AMENDMENT NO._____ Calendar No._____

Purpose: To provide a complete substitute.

**IN THE SENATE OF THE UNITED STATES—110th Cong., 1st Sess.**

# H. R. 2419

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

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. HARKIN (for himself, Mr. CHAMBLISS, Mr. BAUCUS, and Mr. GRASSLEY)

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 ''Food and Energy Security Act of 2007''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Definition of Secretary.

TITLE I—PRODUCER INCOME PROTECTION PROGRAMS

Sec. 1001. Definitions.

Subtitle A—Traditional Payments and Loans

PART I—Direct Payments and Counter-Cyclical Payments

Sec. 1101. Base acres and payment acres for a farm.
Sec. 1102. Payment yields.
Sec. 1103. Availability of direct payments.
Sec. 1104. Availability of counter-cyclical payments.
Sec. 1105. Producer agreement required as condition of provision of direct payments and counter-cyclical payments.
Sec. 1106. Planting flexibility.
Sec. 1107. Special rule for long grain and medium grain rice.
Sec. 1108. Period of effectiveness.

PART II—Marketing Assistance Loans and Loan Deficiency Payments

Sec. 1201. Availability of nonrecourse marketing assistance loans for loan commodities.
Sec. 1202. Loan rates for nonrecourse marketing assistance loans.
Sec. 1203. Term of loans.
Sec. 1204. Repayment of loans.
Sec. 1205. Loan deficiency payments.
Sec. 1206. Payments in lieu of loan deficiency payments for grazed acreage.
Sec. 1207. Special marketing loan provisions for upland cotton.
Sec. 1208. Special competitive provisions for extra long staple cotton.
Sec. 1209. Availability of recourse loans for high moisture feed grains and seed cotton.
Sec. 1210. Adjustments of loans.

PART III—Peanuts

Sec. 1301. Definitions.
Sec. 1302. Base acres for peanuts for a farm.
Sec. 1303. Availability of direct payments for peanuts.
Sec. 1304. Availability of counter-cyclical payments for peanuts.
Sec. 1305. Producer agreement required as condition on provision of direct payments and counter-cyclical payments.
Sec. 1306. Planting flexibility.
Sec. 1307. Marketing assistance loans and loan deficiency payments for peanuts.
Sec. 1308. Adjustments of loans.

Subtitle B—Average Crop Revenue Program

Sec. 1401. Availability of average crop revenue payments.
Sec. 1402. Producer agreement as condition of average crop revenue payments.
Sec. 1403. Planting flexibility.

Subtitle C—Sugar

Sec. 1501. Sugar program.
Sec. 1502. Storage facility loans.
Sec. 1503. Commodity Credit Corporation storage payments.
Sec. 1504. Flexible marketing allotments for sugar.
Sec. 1505. Sense of the Senate regarding NAFTA sugar coordination.

Subtitle D—Dairy

Sec. 1601. Dairy product price support program.
Sec. 1602. National dairy market loss payments.
Sec. 1603. Dairy export incentive and dairy indemnity programs.
Sec. 1604. Funding of dairy promotion and research program.
Sec. 1605. Revision of Federal marketing order amendment procedures.
Sec. 1606. Dairy forward pricing program.
Sec. 1607. Report on Department of Agriculture reporting procedures for non-fat dry milk.
Sec. 1608. Federal Milk Marketing Order Review Commission.
Sec. 1609. Mandatory reporting of dairy commodities.

Subtitle E—Administration

Sec. 1701. Administration generally.
Sec. 1702. Suspension of permanent price support authority.
Sec. 1703. Payment limitations.
Sec. 1704. Adjusted gross income limitation.
Sec. 1705. Availability of quality incentive payments for certain producers.
Sec. 1706. Hard white wheat development program.
Sec. 1707. Durum wheat quality program.
Sec. 1708. Storage facility loans.
Sec. 1709. Personal liability of producers for deficiencies.
Sec. 1710. Extension of existing administrative authority regarding loans.
Sec. 1711. Assignment of payments.
Sec. 1712. Cotton classification services.
Sec. 1713. Designation of States for cotton research and promotion.
Sec. 1714. Government publication of cotton price forecasts.
Sec. 1715. State, county, and area committees.
Sec. 1716. Prohibition on charging certain fees.
Sec. 1717. Signature authority.
Sec. 1718. Modernization of Farm Service Agency.
Sec. 1719. Geospatial systems.
Sec. 1720. Leasing office space.
Sec. 1721. Repeals.

Subtitle F—Specialty Crop Programs

Sec. 1801. Definitions.

PART I—Marketing, Information, and Education

Sec. 1811. Fruit and vegetable market news allocation.
Sec. 1812. Farmers' market promotion program.
Sec. 1813. Food safety initiatives.
Sec. 1814. Census of specialty crops.

PART II—Organic Production

Sec. 1821. Organic data collection and price reporting.
Sec. 1822. Exemption of certified organic products from assessments.
Sec. 1823. National Organic Certification Cost Share Program.
Sec. 1824. National organic program.

PART III—International Trade

Sec. 1831. Foreign market access study and strategy plan.
Sec. 1832. Market access program.

Sec. 1833. Technical assistance for specialty crops.
Sec. 1834. Consultations on sanitary and phytosanitary restrictions for fruits and vegetables.

PART IV—Specialty Crops Competitiveness

Sec. 1841. Specialty crop block grants.
Sec. 1842. Grant program to improve movement of specialty crops.
Sec. 1843. Healthy Food Enterprise Development Center.

PART V—Miscellaneous

Sec. 1851. Clean plant network.
Sec. 1852. Market loss assistance for asparagus producers.
Sec. 1853. Mushroom promotion, research, and consumer information.
Sec. 1854. National Honey Board.
Sec. 1855. Identification of honey.
Sec. 1856. Expedited marketing order for Hass avocados for grades and standards and other purposes.

Subtitle G—Risk Management

Sec. 1901. Definition of organic crop.
Sec. 1902. General powers.
Sec. 1903. Reduction in loss ratio.
Sec. 1904. Controlled business insurance.
Sec. 1905. Administrative fee.
Sec. 1906. Time for payment.
Sec. 1907. Surcharge prohibition.
Sec. 1908. Premium reduction plan.
Sec. 1909. Denial of claims.
Sec. 1910. Measurement of farm-stored commodities.
Sec. 1911. Reimbursement rate.
Sec. 1912. Renegotiation of standard reinsurance agreement.
Sec. 1913. Change in due date for Corporation payments for underwriting gains.
Sec. 1914. Access to data mining information.
Sec. 1915. Producer eligibility.
Sec. 1916. Contracts for additional crop policies.
Sec. 1917. Research and development.
Sec. 1918. Funding from insurance fund.
Sec. 1919. Camelina pilot program.
Sec. 1920. Risk management education for beginning farmers or ranchers.
Sec. 1921. Agricultural management assistance.
Sec. 1922. Crop insurance mediation.
Sec. 1923. Drought coverage for aquaculture under noninsured crop assistance program.
Sec. 1924. Increase in service fees for noninsured crop assistance program.
Sec. 1925. Determination of certain sweet potato production.
Sec. 1926. Perennial crop report.

TITLE II—CONSERVATION

Subtitle A—Definitions

Sec. 2001. Definitions.

Subtitle B—Highly Erodible Land Conservation

Sec. 2101. Review of good faith determinations; exemptions.

Subtitle C—Wetland Conservation

Sec. 2201. Review of good faith determinations.

Subtitle D—Agricultural Resources Conservation Program

CHAPTER 1—COMPREHENSIVE CONSERVATION ENHANCEMENT

SUBCHAPTER A—COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM

Sec. 2301. Reauthorization and expansion of programs covered.

SUBCHAPTER B—CONSERVATION RESERVE

Sec. 2311. Conservation reserve program.
Sec. 2312. Flooded farmland program.
Sec. 2313. Wildlife habitat program.

SUBCHAPTER C—WETLANDS RESERVE PROGRAM

Sec. 2321. Wetlands reserve program.
Sec. 2322. Easements and agreements.
Sec. 2323. Payments.

SUBCHAPTER D—HEALTHY FORESTS RESERVE PROGRAM

Sec. 2331. Healthy forests reserve program.

"SUBCHAPTER D—HEALTHY FORESTS RESERVE PROGRAM

"Sec. 1237M. Establishment of healthy forests reserve program.
"Sec. 1237N. Eligibility and enrollment of lands in program.
"Sec. 1237O. Restoration plans.
"Sec. 1237P. Financial assistance.
"Sec. 1237Q. Technical assistance.
"Sec. 1237R. Protections and measures.
"Sec. 1237S. Involvement by other agencies and organizations.
"Sec. 1237T. Authorization of appropriations.

CHAPTER 2—COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM

SUBCHAPTER A—GENERAL PROVISIONS

Sec. 2341. Comprehensive stewardship incentives program.

"CHAPTER 6—COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM

"SUBCHAPTER A—COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM

"Sec. 1240T. Comprehensive stewardship incentives program.

"SUBCHAPTER B—CONSERVATION STEWARDSHIP PROGRAM

"Sec. 1240U. Purposes.
"Sec. 1240V. Definitions.
"Sec. 1240W. Establishment of program.

"Sec. 1240X. Eligibility.
"Sec. 1240Y. Regulations.

SUBCHAPTER B—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

Sec. 2351. Purposes.
Sec. 2352. Definitions.
Sec. 2353. Establishment and administration of environmental quality incentives program.
Sec. 2354. Evaluation of offers and payments.
Sec. 2355. Duties of producers.
Sec. 2356. Environmental quality incentives program plan.
Sec. 2357. Limitation on payments.
Sec. 2358. Conservation innovation grants.
Sec. 2359. Ground and surface water conservation.
Sec. 2360. Organic conversion.
Sec. 2361. Chesapeake Bay watershed conservation program.

CHAPTER 3—FARMLAND PROTECTION

SUBCHAPTER A—FARMLAND PROTECTION PROGRAM

Sec. 2371. Farmland protection program.

SUBCHAPTER B—GRASSLAND RESERVE PROGRAM

Sec. 2381. Grassland reserve program.

"SUBCHAPTER C—GRASSLAND RESERVE PROGRAM

"Sec. 1238N. Definitions.
"Sec. 1238O. Grassland reserve program.
"Sec. 1238P. Duties.
"Sec. 1238Q. Terms and conditions.

CHAPTER 4—OTHER CONSERVATION PROGRAMS

Sec. 2391. Conservation security program.
Sec. 2392. Conservation of private grazing land.
Sec. 2393. Reauthorization of wildlife habitat incentive program.
Sec. 2394. Grassroots source water protection program.
Sec. 2395. Great Lakes basin program for soil erosion and sediment control.
Sec. 2396. Farm viability program.
Sec. 2397. Discovery watershed demonstration program.
Sec. 2398. Emergency landscape restoration program.
Sec. 2399. Voluntary public access and habitat incentive program.

Subtitle E—Funding and Administration

Sec. 2401. Funding and administration.
Sec. 2402. Regional equity.
Sec. 2403. Conservation access.
Sec. 2404. Delivery of technical assistance.
Sec. 2405. Administrative requirements for conservation programs.
Sec. 2406. Conservation programs in environmental services markets.

Subtitle F—State Technical Committees

Sec. 2501. State technical committees.

Subtitle G—Other Authorities

Sec. 2601. Agricultural management assistance.
Sec. 2602. Agriculture conservation experienced services program.
Sec. 2603. Technical assistance.
Sec. 2604. Small watershed rehabilitation program.
Sec. 2605. Resource conservation and development program.
Sec. 2606. National Natural Resources Conservation Foundation.
Sec. 2607. Desert Terminal Lakes.
Sec. 2608. Crop insurance ineligibility relating to crop production on native sod.
Sec. 2609. High Plains water study.
Sec. 2610. Payment of expenses.
Sec. 2611. Use of funds in Basin funds for salinity control activities upstream of Imperial Dam.
Sec. 2612. Great Lakes Commission.
Sec. 2613. Technical corrections to the Federal Insecticide, Fungicide, and Rodenticide Act.

TITLE III—TRADE

Subtitle A—Food for Peace Act

Sec. 3001. Short title.
Sec. 3002. United States policy.
Sec. 3003. Food aid to developing countries.
Sec. 3004. Trade and development assistance.
Sec. 3005. Agreements regarding eligible countries and private entities.
Sec. 3006. Use of local currency payments.
Sec. 3007. General authority.
Sec. 3008. Provision of agricultural commodities.
Sec. 3009. Microenterprise activities.
Sec. 3010. Levels of assistance.
Sec. 3011. Food Aid Consultative Group.
Sec. 3012. Administration.
Sec. 3013. Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable prepackaged foods.
Sec. 3014. Pilot program for local purchase.
Sec. 3015. General authorities and requirements.
Sec. 3016. Use of Commodity Credit Corporation.
Sec. 3017. Administrative provisions.
Sec. 3018. Expiration date.
Sec. 3019. Authorization of appropriations.
Sec. 3020. Micronutrient fortification programs.
Sec. 3021. Germplasm conservation.
Sec. 3022. John Ogonowski and Doug Bereuter Farmer-to-Farmer Program.

Subtitle B—Agricultural Trade Act of 1978 and Related Statutes

Sec. 3101. Nongovernmental organization participation in the resolution of trade disputes.
Sec. 3102. Export credit guarantee program.
Sec. 3103. Market access program.
Sec. 3104. Export enhancement program.
Sec. 3105. Voluntary certification of child labor status of agricultural imports.
Sec. 3106. Foreign market development cooperator program.

Sec. 3107. Food for Progress Act of 1985.
Sec. 3108. McGovern-Dole International Food for Education and Child Nutrition Program.

Subtitle C—Miscellaneous

Sec. 3201. Bill Emerson Humanitarian Trust.
Sec. 3202. Emerging markets and facility guarantee loan program.
Sec. 3203. Biotechnology and agricultural trade program.
Sec. 3204. Technical assistance for the resolution of trade disputes.

TITLE IV—NUTRITION PROGRAMS

Subtitle A—Food and Nutrition Program

PART I—Renaming of Food Stamp Program

Sec. 4001. Renaming of food stamp program.

PART II—Improving Program Benefits

Sec. 4101. Exclusion of certain military payments from income.
Sec. 4102. Strengthening the food purchasing power of low-income Americans.
Sec. 4103. Supporting working families with child care expenses.
Sec. 4104. Encouraging retirement and education savings among food stamp recipients.
Sec. 4105. Facilitating simplified reporting.
Sec. 4106. Accrual of benefits.
Sec. 4107. Eligibility for unemployed adults.
Sec. 4108. Transitional benefits option.
Sec. 4109. Minimum benefit.
Sec. 4110. Availability of commodities for the emergency food assistance program.

PART III—Improving Program Operations

Sec. 4201. Technical clarification regarding eligibility.
Sec. 4202. Issuance and use of program benefits.
Sec. 4203. Clarification of split issuance.
Sec. 4204. State option for telephonic signature.
Sec. 4205. Privacy protections.
Sec. 4206. Study on comparable access to food and nutrition assistance for Puerto Rico.
Sec. 4207. Civil rights compliance.
Sec. 4208. Employment, training, and job retention.
Sec. 4209. Codification of access rules.
Sec. 4210. Expanding the use of EBT cards at farmers' markets.
Sec. 4211. Review of major changes in program design.
Sec. 4212. Preservation of access and payment accuracy.
Sec. 4213. Nutrition education.

PART IV—Improving Program Integrity

Sec. 4301. Major systems failures.
Sec. 4302. Performance standards for biometric identification technology.
Sec. 4303. Civil penalties and disqualification of retail food stores and wholesale food concerns.
Sec. 4304. Funding of employment and training programs.

Sec. 4305. Eligibility disqualification.

PART V—MISCELLANEOUS

Sec. 4401. Definition of staple foods.
Sec. 4402. Accessory food items.
Sec. 4403. Pilot projects to evaluate health and nutrition promotion in the food and nutrition program.
Sec. 4404. Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows.
Sec. 4405. Hunger-free communities.
Sec. 4406. State performance on enrolling children receiving program benefits for free school meals.

Subtitle B—Food Distribution Program on Indian Reservations

Sec. 4501. Assessing the nutritional value of the FDPIR food package.

Subtitle C—Administration of Emergency Food Assistance Program and Commodity Supplemental Food Program

Sec. 4601. Emergency food assistance.
Sec. 4602. Commodity supplemental food program.

Subtitle D—Senior Farmers' Market Nutrition Program

Sec. 4701. Exclusion of benefits in determining eligibility for other programs.
Sec. 4702. Prohibition on collection of sales tax.

Subtitle E—Reauthorization of Federal Food Assistance Programs

Sec. 4801. Food and nutrition program.
Sec. 4802. Commodity distribution.
Sec. 4803. Nutrition information and awareness pilot program.

Subtitle F—Miscellaneous

Sec. 4901. Purchases of locally grown fruits and vegetables.
Sec. 4902. Healthy food education and program replicability.
Sec. 4903. Fresh fruit and vegetable program.
Sec. 4904. Buy American requirements.
Sec. 4905. Minimum purchases of fruits, vegetables, and nuts through section 32 to support domestic nutrition assistance programs.
Sec. 4906. Conforming amendments to renaming of food stamp program.
Sec. 4907. Effective and implementation dates.
Sec. 4908. Application.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

Sec. 5001. Direct loans.
Sec. 5002. Purposes of loans.
Sec. 5003. Soil and water conservation and protection.
Sec. 5004. Limitations on amount of farm ownership loans.
Sec. 5005. Down payment loan program.
Sec. 5006. Beginning farmer or rancher contract land sales program.

Subtitle B—Operating Loans

Sec. 5101. Farming experience as eligibility requirement.
Sec. 5102. Limitations on amount of operating loans.
Sec. 5103. Limitation on period borrowers are eligible for guaranteed assistance.

Subtitle C—Administrative Provisions

Sec. 5201. Beginning farmer and rancher individual development accounts pilot program.
Sec. 5202. Inventory sales preferences; loan fund set-asides.
Sec. 5203. Transition to private commercial or other sources of credit.
Sec. 5204. Loan authorization levels.
Sec. 5205. Interest rate reduction program.
Sec. 5206. Deferral of shared appreciation recapture amortization.
Sec. 5207. Rural development, housing, and farm loan program activities.

Subtitle D—Farm Credit

Sec. 5301. Authority to pass along cost of insurance premiums.
Sec. 5302. Technical correction.
Sec. 5303. Confirmation of Chairman.
Sec. 5304. Premiums.
Sec. 5305. Certification of premiums.
Sec. 5306. Rural utility loans.
Sec. 5307. Equalization of loan-making powers of certain district associations.

Subtitle E—Miscellaneous

Sec. 5401. Loans to purchasers of highly fractioned land.
Sec. 5402. Determination on merits of Pigford claims.
Sec. 5403. Sense of the Senate relating to claims brought by socially disadvantaged farmers or ranchers.
Sec. 5404. Eligibility of equine farmers and ranchers for emergency loans.

TITLE VI—RURAL DEVELOPMENT AND INVESTMENT

Subtitle A—Consolidated Farm and Rural Development Act

Sec. 6001. Water, waste disposal, and wastewater facility grants.
Sec. 6002. Rural business opportunity grants.
Sec. 6003. Child day care facility grants, loans, and loan guarantees.
Sec. 6004. Rural water and wastewater circuit rider program.
Sec. 6005. Multijurisdictional regional planning organizations.
Sec. 6006. Rural hospital loans and loan guarantees.
Sec. 6007. Tribal college and university essential community facilities.
Sec. 6008. Community facility loans and grants for freely associated States and outlying areas.
Sec. 6009. Priority for community facility loan and grant projects with high non-Federal share.
Sec. 6010. SEARCH grants.
Sec. 6011. Emergency and imminent community water assistance grant program.
Sec. 6012. Water systems for rural and native villages in Alaska.
Sec. 6013. Grants to develop wells in rural areas.
Sec. 6014. Cooperative equity security guarantee.
Sec. 6015. Rural cooperative development grants.
Sec. 6016. Grants to broadcasting systems.

