striking subparagraphs (B) and (C) and inserting the following:

"(B) AGREEMENTS, CONTRACTS, AND TRANSACTIONS IN RETAIL FOREIGN CURRENCY.—

"(i) This Act applies to, and the Commission shall have jurisdiction over, an agreement, contract, or transaction in foreign currency that—

"(I) is a contract of sale of a commodity for future delivery (or an option on such a contract) or an op-

tion (other than an option executed or traded on a national securities exchange registered pursuant to section 6(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78f(a))); and

"(II) is offered to, or entered into with, a person that is not an eligible contract participant, unless the counterparty, or the person offering to be the counterparty, of the person is—

"(aa) a financial institution;

"(bb)(AA) a broker or dealer registered under section 15(b) (except paragraph (11) thereof) or 15C of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b), 78o–5); or

"(BB) an associated person of a broker or dealer registered under section 15(b) (except paragraph (11) thereof) or 15C of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b), 78o–5) concerning the financial or securities

activities of which the broker or dealer makes and keeps records under section 15C(b) or 17(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–5(b), 78q(h));

"(cc)(AA) a futures commission merchant that is primarily or substantially engaged in the business activities described in section 1a(20) of this Act, is registered under this Act, is not a person described in item (bb) of this subclause, and maintains adjusted net capital equal to or in excess of the dollar amount that applies for purposes of clause (ii) of this subparagraph; or

"(BB) an affiliated person of a futures commission merchant that is primarily or substantially engaged in the business activities described in section 1a(20) of this Act, is registered under this Act, and is not a per-

son described in item (bb) of this subclause, if the affiliated person maintains adjusted net capital equal to or in excess of the dollar amount that applies for purposes of clause (ii) of this subparagraph and is not a person described in such item (bb), and the futures commission merchant makes and keeps records under section 4f(c)(2)(B) of this Act concerning the futures and other financial activities of the affiliated person;

''(dd) an insurance company described in section 1a(12)(A)(ii) of this Act, or a regulated subsidiary or affiliate of such an insurance company;

''(ee) a financial holding company (as defined in section 2 of the Bank Holding Company Act of 1956);

''(ff) an investment bank holding company (as defined in

section 17(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(i))); or

"(gg) a retail foreign exchange dealer that maintains adjusted net capital equal to or in excess of the dollar amount that applies for purposes of clause (ii) of this subparagraph and is registered in such capacity with the Commission, subject to such terms and conditions as the Commission shall prescribe, and is a member of a futures association registered under section 17.

"(ii) The dollar amount that applies for purposes of this clause is—

"(I) $10,000,000, beginning 120 days after the date of the enactment of this clause;

"(II) $15,000,000, beginning 240 days after such date of enactment; and

"(III) $20,000,000, beginning 360 days after such date of enactment.

"(iii) Notwithstanding items (cc) and (gg) of clause (i)(II) of this subparagraph, agreements, contracts, or transactions described in clause (i) of this subparagraph shall be subject to subsection (a)(1)(B) of this section and sections 4(b), 4b, 4c(b), 4o, 6(c) and 6(d) (except to the extent that sections 6(c) and 6(d) prohibit manipulation of the market price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any market), 6c, 6d, 8(a), 13(a), and 13(b) if the agreements, contracts, or transactions are offered, or entered into, by a person that is registered as a futures commission merchant or retail foreign exchange dealer, or an affiliated person of a futures commission merchant registered under this Act that is not also a person described in any of item (aa), (bb), (dd), (ee), or (ff) of clause (i)(II) of this subparagraph.

"(iv)(I) Notwithstanding items (cc) and (gg) of clause (i)(II), a person, unless registered in such capacity as the Commission by rule, regulation, or order shall determine and a member of a futures association registered under section 17, shall not—

"(aa) solicit or accept orders from any person that is not an eligible contract participant in connection with agreements, contracts, or transactions described in clause (i) entered into with or to be entered into with a person who is not described in item (aa), (bb), (dd), (ee), or (ff) of clause (i)(II);

"(bb) exercise discretionary trading authority or obtain written authorization to exercise discretionary trading authority over any account for or on behalf of any person that is not an eligible contract participant in connection with agreements, contracts, or transactions described in clause (i) entered into with or to be entered into

with a person who is not described in item (aa), (bb), (dd), (ee), or (ff) of clause (i)(II); or

''(cc) operate or solicit funds, securities, or property for any pooled investment vehicle that is not an eligible contract participant in connection with agreements, contracts, or transactions described in clause (i) entered into with or to be entered into with a person who is not described in item (aa), (bb), (dd), (ee), or (ff) of clause (i)(II).

''(II) Subclause (I) of this clause shall not apply to—

''(aa) any person described in any of item (aa), (bb), (dd), (ee), or (ff) of clause (i)(II);

''(bb) any such person's associated persons; or

''(cc) any person who would be exempt from registration if engaging in the same activities in connection with transactions conducted on or subject to the rules of a contract mar-

ket or a derivatives transaction execution facility.

"(III) Notwithstanding items (cc) and (gg) of clause (i)(II), the Commission may make, promulgate, and enforce such rules and regulations as, in the judgment of the Commission, are reasonably necessary to effectuate any of the provisions of, or to accomplish any of the purposes of, this Act in connection with the activities of persons subject to subclause (I).

"(IV) Subclause (III) of this clause shall not apply to—

"(aa) any person described in any of item (aa) through (ff) of clause (i)(II);

"(bb) any such person's associated persons; or

"(cc) any person who would be exempt from registration if engaging in the same activities in connection with transactions conducted on or subject to the rules of a contract market or a derivatives transaction execution facility.

"(v) Notwithstanding items (cc) and (gg) of clause (i)(II), the Commission may make, promulgate, and enforce such rules and regulations as, in the judgment of the Commission, are reasonably necessary to effectuate any of the provisions of, or to accomplish any of the purposes of, this Act in connection with agreements, contracts, or transactions described in clause (i) which are offered, or entered into, by a person described in item (cc) or (gg) of clause (i)(II).

"(C)(i)(I) This subparagraph shall apply to any agreement, contract, or transaction in foreign currency that is—

"(aa) offered to, or entered into with, a person that is not an eligible contract participant (except that this subparagraph shall not apply if the counterparty, or the person offering to be the counterparty, of the person that is not an eligible contract participant is a person described in any of item (aa), (bb), (dd), (ee), or (ff) of subparagraph (B)(i)(II)); and

"(bb) offered, or entered into, on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis.

"(II) Subclause (I) of this clause shall not apply to—

"(aa) a security that is not a security futures product; or

"(bb) a contract of sale that—

"(AA) results in actual delivery within 2 days; or

"(BB) creates an enforceable obligation to deliver between a seller and buyer that have the ability to deliver and accept delivery, respectively, in connection with their line of business.

"(ii)(I) Agreements, contracts, or transactions described in clause (i) of this subparagraph shall be subject to subsection (a)(1)(B) of this section and sections 4(b), 4b, 4c(b), 4o, 6(c) and 6(d) (except to the extent that sections 6(c) and 6(d) prohibit manipulation of the market price of any commodity in interstate com-

merce, or for future delivery on or subject to the rules of any market), 6c, 6d, 8(a), 13(a), and 13(b).

"(II) Subclause (I) of this clause shall not apply to—

"(aa) any person described in any of item (aa), (bb), (dd), (ee), or (ff) of subparagraph (B)(i)(II); or

"(bb) any such person's associated persons.

"(III) The Commission may make, promulgate, and enforce such rules and regulations as, in the judgment of the Commission, are reasonably necessary to effectuate any of the provisions of or to accomplish any of the purposes of this Act in connection with agreements, contracts, or transactions described in clause (i) of this subparagraph if the agreements, contracts, or transactions are offered, or entered into, by a person that is not described in item (aa) through (ff) of subparagraph (B)(i)(II).

"(iii)(I) A person, unless registered in such capacity as the Commission by rule, regulation, or order shall determine and a member of a fu-

tures association registered under section 17, shall not—

"(aa) solicit or accept orders from any person that is not an eligible contract participant in connection with agreements, contracts, or transactions described in clause (i) of this subparagraph entered into with or to be entered into with a person who is not described in item (aa), (bb), (dd), (ee), or (ff) of subparagraph (B)(i)(II);

"(bb) exercise discretionary trading authority or obtain written authorization to exercise written trading authority over any account for or on behalf of any person that is not an eligible contract participant in connection with agreements, contracts, or transactions described in clause (i) of this subparagraph entered into with or to be entered into with a person who is not described in item (aa), (bb), (dd), (ee), or (ff) of subparagraph (B)(i)(II); or

"(cc) operate or solicit funds, securities, or property for any pooled investment vehicle that is not an eligible contract par-

1 ticipant in connection with agreements,
2 contracts, or transactions described in
3 clause (i) of this subparagraph entered
4 into with or to be entered into with a per-
5 son who is not described in item (aa), (bb),
6 (dd), (ee), or (ff) of subparagraph
7 (B)(i)(II).
8 ''(II) Subclause (I) of this clause shall not
9 apply to—
10 ''(aa) any person described in item
11 (aa), (bb), (dd), (ee), or (ff) of subpara-
12 graph (B)(i)(II);
13 ''(bb) any such person's associated
14 persons; or
15 ''(cc) any person who would be ex-
16 empt from registration if engaging in the
17 same activities in connection with trans-
18 actions conducted on or subject to the
19 rules of a contract market or a derivatives
20 transaction execution facility.
21 ''(III) The Commission may make, promul-
22 gate, and enforce such rules and regulations as,
23 in the judgment of the Commission, are reason-
24 ably necessary to effectuate any of the provi-
25 sions of, or to accomplish any of the purposes

of, this Act in connection with the activities of persons subject to subclause (I).

"(IV) Subclause (III) of this clause shall not apply to—

"(aa) any person described in item (aa) through (ff) of subparagraph (B)(i)(II);

"(bb) any such person's associated persons; or

"(cc) any person who would be exempt from registration if engaging in the same activities in connection with transactions conducted on or subject to the rules of a contract market or a derivatives transaction execution facility.

"(iv) Sections 4(b) and 4b shall apply to any agreement, contract, or transaction described in clause (i) of this subparagraph as if the agreement, contract, or transaction were a contract of sale of a commodity for future delivery.

"(v) This subparagraph shall not be construed to limit any jurisdiction that the Commission may otherwise have under any other provision of this Act over an agreement, con-

tract, or transaction that is a contract of sale of a commodity for future delivery.

"(vi) This subparagraph shall not be construed to limit any jurisdiction that the Commission or the Securities and Exchange Commission may otherwise have under any other provision of this Act with respect to security futures products and persons effecting transactions in security futures products.".

(b) EFFECTIVE DATE.—The following provisions of the Commodity Exchange Act, as amended by subsection (a) of this section, shall be effective 120 days after the date of the enactment of this Act or at such other time as the Commodity Futures Trading Commission shall determine:

(1) Subparagraphs (B)(i)(II)(gg), (B)(iv), and (C)(iii) of section 2(c)(2).

(2) The provisions of section 2(c)(2)(B)(i)(II)(cc) that set forth adjusted net capital requirements, and the provisions of such section that require a futures commission merchant to be primarily or substantially engaged in certain business activities.

SEC. 13102. ANTI-FRAUD AUTHORITY OVER PRINCIPAL-TO-PRINCIPAL TRANSACTIONS.

Section 4b of the Commodity Exchange Act (7 U.S.C. Section 6b) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by striking all through the end of subsection (a) and inserting the following:

"SEC. 4b. CONTRACTS DESIGNED TO DEFRAUD OR MISLEAD.

"(a) UNLAWFUL ACTIONS.—It shall be unlawful—

"(1) for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person; or

"(2) for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, or other agreement, contract, or transaction subject to paragraphs (1) and (2) of section 5a(g), that is made, or to be made, for or on behalf of, or with, any other person, other than on or subject to the rules of a designated contract market—

"(A) to cheat or defraud or attempt to cheat or defraud the other person;

"(B) willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record;

"(C) willfully to deceive or attempt to deceive the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for or, in the case of paragraph (2), with the other person; or

"(D)(i) to bucket an order if the order is either represented by the person as an order to be executed, or is required to be executed, on or subject to the rules of a designated contract market; or

"(ii) to fill an order by offset against the order or orders of any other person, or willfully and knowingly and without the prior consent of the other person to become the buyer in respect to any selling order of the other person, or become the seller in respect to any buying order

of the other person, if the order is either represented by the person as an order to be executed, or is required to be executed, on or subject to the rules of a designated contract market unless the order is executed in accordance with the rules of the designated contract market.

''(b) CLARIFICATION.—Subsection (a)(2) of this section shall not obligate any person, in or in connection with a transaction in a contract of sale of a commodity for future delivery, or other agreement, contract or transaction subject to paragraphs (1) and (2) of section 5a(g), with another person, to disclose to the other person nonpublic information that may be material to the market price, rate, or level of the commodity or transaction, except as necessary to make any statement made to the other person in or in connection with the transaction not misleading in any material respect.''.

SEC. 13103. CRIMINAL AND CIVIL PENALTIES.

(a) ENFORCEMENT POWERS OF THE COMMISSION.—Section 6(c) of the Commodity Exchange Act (7 U.S.C. 9, 15) is amended in clause (3) of the 10th sentence—

(1) by inserting ''(A)'' after ''assess such person''; and

(2) by inserting after ''each such violation'' the following: '', or (B) in any case of manipulation or attempted manipulation in violation of this subsection, subsection (d) of this section, or section 9(a)(2), a civil penalty of not more than the greater of $1,000,000 or triple the monetary gain to the person for each such violation,''.

(b) NONENFORCEMENT OF RULES OF GOVERNMENT OR OTHER VIOLATIONS.—Section 6b of such Act (7 U.S.C. 13a) is amended—

(1) in the first sentence, by inserting before the period at the end the following: '', or, in any case of manipulation or attempted manipulation in violation of section 6(c), 6(d), or 9(a)(2), a civil penalty of not more than $1,000,000 for each such violation''; and

(2) in the second sentence, by inserting before the period at the end the following: '', except that if the failure or refusal to obey or comply with the order involved any offense under section 9(a)(2), the registered entity, director, officer, agent, or employee shall be guilty of a felony and, on conviction, shall be subject to penalties under section 9(a)(2)''.

(c) ACTION TO ENJOIN OR RESTRAIN VIOLATIONS.—Section 6c(d) of such Act (7 U.S.C. 13a–1(d)) is amended

by striking all that precedes paragraph (2) and inserting the following:

"(d) CIVIL PENALTIES.—

"(1) IN GENERAL.—In any action brought under this section, the Commission may seek and the court shall have jurisdiction to impose, on a proper showing, on any person found in the action to have committed any violation—

"(A) a civil penalty in the amount of not more than the greater of $100,000 or triple the monetary gain to the person for each violation; or

"(B) in any case of manipulation or attempted manipulation in violation of section 6(c), 6(d), or 9(a)(2), a civil penalty in the amount of not more than the greater of $1,000,000 or triple the monetary gain to the person for each violation.".

(d) VIOLATIONS GENERALLY.—Section 9(a) of such Act (7 U.S.C. 13(a)) is amended in the matter preceding paragraph (1)—

(1) by striking "(or $500,000 in the case of a person who is an individual)"; and

(2) by striking "five years" and inserting "10 years".

SEC. 13104. AUTHORIZATION OF APPROPRIATIONS.

Section 12(d) of the Commodity Exchange Act (7 U.S.C. 16(d)) is amended to read as follows:

''(d) There are authorized to be appropriated such sums as are necessary to carry out this Act for each of the fiscal years 2008 through 2013.''.

SEC. 13105. TECHNICAL AND CONFORMING AMENDMENTS.

(a) Section 4a(e) of the Commodity Exchange Act (7 U.S.C. 6a(e)) is amended—

(1) by inserting ''or certified by a registered entity pursuant to section 5c(c)(1)'' after ''approved by the Commission'' ; and

(2) by striking ''section 9(c)'' and inserting ''section 9(a)(5)''.

(b) Section 4f(c)(4)(B)(i) of such Act (7 U.S.C. 6f(c)(4)(B)(i)) is amended by striking ''compiled'' and inserting ''complied''.

(c) Section 4k of such Act (7 U.S.C. 6k) is amended by redesignating the second paragraph (5) as paragraph (6).

(d) The Commodity Exchange Act is amended—

(1) by redesignating the first section 4p (7 U.S.C. 6o–1), as added by section 121 of the Commodity Futures Modernization Act of 2000, as section 4q; and

(2) by moving such section to after the second section 4p, as added by section 206 of Public Law 93–446.

(e) Subsections (a)(1) and (d)(1) of section 5c of such Act (7 U.S.C. 7a–2(a)(1), (d)(1)) are each amended by striking ''5b(d)(2)'' and inserting ''5b(c)(2)''.

(f) Sections 5c(f) and 17(r) of such Act (7 U.S.C. 7a–2(f), 21(r)) are each amended by striking ''4d(3)'' and inserting ''4d(c)''.

(g) Section 8(a)(1) of such Act (7 U.S.C. 12(a)(1)) is amended in the matter following subparagraph (B)—

(1) by striking ''commenced'' in the 2nd place it appears; and

(2) by inserting ''commenced'' after ''in a judicial proceeding''.

(h) Section 9 of such Act (7 U.S.C. 13) is amended—

(1) in subsection (f)(1), by striking the period and inserting ''; or''; and

(2) by redesignating subsection (f) as subsection (e).

(i) Section 22(a)(2) of such Act (7 U.S.C. 25(a)(2)) is amended by striking ''5b(b)(1)(E)'' and inserting ''5b(c)(2)(H)''.

(j) Section 1a(33)(A) of such Act (7 U.S.C. 1a(33)(A)) is amended by striking ''transactions'' and all that follows and inserting ''transactions—

''(i) by accepting bids or offers made by other participants that are open to multiple partipants in the facility or system; or

''(ii) through the interaction of multiple bids or multiple offers within a system with a pre-determined non-discretionary automated trade matching and execution algorithm.''.

(k) Section 14(d) of such Act (7 U.S.C. 18(d)) is amended—

(1) by inserting ''(1)'' before ''If''; and

(2) by adding after and below the end the following:

''(2) A reparation award shall be directly enforceable in district court as if it were a judgment pursuant to section 1963 of title 28, United States Code. This paragraph shall operate retroactively from the effective date of its enactment, and shall apply to all reparation awards for which a proceeding described in paragraph (1) is commenced within 3 years of the date of the Commission's order.''.

SEC. 13106. PORTFOLIO MARGINING AND SECURITY INDEX ISSUES.

(a) The Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Securities and Exchange Commission, and the Chairman of the Commodity Futures Trading Commission shall work to ensure that the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), or both, as appropriate, have taken the actions required under subsection (b).

(b) The SEC, the CFTC, or both, as appropriate, shall take action under their existing authorities to permit—

(1) by September 30, 2009, risk-based portfolio margining for security options and security futures products (as defined in section 1a(32) of the Commodity Exchange Act); and

(2) by June 30, 2009, the trading of futures on certain security indexes by resolving issues related to foreign security indexes.

Subtitle B—Significant Price Discovery Contracts on Exempt Commercial Markets

SEC. 13201. SIGNIFICANT PRICE DISCOVERY CONTRACTS.

(a) DEFINITIONS.—Section la of the Commodity Exchange Act (7 U.S.C. la) is amended—

(1) by redesignating paragraph (33) as paragraph (34); and

(2) by inserting after paragraph (32) the following:

"(33) SIGNIFICANT PRICE DISCOVERY CONTRACT.—The term 'significant price discovery contract' means an agreement, contract, or transaction subject to section 2(h)(7).".

(b) STANDARDS APPLICABLE TO SIGNIFICANT PRICE DISCOVERY CONTRACTS.—Section 2(h) of such Act (7 U.S.C. 2(h)) is amended by adding at the end the following:

"(7) SIGNIFICANT PRICE DISCOVERY CONTRACTS.—

"(A) IN GENERAL.—An agreement, contract, or transaction conducted in reliance on the exemption in paragraph (3) shall be subject to the provisions of subparagraphs (B) through (D), under such rules and regulations as the

1 Commission shall promulgate, provided that the
2 Commission determines, in its discretion, that
3 the agreement, contract, or transaction per-
4 forms a significant price discovery function as
5 described in subparagraph (B).

6 "(B) SIGNIFICANT PRICE DISCOVERY DE-
7 TERMINATION.—In making a determination
8 whether an agreement, contract, or transaction
9 performs a significant price discovery function,
10 the Commission shall consider, as appropriate:

11 "(i) PRICE LINKAGE.—The extent to
12 which the agreement, contract, or trans-
13 action uses or otherwise relies on a daily or
14 final settlement price, or other major price
15 parameter, of a contract or contracts listed
16 for trading on or subject to the rules of a
17 designated contract market or a derivatives
18 transaction execution facility, or a signifi-
19 cant price discovery contract traded on an
20 electronic trading facility, to value a posi-
21 tion, transfer or convert a position, cash or
22 financially settle a position, or close out a
23 position.

24 "(ii) ARBITRAGE.—The extent to
25 which the price for the agreement, con-

tract, or transaction is sufficiently related to the price of a contract or contracts listed for trading on or subject to the rules of a designated contract market or derivatives transaction execution facility, or a significant price discovery contract or contracts trading on or subject to the rules of an electronic trading facility, so as to permit market participants to effectively arbitrage between the markets by simultaneously maintaining positions or executing trades in the contracts on a frequent and recurring basis.

''(iii) MATERIAL PRICE REFERENCE.—The extent to which, on a frequent and recurring basis, bids, offers, or transactions in a commodity are directly based on, or are determined by referencing, the prices generated by agreements, contracts, or transactions being traded or executed on the electronic trading facility.

''(iv) MATERIAL LIQUIDITY.—The extent to which the volume of agreements, contracts, or transactions in the com-

modity being traded on the electronic trading facility is sufficient to have a material effect on other agreements, contracts, or transactions listed for trading on or subject to the rules of a designated contract market, a derivatives transaction execution facility, or an electronic trading facility operating in reliance on the exemption in paragraph (3).

"(v) OTHER MATERIAL FACTORS.—Such other material factors as the Commission specifies by rule as relevant to determine whether an agreement, contract, or transaction serves a significant price discovery function.

"(C) CORE PRINCIPLES APPLICABLE TO SIGNIFICANT PRICE DISCOVERY CONTRACTS.—

"(i) IN GENERAL.—An electronic trading facility on which significant price discovery contracts are traded or executed shall, with respect to those contracts, comply with the core principles specified in this subparagraph.

"(ii) CORE PRINCIPLES.—The electronic trading facility shall have reasonable

discretion (including discretion to account for differences between cleared and uncleared significant price discovery contracts) in establishing the manner in which it complies with the following core principles:

"(I) CONTRACTS NOT READILY SUSCEPTIBLE TO MANIPULATION.—The electronic trading facility shall list only significant price discovery contracts that are not readily susceptible to manipulation.

"(II) MONITORING OF TRADING.—The electronic trading facility shall monitor trading in significant price discovery contracts to prevent market manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.

"(III) ABILITY TO OBTAIN INFORMATION.—The electronic trading facility shall—

"(aa) establish and enforce rules that will allow the electronic trading facility to obtain any necessary information to perform any of the functions described in this subparagraph;

"(bb) provide the information to the Commission upon request; and

"(cc) have the capacity to carry out such international information-sharing agreements as the Commission may require.

"(IV) POSITION LIMITATIONS OR ACCOUNTABILITY.—The electronic trading facility shall adopt, where necessary and appropriate, position limitations or position accountability for speculators in significant price discovery contracts, taking into account positions in other agreements, contracts, and transactions that are

1 treated by a derivatives clearing orga-
2 nization, whether registered or not
3 registered, as fungible with such sig-
4 nificant price discovery contracts to
5 reduce the potential threat of market
6 manipulation or congestion, especially
7 during trading in the delivery month.
8 "(V) EMERGENCY AUTHORITY.—
9 The electronic trading facility shall
10 adopt rules to provide for the exercise
11 of emergency authority, in consulta-
12 tion or cooperation with the Commis-
13 sion, where necessary and appro-
14 priate, including the authority—
15 "(aa) to liquidate open posi-
16 tions in a significant price dis-
17 covery contract; and
18 "(bb) to suspend or curtail
19 trading in a significant price dis-
20 covery contract.
21 "(VI) DAILY PUBLICATION OF
22 TRADING INFORMATION.—The elec-
23 tronic trading facility shall make pub-
24 lic daily information on price, trading
25 volume, and other trading data to the

extent appropriate for significant price discovery contracts

"(VII) COMPLIANCE WITH RULES.—The electronic trading facility shall monitor and enforce compliance with any rules of the electronic trading facility applicable to significant price discovery contracts, including the terms and conditions of the contracts and any limitations on access to the electronic trading facility with respect to the contracts.

"(VIII) CONFLICT OF INTEREST.—The electronic trading facility, with respect to significant price discovery contracts, shall—

"(aa) establish and enforce rules to minimize conflicts of interest in its decision-making process; and

"(bb) establish a process for resolving the conflicts of interest.

"(IX) ANTITRUST CONSIDERATIONS.—Unless necessary or appropriate to achieve the purposes of this

Act, the electronic trading facility, with respect to significant price discovery contracts, shall endeavor to avoid—

"(aa) adopting any rules or taking any actions that result in any unreasonable restraints of trade; or

"(bb) imposing any material anticompetitive burden on trading on the electronic trading facility.

"(D) IMPLEMENTATION.—

"(i) CLEARING.—The Commission shall take into consideration differences between cleared and uncleared significant price discovery contracts when reviewing the implementation of the core principles by an electronic trading facility.

"(ii) REVIEW.—As part of the Commission's continual monitoring and surveillance activities, the Commission shall, not less frequently than annually, evaluate, as appropriate, all the agreements, contracts, or transactions conducted on an electronic

trading facility in reliance on the exemption provided in paragraph (3) to determine whether they serve a significant price discovery function as described in subparagraph (B) of this paragraph.''.

SEC. 13202. LARGE TRADER REPORTING.

(a) REPORTING AND RECORDKEEPING.—Section 4g(a) of the Commodity Exchange Act (7 U.S.C. 6g(a)) is amended by inserting '', and in any significant price discovery contract traded or executed on an electronic trading facility or any agreement, contract, or transaction that is treated by a derivatives clearing organization, whether registered or not registered, as fungible with a significant price discovery contract'' after ''elsewhere''.

(b) REPORTS OF POSITIONS EQUAL TO OR IN EXCESS OF TRADING LIMITS.—Section 4i of such Act (7 U.S.C. 6i) is amended—

(1) by inserting '', or any significant price discovery contract traded or executed on an electronic trading facility or any agreement, contract, or transaction that is treated by a derivatives clearing organization, whether registered or not registered, as fungible with a significant price discovery contract'' after ''subject to the rules of any contract market or derivatives transaction execution facility''; and

(2) in the matter following paragraph (2), by inserting ''or electronic trading facility'' after ''subject to the rules of any other board of trade''.

SEC. 13203. CONFORMING AMENDMENTS.

(a) Section 1a(12)(A)(x) of the Commodity Exchange Act (7 U.S.C. 1a(12)(A)(x)) is amended by inserting ''(other than an electronic trading facility with respect to a significant price discovery contract)'' after ''registered entity''.

(b) Section 1a(29) of such Act (7 U.S.C. 1a(29)) is amended—

(1) in subparagraph (C), by striking ''and'' at the end;

(2) in subparagraph (D), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(E) with respect to a contract that the Commission determines is a significant price discovery contract, any electronic trading facility on which the contract is executed or traded.''.

(c) Section 2(a)(1)(A) of such Act (7 U.S.C. 2(a)(1)(A)) is amended by inserting after ''future delivery'' the following: ''(including significant price discovery contracts)''.

(d) Section 2(h)(3) of such Act (7 U.S.C. 2(h)(3)) is amended by striking ''paragraph (4)'' and inserting ''paragraphs (4) and (7)''.

(e) Section 2(h)(4) of such Act (7 U.S.C. 2(h)(4)) is amended—

(1) in subparagraph (B), by inserting ''and, for a significant price discovery contract, requiring large trader reporting,'' after ''proscribing fraud'';

(2) by striking ''and'' at the end of subparagraph (C); and

(3) by striking subparagraph (D) and inserting the following:

''(D) such rules, regulations, and orders as the Commission may issue to ensure timely compliance with any of the provisions of this Act applicable to a significant price discovery contract traded on or executed on any electronic trading facility; and

''(E) such other provisions of this Act as are applicable by their terms to significant price discovery contracts or to registered entities or electronic trading facilities with respect to significant price discovery contracts.''.

(f) Section 2(h)(5)(B)(iii)(I) of such Act (7 U.S.C. 2(h)(5)(B)(iii)(I)) is amended by inserting ''or to make

the determination described in subparagraph (B) of paragraph (7)'' after ''paragraph (4)''.

(g) Section 4a of such Act (7 U.S.C. 6a) is amended—

(1) in subsection (a)—

(A) in the first sentence, by inserting '', or on electronic trading facilities with respect to a significant price discovery contract'' after ''derivatives transaction execution facilities''; and

(B) in the second sentence, by inserting '', or on an electronic trading facility with respect to a significant price discovery contract,'' after ''derivatives transaction execution facility''; and

(2) in subsection (b)—

(A) in paragraph (1), by inserting ''or electronic trading facility with respect to a significant price discovery contract'' after ''facility or facilities''; and

(B) in paragraph (2), by inserting ''or electronic trading facility with respect to a significant price discovery contract'' after ''derivatives transaction execution facility''; and

(3) in subsection (e)—

(A) in the first sentence—

(i) by inserting ''or by any electronic trading facility'' after ''registered by the Commission'';

(ii) by inserting ''or on an electronic trading facility'' after ''derivatives transaction execution facility'' the second place it appears; and

(iii) by inserting ''or electronic trading facility'' before ''or such board of trade'' each place it appears; and

(B) in the second sentence, by inserting ''or electronic trading facility with respect to a significant price discovery contract'' after ''registered by the Commission''.

(h) Section 5a(d) of such Act (7 U.S.C. 7a(d)(1)) is amended—

(1) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10); and

(2) by inserting after paragraph (3) the following:

''(4) POSITION LIMITATIONS OR ACCOUNTABILITY.—To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, the derivatives transaction execution facility shall adopt position limits or posi-

tion accountability for speculators, where necessary and appropriate for a contract, agreement or transaction with an underlying commodity that has a physically deliverable supply.''.

(i) Section 5c(a) of such Act (7 U.S.C. 7a–2(a)) is amended in paragraph (1) by inserting '', and section 2(h)(7) with respect to significant price discovery contracts,'' after '', and 5b(d)(2)''.

(j) Section 5c(b) of such Act (7 U.S.C. 7a–2(b)) is amended—

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

''(1) IN GENERAL.—A contract market, derivatives transaction execution facility, or electronic trading facility with respect to a significant price discovery contract may comply with any applicable core principle through delegation of any relevant function to a registered futures association or a registered entity that is not an electronic trading facility.'';

(2) in paragraph (2), by striking ''contract market or derivatives transaction execution facility'' and inserting ''contract market, derivatives transaction execution facility, or electronic trading facility''; and

(3) in paragraph (3), by striking ''contract market or derivatives transaction execution facility'' each place it appears and inserting ''contract market, derivatives transaction execution facility, or electronic trading facility''.

(k) Section 5c(d)(1) of such Act (7 U.S.C. 7a–2(d)(1)) is amended by inserting ''or 2(h)(7)(C) with respect to a significant price discovery contract traded or executed on an electronic trading facility,'' after ''5b(d)(2)''.

(l) Section 5e of such Act (7 U.S.C. 7b) is amended by inserting '', or revocation of the right of an electronic trading facility to rely on the exemption set forth in section 2(h)(3) with respect to a significant price discovery contract,'' after ''revocation of designation as a registered entity''.

(m) Section 6(b) of the Commodity Exchange Act (7 U.S.C. 8(b)) is amended by striking the first sentence and all that follows through ''hearing on the record: Provided,'' and inserting the following:

''The Commission is authorized to suspend for a period not to exceed 6 months or to revoke the designation or registration of any contract market or derivatives transaction execution facility, or to revoke the right of an electronic trading facility to rely on the exemption set forth

in section 2(h)(3) with respect to a significant price discovery contract, on a showing that the contract market or derivatives transaction execution facility is not enforcing or has not enforced its rules of government, made a condition of its designation or registration as set forth in sections 5 through 5b or section 5f, or that the contract market or derivatives transaction execution facility or electronic trading facility, or any director, officer, agent, or employee thereof, otherwise is violating or has violated any of the provisions of this Act or any of the rules, regulations, or orders of the Commission thereunder. Such suspension or revocation shall only be made after a notice to the officers of the contract market or derivatives transaction execution facility or electronic trading facility affected and upon a hearing on the record: Provided,''.