Sec. 6017. Locally-produced agricultural food products.
Sec. 6018. Center for Healthy Food Access and Enterprise Development.
Sec. 6019. Appropriate technology transfer for rural areas.
Sec. 6020. Rural economic area partnership zones.
Sec. 6021. Definitions.
Sec. 6022. Rural microenterprise assistance program.
Sec. 6023. Artisanal cheese centers.
Sec. 6024. National Rural Development Partnership.
Sec. 6025. Historic barn preservation.
Sec. 6026. Grants for NOAA weather radio transmitters.
Sec. 6027. Grants to train farm workers in new technologies and to train farm workers in specialized skills necessary for higher value crops.
Sec. 6028. Grants for expansion of employment opportunities for individuals with disabilities in rural areas.
Sec. 6029. Delta Regional Authority.
Sec. 6030. Northern Great Plains Regional Authority.
Sec. 6031. Rural business investment program.
Sec. 6032. Rural collaborative investment program.
Sec. 6033. Funding of pending rural development loan and grant applications.

Subtitle B—Rural Electrification Act of 1936

Sec. 6101. Energy efficiency programs.
Sec. 6102. Loans and grants for electric generation and transmission.
Sec. 6103. Fees for electrification baseload generation loan guarantees.
Sec. 6104. Deferment of payments to allow loans for improved energy efficiency and demand reduction.
Sec. 6105. Rural electrification assistance.
Sec. 6106. Guarantees for bonds and notes issued for electrification or telephone purposes.
Sec. 6107. Expansion of 911 access.
Sec. 6108. Electric loans to rural electric cooperatives.
Sec. 6109. Agency procedures.
Sec. 6110. Access to broadband telecommunications services in rural areas.
Sec. 6111. Substantially underserved trust areas.
Sec. 6112. Study of Federal assistance for broadband infrastructure.

Subtitle C—Connect the Nation Act

Sec. 6201. Short title.
Sec. 6202. Grants to encourage State initiatives to improve broadband service.

Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

Sec. 6301. Rural electronic commerce extension program.
Sec. 6302. Telemedicine, library connectivity, public television, and distance learning services in rural areas.

Subtitle E—Miscellaneous

Sec. 6401. Value-added agricultural product market development grants.
Sec. 6402. Study of railroad issues.
Sec. 6403. Insurance of loans for housing and related facilities for domestic farm labor.

TITLE VII—RESEARCH AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

Sec. 7001. Definitions.
Sec. 7002. National Agricultural Research, Extension, Education, and Economics Advisory Board.
Sec. 7003. Veterinary medicine loan repayment.
Sec. 7004. Eligibility of University of the District of Columbia for grants and fellowships for food and agricultural sciences education.
Sec. 7005. Grants to 1890 Institutions to expand extension capacity.
Sec. 7006. Expansion of food and agricultural sciences awards.
Sec. 7007. Grants and fellowships for food and agricultural sciences education.
Sec. 7008. Grants for research on production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.
Sec. 7009. Policy research centers.
Sec. 7010. Human nutrition intervention and health promotion research program.
Sec. 7011. Pilot research program to combine medical and agricultural research.
Sec. 7012. Nutrition education program.
Sec. 7013. Continuing animal health and disease research programs.
Sec. 7014. Appropriations for research on national or regional problems.
Sec. 7015. Animal health and disease research program.
Sec. 7016. Authorization level for extension at 1890 land-grant colleges.
Sec. 7017. Authorization level for agricultural research at 1890 land-grant colleges.
Sec. 7018. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
Sec. 7019. Grants to upgrade agriculture and food sciences facilities at the District of Columbia land grant university.
Sec. 7020. National research and training virtual centers.
Sec. 7021. Matching funds requirement for research and extension activities of 1890 Institutions.
Sec. 7022. Hispanic-serving institutions.
Sec. 7023. Hispanic-serving agricultural colleges and universities.
Sec. 7024. International agricultural research, extension, and education.
Sec. 7025. Competitive grants for international agricultural science and education programs.
Sec. 7026. Indirect costs.
Sec. 7027. Research equipment grants.
Sec. 7028. University research.
Sec. 7029. Extension Service.
Sec. 7030. Supplemental and alternative crops.
Sec. 7031. Aquaculture research facilities.
Sec. 7032. Rangeland research.
Sec. 7033. Special authorization for biosecurity planning and response.
Sec. 7034. Resident instruction and distance education grants program for insular area institutions of higher education.
Sec. 7035. Farm management training and public farm benchmarking database.
Sec. 7036. Tropical and subtropical agricultural research.
Sec. 7037. Regional centers of excellence.
Sec. 7038. National Drought Mitigation Center.
Sec. 7039. Agricultural development in the American-Pacific region.

Sec. 7040. Borlaug international agricultural science and technology fellowship program.
Sec. 7041. New Era Rural Technology Program.
Sec. 7042. Farm and ranch stress assistance network.
Sec. 7043. Rural entrepreneurship and enterprise facilitation program.
Sec. 7044. Seed distribution.
Sec. 7045. Farm and ranch safety.
Sec. 7046. Women and minorities in STEM fields.
Sec. 7047. Natural products research program.
Sec. 7048. International anti-hunger and nutrition program.
Sec. 7049. Consortium for Agricultural and Rural Transportation Research and Education.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

Sec. 7101. National genetic resources program.
Sec. 7102. High-priority research and extension initiatives.
Sec. 7103. Nutrient management research and extension initiative.
Sec. 7104. Organic agriculture research and extension initiative.
Sec. 7105. Agricultural telecommunications program.
Sec. 7106. Assistive technology program for farmers with disabilities.
Sec. 7107. National Rural Information Center Clearinghouse.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

Sec. 7201. Initiative for Future Agriculture and Food Systems.
Sec. 7202. Partnerships for high-value agricultural product quality research.
Sec. 7203. Precision agriculture.
Sec. 7204. Biobased products.
Sec. 7205. Thomas Jefferson initiative for crop diversification.
Sec. 7206. Integrated research, education, and extension competitive grants program.
Sec. 7207. Support for research regarding diseases of wheat, triticale, and barley caused by Fusarium graminearum or by Tilletia indica.
Sec. 7208. Bovine Johne's disease control program.
Sec. 7209. Grants for youth organizations.
Sec. 7210. Agricultural biotechnology research and development for developing countries.
Sec. 7211. Specialty crop research initiative.
Sec. 7212. Office of Pest Management Policy.
Sec. 7213. Food animal residue avoidance database program.

Subtitle D—Other Laws

Sec. 7301. Critical Agricultural Materials Act.
Sec. 7302. Equity in Educational Land-Grant Status Act of 1994.
Sec. 7303. Smith-Lever Act.
Sec. 7304. Hatch Act of 1887.
Sec. 7305. Research Facilities Act.
Sec. 7306. National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985.
Sec. 7307. Competitive, Special, and Facilities Research Grant Act.
Sec. 7308. Education grants to Alaska Native serving institutions and Native Hawaiian serving institutions.
Sec. 7309. Beginning farmer and rancher development program.

Sec. 7310. McIntire-Stennis Cooperative Forestry Act.
Sec. 7311. National Aquaculture Act of 1980.
Sec. 7312. National Arboretum.
Sec. 7313. Eligibility of University of the District of Columbia for certain land-grant university assistance.
Sec. 7314. Exchange or sale authority.
Sec. 7315. Carbon cycle research.

Subtitle E—National Institute of Food and Agriculture

Sec. 7401. National Institute of Food and Agriculture.
Sec. 7402. Coordination of Agricultural Research Service and National Institute of Food and Agriculture.

Subtitle F—Miscellaneous

Sec. 7501. Joint nutrition monitoring and related research activities.
Sec. 7502. Demonstration project authority for temporary positions.
Sec. 7503. Review of plan of work requirements.
Sec. 7504. Study and report on access to nutritious foods.

TITLE VIII—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

Sec. 8001. National priorities for private forest conservation.
Sec. 8002. Community forest and open space conservation program.
Sec. 8003. Federal, State, and local coordination and cooperation.
Sec. 8004. Comprehensive statewide forest planning.
Sec. 8005. Assistance to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

Subtitle B—Tribal-Forest Service Cooperative Relations

Sec. 8101. Definitions.

PART I—Collaboration Between Indian Tribes and Forest Service

Sec. 8111. Forest Legacy Program.
Sec. 8112. Forestry and resource management assistance for Indian tribes.

PART II—Cultural and Heritage Cooperation Authority

Sec. 8121. Purposes.
Sec. 8122. Definitions.
Sec. 8123. Reburial of human remains and cultural items.
Sec. 8124. Temporary closure for traditional and cultural purposes.
Sec. 8125. Forest products for traditional and cultural purposes.
Sec. 8126. Prohibition on disclosure.
Sec. 8127. Severability and savings provisions.

Subtitle C—Amendments to Other Laws

Sec. 8201. Renewable resources extension activities.
Sec. 8202. Office of International Forestry.

TITLE IX—ENERGY

Sec. 9001. Energy.

"TITLE IX—ENERGY

"Sec. 9001. Definitions.
"Sec. 9002. Biobased markets program.
"Sec. 9003. Biodiesel fuel education.
"Sec. 9004. Biomass crop transition.
"Sec. 9005. Biorefinery and repowering assistance.
"Sec. 9006. Bioenergy program for advanced biofuels.
"Sec. 9007. Rural Energy for America Program.
"Sec. 9008. Biomass Research and Development Act of 2000.
"Sec. 9009. Sun grant program.
"Sec. 9010. Regional biomass crop experiments.
"Sec. 9011. Biochar research, development, and demonstration.
"Sec. 9012. Renewable woody biomass for energy.
"Sec. 9013. Community wood energy program.
"Sec. 9014. Rural energy systems renewal.
"Sec. 9015. Voluntary renewable biomass certification program.
"Sec. 9016. Administration.
"Sec. 9017. Biofuels infrastructure study.
"Sec. 9018. Rural nitrogen fertilizer study.
"Sec. 9019. Study of life-cycle analysis of biofuels.
"Sec. 9020. E-85 fuel program.
"Sec. 9021. Research and development of renewable energy.
"Sec. 9022. Northeast dairy nutrient management and energy development program.
"Sec. 9023. Future farmstead program.

Sec. 9002. Sense of the Senate concerning higher levels of ethanol blended gasoline.
Sec. 9003. Conforming amendments.

TITLE X—LIVESTOCK MARKETING, REGULATORY, AND RELATED PROGRAMS

Subtitle A—Marketing

Sec. 10001. Livestock mandatory reporting.
Sec. 10002. Grading and inspection.
Sec. 10003. Country of origin labeling.

Subtitle B—Agricultural Fair Practices

Sec. 10101. Definitions.
Sec. 10102. Prohibited practices.
Sec. 10103. Enforcement.
Sec. 10104. Rules and regulations.

Subtitle C—Packers and Stockyards

Sec. 10201. Special Counsel for Agricultural Competition.
Sec. 10202. Investigation of live poultry dealers.
Sec. 10203. Production contracts.
Sec. 10204. Right to discuss terms of contract.
Sec. 10205. Attorneys' fees.
Sec. 10206. Appointment of outside counsel.
Sec. 10207. Prohibition on packers owning, feeding, or controlling livestock..
Sec. 10208. Regulations.

Subtitle D—Related Programs

Sec. 10301. Sense of Congress regarding pseudorabies eradication program.
Sec. 10302. Sense of Congress regarding cattle fever tick eradication program.
Sec. 10303. National Sheep and Goat Industry Improvement Center.
Sec. 10304. Trichinae certification program.
Sec. 10305. Protection of information in the animal identification system.
Sec. 10306. Low pathogenic avian influenza.
Sec. 10307. Study on bioenergy operations.
Sec. 10308. Sense of the Senate on indemnification of livestock producers.

TITLE XI—MISCELLANEOUS

Subtitle A—Agricultural Security

Sec. 11011. Definitions.

PART I—General Authority and Interagency Coordination

Sec. 11021. Policy.
Sec. 11022. Interagency coordination.
Sec. 11023. Submission of integrated food defense plan.
Sec. 11024. Transfer of certain agricultural inspection functions of Department.

PART II—Agricultural Quarantine Inspection Program Improvement

Sec. 11031. Definitions.
Sec. 11032. Joint Task Force.
Sec. 11033. Advisory Board.
Sec. 11034. Reports to Congress.
Sec. 11035. Port risk committees.
Sec. 11036. Emergency response planning at ports of entry.
Sec. 11037. Plant pest identification joint plan.
Sec. 11038. Liaison officer positions.

PART III—Miscellaneous

Sec. 11041. Designation and expedited review and approval of qualified agricultural countermeasures.
Sec. 11042. Agricultural disease emergency detection and response.
Sec. 11043. National plant disease recovery system and national veterinary stockpile.
Sec. 11044. Research and development of agricultural countermeasures.
Sec. 11045. Veterinary workforce grant program.
Sec. 11046. Assistance to build local capacity in agricultural biosecurity planning, preparedness, and response.
Sec. 11047. Border inspections of agricultural products.
Sec. 11048. Live virus of foot and mouth disease research.

Subtitle B—Other Programs

Sec. 11051. Foreclosure.
Sec. 11052. Outreach and technical assistance for socially disadvantaged farmers and ranchers.
Sec. 11053. Additional contracting authority.

Sec. 11054. Improved program delivery by the Department of Agriculture on Indian reservations.
Sec. 11055. Accurate documentation in the census of agriculture and certain studies.
Sec. 11056. Improved data requirements.
Sec. 11057. Receipt for service or denial of service.
Sec. 11058. National Appeals Division.
Sec. 11059. Farmworker Coordinator.
Sec. 11060. Congressional Bipartisan Food Safety Commission.
Sec. 11061. Emergency grants to assist low-income migrant and seasonal farmworkers.
Sec. 11062. Grants to reduce production of methamphetamines from anhydrous ammonia.
Sec. 11063. Invasive species management, Hawaii.
Sec. 11064. Oversight and compliance.
Sec. 11065. Report of civil rights complaints, resolutions, and actions.
Sec. 11066. Grants to improve supply, stability, safety, and training of agricultural labor force.
Sec. 11067. Interstate shipment of meat and poultry inspected by Federal and State agencies for certain small establishments.
Sec. 11068. Prevention and investigation of payment and fraud and error.
Sec. 11069. Elimination of statute of limitations applicable to collection of debt by administrative offset.
Sec. 11070. Stored quantities of propane.
Sec. 11071. Closure of certain county FSA offices.

TITLE XII—TRADE AND TAX PROVISIONS

Sec. 12001. Short title; etc.

Subtitle A—Supplemental Agricultural Disaster Assistance From the Agriculture Disaster Relief Trust Fund

Sec. 12101. Supplemental agriculture disaster assistance.

Subtitle B—Conservation Provisions

PART I—Land and Species Preservation Provisions

Sec. 12201. Conservation reserve tax credit.
Sec. 12202. Exclusion of Conservation Reserve Program payments from SECA tax for certain individuals.
Sec. 12203. Permanent extension of special rule encouraging contributions of capital gain real property for conservation purposes.
Sec. 12204. Tax credit for recovery and restoration of endangered species.
Sec. 12205. Deduction for endangered species recovery expenditures.
Sec. 12206. Exclusion for certain payments and programs relating to fish and wildlife.
Sec. 12207. Credit for easements granted under certain Department of Agriculture conservation programs.

PART II—Timber Provisions

Sec. 12211. Forest conservation bonds.
Sec. 12212. Deduction for qualified timber gain.
Sec. 12213. Excise tax not applicable to section 1203 deduction of real estate investment trusts.

Sec. 12214. Timber REIT modernization.
Sec. 12215. Mineral royalty income qualifying income for timber REITs.
Sec. 12216. Modification of taxable REIT subsidiary asset test for timber REITs.
Sec. 12217. Safe harbor for timber property.

Subtitle C—Energy Provisions

PART I—Electricity Generation

Sec. 12301. Credit for residential and business wind property.
Sec. 12302. Landowner incentive to encourage electric transmission build-out.
Sec. 12303. Exception to reduction of renewable electricity credit.

PART II—Alcohol Fuel

Sec. 12311. Expansion of special allowance to cellulosic biomass alcohol fuel plant property.
Sec. 12312. Credit for production of cellulosic biomass alcohol.
Sec. 12313. Extension of small ethanol producer credit.
Sec. 12314. Credit for producers of fossil free alcohol.
Sec. 12315. Modification of alcohol credit.
Sec. 12316. Calculation of volume of alcohol for fuel credits.
Sec. 12317. Ethanol tariff extension.
Sec. 12318. Limitations on, and reductions of, duty drawback on certain imported ethanol.

PART III—Biodiesel and Renewable Diesel Fuel

Sec. 12321. Extension and modification of credit for biodiesel and renewable diesel used as fuel.
Sec. 12322. Treatment of qualified alcohol fuel mixtures and qualified biodiesel fuel mixtures as taxable fuels.

PART IV—Alternative Fuel

Sec. 12331. Extension and modification of alternative fuel credit.
Sec. 12332. Extension of alternative fuel vehicle refueling property credit.

Subtitle D—Agricultural Provisions

Sec. 12401. Increase in loan limits on agricultural bonds.
Sec. 12402. Modification of installment sale rules for certain farm property.
Sec. 12403. Allowance of section 1031 treatment for exchanges involving certain mutual ditch, reservoir, or irrigation company stock.
Sec. 12404. Credit to holders of rural renaissance bonds.
Sec. 12405. Agricultural chemicals security credit.
Sec. 12406. Credit for drug safety and effectiveness testing for minor animal species.
Sec. 12407. Certain farming business machinery and equipment treated as 5-year property.
Sec. 12408. Expensing of broadband Internet access expenditures.
Sec. 12409. Credit for energy efficient motors.

Subtitle E—Revenue Provisions

PART I—Miscellaneous Revenue Provisions

Sec. 12501. Limitation on farming losses of certain taxpayers.
Sec. 12502. Modification to optional method of computing net earnings from self-employment.
Sec. 12503. Information reporting for Commodity Credit Corporation transactions.
Sec. 12504. Modification of section 1031 treatment for certain real estate.
Sec. 12505. Modification of effective date of leasing provisions of the American Jobs Creation Act of 2004.
Sec. 12506. Time for payment of corporate estimated taxes.
Sec. 12507. Ineligibility of collectibles for nontaxable like kind exchange treatment.
Sec. 12508. Denial of deduction for certain fines, penalties, and other amounts.
Sec. 12509. Increase in information return penalties.

PART II—ECONOMIC SUBSTANCE DOCTRINE

Sec. 12511. Clarification of economic substance doctrine.
Sec. 12512. Penalty for understatements attributable to transactions lacking economic substance, etc.
Sec. 12513. Denial of deduction for interest on underpayments attributable to noneconomic substance transactions.

Subtitle F—Protection of Social Security

Sec. 12601. Protection of Social Security.

**SEC. 2. DEFINITION OF SECRETARY.**

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

# TITLE I—PRODUCER INCOME PROTECTION PROGRAMS

**SEC. 1001. DEFINITIONS.**

In this title (other than part III of subtitle A):

(1) AVERAGE CROP REVENUE PAYMENT.—The term ''average crop revenue payment'' means a payment made to producers on a farm under section 1401.

(2) BASE ACRES.—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 the day before the date of enactment of this Act, subject to any adjustment under section 1101 of this Act.

(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 sta-

ple 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, 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, camelina, 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, 85 percent of the base acres of a covered commodity on a farm on which direct payments or counter-cyclical payments are made.

(12) PAYMENT YIELD.—The term ''payment yield'' means the yield established for direct payments and 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 the day before the date of enactment of this Act, 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 commodity 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.

# Subtitle A—Traditional Payments and Loans

## PART I—DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS

### SEC. 1101. BASE ACRES AND PAYMENT ACRES FOR A FARM.

(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 the following circumstances occurs:

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

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(C) The producer has eligible pulse crop or camelina acreage.

(D) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds.

(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 or camelina 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 section 1302(b) when applying the requirements of this subsection.

(c) PERMANENT REDUCTION IN BASE ACRES.—

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

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

**SEC. 1102. 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, camelina, 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, CAMELINA, AND ELIGIBLE PULSE CROPS.—

(1) DETERMINATION OF AVERAGE YIELD.—In the case of designated oilseeds, camelina, and eligible pulse crops, the Secretary shall determine the av-

erage yield per planted acre for the designated oilseed, camelina, 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, camelina, or pulse crop was zero.

(2) ADJUSTMENT FOR PAYMENT YIELD.—

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

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

(ii) The ratio resulting from dividing the national average yield for the designated oilseed, camelina, or pulse crop for the 1981 through 1985 crops by the national average yield for the designated oilseed, camelina, 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, camelina, or pulse crop is not available, the Secretary shall use such informa-

tion 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, camelina, 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, camelina, 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, camelina, 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, camelina, and eligible pulse crops, as determined to be fair and equitable by the Secretary.

**SEC. 1103. AVAILABILITY OF DIRECT PAYMENTS.**

(a) PAYMENT REQUIRED.—Except as provided in section 1401, 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 payment yields and base acres are established.

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

(1) Wheat, $0.52 per bushel.

(2) Corn, $0.28 per bushel.

(3) Grain sorghum, $0.35 per bushel.

(4) Barley, $0.24 per bushel.

(5) Oats, $0.024 per bushel.

(6) Upland cotton, $0.0667 per pound.

(7) 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.—In the case of each of the 2008 through 2012 crop years, the Secretary shall make direct payments under this section not earlier than October 1 of the calendar year in which the crop of the covered commodity is harvested.

(2) ADVANCE PAYMENTS.—

(A) OPTION.—At the option of the producers on a farm, 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.

(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.—Subject to sections 1107 and 1401, 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 part II.

(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 part II.

(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) IN GENERAL.—For purposes of each of the 2008 through 2012 crop years, the target prices for covered commodities shall be as follows:

(A) Wheat, $4.20 per bushel.

(B) Corn, $2.63 per bushel.

(C) Grain sorghum, $2.63 per bushel.

(D) Barley, $2.63 per bushel.

(E) Oats, $1.83 per bushel.

(F) Upland cotton, $0.7225 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, $12.74 per hundredweight.

(K) Dry peas, $8.33 per hundredweight.

(L) Lentils, $12.82 per hundredweight.

(M) Small chickpeas, $10.36 per hundredweight.

(N) Large chickpeas, $12.82 per hundredweight.

(2) SEPARATE TARGET PRICE.—The Secretary may not establish a target price for a covered commodity that is different from the target price specified in paragraph (1) for the covered commodity.

(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 for any of the 2008 through 2012 crop years of a covered commodity, the amount of the counter-cyclical payment to be paid to the producers on a farm for that crop year shall be equal to the product of the following:

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

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

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

(f) TIME FOR PAYMENTS.—

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

(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 30 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. PRODUCER AGREEMENT REQUIRED AS CONDITION OF PROVISION OF DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.**

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

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

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

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

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

(D) to use the land on the farm, in a quantity equal to the attributable base acres for the farm and any base acres for peanuts for the farm under part III, for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use (including land subdivided and developed into residential units or other nonfarming uses, or that is otherwise no longer intended to be used in conjunction with a farming operation), 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 shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

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

(c) ACREAGE REPORTS.—

(1) IN GENERAL.—As a condition on the receipt of any benefits under this part or part II, the Sec-

retary 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 part or part II 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 and counter-cyclical payments among the producers on a farm on a fair and equitable basis.

**SEC. 1106. PLANTING FLEXIBILITY.**

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

(b) LIMITATIONS REGARDING CERTAIN COMMODITIES.—

(1) GENERAL LIMITATION.—The planting of an agricultural commodity specified in paragraph (3)

shall be prohibited on base acres unless the commodity, if planted, is destroyed before harvest.

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

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

(A) Fruits.

(B) Vegetables (other than 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.—In addition to the exceptions provided in subsection (c), the Secretary shall carry out a pilot project in the State of Indiana under which paragraphs (1) and (2) of subsection (b) shall not limit the planting of tomatoes grown for processing on up to 10,000 base acres during each of the 2008 through 2009 crop years.

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

(A) have entered into a contract to produce tomatoes for processing; and

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

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

(4) 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 tomatoes 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.

**SEC. 1107. 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 the day before the date of enactment of this Act, subject to any adjustment under section 1101 of this Act.

**SEC. 1108. PERIOD OF EFFECTIVENESS.**

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

## PART II—MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS

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

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—Except as provided in section 1401, for each of the 2008 through 2012 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm.

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

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

(c) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this part, the Secretary shall make loans to producers on a farm that would be eligible to obtain a marketing assistance loan, but for the fact the loan commodity owned by the producers on the farm is

commingled with loan commodities of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producers obtaining the loan agree to immediately redeem the loan collateral in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

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

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

(a) LOAN RATES.—For each of the 2008 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 the 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.

(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, $1.20 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, $0.72 per pound.

(b) SINGLE COUNTY LOAN RATE FOR OTHER OILSEEDS.—The Secretary shall establish a single loan rate in each county for each kind of other oilseeds described in subsection (a)(10).

(c) GRADING BASIS FOR MARKETING LOANS FOR PULSE CROPS.—The loan rate for pulse crops—

(1) shall be based on a grade not less than grade number 2 or other grade factors, including the fair and average quality of the 1 or more crops in any year; and

(2) may be adjusted by the Secretary to reflect the normal market discounts for grades less than number 2 quality.

(d) CORN AND GRAIN SORGHUM.—The Secretary shall—

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

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

(3) determine each county loan rate and the national average loan rate for corn and grain sorghum,

and any and all other program loan rates applicable to corn and grain sorghum, from a data set that includes prices for both corn and grain sorghum.

**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)); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

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

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

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

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

(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 (adjusted to United States quality and location), as determined by the Secretary.

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

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

(1) a formula to determine—

(A) the prevailing world market price for upland cotton (adjusted to United States quality and location); and

(B) the prevailing world market price for long grain rice and medium grain rice, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for upland cotton, long grain rice, and medium grain rice.

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

(1) IN GENERAL.—During the period beginning on the date of enactment of this Act and ending July 31, 2013, the Secretary may further adjust the prevailing world market price for upland cotton (adjusted to United States quality and location) if the Secretary determines the adjustment is necessary—

(A) to minimize potential loan forfeitures;

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

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

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

(E) to ensure an appropriate transition between current-crop and forward-crop price quotations, except that the Secretary may use forward-crop price quotations prior to July 31 of 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.

(2) 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) QUALITY GRADES FOR PULSE CROPS.—The loan repayment rate for pulse crops shall be based on the quality grades for the applicable commodity specified in section 1202(c).

(h) PAYMENT OF COTTON STORAGE COSTS.—Effective for the 2008 through 2012 crop years, the Secretary shall use the funds of the Commodity Credit Corporation to provide cotton storage payments in the same manner, and at the same rates, as the Secretary provided those payments for the 2006 crop of cotton.

**SEC. 1205. LOAN DEFICIENCY PAYMENTS.**

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—Except as provided in subsection (d) and section 1401, 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.—

(1) LOSS OF BENEFICIAL INTEREST.—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 soon as practicable after the date on which the producers on the farm lose beneficial interest.

(2) ON-FARM CONSUMPTION.—For the quantity of a loan commodity or commodity referred to in subsection (a)(2) consumed on a farm, the Secretary shall provide procedures to determine a date on which the producers on the farm lose beneficial interest.

(3) APPLICABILITY.—This subsection does not apply for the 2009 through 2012 crop years.

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

(a) ELIGIBLE PRODUCERS.—

(1) IN GENERAL.—Except as provided in section 1401, 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 pro-

ducer enters into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, or oats on that acreage.

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

(b) PAYMENT AMOUNT.—

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

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

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the pro-

ducer elects to forgo harvesting of wheat, barley, or oats; and

(ii) the payment yield in effect for the calculation of direct payments under part I with respect to that loan commodity on the farm or, in the case of a farm without a payment yield for that loan commodity, an appropriate yield established by the Secretary in a manner consistent with section 1102(c).

(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 part I with respect to wheat on the farm or, in the case of a farm without a payment yield for wheat, an appropriate yield established by the Secretary in a manner consistent with section 1102(c).

(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 part.

(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 the enactment of this Act through July 31, 2013, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday

through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered 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 (adjusted to 480-pound bales) in which the quota is established;

(ii) production of the current crop; and

(iii) imports to the latest date available during the marketing year.

(B) DEMAND.—The term ''demand'' means—

(i) the average seasonally adjusted annual rate of domestic mill consumption of cotton during the most recent 3 months for which data are available; and

(ii) the larger of—

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

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

(C) LIMITED GLOBAL IMPORT QUOTA.—The term ''limited global import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

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

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

laps 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 June 30, 2013, the value of the assistance provided under paragraph (1) shall be 4 cents per pound.

(B) SUBSEQUENT PERIOD.—Effective beginning on July 1, 2013, the value of the assistance provided under paragraph (1) shall be 0 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, convert, 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 the enactment of this Act through July 31, 2013, the Secretary shall carry out a program—

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

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

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

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

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

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

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

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

**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 part I 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 subsections (e) and (f), 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 enactment of this Act and after consultation with the private sector in accordance with paragraph (3), 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.—Prior to implementing any revisions to the administration of the marketing assistance loan program for upland cotton, the Secretary shall consult with a private sector committee that—

(i) is in existence as of the date of enactment of this Act;

(ii) has a membership that includes representatives of the production, ginning, warehousing, cooperative, and merchandising segments of the United States cotton industry; and

(iii) has developed recommendations concerning the revisions.

(B) REVIEW OF ADJUSTMENTS.—The Secretary shall consult with the committee described in subparagraph (A) when conducting a

review of adjustments in the operation of the loan program for upland cotton in accordance with paragraph (4).

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

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

(A) loan differences for the preceding crop; and

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

(e) CORN AND GRAIN SORGHUM.—In the case of corn and grain sorghum, the Secretary—

(1) shall administer the applicable loan, marketing loan, and related programs using a single loan rate for corn and grain sorghum that is identical in each individual county;

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

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

(f) 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).

## PART III—PEANUTS

**SEC. 1301. DEFINITIONS.**

In this part:

(1) BASE ACRES FOR PEANUTS.—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 the day before the date of enactment of this Act, subject to any adjustment under section 1302 of this Act.

(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 85 percent of the base acres for peanuts.

(6) PAYMENT YIELD.—The term ''payment yield'' means the yield established for direct pay-

ments and 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 the day before the date of enactment of this Act, 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 part.

(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) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—The Secretary shall provide for an adjustment, as appropriate, in the base acres for peanuts for a farm whenever either 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.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(C) The producer has eligible pulse crop or camelina acreage.

(D) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds.

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

(b) PREVENTION OF EXCESS BASE ACRES 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 producing an agricultural commodity on the acreage.

(D) Any eligible pulse crop or camelina 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 section 1101(b) when applying the requirements of this subsection.

(c) PERMANENT REDUCTION IN BASE ACRES FOR PEANUTS.—

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

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

**SEC. 1303. AVAILABILITY OF DIRECT PAYMENTS FOR PEANUTS.**

(a) PAYMENT REQUIRED.—Except as provided in section 1401, for each of the 2008 through 2012 crop years for peanuts, the Secretary shall make direct payments to the producers on a farm to which a payment yield and base acres for peanuts are established.

(b) PAYMENT RATE.—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 the 2008 through 2012 crops of peanuts 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.—In the case of each of the 2008 through 2012 crop years, the Secretary shall make direct payments under this section not earlier than October 1 of the calendar year in which the crop is harvested.

(2) ADVANCE PAYMENTS.—

(A) OPTION.—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.

(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 1401, 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 part.

(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; and

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

(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.—If the Secretary determines under subsection (a) that counter-cyclical payments are required to be made under this section for a crop year, the Secretary shall make the counter-cyclical payments for the crop year beginning on October 1 or as soon as practicable after the end of the marketing year.

(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 participants to make an election to receive partial payments under subparagraph (A) at any time but not later than 30 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 available 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 on October 1 of the fiscal year starting in the same calendar year as the end of the 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 DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.**

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive direct payments or counter-cyclical payments under this part 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 part I, for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use (including land subdivided and developed into residential units or other nonfarming uses, or that is otherwise no longer intended to be used in conjunction with a farming operation), 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 shall result in the termination of the payments with respect to those acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

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

(c) ACREAGE REPORTS.—

(1) IN GENERAL.—As a condition on the receipt of any benefits under this part, 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 part 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 part, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

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

**SEC. 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.—Except as provided in section 1401, 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) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subsection, the Secretary shall make loans to producers on a farm that would be eligible to obtain a marketing assistance loan, but for the fact the peanuts owned by the producers on the farm are commingled with other peanuts in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producers obtaining the loan agree to immediately redeem the loan collateral

in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

(5) 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.

(6) 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.

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

(A) IN GENERAL.—Beginning with the 2007 crop of peanuts, to ensure proper storage of peanuts for which a loan is made under this section or section 1307 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7957), the Secretary shall use the funds of the Commodity Credit Corporation to 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 or section 1307 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7957); and

(ii) pay storage, handling, and other associated costs for all peanuts pledged as

collateral that are forfeited under this section or section 1307 of that Act.

(8) 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.—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.—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—

(1) the loan rate established for peanuts under subsection (b), plus interest (determined in accordance with section 163 of the Federal Agriculture Im-

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

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

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

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

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

(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.—

(A) IN GENERAL.—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 soon as practicable after the date on which the producers on the farm lose beneficial interest.

(B) APPLICABILITY.—This paragraph does not apply for the 2009 through 2012 crop years.

(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 part 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 deter-

mined 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 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 B—Average Crop Revenue Program

## SEC. 1401. AVAILABILITY OF AVERAGE CROP REVENUE PAYMENTS.

(a) AVAILABILITY AND ELECTION OF ALTERNATIVE APPROACH.—

(1) AVAILABILITY OF AVERAGE CROP REVENUE PAYMENTS.—As an alternative to receiving payments or loans under subtitle A with respect to all covered commodities and peanuts on a farm (other than loans for graded and nongraded wool, mohair, and honey), the Secretary shall give the producers on the farm an opportunity to make a 1-time elec-

tion to instead receive average crop revenue payments under this section for—

(A) the 2010, 2011, and 2012 crop years;

(B) the 2011 and 2012 crop years; or

(C) the 2012 crop year.

(2) ELECTION; TIME FOR ELECTION.—

(A) IN GENERAL.—The Secretary shall provide notice to producers regarding the opportunity to make the election 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.

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

(4) EFFECT OF FAILURE TO MAKE ELECTION.—If the producers on a farm fail to make the election under paragraph (1) or fail to timely notify the Secretary of the election made, as required by paragraph (3), the producers shall be deemed to have made the election to receive payments and loans under subtitle A for all covered commodities and peanuts on the farm for the applicable crop year.

(b) PAYMENTS REQUIRED.—

(1) IN GENERAL.—In the case of producers on a farm who make the election under subsection (a) to receive average crop revenue payments, for any of the 2010 through 2012 crop years for all covered commodities and peanuts, the Secretary shall make average crop revenue payments available to the producers on a farm in accordance with this subsection.

(2) FIXED PAYMENT COMPONENT.—Subject to paragraph (3), in the case of producers on a farm described in paragraph (1), the Secretary shall make average crop revenue payments available to the producers on a farm for each crop year in an amount equal to not less than the product obtained by multiplying—

(A) $15 per acre; and

(B) 100 percent of the quantity of base acres on the farm for all covered commodities and peanuts (as adjusted in accordance with the terms and conditions of section 1101 or 1302, as determined by the Secretary).

(3) REVENUE COMPONENT.—The Secretary shall increase the amount of the average crop revenue payments available to the producers on a farm in a State for a crop year if—

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

(B) the average crop revenue program guarantee for the crop year for the covered commodity or peanuts in the State determined under subsection (d).

(4) TIME FOR PAYMENTS.—In the case of each of the 2010 through 2012 crop years, the Secretary shall make average crop revenue 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)(3)(A), the amount of the actual State revenue for a crop year of a covered commodity 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 average crop revenue program harvest 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) and subsection (d)(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) AVERAGE CROP REVENUE PROGRAM HARVEST PRICE.—

(A) IN GENERAL.—For purposes of paragraph (1)(B), subject to subparagraph (B), the average crop revenue program harvest price for a crop year for a covered commodity or peanuts in a State shall equal the harvest price that is used to calculate revenue under revenue coverage plans that are offered for the crop year for the covered commodity or peanuts in the State under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(B) ASSIGNED PRICE.—If the Secretary cannot establish the harvest price for a crop year for a covered commodity or peanuts in a State in accordance with subparagraph (A), the Secretary shall assign a price for the covered commodity or peanuts in the State on the basis of comparable price data.

(d) AVERAGE CROP REVENUE PROGRAM GUARANTEE.—

(1) IN GENERAL.—The average crop revenue 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—

(A) the expected State yield for each planted acre for the crop year for the covered com-

modity or peanuts in a State determined under paragraph (2); and

(B) the average crop revenue program preplanting price for the crop year for the covered commodity or peanuts determined under paragraph (3).

(2) EXPECTED STATE YIELD.—

(A) IN GENERAL.—For purposes of paragraph (1)(A), subject to subparagraph (B), the expected State yield for each planted acre for a crop year for a covered commodity or peanuts in a State shall equal the projected yield for the crop year for the covered commodity or peanuts in the State, based on a linear regression trend of the yield per acre planted to the covered commodity or peanuts in the State during the 1980 through 2006 period using National Agricultural Statistics Service data.

(B) ASSIGNED YIELD.—If the Secretary cannot establish the expected 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 linear regression trend of the yield per acre planted to the covered commodity or peanuts in the State (as

determined under subparagraph (A)) is negative, the Secretary shall assign an expected State yield for each planted acre for the crop year for the covered commodity or peanuts in the State on the basis of expected State yields for planted acres for the crop year for the covered commodity or peanuts in similar States.

(3) AVERAGE CROP REVENUE PROGRAM PRE-PLANTING PRICE.—

(A) IN GENERAL.—For purposes of paragraph (1)(B), subject to subparagraphs (B) and (C), the average crop revenue program pre-planting price for a crop year for a covered commodity or peanuts in a State shall equal the average price that is used to calculate revenue under revenue coverage plans that are offered for the covered commodity in the State under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for the crop year and the preceding 2 crop years.

(B) ASSIGNED PRICE.—If the Secretary cannot establish the pre-planting price for a crop year for a covered commodity or peanuts in a State in accordance with subparagraph (A), the Secretary shall assign a price for the

covered commodity or peanuts in the State on the basis of comparable price data.

(C) MINIMUM AND MAXIMUM PRICE.—In the case of each of the 2011 through 2012 crop years, the average crop revenue program pre-planting price for a crop year for a covered commodity or peanuts under subparagraph (A) shall not decrease or increase more than 15 percent from the pre-planting price for the preceding year.

(e) PAYMENT AMOUNT.—If average crop revenue payments are required to be paid for any of the 2010 through 2012 crop years of a covered commodity or peanuts under subsection (b)(3), in addition to the amount payable under subsection (b)(2), the amount of the average crop revenue payment to be paid to the producers on the farm for the crop year under this section shall be increased by an amount equal to the product obtained by multiplying—

(1) the difference between—

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

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

(2) 85 percent of the quantity of base acres on the farm for the covered commodity or peanuts (as adjusted in accordance with the terms and conditions of section 1101 or 1302, as determined by the Secretary);

(3) the quotient obtained by dividing—

(A)(i) the yield used to calculate crop insurance coverage for the commodity or peanuts on the farm under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) (commonly referred to as ''actual production history''); or

(ii) if actual production history for the commodity or peanuts on the farm is not available, a comparable yield as determined by the Secretary; by

(B) the expected State yield for the crop year, as determined under subsection (d)(2); and

(4) 90 percent.