(n) Section 22(b)(1) of such Act (7 U.S.C. 25(b)(1)) is amended by inserting ''section 2(h)(7) or'' before ''sections 5''.

SEC. 13204. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in this section, this subtitle shall become effective on the date of enactment of this Act.

(b) SIGNIFICANT PRICE DISCOVERY STANDARDS RULEMAKING.—

(1) The Commodity Futures Trading Commission shall—

(A) not later than 180 days after the date of the enactment of this Act, issue a proposed rule regarding the implementation of section 2(h)(7) of the Commodity Exchange Act; and

(B) not later than 270 days after the date of enactment of this Act, issue a final rule regarding the implementation.

(2) In its rulemaking pursuant to paragraph (1) of this subsection, the Commission shall include the standards, terms, and conditions under which an electronic trading facility will have the responsibility to notify the Commission that an agreement, contract, or transaction conducted in reliance on the exemption provided in section 2(h)(3) of the Commodity Exchange Act may perform a price discovery function.

(c) SIGNIFICANT PRICE DISCOVERY DETERMINATIONS.—With respect to any electronic trading facility operating on the effective date of the final rule issued pursuant to subsection (b)(1), the Commission shall complete a review of the agreements, contracts, and transactions of the facility not later than 180 days after that effective date to determine whether any such agreement, contract,

or transaction performs a significant price discovery function.

TITLE XIV—MISCELLANEOUS

Subtitle A—Socially Disadvantaged Producers and Limited Resource Producers

SEC. 14001. IMPROVED PROGRAM DELIVERY BY DEPARTMENT OF AGRICULTURE ON INDIAN RESERVATIONS.

Section 2501(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(g)(1)) is amended—

(1) in the first sentence—

(A) by striking ''Agricultural Stabilization and Conservation Service, Soil Conservation Service, and Farmers Home Administration offices'' and inserting ''Farm Service Agency and Natural Resources Conservation Service''; and

(B) by inserting ''where there has been a need demonstrated'' after ''include''; and

(2) by striking the second sentence.

SEC. 14002. FORECLOSURE.

(a) IN GENERAL.—Section 331A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981a) is amended:

(1) by inserting "(a)" after "SEC. 331A."; and

(2) by adding at the end the following:

"(b) MORATORIUM.—

"(1) IN GENERAL.—Subject to the other provisions of this subsection, effective beginning on the date of the enactment of this subsection, there shall be in effect a moratorium, with respect to farmer program loans made under subtitle A, B, or C, on all acceleration and foreclosure proceedings instituted by the Department of Agriculture against any farmer or rancher who—

"(A) has pending against the Department a claim of program discrimination that is accepted by the Department as valid; or

"(B) files a claim of program discrimination that is accepted by the Department as valid.

"(2) WAIVER OF INTEREST AND OFFSETS.—During the period of the moratorium, the Secretary shall waive the accrual of interest and offsets on all farmer program loans made under subtitle A, B, or C for which loan acceleration or foreclosure proceedings have been suspended under paragraph (1).

"(3) TERMINATION OF MORATORIUM.—The moratorium shall terminate with respect to a claim

of discrimination by a farmer or rancher on the earlier of—

"(A) the date the Secretary resolves the claim; or

"(B) if the farmer or rancher appeals the decision of the Secretary on the claim to a court of competent jurisdiction, the date that the court renders a final decision on the claim.

"(4) FAILURE TO PREVAIL.—If a farmer or rancher does not prevail on a claim of discrimination described in paragraph (1), the farmer or rancher shall be liable for any interest and offsets that accrued during the period that loan acceleration or foreclosure proceedings have been suspended under paragraph (1).".

(b) FORECLOSURE REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Inspector General of the Department of Agriculture (referred to in this subsection as the "Inspector General") shall determine whether decisions of the Department to implement foreclosure proceedings with respect to farmer program loans made under subtitle A, B, or C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) to socially disadvan-

taged farmers or ranchers during the 5-year period preceding the date of the enactment of this Act were consistent and in conformity with the applicable laws (including regulations) governing loan foreclosures.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Inspector General shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the determination of the Inspector General under paragraph (1).

SEC. 14003. RECEIPT FOR SERVICE OR DENIAL OF SERVICE FROM CERTAIN DEPARTMENT OF AGRICULTURE AGENCIES.

Section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279–1) is amended by adding at the end the following new subsection:

"(e) RECEIPT FOR SERVICE OR DENIAL OF SERVICE.—In any case in which a current or prospective producer or landowner, in person or in writing, requests from the Farm Service Agency, the Natural Resources Conservation Service, or an agency of the Rural Development Mission Area any benefit or service offered by the Department to agricultural producers or landowners and, at the time of the request, also requests a receipt, the Secretary

shall issue, on the date of the request, a receipt to the producer or landowner that contains—

"(1) the date, place, and subject of the request; and

"(2) the action taken, not taken, or recommended to the producer or landowner.".

SEC. 14004. OUTREACH AND TECHNICAL ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.

(a) OUTREACH AND TECHNICAL ASSISTANCE PROGRAM.—

(1) PROGRAM REQUIREMENTS.—Paragraph (2) of section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)) is amended to read as follows:

"(2) REQUIREMENTS.—The outreach and technical assistance program under paragraph (1) shall be used exclusively—

"(A) to enhance coordination of the outreach, technical assistance, and education efforts authorized under agriculture programs; and

"(B) to assist the Secretary in—

"(i) reaching current and prospective socially disadvantaged farmers or ranchers in a linguistically appropriate manner; and

"(ii) improving the participation of those farmers and ranchers in Department programs, as reported under section 2501A.".

(2) GRANTS AND CONTRACTS UNDER PROGRAM.—Section 2501(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)(3)) is amended—

(A) in subparagraph (A), by striking "entity to provide information" and inserting "entity that has demonstrated an ability to carry out the requirements described in paragraph (2) to provide outreach"; and

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

"(D) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, and make publicly available, an annual report that includes a list of the following:

"(i) The recipients of funds made available under the program.

"(ii) The activities undertaken and services provided.

"(iii) The number of current and prospective socially disadvantaged farmers or ranchers served and outcomes of such service.

"(iv) The problems and barriers identified by entities in trying to increase participation by current and prospective socially disadvantaged farmers or ranchers.".

(3) FUNDING AND LIMITATION ON USE OF FUNDS.—Section 2501(a)(4) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)(4)) is amended—

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

"(A) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

"(i) $15,000,000 for fiscal year 2009; and

"(ii) $20,000,000 for each of fiscal years 2010 through 2012.".

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

"(C) LIMITATION ON USE OF FUNDS FOR ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amounts made available under subparagraph (A) for a fiscal year may be used for expenses related to administering the program under this section.".

(b) ELIGIBLE ENTITY DEFINED.—Section 2501(e)(5)(A)(ii) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)(5)(A)(ii)) is amended by striking "work with socially disadvantaged farmers or ranchers during the 2-year period" and inserting "work with, and on behalf of, socially disadvantaged farmers or ranchers during the 3-year period".

SEC. 14005. ACCURATE DOCUMENTATION IN THE CENSUS OF AGRICULTURE AND CERTAIN STUDIES.

Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended by adding at the end the following:

"(h) ACCURATE DOCUMENTATION.—The Secretary shall ensure, to the maximum extent practicable, that the Census of Agriculture and studies carried out by the Economic Research Service accurately document the number,

location, and economic contributions of socially disadvantaged farmers or ranchers in agricultural production.''.

SEC. 14006. TRANSPARENCY AND ACCOUNTABILITY FOR SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.

Section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279–1) is amended by striking subsection (c) and inserting the following new subsections:

''(c) COMPILATION OF PROGRAM PARTICIPATION DATA.—

''(1) ANNUAL REQUIREMENT.—For each county and State in the United States, the Secretary of Agriculture (referred to in this section as the 'Secretary') shall annually compile program application and participation rate data regarding socially disadvantaged farmers or ranchers by computing for each program of the Department of Agriculture that serves agricultural producers and landowners—

''(A) raw numbers of applicants and participants by race, ethnicity, and gender, subject to appropriate privacy protections, as determined by the Secretary; and

''(B) the application and participation rate, by race, ethnicity, and gender, as a percentage

of the total participation rate of all agricultural producers and landowners.

"(2) AUTHORITY TO COLLECT DATA.—The heads of the agencies of the Department of Agriculture shall collect and transmit to the Secretary any data, including data on race, gender, and ethnicity, that the Secretary determines to be necessary to carry out paragraph (1).

"(3) REPORT.—Using the technologies and systems of the National Agricultural Statistics Service, the Secretary shall compile and present the data compiled under paragraph (1) for each program described in that paragraph in a manner that includes the raw numbers and participation rates for—

"(A) the entire United States;

"(B) each State; and

"(C) each county in each State.

"(4) PUBLIC AVAILABILITY OF REPORT.—The Secretary shall maintain and make readily available to the public, via website and otherwise in electronic and paper form, the report described in paragraph (3).

"(d) LIMITATIONS ON USE OF DATA.—

"(1) PRIVACY PROTECTIONS.—In carrying out this section, the Secretary shall not disclose the

names or individual data of any program participant.

"(2) AUTHORIZED USES.—The data under this section shall be used exclusively for the purposes described in subsection (a).

"(3) LIMITATION.—Except as otherwise provided, the data under this section shall not be used for the evaluation of individual applications for assistance.".

SEC. 14007. OVERSIGHT AND COMPLIANCE.

The Secretary, acting through the Assistant Secretary for Civil Rights of the Department of Agriculture, shall use the reports described in subsection (c) of section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279–1), as amended by section 14006, in the conduct of oversight and evaluation of civil rights compliance.

SEC. 14008. MINORITY FARMER ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Agriculture shall establish an advisory committee, to be known as the "Advisory Committee on Minority Farmers" (in this section referred to as the "Committee").

(b) DUTIES.—The Committee shall provide advice to the Secretary on—

(1) the implementation of section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279);

(2) methods of maximizing the participation of minority farmers and ranchers in Department of Agriculture programs; and

(3) civil rights activities within the Department as such activities relate to participants in such programs.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The Committee shall be composed of not more than 15 members, who shall be appointed by the Secretary, and shall include—

(A) not less than four socially disadvantaged farmers or ranchers (as defined in section 2501(e)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)(2)));

(B) not less than two representatives of nonprofit organizations with a history of working with minority farmers and ranchers;

(C) not less than two civil rights professionals;

(D) not less than two representatives of institutions of higher education with dem-

onstrated experience working with minority farmers and ranchers; and

(E) such other persons as the Secretary considers appropriate.

(2) EX-OFFICIO MEMBERS.—The Secretary may appoint such employees of the Department of Agriculture as the Secretary considers appropriate to serve as ex-officio members of the Committee.

SEC. 14009. NATIONAL APPEALS DIVISION.

Section 280 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7000) is amended—

(1) by striking ''On the return'' and inserting the following:

''(a) IN GENERAL.—On the return''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this subsection, and every 180 days thereafter, the head of each agency shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, and publish on the website of the Department, a report that includes—

"(A) a description of all cases returned to the agency during the period covered by the report pursuant to a final determination of the Division;

"(B) the status of implementation of each final determination; and

"(C) if the final determination has not been implemented—

"(i) the reason that the final determination has not been implemented; and

"(ii) the projected date of implementation of the final determination.

"(2) UPDATES.—Each month, the head of each agency shall publish on the website of the Department any updates to the reports submitted under paragraph (1).".

SEC. 14010. REPORT OF CIVIL RIGHTS COMPLAINTS, RESOLUTIONS, AND ACTIONS.

Each year, the Secretary shall—

(1) prepare a report that describes, for each agency of the Department of Agriculture—

(A) the number of civil rights complaints filed that relate to the agency, including whether a complaint is a program complaint or an employment complaint;

(B) the length of time the agency took to process each civil rights complaint;

(C) the number of proceedings brought against the agency, including the number of complaints described in paragraph (1) that were resolved with a finding of discrimination; and

(D) the number and type of personnel actions taken by the agency following resolution of civil rights complaints;

(2) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the report; and

(3) make the report available to the public by posting the report on the website of the Department.

SEC. 14011. SENSE OF CONGRESS RELATING TO CLAIMS BROUGHT BY SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.

It is the sense of Congress that all pending claims and class actions brought against the Department of Agriculture by socially disadvantaged farmers or ranchers (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)), including Native American, Hispanic, and female farmers or ranchers, based on racial, ethnic, or gender discrimination in farm

program participation should be resolved in an expeditious and just manner.

SEC. 14012. DETERMINATION ON MERITS OF PIGFORD CLAIMS.

(a) DEFINITIONS.—In this section:

(1) CONSENT DECREE.—The term ''consent decree'' means the consent decree in the case of Pigford v. Glickman, approved by the United States District Court for the District of Columbia on April 14, 1999.

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

(3) PIGFORD CLAIM.—The term ''Pigford claim'' means a discrimination complaint, as defined by section 1(h) of the consent decree and documented under section 5(b) of the consent decree.

(4) PIGFORD CLAIMANT.—The term ''Pigford claimant'' means an individual who previously submitted a late-filing request under section 5(g) of the consent decree.

(b) DETERMINATION ON MERITS.—Any Pigford claimant who has not previously obtained a determination on the merits of a Pigford claim may, in a civil action brought in the United States District Court for the District of Columbia, obtain that determination.

(c) LIMITATION.—

(1) IN GENERAL.—Subject to paragraph (2), all payments or debt relief (including any limitation on foreclosure under subsection (h)) shall be made exclusively from funds made available under subsection (i).

(2) MAXIMUM AMOUNT.—The total amount of payments and debt relief pursuant to actions commenced under subsection (b) shall not exceed $100,000,000.

(d) INTENT OF CONGRESS AS TO REMEDIAL NATURE OF SECTION.—It is the intent of Congress that this section be liberally construed so as to effectuate its remedial purpose of giving a full determination on the merits for each Pigford claim previously denied that determination.

(e) LOAN DATA.—

(1) REPORT TO PERSON SUBMITTING PETITION.—

(A) IN GENERAL.—Not later than 120 days after the Secretary receives notice of a complaint filed by a claimant under subsection (b), the Secretary shall provide to the claimant a report on farm credit loans and noncredit benefits, as appropriate, made within the claimant's county (or if no documents are found,

within an adjacent county as determined by the claimant), by the Department during the period beginning on January 1 of the year preceding the period covered by the complaint and ending on December 31 of the year following the period.

(B) REQUIREMENTS.—A report under subparagraph (A) shall contain information on all persons whose application for a loan or benefit was accepted, including—

(i) the race of the applicant;

(ii) the date of application;

(iii) the date of the loan or benefit decision, as appropriate;

(iv) the location of the office making the loan or benefit decision, as appropriate;

(v) all data relevant to the decision-making process for the loan or benefit, as appropriate; and

(vi) all data relevant to the servicing of the loan or benefit, as appropriate.

(2) NO PERSONALLY IDENTIFIABLE INFORMATION.—The reports provided pursuant to paragraph (1) shall not contain any information that would

identify any person who applied for a loan from the Department.

(3) REPORTING DEADLINE.—

(A) IN GENERAL.—The Secretary shall—

(i) provide to claimants the reports required under paragraph (1) as quickly as practicable after the Secretary receives notice of a complaint filed by a claimant under subsection (b); and

(ii) devote such resources of the Department as are necessary to make providing the reports expeditiously a high priority of the Department.

(B) EXTENSION.—A court may extend the deadline for providing the report required in a particular case under paragraph (1) if the Secretary establishes that meeting the deadline is not feasible and demonstrates a continuing effort and commitment to provide the required report expeditiously.

(f) EXPEDITED RESOLUTIONS AUTHORIZED.—

(1) IN GENERAL.—Any person filing a complaint under this section for discrimination in the application for, or making or servicing of, a farm loan, at the discretion of the person, may seek liq-

uidated damages of $50,000, discharge of the debt that was incurred under, or affected by, the 1 or more programs that were the subject of the 1 or more discrimination claims that are the subject of the person's complaint, and a tax payment in the amount equal to 25 percent of the liquidated damages and loan principal discharged, in which case—

(A) if only such damages, debt discharge, and tax payment are sought, the complainant shall be able to prove the case of the complainant by substantial evidence (as defined in section 1(l) of the consent decree); and

(B) the court shall decide the case based on a review of documents submitted by the complainant and defendant relevant to the issues of liability and damages.

(2) NONCREDIT CLAIMS.—

(A) STANDARD.—In any case in which a claimant asserts a noncredit claim under a benefit program of the Department, the court shall determine the merits of the claim in accordance with section 9(b)(i) of the consent decree.

(B) RELIEF.—A claimant who prevails on a claim of discrimination involving a noncredit benefit program of the Department shall be en-

titled to a payment by the Department in a total amount of $3,000, without regard to the number of such claims on which the claimant prevails.

(g) ACTUAL DAMAGES.—A claimant who files a claim under this section for discrimination under subsection (b) but not under subsection (f) and who prevails on the claim shall be entitled to actual damages sustained by the claimant.

(h) LIMITATION ON FORECLOSURES.—Notwithstanding any other provision of law, during the pendency of a Pigford claim, the Secretary may not begin acceleration on or foreclosure of a loan if—

(1) the borrower is a Pigford claimant; and

(2) makes a prima facie case in an appropriate administrative proceeding that the acceleration or foreclosure is related to a Pigford claim.

(i) FUNDING.—

(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available for payments and debt relief in satisfaction of claims against the United States under subsection (b) and for any actions under subsection (g) $100,000,000 for fiscal year 2008, to remain available until expended.

(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under paragraph (1), there are authorized to be appropriated such sums as are necessary to carry out this section.

(j) REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act and every 180 days thereafter until the funds made available under subsection (i) are depleted, the Secretary shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report that describes the status of available funds under subsection (i) and the number of pending claims under subsection (f).

(2) DEPLETION OF FUNDS REPORT.—In addition to the reports required under paragraph (1), the Secretary shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report that notifies the Committees when 75 percent of the funds made available under subsection (i)(1) have been depleted.

(k) TERMINATION OF AUTHORITY.—The authority to file a claim under this section terminates 2 years after the date of the enactment of this Act.

SEC. 14013. OFFICE OF ADVOCACY AND OUTREACH.

(a) IN GENERAL.—The Department of Agriculture Reorganization Act of 1994 is amended by inserting after section 226A (7 U.S.C. 6933) the following:

"SEC. 226B. OFFICE OF ADVOCACY AND OUTREACH.

"(a) DEFINITIONS.—In this section:

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

"(2) OFFICE.—The term 'Office' means the Office of Advocacy and Outreach established under this section.

"(3) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)).

"(b) ESTABLISHMENT AND PURPOSE.—

"(1) IN GENERAL.—The Secretary shall establish within the executive operations of the Department an office to be known as the 'Office of Advocacy and Outreach'—

"(A) to improve access to programs of the Department; and

"(B) to improve the viability and profitability of—

"(i) small farms and ranches;

"(ii) beginning farmers or ranchers; and

"(iii) socially disadvantaged farmers or ranchers.

"(2) DIRECTOR.—The Office shall be headed by a Director, to be appointed by the Secretary from among the competitive service.

"(c) DUTIES.—The duties of the Office shall be to ensure small farms and ranches, beginning farmers or ranchers, and socially disadvantaged farmers or ranchers access to, and equitable participation in, programs and services of the Department by—

"(1) establishing and monitoring the goals and objectives of the Department to increase participation in programs of the Department by small, beginning, or socially disadvantaged farmers or ranchers;

"(2) assessing the effectiveness of Department outreach programs;

"(3) developing and implementing a plan to coordinate outreach activities and services provided by the Department;

"(4) providing input to the agencies and offices on programmatic and policy decisions;

"(5) measuring outcomes of the programs and activities of the Department on small farms and ranches, beginning farmers or ranchers, and socially disadvantaged farmers or ranchers programs;

"(6) recommending new initiatives and programs to the Secretary; and

"(7) carrying out any other related duties that the Secretary determines to be appropriate.

"(d) SOCIALLY DISADVANTAGED FARMERS GROUP.—

"(1) ESTABLISHMENT.—The Secretary shall establish within the Office the Socially Disadvantaged Farmers Group.

"(2) OUTREACH AND ASSISTANCE.—The Socially Disadvantaged Farmers Group—

"(A) shall carry out section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

"(B) in the case of activities described in section 2501(a) of that Act, may conduct such activities through other agencies and offices of the Department.

"(3) SOCIALLY DISADVANTAGED FARMERS AND FARMWORKERS.—The Socially Disadvantaged Farmers Group shall oversee the operations of—

"(A) the Advisory Committee on Minority Farmers established under section 14009 of the Food, Conservation, and Energy Act of 2008; and

"(B) the position of Farmworker Coordinator established under subsection (f).

"(4) OTHER DUTIES.—

"(A) IN GENERAL.—The Socially Disadvantaged Farmers Group may carry out other duties to improve access to, and participation in, programs of the Department by socially disadvantaged farmers or ranchers, as determined by the Secretary.

"(B) OFFICE OF OUTREACH AND DIVERSITY.—The Office of Advocacy and Outreach shall carry out the functions and duties of the Office of Outreach and Diversity carried out by the Assistant Secretary for Civil Rights as such functions and duties existed immediately before the date of the enactment of this section.

"(e) SMALL FARMS AND BEGINNING FARMERS AND RANCHERS GROUP.—

"(1) ESTABLISHMENT.—The Secretary shall establish within the Office the Small Farms and Beginning Farmers and Ranchers Group.

"(2) DUTIES.—

"(A) OVERSEE OFFICES.—The Small Farms and Beginning Farmers and Ranchers Group shall oversee the operations of the Office of Small Farms Coordination established by Departmental Regulation 9700-1 (August 3, 2006).

"(B) BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.—The Small Farms and Beginning Farmers and Ranchers Group shall consult with the National Institute for Food and Agriculture on the administration of the beginning farmer and rancher development program established under section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f).

"(C) ADVISORY COMMITTEE FOR BEGINNING FARMERS AND RANCHERS.—The Small Farms and Beginning Farmers and Ranchers Group shall coordinate the activities of the Group with the Advisory Committee for Beginning Farmers and Ranchers established under

section 5(b) of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1621 note; Public Law 102–554).

"(D) OTHER DUTIES.—The Small Farms and Beginning Farmers and Ranchers Group may carry out other duties to improve access to, and participation in, programs of the Department by small farms and ranches and beginning farmers or ranchers, as determined by the Secretary.

"(f) FARMWORKER COORDINATOR.—

"(1) ESTABLISHMENT.—The Secretary shall establish within the Office the position of Farmworker Coordinator (referred to in this subsection as the 'Coordinator').

"(2) DUTIES.—The Secretary shall delegate to the Coordinator responsibility for the following:

"(A) Assisting in administering the program established by section 2281 of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a).

"(B) Serving as a liaison to community-based nonprofit organizations that represent and have demonstrated experience serving low-income migrant and seasonal farmworkers.

"(C) Coordinating with the Department, other Federal agencies, and State and local governments to ensure that farmworker needs are assessed and met during declared disasters and other emergencies.

"(D) Consulting within the Office and with other entities to better integrate farmworker perspectives, concerns, and interests into the ongoing programs of the Department.

"(E) Consulting with appropriate institutions on research, program improvements, or agricultural education opportunities that assist low-income and migrant seasonal farmworkers.

"(F) Assisting farmworkers in becoming agricultural producers or landowners.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2009 through 2012.".

(b) CONFORMING AMENDMENT.—Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)), as amended by section 7511(b), is further amended—

(1) in paragraph (5), by striking "; or" and inserting ";";

(2) in paragraph (6), by striking the period and inserting "; or"; and

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

"(7) the authority of the Secretary to establish in the Department the Office of Advocacy and Outreach in accordance with section 226B.".

Subtitle B—Agricultural Security

SEC. 14101. SHORT TITLE.

This subtitle may be cited as the "Agricultural Security Improvement Act of 2008".

SEC. 14102. DEFINITIONS.

In this subtitle:

(1) AGENT.—The term "agent" means a nuclear, biological, chemical, or radiological substance that causes agricultural disease or the adulteration of products regulated by the Secretary of Agriculture under any provision of law.

(2) AGRICULTURAL BIOSECURITY.—The term "agricultural biosecurity" means protection from an agent that poses a threat to—

(A) plant or animal health;

(B) public health as it relates to the adulteration of products regulated by the Secretary

of Agriculture under any provision of law that is caused by exposure to an agent; or

(C) the environment as it relates to agriculture facilities, farmland, and air and water within the immediate vicinity of an area associated with an agricultural disease or outbreak.

(3) AGRICULTURAL COUNTERMEASURE.—The term ''agricultural countermeasure''—

(A) means a product, practice, or technology that is intended to enhance or maintain the agricultural biosecurity of the United States; and

(B) does not include a product, practice, or technology used solely in response to a human medical incident or public health emergency not related to agriculture.

(4) AGRICULTURAL DISEASE.—The term ''agricultural disease'' has the meaning given the term by the Secretary.

(5) AGRICULTURAL DISEASE EMERGENCY.—The term ''agricultural disease emergency'' means an incident of agricultural disease that requires prompt action to prevent significant damage to people, plants, or animals.

(6) AGROTERRORIST ACT.—The term ''agroterrorist act'' means an act that—

(A) causes or attempts to cause—

(i) damage to agriculture; or

(ii) injury to a person associated with agriculture; and

(B) is committed or appears to be committed with the intent to—

(i) intimidate or coerce a civilian population; or

(ii) disrupt the agricultural industry in order to influence the policy of a government by intimidation or coercion.

(7) ANIMAL.—The term ''animal'' has the meaning given the term in section 10403 of the Animal Health Protection Act of 2002 (7 U.S.C. 8302).

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

(9) DEVELOPMENT.—The term ''development'' means—

(A) research leading to the identification of products or technologies intended for use as agricultural countermeasures to protect animal health;

(B) the formulation, production, and subsequent modification of those products or technologies;

(C) the conduct of in vitro and in vivo studies;

(D) the conduct of field, efficacy, and safety studies;

(E) the preparation of an application for marketing approval for submission to an applicable agency; or

(F) other actions taken by an applicable agency in a case in which an agricultural countermeasure is procured or used prior to issuance of a license or other form of Federal Government approval.

(10) PLANT.—The term ''plant'' has the meaning given the term in section 411 of the Plant Protection Act of 2000 (7 U.S.C. 7702).

(11) QUALIFIED AGRICULTURAL COUNTERMEASURE.—The term ''qualified agricultural countermeasure'' means an agricultural countermeasure that the Secretary, in consultation with the Secretary of Homeland Security, determines to be a priority in order to address an agricultural biosecurity threat.

CHAPTER 1—AGRICULTURAL SECURITY

SEC. 14111. OFFICE OF HOMELAND SECURITY.

(a) ESTABLISHMENT.—There is established within the Department the Office of Homeland Security (in this section referred to as the ''Office'').

(b) DIRECTOR.—The Office shall be headed by a Director of Homeland Security, who shall be appointed by the Secretary.

(c) RESPONSIBILITIES.—The Director of Homeland Security shall—

(1) coordinate all homeland security activities of the Department, including integration and coordination of interagency emergency response plans for—

(A) agricultural disease emergencies;

(B) agroterrorist acts; and

(C) other threats to agricultural biosecurity;

(2) act as the primary liaison on behalf of the Department with other Federal departments and agencies on the coordination of efforts and interagency activities pertaining to agricultural biosecurity; and

(3) advise the Secretary on policies, regulations, processes, budget, and actions pertaining to homeland security.

SEC. 14112. AGRICULTURAL BIOSECURITY COMMUNICATION CENTER.

(a) ESTABLISHMENT.—The Secretary shall establish a communication center within the Department to—

(1) collect and disseminate information and prepare for an agricultural disease emergency, agroterrorist act, or other threat to agricultural biosecurity; and

(2) coordinate activities described in paragraph (1) among agencies and offices within the Department.

(b) RELATION TO EXISTING DHS COMMUNICATION SYSTEMS.—

(1) CONSISTENCY AND COORDINATION.—The communication center established under subsection (a) shall, to the maximum extent practicable, share and coordinate the dissemination of timely information with the Department of Homeland Security and other communication systems of appropriate Federal departments and agencies.

(2) AVOIDING REDUNDANCIES.—Paragraph (1) shall not be construed to impede, conflict with, or duplicate the communications activities performed by the Secretary of Homeland Security under any provision of law.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section for each of fiscal years 2008 through 2012.

SEC. 14113. ASSISTANCE TO BUILD LOCAL CAPACITY IN AGRICULTURAL BIOSECURITY PLANNING, PREPAREDNESS, AND RESPONSE.

(a) ADVANCED TRAINING PROGRAMS.—

(1) GRANT ASSISTANCE.—The Secretary shall establish a competitive grant program to support the development and expansion of advanced training programs in agricultural biosecurity planning and response for food science professionals and veterinarians.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this subsection for each of fiscal years 2008 through 2012.

(b) ASSESSMENT OF RESPONSE CAPABILITY.—

(1) GRANT AND LOAN ASSISTANCE.—The Secretary shall establish a competitive grant and low-interest loan assistance program to assist States in assessing agricultural disease response capability.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $25,000,000 for each of fiscal years 2008 through 2012.

CHAPTER 2—OTHER PROVISIONS

SEC. 14121. RESEARCH AND DEVELOPMENT OF AGRICULTURAL COUNTERMEASURES.

(a) GRANT PROGRAM.—

(1) COMPETITIVE GRANT PROGRAM.—The Secretary shall establish a competitive grant program to encourage basic and applied research and the development of qualified agricultural countermeasures.

(2) WAIVER IN EMERGENCIES.—The Secretary may waive the requirement under paragraph (1) that a grant be provided on a competitive basis if—

(A) the Secretary has declared a plant or animal disease emergency under the Plant Protection Act (7 U.S.C. 7701 et seq.) or the Animal Health Protection Act (7 U.S.C. 8301 et seq.); and

(B) waiving the requirement would lead to the rapid development of a qualified agricultural countermeasure, as determined by the Secretary.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2008 through 2012.

SEC. 14122. AGRICULTURAL BIOSECURITY GRANT PROGRAM.

(a) COMPETITIVE GRANT PROGRAM.—The Secretary shall establish a competitive grant program to promote the development of teaching programs in agriculture, veterinary medicine, and disciplines closely allied to the food and agriculture system to increase the number of trained individuals with an expertise in agricultural biosecurity.

(b) ELIGIBILITY.—The Secretary may award a grant under this section only to an entity that is—

(1) an accredited school of veterinary medicine; or

(2) a department of an institution of higher education with a primary focus on—

(A) comparative medicine;

(B) veterinary science; or

(C) agricultural biosecurity.

(c) PREFERENCE.—The Secretary shall give preference in awarding grants based on the ability of an applicant—

(1) to increase the number of veterinarians or individuals with advanced degrees in food and agri-

culture disciplines who are trained in agricultural biosecurity practice areas;

(2) to increase research capacity in areas of agricultural biosecurity; or

(3) to fill critical agricultural biosecurity shortage situations outside of the Federal Government.

(d) USE OF FUNDS..—

(1) IN GENERAL.—Amounts received under this section shall be used by a grantee to pay—

(A) costs associated with the acquisition of equipment and other capital costs relating to the expansion of food, agriculture, and veterinary medicine teaching programs in agricultural biosecurity;

(B) capital costs associated with the expansion of academic programs that offer postgraduate training for veterinarians or concurrent training for veterinary students in specific areas of specialization; or

(C) other capacity and infrastructure program costs that the Secretary considers appropriate.

(2) LIMITATION.—Funds received under this section may not be used for the construction, renovation, or rehabilitation of a building or facility.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated sums as are necessary to carry out this section for each of fiscal years 2008 through 2012, to remain available until expended.

Subtitle C—Other Miscellaneous Provisions

SEC. 14201. COTTON CLASSIFICATION SERVICES.

Section 3a of the Act of March 3, 1927 (7 U.S.C. 473a), is amended to read as follows:

"SEC. 3a. COTTON CLASSIFICATION SERVICES.

"(a) IN GENERAL.—The Secretary of Agriculture (referred to in this section as the 'Secretary') shall—

"(1) make cotton classification services available to producers of cotton; and

"(2) provide for the collection of classification fees from participating producers or agents that voluntarily agree to collect and remit the fees on behalf of producers.

"(b) FEES.—

"(1) USE OF FEES.—Classification fees collected under subsection (a)(2) and the proceeds from the sales of samples submitted under this section shall, to the maximum extent practicable, be used to pay the cost of the services provided under this section, including administrative and supervisory costs.

"(2) ANNOUNCEMENT OF FEES.—The Secretary shall announce a uniform classification fee and any applicable surcharge for classification services not later than June 1 of the year in which the fee applies.

"(c) CONSULTATION.—

"(1) IN GENERAL.—In establishing the amount of fees under this section, the Secretary shall consult with representatives of the United States cotton industry.

"(2) EXEMPTION.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to consultations with representatives of the United States cotton industry under this section.

"(d) CREDITING OF FEES.—Any fees collected under this section and under section 3d, late payment penalties, the proceeds from the sales of samples, and interest earned from the investment of such funds shall—

"(1) be credited to the current appropriation account that incurs the cost of services provided under this section and section 3d; and

"(2) remain available without fiscal year limitation to pay the expenses of the Secretary in providing those services.

"(e) INVESTMENT OF FUNDS.—Funds described in subsection (d) may be invested—

"(1) by the Secretary in insured or fully collateralized, interest-bearing accounts; or

"(2) at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments.

"(f) LEASE AGREEMENTS.—Notwithstanding any other provision of law, the Secretary may enter into long-term lease agreements that exceed 5 years or may take title to property (including through purchase agreements) for the purpose of obtaining offices to be used for the classification of cotton in accordance with this Act, if the Secretary determines that action would best effectuate the purposes of this Act.

"(g) AUTHORIZATION OF APPROPRIATIONS.—To the extent that financing is not available from fees and the proceeds from the sales of samples, there are authorized to be appropriated such sums as are necessary to carry out this section.".

SEC. 14202. DESIGNATION OF STATES FOR COTTON RESEARCH AND PROMOTION.

Section 17(f) of the Cotton Research and Promotion Act (7 U.S.C. 2116(f)) is amended—

(1) by striking ''(f) The term'' and inserting the following:

''(f) COTTON-PRODUCING STATE.—

''(1) IN GENERAL.—The term'';

(2) by striking ''more, and the term'' and all that follows through the end of the subsection and inserting the following: ''more.

''(2) INCLUSIONS.—The term 'cotton-producing State' includes—

''(A) any combination of States described in paragraph (1); and

''(B) effective beginning with the 2008 crop of cotton, the States of Kansas, Virginia, and Florida.''.

SEC. 14203. GRANTS TO REDUCE PRODUCTION OF METHAMPHETAMINES FROM ANHYDROUS AMMONIA.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term ''eligible entity'' means—

(A) a producer of agricultural commodities;

(B) a cooperative association, a majority of the members of which produce or process agricultural commodities; or

(C) a person in the trade or business of—

(i) selling an agricultural product (including an agricultural chemical) at retail, predominantly to farmers and ranchers; or

(ii) aerial and ground application of an agricultural chemical.

(2) NURSE TANK.—The term ''nurse tank'' shall be considered to be a cargo tank (within the meaning of section 173.315(m) of title 49, Code of Federal Regulations, as in effect as of the date of the enactment of this Act).

(b) GRANT AUTHORITY.—The Secretary may make a grant to an eligible entity to enable the eligible entity to obtain and add to an anhydrous ammonia fertilizer nurse tank a physical lock or a substance to reduce the amount of methamphetamine that can be produced from any anhydrous ammonia removed from the nurse tank.

(c) GRANT AMOUNT.—The amount of a grant made under this section to an eligible entity shall be the product obtained by multiplying—

(1) an amount not less than $40 and not more than $60, as determined by the Secretary; and

(2) the number of fertilizer nurse tanks of the eligible entity.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to make grants under this section $15,000,000 for the period of fiscal years 2008 through 2012.

SEC. 14204. GRANTS TO IMPROVE SUPPLY, STABILITY, SAFETY, AND TRAINING OF AGRICULTURAL LABOR FORCE.

(a) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term ''eligible entity'' means an entity described in section 379C(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008q(a)).

(b) GRANTS.—

(1) IN GENERAL.—To assist agricultural employers and farmworkers by improving the supply, stability, safety, and training of the agricultural labor force, the Secretary may provide grants to eligible entities for use in providing services to assist farmworkers who are citizens or otherwise legally present in the United States in securing, retaining, upgrading, or returning from agricultural jobs.

(2) ELIGIBLE SERVICES.—The services referred to in paragraph (1) include—

(A) agricultural labor skills development;

(B) the provision of agricultural labor market information;

(C) transportation;

(D) short-term housing while in transit to an agricultural worksite;

(E) workplace literacy and assistance with English as a second language;

(F) health and safety instruction, including ways of safeguarding the food supply of the United States; and

(G) such other services as the Secretary determines to be appropriate.

(c) LIMITATION ON ADMINISTRATIVE EXPENSES.—Not more than 15 percent of the funds made available to carry out this section for a fiscal year may be used to pay for administrative expenses.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

SEC. 14205. AMENDMENT TO THE RIGHT TO FINANCIAL PRIVACY ACT OF 1978.

Section 1113(k) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3413(k)) is amended—

(1) by striking the subsection heading and inserting the following:

"(k) DISCLOSURE NECESSARY FOR PROPER ADMINISTRATION OF PROGRAMS OF CERTAIN GOVERNMENT AUTHORITIES.—"; and

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

"(2) Nothing in this title shall apply to the disclosure by the financial institution of information contained in the financial records of any customer to any Government authority that certifies, disburses, or collects payments, where the disclosure of such information is necessary to, and such information is used solely for the purpose of—

"(A) verification of the identity of any person or proper routing and delivery of funds in connection with the issuance of a Federal payment or collection of funds by a Government authority; or

"(B) the investigation or recovery of an improper Federal payment or collection of funds or an improperly negotiated Treasury check.

"(3) Notwithstanding any other provision of law, a request authorized by paragraph (1) or (2) (and the information contained therein) may be used by the financial institution or its agents solely for

the purpose of providing information contained in the financial records of the customer to the Government authority requesting the information, and the financial institution and its agents shall be barred from redisclosure of such information. Any Government authority receiving information pursuant to paragraph (1) or (2) may not disclose or use the information, except for the purposes set forth in such paragraph.''.

SEC. 14206. REPORT ON STORED QUANTITIES OF PROPANE.

(a) REPORT.—

(1) IN GENERAL.—Not later than 240 days after the date of the enactment of this Act, the Secretary of Homeland Security (referred to in this section as the ''Secretary'') shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives a report describing the effect of interim or final regulations issued by the Secretary pursuant to section 550(a) of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note; Public Law 109–295), with respect to possession of quantities of propane that meet or exceed the screening threshold quantity for propane established in the final rule under that section.

(2) INCLUSIONS.—The report under paragraph (1) shall include a description of—

(A) the number of facilities that completed a top screen consequence assessment due to possession of quantities of propane that meet or exceed the listed screening threshold quantity for propane;

(B) the number of agricultural facilities that completed the top screen consequence assessment due to possession of quantities of propane that meet or exceed the listed screening threshold quantity for propane;

(C) the number of propane facilities initially determined to be high risk by the Secretary;

(D) the number of propane facilities—

(i) required to complete a security vulnerability assessment or a site security plan; or

(ii) that submit to the Secretary an alternative security program;

(E) the number of propane facilities that file an appeal of a finding under the final rule described in paragraph (1); and

(F) to the extent available, the average cost of—

(i) completing a top screen consequence assessment requirement;

(ii) completing a security vulnerability assessment; and

(iii) completing and implementing a site security plan; and

(3) FORM.—The report under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

(b) EDUCATIONAL OUTREACH.—Not later than 30 days after the date of the enactment of this Act, the Secretary shall conduct educational outreach activities for rural facilities that may be required to complete a top screen consequence assessment due to possession of propane in a quantity that meets or exceeds the listed screening threshold quantity for propane.

SEC. 14207. PROHIBITIONS ON DOG FIGHTING VENTURES.

(a) IN GENERAL.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ", if any animal in the venture was moved in interstate or foreign commerce"; and

(B) in the heading of paragraph (2), by striking ''STATE'' and inserting ''STATE'';

(2) in subsection (b)—

(A) by striking ''(b) It shall be'' and inserting the following:

''(b) BUYING, SELLING, DELIVERING, POSSESSING, TRAINING, OR TRANSPORTING ANIMALS FOR PARTICIPATION IN ANIMAL FIGHTING VENTURE.—It shall be''; and

(B) by striking ''transport, deliver'' and all that follows through ''participate'' and inserting ''possess, train, transport, deliver, or receive any animal for purposes of having the animal participate'';

(3) in subsection (c)—

(A) by striking ''(c) It shall be'' and inserting the following:

''(c) USE OF POSTAL SERVICE OR OTHER INTERSTATE INSTRUMENTALITY FOR PROMOTING OR FURTHERING ANIMAL FIGHTING VENTURE.—It shall be''; and

(B) by inserting ''advertising an animal, or an instrument described in subsection (e), for use in an animal fighting venture,'' after ''for purposes of'';

(4) in subsection (d), by striking ''(d) Notwithstanding'' and inserting the following:

"(d) VIOLATION OF STATE LAW.—Notwithstanding";

(5) in subsection (e), by striking "(e) It shall be" and inserting the following:

"(e) BUYING, SELLING, DELIVERING, OR TRANSPORTING SHARP INSTRUMENTS FOR USE IN ANIMAL FIGHTING VENTURE.—It shall be";

(6) in subsection (f)—

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

"(f) INVESTIGATION OF VIOLATIONS BY SECRETARY; ASSISTANCE BY OTHER FEDERAL AGENCIES; ISSUANCE OF SEARCH WARRANT; FORFEITURE; COSTS RECOVERABLE IN FORFEITURE OR CIVIL ACTION.—The Secretary"; and

(B) in the last sentence—

(i) by striking "by the United States";

(ii) by inserting "(1)" after "owner of the animals"; and

(iii) by striking "proceeding or in" and inserting "proceeding, or (2) in";

(7) in subsection (g)—

(A) by striking "(g) For purposes of" and inserting the following:

"(g) DEFINITIONS.—In";

(B) in paragraph (1), by striking ''any event'' and all that follows through ''entertainment'' and inserting ''any event, in or affecting interstate or foreign commerce, that involves a fight conducted or to be conducted between at least 2 animals for purposes of sport, wagering, or entertainment,'';

(C) by striking paragraph (2);

(D) in paragraph (5)—

(i) by striking ''dog or other''; and

(ii) by striking ''; and'' and inserting a period; and

(E) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(8) by redesignating subsections (h) and (i) as subsections (i) and (j), respectively;

(9) in subsection (i) (as so redesignated), by striking ''(i)(1) The provisions'' and inserting the following:

''(i) CONFLICT WITH STATE LAW.—

''(1) IN GENERAL.—The provisions'';

(10) in subsection (j) (as so redesignated), by striking ''(j) The criminal'' and inserting the following:

"(j) CRIMINAL PENALTIES.—The criminal"; and

(11) in subsection (g)(6), by striking "(6) the conduct" and inserting the following:

"(h) RELATIONSHIP TO OTHER PROVISIONS.—The conduct".

(b) ENFORCEMENT OF ANIMAL FIGHTING PROHIBITIONS.—Section 49 of title 18, United States Code, is amended by striking "3 years" and inserting "5 years".

SEC. 14208. DEPARTMENT OF AGRICULTURE CONFERENCE TRANSPARENCY.

(a) REPORT.—

(1) REQUIREMENT.—Not later than September 30 of each year, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on conferences sponsored or held by the Department of Agriculture or attended by employees of the Department of Agriculture.

(2) CONTENTS.—Each report under paragraph (1) shall contain—

(A) for each conference sponsored or held by the Department or attended by employees of the Department—

(i) the name of the conference;

(ii) the location of the conference;

(iii) the number of Department of Agriculture employees attending the conference; and

(iv) the costs (including travel expenses) relating to such conference; and

(B) for each conference sponsored or held by the Department of Agriculture for which the Department awarded a procurement contract, a description of the contracting procedures related to such conference.

(3) EXCLUSIONS.—The requirement in paragraph (1) shall not apply to any conference—

(A) for which the cost to the Federal Government was less than $10,000; or

(B) outside of the United States that is attended by the Secretary or the Secretary's designee as an official representative of the United States government.

(b) AVAILABILITY OF REPORT.—Each report submitted in accordance with subsection (a) shall be posted in a searchable format on a Department of Agriculture website that is available to the public.

(c) DEFINITION OF CONFERENCE.—In this section, the term ''conference''—

(1) means a meeting that—

(A) is held for consultation, education, awareness, or discussion;

(B) includes participants from at least one agency of the Department of Agriculture;

(C) is held in whole or in part at a facility outside of an agency of the Department of Agriculture; and

(D) involves costs associated with travel and lodging for some participants; and

(2) does not include any training program that is continuing education or a curriculum-based educational program, provided that such training program is held independent of a conference of a nongovernmental organization.

SEC. 14209. FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT AMENDMENTS.

(a) PAYMENT OF EXPENSES.—Section 17(d) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136o(d)) is amended—

(1) by striking ''The Administrator'' and inserting the following:

''(1) IN GENERAL.—The Administrator''; and

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

"(2) DEPARTMENT OF STATE EXPENSES.—Any expenses incurred by an employee of the Environmental Protection Agency who participates in any international technical, economic, or policy review board, committee, or other official body that is meeting in relation to an international treaty shall be paid by the Department of State.".

(b) CONTAINER RECYCLING.—Section 19(a) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136q(a)) is amended by adding at the end the following new paragraph:

"(4) CONTAINER RECYCLING.—The Secretary may promulgate a regulation for the return and recycling of disposable pesticide containers used for the distribution or sale of registered pesticide products in interstate commerce. Any such regulation requiring recycling of disposable pesticide containers shall not apply to antimicrobial pesticides (as defined in section 2) or other pesticide products intended for non-agricultural uses.".

SEC. 14210. IMPORTATION OF LIVE DOGS.

(a) IN GENERAL.—The Animal Welfare Act is amended by adding after section 17 (7 U.S.C. 2147) the following:

"SEC. 18. IMPORTATION OF LIVE DOGS.

"(a) DEFINITIONS.—In this section:

"(1) IMPORTER.—The term 'importer' means any person who, for purposes of resale, transports into the United States puppies from a foreign country.

"(2) RESALE.—The term 'resale' includes any transfer of ownership or control of an imported dog of less than 6 months of age to another person, for more than de minimis consideration.

"(b) REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no person shall import a dog into the United States for purposes of resale unless, as determined by the Secretary, the dog—

"(A) is in good health;

"(B) has received all necessary vaccinations; and

"(C) is at least 6 months of age, if imported for resale.

"(2) EXCEPTION.—

"(A) IN GENERAL.—The Secretary, by regulation, shall provide an exception to any requirement under paragraph (1) in any case in which a dog is imported for—

"(i) research purposes; or

"(ii) veterinary treatment.

"(B) LAWFUL IMPORTATION INTO HAWAII.—Paragraph (1)(C) shall not apply to the lawful importation of a dog into the State of Hawaii from the British Isles, Australia, Guam, or New Zealand in compliance with the applicable regulations of the State of Hawaii and the other requirements of this section, if the dog is not transported out of the State of Hawaii for purposes of resale at less than 6 months of age.

"(c) IMPLEMENTATION AND REGULATIONS.—The Secretary, the Secretary of Health and Human Services, the Secretary of Commerce, and the Secretary of Homeland Security shall promulgate such regulations as the Secretaries determine to be necessary to implement and enforce this section.

"(d) ENFORCEMENT.—An importer that fails to comply with this section shall—

"(1) be subject to penalties under section 19; and

"(2) provide for the care (including appropriate veterinary care), forfeiture, and adoption of each applicable dog, at the expense of the importer.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on the date of the enactment of this Act.

SEC. 14211. PERMANENT DEBARMENT FROM PARTICIPATION IN DEPARTMENT OF AGRICULTURE PROGRAMS FOR FRAUD.

(a) IN GENERAL.—Subject to subsection (b), the Secretary of Agriculture shall permanently debar an individual, organization, corporation, or other entity convicted of a felony for knowingly defrauding the United States in connection with any program administered by the Department of Agriculture from any subsequent participation in Department of Agriculture programs.

(b) EXCEPTIONS.—

(1) SECRETARY DETERMINATION.—The Secretary may reduce a debarment under subsection (a) to a period of not less than 10 years if the Secretary considers it appropriate.

(2) FOOD ASSISTANCE.—A debarment under subsection (a) shall not apply with respect to participation in domestic food assistance programs (as defined by the Secretary).

SEC. 14212. PROHIBITION ON CLOSURE OR RELOCATION OF COUNTY OFFICES FOR THE FARM SERVICE AGENCY.

(a) TEMPORARY PROHIBITION.—

(1) IN GENERAL.—Subject to paragraph (2), until the date that is two years after the date of the enactment of this Act, the Secretary of Agriculture may not close or relocate a county or field office of the Farm Service Agency.

(2) EXCEPTION.—Paragraph (1) shall not apply to—

(A) an office that is located not more than 20 miles from another office of the Farm Service Agency; or

(B) the relocation of an office within the same county in the course of routine leasing operations.

(b) LIMITATION ON CLOSURE; NOTICE.—

(1) LIMITATION.—After the period referred to in subsection (a)(1), the Secretary shall, before closing any office of the Farm Service Agency that is located more than 20 miles from another office of the Farm Service Agency, to the maximum extent practicable, first close any offices of the Farm Service Agency that—

(A) are located less than 20 miles from another office of the Farm Service Agency; and

(B) have two or fewer permanent full-time employees.

(2) NOTICE.—After the period referred to in subsection (a)(1), the Secretary of Agriculture may not close a county or field office of the Farm Service Agency unless—

(A) not later than 30 days after the Secretary proposes to close such office, the Secretary holds a public meeting regarding the proposed closure in the county in which such office is located; and

(B) after the public meeting referred to in subparagraph (A), but not less than 90 days before the date on which the Secretary approves the closure of such office, the Secretary notifies the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, each Senator representing the State in which the office proposed to be closed is located, and the member of the House of Representatives who represents the

Congressional district in which the office proposed to be closed is located of the proposed closure of such office.

SEC. 14213. USDA GRADUATE SCHOOL.

(a) IN GENERAL.—Section 921 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279b) is amended—

(1) in the heading, to read as follows:

"SEC. 921. DEPARTMENT OF AGRICULTURE EDUCATIONAL, TRAINING, AND PROFESSIONAL DEVELOPMENT ACTIVITIES."; and

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

''(b) OPERATION AS NONAPPROPRIATED FUND INSTRUMENTALITY.—

''(1) CEASE OPERATIONS.—Not later than October 1, 2009, the Secretary of Agriculture shall cease to maintain or operate a nonappropriated fund instrumentality of the United States to develop, administer, or provide educational training and professional development activities, including educational activities for Federal agencies, Federal employees, non-profit organizations, other entities, and members of the general public.

''(2) TRANSITION.—

"(A) IN GENERAL.—The Secretary of Agriculture is authorized to use funds available to the Department of Agriculture and such resources of the Department as the Secretary considers appropriate (including the assignment of such employees of the Department as the Secretary considers appropriate) to assist the General Administrative Board of the Graduate School in the conversion of the Graduate School to an entity that is non-governmental and not a nonappropriated fund instrumentality of the United States, including such privatization activities not otherwise inconsistent with law or regulation.

"(B) TERMINATION OF AUTHORITY.—The authority under paragraph (1) shall terminate on the earlier of—

"(i) the completion of the transition of the Graduate School to an entity that is non-governmental and not a non-appropriated fund instrumentality of the United States, as determined by the Secretary; or

"(ii) September 30, 2009.".

(b) PROCUREMENT PROCEDURES.—Notwithstanding the amendments made by subsection (a), effective on the date of the enactment of this Act, the Graduate School of the Department of Agriculture shall be subject to Federal procurement laws and regulations in the same manner and subject to the same requirements as a private entity providing services to the Federal Government.

SEC. 14214. FINES FOR VIOLATIONS OF THE ANIMAL WELFARE ACT.

Section 19(b) of the Animal Welfare Act (7 U.S.C. 2149(b)) is amended in the first sentence by striking ''not more than $2,500 for each such violation'' and inserting ''not more than $10,000 for each such violation''.

SEC. 14215. DEFINITION OF CENTRAL FILING SYSTEM.

Section 1324(c)(2) of the Food Security Act of 1985 (7 U.S.C. 1631(c)(2)) is amended—

(1) in subparagraph (C)(ii)(II), by inserting after ''such debtors'' the following: '', except that the numerical list containing social security or taxpayer identification numbers may be encrypted for security purposes if the Secretary of State provides a method by which an effective search of the encrypted numbers may be conducted to determine whether the farm product at issue is subject to 1 or more liens''; and

(2) in subparagraph (E)—

(A) by striking ''paragraph (C)'' and inserting ''subparagraph (C)''; and

(B) by inserting before the semicolon at the end the following: ''except that—

''(i) the distribution of the portion of the master list may be in electronic, written, or printed form; and

''(ii) if social security or taxpayer identification numbers on the master list are encrypted, the Secretary of State may distribute the master list only—

''(I) by compact disc or other electronic media that contains—

''(aa) the recorded list of debtor names; and

''(bb) an encryption program that enables the buyer, commission merchant, and selling agent to enter a social security number for matching against the recorded list of encrypted social security or taxpayer identification numbers; and

"(II) on the written request of the buyer, commission merchant, or selling agent, by paper copy of the list to the requestor".

SEC. 14216. CONSIDERATION OF PROPOSED RECOMMENDATIONS OF STUDY ON USE OF CATS AND DOGS IN FEDERAL RESEARCH.

(a) IN GENERAL.—The Secretary of Agriculture shall—

(1) review—

(A) any independent reviews conducted by a nationally recognized panel of experts of the use of Class B dogs and cats in federally supported research to determine how frequently such dogs and cats are used in research by the National Institutes of Health; and

(B) any recommendations proposed by such panel outlining the parameters of such use; and

(2) 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 how recommendations referred to in paragraph (1)(B) can be applied within the Department of Agriculture to ensure such dogs and cats are

treated in accordance with regulations of the Department of Agriculture.

(b) CLASS B DOGS AND CATS DEFINED.—In this section, the term ''Class B dogs and cats'' means dogs and cats obtained from a Class ''B'' licensee, as such term is defined in section 1.1 of title 9, Code of Federal Regulations.

SEC. 14217. REGIONAL ECONOMIC AND INFRASTRUCTURE DEVELOPMENT.

(a) IN GENERAL.—Title 40, United States Code, is amended—

(1) by redesignating subtitle V as subtitle VI; and

(2) by inserting after subtitle IV the following:

''Subtitle V—Regional Economic and Infrastructure Development

''Chapter .....
''151. GENERAL PROVISIONS 15101
''153. REGIONAL COMMISSIONS 15301
''155. FINANCIAL ASSISTANCE 15501
''157. ADMINISTRATIVE PROVISIONS 15701

''CHAPTER 1—GENERAL PROVISIONS

''Sec.
''15101. Definitions.

''§ 15101. Definitions

''In this subtitle, the following definitions apply:

"(1) COMMISSION.—The term 'Commission' means a Commission established under section 15301.

"(2) LOCAL DEVELOPMENT DISTRICT.—The term 'local development district' means an entity that—

"(A)(i) is an economic development district that is—

"(I) in existence on the date of the enactment of this chapter; and

"(II) located in the region; or

"(ii) if an entity described in clause (i) does not exist—

"(I) is organized and operated in a manner that ensures broad-based community participation and an effective opportunity for local officials, community leaders, and the public to contribute to the development and implementation of programs in the region;

"(II) is governed by a policy board with at least a simple majority of members consisting of—

"(aa) elected officials; or

"(bb) designees or employees of a general purpose unit of local government that have been appointed to represent the unit of local government; and

"(III) is certified by the Governor or appropriate State officer as having a charter or authority that includes the economic development of counties, portions of counties, or other political subdivisions within the region; and

"(B) has not, as certified by the Federal Cochairperson—

"(i) inappropriately used Federal grant funds from any Federal source; or

"(ii) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(3) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in carrying out economic and community development activities.

"(4) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(5) NONPROFIT ENTITY.—The term 'nonprofit entity' means any organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from taxation under 501(a) of that Code that has been formed for the purpose of economic development.

"(6) REGION.—The term 'region' means the area covered by a Commission as described in subchapter II of chapter 157.

"CHAPTER 2—REGIONAL COMMISSIONS

"Sec.
"15301. Establishment, membership, and employees.
"15302. Decisions.
"15303. Functions.
"15304. Administrative powers and expenses.
"15305. Meetings.
"15306. Personal financial interests.
"15307. Tribal participation.
"15308. Annual report.

"§ 15301. Establishment, membership, and employees

"(a) ESTABLISHMENT.—There are established the following regional Commissions:

"(1) The Southeast Crescent Regional Commission.

"(2) The Southwest Border Regional Commission.

"(3) The Northern Border Regional Commission.

"(b) MEMBERSHIP.—

"(1) FEDERAL AND STATE MEMBERS.—Each Commission shall be composed of the following members:

"(A) A Federal Cochairperson, to be appointed by the President, by and with the advice and consent of the Senate.

"(B) The Governor of each participating State in the region of the Commission.

"(2) ALTERNATE MEMBERS.—

"(A) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal Cochairperson for each Commission. The alternate Federal Cochairperson, when not actively serving as an alternate for the Federal Cochairperson, shall perform such functions and duties as are delegated by the Federal Cochairperson.

"(B) STATE ALTERNATES.—The State member of a participating State may have a single alternate, who shall be appointed by the Governor of the State from among the members of the Governor's cabinet or personal staff.

"(C) VOTING.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal or State member for which the alternate member is an alternate.

"(3) COCHAIRPERSONS.—A Commission shall be headed by—

"(A) the Federal Cochairperson, who shall serve as a liaison between the Federal Government and the Commission; and

"(B) a State Cochairperson, who shall be a Governor of a participating State in the region and shall be elected by the State members for a term of not less than 1 year.

"(4) CONSECUTIVE TERMS.—A State member may not be elected to serve as State Cochairperson for more than 2 consecutive terms.

"(c) COMPENSATION.—

"(1) FEDERAL COCHAIRPERSONS.—Each Federal Cochairperson shall be compensated by the Federal Government at level III of the Executive Schedule as set out in section 5314 of title 5.

"(2) ALTERNATE FEDERAL COCHAIRPERSONS.—Each Federal Cochairperson's alternate shall be compensated by the Federal Government at

level V of the Executive Schedule as set out in section 5316 of title 5.

"(3) STATE MEMBERS AND ALTERNATES.—Each State member and alternate shall be compensated by the State that they represent at the rate established by the laws of that State.

"(d) EXECUTIVE DIRECTOR AND STAFF.—

"(1) IN GENERAL.—A Commission shall appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Commission to carry out its duties. Compensation under this paragraph may not exceed the maximum rate of basic pay established for the Senior Executive Service under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

"(2) EXECUTIVE DIRECTOR.—The executive director shall be responsible for carrying out the administrative duties of the Commission, directing the Commission staff, and such other duties as the Commission may assign.

"(e) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of a Commission (other than the Federal Cochairperson, the alternate Federal Co-

chairperson, staff of the Federal Cochairperson, and any Federal employee detailed to the Commission) shall be considered to be a Federal employee for any purpose.

"§ 15302. Decisions

"(a) REQUIREMENTS FOR APPROVAL.—Except as provided in section 15304(c)(3), decisions by the Commission shall require the affirmative vote of the Federal Cochairperson and a majority of the State members (exclusive of members representing States delinquent under section 15304(c)(3)(C)).

"(b) CONSULTATION.—In matters coming before the Commission, the Federal Cochairperson shall, to the extent practicable, consult with the Federal departments and agencies having an interest in the subject matter.

"(c) QUORUMS.—A Commission shall determine what constitutes a quorum for Commission meetings; except that—

"(1) any quorum shall include the Federal Cochairperson or the alternate Federal Cochairperson; and

"(2) a State alternate member shall not be counted toward the establishment of a quorum.

"(d) PROJECTS AND GRANT PROPOSALS.—The approval of project and grant proposals shall be a responsi-

bility of each Commission and shall be carried out in accordance with section 15503.

"§ 15303. Functions

"A Commission shall—

"(1) assess the needs and assets of its region based on available research, demonstration projects, investigations, assessments, and evaluations of the region prepared by Federal, State, and local agencies, universities, local development districts, and other nonprofit groups;

"(2) develop, on a continuing basis, comprehensive and coordinated economic and infrastructure development strategies to establish priorities and approve grants for the economic development of its region, giving due consideration to other Federal, State, and local planning and development activities in the region;

"(3) not later than one year after the date of the enactment of this section, and after taking into account State plans developed under section 15502, establish priorities in an economic and infrastructure development plan for its region, including 5-year regional outcome targets;

"(4)(A) enhance the capacity of, and provide support for, local development districts in its region; or

"(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

"(5) encourage private investment in industrial, commercial, and other economic development projects in its region;

"(6) cooperate with and assist State governments with the preparation of economic and infrastructure development plans and programs for participating States;

"(7) formulate and recommend to the Governors and legislatures of States that participate in the Commission forms of interstate cooperation and, where appropriate, international cooperation; and

"(8) work with State and local agencies in developing appropriate model legislation to enhance local and regional economic development.

"§ 15304. Administrative powers and expenses

"(a) POWERS.—In carrying out its duties under this subtitle, a Commission may—

"(1) hold such hearings, sit and act at such times and places, take such testimony, receive such

evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Commission as the Commission considers appropriate;

''(2) authorize, through the Federal or State Cochairperson or any other member of the Commission designated by the Commission, the administration of oaths if the Commission determines that testimony should be taken or evidence received under oath;

''(3) request from any Federal, State, or local agency such information as may be available to or procurable by the agency that may be of use to the Commission in carrying out the duties of the Commission;

''(4) adopt, amend, and repeal bylaws and rules governing the conduct of business and the performance of duties by the Commission;

''(5) request the head of any Federal agency, State agency, or local government to detail to the Commission such personnel as the Commission requires to carry out its duties, each such detail to be without loss of seniority, pay, or other employee status;

"(6) provide for coverage of Commission employees in a suitable retirement and employee benefit system by making arrangements or entering into contracts with any participating State government or otherwise providing retirement and other employee coverage;

"(7) accept, use, and dispose of gifts or donations or services or real, personal, tangible, or intangible property;

"(8) enter into and perform such contracts, cooperative agreements, or other transactions as are necessary to carry out Commission duties, including any contracts or cooperative agreements with a department, agency, or instrumentality of the United States, a State (including a political subdivision, agency, or instrumentality of the State), or a person, firm, association, or corporation; and

"(9) maintain a government relations office in the District of Columbia and establish and maintain a central office at such location in its region as the Commission may select.

"(b) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

"(1) cooperate with a Commission; and

"(2) provide, to the extent practicable, on request of the Federal Cochairperson, appropriate assistance in carrying out this subtitle, in accordance with applicable Federal laws (including regulations).

"(c) ADMINISTRATIVE EXPENSES.—

"(1) IN GENERAL.—Subject to paragraph (2), the administrative expenses of a Commission shall be paid—

"(A) by the Federal Government, in an amount equal to 50 percent of the administrative expenses of the Commission; and

"(B) by the States participating in the Commission, in an amount equal to 50 percent of the administrative expenses.

"(2) EXPENSES OF THE FEDERAL COCHAIRPERSON.—All expenses of the Federal Cochairperson, including expenses of the alternate and staff of the Federal Cochairperson, shall be paid by the Federal Government.

"(3) STATE SHARE.—

"(A) IN GENERAL.—Subject to subparagraph (B), the share of administrative expenses of a Commission to be paid by each State of the Commission shall be determined by a unani-

mous vote of the State members of the Commission.

"(B) NO FEDERAL PARTICIPATION.—The Federal Cochairperson shall not participate or vote in any decision under subparagraph (A).

"(C) DELINQUENT STATES.—During any period in which a State is more than 1 year delinquent in payment of the State's share of administrative expenses of the Commission under this subsection—

"(i) no assistance under this subtitle shall be provided to the State (including assistance to a political subdivision or a resident of the State) for any project not approved as of the date of the commencement of the delinquency; and

"(ii) no member of the Commission from the State shall participate or vote in any action by the Commission.