(f) RECOURSE LOANS.—For each of the 2010 through 2012 crops of a covered commodity or peanuts, the Secretary shall make available to producers on a farm

who elect to receive payments under this section recourse loans, as determined by the Secretary, on any production of the covered commodity.

**SEC. 1402. PRODUCER AGREEMENT AS CONDITION OF AVERAGE CROP REVENUE PAYMENTS.**

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive average crop revenue payments with respect to the farm, the producers shall agree, and in the case of subparagraph (C), the Farm Service Agency shall certify, 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.); and

(C) that the individuals or entities receiving payments are producers;

(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 part III of subtitle A, for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use (including land subdivided and developed into residential units or other nonfarming uses, or that is otherwise no longer intended to be used in conjunction with a farming operation), 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 for which average crop revenue payments are made shall result in the termination of the payments, unless the transferee or owner of the farm 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 an average crop revenue payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with rules issued by the Secretary.

(c) ACREAGE REPORTS.—

(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 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 average crop revenue payments among the producers on a farm on a fair and equitable basis.

(f) AUDIT AND REPORT.—Each year, to ensure, to the maximum extent practicable, that payments are received only by producers, the Secretary shall—

(1) conduct an audit of average crop revenue payments; and

(2) submit to Congress a report that describes the results of that audit.

**SEC. 1403. PLANTING FLEXIBILITY.**

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

average crop revenue payments (referred to in this section as ''base acres'').

(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 agricul-

tural 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 average crop revenue 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) average crop revenue payments shall be reduced by an acre for each acre planted to such agricultural commodity.

(d) PLANTING TRANSFERABILITY PILOT PROJECT.—Producers on a farm that elect to receive average crop rev-

enue payments shall be eligible to participate in the pilot program established under section 1106(d) under the same terms and conditions as producers that receive direct payments and counter-cyclical payments.

(e) PRODUCTION OF FRUITS OR VEGETABLES FOR PROCESSING.—

(1) IN GENERAL.—Subject to paragraphs (2) through (4), effective beginning with the 2010 crop years, producers on a farm that elect to receive average crop revenue payments, with the consent of the owner of and any other producers on the farm, may reduce the base acres for a covered commodity for the farm if the reduced acres are used for the planting and production of fruits or vegetables for processing.

(2) REVERSION TO BASE ACRES FOR COVERED COMMODITY.—Any reduced acres on a farm devoted to the planting and production of fruits or vegetables during a crop year under paragraph (1) shall be included in base acres for the covered commodity for the subsequent crop year, unless the producers on the farm make the election described in paragraph (1) for the subsequent crop year.

(3) RECALCULATION OF BASE ACRES.—

(A) IN GENERAL.—Subject to subparagraph (B), if the Secretary recalculates base acres for a farm, the planting and production of fruits or vegetables for processing under paragraph (1) shall be considered to be the same as the planting, prevented planting, or production of a covered commodity.

(B) AUTHORITY.—Nothing in this subsection provides authority for the Secretary to recalculate base acres for a farm covered by this subsection other than as provided in this subsection.

(4) LIMITATIONS.—

(A) IN GENERAL.—This subsection applies in land located in each of the States of Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin.

(B) ACREAGE LIMIT.—The total number of base acres that may be reduced in any State under this subsection shall not exceed 10,000.

# Subtitle C—Sugar

**SEC. 1501. SUGAR PROGRAM.**

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) 19.00 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 per pound for refined beet sugar 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).

"(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 second loan is made; and

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

"(d) LOAN TYPE; PROCESSOR ASSURANCES.—

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

"(2) PROCESSOR ASSURANCES.—

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

received by the processor for the sugar beets and sugarcane delivered by producers to the processor.

"(B) MINIMUM PAYMENTS.—

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

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

"(3) ADMINISTRATION.—The Secretary may not impose or enforce any prenotification requirement, or similar administrative requirement not otherwise in effect on the date of enactment of the Food and Energy Security Act of 2007, 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 (d).

"(f) FEEDSTOCK FLEXIBILITY PROGRAM FOR BIOENERGY PRODUCERS.—

"(1) DEFINITIONS.—In this subsection:

"(A) BIOENERGY.—The term 'bioenergy' means fuel grade ethanol and other biofuel.

"(B) BIOENERGY PRODUCER.—The term 'bioenergy producer' means a producer of bioenergy that uses an eligible commodity to produce bioenergy under this subsection.

"(C) ELIGIBLE COMMODITY.—The term 'eligible commodity' means a form of raw or refined sugar or in-process sugar that is eligible—

"(i) to be marketed in the United States for human consumption; or

"(ii) to be used for the extraction of sugar for human consumption.

"(D) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity located in the United States that markets an eligible commodity in the United States.

"(2) FEEDSTOCK FLEXIBILITY PROGRAM.—

"(A) PURCHASES AND SALES.—For each of fiscal years 2008 through 2012, the Secretary shall purchase eligible commodities from eligible entities and sell such commodities to bioenergy producers for the purpose of producing bioenergy in a manner that ensures that this section is operated at no cost to the Federal Government and avoids 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 the 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 for a fiscal year for which the purchases and sales are necessary to ensure that the program under this section is operated at no cost to the Federal Government by avoiding forfeitures to the Commodity Credit Corporation.

"(3) NOTICE.—

"(A) IN GENERAL.—As soon as practicable after the date of enactment of the Food and Energy Security Act of 2007, and each September 1 thereafter through fiscal year 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 subsequent fiscal year under this subsection.

"(B) REESTIMATES.—Not later than the first day of each of the second through fourth quarters of each of fiscal years 2008 through 2012, the Secretary shall reestimate the quantity of eligible commodities determined under subparagraph (A), and provide notice and make purchases and sales based on the reestimates.

"(4) COMMODITY CREDIT CORPORATION INVENTORY.—To the extent that an eligible commodity is owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program under this section), the Secretary shall sell the eligible commodity to bioenergy producers under this subsection.

"(5) TRANSFER RULE; STORAGE FEES.—

"(A) GENERAL TRANSFER RULE.—Except as provided in subparagraph (C), the Secretary shall ensure that bioenergy producers that purchase eligible commodities pursuant to this subsection take possession of the eligible commodities not later than 30 calendar days after the date of the 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 subsection in a manner that ensures no storage fees are paid by the Commodity Credit Corporation in the administration of this subsection.

"(ii) EXCEPTION.—Clause (i) shall not apply with respect to any commodities owned and held in inventory by the Commodity Credit Corporation (accumulated pursuant to the program under this section).

"(C) OPTION TO PREVENT STORAGE FEES.—

"(i) IN GENERAL.—The Secretary may enter into contracts with bioenergy producers to sell eligible commodities to the bioenergy 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 the eligible commodities not later than 30 calendar days after the date on which the Commodity Credit Corporation purchases the eligible commodities.

"(6) 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 subsection, the sugar shall be considered marketed and shall count against the allocation of a processor of an allotment under that part, as applicable.

"(7) 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 subsection.

"(g) 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 Com-

modity 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.—Sugar beets or sugarcane planted on acreage diverted from production to achieve any reduction required under subparagraph (A) 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.

"(h) 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 pro-

grams, 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) INFORMATION ON MEXICO.—

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

"(i) information of 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 to Mexico.

"(B) PUBLICATION.—The date 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 under paragraph (1), (2), or (3), or furnishing willfully any 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.

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

"(j) EFFECTIVE PERIOD.—

"(1) IN GENERAL.—This section shall be effective only for the 2008 through 2012 crops of sugar beets and sugarcane.

"(2) 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 this section as in effect on the day before the date of enactment of the Food and Energy Security Act of 2007.''.

**SEC. 1502. 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

(4) in paragraph (3) (as redesignated by paragraph (2)), by inserting ''other'' after ''on such''.

**SEC. 1503. 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.".

**SEC. 1504. 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 (2) through (4) as paragraphs (3) through (5), respectively; and

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

"(2) 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); and

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

"(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. 359. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.**

"(a) IN GENERAL.—

"(1) IN GENERAL.—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, sugar beets, or in-process sugar (whether produced domestically or imported) at a level that is—

"(A) sufficient to maintain raw and refined sugar prices at a level that will result in 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 consumption for domestic food use for the crop year.

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

"(b) COVERAGE OF ALLOTMENTS.—

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

"(2) EXCEPTIONS.—Marketing allotments under this part shall not apply to sugar sold—

"(A) to facilitate the exportation of the sugar to a foreign country;

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

"(C) for uses other than domestic human food use.

"(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.

"(c) 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 food use 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 the level that will result in

no forfeiture of sugar to the Commodity Credit Corporation; but

"(B) not less than a quantity equal to 85 percent of the estimated sugar consumption for domestic food use 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."; and

(2) 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)—

(A) in subparagraph (B), by striking "subparagraphs (C) and (D)" and inserting "subparagraph (C)";

(B) by striking subparagraph (C);

(C) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(D) in subparagraph (D) (as so redesignated)—

(i) in clause (i), by striking ''subparagraphs (B) and (D)'' and inserting ''subparagraphs (B) and (C)''; and

(ii) in clause (iii)(II), by striking ''subparagraph (B) or (D)'' as ''subparagraph (B) or (C)''; and

(E) in subparagraph (E) (as so redesignated), by striking ''Except as otherwise provided in section 359f(c)(8), if'' and inserting ''If''; and

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

''(H) NEW ENTRANTS STARTING PRODUCTION OR REOPENING FACTORIES.—

''(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 acquired factory to the total allocation of the current allocation holder.

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

(5) 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) IN GENERAL.—For the purpose of establishing proportionate shares for sugarcane farms under section 359f(c), the Secretary, on application of any producer, with the written consent of all owners of a farm, may transfer the acreage base history of the farm to any other parcels of land of the applicant.

"(2) CONVERTED ACREAGE BASE.—

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

"(B) NOTIFICATION.—Not later than 90 days after the date of the enactment of this paragraph and at the subsequent conversion of

any sugarcane base acreage to a nonagricultural use, the Administrator of the Farm Service Agency shall notify the 1 or more affected landowners of the transferability of the applicable sugarcane base acreage.

"(C) INITIAL TRANSFER PERIOD.—Not later than the end of the 90-day period beginning on the date of receipt of the notification under subparagraph (B), the owner of the base attributable to the acreage at the time of the conversion shall 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 base acreage 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 base acreage to other farms in the county that are eligible and capable of accepting the base acreage, based on a random selection from among the requests received under clause (ii).

"(F) STATEWIDE REALLOCATION.—

"(i) IN GENERAL.—Any base acreage 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 representing counties with farms eligible for assignment of the base, based on a random selection.

''(ii) ALLOCATION.—Any county committee receiving base acreage under this subparagraph shall allocate the base acreage to eligible farms using the process described in subparagraph (E).

''(G) STATUS OF REASSIGNED BASE.—After base acreage has been reassigned in accordance with this subparagraph, the base acreage 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 base acreage 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) IN GENERAL.—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 (other than specialty sugar) at the minimum necessary to comply with obligations under international trade agreements that have been approved by Congress.

"(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); 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 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); 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.''.

(l) UNITED STATES MEMBERSHIP IN THE INTERNATIONAL SUGAR ORGANIZATION.—Not later than 1 year after the date of enactment of this Act, the Secretary shall work with the Secretary of State to restore, to the maximum extent practicable, United States membership in the International Sugar Organization.

**SEC. 1505. SENSE OF THE SENATE REGARDING NAFTA SUGAR COORDINATION.**

It is the sense of the Senate that in order to improve the operations of the North American Free Trade Agreement—

(1) the United States Government and the Government of Mexico should coordinate the operation of their respective sugar policies; and

(2) the United States Government should consult with the Government of Mexico on policies to avoid disruptions of the United States sugar market and the Mexican sugar market in order to maximize the benefits of sugar policies for growers, processors, and consumers of sugar in the United States and Mexico.

# Subtitle D—Dairy

**SEC. 1601. DAIRY PRODUCT PRICE SUPPORT PROGRAM.**

(a) SUPPORT ACTIVITIES.—During the period beginning on January 1, 2008, and ending on 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.

(b) PURCHASE PRICE.—To carry out subsection (a), the Secretary shall purchase cheddar cheese, butter, and nonfat dry milk at prices that are equivalent to—

(1) in the case of cheddar cheese—

(A) in blocks, not less than $1.13 per pound;

(B) in barrels, not less than $1.10 per pound;

(2) in the case of butter, not less than $1.05 per pound; and

(3) in the case of nonfat dry milk, not less than $0.80 per pound.

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

(d) SALES FROM INVENTORIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), in the case of each commodity specified in subsection (b) that is available for unrestricted use in inventories of the Commodity Credit Corporation, the Secretary may sell the commodity at the market prices prevailing for that commodity at the time of sale.

(2) MINIMUM AMOUNT.—The sale price described in paragraph (1) may not be less than 110 percent of the minimum purchase price specified in subsection (b) for that commodity.

**SEC. 1602. NATIONAL DAIRY MARKET LOSS PAYMENTS.**

(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 (d);

(2) the amount equal to—

(A) $16.94 per hundredweight; 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 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, 4,150,000 pounds; and

(iii) effective beginning September 1, 2012, 2,400,000 pounds.

(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.

(e) 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.

(f) 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.

(g) 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. 1603. DAIRY EXPORT INCENTIVE AND DAIRY INDEMNITY PROGRAMS.**

(a) DAIRY EXPORT INCENTIVE PROGRAM.—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) DAIRY INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 450*l*) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 1604. FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.**

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''.

**SEC. 1605. 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 timeframes for the rulemaking process relating to amendments to orders.

"(ii) ISSUES.—At a minimum, the supplemental rules of practice shall establish—

"(I) proposal submission requirements;

"(II) pre-hearing information session specifications;

"(III) written testimony and data request requirements;

"(IV) public participation timeframes; and

"(V) electronic document submission standards.

"(iii) EFFECTIVE DATE.—The supplemental rules of practice shall take effect not later than 120 days after the date of enactment of this subparagraph, as determined by the Secretary.

"(C) HEARING TIMEFRAMES.—

"(i) IN GENERAL.—Not more than 30 days after the receipt of a proposal for an

amendment hearing regarding a milk marketing order, the Secretary shall—

"(I) issue a notice providing an action plan and expected timeframes for completion of the hearing not more than 180 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) NOTICE.—A notice issued under clause (i)(I) shall be individualized for each proceeding and take into consideration—

"(I) the number of orders affected;

"(II) the complexity of issues involved; and

"(III) the extent of the analyses required by applicable Executive orders (including Executive orders relating to civil rights, regulatory flexibility, and economic impact).

"(iii) RECOMMENDED DECISIONS.—A recommended decision on a proposed amendment to an order shall be issued not later than 90 days after the deadline established after the hearing for the submission of post-hearing briefs, unless otherwise provided in the initial notice issued under clause (i)(I).

"(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 (ii), unless otherwise provided in the initial notice issued under clause (i)(I).

"(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 affecting milk prices.

"(F) MONTHLY FEED AND FUEL COSTS FOR MAKE ALLOWANCES.—As part of any hearing to adjust make allowances under marketing orders, 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. 1606. DAIRY FORWARD PRICING PROGRAM.**

(a) IN GENERAL.—Section 23 of the Agricultural Adjustment Act (7 U.S.C. 627), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in the section heading, by striking "**PILOT**";

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

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

(3) in subsection (c)—

(A) in the subsection heading, by striking "PILOT"; and

(B) in paragraph (1), by striking "pilot";

(4) by striking subsections (d) and (e); and

(5) by adding at the end the following:

"(d) VOLUNTARY PROGRAM.—

"(1) IN GENERAL.—A milk handler may not require participation in a forward price contract as a condition of the handler receiving milk from a producer or cooperative association of producers.

"(2) EFFECT OF NONPARTICIPATION.—A producer or cooperative association that does not enter into a forward price contract may continue to have milk priced under the minimum payment provisions of the applicable milk marketing order.

"(3) COMPLAINTS.—The Secretary shall—

"(A) investigate complaints made by producers or cooperative associations of coercion by handlers to enter into forward price contracts; and

"(B) if the Secretary finds evidence of coercion, take appropriate action.

"(e) DURATION.—No forward price contract under this section may—

"(1) be entered into after September 30, 2012; or

"(2) may extend beyond September 30, 2015.".

(b) CONFORMING AMENDMENTS.—Section 23 of the Agricultural Adjustment Act (7 U.S.C. 627), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking "cooperatives" each place it appears in subsections (b) and (c)(2) and inserting "cooperative associations of producers".

**SEC. 1607. REPORT ON DEPARTMENT OF AGRICULTURE REPORTING PROCEDURES FOR NONFAT DRY MILK.**

Not later than 90 days after the date of the enactment of this Act, the Secretary 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 the enactment of this Act.

**SEC. 1608. FEDERAL MILK MARKETING ORDER REVIEW COMMISSION.**

(a) DEFINITION OF ASCARR INSTITUTION.—In this section:

(1) IN GENERAL.—The term ''ASCARR Institution'' means a public college or university offering a baccalaureate or higher degree in the study of agriculture.

(2) EXCLUSIONS.—The term ''ASCARR Institution'' does not include an institution eligible to receive funds under—

(A) the Act of July 2, 1862 (commonly known as the ''First Morrill Act'') (7 U.S.C. 301 et seq.);

(B) the Act of August 30, 1890 (commonly known as the ''Second Morrill Act'') (7 U.S.C. 321 et seq.); or

(C) the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note).

(b) ESTABLISHMENT.—Subject to the availability of funds appropriated 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 enactment of this Act; and

(2) non-Federal milk marketing order systems.

(c) ELEMENTS OF REVIEW AND EVALUATION.—As part of the review and evaluation under subsection (b), 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 United States dairy producers in world markets;

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

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

(5) simplifying the Federal milk marketing order system;

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

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

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

(9) evaluating the economic benefits to milk producers of establishing a 2-class system of classifying milk consisting of a fluid milk class and a manufacturing grade milk class, with the price of both classes determined using the component prices of butterfat, protein, and other solids; and

(10) evaluating a change in advance pricing that is used to calculate the advance price of Class II skim milk under Federal milk marketing orders using the 4-week component prices that are used to calculate prices for Class III and Class IV milk.

(d) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall consist of 18 members.

(2) MEMBERS.—As soon as practicable after the date on which funds are first made available to carry out this section—

(A) 2 members of the Commission shall be appointed by the Chairman of the Committee on Agriculture of the House of Representatives, in consultation with the ranking member of the Committee on Agriculture of the House of Representatives;

(B) 2 members of the Commission shall be appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate, in consultation with the ranking member of the Committee on Agriculture, Nutrition and Forestry of the Senate; and

(C) 14 members of the Commission shall be appointed by the Secretary.

(3) SPECIAL APPOINTMENT REQUIREMENTS.—In the case of members of the Commission appointed under paragraph (2)(C), the Secretary shall ensure that—

(A) at least 1 member represents a national consumer organization;

(B) at least 4 members represent land-grant colleges or universities (as defined in sec-

tion 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) or ASCARR institutions with accredited dairy economic programs, with at least 2 of those members being experts in the field of economics;

(C) at least 1 member represents the food and beverage retail sector; and

(D) 4 dairy producers and 4 dairy processors are appointed in a manner that will—

(i) balance geographical distribution of milk production and dairy processing;

(ii) reflect all segments of dairy processing; and

(iii) represent all regions of the United States equitably, including States that operate outside of a Federal milk marketing order.

(4) CHAIR.—The Commission shall elect 1 of the members of the Commission to serve as chairperson for the duration of the proceedings of the Commission.

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

(6) COMPENSATION.—A member 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.

(e) 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 (c) as the Commission considers to be appropriate.

(2) SUPPORT.—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.

(f) ADVISORY NATURE.—The Commission is wholly advisory in nature and the recommendations of the Commission are nonbinding.

(g) 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.