"(4) EFFECT ON ASSISTANCE.—A State's share of administrative expenses of a Commission under this subsection shall not be taken into consideration when determining the amount of assistance provided to the State under this subtitle.

"§ 15305. Meetings

"(a) INITIAL MEETING.—Each Commission shall hold an initial meeting not later than 180 days after the date of the enactment of this section.

"(b) ANNUAL MEETING.—Each Commission shall conduct at least 1 meeting each year with the Federal Co-chairperson and at least a majority of the State members present.

"(c) ADDITIONAL MEETINGS.—Each Commission shall conduct additional meetings at such times as it determines and may conduct such meetings by electronic means.

"§ 15306. Personal financial interests

"(a) CONFLICTS OF INTEREST.—

"(1) NO ROLE ALLOWED.—Except as permitted by paragraph (2), an individual who is a State member or alternate, or an officer or employee of a Commission, shall not participate personally and substantially as a member, alternate, officer, or employee of the Commission, through decision, approval, disapproval, recommendation, request for a ruling, or other determination, contract, claim, controversy, or other matter in which, to the individual's knowledge, any of the following has a financial interest:

"(A) The individual.

"(B) The individual's spouse, minor child, or partner.

"(C) An organization (except a State or political subdivision of a State) in which the individual is serving as an officer, director, trustee, partner, or employee.

"(D) Any person or organization with whom the individual is negotiating or has any arrangement concerning prospective employment.

"(2) EXCEPTION.—Paragraph (1) shall not apply if the individual, in advance of the proceeding, application, request for a ruling or other determination, contract, claim controversy, or other particular matter presenting a potential conflict of interest—

"(A) advises the Commission of the nature and circumstances of the matter presenting the conflict of interest;

"(B) makes full disclosure of the financial interest; and

"(C) receives a written decision of the Commission that the interest is not so substantial as to be considered likely to affect the integrity of the services that the Commission may expect from the individual.

"(3) VIOLATION.—An individual violating this subsection shall be fined under title 18, imprisoned for not more than 1 year, or both.

"(b) STATE MEMBER OR ALTERNATE.—A State member or alternate member may not receive any salary, or any contribution to, or supplementation of, salary, for services on a Commission from a source other than the State of the member or alternate.

"(c) DETAILED EMPLOYEES.—

"(1) IN GENERAL.—No person detailed to serve a Commission shall receive any salary, or any contribution to, or supplementation of, salary, for services provided to the Commission from any source other than the State, local, or intergovernmental department or agency from which the person was detailed to the Commission.

"(2) VIOLATION.—Any person that violates this subsection shall be fined under title 18, imprisoned not more than 1 year, or both.

"(d) FEDERAL COCHAIRMAN, ALTERNATE TO FEDERAL COCHAIRMAN, AND FEDERAL OFFICERS AND EMPLOYEES.—The Federal Cochairman, the alternate to the Federal Cochairman, and any Federal officer or employee detailed to duty with the Commission are not subject to

this section but remain subject to sections 202 through 209 of title 18.

"(e) RESCISSION.—A Commission may declare void any contract, loan, or grant of or by the Commission in relation to which the Commission determines that there has been a violation of any provision under subsection (a)(1), (b), or (c), or any of the provisions of sections 202 through 209 of title 18.

"§ 15307. Tribal participation

"Governments of Indian tribes in the region of the Southwest Border Regional Commission shall be allowed to participate in matters before that Commission in the same manner and to the same extent as State agencies and instrumentalities in the region.

"§ 15308. Annual report

"(a) IN GENERAL.—Not later than 90 days after the last day of each fiscal year, each Commission shall submit to the President and Congress a report on the activities carried out by the Commission under this subtitle in the fiscal year.

"(b) CONTENTS.—The report shall include—

"(1) a description of the criteria used by the Commission to designate counties under section 15702 and a list of the counties designated in each category;

"(2) an evaluation of the progress of the Commission in meeting the goals identified in the Commission's economic and infrastructure development plan under section 15303 and State economic and infrastructure development plans under section 15502; and

"(3) any policy recommendations approved by the Commission.

"CHAPTER 3—FINANCIAL ASSISTANCE

"Sec.
"15501. Economic and infrastructure development grants.
"15502. Comprehensive economic and infrastructure development plans.
"15503. Approval of applications for assistance.
"15504. Program development criteria.
"15505. Local development districts and organizations.
"15506. Supplements to Federal grant programs.

"§ 15501. Economic and infrastructure development grants

"(a) IN GENERAL.—A Commission may make grants to States and local governments, Indian tribes, and public and nonprofit organizations for projects, approved in accordance with section 15503—

"(1) to develop the transportation infrastructure of its region;

"(2) to develop the basic public infrastructure of its region;

"(3) to develop the telecommunications infrastructure of its region;

"(4) to assist its region in obtaining job skills training, skills development and employment-related education, entrepreneurship, technology, and business development;

"(5) to provide assistance to severely economically distressed and underdeveloped areas of its region that lack financial resources for improving basic health care and other public services;

"(6) to promote resource conservation, tourism, recreation, and preservation of open space in a manner consistent with economic development goals;

"(7) to promote the development of renewable and alternative energy sources; and

"(8) to otherwise achieve the purposes of this subtitle.

"(b) ALLOCATION OF FUNDS.—A Commission shall allocate at least 40 percent of any grant amounts provided by the Commission in a fiscal year for projects described in paragraphs (1) through (3) of subsection (a).

"(c) SOURCES OF GRANTS.—Grant amounts may be provided entirely from appropriations to carry out this subtitle, in combination with amounts available under other Federal grant programs, or from any other source.

"(d) MAXIMUM COMMISSION CONTRIBUTIONS.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), the Commission may contribute not more than 50 percent of a project or activity cost eligible for financial assistance under this section from amounts appropriated to carry out this subtitle.

"(2) DISTRESSED COUNTIES.—The maximum Commission contribution for a project or activity to be carried out in a county for which a distressed county designation is in effect under section 15702 may be increased to 80 percent.

"(3) SPECIAL RULE FOR REGIONAL PROJECTS.—A Commission may increase to 60 percent under paragraph (1) and 90 percent under paragraph (2) the maximum Commission contribution for a project or activity if—

"(A) the project or activity involves 3 or more counties or more than one State; and

"(B) the Commission determines in accordance with section 15302(a) that the project or activity will bring significant interstate or multicounty benefits to a region.

"(e) MAINTENANCE OF EFFORT.—Funds may be provided by a Commission for a program or project in a State under this section only if the Commission determines that the level of Federal or State financial assist-

ance provided under a law other than this subtitle, for the same type of program or project in the same area of the State within region, will not be reduced as a result of funds made available by this subtitle.

"(f) NO RELOCATION ASSISTANCE.—Financial assistance authorized by this section may not be used to assist a person or entity in relocating from one area to another.

"§ 15502. Comprehensive economic and infrastructure development plans

"(a) STATE PLANS.—In accordance with policies established by a Commission, each State member of the Commission shall submit a comprehensive economic and infrastructure development plan for the area of the region represented by the State member.

"(b) CONTENT OF PLAN.—A State economic and infrastructure development plan shall reflect the goals, objectives, and priorities identified in any applicable economic and infrastructure development plan developed by a Commission under section 15303.

"(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State shall—

"(1) consult with local development districts, local units of government, and local colleges and universities; and

"(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

"(d) PUBLIC PARTICIPATION.—

"(1) IN GENERAL.—A Commission and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this subtitle.

"(2) GUIDELINES.—A Commission shall develop guidelines for providing public participation, including public hearings.

"§ 15503. Approval of applications for assistance

"(a) EVALUATION BY STATE MEMBER.—An application to a Commission for a grant or any other assistance for a project under this subtitle shall be made through, and evaluated for approval by, the State member of the Commission representing the applicant.

"(b) CERTIFICATION.—An application to a Commission for a grant or other assistance for a project under this subtitle shall be eligible for assistance only on certifi-

cation by the State member of the Commission representing the applicant that the application for the project—

"(1) describes ways in which the project complies with any applicable State economic and infrastructure development plan;

"(2) meets applicable criteria under section 15504;

"(3) adequately ensures that the project will be properly administered, operated, and maintained; and

"(4) otherwise meets the requirements for assistance under this subtitle.

"(c) VOTES FOR DECISIONS.—On certification by a State member of a Commission of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Commission under section 15302 shall be required for approval of the application.

"§ 15504. Program development criteria

"In considering programs and projects to be provided assistance by a Commission under this subtitle, and in establishing a priority ranking of the requests for assistance provided to the Commission, the Commission shall follow

procedures that ensure, to the maximum extent practicable, consideration of—

"(1) the relationship of the project or class of projects to overall regional development;

"(2) the per capita income and poverty and unemployment and outmigration rates in an area;

"(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

"(4) the importance of the project or class of projects in relation to the other projects or classes of projects that may be in competition for the same funds;

"(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area to be served by the project; and

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

"§ 15505. Local development districts and organizations

"(a) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—Subject to the requirements of this section, a Commission may make grants to a local development district to assist in the payment of development planning and administrative expenses.

"(b) CONDITIONS FOR GRANTS.—

"(1) MAXIMUM AMOUNT.—The amount of a grant awarded under this section may not exceed 80 percent of the administrative and planning expenses of the local development district receiving the grant.

"(2) MAXIMUM PERIOD FOR STATE AGENCIES.—In the case of a State agency certified as a local development district, a grant may not be awarded to the agency under this section for more than 3 fiscal years.

"(3) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

"(1) operate as a lead organization serving multicounty areas in the region at the local level;

"(2) assist the Commission in carrying out outreach activities for local governments, community development groups, the business community, and the public;

"(3) serve as a liaison between State and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens; and

"(4) assist the individuals and entities described in paragraph (3) in identifying, assessing, and facilitating projects and programs to promote the economic development of the region.

"§ 15506. Supplements to Federal grant programs

"(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) they lack the economic resources to provide the required matching share; or

"(2) there are insufficient funds available under the applicable Federal law with respect to a project to be carried out in the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—A Commission, with the approval of the Federal Cochair-

person, may use amounts made available to carry out this subtitle—

"(1) for any part of the basic Federal contribution to projects or activities under the Federal grant programs authorized by Federal laws; and

"(2) to increase the Federal contribution to projects and activities under the programs above the fixed maximum part of the cost of the projects or activities otherwise authorized by the applicable law.

"(c) CERTIFICATION REQUIRED.—For a program, project, or activity for which any part of the basic Federal contribution to the project or activity under a Federal grant program is proposed to be made under subsection (b), the Federal contribution shall not be made until the responsible Federal official administering the Federal law authorizing the Federal contribution certifies that the program, project, or activity meets the applicable requirements of the Federal law and could be approved for Federal contribution under that law if amounts were available under the law for the program, project, or activity.

"(d) LIMITATIONS IN OTHER LAWS INAPPLICABLE.—Amounts provided pursuant to this subtitle are available without regard to any limitations on areas eligible for assistance or authorizations for appropriation in any other law.

"(e) FEDERAL SHARE.—The Federal share of the cost of a project or activity receiving assistance under this section shall not exceed 80 percent.

"(f) MAXIMUM COMMISSION CONTRIBUTION.—Section 15501(d), relating to limitations on Commission contributions, shall apply to a program, project, or activity receiving assistance under this section.

"CHAPTER 4—ADMINISTRATIVE PROVISIONS

"SUBCHAPTER I—GENERAL PROVISIONS

"Sec. 15701. Consent of States.
"Sec. 15702. Distressed counties and areas.
"Sec. 15703. Counties eligible for assistance in more than one region.
"Sec. 15704. Inspector General; records.
"Sec. 15705. Biannual meetings of representatives of all Commissions.

"SUBCHAPTER II—DESIGNATION OF REGIONS

"Sec. 15731. Southeast Crescent Regional Commission.
"Sec. 15732. Southwest Border Regional Commission.
"Sec. 15733. Northern Border Regional Commission.

"SUBCHAPTER III—AUTHORIZATION OF APPROPRIATIONS

"Sec. 15751. Authorization of appropriations.

"SUBCHAPTER I—GENERAL PROVISIONS

"§ 15701. Consent of States

"This subtitle does not require a State to engage in or accept a program under this subtitle without its consent.

"§ 15702. Distressed counties and areas

"(a) DESIGNATIONS.—Not later than 90 days after the date of the enactment of this section, and annually

thereafter, each Commission shall make the following designations:

"(1) DISTRESSED COUNTIES.—The Commission shall designate as distressed counties those counties in its region that are the most severely and persistently economically distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration.

"(2) TRANSITIONAL COUNTIES.—The Commission shall designate as transitional counties those counties in its region that are economically distressed and underdeveloped or have recently suffered high rates of poverty, unemployment, or outmigration.

"(3) ATTAINMENT COUNTIES.—The Commission shall designate as attainment counties, those counties in its region that are not designated as distressed or transitional counties under this subsection.

"(4) ISOLATED AREAS OF DISTRESS.—The Commission shall designate as isolated areas of distress, areas located in counties designated as attainment counties under paragraph (3) that have high rates of poverty, unemployment, or outmigration.

"(b) ALLOCATION.—A Commission shall allocate at least 50 percent of the appropriations made available to the Commission to carry out this subtitle for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

"(c) ATTAINMENT COUNTIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), funds may not be provided under this subtitle for a project located in a county designated as an attainment county under subsection (a).

"(2) EXCEPTIONS.—

"(A) ADMINISTRATIVE EXPENSES OF LOCAL DEVELOPMENT DISTRICTS.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 15505.

"(B) MULTICOUNTY AND OTHER PROJECTS.—A Commission may waive the application of the funding prohibition under paragraph (1) with respect to—

"(i) a multicounty project that includes participation by an attainment county; and

"(ii) any other type of project, if a Commission determines that the project could bring significant benefits to areas of the region outside an attainment county.

"(3) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress to be effective, the designation shall be supported—

"(A) by the most recent Federal data available; or

"(B) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

"§ 15703. Counties eligible for assistance in more than one region

"(a) LIMITATION.—A political subdivision of a State may not receive assistance under this subtitle in a fiscal year from more than one Commission.

"(b) SELECTION OF COMMISSION.—A political subdivision included in the region of more than one Commission shall select the Commission with which it will participate by notifying, in writing, the Federal Cochairperson and the appropriate State member of that Commission.

"(c) CHANGES IN SELECTIONS.—The selection of a Commission by a political subdivision shall apply in the

fiscal year in which the selection is made, and shall apply in each subsequent fiscal year unless the political subdivision, at least 90 days before the first day of the fiscal year, notifies the Cochairpersons of another Commission in writing that the political subdivision will participate in that Commission and also transmits a copy of such notification to the Cochairpersons of the Commission in which the political subdivision is currently participating.

"(d) INCLUSION OF APPALACHIAN REGIONAL COMMISSION.—In this section, the term 'Commission' includes the Appalachian Regional Commission established under chapter 143.

"§ 15704. Inspector General; records

"(a) APPOINTMENT OF INSPECTOR GENERAL.—There shall be an Inspector General for the Commissions appointed in accordance with section 3(a) of the Inspector General Act of 1978 (5 U.S.C. App.). All of the Commissions shall be subject to a single Inspector General.

"(b) RECORDS OF A COMMISSION.—

"(1) IN GENERAL.—A Commission shall maintain accurate and complete records of all its transactions and activities.

"(2) AVAILABILITY.—All records of a Commission shall be available for audit and examination by

the Inspector General (including authorized representatives of the Inspector General).

"(c) RECORDS OF RECIPIENTS OF COMMISSION ASSISTANCE.—

"(1) IN GENERAL.—A recipient of funds from a Commission under this subtitle shall maintain accurate and complete records of transactions and activities financed with the funds and report to the Commission on the transactions and activities.

"(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Commission and the Inspector General (including authorized representatives of the Commission and the Inspector General).

"(d) ANNUAL AUDIT.—The Inspector General shall audit the activities, transactions, and records of each Commission on an annual basis.

"§ 15705. Biannual meetings of representatives of all Commissions

"(a) IN GENERAL.—Representatives of each Commission, the Appalachian Regional Commission, and the Denali Commission shall meet biannually to discuss issues confronting regions suffering from chronic and contiguous distress and successful strategies for promoting regional development.

"(b) CHAIR OF MEETINGS.—The chair of each meeting shall rotate among the Commissions, with the Appalachian Regional Commission to host the first meeting.

"SUBCHAPTER II—DESIGNATION OF REGIONS

"§ 15731. Southeast Crescent Regional Commission

"The region of the Southeast Crescent Regional Commission shall consist of all counties of the States of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, and Florida not already served by the Appalachian Regional Commission or the Delta Regional Authority.

"§ 15732. Southwest Border Regional Commission

"The region of the Southwest Border Regional Commission shall consist of the following political subdivisions:

"(1) ARIZONA.—The counties of Cochise, Gila, Graham, Greenlee, La Paz, Maricopa, Pima, Pinal, Santa Cruz, and Yuma in the State of Arizona.

"(2) CALIFORNIA.—The counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura in the State of California.

"(3) NEW MEXICO.—The counties of Catron, Chaves, Dona Ana, Eddy, Grant, Hidalgo, Lincoln, Luna, Otero, Sierra, and Socorro in the State of New Mexico.

"(4) TEXAS.—The counties of Atascosa, Bandera, Bee, Bexar, Brewster, Brooks, Cameron, Coke, Concho, Crane, Crockett, Culberson, Dimmit, Duval, Ector, Edwards, El Paso, Frio, Gillespie, Glasscock, Hidalgo, Hudspeth, Irion, Jeff Davis, Jim Hogg, Jim Wells, Karnes, Kendall, Kenedy, Kerr, Kimble, Kinney, Kleberg, La Salle, Live Oak, Loving, Mason, Maverick, McMullen, Medina, Menard, Midland, Nueces, Pecos, Presidio, Reagan, Real, Reeves, San Patricio, Shleicher, Sutton, Starr, Sterling, Terrell, Tom Green Upton, Uvalde, Val Verde, Ward, Webb, Willacy, Wilson, Winkler, Zapata, and Zavala in the State of Texas.

"§ 15733. Northern Border Regional Commission

"The region of the Northern Border Regional Commission shall include the following counties:

"(1) MAINE.—The counties of Androscoggin, Aroostook, Franklin, Hancock, Kennebec, Knox, Oxford, Penobscot, Piscataquis, Somerset, Waldo, and Washington in the State of Maine.

"(2) NEW HAMPSHIRE.—The counties of Carroll, Coos, Grafton, and Sullivan in the State of New Hampshire.

"(3) NEW YORK.—The counties of Cayuga, Clinton, Essex, Franklin, Fulton, Hamilton, Her-

kimer, Jefferson, Lewis, Madison, Oneida, Oswego, Seneca, and St. Lawrence in the State of New York.

"(4) VERMONT.—The counties of Caledonia, Essex, Franklin, Grand Isle, Lamoille, and Orleans in the State of Vermont.

"SUBCHAPTER III—AUTHORIZATION OF APPROPRIATIONS

"§ 15751. Authorization of appropriations

"(a) IN GENERAL.—There is authorized to be appropriated to each Commission to carry out this subtitle $30,000,000 for each of fiscal years 2008 through 2012.

"(b) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the funds made available to a Commission in a fiscal year under this section may be used for administrative expenses.".

(b) CLERICAL AMENDMENT TO TABLE OF SUBTITLES.—The table of subtitles for chapter 40, United States Code, is amended by striking the item relating to subtitle V and inserting the following:

"V. REGIONAL ECONOMIC AND INFRASTRUCTURE DEVELOPMENT 15101
"VI. MISCELLANEOUS ..... 17101".

(c) CONFORMING AMENDMENTS TO INSPECTOR GENERAL ACT.—Section 11 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in paragraph (1), by striking "or the President of the Export-Import Bank;" and inserting

"the President of the Export-Import Bank; or the Federal Cochairpersons of the Commissions established under section 15301 of title 40, United States Code;"; and

(2) in paragraph (2), by striking "or the Export-Import Bank," and inserting "the Export-Import Bank, or the Commissions established under section 15301 of title 40, United States Code,".

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect on the first day of the first fiscal year beginning after the date of the enactment of this Act.

SEC. 14218. COORDINATOR FOR CHRONICALLY UNDERSERVED RURAL AREAS.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a Coordinator for Chronically Underserved Rural Areas (in this section referred to as the "Coordinator"), to be located in the Rural Development Mission Area.

(b) MISSION.—The mission of the Coordinator shall be to direct Department of Agriculture resources to high need, high poverty rural areas.

(c) DUTIES.—The Coordinator shall consult with other offices in directing technical assistance, strategic regional planning, at the State and local level, for developing

rural economic development that leverages the resources of State and local governments and non-profit and community development organizations.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as necessary to carry out this section for fiscal years 2008 through 2012.

SEC. 14219. ELIMINATION OF STATUTE OF LIMITATIONS APPLICABLE TO COLLECTION OF DEBT BY ADMINISTRATIVE OFFSET.

(a) ELIMINATION.—Section 3716(e) of title 31, United States Code, is amended to read as follows:

''(e)(1) Notwithstanding any other provision of law, regulation, or administrative limitation, no limitation on the period within which an offset may be initiated or taken pursuant to this section shall be effective.

''(2) This section does not apply when a statute explicitly prohibits using administrative offset or setoff to collect the claim or type of claim involved.''.

(b) APPLICATION OF AMENDMENT.—The amendment made by subsection (a) shall apply to any debt outstanding on or after the date of the enactment of this Act.

SEC. 14220. AVAILABILITY OF EXCESS AND SURPLUS COMPUTERS IN RURAL AREAS.

In addition to any other authority, the Secretary of Agriculture may make available to an organization excess or surplus computers or other technical equipment of the Department of Agriculture for the purposes of distribution to a city, town, or local government entity in a rural area (as defined in section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act).

SEC. 14221. REPEAL OF SECTION 3068 OF THE WATER RESOURCES DEVELOPMENT ACT OF 2007.

Effective upon the date of enactment of this Act, section 3068 of the Water Resources Development Act of 2007 (Public Law 110-114; 121 Stat. 1123), and the item relating to section 3068 in the table of contents of that Act, are repealed.

SEC. 14222. DOMESTIC FOOD ASSISTANCE PROGRAMS.

(a) DEFINITION OF SECTION 32.—In this section, the term ''section 32'' means section 32 of the Act of August 24, 1935 (7 U.S.C. 612c).

(b) TRANSFER TO FOOD AND NUTRITION SERVICE.—

(1) IN GENERAL.—Amounts made available for a fiscal year to carry out section 32 in excess of the maximum amount calculated under paragraph (2) shall be transferred to the Secretary, acting through

the Administrator of the Food and Nutrition Service, to be used to carry out the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

(2) MAXIMUM AMOUNT.—The maximum amount calculated under this paragraph for a fiscal year is the sum of—

(A)(i) in the case of fiscal year 2009, $1,173,000,000;

(ii) in the case of fiscal year 2010, $1,199,000,000;

(iii) in the case of fiscal year 2011, $1,215,000,000;

(iv) in the case of fiscal year 2012, $1,231,000,000;

(v) in the case of fiscal year 2013, $1,248,000,000;

(vi) in the case of fiscal year 2014, $1,266,000,000;

(vii) in the case of fiscal year 2015, $1,284,000,000;

(viii) in the case of fiscal year 2016, $1,303,000,000;

(ix) in the case of fiscal year 2017, $1,322,000,000; and

(x) for fiscal year 2018 and each fiscal year thereafter, the amount made available for the preceding fiscal year, as adjusted to reflect changes for the 12-month period ending on the preceding November 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor; and

(B) any transfers for the fiscal year from section 32 to the Department of Commerce under the Fish and Wildlife Act of 1956 (16 U.S.C. 742a et seq.).

(c) FRESH FRUIT AND VEGETABLE PROGRAM.—Of amounts made available to carry out section 32 under subsection (b)(2)(A), the Secretary shall transfer for use to carry out the fresh fruit and vegetable program under section 19 of the Richard B. Russell National School Lunch Act the amounts specified in subsection (i) of that section.

(d) WHOLE GRAIN PRODUCTS.—Of amounts made available to carry out section 32 under subsection (b)(2)(A), the Secretary shall use to carry out section 4305 $4,000,000 for fiscal year 2009.

(e) MAINTENANCE OF FUNDING.—The funding provided under subsections (c) and (d) shall supplement (and

not supplant) other Federal funding (including section 32 funding) for programs carried out under—

(1) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), except for section 19 of that Act;

(2) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.); and

(3) section 27 of the Food Stamp Act of 1977 (7 U.S.C. 2036).

SEC. 14223. TECHNICAL CORRECTION.

Section 923(1)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2206a(1)(B)) is amended by striking ''as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b))'' and inserting ''as defined in section 502(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)(5))''.

TITLE XV—TRADE AND TAX PROVISIONS

SEC. 15001. SHORT TITLE; ETC.

(a) SHORT TITLE.—This title may be cited as the ''Heartland, Habitat, Harvest, and Horticulture Act of 2008''.

(b) AMENDMENTS TO 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amend-

ment 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 Internal Revenue Code of 1986.

Subtitle A—Supplemental Agricultural Disaster Assistance From the Agricultural Disaster Relief Trust Fund

SEC. 15101. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.

(a) IN GENERAL.—The Trade Act of 1974 (19 U.S.C. 2101 et seq.) is amended by adding at the end the following:

"TITLE IX—SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE

"SEC. 901. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.

"(a) DEFINITIONS.—In this section:

"(1) ACTUAL PRODUCTION HISTORY YIELD.—The term 'actual production history yield' means the weighted average of the actual production history for each insurable commodity or noninsurable commodity, as calculated under the Federal Crop Insur-

ance Act (7 U.S.C. 1501 et seq.) or the noninsured crop disaster assistance program, respectively.

"(2) ADJUSTED ACTUAL PRODUCTION HISTORY YIELD.—The term 'adjusted actual production history yield' means—

"(A) in the case of an eligible producer on a farm that has at least 4 years of actual production history yields for an insurable commodity that are established other than pursuant to section 508(g)(4)(B) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)(4)(B)), the actual production history for the eligible producer without regard to any yields established under that section;

"(B) in the case of an eligible producer on a farm that has less than 4 years of actual production history yields for an insurable commodity, of which 1 or more were established pursuant to section 508(g)(4)(B) of that Act, the actual production history for the eligible producer as calculated without including the lowest of the yields established pursuant to section 508(g)(4)(B) of that Act; and

"(C) in all other cases, the actual production history of the eligible producer on a farm.

"(3) ADJUSTED NONINSURED CROP DISASTER ASSISTANCE PROGRAM YIELD.—The term 'adjusted noninsured crop disaster assistance program yield' means—

"(A) in the case of an eligible producer on a farm that has at least 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields, the noninsured crop disaster assistance program yield without regard to any replacement yields;

"(B) in the case of an eligible producer on a farm that less than 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields, the noninsured crop disaster assistance program yield as calculated without including the lowest of the replacement yields; and

"(C) in all other cases, the production history of the eligible producer on the farm under the noninsured crop disaster assistance program.

"(4) COUNTER-CYCLICAL PROGRAM PAYMENT YIELD.—The term 'counter-cyclical program payment yield' means the weighted average payment

yield established under section 1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912), section 1102 of the Food, Conservation, and Energy Act of 2008, or a successor section.

"(5) DISASTER COUNTY.—

"(A) IN GENERAL.—The term 'disaster county' means a county included in the geographic area covered by a qualifying natural disaster declaration.

"(B) INCLUSION.—The term 'disaster county' includes—

"(i) a county contiguous to a county described in subparagraph (A); and

"(ii) any farm in which, during a calendar year, the total loss of production of the farm relating to weather is greater than 50 percent of the normal production of the farm, as determined by the Secretary.

"(6) ELIGIBLE PRODUCER ON A FARM.—

"(A) IN GENERAL.—The term 'eligible producer on a farm' means an individual or entity described in subparagraph (B) that, as determined by the Secretary, assumes the production

and market risks associated with the agricultural production of crops or livestock.

"(B) DESCRIPTION.—An individual or entity referred to in subparagraph (A) is—

"(i) a citizen of the United States;

"(ii) a resident alien;

"(iii) a partnership of citizens of the United States; or

"(iv) a corporation, limited liability corporation, or other farm organizational structure organized under State law.

"(7) FARM.—

"(A) IN GENERAL.—The term 'farm' means, in relation to an eligible producer on a farm, the sum of all crop acreage in all counties that is planted or intended to be planted for harvest by the eligible producer.

"(B) AQUACULTURE.—In the case of aquaculture, the term 'farm' means, in relation to an eligible producer on a farm, all fish being produced in all counties that are intended to be harvested for sale by the eligible producer.

"(C) HONEY.—In the case of honey, the term 'farm' means, in relation to an eligible producer on a farm, all bees and beehives in all

counties that are intended to be harvested for a honey crop by the eligible producer.

"(8) FARM-RAISED FISH.—The term 'farm-raised fish' means any aquatic species that is propagated and reared in a controlled environment.

"(9) INSURABLE COMMODITY.—The term 'insurable commodity' means an agricultural commodity (excluding livestock) for which the producer on a farm is eligible to obtain a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

"(10) LIVESTOCK.—The term 'livestock' includes—

"(A) cattle (including dairy cattle);

"(B) bison;

"(C) poultry;

"(D) sheep;

"(E) swine;

"(F) horses; and

"(G) other livestock, as determined by the Secretary.

"(11) NONINSURABLE COMMODITY.—The term 'noninsurable commodity' means a crop for which the eligible producers on a farm are eligible to ob-

tain assistance under the noninsured crop assistance program.

"(12) NONINSURED CROP ASSISTANCE PROGRAM.—The term 'noninsured crop assistance program' means the program carried out under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

"(13) QUALIFYING NATURAL DISASTER DECLARATION.—The term 'qualifying natural disaster declaration' means a natural disaster declared by the Secretary for production losses under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)).

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

"(15) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)).

"(16) STATE.—The term 'State' means—

"(A) a State;

"(B) the District of Columbia;

"(C) the Commonwealth of Puerto Rico; and

"(D) any other territory or possession of the United States.

"(17) TRUST FUND.—The term 'Trust Fund' means the Agricultural Disaster Relief Trust Fund established under section 902.

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

"(b) SUPPLEMENTAL REVENUE ASSISTANCE PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall use such sums as are necessary from the Trust Fund to make crop disaster assistance payments to eligible producers on farms in disaster counties that have incurred crop production losses or crop quality losses, or both, during the crop year.

"(2) AMOUNT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall provide crop disaster assistance payments under this section to an eligible producer on a farm in an amount equal to 60 percent of the difference between—

"(i) the disaster assistance program guarantee, as described in paragraph (3); and

"(ii) the total farm revenue for a farm, as described in paragraph (4).

"(B) LIMITATION.—The disaster assistance program guarantee for a crop used to calculate the payments for a farm under subparagraph (A)(i) may not be greater than 90 percent of the sum of the expected revenue, as described in paragraph (5) for each of the crops on a farm, as determined by the Secretary.

"(3) SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM GUARANTEE.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, the supplemental assistance program guarantee shall be the sum obtained by adding—

"(i) for each insurable commodity on the farm, 115 percent of the product obtained by multiplying—

"(I) a payment rate for the commodity that is equal to the price election for the commodity elected by the eligible producer;

"(II) the payment acres for the commodity that is equal to the num-

ber of acres planted, or prevented from being planted, to the commodity;

"(III) the payment yield for the commodity that is equal to the percentage of the crop insurance yield elected by the producer of the higher of—

"(aa) the adjusted actual production history yield; or

"(bb) the counter-cyclical program payment yield for each crop; and

"(ii) for each noninsurable commodity on a farm, 120 percent of the product obtained by multiplying—

"(I) a payment rate for the commodity that is equal to 100 percent of the noninsured crop assistance program established price for the commodity;

"(II) the payment acres for the commodity that is equal to the number of acres planted, or prevented from being planted, to the commodity; and

"(III) the payment yield for the commodity that is equal to the higher of—

"(aa) the adjusted non-insured crop assistance program yield guarantee; or

"(bb) the counter-cyclical program payment yield for each crop.

"(B) ADJUSTMENT INSURANCE GUARANTEE.—Notwithstanding subparagraph (A), in the case of an insurable commodity for which a plan of insurance provides for an adjustment in the guarantee, such as in the case of prevented planting, the adjusted insurance guarantee shall be the basis for determining the disaster assistance program guarantee for the insurable commodity.