(h) ADMINISTRATIVE ASSISTANCE.—The Secretary shall provide such administrative support to the Commission, and expend such funds as necessary from budget authority available to the Secretary, as is necessary to carry out this section.

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

(j) TERMINATION OF EFFECTIVENESS.—The authority provided by this section terminates effective on the date of the submission of the report under subsection (e).

**SEC. 1609. MANDATORY REPORTING OF DAIRY COMMODITIES.**

Section 273 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b) is amended—

(1) by striking subsections (a) and (b) and inserting the following:

"(a) DAILY REPORTING.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall require corporate officers or officially-designated representatives of each dairy processor to report to the Secretary on each daily reporting day designated by the Secretary, not later than 10:00 a.m. Central Time, for each sales transaction involving a dairy commodity, information concerning—

"(A) the sales price;

"(B) the quantity sold;

"(C) the location of the sales transaction; and

"(D) product characteristics, including—

"(i) moisture level;

"(ii) packaging size;

"(iii) grade;

"(iv) if appropriate, fat, protein, or other component level;

"(v) heat level for dried products; and

"(vi) other defining product characteristics used in transactions.

"(2) PUBLICATION.—The Secretary shall make the information reported under paragraph (1) available to the public not less frequently than once each

reporting day, categorized by location and product characteristics.

"(3) FEDERAL ORDER PRICES.—If the Secretary uses dairy product prices to establish minimum prices in accordance with section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, the Secretary shall use daily prices published under paragraph (2) to determine such prices.

"(4) EXEMPTION FOR SMALL PROCESSORS.—A processor that processes 1,000,000 pounds of milk or less per year shall be exempt from daily reporting requirements under this subsection."; and

(2) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

# Subtitle E—Administration

**SEC. 1701. ADMINISTRATION GENERALLY.**

(a) USE OF COMMODITY CREDIT CORPORATION.—Except as otherwise provided in subtitles A through D and this subtitle, the Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out subtitles A through D and this subtitle.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title shall be final and conclusive.

(c) REGULATIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall promulgate such regulations as are necessary to implement this title 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.

(d) ADJUSTMENT AUTHORITY RELATED TO TRADE AGREEMENTS COMPLIANCE.—

(1) REQUIRED DETERMINATION; ADJUSTMENT.—If the Secretary determines that expenditures under subtitles A through D and this subtitle 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 and Energy Security Act of 2007.''.

**SEC. 1702. 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 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 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. 1703. 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 and Energy Security Act of 2007''.

(b) REVISION OF LIMITATIONS.—

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

(A) in the matter preceding paragraph (1), by inserting ''and section 1001A'' 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 an individual to whom a member in the farming operation is related as lineal ancestor, lineal descendant, sibling, or spouse.

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

"(1) DIRECT PAYMENTS.—The total amount of direct payments received, directly or indirectly, by a person or legal entity (except a joint venture or a general partnership) for any crop year under part I of subtitle A of title I of the Food and Energy Secu-

rity Act of 2007 for 1 or more covered commodities (except for peanuts), or average crop revenue payments determined under section 1401(b)(2) of that Act, may not exceed $40,000.

"(2) COUNTER-CYCLICAL PAYMENTS.—The total amount of counter-cyclical payments received, directly or indirectly, by a person or legal entity (except a joint venture or a general partnership) for any crop year under part I of subtitle A of title I of the Food and Energy Security Act of 2007 for one or more covered commodities (except for peanuts), or average crop revenue payments determined under section 1401(b)(3) of that Act, may not exceed $60,000.

"(c) LIMITATION ON DIRECT PAYMENTS AND COUNTER-CYCLICAL 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 part III of subtitle A of title I of the Food and Energy Security Act of 2007 for peanuts, or average crop revenue payments determined under section 1401(b)(2) of that Act, may not exceed $40,000.

"(2) COUNTER-CYCLICAL PAYMENTS.—The total amount of counter-cyclical payments received, directly or indirectly, by a person or legal entity (except a joint venture or a general partnership) for any crop year under part III of subtitle A of title I of the Food and Energy Security Act of 2007 for peanuts, or average crop revenue payments determined under section 1401(b)(3) of that Act, may not exceed $60,000.".

"(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 and Energy Security Act of 2007.".

(3) DIRECT ATTRIBUTION.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking subsection (e) and redesignating subsections (f) and (g) as (g) and (h), respectively, and inserting the following:

"(e) ATTRIBUTION OF PAYMENTS.—

"(1) IN GENERAL.—In implementing subsections (b) and (c) and a program described in section 1001D(b)(2)(C), the Secretary shall issue such regulations as are necessary to ensure that the total amount of payments are attributed to a person by

taking into account the direct and indirect ownership interests of the person in a legal entity that is eligible to receive 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 individual 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 mem-

bers 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) is 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.—A Federal agency shall not be eligible to receive any payment described in subsection (b) or (c).

"(B) LAND RENTAL.—A lessee of land owned by a Federal agency may receive a payment described in subsection (b) or (c) if the lessee otherwise meets all applicable criteria.

"(6) STATE AND LOCAL GOVERNMENTS.—

"(A) IN GENERAL.—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 a payment described in subsection (b) or (c).

"(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) and (c) if the lessee otherwise meet 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.".

(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 QUALIFY 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 individual, or the name and taxpayer identification number of each legal entity, that holds or ac-

quires 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 operators in the area involved to produce program crops.

"(c) SPECIAL CLASSES ACTIVELY ENGAGED.—

"(1) LANDOWNER.—A person or legal entity that is a landowner contributing the owned land to a farming operation shall be considered to be actively engaged in farming with respect to the farming operation if—

"(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, presented false information that was material and 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 the person or legal entity described in subsection (a) or (b) who is a cash rent tenant on a farm owned or under the control of the person or legal entity shall be denied.

"(d) JOINT AND SEVERAL LIABILITY.—Any member of any legal entity (including partnerships and joint ventures) 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 co-

operates with the Secretary in enforcing sections 1001, 1001A, and 1001C, and this section.''.

(f) 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 and Energy Security Act of 2007)'' 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 and Energy Security Act of 2007)'' after ''1308(5)))''.

(4) Section 196(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(i)) is amended in paragraphs (1)(A) and (5) by inserting ''(before the amendment made by section 1703(a) of the Food and Energy Security Act of 2007)'' after ''1308)'' each place it appears.

(5) 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 and Energy Security Act of 2007)'' after ''1308)''.

(6) 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 and Energy Security Act of 2007)'' after ''1308)''.

(7) Section 291(2) of the Trade Act of 1974 (19 U.S.C. 2401(2) is amended by inserting ''(before the amendment made by section 1703(a) of the Food and Energy Security Act of 2007)'' before the period at the end.

(g) 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 the day before the date of the enactment of this Act, shall continue to apply with respect to the 2007 crop of any covered commodity or peanuts.

**SEC. 1704. ADJUSTED GROSS INCOME LIMITATION.**

(a) EXTENSION OF ADJUSTED GROSS INCOME LIMITATION.—Section 1001D(e) of the Food Security Act of 1985 (7 U.S.C. 1308-3a(e)) is amended by striking ''2007'' and inserting ''2012''.

(b) ALLOCATION OF INCOME.—Section 1001D(a) of the Food Security Act of 1985 (7 U.S.C. 1308-3a(a)) is amended by adding at the end the following:

"(3) ALLOCATION OF INCOME.—On the request of any individual filing a joint tax return, the Secretary shall provide for the allocation of adjusted gross income among the individuals filing the return based on a certified statement provided by a certified public accountant or attorney specifying the manner in which the income would have been declared and reported if the individuals had filed 2 separate returns, if the Secretary determines that the calculation is consistent with the information supporting the filed joint return.".

(c) MODIFICATION OF LIMITATION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308-3a) is amended by striking subsection (b) and inserting the following:

"(b) LIMITATION.—

"(1) CROP YEARS.—

"(A) 2009 CROP YEAR.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2)(A) during the 2009 crop year if the average adjusted gross income

of the individual or entity exceeds $1,000,000, unless not less than 66.66 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

"(B) 2010 AND SUBSEQUENT CROP YEARS.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2)(A) during any of the 2010 and subsequent crop years if the average adjusted gross income of the individual or entity exceeds $750,000, unless not less than 66.66 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

"(C) CONSERVATION PROGRAMS.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2)(B) during a crop year if the average adjusted gross income of the individual or entity exceeds $2,500,000, unless not less than 75 percent of

the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

''(2) COVERED BENEFITS.—

''(A) IN GENERAL.—Subparagraphs (A) and (B) of paragraph (1) apply with respect to the following:

''(i) A direct payment or counter-cyclical payment under part I or III of subtitle A of title I of the Food and Energy Security Act of 2007.

''(ii) A marketing loan gain or loan deficiency payment under part II or III of subtitle A of title I of the Food and Energy Security Act of 2007.

''(iii) An average crop revenue payment under subtitle B of title I of Food and Energy Security Act of 2007.

''(B) CONSERVATION PROGRAMS.—Paragraph (1)(C) applies with respect to a payment under any program under—

''(i) title XII of this Act;

"(ii) title II of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 223); or

"(iii) title II of the Food and Energy Security Act of 2007.

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

"(A) the production of crops, livestock, or unfinished raw forestry products;

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

"(C) the sale of equipment to conduct farm, ranch, or forestry operations;

"(D) the rental or lease of land used for farming, ranching, or forestry operations, including water or hunting rights;

"(E) the provision of production inputs and services to farmers, ranchers, and foresters;

"(F) the processing (including packing), storing (including shedding), and transporting of farm, ranch, and forestry commodities;

"(G) the sale of land that has been used for agriculture; and

"(H) payments or other income attributable to benefits received under any program authorized under title I or II of the Food and Energy Security Act of 2007.".

(d) TRANSITION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 2007 and 2008 crops of any covered commodity or peanuts.

**SEC. 1705. AVAILABILITY OF QUALITY INCENTIVE PAYMENTS FOR CERTAIN PRODUCERS.**

(a) INCENTIVE PAYMENTS REQUIRED.—Subject to subsection (b), the Secretary shall use funds made available under subsection (f) 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.—An entity may submit a multiyear proposal for payments under this section.

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

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

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

(C) 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;

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

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

(d) CONTRACTS FOR PRODUCTION.—

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

(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 made to covered producers.

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

(f) PROPRIETARY INFORMATION.—The Secretary shall protect proprietary information provided to the Secretary for the purpose of administering this section.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $400,000,000 for the period of fiscal years 2008 through 2012.

**SEC. 1706. 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.—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), the Secretary shall make available incentive payments

to producers of each of the 2008 through 2012 crops of hard white wheat.

(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) FUNDING.—The Secretary shall make available $35,000,000 of funds of the Commodity Credit Corporation during the period of crop years 2008 through 2012 to provide incentive payments to producers of hard white wheat under this section.

**SEC. 1707. 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 2008 through 2012.

**SEC. 1708. 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 partial disbursements of loan principal, as determined to be appropriate and subject to acceptable documentation, to facilitate the purchase and construction of eligible facilities.

(f) LOAN SECURITY.—Approval of a storage facility loan under this section shall—

(1) for loan amounts of less than $150,000, not require a lien on the real estate parcel on which the storage facility is locate;

(2) for loan amounts equal to or more than $150,000, not require a severance agreement from

the holder of any prior lien on the real estate parcel on which the storage facility is located, if the borrower—

(A) agrees to increase the down payment on the storage facility loan by an amount determined appropriate by the Secretary; or

(B) provides other security acceptable to the Secretary; and

(3) allow a borrower, upon the approval of the Secretary, to define a subparcel of real estate as security for the storage facility loan if the subparcel 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. 1709. 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 and Energy Security Act of 2007''.

**SEC. 1710. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.**

Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286) is amended in subsections (a) and (c)(1) by striking ''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 and Energy Security Act of 2007''.

**SEC. 1711. ASSIGNMENT OF PAYMENTS.**

(a) IN GENERAL.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under the authority of subtitles A through E and this subtitle.

(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. 1712. 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) 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.

"(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. 1713. 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. 1714. 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. 1715. 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 ensure, to the extent practicable, that representation of socially disadvantaged farmers and ranchers is maintained 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. 1716. 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. 1717. SIGNATURE AUTHORITY.**

In carrying out this title and title II and amendments made by those titles, if the Secretary approves a document containing signatures of program applicants, the Secretary shall not subsequently determine the document is inadequate or invalid because of the lack of authority of any applicant 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 applicant knowingly and willfully falsified the evidence of signature authority or a signature.

**SEC. 1718. MODERNIZATION OF FARM SERVICE AGENCY.**

The Secretary shall modernize the Farm Service Agency information technology and communication systems to ensure timely and efficient program delivery at national, State, and County offices.

**SEC. 1719. GEOSPATIAL SYSTEMS.**

(a) IN GENERAL.—The Secretary shall ensure that all agencies of the Department of Agriculture consolidate the geospatial systems of the agencies into a single enterprise system that ensures that geospatial data is shareable, portable, and standardized.

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

(1) identify common datasets;

(2) give responsibility for managing each identified dataset to the agency best suited for collecting and maintaining that data, as determined by the Secretary; and

(3) make every effort to minimize the duplication of efforts.

(c) AVAILABILITY OF DATA.—The Secretary shall ensure, to the maximum extent practicable, that data is readily available to all agencies beginning not later than 2 years after the date of enactment of this Act.

**SEC. 1720. LEASING OFFICE SPACE.**

The Secretary may use the funds, facilities, and authorities of the Commodity Credit Corporation to lease space for use by agencies of the Department of Agriculture in cases in which office space would be jointly occupied by the agencies.

**SEC. 1721. 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.

# Subtitle F—Specialty Crop Programs

**SEC. 1801. DEFINITIONS.**

In this subtitle:

(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.—The term ''State'' means each of the several States of the United States.

(3) 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.

## PART I—MARKETING, INFORMATION, AND EDUCATION

### SEC. 1811. FRUIT AND VEGETABLE MARKET NEWS ALLOCATION.

(a) IN GENERAL.—The Secretary, acting through the Administrator of the Agricultural Marketing Service, shall carry out market news activities to provide timely price information of United States fruits and vegetables in the United States.

(b) AUTHORIZATION OF APPROPRIATIONS.—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. 1812. 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)(B), 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.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

''(1) $5,000,000 for each of fiscal years 2008 through 2011; and

''(2) $10,000,000 for fiscal year 2012.''.

**SEC. 1813. FOOD SAFETY 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 unsanitary 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.

**SEC. 1814. CENSUS OF SPECIALTY CROPS.**

(a) ESTABLISHMENT.—Not later than September 30, 2008, and each 5 years thereafter, the Secretary shall conduct a census of specialty crops to assist in the regularly development and dissemination of information relative to specialty crops.

(b) RELATION TO OTHER CENSUS.—The Secretary may include the census of specialty crops in the census on agriculture.

## PART II—ORGANIC PRODUCTION

**SEC. 1821. ORGANIC DATA COLLECTION AND PRICE REPORTING.**

Section 2104 of the Organic Foods Production Act of 1990 (7 U.S.C. 6503) is amended by adding at the end the following:

"(e) DATA COLLECTION AND PRICE REPORTING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use $5,000,000 for the period of fiscal years 2008 through 2012—

"(1) to collect data relating to organic agriculture;

"(2) to identify and publish organic production and market data initiatives and surveys;

"(3) to expand, collect, and publish organic census data analyses;

"(4) to fund comprehensive reporting of prices relating to organically-produced agricultural products;

"(5) to conduct analysis relating to organic production, handling, distribution, retail, and trend studies;

"(6) to study and perform periodic updates on the effects of organic standards on consumer behavior; and

"(7) to conduct analyses for organic agriculture using the national crop table.".

**SEC. 1822. EXEMPTION OF CERTIFIED ORGANIC PRODUCTS FROM ASSESSMENTS.**

Section 501(e) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7401(e)) is amended by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—Notwithstanding any provision of a commodity promotion law, a person that produces and markets organic products shall be exempt from the payment of an assessment under a

commodity promotion law with respect to that portion of agricultural commodities that the person—

"(A) produces on a certified organic farm (as defined in section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502); and

"(B) produces or markets as organically produced (as so defined).".

**SEC. 1823. 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 to read as follows:

**"SEC. 10606. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) PROGRAM.—The term 'program' means the national certification cost-share program established under subsection (b).

"(2) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Agricultural Marketing Service.

"(b) ESTABLISHMENT.—The Secretary shall use amounts made available under subsection (f) to establish a national organic certification cost-share program under

which the Secretary shall make payments to States to assist producers and handlers of agricultural products in obtaining certification under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

"(c) FEDERAL SHARE.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall pay under this section not more than 75 percent of the costs incurred by a producer or handler in obtaining certification under the national organic production program, as certified to and approved by the Secretary.

"(2) MAXIMUM AMOUNT.—The maximum amount of a payment made to a producer or handler under this section shall be $750.

"(d) RECORDKEEPING REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary shall—

"(A) keep accurate, up-to-date records of requests and disbursements from the program; and

"(B) require accurate and consistent recordkeeping from each State and entity that receives program payments.

"(2) FEDERAL REQUIREMENTS.—Not later than 30 days after the last day on which a State

may request funding under the program, the Secretary shall—

"(A) determine the number of States requesting funding and the amount of each request; and

"(B) distribute the funding to the States.

"(3) STATE REQUIREMENTS.—An annual funding request from a State shall include data from the program during the preceding year, including—

"(A) a description of—

"(i) the entities that requested reimbursement;

"(ii) the amount of each reimbursement request; and

"(iii) any discrepancies between the amount requested and the amount provided;

"(B) data to support increases in requests expected in the coming year, including information from certifiers or other data showing growth projections; and

"(C) an explanation of any case in which an annual request is lower than the request of the preceding year.

"(e) REPORTING.—Not later than March 1 of each year, the Secretary shall submit to Congress a report that describes the expenditures for each State under the program during the previous fiscal year, including the number of producers and handlers served by the program in the previous fiscal year.

"(f) FUNDING.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of the Food and Energy Security Act of 2007, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $22,000,000, 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.".

**SEC. 1824. 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 the activities of the Agricultural Marketing Service 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; and

"(5) $11,000,000 for fiscal year 2012.".

## PART III—INTERNATIONAL TRADE

### SEC. 1831. FOREIGN MARKET ACCESS STUDY AND STRATEGY PLAN.

(a) DEFINITION OF URUGUAY ROUND AGREEMENTS.—In this section, the term "Uruguay Round Agreements" includes any agreement described in section 101(d) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)).

(b) STUDY.—The Comptroller General of the United States shall study—

(1) the extent to which United States specialty crops have or have not benefitted from any reductions of foreign trade barriers, as provided for in the Uruguay Round Agreements; and

(2) the reasons why United States specialty crops have or have not benefitted from such trade-barrier reductions.

(c) STRATEGY PLAN.—The Secretary shall prepare a foreign market access strategy plan based on the study in subsection (b), to increase exports of specialty crops, including an assessment of the foreign trade barriers that are incompatible with the Uruguay Round Agreements and a strategy for removing those barriers.

(d) REPORT.—Not later than 18 months after the date of enactment of this Act—

(1) the Comptroller General shall submit to Congress a report that contains the results of the study; and

(2) the Secretary shall submit to Congress the strategy plan.

**SEC. 1832. MARKET ACCESS PROGRAM.**

Section 211(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)) is amended by adding at the end the following:

"(3) MINIMUM ALLOCATION FOR SALE AND EXPORT PROPOSAL.—

"(A) IN GENERAL.—In providing funds under paragraph (2), to the maximum extent practicable, the Secretary shall use not less

than 50 percent of any of the funds made available in excess of $200,000,000 to carry out the market access program each fiscal year to provide assistance for proposals submitted by eligible trade organizations to promote the sale and export of specialty crops.

"(B) UNALLOCATED FUNDS.—If, by March 31 of any fiscal year, the Secretary determines that the total amount of funds made available to carry out the market access program are in excess of the amounts necessary to promote the sale and export of specialty crops during the fiscal year, the Secretary may use the excess funds to provide assistance for any other proposals submitted by eligible trade organizations consistent with the priorities described in paragraph (2).".