"(C) ADJUSTED ASSISTANCE LEVEL.—Notwithstanding subparagraph (A), in the case of a noninsurable commodity for which the non-insured crop assistance program provides for an adjustment in the level of assistance, such as in the case of unharvested crops, the adjusted assistance level shall be the basis for determining

the disaster assistance program guarantee for the noninsurable commodity.

"(D) EQUITABLE TREATMENT FOR NON-YIELD BASED POLICIES.—The Secretary shall establish equitable treatment for non-yield based policies and plans of insurance, such as the Adjusted Gross Revenue Lite insurance program.

"(4) FARM REVENUE.—

"(A) IN GENERAL.—For purposes of this subsection, the total farm revenue for a farm, shall equal the sum obtained by adding—

"(i) the estimated actual value for each crop produced on a farm by using the product obtained by multiplying—

"(I) the actual crop acreage harvested by an eligible producer on a farm;

"(II) the estimated actual yield of the crop production; and

"(III) subject to subparagraphs (B) and (C), to the extent practicable, the national average market price received for the marketing year, as determined by the Secretary;

"(ii) 15 percent of amount of any direct payments made to the producer under sections 1103 and 1303 of the Food, Conservation, and Energy Act of 2008 or successor sections;

"(iii) the total amount of any countercyclical payments made to the producer under sections 1104 and 1304 of the Food, Conservation, and Energy Act of 2008 or successor sections or of any average crop revenue election payments made to the producer under section 1105 of that Act;

"(iv) the total amount of any loan deficiency payments, marketing loan gains, and marketing certificate gains made to the producer under subtitles B and C of the Food, Conservation, and Energy Act of 2008 or successor subtitles;

"(v) the amount of payments for prevented planting on a farm;

"(vi) the amount of crop insurance indemnities received by an eligible producer on a farm for each crop on a farm;

"(vii) the amount of payments an eligible producer on a farm received under

the noninsured crop assistance program for each crop on a farm; and

"(viii) the value of any other natural disaster assistance payments provided by the Federal Government to an eligible producer on a farm for each crop on a farm for the same loss for which the eligible producer is seeking assistance.

"(B) ADJUSTMENT.—The Secretary shall adjust the average market price received by the eligible producer on a farm—

"(i) to reflect the average quality discounts applied to the local or regional market price of a crop or mechanically harvested forage due to a reduction in the intrinsic characteristics of the production resulting from adverse weather, as determined annually by the State office of the Farm Service Agency; and

"(ii) to account for a crop the value of which is reduced due to excess moisture resulting from a disaster-related condition.

"(C) MAXIMUM AMOUNT FOR CERTAIN CROPS.—With respect to a crop for which an eligible producer on a farm receives assistance

under the noninsured crop assistance program, the national average market price received during the marketing year shall be an amount not more than 100 percent of the price of the crop established under the noninsured crop assistance program.

"(5) EXPECTED REVENUE.—The expected revenue for each crop on a farm shall equal the sum obtained by adding—

"(A) the product obtained by multiplying—

"(i) the greatest of—

"(I) the adjusted actual production history yield of the eligible producer on a farm; and

"(II) the counter-cyclical program payment yield;

"(ii) the acreage planted or prevented from being planted for each crop; and

"(iii) 100 percent of the insurance price guarantee; and

"(B) the product obtained by multiplying—

"(i) 100 percent of the adjusted noninsured crop assistance program yield; and

"(ii) 100 percent of the noninsured crop assistance program price for each of the crops on a farm.

"(c) LIVESTOCK INDEMNITY PAYMENTS.—

"(1) PAYMENTS.—The Secretary shall use such sums as are necessary from the Trust Fund to make livestock indemnity payments to eligible producers on farms that have incurred livestock death losses in excess of the normal mortality due to adverse weather, as determined by the Secretary, during the calendar year, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold.

"(2) PAYMENT RATES.—Indemnity payments to an eligible producer on a farm under paragraph (1) shall be made at a rate of 75 percent of the market value of the applicable livestock on the day before the date of death of the livestock, as determined by the Secretary.

"(d) LIVESTOCK FORAGE DISASTER PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) COVERED LIVESTOCK.—

"(i) IN GENERAL.—The term 'covered livestock' means livestock of an eligible livestock producer that, during the 60 days

prior to the beginning date of a qualifying drought or fire condition, as determined by the Secretary, the eligible livestock producer—

"(I) owned;

"(II) leased;

"(III) purchased;

"(IV) entered into a contract to purchase;

"(V) is a contract grower; or

"(VI) sold or otherwise disposed of due to qualifying drought conditions during—

"(aa) the current production year; or

"(bb) subject to paragraph (3)(B)(ii), 1 or both of the 2 production years immediately preceding the current production year.

"(ii) EXCLUSION.—The term 'covered livestock' does not include livestock that were or would have been in a feedlot, on the beginning date of the qualifying drought or fire condition, as a part of the

normal business operation of the eligible livestock producer, as determined by the Secretary.

"(B) DROUGHT MONITOR.—The term 'drought monitor' means a system for classifying drought severity according to a range of abnormally dry to exceptional drought, as defined by the Secretary.

"(C) ELIGIBLE LIVESTOCK PRODUCER.—

"(i) IN GENERAL.—The term 'eligible livestock producer' means an eligible producer on a farm that—

"(I) is an owner, cash or share lessee, or contract grower of covered livestock that provides the pastureland or grazing land, including cash-leased pastureland or grazing land, for the livestock;

"(II) provides the pastureland or grazing land for covered livestock, including cash-leased pastureland or grazing land that is physically located in a county affected by drought;

"(III) certifies grazing loss; and

"(IV) meets all other eligibility requirements established under this subsection.

"(ii) EXCLUSION.—The term 'eligible livestock producer' does not include an owner, cash or share lessee, or contract grower of livestock that rents or leases pastureland or grazing land owned by another person on a rate-of-gain basis.

"(D) NORMAL CARRYING CAPACITY.—The term 'normal carrying capacity', with respect to each type of grazing land or pastureland in a county, means the normal carrying capacity, as determined under paragraph (3)(D)(i), that would be expected from the grazing land or pastureland for livestock during the normal grazing period, in the absence of a drought or fire that diminishes the production of the grazing land or pastureland.

"(E) NORMAL GRAZING PERIOD.—The term 'normal grazing period', with respect to a county, means the normal grazing period during the calendar year for the county, as determined under paragraph (3)(D)(i).

"(2) PROGRAM.—The Secretary shall use such sums as are necessary from the Trust Fund to provide compensation for losses to eligible livestock producers due to grazing losses for covered livestock due to—

"(A) a drought condition, as described in paragraph (3); or

"(B) fire, as described in paragraph (4).

"(3) ASSISTANCE FOR LOSSES DUE TO DROUGHT CONDITIONS.—

"(A) ELIGIBLE LOSSES.—

"(i) IN GENERAL.—An eligible livestock producer may receive assistance under this subsection only for grazing losses for covered livestock that occur on land that—

"(I) is native or improved pastureland with permanent vegetative cover; or

"(II) is planted to a crop planted specifically for the purpose of providing grazing for covered livestock.

"(ii) EXCLUSIONS.—An eligible livestock producer may not receive assistance under this subsection for grazing losses

that occur on land used for haying or grazing under the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

''(B) MONTHLY PAYMENT RATE.—

''(i) IN GENERAL.—Except as provided in clause (ii), the payment rate for assistance under this paragraph for 1 month shall, in the case of drought, be equal to 60 percent of the lesser of—

''(I) the monthly feed cost for all covered livestock owned or leased by the eligible livestock producer, as determined under subparagraph (C); or

''(II) the monthly feed cost calculated by using the normal carrying capacity of the eligible grazing land of the eligible livestock producer.

''(ii) PARTIAL COMPENSATION.—In the case of an eligible livestock producer that sold or otherwise disposed of covered livestock due to drought conditions in 1 or both of the 2 production years immediately

preceding the current production year, as determined by the Secretary, the payment rate shall be 80 percent of the payment rate otherwise calculated in accordance with clause (i).

''(C) MONTHLY FEED COST.—

''(i) IN GENERAL.—The monthly feed cost shall equal the product obtained by multiplying—

''(I) 30 days;

''(II) a payment quantity that is equal to the feed grain equivalent, as determined under clause (ii); and

''(III) a payment rate that is equal to the corn price per pound, as determined under clause (iii).

''(ii) FEED GRAIN EQUIVALENT.—For purposes of clause (i)(I), the feed grain equivalent shall equal—

''(I) in the case of an adult beef cow, 15.7 pounds of corn per day; or

''(II) in the case of any other type of weight of livestock, an amount determined by the Secretary that represents the average number of pounds

of corn per day necessary to feed the livestock.

"(iii) CORN PRICE PER POUND.—For purposes of clause (i)(II), the corn price per pound shall equal the quotient obtained by dividing—

"(I) the higher of—

"(aa) the national average corn price per bushel for the 12-month period immediately preceding March 1 of the year for which the disaster assistance is calculated; or

"(bb) the national average corn price per bushel for the 24-month period immediately preceding that March 1; by

"(II) 56.

"(D) NORMAL GRAZING PERIOD AND DROUGHT MONITOR INTENSITY.—

"(i) FSA COUNTY COMMITTEE DETERMINATIONS.—

"(I) IN GENERAL.—The Secretary shall determine the normal carrying capacity and normal grazing pe-

riod for each type of grazing land or pastureland in the county served by the applicable committee.

"(II) CHANGES.—No change to the normal carrying capacity or normal grazing period established for a county under subclause (I) shall be made unless the change is requested by the appropriate State and county Farm Service Agency committees.

"(ii) DROUGHT INTENSITY.—

"(I) D2.—An eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having a D2 (severe drought) intensity in any area of the county for at least 8 consecutive weeks during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph in an amount equal to 1 monthly payment using the monthly

payment rate determined under subparagraph (B).

"(II) D3.—An eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having at least a D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph—

"(aa) in an amount equal to 2 monthly payments using the monthly payment rate determined under subparagraph (B); or

"(bb) if the county is rated as having a D3 (extreme drought) intensity in any area of the county for at least 4 weeks during the normal grazing period for the county, or is rated as

having a D4 (exceptional drought) intensity in any area of the county at any time during the normal grazing period, in an amount equal to 3 monthly payments using the monthly payment rate determined under subparagraph (B).

"(4) ASSISTANCE FOR LOSSES DUE TO FIRE ON PUBLIC MANAGED LAND.—

"(A) IN GENERAL.—An eligible livestock producer may receive assistance under this paragraph only if—

"(i) the grazing losses occur on rangeland that is managed by a Federal agency; and

"(ii) the eligible livestock producer is prohibited by the Federal agency from grazing the normal permitted livestock on the managed rangeland due to a fire.

"(B) PAYMENT RATE.—The payment rate for assistance under this paragraph shall be equal to 50 percent of the monthly feed cost for the total number of livestock covered by the

Federal lease of the eligible livestock producer, as determined under paragraph (3)(C).

"(C) PAYMENT DURATION.—

"(i) IN GENERAL.—Subject to clause (ii), an eligible livestock producer shall be eligible to receive assistance under this paragraph for the period—

"(I) beginning on the date on which the Federal agency excludes the eligible livestock producer from using the managed rangeland for grazing; and

"(II) ending on the last day of the Federal lease of the eligible livestock producer.

"(ii) LIMITATION.—An eligible livestock producer may only receive assistance under this paragraph for losses that occur on not more than 180 days per year.

"(5) MINIMUM RISK MANAGEMENT PURCHASE REQUIREMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, a livestock producer shall only be eligible for assistance under this subsection if the livestock producer—

"(i) obtained a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for the grazing land incurring the losses for which assistance is being requested; or

"(ii) filed the required paperwork, and paid the administrative fee by the applicable State filing deadline, for the non-insured crop assistance program for the grazing land incurring the losses for which assistance is being requested.

"(B) WAIVER FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING FARMER OR RANCHER.—In the case of an eligible livestock producer that is a socially disadvantaged farmer or rancher or limited resource or beginning farmer or rancher, as determined by the Secretary, the Secretary may—

"(i) waive subparagraph (A); and

"(ii) provide disaster assistance under this section at a level that the Secretary determines to be equitable and appropriate.

"(C) WAIVER FOR 2008 CALENDAR YEAR.—In the case of an eligible livestock producer that

suffered losses on grazing land during the 2008 calendar year but does not meet the requirements of subparagraph (A), the Secretary shall waive subparagraph (A) if the eligible livestock producer pays a fee in an amount equal to the applicable noninsured crop assistance program fee or catastrophic risk protection plan fee required under subparagraph (A) to the Secretary not later than 90 days after the date of enactment of this subtitle.

"(D) EQUITABLE RELIEF.—

"(i) IN GENERAL.—The Secretary may provide equitable relief to an eligible livestock producer that is otherwise ineligible or unintentionally fails to meet the requirements of subparagraph (A) for the grazing land incurring the loss on a case-by-case basis, as determined by the Secretary.

"(ii) 2008 CALENDAR YEAR.—In the case of an eligible livestock producer that suffered losses on grazing land during the 2008 calendar year, the Secretary shall take special consideration to provide equitable relief in cases in which the eligible

livestock producer failed to meet the requirements of subparagraph (A) due to the enactment of this title after the closing date of sales periods for crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and the noninsured crop assistance program.

"(6) NO DUPLICATIVE PAYMENTS.—

"(A) IN GENERAL.—An eligible livestock producer may elect to receive assistance for grazing or pasture feed losses due to drought conditions under paragraph (3) or fire under paragraph (4), but not both for the same loss, as determined by the Secretary.

"(B) RELATIONSHIP TO SUPPLEMENTAL REVENUE ASSISTANCE.—An eligible livestock producer that receives assistance under this subsection may not also receive assistance for losses to crops on the same land with the same intended use under subsection (b).

"(e) EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEY BEES, AND FARM-RAISED FISH.—

"(1) IN GENERAL.—The Secretary shall use up to $50,000,000 per year from the Trust Fund to provide emergency relief to eligible producers of live-

stock, honey bees, and farm-raised fish to aid in the reduction of losses due to disease, adverse weather, or other conditions, such as blizzards and wildfires, as determined by the Secretary, that are not covered under subsection (b), (c), or (d).

"(2) USE OF FUNDS.—Funds made available under this subsection shall be used to reduce losses caused by feed or water shortages, disease, or other factors as determined by the Secretary.

"(3) AVAILABILITY OF FUNDS.—Any funds made available under this subsection shall remain available until expended.

"(f) TREE ASSISTANCE PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) ELIGIBLE ORCHARDIST.—The term 'eligible orchardist' means a person that produces annual crops from trees for commercial purposes.

"(B) NATURAL DISASTER.—The term 'natural disaster' means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence, as determined by the Secretary.

"(C) NURSERY TREE GROWER.—The term 'nursery tree grower' means a person who pro-

duces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale, as determined by the Secretary.

"(D) TREE.—The term 'tree' includes a tree, bush, and vine.

"(2) ELIGIBILITY.—

"(A) LOSS.—Subject to subparagraph (B), the Secretary shall provide assistance—

"(i) under paragraph (3) to eligible orchardists and nursery tree growers that planted trees for commercial purposes but lost the trees as a result of a natural disaster, as determined by the Secretary; and

"(ii) under paragraph (3)(B) to eligible orchardists and nursery tree growers that have a production history for commercial purposes on planted or existing trees but lost the trees as a result of a natural disaster, as determined by the Secretary.

"(B) LIMITATION.—An eligible orchardist or nursery tree grower shall qualify for assistance under subparagraph (A) only if the tree mortality of the eligible orchardist or nursery tree grower, as a result of damaging weather or

related condition, exceeds 15 percent (adjusted for normal mortality).

"(3) ASSISTANCE.—Subject to paragraph (4), the assistance provided by the Secretary to eligible orchardists and nursery tree growers for losses described in paragraph (2) shall consist of—

"(A)(i) reimbursement of 70 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

"(ii) at the option of the Secretary, sufficient seedlings to reestablish a stand; and

"(B) reimbursement of 50 percent of the cost of pruning, removal, and other costs incurred by an eligible orchardist or nursery tree grower to salvage existing trees or, in the case of tree mortality, to prepare the land to replant trees as a result of damage or tree mortality due to a natural disaster, as determined by the Secretary, in excess of 15 percent damage or mortality (adjusted for normal tree damage and mortality).

"(4) LIMITATIONS ON ASSISTANCE.—

"(A) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this paragraph, the terms 'legal entity' and 'person' have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a) (as amended by section 1603 of the Food, Conservation, and Energy Act of 2008).

"(B) AMOUNT.—The total amount of payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this subsection may not exceed $100,000 for any crop year, or an equivalent value in tree seedlings.

"(C) ACRES.—The total quantity of acres planted to trees or tree seedlings for which a person or legal entity shall be entitled to receive payments under this subsection may not exceed 500 acres.

"(g) RISK MANAGEMENT PURCHASE REQUIREMENT.—

"(1) IN GENERAL.—Except as otherwise provided in this section, the eligible producers on a farm shall not be eligible for assistance under this section (other than subsection (c)) if the eligible producers on the farm—

"(A) in the case of each insurable commodity of the eligible producers on the farm, did not obtain a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) (excluding a crop insurance pilot program under that Act); or

"(B) in the case of each noninsurable commodity of the eligible producers on the farm, did not file the required paperwork, and pay the administrative fee by the applicable State filing deadline, for the noninsured crop assistance program.

"(2) MINIMUM.—To be considered to have obtained insurance under paragraph (1)(A), an eligible producer on a farm shall have obtained a policy or plan of insurance with not less than 50 percent yield coverage at 55 percent of the insurable price for each crop grazed, planted, or intended to be planted for harvest on a whole farm.

"(3) WAIVER FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING FARMER OR RANCHER.—With respect to eligible producers that are socially disadvantaged farmers or ranchers or limited resource or beginning farmers or ranchers,

as determined by the Secretary, the Secretary may—

"(A) waive paragraph (1); and

"(B) provide disaster assistance under this section at a level that the Secretary determines to be equitable and appropriate.

"(4) WAIVER FOR 2008 CROP YEAR.—In the case of an eligible producer that suffered losses in an insurable commodity or noninsurable commodity during the 2008 crop year but does not meet the requirements of paragraph (1), the Secretary shall waive paragraph (1) if the eligible producer pays a fee in an amount equal to the applicable noninsured crop assistance program fee or catastrophic risk protection plan fee required under paragraph (1) to the Secretary not later than 90 days after the date of enactment of this subtitle.

"(5) EQUITABLE RELIEF.—

"(A) IN GENERAL.—The Secretary may provide equitable relief to eligible producers on a farm that are otherwise ineligible or unintentionally fail to meet the requirements of paragraph (1) for 1 or more crops on a farm on a case-by-case basis, as determined by the Secretary.

"(B) 2008 CROP YEAR.—In the case of eligible producers on a farm that suffered losses in an insurable commodity or noninsurable commodity during the 2008 crop year, the Secretary shall take special consideration to provide equitable relief in cases in which the eligible producers failed to meet the requirements of paragraph (1) due to the enactment of this title after the closing date of sales periods for crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and the noninsured crop assistance program.

"(h) PAYMENT LIMITATIONS.—

"(1) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this subsection, the terms 'legal entity' and 'person' have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a) (as amended by section 1603 of the Food, Conservation, and Energy Act of 2008).

"(2) AMOUNT.—The total amount of disaster assistance payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this section (excluding payments received under subsection (f)) may not exceed $100,000 for any crop year.

"(3) AGI LIMITATION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a) or any successor provision shall apply with respect to assistance provided under this section.

"(4) DIRECT ATTRIBUTION.—Subsections (e) and (f) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) or any successor provisions relating to direct attribution shall apply with respect to assistance provided under this section.

"(i) PERIOD OF EFFECTIVENESS.—This section shall be effective only for losses that are incurred as the result of a disaster, adverse weather, or other environmental condition that occurs on or before September 30, 2011, as determined by the Secretary.

"(j) NO DUPLICATIVE PAYMENTS.—In implementing any other program which makes disaster assistance payments (except for indemnities made under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.)) and section 196 of the Federal Agriculture Improvement and Reform Act of 1996), the Secretary shall prevent duplicative payments with respect to the same loss for which a person receives a payment under subsections (b), (c), (d), (e), or (f).

"SEC. 902. AGRICULTURAL DISASTER RELIEF TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Agricultural Disaster Relief Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section.

"(b) TRANSFER TO TRUST FUND.—

"(1) IN GENERAL.—There are appropriated to the Agricultural Disaster Relief Trust Fund amounts equivalent to 3.08 percent of the amounts received in the general fund of the Treasury of the United States during fiscal years 2008 through 2011 attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the United States.

"(2) AMOUNTS BASED ON ESTIMATES.—The amounts appropriated under this section shall be transferred at least monthly from the general fund of the Treasury of the United States to the Agricultural Disaster Relief Trust Fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(3) LIMITATION ON TRANSFERS TO AGRICULTURAL DISASTER RELIEF TRUST FUND.—No amount may be appropriated to the Agricultural Disaster Relief Trust Fund on and after the date of any expenditure from the Agricultural Disaster Relief Trust Fund which is not permitted by this section. The determination of whether an expenditure is so permitted shall be made without regard to—

"(A) any provision of law which is not contained or referenced in this title or in a revenue Act, and

"(B) whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of this paragraph.

"(c) ADMINISTRATION.—

"(1) REPORTS.—The Secretary of the Treasury shall be the trustee of the Agricultural Disaster Relief Trust Fund and shall submit an annual report to Congress each year on the financial condition and the results of the operations of such Trust Fund during the preceding fiscal year and on its expected condition and operations during the 4 fiscal years succeeding such fiscal year. Such report shall be

printed as a House document of the session of Congress to which the report is made.

"(2) INVESTMENT.—

"(A) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the Agricultural Disaster Relief Trust Fund as is not in his judgment required to meet current withdrawals. Such investments may be made only in interest bearing obligations of the United States. For such purpose, such obligations may be acquired—

"(i) on original issue at the issue price, or

"(ii) by purchase of outstanding obligations at the market price.

"(B) SALE OF OBLIGATIONS.—Any obligation acquired by the Agricultural Disaster Relief Trust Fund may be sold by the Secretary of the Treasury at the market price.

"(C) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Agricultural Disaster Relief Trust Fund shall be credited to and form a part of such Trust Fund.

"(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Agricultural Disaster Relief Trust Fund shall be available for the purposes of making expenditures to meet those obligations of the United States incurred under section 901 or section 531 of the Federal Crop Insurance Act (as such sections are in effect on the date of the enactment of the Food, Conservation, and Energy Act of 2008).

"(e) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated, and are appropriated, to the Agricultural Disaster Relief Trust Fund, as repayable advances, such sums as may be necessary to carry out the purposes of such Trust Fund.

"(2) REPAYMENT OF ADVANCES.—

"(A) IN GENERAL.—Advances made to the Agricultural Disaster Relief Trust Fund shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary determines that moneys are available for such purposes in such Trust Fund.

"(B) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be—

"(i) at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding, and

"(ii) compounded annually.

"SEC. 903. JURISDICTION.

"Legislation in the Senate of the United States amending section 901 or 902 shall be referred to the Committee on Finance of the Senate.".

(b) TRANSITION.—For purposes of the 2008 crop year, the Secretary shall carry out subsections (f)(4) and (h) of section 901 of the Trade Act of 1974 (as added by subsection (a)) in accordance with the terms and conditions of sections 1001 through 1001D of the Food Security Act of 1985 (16 U.S.C. 1308 et seq.), as in effect on September 30, 2007.

(c) CLERICAL AMENDMENT.—The table of contents for the Trade Act of 1974 (19 U.S.C. 2101 et seq.) is amended by adding at the end the following:

"TITLE IX—SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE

"Sec. 901. Supplemental agricultural disaster assistance.
"Sec. 902. Agricultural Disaster Relief Trust Fund.
"Sec. 903. Jurisdiction.".

Subtitle B—Revenue Provisions for Agriculture Programs

SEC. 15201. CUSTOMS USER FEES.

(a) IN GENERAL.—Section 13031(j)(3)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)(A)) is amended by striking "December 27, 2014" and inserting "November 14, 2017".

(b) OTHER FEES.—Section 13031(j)(3)(B)(i) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)(B)(i)) is amended by striking "December 27, 2014" and inserting "September 30, 2017".

(c) TIME FOR REMITTING CERTAIN COBRA FEES.—Notwithstanding any other provision of law, any fees authorized under paragraphs (1) through (8) of section 13031(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a) (1) through (8)) with respect to customs services provided on or after July 1, 2017, and before September 20, 2017, shall be paid not later than September 25, 2017.

(d) TIME FOR REMITTING CERTAIN MERCHANDISE PROCESSING FEES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, any fees authorized under paragraphs (9) and (10) of section 13031(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a) (9) and (10)) with respect to processing merchandise entered on or after October 1, 2017, and before November 15, 2017, shall be paid not later than September 25, 2017, in an amount equivalent to the amount of such fees paid by the person responsible for such fees with respect to merchandise entered on or after October 1, 2016, and before November 15, 2016, as determined by the Secretary of the Treasury.

(2) RECONCILIATION OF MERCHANDISE PROCESSING FEES.—Not later than December 15, 2017, the Secretary of the Treasury shall reconcile the fees paid pursuant to paragraph (1) with the fees for services actually provided on or after October 1, 2017, and before November 15, 2017, and shall refund with interest any overpayment of such fees and make proper adjustments with respect to any underpayment of such fees. No interest may be assessed with respect to any such underpayment that was based on the amount of fees paid for merchandise

entered on or after October 1, 2016, and before November 15, 2016.

SEC. 15202. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 7.75 percentage points.

Subtitle C—Tax Provisions

PART I—CONSERVATION

Subpart A—Land and Species Preservation Provisions

SEC. 15301. EXCLUSION OF CONSERVATION RESERVE PROGRAM PAYMENTS FROM SECA TAX FOR CERTAIN INDIVIDUALS.

(a) INTERNAL REVENUE CODE.—Section 1402(a)(1) (defining net earnings from self-employment) is amended by inserting ", and including payments under section 1233(2) of the Food Security Act of 1985 (16 U.S.C. 3833(2)) to individuals receiving benefits under section 202 or 223 of the Social Security Act" after "crop shares".

(b) SOCIAL SECURITY ACT.—Section 211(a)(1) of the Social Security Act is amended by inserting ", and including payments under section 1233(2) of the Food Se-

curity Act of 1985 (16 U.S.C. 3833(2)) to individuals receiving benefits under section 202 or 223'' after ''crop shares''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after December 31, 2007.

SEC. 15302. TWO-YEAR EXTENSION OF SPECIAL RULE ENCOURAGING CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY FOR CONSERVATION PURPOSES.

(a) IN GENERAL.—

(1) INDIVIDUALS.—Section 170(b)(1)(E)(vi) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(2) CORPORATIONS.—Section 170(b)(2)(B)(iii) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2007.

SEC. 15303. DEDUCTION FOR ENDANGERED SPECIES RECOVERY EXPENDITURES.

(a) DEDUCTION FOR ENDANGERED SPECIES RECOVERY EXPENDITURES.—

(1) IN GENERAL.—Paragraph (1) of section 175(c) (relating to definitions) is amended by inserting after the first sentence the following new sentence: ''Such term shall include expenditures paid or incurred for the purpose of achieving site-specific management actions recommended in recovery plans approved pursuant to the Endangered Species Act of 1973.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 175 is amended by inserting '', or for endangered species recovery'' after ''prevention of erosion of land used in farming'' each place it appears in subsections (a) and (c).

(B) The heading of section 175 is amended by inserting ''**; ENDANGERED SPECIES RECOVERY EXPENDITURES**'' before the period.

(C) The item relating to section 175 in the table of sections for part VI of subchapter B of chapter 1 is amended by inserting ''; endangered species recovery expenditures'' before the period.

(b) LIMITATIONS.—Paragraph (3) of section 175(c) (relating to additional limitations) is amended—

(1) in the heading of subparagraph (A), by inserting ''OR ENDANGERED SPECIES RECOVERY PLAN'' after ''CONSERVATION PLAN'', and

(2) in subparagraph (A)(i), by inserting ''or the recovery plan approved pursuant to the Endangered Species Act of 1973'' after ''Department of Agriculture''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 2008.

Subpart B—Timber Provisions

SEC. 15311. TEMPORARY REDUCTION IN RATE OF TAX ON QUALIFIED TIMBER GAIN OF CORPORATIONS.

(a) IN GENERAL.—Section 1201 (relating to alternative tax for corporations) is amended by redesignating subsection (b) as subsection (c) and by adding after subsection (a) the following new subsection:

''(b) SPECIAL RATE FOR QUALIFIED TIMBER GAINS.—

''(1) IN GENERAL.—If, for any taxable year ending after the date of the enactment of the Food, Conservation, and Energy Act of 2008 and beginning on or before the date which is 1 year after such

date, a corporation has both a net capital gain and qualified timber gain—

"(A) subsection (a) shall apply to such corporation for the taxable year without regard to whether the applicable tax rate exceeds 35 percent, and

"(B) the tax computed under subsection (a)(2) shall be equal to the sum of—

"(i) 15 percent of the least of—

"(I) qualified timber gain,

"(II) net capital gain, or

"(III) taxable income, plus

"(ii) 35 percent of the excess (if any) of taxable income over the sum of the amounts for which a tax was determined under subsection (a)(1) and clause (i).

"(2) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

"(A) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

"(B) the sum of the taxpayer's losses described in such subsections for such year.

For purposes of subparagraphs (A) and (B), only timber held more than 15 years shall be taken into account.

"(3) COMPUTATION FOR TAXABLE YEARS IN WHICH RATE FIRST APPLIES OR ENDS.—In the case of any taxable year which includes either of the dates set forth in paragraph (1), the qualified timber gain for such year shall not exceed the qualified timber gain properly taken into account for—

"(A) in the case of the taxable year including the date of the enactment of the Food, Conservation, and Energy Act of 2008, the portion of the year after such date, and

"(B) in the case of the taxable year including the date which is 1 year after such date of enactment, the portion of the year on or before such later date.".

(b) MINIMUM TAX.—Subsection (b) of section 55 is amended by adding at the end the following paragraph:

"(4) MAXIMUM RATE OF TAX ON QUALIFIED TIMBER GAIN OF CORPORATIONS.—In the case of any taxable year to which section 1201(b) applies, the amount determined under clause (i) of subparagraph (B) shall not exceed the sum of—

"(A) 20 percent of so much of the taxable excess (if any) as exceeds the qualified timber gain (or, if less, the net capital gain), plus

"(B) 15 percent of the taxable excess in excess of the amount on which a tax is determined under subparagraph (A).

Any term used in this paragraph which is also used in section 1201 shall have the meaning given such term by such section, except to the extent such term is subject to adjustment under this part.".

(c) CONFORMING AMENDMENT.—Section 857(b)(3)(A)(ii) is amended by striking "rate" and inserting "rates".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of enactment.

SEC. 15312. TIMBER REIT MODERNIZATION.

(a) IN GENERAL.—Section 856(c)(5) is amended by adding after subparagraph (G) the following new subparagraph:

"(H) TREATMENT OF TIMBER GAINS.—

"(i) IN GENERAL.—Gain from the sale of real property described in paragraph (2)(D) and (3)(C) shall include gain which is—

"(I) recognized by an election under section 631(a) from timber owned by the real estate investment trust, the cutting of which is provided by a taxable REIT subsidiary of the real estate investment trust;

"(II) recognized under section 631(b); or

"(III) income which would constitute gain under subclause (I) or (II) but for the failure to meet the 1-year holding period requirement.

"(ii) SPECIAL RULES.—

"(I) For purposes of this subtitle, cut timber, the gain from which is recognized by a real estate investment trust pursuant to an election under section 631(a) described in clause (i)(I) or so much of clause (i)(III) as relates to clause (i)(I), shall be deemed to be sold to the taxable REIT subsidiary of the real estate investment trust on the first day of the taxable year.

"(II) For purposes of this subtitle, income described in this subparagraph shall not be treated as gain from the sale of property described in section 1221(a)(1).

"(iii) TERMINATION.—This subparagraph shall not apply to dispositions after the termination date.".

(b) TERMINATION DATE.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

"(8) TERMINATION DATE.—For purposes of this subsection, the term 'termination date' means, with respect to any taxpayer, the last day of the taxpayer's first taxable year beginning after the date of the enactment of this paragraph and before the date that is 1 year after such date of enactment.".

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to dispositions in taxable years beginning after the date of the enactment of this Act.