**SEC. 1833. 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) PETITION.—A participant in the program may petition the Secretary for an extension of a project carried out under this section that exceeds, or will exceed, applicable time restrictions.

"(e) FUNDING.—

"(1) IN GENERAL.—The Secretary shall make available to carry out the program under this section—

"(A) $6,800,000 of funds of, or an equal value of commodities owned by, the Commodity Credit Corporation for each of fiscal years 2008 through 2011; and

"(B) $2,000,000 of funds of, or an equal value of commodities owned by, the Commodity Credit Corporation for fiscal year 2012 and each subsequent fiscal year.

"(2) CARRYOVER OF UNOBLIGATED FUNDS.—In a case in which the total amount of funds or commodities made available under paragraph (1) for a fiscal year is not obligated in that fiscal year, the Secretary shall make available in the subsequent fiscal year an amount equal to—

"(A) the amount made available for the fiscal year under paragraph (1); plus

"(B) the amount not obligated in the previous fiscal year."

**SEC. 1834. CONSULTATIONS ON SANITARY AND PHYTOSANITARY RESTRICTIONS FOR FRUITS AND VEGETABLES.**

(a) CONSULTATIONS ON SANITARY AND PHYTOSANITARY RESTRICTIONS FOR FRUITS AND VEGETABLES.—To the maximum extent practicable, the Secretary and the United States Trade Representative shall consult with interested persons, and conduct annual briefings, on sanitary and phytosanitary trade issues, including—

(1) the development of a strategic risk management framework; and

(2) as appropriate, implementation of peer review for risk analysis.

(b) SPECIAL CONSULTATIONS ON IMPORT-SENSITIVE PRODUCTS.—Section 2104(b)(2)(A)(ii)(II) of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3804(b)(2)(A)(ii)(II)) is amended—

(1) by striking ''whether the products so identified'' and inserting ''whether—

''(aa) the products so identified''; and

(2) by adding at the end the following:

''(bb) any fruits or vegetables so identified are subject to or likely to be subject to unjusti-

fied sanitary or phytosanitary restrictions, including restrictions not based on scientific principles in contravention of the Uruguay Round Agreements, as determined by the United States Trade Representative Technical Advisory Committee for Trade in Fruits and Vegetables of the Department of Agriculture; and''.

(c) EFFECTIVE DATE.—The amendments made by subsection (b) apply with respect to the initiation of negotiations to enter into any trade agreement that is subject to section 2103(b) of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3803(b)) on or after the date of the enactment of this Act.

## PART IV—SPECIALTY CROPS COMPETITIVENESS

### SEC. 1841. SPECIALTY CROP BLOCK GRANTS.

(a) EXTENSION OF PROGRAM.—Section 101(a) of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465) is amended by striking ''2009'' and inserting ''2012''.

(b) AVAILABILITY OF FUNDS.—Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C.

1621 note; Public Law 108–465) is amended by striking subsection (i) and inserting the following:

"(i) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make grants under this section, using—

"(1) $60,000,000 for fiscal year 2008;

"(2) $65,000,000 for fiscal year 2009;

"(3) $70,000,000 for fiscal year 2010;

"(4) $75,000,000 for fiscal year 2011; and

"(5) $0 for fiscal year 2012.".

(c) CONFORMING AMENDMENTS.—Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465) is amended—

(1) in subsection (a), by striking "Subject to the appropriation of funds to carry out this section" and inserting "Using the funds made available under subsection (i)";

(2) in subsection (b), by striking "appropriated pursuant to the authorization of appropriations in" and inserting "made available under";

(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

½ of 1 percent of the total amount of funding made available to carry out this section for the fiscal year.''; (4) by redesignating subsection (i) as subsection (j); and (5) by inserting after subsection (h) the following:

''(i) REALLOCATION.—The Secretary may reallocate to other States any amounts made available under this section that are not obligated or expended by a date determined by the Secretary.''.

(d) DEFINITION OF SPECIALTY CROP.—Section 3 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465) is amended by striking paragraph (1) and inserting the following:

''(1) SPECIALTY CROP.—The term 'specialty crop' means fruits, vegetables, tree nuts, dried fruits, nursery crops, floriculture, and horticulture, including turfgrass sod and herbal crops.''.

(e) DEFINITION OF STATE.—Section 3(2) of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465) 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''.

**SEC. 1842. GRANT PROGRAM TO IMPROVE MOVEMENT OF SPECIALTY CROPS.**

Title II of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 118 Stat. 3884) is amended by adding at the end the following:

**"SEC. 204. GRANT PROGRAM TO IMPROVE MOVEMENT OF SPECIALTY CROPS.**

"(a) IN GENERAL.—The Secretary of Agriculture may make grants under this section to an eligible entity described in subsection (b)—

"(1) to improve the cost-effective movement of specialty crops to local, regional, national, and international markets; and

"(2) to address regional intermodal transportation deficiencies that adversely affect the movement of specialty crops to markets inside or outside the United States.

"(b) ELIGIBLE ENTITIES.—Grants may be made under this section to—

"(1) a State or local government;

"(2) a grower cooperative;

"(3) a State or regional producer or shipper organization;

"(4) a combination of entities described in paragraphs (1) through (3); or

"(5) other entities, as determined by the Secretary.

"(c) MATCHING FUNDS.—As a condition of the receipt of a grant under this section, the recipient of a grant under this section shall contribute an amount of non-Federal funds toward the project for which the grant is provided that is at least equal to the amount of grant funds received by the recipient under this section.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.".

**SEC. 1843. HEALTHY FOOD ENTERPRISE DEVELOPMENT CENTER.**

Title II of the Specialty Crops Competitiveness Act of 2004 (Public Law 108–465; 118 Stat. 3884) (as amended by section 1842) is amended by adding at the end the following:

**"SEC. 205. HEALTHY FOOD ENTERPRISE DEVELOPMENT CENTER.**

"(a) DEFINITIONS.—In this section:

"(1) CENTER.—The term 'Center' means the healthy food enterprise development center established under subsection (b).

"(2) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) a nonprofit organization;

"(B) a cooperative;

"(C) a business;

"(D) an agricultural producer;

"(E) an academic institution;

"(F) an individual; and

"(G) such other entities as the Secretary may designate.

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

"(4) UNDERSERVED COMMUNITY.—The term 'underserved community' means a community (including an urban or rural community and an Indian tribal community) 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.

"(b) CENTER.—The Secretary, acting through the Agricultural Marketing Service, shall offer to enter into a contract with a nonprofit organization to establish and support a healthy food enterprise development center to increase access to healthy, affordable foods, such as fresh fruit and vegetables, particularly for school-aged children and individuals in low-income communities.

"(c) ACTIVITIES.—

"(1) PURPOSE.—The purpose of the Center is to increase access to healthy affordable foods, including locally produced agricultural products, to underserved communities.

"(2) TECHNICAL ASSISTANCE AND INFORMATION.—The Center shall collect, develop, and provide technical assistance and information to small and mid-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 the products in underserved communities.

"(d) AUTHORITY TO SUBGRANT.—The Center may provide subgrants to eligible entities to carry out feasi-

bility studies to establish businesses to carry out the purposes of this section.

"(e) PRIORITY.—In providing technical assistance and grants under subsections (c)(2) and (d), the Center shall give priority to applications that have components that will—

"(1) benefit underserved communities; and

"(2) develop market opportunities for small and mid-sized farm and ranch operations.

"(f) REPORT.—For each fiscal year for which the nonprofit organization described in subsection (b) receives funds, the organization shall submit to the Secretary a report describing the activities carried out in the previous fiscal year, including—

"(1) a description of technical assistance provided;

"(2) the total number and a description of the subgrants provided under subsection (d);

"(3) 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

"(4) a determination of whether the activities identified in paragraph (3) are sustained in the

years following the initial provision of technical assistance and subgrants under this section.

''(g) COMPETITIVE AWARD PROCESS.—The Secretary shall use a competitive process to award funds to establish the Center.

''(h) FUNDING.—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) $1,000,000 for fiscal year 2009; and

''(2) $2,000,000 for each of fiscal years 2010 through 2012.''.

## PART V—MISCELLANEOUS

### SEC. 1851. 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 and land grant universities; 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 $4,000,000 for each of fiscal years 2008 through 2012.

**SEC. 1852. 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.

**SEC. 1853. 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 limitation on 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 of mushrooms as follows:

''(i) If the annual production of the region is greater than 110,000,000 pounds, but not more than 180,000,000 pounds, the region shall be represented by 1 additional member.

"(ii) If the annual production of the region is greater than 180,000,000 pounds, but not more than 260,000,000 pounds, the region shall be represented by 2 additional members.

"(iii) If the annual production of the 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 food safety programs, including good agricultural practices and good handling practices or related activities for mushrooms;".

**SEC. 1854. 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) IN GENERAL.—Notwithstanding any other provision of law, subject to subparagraph (B), the order providing for the establishment and operation of the Honey Board in effect on the date of enactment of this paragraph shall continue in force, and the Secretary shall not schedule or conduct any referendum on the continuation or termination of the order, until the Secretary first conducts, at the earliest practicable date, concurrent referenda among all eligible producers, importers, packers, and handlers of honey for the purpose of ascertaining whether eligible producers, importers, packers, and handlers of honey approve of 1 or more orders to establish successor marketing boards for honey.

"(B) REQUIREMENTS.—In conducting concurrent referenda under subparagraph (A), the Secretary shall ensure that—

"(i) a referendum of United States honey producers for the establishment of a marketing board solely for United States honey producers is included in the process; and

"(ii) the rights and interests of honey producers, importers, packers, and handlers of honey are protected in the transition to any new marketing board.".

**SEC. 1855. IDENTIFICATION OF HONEY.**

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.—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 shall be considered a deceptive practice that is prohibited under this Act unless there appears legibly and permanently in close proximity 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 'Product of' or other words of similar meaning.''.

**SEC. 1856. 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.

# Subtitle G—Risk Management

**SEC. 1901. 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. 1902. 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. 1903. 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 1902(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'' 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 date of enactment of the Food and Energy Security Act of 2007; and

"(C) 1.0 on and after the date of enactment of that Act.".

**SEC. 1904. CONTROLLED BUSINESS INSURANCE.**

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) COMMISSIONS.—

"(A) DEFINITION OF IMMEDIATE FAMILY.—In this paragraph, the term 'immediate family' means a person'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 person's spouse.

"(B) PROHIBITION.—No person may receive a commission or share of a commission for any policy or plan of insurance offered under this Act in which the person has a substantial beneficial interest or in which a member of the

person's immediate family has a substantial beneficial interest if, in a calendar year, the aggregate of the commissions exceeds 30 percent of the aggregate of all commissions received by the person for any policy or plan of insurance offered under this Act.

"(C) REPORTING.—On the completion of the reinsurance year, any person that received a commission or share of a commission for any policy or plan of insurance offered under this Act in the prior calendar year shall certify to applicable approved insurance providers that the person received the commissions in compliance with this paragraph.

"(D) SANCTIONS.—The 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 person 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 commissions are received, including the reinsurance for those policies or plans.".

**SEC. 1905. ADMINISTRATIVE FEE.**

Section 508(b)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)) is amended—

(1) in subparagraph (A), by striking "$100" and inserting "$200"; 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''.

**SEC. 1906. TIME FOR PAYMENT.**

Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(1) in subsection (d), by adding at the end the following:

''(4) TIME FOR PAYMENT.—Effective beginning with the 2012 reinsurance year, a producer that obtains a policy or plan of insurance under this title shall submit the required premium not later than September 30 of the year for which the plan or policy of insurance was obtained.''; and

(2) in subsection (k)(4), 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) of the reinsurance year for which reimbursements are earned.''.

**SEC. 1907. SURCHARGE PROHIBITION.**

Section 508(d) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)) (as amended by section 1906(1)) is amended by adding at the end the following:

''(5) SURCHARGE PROHIBITION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Corporation may not require producers to pay a premium surcharge for using scientifically-sound sustainable and organic farming practices and systems.

''(B) EXCEPTION.—

''(i) IN GENERAL.—A surcharge may be required for individual organic crops on the basis of significant, consistent, and systemic increased risk factors (including loss history) demonstrated by published cropping system research (as applied to

crop types and regions) and other relevant sources of information.

"(ii) CONSULTATION.—The Corporation shall evaluate the reliability of information described in clause (i) in consultation with independent experts in the field.".

**SEC. 1908. PREMIUM REDUCTION PLAN.**

Section 508(e) of Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended by striking paragraph (3) and inserting the following:

"(3) DISCOUNT STUDY.—

"(A) IN GENERAL.—The Secretary shall commission an entity independent of the crop insurance industry (with expertise that includes traditional crop insurance) to study the feasibility of permitting approved insurance providers to provide discounts to producers purchasing crop insurance coverage without undermining the viability of the Federal crop insurance program.

"(B) COMPONENTS.—The study should include—

"(i) an evaluation of the operation of a premium reduction plan that examines—

"(I) the clarity, efficiency, and effectiveness of the statutory language and related regulations;

"(II) whether the regulations frustrated the goal of offering producers upfront, predictable, and reliable premium discount payments; and

"(III) whether the regulations provided for reasonable, cost-effective oversight by the Corporation of premium discounts offered by approved insurance providers, including—

"(aa) whether the savings were generated from verifiable cost efficiencies adequate to offset the cost of discounts paid; and

"(bb) whether appropriate control was exercised to prevent approved insurance providers from preferentially offering the discount to producers of certain agricultural commodities, in certain regions, or in specific size categories;

"(ii) examination of the impact on producers, the crop insurance industry, and profitability from offering discounted crop insurance to producers;

"(iii) examination of implications for industry concentration from offering discounted crop insurance to producers;

"(iv) an examination of the desirability and feasibility of allowing other forms of price competition in the Federal crop insurance program;

"(v) a review of the history of commissions paid by crop insurance providers; and

"(vi) recommendations on—

"(I) potential changes to this title that would address the deficiencies in past efforts to provide discounted crop insurance to producers,

"(II) whether approved insurance providers should be allowed to draw on both administrative and operating reimbursement and underwriting gains to provide discounted crop insurance to producers; and

"(III) any other action that could increase competition in the crop insurance industry that will benefit producers but not undermine the viability of the Federal crop insurance program.

"(C) REQUEST FOR PROPOSALS.—In developing the request for proposals for the study, the Secretary shall consult with parties in the crop insurance industry (including producers and approved insurance providers and agents, including providers and agents with experience selling discount crop insurance products).

"(D) REVIEW OF STUDY.—The independent entity selected by Secretary under subparagraph (A) shall seek comments from interested stakeholders before finalizing the report of the entity.

"(E) REPORT.—Not later than 18 months after the date of enactment of the Food and Energy Security Act of 2007, 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 and recommendations of the study.''.

**SEC. 1909. 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. 1910. MEASUREMENT OF FARM-STORED COMMODITIES.**

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) MEASUREMENT OF FARM-STORED COMMODITIES.—Beginning with the 2009 crop year, for the purpose of determining the amount of any insured production loss sustained by a producer and the amount of any indemnity to be paid under a plan of insurance—

''(A) a producer may elect, at the expense of the producer, to have the Farm Service Agency measure the quantity of the commodity; and

''(B) the results of the measurement shall be used as the evidence of the quantity of the commodity that was produced.''.

**SEC. 1911. REIMBURSEMENT RATE.**

Section 508(k)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)) (as amended by section 1906(2)) 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.—For each of the 2009 and subsequent reinsurance years, the reimbursement rates for administrative and operating costs shall be 2 percentage points below the rates in effect as of the date of enactment of the Food and Energy Security Act of 2007 for all crop insurance policies used to define loss ratio, except that the reduction shall not 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 shall be 17 per-

cent of the premium used to define loss ratio for that reinsurance year.''.

**SEC. 1912. 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.—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) following the reinsurance year ending June 30, 2012;

''(ii) once during each period of 5 reinsurance years thereafter; and

''(iii) subject to subparagraph (B), in any case in which the approved insurance providers, as a whole, experience unex-

pected adverse circumstances, as determined by the Secretary.

"(B) 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 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the renegotiation.

"(C) CONSULTATION.—The approved insurance providers may confer with each other and collectively with the Corporation during any renegotiation under subparagraph (A).".

**SEC. 1913. 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 1912) 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. 1914. ACCESS TO DATA MINING INFORMATION.**

(a) IN GENERAL.—Section 515(j)(2) of the Federal Crop Insurance Act (7 U.S.C. 1515(j)(2)) is amended—

(1) by striking "The Secretary" and inserting the following:

"(A) IN GENERAL.—The Secretary"; and

(2) by adding at the end the following:

"(B) ACCESS TO DATA MINING INFORMATION.—

"(i) IN GENERAL.—The Secretary shall establish a fee-for-access program under which approved insurance providers pay to the Secretary a user fee in exchange for access to the data mining system established under subparagraph (A) for the purpose of assisting in fraud and abuse detection.

"(ii) PROHIBITION.—

"(I) IN GENERAL.—Except as provided in subclause (II), the Corporation shall not impose a requirement on approved insurance providers

to access the data mining system established under subparagraph (A).

"(II) ACCESS WITHOUT FEE.—If the Corporation requires approved insurance providers to access the data mining system established under subparagraph (A), access will be provided without charge to the extent necessary to fulfill the requirements.

"(iii) ACCESS LIMITATION.—In establishing the program under clause (i), the Secretary shall ensure that an approved insurance provider has access only to information relating to the policies or plans of insurance for which the approved insurance provider provides insurance coverage, including any information relating to—

"(I) information of agents and adjusters relating to policies for which the approved insurance provider provides coverage;

"(II) the other policies or plans of an insured that are insured through another approved insurance providers; and

"(III) the policies or plans of an insured for prior crop insurance years.".

(b) INSURANCE FUND.—Section 516 of the Federal Crop Insurance Act (7 U.S.C. 1516) is amended—

(1) in subsection (b), by adding at the end the following:

"(3) DATA MINING SYSTEM.—The Corporation shall use amounts deposited in the insurance fund established under subsection (c) from fees collected under section 515(j)(2)(B) to administer and carry out improvements to the data mining system under that section."; and

(2) in subsection (c)(1)—

(A) by striking "and civil" and inserting "civil"; and

(B) by inserting "and fees collected under section 515(j)(2)(B)(i)," after "section 515(h),".

**SEC. 1915. PRODUCER ELIGIBILITY.**

Section 520(2) of the Federal Crop Insurance Act (7 U.S.C. 1520(2)) is amended by inserting "or is a person who raises livestock owned by other persons (that is not covered by insurance under this title by another person)" after "sharecropper".

**SEC. 1916. CONTRACTS FOR ADDITIONAL CROP POLICIES.**

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522) is amended—

(1) by redesignating paragraph (10) as paragraph (14); and

(2) by inserting after paragraph (9) the following:

"(10) 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 bio-based 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.

"(11) 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.—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 aquaculture operations.

"(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of fish and other seafood 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 aquaculture operations into existing policies covering adjusted gross revenue; and

"(iii) provide protection for production or revenue losses, or both.

"(12) ORGANIC CROP PRODUCTION COVERAGE IMPROVEMENTS.—

"(A) IN GENERAL.—Not later than 180 days after the date of enactment of this paragraph, the Corporation shall offer to enter into 1 or more contracts with qualified entities for the development of improvements in Federal crop insurance policies covering organic crops.

"(B) PRICE ELECTION.—

"(i) IN GENERAL.—The contracts under subparagraph (A) shall include the development of procedures (including any associated changes in policy terms or materials required for implementation of the procedures) to offer producers of organic crops a price election that would reflect the actual retail or wholesale prices, as appropriate, received by producers for organic crops, as established using data collected and maintained by the Agricultural Marketing Service.

"(ii) DEADLINE.—The development of the procedures required under clause (i) shall be completed not later than the date

necessary to allow the Corporation to offer the price election—

"(I) beginning in the 2009 reinsurance year for organic crops with adequate data available; and

"(II) subsequently for additional organic crops as data collection for those organic crops is sufficient, as determined by the Corporation.