SEC. 15313. MINERAL ROYALTY INCOME QUALIFYING INCOME FOR TIMBER REITS.

(a) IN GENERAL.—Section 856(c)(2) is amended by striking "and" at the end of subparagraph (G), by insert-

ing ''and'' at the end of subparagraph (H), and by adding after subparagraph (H) the following new subparagraph:

''(I) mineral royalty income earned in the first taxable year beginning after the date of the enactment of this subparagraph from real property owned by a timber real estate investment trust and held, or once held, in connection with the trade or business of producing timber by such real estate investment trust;''.

(b) TIMBER REAL ESTATE INVESTMENT TRUST.—Section 856(c)(5), as amended by this Act, is amended by adding after subparagraph (H) the following new subparagraph:

''(I) TIMBER REAL ESTATE INVESTMENT TRUST.—The term 'timber real estate investment trust' means a real estate investment trust in which more than 50 percent in value of its total assets consists of real property held in connection with the trade or business of producing timber.''.

(c) EFFECTIVE DATE.—The amendments by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 15314. MODIFICATION OF TAXABLE REIT SUBSIDIARY ASSET TEST FOR TIMBER REITS.

(a) IN GENERAL.—Section 856(c)(4)(B)(ii) is amended by inserting ''(in the case of a quarter which closes on or before the termination date, 25 percent in the case of a timber real estate investment trust)'' after ''REIT subsidiaries''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 15315. SAFE HARBOR FOR TIMBER PROPERTY.

(a) IN GENERAL.—Section 857(b)(6) (relating to income from prohibited transactions) is amended by adding at the end the following new subparagraph:

''(G) SPECIAL RULES FOR SALES TO QUALIFIED ORGANIZATIONS.—

''(i) IN GENERAL.—In the case of the sale of a real estate asset (as defined in section 856(c)(5)(B)) to a qualified organization (as defined in section 170(h)(3)) exclusively for conservation purposes (within the meaning of section 170(h)(1)(C)), subparagraph (D) shall be applied—

''(I) by substituting '2 years' for '4 years' in clause (i), and

"(II) by substituting '2-year period' for '4-year period' in clauses (ii) and (iii).

"(ii) TERMINATION.—This subparagraph shall not apply to sales after the termination date.".

(b) PROHIBITED TRANSACTIONS.—Section 857(b)(6)(D)(v) is amended by inserting ", or, in the case of a sale on or before the termination date, a taxable REIT subsidiary" after "any income".

(c) SALES THAT ARE NOT PROHIBITED TRANSACTIONS.—Section 857(b)(6), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

"(H) SALES OF PROPERTY THAT ARE NOT A PROHIBITED TRANSACTION.—In the case of a sale on or before the termination date, the sale of property which is not a prohibited transaction through the application of subparagraph (D) shall be considered property held for investment or for use in a trade or business and not property described in section 1221(a)(1) for all purposes of this subtitle.".

(d) TERMINATION DATE.—Section 857(b)(6), as amended by subsections (a) and (c), is amended by adding at the end the following new subparagraph:

"(I) TERMINATION DATE.—For purposes of this paragraph, the term 'termination date' has the meaning given such term by section 856(c)(8).".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions in taxable years beginning after the date of the enactment of this Act.

SEC. 15316. QUALIFIED FORESTRY CONSERVATION BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

"Subpart I—Qualified Tax Credit Bonds

"Sec. 54A. Credit to holders of qualified tax credit bonds.
"Sec. 54B. Qualified forestry conservation bonds.

"SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT BONDS.

"(a) ALLOWANCE OF CREDIT.—If a taxpayer holds a qualified tax credit bond on one or more credit allowance dates of the bond during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

1 "(b) AMOUNT OF CREDIT.—

2 "(1) IN GENERAL.—The amount of the credit
3 determined under this subsection with respect to any
4 credit allowance date for a qualified tax credit bond
5 is 25 percent of the annual credit determined with
6 respect to such bond.

7 "(2) ANNUAL CREDIT.—The annual credit de-
8 termined with respect to any qualified tax credit
9 bond is the product of—

10 "(A) the applicable credit rate, multiplied
11 by

12 "(B) the outstanding face amount of the
13 bond.

14 "(3) APPLICABLE CREDIT RATE.—For purposes
15 of paragraph (2), the applicable credit rate is the
16 rate which the Secretary estimates will permit the
17 issuance of qualified tax credit bonds with a speci-
18 fied maturity or redemption date without discount
19 and without interest cost to the qualified issuer. The
20 applicable credit rate with respect to any qualified
21 tax credit bond shall be determined as of the first
22 day on which there is a binding, written contract for
23 the sale or exchange of the bond.

24 "(4) SPECIAL RULE FOR ISSUANCE AND RE-
25 DEMPTION.—In the case of a bond which is issued

during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

"(c) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under this part (other than subpart C and this subpart).

"(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined be-

fore the application of paragraph (1) for such succeeding taxable year).

"(d) QUALIFIED TAX CREDIT BOND.—For purposes of this section—

"(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means a qualified forestry conservation bond which is part of an issue that meets the requirements of paragraphs (2), (3), (4), (5), and (6).

"(2) SPECIAL RULES RELATING TO EXPENDITURES.—

"(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if, as of the date of issuance, the issuer reasonably expects—

"(i) 100 percent or more of the available project proceeds to be spent for 1 or more qualified purposes within the 3-year period beginning on such date of issuance, and

"(ii) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on such date of issuance.

"(B) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 3 YEARS.—

"(i) IN GENERAL.—To the extent that less than 100 percent of the available project proceeds of the issue are expended by the close of the expenditure period for 1 or more qualified purposes, the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

"(ii) EXPENDITURE PERIOD.—For purposes of this subpart, the term 'expenditure period' means, with respect to any issue, the 3-year period beginning on the date of issuance. Such term shall include any extension of such period under clause (iii).

"(iii) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the expenditure period (determined without regard to any extension under this

clause), the Secretary may extend such period if the issuer establishes that the failure to expend the proceeds within the original expenditure period is due to reasonable cause and the expenditures for qualified purposes will continue to proceed with due diligence.

"(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means a purpose specified in section 54B(e).

"(D) REIMBURSEMENT.—For purposes of this subtitle, available project proceeds of an issue shall be treated as spent for a qualified purpose if such proceeds are used to reimburse the issuer for amounts paid for a qualified purpose after the date that the Secretary makes an allocation of bond limitation with respect to such issue, but only if—

"(i) prior to the payment of the original expenditure, the issuer declared its intent to reimburse such expenditure with the proceeds of a qualified tax credit bond,

"(ii) not later than 60 days after payment of the original expenditure, the issuer adopts an official intent to reimburse the

original expenditure with such proceeds, and

"(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

"(3) REPORTING.—An issue shall be treated as meeting the requirements of this paragraph if the issuer of qualified tax credit bonds submits reports similar to the reports required under section 149(e).

"(4) SPECIAL RULES RELATING TO ARBITRAGE.—

"(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if the issuer satisfies the requirements of section 148 with respect to the proceeds of the issue.

"(B) SPECIAL RULE FOR INVESTMENTS DURING EXPENDITURE PERIOD.—An issue shall not be treated as failing to meet the requirements of subparagraph (A) by reason of any investment of available project proceeds during the expenditure period.

"(C) SPECIAL RULE FOR RESERVE FUNDS.—An issue shall not be treated as failing to meet the requirements of subparagraph

(A) by reason of any fund which is expected to be used to repay such issue if—

"(i) such fund is funded at a rate not more rapid than equal annual installments,

"(ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the issue, and

"(iii) the yield on such fund is not greater than the discount rate determined under paragraph (5)(B) with respect to the issue.

"(5) MATURITY LIMITATION.—

"(A) IN GENERAL.—An issue shall be treated as meeting the requirements of this paragraph if the maturity of any bond which is part of such issue does not exceed the maximum term determined by the Secretary under subparagraph (B).

"(B) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the

present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

"(6) PROHIBITION ON FINANCIAL CONFLICTS OF INTEREST.—An issue shall be treated as meeting the requirements of this paragraph if the issuer certifies that—

"(A) applicable State and local law requirements governing conflicts of interest are satisfied with respect to such issue, and

"(B) if the Secretary prescribes additional conflicts of interest rules governing the appropriate Members of Congress, Federal, State, and local officials, and their spouses, such additional rules are satisfied with respect to such issue.

"(e) OTHER DEFINITIONS.—For purposes of this subchapter—

"(1) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

"(A) March 15,

"(B) June 15,

"(C) September 15, and

"(D) December 15.

Such term includes the last day on which the bond is outstanding.

"(2) BOND.—The term 'bond' includes any obligation.

"(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

"(4) AVAILABLE PROJECT PROCEEDS.—The term 'available project proceeds' means—

"(A) the excess of—

"(i) the proceeds from the sale of an issue, over

"(ii) the issuance costs financed by the issue (to the extent that such costs do not exceed 2 percent of such proceeds), and

"(B) the proceeds from any investment of the excess described in subparagraph (A).

"(f) CREDIT TREATED AS INTEREST.—For purposes of this subtitle, the credit determined under subsection (a) shall be treated as interest which is includible in gross income.

"(g) S CORPORATIONS AND PARTNERSHIPS.—In the case of a tax credit bond held by an S corporation or partnership, the allocation of the credit allowed by this section to the shareholders of such corporation or partners of such partnership shall be treated as a distribution.

"(h) BONDS HELD BY REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—If any qualified tax credit bond is held by a regulated investment company or a real estate investment trust, the credit determined under subsection (a) shall be allowed to shareholders of such company or beneficiaries of such trust (and any gross income included under subsection (f) with respect to such credit shall be treated as distributed to such shareholders or beneficiaries) under procedures prescribed by the Secretary.

"(i) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

"(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified tax credit bond and the entitlement to the credit under this section with respect to such bond. In case

of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

''(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified tax credit bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''SEC. 54B. QUALIFIED FORESTRY CONSERVATION BONDS.

''(a) QUALIFIED FORESTRY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified forestry conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified forestry conservation purposes,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by

any issuer shall not exceed the limitation amount allocated to such issuer under subsection (d).

"(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified forestry conservation bond limitation of $500,000,000.

"(d) ALLOCATIONS.—

"(1) IN GENERAL.—The Secretary shall make allocations of the amount of the national qualified forestry conservation bond limitation described in subsection (c) among qualified forestry conservation purposes in such manner as the Secretary determines appropriate so as to ensure that all of such limitation is allocated before the date which is 24 months after the date of the enactment of this section.

"(2) SOLICITATION OF APPLICATIONS.—The Secretary shall solicit applications for allocations of the national qualified forestry conservation bond limitation described in subsection (c) not later than 90 days after the date of the enactment of this section.

"(e) QUALIFIED FORESTRY CONSERVATION PURPOSE.—For purposes of this section, the term 'qualified forestry conservation purpose' means the acquisition by a State or any political subdivision or instrumentality thereof or a 501(c)(3) organization (as defined in section

150(a)(4)) from an unrelated person of forest and forest land that meets the following qualifications:

"(1) Some portion of the land acquired must be adjacent to United States Forest Service Land.

"(2) At least half of the land acquired must be transferred to the United States Forest Service at no net cost to the United States and not more than half of the land acquired may either remain with or be conveyed to a State.

"(3) All of the land must be subject to a native fish habitat conservation plan approved by the United States Fish and Wildlife Service.

"(4) The amount of acreage acquired must be at least 40,000 acres.

"(f) QUALIFIED ISSUER.—For purposes of this section, the term 'qualified issuer' means a State or any political subdivision or instrumentality thereof or a 501(c)(3) organization (as defined in section 150(a)(4)).

"(g) SPECIAL ARBITRAGE RULE.—In the case of any qualified forestry conservation bond issued as part of an issue, section 54A(d)(4)(C) shall be applied to such issue without regard to clause (i).

"(h) ELECTION TO TREAT 50 PERCENT OF BOND ALLOCATION AS PAYMENT OF TAX.—

"(1) IN GENERAL.—If—

"(A) a qualified issuer receives an allocation of any portion of the national qualified forestry conservation bond limitation described in subsection (c), and

"(B) the qualified issuer elects the application of this subsection with respect to such allocation,

then the qualified issuer (without regard to whether the issuer is subject to tax under this chapter) shall be treated as having made a payment against the tax imposed by this chapter, for the taxable year preceding the taxable year in which the allocation is received, in an amount equal to 50 percent of the amount of such allocation.

"(2) TREATMENT OF DEEMED PAYMENT.—

"(A) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary shall not use the payment of tax described in paragraph (1) as an offset or credit against any tax liability of the qualified issuer but shall refund such payment to such issuer.

"(B) NO INTEREST.—Except as provided in paragraph (3)(A), the payment described in paragraph (1) shall not be taken into account

in determining any amount of interest under this title.

"(3) REQUIREMENT FOR, AND EFFECT OF, ELECTION.—

"(A) REQUIREMENT.—No election under this subsection shall take effect unless the qualified issuer certifies to the Secretary that any payment of tax refunded to the issuer under this subsection will be used exclusively for 1 or more qualified forestry conservation purposes. If the qualified issuer fails to use any portion of such payment for such purpose, the issuer shall be liable to the United States in an amount equal to such portion, plus interest at the overpayment rate under section 6621 for the period from the date such portion was refunded to the date such amount is paid. Any such amount shall be assessed and collected in the same manner as tax imposed by this chapter, except that subchapter B of chapter 63 (relating to deficiency procedures) shall not apply in respect of such assessment or collection.

"(B) EFFECT OF ELECTION ON ALLOCATION.—If a qualified issuer makes the election

under this subsection with respect to any allocation—

"(i) the issuer may issue no bonds pursuant to the allocation, and

"(ii) the Secretary may not reallocate such allocation for any other purpose.".

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

"(9) REPORTING OF CREDIT ON QUALIFIED TAX CREDIT BONDS.—

"(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(e)(1)).

"(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

"(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.".

(c) CONFORMING AMENDMENTS.—

(1) Sections 54(c)(2) and 1400N(l)(3)(B) are each amended by striking "subpart C" and inserting "subparts C and I".

(2) Section 1397E(c)(2) is amended by striking "subpart H" and inserting "subparts H and I".

(3) Section 6401(b)(1) is amended by striking "and H" and inserting "H, and I".

(4) The heading of subpart H of part IV of subchapter A of chapter 1 is amended by striking "**Certain Bonds**" and inserting "**Clean Renewable Energy Bonds**".

(5) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart H and inserting the following new items:

"SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE ENERGY BONDS.

"SUBPART I. QUALIFIED TAX CREDIT BONDS.".

(6) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by striking ''or 6428 or 53(e)'' and inserting '', 53(e), 54B(h), or 6428''.

(d) EFFECTIVE DATES.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

PART II—ENERGY PROVISIONS

Subpart A—Cellulosic Biofuel

SEC. 15321. CREDIT FOR PRODUCTION OF CELLULOSIC BIOFUEL.

(a) IN GENERAL.—Subsection (a) of section 40 (relating to alcohol used as fuel) is amended by striking ''plus'' at the end of paragraph (1), by striking ''plus'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', plus'', and by adding at the end the following new paragraph:

''(4) the cellulosic biofuel producer credit.''.

(b) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 40 is amended by adding at the end the following new paragraph:

''(6) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

"(A) IN GENERAL.—The cellulosic biofuel producer credit of any taxpayer is an amount equal to the applicable amount for each gallon of qualified cellulosic biofuel production.

"(B) APPLICABLE AMOUNT.—For purposes of subparagraph (A), the applicable amount means $1.01, except that such amount shall, in the case of cellulosic biofuel which is alcohol, be reduced by the sum of—

"(i) the amount of the credit in effect for such alcohol under subsection (b)(1) (without regard to subsection (b)(3)) at the time of the qualified cellulosic biofuel production, plus

"(ii) in the case of ethanol, the amount of the credit in effect under subsection (b)(4) at the time of such production.

"(C) QUALIFIED CELLULOSIC BIOFUEL PRODUCTION.—For purposes of this section, the term 'qualified cellulosic biofuel production' means any cellulosic biofuel which is produced by the taxpayer, and which during the taxable year—

"(i) is sold by the taxpayer to another person—

"(I) for use by such other person in the production of a qualified cellulosic biofuel mixture in such other person's trade or business (other than casual off-farm production),

"(II) for use by such other person as a fuel in a trade or business, or

"(III) who sells such cellulosic biofuel at retail to another person and places such cellulosic biofuel in the fuel tank of such other person, or

"(ii) is used or sold by the taxpayer for any purpose described in clause (i).

The qualified cellulosic biofuel production of any taxpayer for any taxable year shall not include any alcohol which is purchased by the taxpayer and with respect to which such producer increases the proof of the alcohol by additional distillation.

"(D) QUALIFIED CELLULOSIC BIOFUEL MIXTURE.—For purposes of this paragraph, the term 'qualified cellulosic biofuel mixture' means

a mixture of cellulosic biofuel and gasoline or of cellulosic biofuel and a special fuel which—

"(i) is sold by the person producing such mixture to any person for use as a fuel, or

"(ii) is used as a fuel by the person producing such mixture.

"(E) CELLULOSIC BIOFUEL.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'cellulosic biofuel' means any liquid fuel which—

"(I) is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, and

"(II) meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545).

"(ii) EXCLUSION OF LOW-PROOF ALCOHOL.—Such term shall not include any alcohol with a proof of less than 150. The determination of the proof of any alcohol

shall be made without regard to any added denaturants.

"(F) ALLOCATION OF CELLULOSIC BIOFUEL PRODUCER CREDIT TO PATRONS OF COOPERATIVE.—Rules similar to the rules under subsection (g)(6) shall apply for purposes of this paragraph.

"(G) REGISTRATION REQUIREMENT.—No credit shall be determined under this paragraph with respect to any taxpayer unless such taxpayer is registered with the Secretary as a producer of cellulosic biofuel under section 4101.

"(H) APPLICATION OF PARAGRAPH.—This paragraph shall apply with respect to qualified cellulosic biofuel production after December 31, 2008, and before January 1, 2013.".

(2) TERMINATION DATE NOT TO APPLY.—Subsection (e) of section 40 (relating to termination) is amended—

(A) by inserting "or subsection (b)(6)(H)" after "by reason of paragraph (1)" in paragraph (2), and

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

"(3) EXCEPTION FOR CELLULOSIC BIOFUEL PRODUCER CREDIT.—Paragraph (1) shall not apply to the portion of the credit allowed under this section by reason of subsection (a)(4).".

(3) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 4101(a) is amended—

(i) by striking "and every person" and inserting ", every person", and

(ii) by inserting ", and every person producing cellulosic biofuel (as defined in section 40(b)(6)(E))" after "section 6426(b)(4)(A))".

(B) The heading of section 40, and the item relating to such section in the table of sections for subpart D of part IV of subchapter A of chapter 1, are each amended by inserting ", etc.," after "Alcohol".

(c) BIOFUEL NOT USED AS A FUEL, ETC.—

(1) IN GENERAL.—Paragraph (3) of section 40(d) is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

"(D) CELLULOSIC BIOFUEL PRODUCER CREDIT.—If—

"(i) any credit is allowed under subsection (a)(4), and

"(ii) any person does not use such fuel for a purpose described in subsection (b)(6)(C),

then there is hereby imposed on such person a tax equal to the applicable amount (as defined in subsection (b)(6)(B)) for each gallon of such cellulosic biofuel.".

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (C) of section 40(d)(3) is amended by striking "PRODUCER" in the heading and inserting "SMALL ETHANOL PRODUCER".

(B) Subparagraph (E) of section 40(d)(3), as redesignated by paragraph (1), is amended by striking "or (C)" and inserting "(C), or (D)".

(d) BIOFUEL PRODUCED IN THE UNITED STATES.—Section 40(d) is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE FOR CELLULOSIC BIOFUEL PRODUCER CREDIT.—No cellulosic biofuel producer credit shall be determined under subsection (a) with respect to any cellulosic biofuel unless such cellulosic

biofuel is produced in the United States and used as a fuel in the United States. For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(e) WAIVER OF CREDIT LIMIT FOR CELLULOSIC BIOFUEL PRODUCTION BY SMALL ETHANOL PRODUCERS.—Section 40(b)(4)(C) is amended by inserting ''(determined without regard to any qualified cellulosic biofuel production)'' after ''15,000,000 gallons''.

(f) DENIAL OF DOUBLE BENEFIT.—

(1) BIODIESEL.—Paragraph (1) of section 40A(d) is amended by adding at the end the following new flush sentence:

''Such term shall not include any liquid with respect to which a credit may be determined under section 40.''.

(2) RENEWABLE DIESEL.—Paragraph (3) of section 40A(f) is amended by adding at the end the following new flush sentence:

''Such term shall not include any liquid with respect to which a credit may be determined under section 40.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced after December 31, 2008.

SEC. 15322. COMPREHENSIVE STUDY OF BIOFUELS.

(a) STUDY.—The Secretary of the Treasury, in consultation with the Secretary of Agriculture, the Secretary of Energy, and the Administrator of the Environmental Protection Agency, shall enter into an agreement with the National Academy of Sciences to produce an analysis of current scientific findings to determine—

(1) current biofuels production, as well as projections for future production,

(2) the maximum amount of biofuels production capable in United States forests and farmlands, including the current quantities and character of the feedstocks and including such information as regional forest inventories that are commercially available, used in the production of biofuels,

(3) the domestic effects of an increase in biofuels production levels, including the effects of such levels on—

(A) the price of fuel,

(B) the price of land in rural and suburban communities,

(C) crop acreage, forest acreage, and other land use,

(D) the environment, due to changes in crop acreage, fertilizer use, runoff, water use,

emissions from vehicles utilizing biofuels, and other factors,

(E) the price of feed,

(F) the selling price of grain crops and forest products,

(G) exports and imports of grains and forest products,

(H) taxpayers, through cost or savings to commodity crop payments, and

(I) the expansion of refinery capacity,

(4) the ability to convert corn ethanol plants for other uses, such as cellulosic ethanol or biodiesel,

(5) a comparative analysis of corn ethanol versus other biofuels and renewable energy sources, considering cost, energy output, and ease of implementation,

(6) the impact of the tax credit established by this subpart on the regional agricultural and silvicultural capabilities of commercially available forest inventories, and

(7) the need for additional scientific inquiry, and specific areas of interest for future research.

(b) REPORT.—The Secretary of the Treasury shall submit an initial report of the findings of the study required under subsection (a) to Congress not later than 6

months after the date of the enactment of this Act (36 months after such date in the case of the information required by subsection (a)(6)), and a final report not later than 12 months after such date (42 months after such date in the case of the information required by subsection (a)(6)).

Subpart B—Revenue Provisions

SEC. 15331. MODIFICATION OF ALCOHOL CREDIT.

(a) INCOME TAX CREDIT.—

(1) IN GENERAL.—The table in paragraph (2) of section 40(h) is amended—

(A) by striking ''through 2010'' in the first column and inserting '', 2006, 2007, or 2008'',

(B) by striking the period at the end of the third row, and

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

''2009 through 2010 ..... 45 cents ..... 33.33 cents.''.

(2) EXCEPTION.—Section 40(h) is amended by adding at the end the following new paragraph:

''(3) REDUCTION DELAYED UNTIL ANNUAL PRODUCTION OR IMPORTATION OF 7,500,000,000 GALLONS.—

''(A) IN GENERAL.—In the case of any calendar year beginning after 2008, if the Sec-

retary makes a determination described in subparagraph (B) with respect to all preceding calendar years beginning after 2007, the last row in the table in paragraph (2) shall be applied by substituting '51 cents' for '45 cents'.

"(B) DETERMINATION.—A determination described in this subparagraph with respect to any calendar year is a determination, in consultation with the Administrator of the Environmental Protection Agency, that an amount less than 7,500,000,000 gallons of ethanol (including cellulosic ethanol) has been produced in or imported into the United States in such year.".

(b) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 6426(b)(2) (relating to alcohol fuel mixture credit) is amended by striking "the applicable amount is 51 cents" and inserting "the applicable amount is—

"(i) in the case of calendar years beginning before 2009, 51 cents, and

"(ii) in the case of calendar years beginning after 2008, 45 cents.".

(2) EXCEPTION.—Paragraph (2) of section 6426(b) is amended by adding at the end the following new subparagraph:

"(C) REDUCTION DELAYED UNTIL ANNUAL PRODUCTION OR IMPORTATION OF 7,500,000,000 GALLONS.—In the case of any calendar year beginning after 2008, if the Secretary makes a determination described in section 40(h)(3)(B) with respect to all preceding calendar years beginning after 2007, subparagraph (A)(ii) shall be applied by substituting '51 cents' for '45 cents'."

(3) CONFORMING AMENDMENT.—Subparagraph (A) of section 6426(b)(2) is amended by striking "subparagraph (B)" and inserting "subparagraphs (B) and (C)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 15332. CALCULATION OF VOLUME OF ALCOHOL FOR FUEL CREDITS.

(a) IN GENERAL.—Paragraph (4) of section 40(d) (relating to volume of alcohol) is amended by striking "5 percent" and inserting "2 percent".

(b) CONFORMING AMENDMENT FOR EXCISE TAX CREDIT.—Section 6426(b) (relating to alcohol fuel mixture credit) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) VOLUME OF ALCOHOL.—For purposes of determining under subsection (a) the number of gallons of alcohol with respect to which a credit is allowable under subsection (a), the volume of alcohol shall include the volume of any denaturant (including gasoline) which is added under any formulas approved by the Secretary to the extent that such denaturants do not exceed 2 percent of the volume of such alcohol (including denaturants).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2008.

SEC. 15333. ETHANOL TARIFF EXTENSION.

Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States are each amended in the effective period column by striking "1/1/2009" and inserting "1/1/2011".

SEC. 15334. LIMITATIONS ON DUTY DRAWBACK ON CERTAIN IMPORTED ETHANOL.

(a) IN GENERAL.—Section 313(p) of the Tariff Act of 1930 (19 U.S.C. 1313(p)) is amended by adding at the end the following new paragraph:

"(5) SPECIAL RULES FOR ETHYL ALCOHOL.—For purposes of this subsection, any duty paid under subheading 9901.00.50 of the Harmonized Tariff Schedule of the United States on imports of ethyl alcohol or a mixture of ethyl alcohol may not be refunded if the exported article upon which a drawback claim is based does not contain ethyl alcohol or a mixture of ethyl alcohol.".

(b) EFFECTIVE DATE.—The amendment made by this section applies with respect to—

(1) imports of ethyl alcohol or a mixture of ethyl alcohol entered for consumption, or withdrawn from warehouse for consumption, on or after October 1, 2008; and

(2) imports of ethyl alcohol or a mixture of ethyl alcohol entered for consumption, or withdrawn from warehouse for consumption, before October 1, 2008, if a duty drawback claim is filed with respect to such imports on or after October 1, 2010.

PART III—AGRICULTURAL PROVISIONS

SEC. 15341. INCREASE IN LOAN LIMITS ON AGRICULTURAL BONDS.

(a) IN GENERAL.—Subparagraph (A) of section 147(c)(2) (relating to exception for first-time farmers) is amended by striking ''$250,000'' and inserting ''$450,000''.

(b) INFLATION ADJUSTMENT.—Section 147(c)(2) is amended by adding at the end the following new subparagraph:

''(H) ADJUSTMENTS FOR INFLATION.—In the case of any calendar year after 2008, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as increased under the preceding sentence is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.''.

(c) MODIFICATION OF SUBSTANTIAL FARMLAND DEFINITION.—Section 147(c)(2)(E) (defining substantial

farmland) is amended by striking ''unless'' and all that follows through the period and inserting ''unless such parcel is smaller than 30 percent of the median size of a farm in the county in which such parcel is located.''.

(d) CONFORMING AMENDMENT.—Section 147(c)(2)(C)(i)(II) is amended by striking ''$250,000'' and inserting ''the amount in effect under subparagraph (A)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 15342. ALLOWANCE OF SECTION 1031 TREATMENT FOR EXCHANGES INVOLVING CERTAIN MUTUAL DITCH, RESERVOIR, OR IRRIGATION COMPANY STOCK.

(a) IN GENERAL.—Section 1031 (relating to exchange of property held for productive use or investment) is amended by adding at the end the following new subsection:

''(i) SPECIAL RULES FOR MUTUAL DITCH, RESERVOIR, OR IRRIGATION COMPANY STOCK.—For purposes of subsection (a)(2)(B), the term 'stocks' shall not include shares in a mutual ditch, reservoir, or irrigation company if at the time of the exchange—

"(1) the mutual ditch, reservoir, or irrigation company is an organization described in section 501(c)(12)(A) (determined without regard to the percentage of its income that is collected from its members for the purpose of meeting losses and expenses), and

"(2) the shares in such company have been recognized by the highest court of the State in which such company was organized or by applicable State statute as constituting or representing real property or an interest in real property.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to exchanges completed after the date of the enactment of this Act.

SEC. 15343. AGRICULTURAL CHEMICALS SECURITY CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

"SEC. 45O. AGRICULTURAL CHEMICALS SECURITY CREDIT.

"(a) IN GENERAL.—For purposes of section 38, in the case of an eligible agricultural business, the agricultural chemicals security credit determined under this section for the taxable year is 30 percent of the qualified security expenditures for the taxable year.

"(b) FACILITY LIMITATION.—The amount of the credit determined under subsection (a) with respect to any facility for any taxable year shall not exceed—

"(1) $100,000, reduced by

"(2) the aggregate amount of credits determined under subsection (a) with respect to such facility for the 5 prior taxable years.

"(c) ANNUAL LIMITATION.—The amount of the credit determined under subsection (a) with respect to any taxpayer for any taxable year shall not exceed $2,000,000.

"(d) QUALIFIED CHEMICAL SECURITY EXPENDITURE.—For purposes of this section, the term 'qualified chemical security expenditure' means, with respect to any eligible agricultural business for any taxable year, any amount paid or incurred by such business during such taxable year for—

"(1) employee security training and background checks,

"(2) limitation and prevention of access to controls of specified agricultural chemicals stored at the facility,

"(3) tagging, locking tank valves, and chemical additives to prevent the theft of specified agricultural chemicals or to render such chemicals unfit for illegal use,

"(4) protection of the perimeter of specified agricultural chemicals,

"(5) installation of security lighting, cameras, recording equipment, and intrusion detection sensors,

"(6) implementation of measures to increase computer or computer network security,

"(7) conducting a security vulnerability assessment,

"(8) implementing a site security plan, and

"(9) such other measures for the protection of specified agricultural chemicals as the Secretary may identify in regulation.

Amounts described in the preceding sentence shall be taken into account only to the extent that such amounts are paid or incurred for the purpose of protecting specified agricultural chemicals.

"(e) ELIGIBLE AGRICULTURAL BUSINESS.—For purposes of this section, the term 'eligible agricultural business' means any person in the trade or business of—

"(1) selling agricultural products, including specified agricultural chemicals, at retail predominantly to farmers and ranchers, or

"(2) manufacturing, formulating, distributing, or aerially applying specified agricultural chemicals.

"(f) SPECIFIED AGRICULTURAL CHEMICAL.—For purposes of this section, the term 'specified agricultural chemical' means—

"(1) any fertilizer commonly used in agricultural operations which is listed under—

"(A) section 302(a)(2) of the Emergency Planning and Community Right-to-Know Act of 1986,

"(B) section 101 of part 172 of title 49, Code of Federal Regulations, or

"(C) part 126, 127, or 154 of title 33, Code of Federal Regulations, and

"(2) any pesticide (as defined in section 2(u) of the Federal Insecticide, Fungicide, and Rodenticide Act), including all active and inert ingredients thereof, which is customarily used on crops grown for food, feed, or fiber.

"(g) CONTROLLED GROUPS.—Rules similar to the rules of paragraphs (1) and (2) of section 41(f) shall apply for purposes of this section.

"(h) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations which—

"(1) provide for the proper treatment of amounts which are paid or incurred for purpose of protecting any specified agricultural chemical and for other purposes, and

"(2) provide for the treatment of related properties as one facility for purposes of subsection (b).

"(i) TERMINATION.—This section shall not apply to any amount paid or incurred after December 31, 2012.".

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking "plus" at the end of paragraph (30), by striking the period at the end of paragraph (31) and inserting ", plus", and by adding at the end the following new paragraph:

"(32) in the case of an eligible agricultural business (as defined in section 45O(e)), the agricultural chemicals security credit determined under section 45O(a).".

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

"(f) CREDIT FOR SECURITY OF AGRICULTURAL CHEMICALS.—No deduction shall be allowed for that portion of the expenses otherwise allowable as a deduction taken into account in determining the credit under section 45O for the taxable year which is equal to the amount

of the credit determined for such taxable year under section 45O(a).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45O. Agricultural chemicals security credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 15344. 3-YEAR DEPRECIATION FOR RACE HORSES THAT ARE 2-YEARS OLD OR YOUNGER.

(a) IN GENERAL.—Clause (i) of section 168(e)(3)(A) (relating to 3-year property) is amended to read as follows:

''(i) any race horse—

''(I) which is placed in service before January 1, 2014, and

''(II) which is placed in service after December 31, 2013, and which is more than 2 years old at the time such horse is placed in service by such purchaser,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2008.

SEC. 15345. TEMPORARY TAX RELIEF FOR KIOWA COUNTY, KANSAS AND SURROUNDING AREA.

(a) IN GENERAL.—Subject to the modifications described in this section, the following provisions of or relating to the Internal Revenue Code of 1986 shall apply to the Kansas disaster area in addition to the areas to which such provisions otherwise apply:

(1) Section 1400N(d) of such Code (relating to special allowance for certain property).

(2) Section 1400N(e) of such Code (relating to increase in expensing under section 179).

(3) Section 1400N(f) of such Code (relating to expensing for certain demolition and clean-up costs).

(4) Section 1400N(k) of such Code (relating to treatment of net operating losses attributable to storm losses).

(5) Section 1400N(n) of such Code (relating to treatment of representations regarding income eligibility for purposes of qualified rental project requirements).

(6) Section 1400N(o) of such Code (relating to treatment of public utility property disaster losses).

(7) Section 1400Q of such Code (relating to special rules for use of retirement funds).

(8) Section 1400R(a) of such Code (relating to employee retention credit for employers).

(9) Section 1400S(b) of such Code (relating to suspension of certain limitations on personal casualty losses).

(10) Section 405 of the Katrina Emergency Tax Relief Act of 2005 (relating to extension of replacement period for nonrecognition of gain).

(b) KANSAS DISASTER AREA.—For purposes of this section, the term ''Kansas disaster area'' means an area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (FEMA–1699–DR, as in effect on the date of the enactment of this Act) by reason of severe storms and tornados beginning on May 4, 2007, and determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to such storms and tornados.

(c) REFERENCES TO AREA OR LOSS.—

(1) AREA.—Any reference in such provisions to the Katrina disaster area or the Gulf Opportunity Zone shall be treated as a reference to the Kansas disaster area.

(2) LOSS.—Any reference in such provisions to any loss or damage attributable to Hurricane

Katrina shall be treated as a reference to any loss or damage attributable to the May 4, 2007, storms and tornados.

(d) REFERENCES TO DATES, ETC.—

(1) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED ON OR AFTER MAY 5, 2007.—Section 1400N(d) of such Code—

(A) by substituting ''qualified Recovery Assistance property'' for ''qualified Gulf Opportunity Zone property'' each place it appears,

(B) by substituting ''May 5, 2007'' for ''August 28, 2005'' each place it appears,

(C) by substituting ''December 31, 2008'' for ''December 31, 2007'' in paragraph (2)(A)(v),

(D) by substituting ''December 31, 2009'' for ''December 31, 2008'' in paragraph (2)(A)(v),

(E) by substituting ''May 4, 2007'' for ''August 27, 2005'' in paragraph (3)(A),

(F) by substituting ''January 1, 2009'' for ''January 1, 2008'' in paragraph (3)(B), and

(G) determined without regard to paragraph (6) thereof.

(2) INCREASE IN EXPENSING UNDER SECTION 179.—Section 1400N(e) of such Code, by substituting ''qualified section 179 Recovery Assistance property'' for ''qualified section 179 Gulf Opportunity Zone property'' each place it appears.

(3) EXPENSING FOR CERTAIN DEMOLITION AND CLEAN-UP COSTS.—Section 1400N(f) of such Code—

(A) by substituting ''qualified Recovery Assistance clean-up cost'' for ''qualified Gulf Opportunity Zone clean-up cost'' each place it appears, and

(B) by substituting ''beginning on May 4, 2007, and ending on December 31, 2009'' for ''beginning on August 28, 2005, and ending on December 31, 2007'' in paragraph (2) thereof.

(4) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO STORM LOSSES.—Section 1400N(k) of such Code—

(A) by substituting ''qualified Recovery Assistance loss'' for ''qualified Gulf Opportunity Zone loss'' each place it appears,

(B) by substituting ''after May 3, 2007, and before on January 1, 2010'' for ''after Au-

gust 27, 2005, and before January 1, 2008'' each place it appears,

(C) by substituting ''May 4, 2007'' for ''August 28, 2005'' in paragraph (2)(B)(ii)(I) thereof,

(D) by substituting ''qualified Recovery Assistance property'' for ''qualified Gulf Opportunity Zone property'' in paragraph (2)(B)(iv) thereof, and

(E) by substituting ''qualified Recovery Assistance casualty loss'' for ''qualified Gulf Opportunity Zone casualty loss'' each place it appears.

(5) SPECIAL RULES FOR USE OF RETIREMENT FUNDS.—Section 1400Q of such Code—

(A) by substituting ''qualified Recovery Assistance distribution'' for ''qualified hurricane distribution'' each place it appears,

(B) by substituting ''on or after May 4, 2007, and before January 1, 2009'' for ''on or after August 25, 2005, and before January 1, 2007'' in subsection (a)(4)(A)(i),

(C) by substituting ''May 4, 2007'' for ''August 28, 2005'' in subsections (a)(4)(A)(i) and (c)(3)(B),

(D) disregarding clauses (ii) and (iii) of subsection (a)(4)(A),

(E) by substituting ''qualified storm distribution'' for ''qualified Katrina distribution'' each place it appears,

(F) by substituting ''after November 4, 2006, and before May 5, 2007'' for ''after February 28, 2005, and before August 29, 2005'' in subsection (b)(2)(B)(ii),

(G) by substituting ''the Kansas disaster area (as defined in section 15345(b) of the Food, Conservation, and Energy Act of 2008) but which was not so purchased or constructed on account of the May 4, 2007, storms and tornados'' for ''the Hurricane Katrina disaster area, but not so purchased or constructed on account of Hurricane Katrina'' in subsection (b)(2)(B)(iii),

(H) by substituting ''beginning on May 4, 2007, and ending on the date which is 5 months after the date of the enactment of the Heartland, Habitat, Harvest, and Horticulture Act of 2008'' for ''beginning on August 25, 2005, and ending on February 28, 2006'' in subsection (b)(3)(A),

(I) by substituting ''qualified storm individual'' for ''qualified Hurricane Katrina individual'' each place it appears,

(J) by substituting ''December 31, 2008'' for ''December 31, 2006'' in subsection (c)(2)(A),

(K) by substituting ''beginning on the date of the enactment of the Food, Conservation, and Energy Act of 2008 and ending on December 31, 2008'' for ''beginning on September 24, 2005, and ending on December 31, 2006'' in subsection (c)(4)(A)(i),

(L) by substituting ''May 4, 2007'' for ''August 25, 2005'' in subsection (c)(4)(A)(ii), and

(M) by substituting ''January 1, 2009'' for ''January 1, 2007'' in subsection (d)(2)(A)(ii).

(6) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY MAY 4 STORMS AND TORNADOS.—Section 1400R(a) of the Internal Revenue Code of 1986—

(A) by substituting ''May 4, 2007'' for ''August 28, 2005'' each place it appears,

(B) by substituting ''January 1, 2008'' for ''January 1, 2006'' both places it appears, and

(C) only with respect to eligible employers who employed an average of not more than 200 employees on business days during the taxable year before May 4, 2007.

(7) SUSPENSION OF CERTAIN LIMITATIONS ON PERSONAL CASUALTY LOSSES.—Section 1400S(b)(1) of the Internal Revenue Code of 1986, by substituting ''May 4, 2007'' for ''August 25, 2005''.

(8) EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.—Section 405 of the Katrina Emergency Tax Relief Act of 2005, by substituting ''on or after May 4, 2007'' for ''on or after August 25, 2005''.

SEC. 15346. COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.

(a) IN GENERAL.—Section 48A (relating to qualifying advanced coal project credit) is amended by adding at the end the following new subsection:

''(h) COMPETITIVE CERTIFICATION AWARDS MODIFICATION AUTHORITY.—In implementing this section or section 48B, the Secretary is directed to modify the terms of any competitive certification award and any associated closing agreement where such modification—

''(1) is consistent with the objectives of such section,

"(2) is requested by the recipient of the competitive certification award, and

"(3) involves moving the project site to improve the potential to capture and sequester carbon dioxide emissions, reduce costs of transporting feedstock, and serve a broader customer base,

unless the Secretary determines that the dollar amount of tax credits available to the taxpayer under such section would increase as a result of the modification or such modification would result in such project not being originally certified. In considering any such modification, the Secretary shall consult with other relevant Federal agencies, including the Department of Energy.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act and is applicable to all competitive certification awards entered into under section 48A or 48B of the Internal Revenue Code of 1986, whether such awards were issued before, on, or after such date of enactment.

PART IV—OTHER REVENUE PROVISIONS

SEC. 15351. LIMITATION ON EXCESS FARM LOSSES OF CERTAIN TAXPAYERS.

(a) IN GENERAL.—Section 461 (relating to general rule for taxable year of deduction) is amended by adding at the end the following new subsection:

1 "(j) LIMITATION ON EXCESS FARM LOSSES OF CER-
2 TAIN TAXPAYERS.—
3 "(1) LIMITATION.—If a taxpayer other than a
4 C corporation receives any applicable subsidy for any
5 taxable year, any excess farm loss of the taxpayer
6 for the taxable year shall not be allowed.
7 "(2) DISALLOWED LOSS CARRIED TO NEXT
8 TAXABLE YEAR.—Any loss which is disallowed under
9 paragraph (1) shall be treated as a deduction of the
10 taxpayer attributable to farming businesses in the
11 next taxable year.
12 "(3) APPLICABLE SUBSIDY.—For purposes of
13 this subsection, the term 'applicable subsidy'
14 means—
15 "(A) any direct or counter-cyclical pay-
16 ment under title I of the Food, Conservation,
17 and Energy Act of 2008, or any payment elect-
18 ed to be received in lieu of any such payment,
19 or
20 "(B) any Commodity Credit Corporation
21 loan.
22 "(4) EXCESS FARM LOSS.—For purposes of this
23 subsection—
24 "(A) IN GENERAL.—The term 'excess farm
25 loss' means the excess of—

"(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to farming businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over

"(ii) the sum of—

"(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such farming businesses, plus

"(II) the threshold amount for the taxable year.

"(B) THRESHOLD AMOUNT.—

"(i) IN GENERAL.—The term 'threshold amount' means, with respect to any taxable year, the greater of—

"(I) $300,000 ($150,000 in the case of married individuals filing separately), or

"(II) the excess (if any) of the aggregate amounts described in subparagraph (A)(ii)(I) for the 5-consecutive taxable year period preceding

the taxable year over the aggregate amounts described in subparagraph (A)(i) for such period.

"(ii) SPECIAL RULES FOR DETERMINING AGGREGATE AMOUNTS.—For purposes of clause (i)(II)—

"(I) notwithstanding the disregard in subparagraph (A)(i) of any disallowance under paragraph (1), in the case of any loss which is carried forward under paragraph (2) from any taxable year, such loss (or any portion thereof) shall be taken into account for the first taxable year in which a deduction for such loss (or portion) is not disallowed by reason of this subsection, and

"(II) the Secretary shall prescribe rules for the computation of the aggregate amounts described in such clause in cases where the filing status of the taxpayer is not the same for the taxable year and each of the taxable years in the period described in such clause.

"(C) FARMING BUSINESS.—

"(i) IN GENERAL.—The term 'farming business' has the meaning given such term in section 263A(e)(4).

"(ii) CERTAIN TRADES AND BUSINESSES INCLUDED.—If, without regard to this clause, a taxpayer is engaged in a farming business with respect to any agricultural or horticultural commodity—

"(I) the term 'farming business' shall include any trade or business of the taxpayer of the processing of such commodity (without regard to whether the processing is incidental to the growing, raising, or harvesting of such commodity), and

"(II) if the taxpayer is a member of a cooperative to which subchapter T applies, any trade or business of the cooperative described in subclause (I) shall be treated as the trade or business of the taxpayer.

"(D) CERTAIN LOSSES DISREGARDED.—For purposes of subparagraph (A)(i), there shall not be taken into account any deduction

for any loss arising by reason of fire, storm, or other casualty, or by reason of disease or drought, involving any farming business.

''(5) APPLICATION OF SUBSECTION IN CASE OF PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation—

''(A) this subsection shall be applied at the partner or shareholder level, and

''(B) each partner's or shareholder's proportionate share of the items of income, gain, or deduction of the partnership or S corporation for any taxable year from farming businesses attributable to the partnership or S corporation, and of any applicable subsidies received by the partnership or S corporation during the taxable year, shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends.

The Secretary may provide rules for the application of this paragraph to any other pass-thru entity to the extent necessary to carry out the provisions of this subsection.

"(6) ADDITIONAL REPORTING.—The Secretary may prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection.

"(7) COORDINATION WITH SECTION 469.—This subsection shall be applied before the application of section 469.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2009.

SEC. 15352. MODIFICATION TO OPTIONAL METHOD OF COMPUTING NET EARNINGS FROM SELF-EMPLOYMENT.

(a) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—The matter following paragraph (17) of section 1402(a) is amended—

(A) by striking "$2,400" each place it appears and inserting "the upper limit", and

(B) by striking "$1,600" each place it appears and inserting "the lower limit".

(2) DEFINITIONS.—Section 1402 is amended by adding at the end the following new subsection:

"(l) UPPER AND LOWER LIMITS.—For purposes of subsection (a)—

"(1) LOWER LIMIT.—The lower limit for any taxable year is the sum of the amounts required under section 213(d) of the Social Security Act for a quarter of coverage in effect with respect to each calendar quarter ending with or within such taxable year.

"(2) UPPER LIMIT.—The upper limit for any taxable year is the amount equal to 150 percent of the lower limit for such taxable year.".

(b) AMENDMENTS TO THE SOCIAL SECURITY ACT.—

(1) IN GENERAL.—The matter following paragraph (16) of section 211(a) of the Social Security Act is amended—

(A) by striking "$2,400" each place it appears and inserting "the upper limit", and

(B) by striking "$1,600" each place it appears and inserting "the lower limit".

(2) DEFINITIONS.—Section 211 of such Act is amended by adding at the end the following new subsection:

"(k) UPPER AND LOWER LIMITS.—For purposes of subsection (a)—

"(1) The lower limit for any taxable year is the sum of the amounts required under section 213(d) for a quarter of coverage in effect with respect to

each calendar quarter ending with or within such taxable year.

"(2) The upper limit for any taxable year is the amount equal to 150 percent of the lower limit for such taxable year.".

(3) CONFORMING AMENDMENT.—Section 212 of such Act is amended—

(A) in subsection (b), by striking "For" and inserting "Except as provided in subsection (c), for"; and

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

"(c) For the purpose of determining average indexed monthly earnings, average monthly wage, and quarters of coverage in the case of any individual who elects the option described in clause (ii) or (iv) in the matter following section 211(a)(16) for any taxable year that does not begin with or during a particular calendar year and end with or during such year, the self-employment income of such individual deemed to be derived during such taxable year shall be allocated to the two calendar years, portions of which are included within such taxable year, in the same proportion to the total of such deemed self-employment income as the sum of the amounts applicable under section 213(d) for the calendar quarters ending with or within

each such calendar year bears to the lower limit for such taxable year specified in section 211(k)(1).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 15353. INFORMATION REPORTING FOR COMMODITY CREDIT CORPORATION TRANSACTIONS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 (relating to information concerning persons subject to special provisions) is amended by inserting after section 6039I the following new section:

''SEC. 6039J. INFORMATION REPORTING WITH RESPECT TO COMMODITY CREDIT CORPORATION TRANSACTIONS.

''(a) REQUIREMENT OF REPORTING.—The Commodity Credit Corporation, through the Secretary of Agriculture, shall make a return, according to the forms and regulations prescribed by the Secretary of the Treasury, setting forth any market gain realized by a taxpayer during the taxable year in relation to the repayment of a loan issued by the Commodity Credit Corporation, without regard to the manner in which such loan was repaid.

''(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—The Secretary of Agriculture shall furnish to each person

whose name is required to be set forth in a return required under subsection (a) a written statement showing the amount of market gain reported in such return.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6039I the following new item:

''Sec. 6039J. Information reporting with respect to Commodity Credit Corporation transactions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loans repaid on or after January 1, 2007.

PART V—PROTECTION OF SOCIAL SECURITY

SEC. 15361. PROTECTION OF SOCIAL SECURITY.

To ensure that the assets of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401) are not reduced as a result of the enactment of this Act, the Secretary of the Treasury shall transfer annually from the general revenues of the Federal Government to those trust funds the following amounts:

(1) For fiscal year 2009, $5,000,000.

(2) For fiscal year 2010, $9,000,000.

(3) For fiscal year 2011, $8,000,000.

(4) For fiscal year 2012, $7,000,000.

(5) For fiscal year 2013, $8,000,000.

(6) For fiscal year 2014, $8,000,000.

(7) For fiscal year 2015, $8,000,000.

(8) For fiscal year 2016, $6,000,000.

(9) For fiscal year 2017, $7,000,000.

Subtitle D—Trade Provisions

PART I—EXTENSION OF CERTAIN TRADE BENEFITS

SEC. 15401. SHORT TITLE.

This part may be cited as the ''Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008'' or the ''HOPE II Act''.

SEC. 15402. BENEFITS FOR APPAREL AND OTHER TEXTILE ARTICLES.

(a) VALUE-ADDED RULE.—Section 213A(b) of the Carribean Basin Economic Recovery Act (19 U.S.C. 2703a(b)) is amended as follows:

(1) The subsection heading is amended to read as follows: ''APPAREL AND OTHER TEXTILE ARTICLES''.

(2) Paragraph (1) is amended to read as follows:

''(1) VALUE-ADDED RULE FOR APPAREL ARTICLES.—

''(A) IN GENERAL.—Apparel articles described in subparagraph (B) of a producer or entity controlling production that are imported

directly from Haiti or the Dominican Republic shall enter the United States free of duty during an applicable 1-year period, subject to the limitations set forth in subparagraphs (B) and (C), and subject to subparagraph (D).''.

(3) Paragraph (2) is amended—

(A) in subparagraph (A)—

(i) by moving such subparagraph 2 ems to the right;

(ii) in clause (i), by striking ''subparagraph (C)'' and inserting ''clause (iii)'';

(iii) in clause (ii), by striking ''subparagraph (C)'' and inserting ''clause (iii)'';

(iv) in the matter following clause (ii), by striking ''subparagraph (E)(I)'' and inserting ''clause (v)(I)'';

(v) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively; and

(vi) by redesignating subparagraph (A) as clause (i);

(B) in subparagraph (B)—

(i) by moving such subparagraph 2 ems to the right;

(ii) by striking ''subparagraph (A)(i)'' each place it appears and inserting ''clause (i)(I)'';

(iii) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively; and

(iv) by redesignating subparagraph (B) as clause (ii);

(C) in subparagraph (C)—

(i) by moving such subparagraph 2 ems to the right;

(ii) in the matter preceding clause (i), by striking ''subparagraph (A)'' and inserting ''clause (i)'';

(iii) in clause (ii), by striking ''that enters into force'' and all that follows through ''et seq.)'' and inserting ''that enters into force thereafter'';

(iv) by redesignating clauses (i) through (v) as subclauses (I) through (V), respectively; and

(v) by redesignating subparagraph (C) as clause (iii);

(D) in subparagraph (D)—

(i) by moving such subparagraph 2 ems to the right;

(ii) in clause (i)—

(I) in the matter preceding subclause (I), by striking ''subparagraph (A)'' and inserting ''clause (i)'';

(II) in subclause (I), by striking ''clause (i) of subparagraph (A)'' and inserting ''subclause (I) of clause (i)'';

(III) in subclause (II), by striking ''clause (ii) of subparagraph (A)'' and inserting ''subclause (II) of clause (i)'';

(IV) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(V) by redesignating clause (i) as subclause (I);

(iii) in clause (ii)—

(I) in the matter preceding subclause (I), by striking ''subparagraph (A)'' and inserting ''clause (i)'';

(II) in subclause (I), by striking ''clause (i) of subparagraph (A)'' and inserting ''subclause (I) of clause (i)'';

(III) in subclause (II), by striking ''clause (ii) of subparagraph (A)'' and inserting ''subclause (II) of clause (i)'';

(IV) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(V) by redesignating clause (ii) as subclause (II);

(iv) in clause (iii)—

(I) by striking ''clause (i)(I) or (ii)(I)'' each place it appears and inserting ''subclause (I)(aa) or (II)(aa)'';

(II) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(III) by redesignating clause (iii) as subclause (III);

(v) by amending clause (iv) to read as follows:

''(IV) INCLUSION IN CALCULATION OF OTHER ARTICLES RECEIVING PREFERENTIAL TREATMENT.—Entries of apparel articles that receive pref-

erential treatment under any provision of law other than this subparagraph or are subject to the 'General' column 1 rate of duty under the HTS are not included in the annual aggregation under subclause (I) or (II) unless the producer or entity controlling production elects, at the time the annual aggregation calculation is made, to include such entries in such aggregation.''; and

(vi) by redesignating subparagraph (D) as clause (iv);

(E) in subparagraph (E)—

(i) by moving such subparagraph 2 ems to the right;

(ii) in clause (i)—

(I) by redesignating subclauses (I) through (III) as items (aa) through (cc), respectively; and

(II) by redesignating clause (i) as subclause (I);

(iii) in clause (ii)—

(I) by striking ''subparagraph (C)'' and inserting ''clause (iii)''; and

(II) by redesignating clause (ii) as subclause (II); and

(iv) by redesignating subparagraph (E) as clause (v);

(F) in subparagraph (F)—

(i) by moving such subparagraph 2 ems to the right;

(ii) in clause (i)—

(I) by striking ''The Bureau of Customs and Border Protection'' and inserting ''U.S. Customs and Border Protection'';

(II) by striking ''subparagraphs (A) and (D)'' and inserting ''clauses (i) and (iv)''; and

(III) by redesignating clause (i) as subclause (I);

(iii) in clause (ii)—

(I) in the matter preceding subclause (I)—

(aa) by striking ''the Bureau of Customs and Border Protection'' and inserting ''U.S. Customs and Border Protection'';

(bb) by striking ''subparagraph (A)'' each place it appears and inserting ''clause (i)''; and

(cc) by striking ''subparagraph (D)'' and inserting ''clause (iv)'';

(II) in subclause (I), by striking ''clause (i) of subparagraph (A)'' and inserting ''subclause (I) of clause (i)'';

(III) in subclause (II), by striking ''clause (ii) of subparagraph (A)'' and inserting ''subclause (II) of clause (i)'';

(IV) in the matter following subclause (II), by striking ''subparagraph (E)(i)'' and inserting ''clause (v)(I)'';

(V) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(VI) by redesignating clause (ii) as subclause (II);

(iv) in clause (iii)—

(I) in subclause (I)—

(aa) by striking ''paragraph (1)'' and inserting ''subparagraph (A)''; and

(bb) by striking ''subparagraph (A) or (D)'' and inserting ''clause (i) or (iv)'';

(II) in subclause (II), by striking ''clause (ii) of this subparagraph'' and inserting ''subclause (II) of this clause'';

(III) in the matter following subclause (II)—

(aa) by striking ''the Bureau of Customs and Border Protection'' each place it appears and inserting ''U.S. Customs and Border Protection''; and

(bb) by striking ''subclause (II)'' and inserting ''item (bb)''; and

(IV) in item (bb)—

(aa) by striking ''paragraph (1)'' and inserting ''subparagraph (A)''; and

(bb) by striking ''subparagraph (A) or (D)'' and inserting ''clause (i) or (iv)''; and

(V) in the matter following item (bb), by striking ''paragraph (1)'' and inserting ''subparagraph (A)'';

(VI) by redesignating items (aa) and (bb) as subitems (AA) and (BB), respectively;

(VII) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(VIII) by redesignating clause (iii) as subclause (III); and

(v) by redesignating subparagraph (F) as clause (vi);

(G) in subparagraph (G)—

(i) by moving such subparagraph 2 ems to the right;

(ii) in clause (i)—

(I) in the matter preceding subclause (I), by striking ''subparagraph (A) or (D)'' and inserting ''clause (i) or (iv)'';

(II) in subclause (II)—

(aa) in item (dd), by striking ''under the Bipartisan Trade Promotion Authority Act of 2002'' and inserting ''with respect to the United States''; and

(bb) by redesignating items (aa) through (dd) as subitems (AA) through (DD), respectively;

(III) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(IV) by redesignating clause (i) as subclause (I);

(iii) in clause (ii)—

(I) in subclause (I), by striking ''clause (i)(I)'' and inserting ''subclause (I)(aa)'';

(II) in subclause (II), by striking ''clause (i)(II)'' and inserting ''subclause (I)(bb)'';

(III) by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively; and

(IV) by redesignating clause (ii) as subclause (II); and

(iv) by redesignating subparagraph (G) as clause (vii); and

(H) by striking "(2) APPAREL ARTICLES DESCRIBED.—" and inserting the following:

"(B) APPAREL ARTICLES DESCRIBED.—".

(4) Paragraph (3) is amended—

(A) by redesignating such paragraph as subparagraph (C) and moving it 2 ems to the right;

(B) by striking "paragraph (1)" each place it appears and inserting "subparagraph (A)"; and

(C) in the table—

(i) by striking "1.5 percent" and inserting "1.25 percent";

(ii) by striking "1.75 percent" and inserting "1.25 percent"; and

(iii) by striking "2 percent" and inserting "1.25 percent".

(5) The following is added after subparagraph (C), as redesignated by paragraph (4)(A) of this subsection:

"(D) OTHER PREFERENTIAL TREATMENT NOT AFFECTED BY QUANTITATIVE LIMITATIONS.—Any apparel article that qualifies for

preferential treatment under paragraph (2), (3), (4), or (5) or any other provision of this title shall not be subject to, or included in the calculation of, the quantitative limitations under subparagraph (C).''.

(b) SPECIAL RULE FOR WOVEN ARTICLES AND CERTAIN KNIT ARTICLES.—Section 213A(b) of the Carribean Basin Economic Recovery Act is amended by striking paragraph (4) and inserting the following:

''(2) SPECIAL RULE FOR WOVEN ARTICLES AND CERTAIN KNIT ARTICLES.—

''(A) SPECIAL RULE FOR ARTICLES OF CHAPTER 62 OF THE HTS.—

''(i) GENERAL RULE.—Any apparel article classifiable under chapter 62 of the HTS that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, subject to clauses (ii) and (iii), without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

"(ii) LIMITATION.—The preferential treatment described in clause (i) shall be extended, in the 1-year period beginning October 1, 2008, and in each of the 9 succeeding 1-year periods, to not more than 70,000,000 square meter equivalents of apparel articles described in such clause.

"(iii) OTHER PREFERENTIAL TREATMENT NOT AFFECTED BY QUANTITATIVE LIMITATION.—Any apparel article that qualifies for preferential treatment under paragraph (1), (3), (4), or (5) or subparagraph (B) of this paragraph or any other provision of this title shall not be subject to, or included in the calculation of, the quantitative limitation under clause (ii).

"(B) SPECIAL RULE FOR CERTAIN ARTICLES OF CHAPTER 61 OF THE HTS.—

"(i) GENERAL RULE.—Any apparel article classifiable under chapter 61 of the HTS that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Repub-

lic shall enter the United States free of duty, subject to clauses (ii), (iii), and (iv), without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

"(ii) EXCLUSIONS.—The preferential treatment described in clause (i) shall not apply to the following:

"(I) The following apparel articles of cotton, for men or boys, that are classifiable under subheading 6109.10.00 of the HTS:

"(aa) All white T-shirts, with short hemmed sleeves and hemmed bottom, with crew or round neckline or with V-neck and with a mitered seam at the center of the V, and without pockets, trim, or embroidery.

"(bb) All white singlets, without pockets, trim, or embroidery.

"(cc) Other T-shirts, but not including thermal undershirts.

"(II) T-shirts for men or boys that are classifiable under subheading 6109.90.10.

"(III) The following apparel articles of cotton, for men or boys, that are classifiable under subheading 6110.20.20 of the HTS:

"(aa) Sweatshirts.

"(bb) Pullovers, other than sweaters, vests, or garments imported as part of playsuits.

"(IV) Sweatshirts for men or boys, of man-made fibers and containing less than 65 percent by weight of man-made fibers, that are classifiable under subheading 6110.30.30 of the HTS.

"(iii) LIMITATION.—The preferential treatment described in clause (i) shall be extended, in the 1-year period beginning October 1, 2008, and in each of the 9 succeeding 1-year periods, to not more than 70,000,000 square meter equivalents of apparel articles described in such clause.

"(iv) OTHER PREFERENTIAL TREATMENT NOT AFFECTED BY QUANTITATIVE LIMITATION.—Any apparel article that qualifies for preferential treatment under paragraph (1), (3), (4), or (5) or subparagraph (A) of this paragraph or any other provision of this title shall not be subject to, or included in the calculation of, the quantitative limitation under clause (iii).".

(c) SINGLE TRANSFORMATION RULES NOT SUBJECT TO QUANTITATIVE LIMITATIONS.—Section 213A(b) of the Caribbean Basin Economic Recovery Act is amended by striking paragraph (5) and inserting the following:

"(3) APPAREL AND OTHER ARTICLES SUBJECT TO CERTAIN ASSEMBLY RULES.—

"(A) BRASSIERES.—Any apparel article classifiable under subheading 6212.10 of the HTS that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

"(B) OTHER APPAREL ARTICLES.—Any of the following apparel articles that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made:

"(i) Any apparel article that is of a type listed in chapter rule 3, 4, or 5 for chapter 61 of the HTS (as such chapter rules are contained in section A of the Annex to Proclamation 8213 of the President of December 20, 2007) as being excluded from the scope of such chapter rule, when such chapter rule is applied to determine whether an apparel article is an originating good for purposes of general note 29(n) to the HTS, except that, for purposes of this clause, reference in such chapter rules to '6104.12.00' shall be deemed to be a reference to '6104.19.60'.

"(ii)(I) Subject to subclause (II), any apparel article that is of a type listed in chapter rule 3(a), 4(a), or 5(a) for chapter 62 of the HTS, as such chapter rules are contained in paragraph 9 of section A of the Annex to Proclamation 8213 of the President of December 20, 2007.

"(II) Subclause (I) shall not include any apparel article to which subparagraph (A) of this paragraph applies.

"(C) LUGGAGE AND SIMILAR ITEMS.—Any article classifiable under subheading 4202.12, 4202.22, 4202.32 or 4202.92 of the HTS that is wholly assembled in Haiti and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, components, or materials from which the article is made.

"(D) HEADGEAR.—Any article classifiable under heading 6501, 6502, or 6504 of the HTS, or under subheading 6505.90 of the HTS, that is wholly assembled, knit-to-shape, or formed in Haiti from any combination of fabrics, fabric components, components knit-to-

shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

"(E) CERTAIN SLEEPWEAR.—Any of the following apparel articles that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made:

"(i) Pajama bottoms and other sleepwear for women and girls, of cotton, that are classifiable under subheading 6208.91.30, or of man-made fibers, that are classifiable under subheading 6208.92.00.

"(ii) Pajama bottoms and other sleepwear for girls, of other textile mate-

rials, that are classifiable under subheading 6208.99.20.''.

(d) EARNED IMPORT ALLOWANCE RULES.—Section 231A(b) of the Caribbean Basin Economic Recovery Act is amended by adding at the end the following new paragraph:

''(4) EARNED IMPORT ALLOWANCE RULE.—

''(A) IN GENERAL.—Apparel articles wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the articles are made, if such apparel articles are accompanied by an earned import allowance certificate that reflects the amount of credits equal to the total square meter equivalents of such apparel articles, in accordance with the program established under subparagraph (B). For purposes of determining the quantity of square meter equivalents under this subparagraph, the conversion factors listed in 'Correlation: U.S. Textile and Apparel Indus-

try Category System with the Harmonized Tariff Schedule of the United States of America, 2008', or its successor publications, of the United States Department of Commerce, shall apply.