"(13) 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. 1917. RESEARCH AND DEVELOPMENT.**

(a) REIMBURSEMENT AUTHORIZED.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended by striking paragraph (1) and inserting the following:

"(1) RESEARCH AND DEVELOPMENT REIMBURSEMENT.—The Corporation shall provide a payment to reimburse an applicant for research and development costs directly related to a policy that—

"(A) is submitted to, and approved by, the Board pursuant to a FCIC reimbursement grant under paragraph (7); or

"(B) is—

"(i) submitted to the Board and approved by the Board under section 508(h) for reinsurance; and

"(ii) if applicable, offered for sale to producers.".

(b) FCIC REIMBURSEMENT GRANTS.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended by adding at the end the following:

"(7) FCIC REIMBURSEMENT GRANTS.—

"(A) GRANTS AUTHORIZED.—The Corporation shall provide FCIC reimbursement grants to persons (referred to in this paragraph as 'submitters') proposing to prepare for submission to the Board crop insurance policies and provisions under subparagraphs (A) and (B) of section 508(h)(1), that apply and are approved for the FCIC reimbursement grants under this paragraph.

"(B) SUBMISSION OF APPLICATION.—

"(i) IN GENERAL.—The Board shall receive and consider applications for FCIC reimbursement grants at least once each year.

"(ii) REQUIREMENTS.—An application to receive a FCIC reimbursement grant

from the Corporation shall consist of such materials as the Board may require, including—

"(I) a concept paper that describes the proposal in sufficient detail for the Board to determine whether the proposal satisfies the requirements of subparagraph (C); and

"(II) a description of —

"(aa) the need for the product, including an assessment of marketability and expected demand among affected producers;

"(bb) support from producers, producer organizations, lenders, or other interested parties; and

"(cc) the impact the product would have on producers and on the crop insurance delivery system; and

"(III) a statement that no products are offered by the private sector that provide the same benefits and

risk management services as the proposal;

"(IV) a summary of data sources available that demonstrate that the product can reasonably be developed and properly rated; and

"(V) an identification of the risks the proposed product will cover and an explanation of how the identified risks are insurable under this title.

"(C) APPROVAL CONDITIONS.—

"(i) IN GENERAL.—A majority vote of the Board shall be required to approve an application for a FCIC reimbursement grant.

"(ii) REQUIRED FINDINGS.—The Board shall approve the application if the Board finds that—

"(I) the proposal contained in the application—

"(aa) provides coverage to a crop or region not traditionally served by the Federal crop insurance program;

"(bb) provides crop insurance coverage in a significantly improved form;

"(cc) addresses a recognized flaw or problem in the Federal crop insurance program or an existing product;

"(dd) introduces a significant new concept or innovation to the Federal crop insurance program; or

"(ee) provides coverage or benefits not available from the private sector;

"(II) the submitter demonstrates the necessary qualifications to complete the project successfully in a timely manner with high quality;

"(III) the proposal is in the interests of producers and can reasonably be expected to be actuarially appropriate and function as intended;

"(IV) the Board determines that the Corporation has sufficient avail-

able funding to award the FCIC reimbursement grant; and

"(V) the proposed budget and timetable are reasonable.

"(D) PARTICIPATION.—

"(i) IN GENERAL.—In reviewing proposals under this paragraph, the Board may use the services of persons that the Board determines appropriate to carry out expert review in accordance with section 508(h).

"(ii) CONFIDENTIALITY.—All proposals submitted under this paragraph shall be treated as confidential in accordance with section 508(h)(4).

"(E) ENTERING INTO AGREEMENT.—Upon approval of an application, the Board shall offer to enter into an agreement with the submitter for the development of a formal submission that meets the requirements for a complete submission established by the Board under section 508(h).

"(F) FEASIBILITY STUDIES.—

"(i) IN GENERAL.—In appropriate cases, the Corporation may structure the

FCIC reimbursement grant to require, as an initial step within the overall process, the submitter to complete a feasibility study, and report the results of the study to the Corporation, prior to proceeding with further development.

"(ii) MONITORING.—The Corporation may require such other reports as the Corporation determines necessary to monitor the development efforts.

"(G) RATES.—Payment for work performed by the submitter under this paragraph shall be based on rates determined by the Corporation for products—

"(i) submitted under section 508(h); or

"(ii) contracted by the Corporation under subsection (c).

"(H) TERMINATION.—

"(i) IN GENERAL.—The Corporation or the submitter may terminate any FCIC reimbursement grant at any time for just cause.

"(ii) REIMBURSEMENT.—If the Corporation or the submitter terminates the

FCIC reimbursement grant before final approval of the product covered by the grant, the submitter shall be entitled to—

"(I) reimbursement of all eligible costs incurred to that point; or

"(II) in the case of a fixed rate agreement, payment of an appropriate percentage, as determined by the Corporation.

"(iii) DENIAL.—If the submitter terminates development without just cause, the Corporation may deny reimbursement or recover any reimbursement already made.

"(I) CONSIDERATION OF PRODUCTS.—The Board shall consider any product developed under this paragraph and submitted to the Board under the rules the Board has established for products submitted under section 508(h).".

(c) CONFORMING AMENDMENT.—Section 523(b)(10) of the Federal Crop Insurance Act (7 U.S.C. 1523(b)(10)) is amended by striking "(other than research and development costs covered by section 522)".

**SEC. 1918. 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;

''(iv) identifying and using innovative compliance strategies; and

"(B) any excess amounts to carry out other activities authorized under this section.".

**SEC. 1919. CAMELINA PILOT PROGRAM.**

(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.—Beginning with the 2008 crop year, 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.".

(b) NONINSURED CROP ASSISTANCE PROGRAM.—Section 196(a)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(2)) is amended by adding at the end the following:

"(D) CAMELINA.—

"(i) IN GENERAL.—For each of crop years 2008 through 2011, the Secretary shall consider camelina to be an eligible crop for purposes of the noninsured crop disaster assistance program under this section.

"(ii) LIMITATION.—Producers that are eligible to purchase camelina crop insurance, including camelina crop insurance under a pilot program, shall not be eligible for assistance under this section.".

**SEC. 1920. 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 man-

agement strategies, education, and outreach specifically targeted at—

"(A) beginning farmers or ranchers;

"(B) 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. 1921. AGRICULTURAL MANAGEMENT ASSISTANCE.**

Section 524(b)(4) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(4)) is amended by adding at end the following:

"(C) COST-SHARING.—The Secretary may provide matching funds to any State described in paragraph (1) that appropriates a portion of the budget of the State to provide financial assistance for producer-paid premiums for crop

insurance policies reinsured by the Corporation.''.

**SEC. 1922. 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. 1923. DROUGHT 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. 1924. 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 ''$200''; and

(2) in subparagraph (B)—

(A) by striking ''$300'' and inserting ''$600''; and

(B) by striking ''$900'' and inserting ''$1,500''.

**SEC. 1925. 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. 1926. PERENNIAL CROP 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.

# TITLE II—CONSERVATION

## Subtitle A—Definitions

**SEC. 2001. DEFINITIONS.**

Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended—

(1) by redesignating paragraphs (2) through (11), (12) through (15), and (16), (17), and (18) as paragraphs (3) through (12), (15) through (18), and (20), (22), and (23), respectively;

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

"(2) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has, to the maximum extent practicable, the meaning given the term in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)), except that the Secretary may include in the definition of the term—

"(A) a fair and reasonable test of net worth; and

"(B) such other criteria as the Secretary determines to be appropriate.";

(3) by inserting after paragraph (12) (as redesignated by paragraph (1)) the following:

"(13) 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).

"(14) 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.";

(4) by inserting after paragraph (18) (as redesignated by paragraph (1)) the following:

"(19) 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)).''; and

(5) by inserting after paragraph (20) (as redesignated by paragraph (1)) the following:

"(21) 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.".

# Subtitle B—Highly Erodible Land Conservation

**SEC. 2101. REVIEW OF GOOD FAITH DETERMINATIONS; EXEMPTIONS.**

Section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812) is amended by striking subsection (f) and inserting the following:

"(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 who 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.".

# Subtitle C—Wetland Conservation

**SEC. 2201. REVIEW OF GOOD FAITH DETERMINATIONS.**

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:

''(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 D—Agricultural Resources Conservation Program

## CHAPTER 1—COMPREHENSIVE CONSERVATION ENHANCEMENT

### Subchapter A—Comprehensive Conservation Enhancement Program

**SEC. 2301. REAUTHORIZATION AND EXPANSION OF PROGRAMS COVERED.**

(a) IN GENERAL.—Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended to read as follows:

**"SEC. 1230. COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM.**

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2012 fiscal years, the Secretary shall establish a comprehensive conservation enhancement program (referred to in this section as 'CCEP') to be implemented through contracts and the acquisition of easements to assist owners and operators of farms, ranches, and nonindustrial private forestland to conserve and enhance soil, water, and related natural resources, including grazing land, wetland, and wildlife habitat.

"(2) MEANS.—The Secretary shall carry out the CCEP by—

"(A) providing for the long-term protection of environmentally-sensitive land; and

"(B) providing technical and financial assistance to farmers, ranchers, and nonindustrial private forest landowners—

"(i) to improve the management and operation of the farms, ranches, and private nonindustrial forest land; and

"(ii) to reconcile productivity and profitability with protection and enhancement of the environment;

"(C) reducing administrative burdens and streamlining application and planning procedures to encourage producer participation; and

"(D) providing opportunities to leverage Federal conservation investments through innovative partnerships with governmental agencies, education institutions, producer groups, and other nongovernmental organizations.

"(3) PROGRAMS.—The CCEP shall consist of—

"(A) the conservation reserve program established under subchapter B;

"(B) the wetlands reserve program established under subchapter C; and

"(C) the healthy forests reserve program established under subchapter D.

"(b) CONTRACTS AND ENROLLMENTS.—

"(1) IN GENERAL.—In carrying out the CCEP, the Secretary shall enter into contracts with owners and operators and acquire interests in land through easements from owners, as provided in this chapter.

"(2) PRIOR ENROLLMENTS.—Acreage enrolled in the conservation reserve program, wetlands reserve program, or healthy forests reserve program prior to the date of enactment of the Food and Energy Security Act of 2007 shall be considered to be placed into the CCEP.

"(c) ADMINISTRATION.—

"(1) LIMITATIONS.—

"(A) IN GENERAL.—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 this chapter.

"(B) EASEMENTS.—Within the limit described in subparagraph (A), not more than 10 percent of the land described in that subpara-

graph may be subject to an easement acquired under subchapter C of this chapter.

"(C) EXCLUSION.—Subparagraphs (A) and (B) shall not apply to acres enrolled in the special conservation reserve enhancement program described in section 1234(f)(3).

"(D) EXCEPTIONS.—The Secretary may exceed the limitation in subparagraph (A) if the Secretary determines that—

"(i)(I) the action would not adversely affect the local economy of a county; and

"(II) operators in the county are having difficulties complying with conservation plans implemented under section 1212; or

"(ii)(I) the acreage to be enrolled could not be used for an agricultural purpose as a result of a State or local law, order, or regulation prohibiting water use for agricultural production; and

"(II) enrollment in the program would benefit the acreage enrolled or land adjacent to the acreage enrolled.

"(E) SHELTERBELTS AND WINDBREAKS.—The limitations established under this paragraph shall not apply to cropland that is subject

to an easement under chapter 1 or 3 that is used for the establishment of shelterbelts and windbreaks.

"(F) ENROLLMENT.—Not later than 180 days after the date of a request from a landowner to enroll acreage described in subparagraph (D)(ii) in the program, the Secretary shall enroll the acreage.

"(2) TENANT PROTECTION.—Except for a person who is a tenant on land that is subject to a conservation reserve contract that has been extended by the Secretary, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provisions for sharing, on a fair and equitable basis, in payments under the programs established under this subtitle and subtitles B and C.

"(3) PROVISION OF TECHNICAL ASSISTANCE BY OTHER SOURCES.—

"(A) IN GENERAL.—In the preparation and application of a conservation compliance plan under subtitle B or similar plan required as a condition for assistance from the Department of Agriculture, the Secretary shall permit persons to secure technical assistance from ap-

proved sources, as determined by the Secretary, other than the Natural Resources Conservation Service.

"(B) REJECTION.—If the Secretary rejects a technical determination made by a source described in subparagraph (A), the basis of the determination of the Secretary shall be supported by documented evidence.

"(4) REGULATIONS.—Not later than 90 days after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall promulgate regulations to implement the conservation reserve and wetlands reserve programs established under this chapter.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is repealed.

(2) Section 1222(g) of the Food Security Act of 1985 (16 U.S.C. 3822(g)) is amended by striking "1243" and inserting "1230(c)".

(3) Section 1231(k)(3)(C)(i) of the Food Security Act of 1985 (16 U.S.C. 3831(k)(3)(C)(i)) is amended by striking "1243(b)" and inserting "1230(c)(1)".

## Subchapter B—Conservation Reserve

**SEC. 2311. CONSERVATION RESERVE PROGRAM.**

(a) IN GENERAL.—Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended—

(1) by striking ''2007'' and inserting ''2012''; and

(2) by striking ''and wildlife'' and inserting ''wildlife, and pollinator habitat''.

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

(1) in paragraph (1)(B), by striking the period at the end and inserting a semicolon;

(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 ''in the case of alfalfa or other forage crops,'' before ''enrollment'';

(3) in paragraph (5), by striking the period at the end and inserting a semicolon; and

(4) by adding at the end the following:

''(6) marginal pasture land or hay land that is otherwise ineligible, if the land—

"(A) is to be devoted to native vegetation appropriate to the ecological site; and

"(B) would contribute to the restoration of a long-leaf pine forest or other declining forest ecosystem, as defined by the Secretary; or

"(7) land that is enrolled in the flooded farmland program established under section 1235B.".

(c) ENROLLMENT.—Section 1231(d) of the Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended by striking "up to" and all that follows through "2007" and inserting "up to 39,200,000 acres in the conservation reserve at any 1 time during the 2008 through 2012".

(d) CONSERVATION PRIORITY AREAS.—Section 1231(f)(1) of the Food Security Act of 1985 (16 U.S.C. 3831(f)(1)) is amended—

(1) by striking "(Pennsylvania, Maryland, and Virginia)"; and

(2) by inserting "the Prairie Pothole Region, the Grand Lake St. Mary's Watershed, the Eastern Snake Plain Aquifer," after "Sound Region,".

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

"(h) PILOT PROGRAM FOR ENROLLMENT OF WETLAND, SHALLOW WATER AREAS, AND BUFFER ACREAGE IN CONSERVATION RESERVE.—

"(1) PROGRAM.—

"(A) IN GENERAL.—During the 2008 through 2012 calendar years, the Secretary shall carry out a program in each State under which the Secretary shall enroll eligible acreage described in paragraph (2).

"(B) 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 pilot program established under this subsection.

"(2) ELIGIBLE ACREAGE.—

"(A) IN GENERAL.—Subject to subparagraphs (B) through (E), an owner or operator may enroll in the conservation reserve under this subsection—

"(i)(I) a wetland (including a converted wetland described in section 1222(b)(1)(A)) that had a cropping history during at least 4 of the immediately preceding 6 crop years; or

"(II) a shallow water area that was devoted to a commercial pond-raised aquaculture operation any year during the period of calendar years 2002 through 2007; and

"(ii) buffer acreage that—

"(I) is contiguous to a wetland or shallow water area described in clause (i);

"(II) is used to protect the wetland or shallow water area described in clause (i); and

"(III) is of such width as the Secretary determines is necessary to protect the wetland or shallow water area described in clause (i) or to enhance the wildlife benefits, taking into consideration and accommodating the farming practices (including the straightening of boundaries to accommodate machinery) used with respect to the cropland that surrounds the wetland or shallow water area.

"(B) EXCLUSIONS.—Except for a shallow water area described in paragraph (2)(A)(i), an

owner or operator may not enroll in the conservation reserve under this subsection—

"(i) any wetland, or land on a floodplain, that is, or is adjacent to, a perennial riverine system wetland identified on the final national wetland inventory map of the Secretary of the Interior; or

"(ii) in the case of an area that is not covered by the final national inventory map, any wetland, or land on a floodplain, that is adjacent to a perennial stream identified on a 1-24,000 scale map of the United States Geological Survey.

"(C) PROGRAM LIMITATIONS.—

"(i) IN GENERAL.—The Secretary may enroll in the conservation reserve under this subsection not more than—

"(I) 100,000 acres in any 1 State referred to in paragraph (1); and

"(II) not more than a total of 1,000,000 acres.

"(ii) RELATIONSHIP TO PROGRAM MAXIMUM.—Subject to clause (iii), for the purposes of subsection (d), any acreage en-

rolled in the conservation reserve under this subsection shall be considered acres maintained in the conservation reserve.

"(iii) RELATIONSHIP TO OTHER ENROLLED ACREAGE.—Acreage enrolled under this subsection shall not affect for any fiscal year the quantity of—

"(I) acreage enrolled to establish conservation buffers as part of the program announced on March 24, 1998 (63 Fed. Reg. 14109); or

"(II) acreage enrolled into the conservation reserve enhancement program announced on May 27, 1998 (63 Fed. Reg. 28965).

"(iv) REVIEW; POTENTIAL INCREASE IN ENROLLMENT ACREAGE.—Not later than 3 years after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall—

"(I) conduct a review of the program under this subsection with respect to each State that has enrolled land in the program; and

"(II) notwithstanding clause (i)(I), increase the number of acres that may be enrolled by a State under clause (i)(I) to not more than 150,000 acres, as determined by the Secretary.

"(D) OWNER OR OPERATOR LIMITATIONS.—

"(i) WETLAND.—

"(I) IN GENERAL.—Except for a shallow water area described in paragraph (2)(A)(i), the maximum size of any wetland described in subparagraph (A)(i) of an owner or operator enrolled in the conservation reserve under this subsection shall be 40 contiguous acres.

"(II) COVERAGE.—All acres described in subclause (I) (including acres that are ineligible for payment) shall be covered by the conservation contract.

"(ii) BUFFER ACREAGE.—The maximum size of any buffer acreage described in subparagraph (A)(ii) of an owner or operator enrolled in the conservation reserve

under this subsection shall be determined by the Secretary in consultation with the State Technical Committee.

"(iii) TRACTS.—Except for a shallow water area described in paragraph (2)(A)(i), the maximum size of any eligible acreage described in subparagraph (A) in a tract (as determined by the Secretary) of an owner or operator enrolled in the conservation reserve under this subsection shall be 40 acres.

"(3) DUTIES OF OWNERS AND OPERATORS.—Under a contract entered into under this subsection, during the term of the contract, an owner or operator of a farm or ranch shall agree—

"(A) to restore the hydrology of the wetland within the eligible acreage to the maximum extent practicable, as determined by the Secretary;

"(B) to establish vegetative cover (which may include emerging vegetation in water) on the eligible acreage, as determined by the Secretary;

"(C) to a general prohibition of commercial use of the enrolled land; and

"(D) to carry out other duties described in section 1232.

"(4) DUTIES OF THE SECRETARY.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in return for a contract entered into by an owner or operator under this subsection, the Secretary shall make payments based on rental rates for cropland and provide assistance to the owner or operator in accordance with sections 1233 and 1234.

"(B) CONTINUOUS SIGNUP.—The Secretary shall use continuous signup under section 1234(c)(2)(B) to determine the acceptability of contract offers and the amount of rental payments under this subsection.

"(C) INCENTIVES.—The amounts payable to owners and operators in the form of rental payments under contracts entered into under this subsection shall reflect incentives that are provided to owners and operators to enroll filterstrips in the conservation reserve under section 1234.".

(f) BALANCE OF NATURAL RESOURCE PURPOSES.—Section 1231(j) of the Food Security Act of 1985 (16

U.S.C. 3831(j)) is amended by striking ''and wildlife'' and inserting ''wildlife, and pollinator''.