"(B) EARNED IMPORT ALLOWANCE PROGRAM.—

"(i) ESTABLISHMENT.—The Secretary of Commerce shall establish a program to provide earned import allowance certificates to any producer or entity controlling production for purposes of subparagraph (A), based on the elements described in clause (ii).

"(ii) ELEMENTS.—The elements referred to in clause (i) are the following:

"(I) One credit shall be issued to a producer or an entity controlling production for every three square meter equivalents of qualifying woven fabric or qualifying knit fabric that the producer or entity controlling production can demonstrate that it purchased for the manufacture in Haiti of articles like or similar to any article

eligible for preferential treatment under subparagraph (A). The Secretary of Commerce shall, if requested by a producer or entity controlling production, create and maintain an account for such producer or entity controlling production, into which such credits shall be deposited.

"(II) Such producer or entity controlling production may redeem credits issued under subclause (I) for earned import allowance certificates reflecting such number of earned credits as the producer or entity may request and has available.

"(III) The Secretary of Commerce may require any textile mill or other entity located in the United States that exports to Haiti qualifying woven fabric or qualifying knit fabric to submit, upon such export or upon request, documentation, such as a Shipper's Export Declaration, to the Secretary of Commerce—

"(aa) verifying that the qualifying woven fabric or qualifying knit fabric was exported to a producer in Haiti or to an entity controlling production; and

"(bb) identifying such producer or entity controlling production, and the quantity and description of qualifying woven fabric or qualifying knit fabric exported to such producer or entity controlling production.

"(IV) The Secretary of Commerce may require that a producer or entity controlling production submit documentation to verify purchases of qualifying woven fabric or qualifying knit fabric.

"(V) The Secretary of Commerce may make available to each person or entity identified in documentation submitted under subclause (III) or (IV) information contained in such documentation that relates to the purchase of qualifying woven fabric or

qualifying knit fabric involving such person or entity.

"(VI) The program under this subparagraph shall be established so as to allow, to the extent feasible, the submission, storage, retrieval, and disclosure of information in electronic format, including information with respect to the earned import allowance certificates required under subparagraph (A)(i).

"(VII) The Secretary of Commerce may reconcile discrepancies in information provided under subclause (III) or (IV) and verify the accuracy of such information.

"(VIII) The Secretary of Commerce shall establish procedures to carry out the program under this subparagraph and may establish additional requirements to carry out this subparagraph. Such additional requirements may include—

"(aa) submissions by textile mills or other entities in the

United States documenting exports of yarns wholly formed in the United States to countries described in paragraph (1)(B)(iii) for the manufacture of qualifying knit fabric; and

"(bb) procedures imposed on producers or entities controlling production to allow the Secretary of Commerce to obtain and verify information relating to the production of qualifying knit fabric.

"(iii) QUALIFYING WOVEN FABRIC DEFINED.—For purposes of this subparagraph, the term 'qualifying woven fabric' means fabric wholly formed in the United States from yarns wholly formed in the United States, except that—

"(I) fabric otherwise eligible as qualifying woven fabric shall not be ineligible as qualifying woven fabric because the fabric contains nylon filament yarn to which section 213(b)(2)(A)(vii)(IV) applies;

"(II) fabric that would otherwise be ineligible as qualifying woven fabric because the fabric contains yarns not wholly formed in the United States shall not be ineligible as qualifying woven fabric if the total weight of all such yarns is not more than 10 percent of the total weight of the fabric; and

"(III) fabric otherwise eligible as qualifying woven fabric shall not be ineligible as qualifying fabric because the fabric contains yarns covered by clause (i) or (ii) of paragraph (5)(A).

"(iv) QUALIFYING KNIT FABRIC DEFINED.—For purposes of this subparagraph, the term 'qualifying knit fabric' means fabric or knit-to-shape components wholly formed or knit-to-shape in any country or any combination of countries described in paragraph (1)(B)(iii), from yarns wholly formed in the United States, except that—

"(I) fabric or knit-to-shape components otherwise eligible as quali-

fying knit fabric shall not be ineligible as qualifying knit fabric because the fabric or knit-to-shape components contain nylon filament yarn to which section 213(b)(2)(A)(vii)(IV) applies;

"(II) fabric or knit-to-shape components that would otherwise be ineligible as qualifying knit fabric because the fabric or knit-to-shape components contain yarns not wholly formed in the United States shall not be ineligible as qualifying knit fabric if the total weight of all such yarns is not more than 10 percent of the total weight of the fabric or knit-to-shape components; and

"(III) fabric or knit-to-shape components otherwise eligible as qualifying knit fabric shall not be ineligible as qualifying knit fabric because the fabric or knit-to-shape components contain yarns covered by clause (i) or (ii) of paragraph (5)(A).

"(C) REVIEW BY UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE.—The United

States Government Accountability Office shall review the program established under subparagraph (B) annually for the purpose of evaluating the effectiveness of, and making recommendations for improvements in, the program.

"(D) ENFORCEMENT PROVISIONS.—

"(i) FRAUDULENT CLAIMS OF PREFERENCE.—Any person who makes a false claim for preference under the program established under subparagraph (B) shall be subject to any applicable civil or criminal penalty that may be imposed under the customs laws of the United States or under title 18, United States Code.

"(ii) PENALTIES FOR OTHER FRAUDULENT INFORMATION.—The Secretary of Commerce may establish and impose penalties for the submission to the Secretary of Commerce of fraudulent information under the program established under subparagraph (B), other than a claim described in clause (i).".

(e) SHORT SUPPLY RULES .—Section 213A(b) of the Caribbean Basin Economic Recovery Act is amended by adding at the end the following:

"(5) SHORT SUPPLY PROVISION.—

"(A) IN GENERAL.—Any apparel article that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabrics, fabric components, components knit-to-shape, or yarns from which the article is made, if the fabrics, fabric components, components knit-to-shape, or yarns comprising the component that determines the tariff classification of the article are of any of the following:

"(i) Fabrics or yarns, to the extent that apparel articles of such fabrics or yarns would be eligible for preferential treatment, without regard to the source of the fabrics or yarns, under Annex 401 of the NAFTA.

"(ii) Fabrics or yarns, to the extent that such fabrics or yarns are designated

as not being available in commercial quantities for purposes of—

"(I) section 213(b)(2)(A)(v) of this Act;

"(II) section 112(b)(5) of the African Growth and Opportunity Act;

"(III) clause (i)(III) or (ii) of section 204(b)(3)(B) of the Andean Trade Preference Act; or

"(IV) any other provision, relating to determining whether a textile or apparel article is an originating good eligible for preferential treatment, of a law that implements a free trade agreement entered into by the United States that is in effect at the time the claim for preferential treatment is made.

"(B) REMOVAL OF DESIGNATION OF FABRICS OR YARNS NOT AVAILABLE IN COMMERCIAL QUANTITIES.—If the President determines that—

"(i) any fabric or yarn described in clause (i) of subparagraph (A) was deter-

mined to be eligible for preferential treatment, or

"(ii) any fabric or yarn described in clause (ii) of subparagraph (A) was designated as not being available in commercial quantities,

on the basis of fraud, the President is authorized to remove the eligibility or designation (as the case may be) of that fabric or yarn with respect to articles entered after such removal.".

(f) MISCELLANEOUS PROVISIONS.—

(1) RELATIONSHIP TO OTHER PREFERENTIAL PROGRAMS.—Section 213A(b) of the Caribbean Basin Economic Recovery Act is amended by adding at the end the following:

"(6) OTHER PREFERENTIAL TREATMENT NOT AFFECTED.—The duty-free treatment provided under this subsection is in addition to any other preferential treatment under this title.".

(2) DEFINITIONS.—Section 213A(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703a(a)) is amended by adding at the end the following:

"(3) IMPORTED DIRECTLY FROM HAITI OR THE DOMINICAN REPUBLIC.—Articles are 'imported directly from Haiti or the Dominican Republic' if—

"(A) the articles are shipped directly from Haiti or the Dominican Republic into the United States without passing through the territory of any intermediate country; or

"(B) the articles are shipped from Haiti or the Dominican Republic into the United States through the territory of an intermediate country, and—

"(i) the articles in the shipment do not enter into the commerce of any intermediate country, and the invoices, bills of lading, and other shipping documents specify the United States as the final destination; or

"(ii) the invoices and other documents do not specify the United States as the final destination, but the articles in the shipment—

"(I) remain under the control of the customs authority in the intermediate country;

"(II) do not enter into the commerce of the intermediate country except for the purpose of a sale other than at retail; and

"(III) have not been subjected to operations in the intermediate country other than loading, unloading, or other activities necessary to preserve the articles in good condition.

"(4) KNIT-TO-SHAPE.—A good is 'knit-to-shape' if 50 percent or more of the exterior surface area of the good is formed by major parts that have been knitted or crocheted directly to the shape used in the good, with no consideration being given to patch pockets, appliqués, or the like. Minor cutting, trimming, or sewing of those major parts shall not affect the determination of whether a good is 'knit-to-shape.'

"(5) WHOLLY ASSEMBLED.—A good is 'wholly assembled' in Haiti if all components, of which there must be at least two, pre-existed in essentially the same condition as found in the finished good and were combined to form the finished good in Haiti. Minor attachments and minor embellishments (for example, appliqués, beads, spangles, embroidery, and

buttons) not appreciably affecting the identity of the good, and minor subassemblies (for example, collars, cuffs, plackets, and pockets), shall not affect the determination of whether a good is 'wholly assembled' in Haiti.''.

(g) TERMINATION.—Section 213A of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703a) is amended by adding at the end the following new subsection:

''(g) TERMINATION.—Except as provided in subsection (b)(1), the duty-free treatment provided under this section shall remain in effect until September 30, 2018.''.

(h) CONFORMING AMENDMENTS.—Subsection (e)(1) of section 213A of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703a(e)(1)) is amended by striking ''the Bureau of Customs and Border Protection'' each place it appears and inserting ''U.S. Customs and Border Protection''.

SEC. 15403. LABOR OMBUDSMAN AND TECHNICAL ASSISTANCE IMPROVEMENT AND COMPLIANCE NEEDS ASSESSMENT AND REMEDIATION PROGRAM.

Section 213A of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703a), as amended by section 15402 of this Act, is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (5) as paragraph (8):

(B) by redesignating paragraphs (2) through (4) as paragraphs (4) through (6), respectively;

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

''(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—. The term ''appropriate congressional committees'' means the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

''(3) CORE LABOR STANDARDS.—The term ''core labor standards'' means—

''(A) freedom of association;

''(B) the effective recognition of the right to bargain collectively;

''(C) the elimination of all forms of compulsory or forced labor;

''(D) the effective abolition of child labor and a prohibition on the worst forms of child labor; and

''(E) the elimination of discrimination in respect of employment and occupation.''; and

(D) by inserting after paragraph (6) (as redesignated) the following new paragraph:

"(7) TAICNAR PROGRAM.—The term 'TAICNAR Program' means the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program established pursuant to subsection (e).";

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

(3) by inserting after subsection (d) the following new subsection:

"(e) TECHNICAL ASSISTANCE IMPROVEMENT AND COMPLIANCE NEEDS ASSESSMENT AND REMEDIATION PROGRAM.—

"(1) CONTINUED ELIGIBILITY FOR PREFERENCES.—

"(A) PRESIDENTIAL CERTIFICATION OF COMPLIANCE BY HAITI WITH REQUIREMENTS.—Upon the expiration of the 16-month period beginning on the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Haiti shall continue to be eligible for the preferential treatment provided under subsection (b) only if

the President determines and certifies to the Congress that—

"(i) Haiti has implemented the requirements set forth in paragraphs (2) and (3); and

"(ii) Haiti has agreed to require producers of articles for which duty-free treatment may be requested under subsection (b) to participate in the TAICNAR Program described in paragraph (3) and has developed a system to ensure participation in such program by such producers, including by developing and maintaining the registry described in paragraph (2)(B)(i).

"(B) EXTENSION.—The President may extend the period for compliance by Haiti under subparagraph (A) if the President—

"(i) determines that Haiti has made a good faith effort toward such compliance and has agreed to take additional steps to come into full compliance that are satisfactory to the President; and

"(ii) provides to the appropriate congressional committees, not later than 6 months after the last day of the 16-month

period specified in subparagraph (A), and every 6 months thereafter, a report identifying the steps that Haiti has agreed to take to come into full compliance and the progress made over the preceding 6-month period in implementing such steps.

"(C) CONTINUING COMPLIANCE.—

"(i) TERMINATION OF PREFERENTIAL TREATMENT.—If, after making a certification under subparagraph (A), the President determines that Haiti is no longer meeting the requirements set forth in subparagraph (A), the President shall terminate the preferential treatment provided under subsection (b), unless the President determines, after consulting with the appropriate congressional committees, that meeting such requirements is not practicable because of extraordinary circumstances existing in Haiti when the determination is made.

"(ii) SUBSEQUENT COMPLIANCE.—If the President, after terminating preferential treatment under clause (i), determines that Haiti is meeting the require-

ments set forth in subparagraph (A), the President shall reinstate the application of preferential treatment under subsection (b).

"(2) LABOR OMBUDSMAN.—

"(A) IN GENERAL.—The requirement under this paragraph is that Haiti has established an independent Labor Ombudsman's Office within the national government that—

"(i) reports directly to the President of Haiti;

"(ii) is headed by a Labor Ombudsman chosen by the President of Haiti, in consultation with Haitian labor unions and industry associations; and

"(iii) is vested with the authority to perform the functions described in subparagraph (B).

"(B) FUNCTIONS.—The functions of the Labor Ombudsman's Office shall include—

"(i) developing and maintaining a registry of producers of articles for which duty-free treatment may be requested under subsection (b), and developing, in consultation and coordination with any

other appropriate officials of the Government of Haiti, a system to ensure participation by such producers in the TAICNAR Program described in paragraph (3);

"(ii) overseeing the implementation of the TAICNAR Program described in paragraph (3);

"(iii) receiving and investigating comments from any interested party regarding the conditions described in paragraph (3)(B) in facilities of producers listed in the registry described in clause (i) and, where appropriate, referring such comments or the result of such investigations to the appropriate Haitian authorities, or to the entity operating the TAICNAR Program described in paragraph (3);

"(iv) assisting, in consultation and coordination with any other appropriate Haitian authorities, producers listed in the registry described in clause (i) in meeting the conditions set forth in paragraph (3)(B); and

"(v) coordinating, with the assistance of the entity operating the TAICNAR Pro-

gram described in paragraph (3), a tripartite committee comprised of appropriate representatives of government agencies, employers, and workers, as well as other relevant interested parties, for the purposes of evaluating progress in implementing the TAICNAR Program described in paragraph (3), and consulting on improving core labor standards and working conditions in the textile and apparel sector in Haiti, and on other matters of common concern relating to such core labor standards and working conditions.

"(3) TECHNICAL ASSISTANCE IMPROVEMENT AND COMPLIANCE NEEDS ASSESSMENT AND REMEDIATION PROGRAM.—

"(A) IN GENERAL.—The requirement under this paragraph is that Haiti, in cooperation with the International Labor Organization, has established a Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program meeting the requirements under subparagraph (C)—

"(i) to assess compliance by producers listed in the registry described in para-

graph (2)(B)(i) with the conditions set forth in subparagraph (B) and to assist such producers in meeting such conditions; and

"(ii) to provide assistance to improve the capacity of the Government of Haiti—

"(I) to inspect facilities of producers listed in the registry described in paragraph (2)(B)(i); and

"(II) to enforce national labor laws and resolve labor disputes, including through measures described in subparagraph (E).

"(B) CONDITIONS DESCRIBED.—The conditions referred to in subparagraph (A) are—

"(i) compliance with core labor standards; and

"(ii) compliance with the labor laws of Haiti that relate directly to core labor standards and to ensuring acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety.

"(C) REQUIREMENTS.—The requirements for the TAICNAR Program are that the program—

"(i) be operated by the International Labor Organization (or any subdivision, instrumentality, or designee thereof), which prepares the biannual reports described in subparagraph (D);

"(ii) be developed through a participatory process that includes the Labor Ombudsman described in paragraph (2) and appropriate representatives of government agencies, employers, and workers;

"(iii) assess compliance by each producer listed in the registry described in paragraph (2)(B)(i) with the conditions set forth in subparagraph (B) and identify any deficiencies by such producer with respect to meeting such conditions, including by—

"(I) conducting unannounced site visits to manufacturing facilities of the producer;

"(II) conducting confidential interviews separately with workers

and management of the facilities of the producer;

"(III) providing to management and workers, and where applicable, worker organizations in the facilities of the producer, on a confidential basis—

"(aa) the results of the assessment carried out under this clause; and

"(bb) specific suggestions for remediating any such deficiencies;

"(iv) assist the producer in remediating any deficiencies identified under clause (iii);

"(v) conduct prompt follow-up site visits to the facilities of the producer to assess progress on remediation of any deficiencies identified under clause (iii); and

"(vi) provide training to workers and management of the producer, and where appropriate, to other persons or entities, to promote compliance with subparagraph (B).

"(D) BIANNUAL REPORT.—The biannual reports referred to in subparagraph (C)(i) are a report, by the entity operating the TAICNAR Program, that is published (and available to the public in a readily accessible manner) on a biannual basis, beginning 6 months after Haiti implements the TAICNAR Program under this paragraph, covering the preceding 6-month period, and that includes the following:

"(i) The name of each producer listed in the registry described in paragraph (2)(B)(i) that has been identified as having met the conditions under subparagraph (B).

"(ii) The name of each producer listed in the registry described in paragraph (2)(B)(i) that has been identified as having deficiencies with respect to the conditions under subparagraph (B), and has failed to remedy such deficiencies.

"(iii) For each producer listed under clause (ii)—

"(I) a description of the deficiencies found to exist and the specific suggestions for remediating such defi-

ciencies made by the entity operating the TAICNAR Program;

"(II) a description of the efforts by the producer to remediate the deficiencies, including a description of assistance provided by any entity to assist in such remediation; and

"(III) with respect to deficiencies that have not been remediated, the amount of time that has elapsed since the deficiencies were first identified in a report under this subparagraph.

"(iv) For each producer identified as having deficiencies with respect to the conditions described under subparagraph (B) in a prior report under this subparagraph, a description of the progress made in remediating such deficiencies since the submission of the prior report, and an assessment of whether any aspect of such deficiencies persists.

"(E) CAPACITY BUILDING.—The assistance to the Government of Haiti referred to in subparagraph (A)(ii) shall include programs—

"(i) to review the labor laws and regulations of Haiti and to develop and implement strategies for bringing the laws and regulations into conformity with core labor standards;

"(ii) to develop additional strategies for facilitating protection of core labor standards and providing acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health, including through legal, regulatory, and institutional reform;

"(iii) to increase awareness of worker rights, including under core labor standards and national labor laws;

"(iv) to promote consultation and cooperation between government representatives, employers, worker representatives, and United States importers on matters relating to core labor standards and national labor laws;

"(v) to assist the Labor Ombudsman appointed pursuant to paragraph (2) in establishing and coordinating operation of

the committee described in paragraph (2)(B)(v);

"(vi) to assist worker representatives in more fully and effectively advocating on behalf of their members; and

"(vii) to provide on-the-job training and technical assistance to labor inspectors, judicial officers, and other relevant personnel to build their capacity to enforce national labor laws and resolve labor disputes.

"(4) COMPLIANCE WITH ELIGIBILITY CRITERIA.—

"(A) COUNTRY COMPLIANCE WITH WORKER RIGHTS ELIGIBILITY CRITERIA.—In making a determination of whether Haiti is meeting the requirement set forth in subsection (d)(1)(A)(vi) relating to internationally recognized worker rights, the President shall consider the reports produced under paragraph (3)(D).

"(B) PRODUCER ELIGIBILITY.—

"(i) IDENTIFICATION OF PRODUCERS.—Beginning in the second calendar year after the President makes the

certification under paragraph (1)(A), the President shall identify on a biennial basis whether a producer listed in the registry described in paragraph (2)(B)(i) has failed to comply with core labor standards and with the labor laws of Haiti that directly relate to and are consistent with core labor standards.

"(ii) ASSISTANCE TO PRODUCERS; WITHDRAWAL, ETC., OF PREFERENTIAL TREATMENT.—For each producer that the President identifies under clause (i), the President shall seek to assist such producer in coming into compliance with core labor standards and with the labor laws of Haiti that directly relate to and are consistent with core labor standards. If such efforts fail, the President shall withdraw, suspend, or limit the application of preferential treatment under subsection (b) to articles of such producer.

"(iii) REINSTATING PREFERENTIAL TREATMENT.—If the President, after withdrawing, suspending, or limiting the application of preferential treatment under

clause (ii) to articles of a producer, determines that such producer is complying with core labor standards and with the labor laws of Haiti that directly relate to and are consistent with core labor standards, the President shall reinstate the application of preferential treatment under subsection (b) to the articles of the producer.

"(iv) CONSIDERATION OF REPORTS.—In making the identification under clause (i) and the determination under clause (iii), the President shall consider the reports made available under paragraph (3)(D).

"(5) REPORTS BY THE PRESIDENT.—

"(A) IN GENERAL.—Not later than one year after the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, and annually thereafter, the President shall transmit to the appropriate congressional committees a report on the implementation of this subsection during the preceding 1-year period.

"(B) MATTERS TO BE INCLUDED.—Each report required by subparagraph (A) shall include the following:

"(i) An explanation of the efforts of Haiti, the President, and the International Labor Organization to carry out this subsection.

"(ii) A summary of each report produced under paragraph (3)(D) during the preceding 1-year period and a summary of the findings contained in such report.

"(iii) Identifications made under paragraph (4)(B)(i) and determinations made under paragraph (4)(B)(iii).

"(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection the sum of $10,000,000 for the period beginning on October 1, 2008, and ending on September 30, 2013.".

SEC. 15404. PETITION PROCESS.

Section 213A(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703A(d)) is amended by adding at the end the following new paragraph:

"(4) PETITION PROCESS.—Any interested party may file a request to have the status of Haiti re-

viewed with respect to the eligibility requirements listed in paragraph (1), and the President shall provide for this purpose the same procedures as those that are provided for reviewing the status of eligible beneficiary developing countries with respect to the designation criteria listed in subsections (b) and (c) of section 502 of the Trade Act of 1974 (19 U.S.C. 2642 (b) and (c)).''.

SEC. 15405. CONDITIONS REGARDING ENFORCEMENT OF CIRCUMVENTION.

Section 213A(f) of the Caribbean Basin Economic Recovery Act, as redesignated by section 15403(2) of this Act, is amended by adding at the end the following new paragraph:

''(3) LIMITATION ON GOODS SHIPPED FROM THE DOMINICAN REPUBLIC.—

''(A) LIMITATION.—Notwithstanding subsection (a)(5), relating to the definition of 'imported directly from Haiti or the Dominican Republic', articles described in subsection (b) that are shipped from the Dominican Republic, directly or through the territory of an intermediate country, whether or not such articles undergo processing in the Dominican Republic, shall not be considered to be 'imported directly

from Haiti or the Dominican Republic' until the President certifies to the Congress that Haiti and the Dominican Republic have developed procedures to prevent unlawful transshipment of the articles and the use of counterfeit documents related to the importation of the articles into the United States.

"(B) TECHNICAL AND OTHER ASSISTANCE.—The Commissioner responsible for U.S. Customs and Border Protection shall provide technical and other assistance to Haiti and the Dominican Republic to develop expeditiously the procedures described in subparagraph (A).".

SEC. 15406. PRESIDENTIAL PROCLAMATION AUTHORITY.

The President may exercise the authority under section 604 of the Trade Act of 1974 to proclaim such modifications to the Harmonized Tariff Schedule of the United States as may be necessary to carry out this part and the amendments made by this part.

SEC. 15407. REGULATIONS AND PROCEDURES.

The President shall issue such regulations as may be necessary to carry out the amendments made by sections 15402, 15403, and 15404. Regulations to carry out the amendments made by section 15402 shall be issued not later than September 30, 2008. The Secretary of Com-

merce shall issue such procedures as may be necessary to carry out the amendment made by section 15402(d) not later than September 30, 2008.

SEC. 15408. EXTENSION OF CBTPA.

Section 213(b) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(b)) is amended—

(1) in paragraph (2)(A)—

(A) in clause (iii)—

(i) in subclause (II)(cc), by striking ''2008'' and inserting ''2010''; and

(ii) in subclause (IV)(dd), by striking ''2008'' and inserting ''2010''; and

(B) in clause (iv)(II), by striking ''6'' and inserting ''8''; and

(2) in paragraph (5)(D)—

(A) in clause (i), by striking ''2008'' and inserting ''2010''; and

(B) in clause (ii), by striking ''108(b)(5)'' and inserting ''section 108(b)(5)''.

SEC. 15409. SENSE OF CONGRESS ON INTERPRETATION OF TEXTILE AND APPAREL PROVISIONS FOR HAITI.

It is the sense of the Congress that the executive branch, particularly the Committee for the Implementation of Textile Agreements (CITA), U.S. Customs and

Border Protection of the Department of Homeland Security, and the Department of Commerce, should interpret, implement, and enforce the provisions of section 213A(b) of the Caribbean Basin Economic Recovery Act, as amended by section 15402 of this Act, relating to preferential treatment of textile and apparel articles, broadly in order to expand trade by maximizing opportunities for imports of articles eligible for preferential treatment under such section 213A(b).

SEC. 15410. SENSE OF CONGRESS ON TRADE MISSION TO HAITI.

It is the sense of the Congress that the Secretary of Commerce, in coordination with the United States Trade Representative, the Secretary of State, and the Commissioner responsible for U.S. Customs and Border Protection of the Department of Homeland Security, should lead a trade mission to Haiti, within 6 months after the date of the enactment of this Act, to promote trade between the United States and Haiti, to promote new economic opportunities afforded under the amendments made by section 15402 of this Act, and to help educate United States and Haitian business concerns about such opportunities.

SEC. 15411. SENSE OF CONGRESS ON VISA SYSTEMS.

It is the sense of the Congress that Haiti, and other countries that receive preferences under trade preference

programs of the United States that require effective visa systems to prevent transshipment, should ensure that monetary compensation for such visas is not required beyond the costs of processing the visa, including ensuring that such monetary compensation does not violate an applicable system to combat corruption and bribery.

SEC. 15412. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this part and the amendments made by this part shall take effect on the date of the enactment of this Act.

(b) EXCEPTION.—The amendments made by section 15402 shall take effect on October 1, 2008, and shall apply to articles entered, or withdrawn from warehouse for consumption, on or after that date.

PART II—MISCELLANEOUS TRADE PROVISIONS

SEC. 15421. UNUSED MERCHANDISE DRAWBACK.

(a) IN GENERAL.—Section 313(j)(2) of the Tariff Act of 1930 (19 U.S.C. 1313(j)(2)) is amended by adding at the end the following: ''For purposes of subparagraph (A) of this paragraph, wine of the same color having a price variation not to exceed 50 percent between the imported wine and the exported wine shall be deemed to be commercially interchangeable.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to claims filed for

drawback under section 313(j)(2) of the Tariff Act of 1930 on or after the date of the enactment of this Act.

SEC. 15422. REQUIREMENTS RELATING TO DETERMINATION OF TRANSACTION VALUE OF IMPORTED MERCHANDISE.

(a) REQUIREMENT ON IMPORTERS.—

(1) IN GENERAL.—Pursuant to sections 484 and 485 of the Tariff Act of 1930 (19 U.S.C. 1484 and 1485), the Commissioner responsible for U.S. Customs and Border Protection shall require each importer of merchandise to provide to U.S. Customs and Border Protection at the time of entry of the merchandise the information described in paragraph (2).

(2) INFORMATION REQUIRED.—The information referred to in paragraph (1) is a declaration as to whether the transaction value of the imported merchandise is determined on the basis of the price paid by the buyer in the first or earlier sale occurring prior to introduction of the merchandise into the United States.

(3) EFFECTIVE DATE.—The requirement to provide information under this subsection shall be effective for the 1-year period beginning 90 days after the date of the enactment of this Act.

(b) REPORT TO INTERNATIONAL TRADE COMMISSION.—

(1) IN GENERAL.—The Commissioner responsible for U.S. Customs and Border Protection shall submit to the United States International Trade Commission on a monthly basis for the 1-year period specified in subsection (a)(3) a report on the information provided by importers under subsection (a)(2) during the preceding month. The report required under this paragraph shall be submitted in a form agreed upon between U.S. Customs and Border Protection and the United States International Trade Commission.

(2) MATTERS TO BE INCLUDED.—The report required under paragraph (1) shall include—

(A) the number of importers that declare the transaction value of the imported merchandise is determined on the basis of the method described in subsection (a)(2);

(B) the tariff classification of such imported merchandise under the Harmonized Tariff Schedule of the United States; and

(C) the transaction value of such imported merchandise.

(c) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 90 days after the submission of the final report under subsection (b), the United States International Trade Commission shall submit to the appropriate congressional committees a report on the information contained in all reports submitted under subsection (b).

(2) MATTERS TO BE INCLUDED.—The report required under paragraph (1) shall include—

(A) the aggregate number of importers that declare the transaction value of the imported merchandise is determined on the basis of the method described in subsection (a)(2), including a description of the frequency of the use of such method;

(B) the tariff classification of such imported merchandise under the Harmonized Tariff Schedule of the United States on an aggregate basis, including an analysis of the tariff classification of such imported merchandise on a sectoral basis;

(C) the aggregate transaction value of such imported merchandise, including an analysis of the transaction value of such imported merchandise on a sectoral basis; and

(D) the aggregate transaction value of all merchandise imported into the United States during the 1-year period specified in subsection (a)(3).

(d) SENSE OF CONGRESS REGARDING PROHIBITION ON PROPOSED INTERPRETATION OF THE TERM ''SOLD FOR EXPORTATION TO THE UNITED STATES''.—

(1) IN GENERAL.—It is the sense of Congress that the Commissioner responsible for U.S. Customs and Border Protection should not implement a change to U.S. Customs and Border Protection's interpretation (as such interpretation is in effect on the date of the enactment of this Act) of the term ''sold for exportation to the United States'', as described in section 402(b) of the Tariff Act of 1930 (19 U.S.C. 1401a(b)), for purposes of applying the transaction value of the imported merchandise in a series of sales, before January 1, 2011.

(2) EXCEPTION.—It is the sense of Congress that beginning on January 1, 2011, the Commissioner responsible for U.S. Customs and Border Protection may propose to change or change U.S. Customs and Border Protection's interpretation of the term ''sold for exportation to the United

States'', as described in paragraph (1), only if U.S. Customs and Border Protection—

(A) consults with, and provides notice to, the appropriate congressional committees—

(i) not less than 180 days prior to proposing a change; and

(ii) not less than 90 days prior to publishing a change;

(B) consults with, provides notice to, and takes into consideration views expressed by, the Commercial Operations Advisory Committee—

(i) not less than 120 days prior to proposing a change; and

(ii) not less than 60 days prior to publishing a change; and

(C) receives the explicit approval of the Secretary of the Treasury prior to publishing a change.

(3) CONSIDERATION OF INTERNATIONAL TRADE COMMISSION REPORT.—It is the sense of Congress that prior to publishing a change to U.S. Customs and Border Protection's interpretation (as such interpretation is in effect on the date of the enactment of this Act) of the term ''sold for exportation to the United States'', as described in section 402(b) of the

Tariff Act of 1930 (19 U.S.C. 1401a(b)), for purposes of applying the transaction value of the imported merchandise in a series of sales, the Commissioner responsible for U.S. Customs and Border Protection should take into consideration the matters included in the report prepared by the United States International Trade Commission under subsection (c).

(e) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(2) COMMERCIAL OPERATIONS ADVISORY COMMITTEE.—The term ''Commercial Operations Advisory Committee'' means the Advisory Committee established pursuant to section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note) or any successor committee.

(3) IMPORTER.—The term ''importer'' means one of the parties qualifying as an ''importer of record'' under section 484(a)(2)(B) in the Tariff Act of 1930 (19 U.S.C. 1484(a)(2)(B)).

(4) TRANSACTION VALUE OF THE IMPORTED MERCHANDISE.—The term ''transaction value of the imported merchandise'' has the meaning described in section 402(b) of the Tariff Act of 1930 (19 U.S.C. 1401a(b)).

Passed the House of Representatives May 22, 2008.

Attest: LORRAINE C. MILLER,

Clerk.

Calendar No. 753

110TH CONGRESS
2D SESSION

H. R. 6124

AN ACT

To provide for the continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2012, and for other purposes.

MAY 22, 2008

Received; read twice and placed on the calendar