(g) DUTIES OF PARTICIPANTS.—Section 1232(a) of the Food Security Act of 1985 (16 U.S.C. 3832(a)) is amended—

(1) in paragraph (4)—

(A) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively; and

(B) by inserting before subparagraph (B) (as so redesignated) the following:

''(A) approved vegetative cover shall encourage the planting of native species and restoration of biodiversity;'';

(2) by redesignating paragraphs (5) through (10) as paragraphs (6) through (11), respectively; and

(3) by inserting after paragraph (4) the following:

''(5) to undertake active management on the land as needed throughout the term of the contract to implement the conservation plan;''.

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

(1) in the matter preceding subparagraph (A), by inserting ''and brood rearing'' after ''habitat during nesting''; and

(2) in subparagraph (A), by striking ''biomass)'' and inserting ''biomass and prescribed grazing for the control of invasive species), if such activity is permitted and consistent with the conservation plan described in subsection (b)(1)(A))''; and

(i) CONSERVATION PLANS.—Section 1232(b)(1)(A) of the Food Security Act of 1985 (16 U.S.C. 3832(b)(1)(A)) is amended by striking ''contract; and'' and inserting the following: ''contract that are—

''(i) compatible with the conservation and improvement of soil, water, and wildlife and wildlife habitat;

''(ii) clearly described and apply throughout the duration of the contract;

''(iii) actively managed by the owner or operator that entered into the contract; and

''(iv) consistent with local active management conservation measures and practices, as determined by the Secretary; and''.

(j) ACCEPTANCE OF CONTRACT OFFERS.—Section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is amended—

(1) by striking paragraph (3) and inserting the following:

"(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, pollinator, fish, or wildlife habitat, or provide other environmental benefits.

"(B) LOCAL PREFERENCE.—In determining the acceptability of contract offers for new enrollments if, as determined by the Secretary, the land would provide at least equivalent conservation benefits to land under competing offers, the Secretary shall, to the maximum extent practicable, accept 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."; and

(2) by adding at the end the following:

"(5) RENTAL RATES.—

"(A) ANNUAL ESTIMATES.—Not later than 1 year after the date of enactment of this paragraph, 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.".

(k) EARLY TERMINATION BY OWNER OR OPERATOR.—Section 1235(e)(1) of the Food Security Act of 1985 (16 U.S.C. 3835(e)(1)) is amended by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—The Secretary shall allow a participant to terminate a conservation reserve contract at any time if, as determined by the Secretary—

"(i) the participant entered into a contract under this subchapter before January 1, 1995, and the contract has been in effect for at least 5 years; or

"(ii) in the case of a participant who is disabled (as defined in section 72(m)(7) of the Internal Revenue Code of 1986) or retired from farming or ranching, the participant has endured financial hardship as a result of the taxation of rental payments received.".

**SEC. 2312. FLOODED FARMLAND PROGRAM.**

Subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831a et seq.) is amended by adding at the end the following:

**"SEC. 1235B. FLOODED FARMLAND PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) CLOSED BASIN LAKE OR POTHOLE.—The term 'closed basin lake or pothole' means a naturally occurring lake, pond, pothole, or group of potholes within a tract that—

"(A) covered, on average, at least 5 acres in surface area during the preceding 3 crop years, as determined by the Secretary; and

"(B) has no natural outlet.

"(2) TRACT.—The term 'tract' has the meaning given the term by the Secretary.

"(b) PROGRAM.—

"(1) IN GENERAL.—Notwithstanding any other provision of law (including regulations), as part of the conservation reserve program established under this subchapter, the Secretary shall offer to enter into contracts under which the Secretary shall permit the enrollment in the conservation reserve of eligible cropland and grazing land that has been flooded by the natural overflow of a closed basin lake or pothole located within the Prairie Pothole Region of the northern Great Plains priority area (as determined by the Secretary, by regulation).

"(2) EXTENSIONS.—The Secretary may offer to extend a contract entered into under paragraph (1) if the Secretary determines that conditions persist that make cropland or grazing land covered by the contract and eligible for entry into the program under this section.

"(c) CONTINUOUS SIGNUP.—The Secretary shall offer the program under this section through continuous signup under this subchapter.

"(d) ELIGIBILITY.—

"(1) IN GENERAL.—To be eligible to enter into a contract under subsection (b), the owner shall own land that, as determined by the Secretary—

"(A) during the 3 crop years preceding entry into the contract, was rendered incapable of use for the production of an agricultural commodity or for grazing purposes; and

"(B) prior to the natural overflow of a closed basin lake or pothole caused by a period of precipitation in excess of historical patterns, had been consistently used for the production of crops or as grazing land.

"(2) INCLUSIONS.—Land described in paragraph (1) shall include—

"(A) land that has been flooded as the result of the natural overflow of a closed basin lake or pothole;

"(B) land that has been rendered inaccessible due to flooding as the result of the natural overflow of a closed basin lake or pothole; and

"(C) a reasonable quantity of additional land adjoining the flooded land that would enhance the conservation or wildlife value of the tract, as determined by the Secretary.

"(3) ADMINISTRATION.—The Secretary may establish—

"(A) reasonable minimum acreage levels for individual parcels of land that may be included in a contract entered into under this section; and

"(B) the location and area of adjoining flooded land that may be included in a contract entered into under this section.

"(e) PAYMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the rate of an annual rental payment under this section, as determined by the Secretary—

"(A) shall be based on the rental rate under this subchapter for cropland, and an appropriate rental rate for pastureland; and

"(B) may be reduced by up to 25 percent, based on the ratio of upland associated with the enrollment of the flooded land.

"(2) EXCLUSIONS.—During the term of a contract entered into under this section, an owner shall not be eligible to participate in or receive benefits for land that is included in the contract under—

"(A) the Federal crop insurance program established under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

"(B) the noninsured crop assistance program established under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333); or

"(C) any Federal agricultural crop disaster assistance program.

"(f) RELATIONSHIP TO AGRICULTURAL COMMODITY PROGRAMS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary, by regulation, shall provide for the preservation of cropland base, allotment history, and payment yields applicable to land that was rendered incapable of use for the production of an agricultural commodity or for grazing purposes as the result of the natural overflow of a closed basin lake or pothole.

"(2) TERMINATION OF CONTRACT.—On termination of a contract under this section, the Secretary shall adjust the cropland base, allotment history, and payment yields for land covered by the contract to ensure equitable treatment of the land relative to program payment yields of comparable land in the

county that was not flooded as a result of the natural overflow of a closed basin lake or pothole and was capable of remaining in agricultural production.

''(g) USE OF LAND.—An owner that has entered into a contract with the Secretary under this section shall take such actions as are necessary to avoid degrading any wildlife habitat on land covered by the contract that has naturally developed as a result of the natural overflow of a closed basin lake or pothole.''.

**SEC. 2313. WILDLIFE HABITAT PROGRAM.**

Subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831a et seq.) (as amended by section 2312) is amended by adding at the end the following:

**''SEC. 1235C. WILDLIFE HABITAT PROGRAM.**

''(a) IN GENERAL.—As part of the conservation reserve program established under this subchapter, the Secretary shall carry out a program to provide to owners and operators who have entered into contracts under this subchapter and established softwood pine stands, for each of fiscal years 2008 through 2012, assistance to carry out, on the acreage of the owner or operator enrolled in the program under this subchapter, activities that improve the condition of the enrolled land for the benefit of wildlife.

"(b) SCOPE OF PROGRAM.—In carrying out the program under this section, the Secretary shall determine—

"(1) the amount and rate of payments (including incentive payments and cost-sharing payments) to be made to owners and operators who participate in the program to ensure the participation of those owners and operators;

"(2) the areas in each of the States in which owners and operators referred to in subsection (a) are located that should be given priority under the program, based on the need in those areas for changes in the condition of land to benefit wildlife; and

"(3) the management strategies and practices (including thinning, burning, seeding, establishing wildlife food plots, and such other practices that have benefits for wildlife as are approved by the Secretary) that may be carried out by owners and operators under the program.

"(c) AGREEMENTS.—

"(1) IN GENERAL.—An owner or operator described in subsection (a) that seeks to receive assistance under this section shall enter into an agreement with the Secretary that—

"(A) describes the management strategies and practices referred to in subsection (b)(3) that will be carried out by the owner or operator under the agreement;

"(B) describes measures to be taken by the owner or operator to ensure active but flexible management of acreage covered by the agreement;

"(C) requires the owner or operator to submit to periodic monitoring and evaluation by wildlife or forestry agencies of the State in which land covered by the agreement is located; and

"(D) contains such other terms or conditions as the Secretary may require.

"(2) TERM; INCLUSION IN CONTRACT.—An agreement entered into under this section shall have a term of not more than 5 years.

"(d) PARTNERSHIPS.—In carrying out this section, the Secretary may establish or identify and, as appropriate, require owners and operators participating in the program under this section to work cooperatively with, partnerships among the Secretary and State, local, and nongovernmental organizations.

"(e) TECHNICAL ASSISTANCE AND COST SHARING.—The Secretary may provide to owners and operators participating in the program under this section, and members of partnerships described in subsection (d)—

"(1) technical assistance for use in carrying out an activity covered by an agreement described in subsection (c); and

"(2) a payment for use in covering a percentage of the costs of carrying out each such activity that does not exceed the applicable amount and rate determined by the Secretary under subsection (b)(1).

"(f) TERMINATION OF PROGRAM.—The program under this section shall terminate on September 30, 2011.".

## Subchapter C—Wetlands Reserve Program

### SEC. 2321. WETLANDS RESERVE PROGRAM.

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

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

"(b) ENROLLMENT CONDITIONS.—

"(1) ANNUAL ENROLLMENT.—To the maximum extent practicable, the Secretary shall enroll 250,000 acres in each fiscal year, with no enrollments beginning in fiscal year 2013.

"(2) METHODS OF ENROLLMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall enroll acreage into the wetlands reserve program through the use of—

"(i) permanent easements;

"(ii) 30-year easements;

"(iii) restoration cost-share agreements; or

"(iv) any combination of the options described in clauses (i) through (iii).

"(B) 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—

"(i) a 30-year contract (the value of which shall be equivalent to the value of a 30-year easement);

"(ii) restoration cost-share agreements; or

"(iii) any combination of the options described in clauses (i) and (ii)."; and

(2) in subsection (c), by striking "2007 calendar" and inserting "2012 fiscal".

**SEC. 2322. EASEMENTS AND AGREEMENTS.**

(a) TERMS OF EASEMENT.—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:

''(iii) to meet habitat needs of specific wildlife species; and''.

(b) COMPENSATION.—Section 1237A(f) of the Food Security Act of 1985 (16 U.S.C. 3837a(f)) is amended—

(1) in the first sentence—

(A) by striking ''Compensation'' and inserting the following:

''(1) IN GENERAL.—Compensation''; and

(B) by striking ''agreed to'' and all that follows through ''encumbered by the easement'' and inserting ''determined under paragraph (4)'';

(2) in the second sentence, by striking ''Lands'' and inserting the following:

''(2) BIDS.—Land'';

(3) by striking the third sentence and inserting the following:

"(3) PAYMENTS.—Compensation may be provided in not more than 30 annual payments of equal or unequal size, as agreed to by the owner and the Secretary"; and

(4) by adding at the end the following:

"(4) METHOD FOR DETERMINATION OF AMOUNT OF COMPENSATION.—Effective on the date of enactment of this paragraph, the Secretary shall pay the lowest amount of compensation for a conservation easement, as determined by comparison of—

"(A) the fair market value of the land based on—

"(i) the Uniform Standards of Professional Appraisal Practices; or

"(ii) an area-wide market analysis or survey, as determined by the Secretary;

"(B) a geographical cap, as established through a process prescribed in regulations promulgated by the Secretary; and

"(C) the offer made by the landowner.".

(c) WETLANDS RESERVE ENHANCEMENT PROGRAM.—Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended by adding at the end the following:

"(h) WETLANDS RESERVE ENHANCEMENT PROGRAM.—

"(1) IN GENERAL.—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 enhancement program that the Secretary determines would advance the purposes of this subchapter.

"(2) RESERVED RIGHTS.—Under the wetlands reserve enhancement program, the Secretary may use unique wetlands reserve agreements that may include certain compatible uses as reserved rights in the warranty easement deed restriction, if using those agreements is determined by the Secretary to be—

"(A) consistent with the long-term wetland protection and enhancement goals for which the easement was established; and

"(B) in accordance with a conservation plan.".

(d) REPORT.—

(1) IN GENERAL.—Not later than January 1, 2010, 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 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.

(2) INCLUSIONS.—The report shall include—

(A) 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;

(B) an assessment of the extent to which the oversight of the conservation easement agreements impacts the availability of resources, including technical assistance;

(C) an assessment of the uses and value of agreements with partner organizations; and

(D) any other relevant information relating to costs or other effects that would be helpful to the Committees.

**SEC. 2323. PAYMENTS.**

Section 1237D(c) of the Food Security Act of 1985 (16 U.S.C. 3837d(c)) is amended—

(1) in paragraph (1)—

(A) by striking ''The total'' and inserting ''Subject to section 1244(i), the total''

(B) by striking ''easement payments'' and inserting ''payments'';

(C) by striking ''person'' and inserting ''individual''; and

(D) by inserting ''or under 30-year contracts or restoration agreements'' before the period at the end; and

(2) in paragraph (3)—

(A) by striking ''Easement payments'' and inserting ''Payments''; and

(B) by striking ''the Food, Agriculture, Conservation, and Trade Act of 1990, or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)'' and inserting ''the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127; 110 Stat. 888), or the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 134)''.

## Subchapter D—Healthy Forests Reserve Program

**SEC. 2331. HEALTHY FORESTS RESERVE PROGRAM.**

(a) IN GENERAL.—Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) is amended by adding at the end the following:

## "Subchapter D—Healthy Forests Reserve Program

**"SEC. 1237M. ESTABLISHMENT OF HEALTHY FORESTS RESERVE PROGRAM.**

''(a) ESTABLISHMENT.—The Secretary shall establish the healthy forests reserve program for the purpose of restoring and enhancing forest ecosystems—

''(1) to promote the recovery of threatened and endangered species;

''(2) to improve biodiversity; and

''(3) to enhance carbon sequestration.

''(b) COORDINATION.—The Secretary shall carry out the healthy forests reserve program in coordination with the Secretary of the Interior and the Secretary of Commerce.

**"SEC. 1237N. ELIGIBILITY AND ENROLLMENT OF LANDS IN PROGRAM.**

''(a) IN GENERAL.—The Secretary, in coordination with the Secretary of the Interior and the Secretary of

Commerce, shall describe and define forest ecosystems that are eligible for enrollment in the healthy forests reserve program.

"(b) ELIGIBILITY.—To be eligible for enrollment in the healthy forests reserve program, land shall be—

"(1) private land the enrollment of which will restore, enhance, or otherwise measurably increase the likelihood of recovery of a species listed as endangered or threatened under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533); and

"(2) private land the enrollment of which will restore, enhance, or otherwise measurably improve the well-being of species that—

"(A) are not listed as endangered or threatened under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533); but

"(B) are candidates for such listing, State-listed species, or special concern species.

"(c) OTHER CONSIDERATIONS.—In enrolling land that satisfies the criteria under subsection (b), the Secretary shall give additional consideration to land the enrollment of which will—

"(1) improve biological diversity; and

"(2) increase carbon sequestration.

"(d) ENROLLMENT BY WILLING OWNERS.—The Secretary shall enroll land in the healthy forests reserve program only with the consent of the owner of the land.

"(e) METHODS OF ENROLLMENT.—

"(1) IN GENERAL.—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) a permanent easement.

"(2) PROPORTION.—The extent to which each enrollment method is used shall be based on the approximate proportion of owner interest expressed in that method in comparison to the other methods.

"(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).

"(f) ENROLLMENT PRIORITY.—

"(1) SPECIES.—The Secretary shall give priority to the enrollment of land that provides the greatest conservation benefit to—

"(A) primarily, species listed as endangered or threatened under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533); and

"(B) secondarily, species that—

"(i) are not listed as endangered or threatened under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533); but

"(ii) are candidates for such listing, State-listed species, or special concern species.

"(2) COST-EFFECTIVENESS.—The Secretary shall also consider the cost-effectiveness of each agreement or easement, and associated restoration plans, so as to maximize the environmental benefits per dollar expended.

**"SEC. 1237O. RESTORATION PLANS.**

"(a) IN GENERAL.—Land enrolled in the healthy forests reserve program shall be subject to a restoration plan, to be developed jointly by the landowner and the Secretary, in coordination with the Secretary of Interior.

"(b) PRACTICES.—The restoration plan shall require such restoration practices as are necessary to restore and enhance habitat for—

"(1) species listed as endangered or threatened under section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533); and

"(2) animal or plant species before the species reach threatened or endangered status, such as candidate, State-listed species, and special concern species.

**"SEC. 1237P. FINANCIAL ASSISTANCE.**

"(a) PERMANENT EASEMENTS.—In the case of land enrolled in the healthy forests reserve program using a permanent easement, the Secretary shall pay to the owner of the land an amount equal to not less than 75 percent, nor more than 100 percent, of (as determined by the Secretary)—

"(1) the fair market value of the enrolled land during the period the land is subject to the easement, less the fair market value of the land encumbered by the easement; and

"(2) the actual costs of the approved conservation practices or the average cost of approved practices carried out on the land during the period in which the land is subject to the easement.

"(b) 30-YEAR EASEMENT OR CONTRACT.—In the case of land enrolled in the healthy forests reserve program using a 30-year easement or contract, the Secretary shall pay the owner of the land an amount equal to not more than (as determined by the Secretary)—

"(1) 75 percent of the fair market value of the land, less the fair market value of the land encumbered by the easement or contract; and

"(2) 75 percent of the actual costs of the approved conservation practices or 75 percent of the average cost of approved practices.

"(c) 10-YEAR AGREEMENT.—In the case of land enrolled in the healthy forests reserve program using a 10-year cost-share agreement, the Secretary shall pay the owner of the land an amount equal to not more than (as determined by the Secretary)—

"(1) 50 percent of the actual costs of the approved conservation practices; or

"(2) 50 percent of the average cost of approved practices.

"(d) ACCEPTANCE OF CONTRIBUTIONS.—The Secretary may accept and use contributions of non-Federal funds to make payments under this section.

**"SEC. 1237Q. TECHNICAL ASSISTANCE.**

"(a) IN GENERAL.—The Secretary shall provide landowners with technical assistance to assist the owners in complying with the terms of plans (as included in agreements or easements) under the healthy forests reserve program.

"(b) TECHNICAL SERVICE PROVIDERS.—The Secretary may request the services of, and enter into cooperative agreements with, individuals or entities certified as technical service providers under section 1242, to assist the Secretary in providing technical assistance necessary to develop and implement the healthy forests reserve program.

**"SEC. 1237R. PROTECTIONS AND MEASURES.**

"(a) PROTECTIONS.—In the case of a landowner that enrolls land in the program and whose conservation activities result in a net conservation benefit for listed, candidate, or other species, the Secretary shall make available to the landowner safe harbor or similar assurances and protection under—

"(1) section 7(b)(4) of the Endangered Species Act of 1973 (16 U.S.C. 1536(b)(4)); or

"(2) section 10(a)(1) of that Act (16 U.S.C. 1539(a)(1)).

"(b) MEASURES.—If protection under subsection (a) requires the taking of measures that are in addition to

the measures covered by the applicable restoration plan agreed to under section 1237O, the cost of the additional measures, as well as the cost of any permit, shall be considered part of the restoration plan for purposes of financial assistance under section 1237P.

**"SEC. 1237S. INVOLVEMENT BY OTHER AGENCIES AND ORGANIZATIONS.**

''In carrying out this subchapter, the Secretary may consult with—

''(1) nonindustrial private forest landowners;

''(2) other Federal agencies;

''(3) State fish and wildlife agencies;

''(4) State forestry agencies;

''(5) State environmental quality agencies;

''(6) other State conservation agencies; and

''(7) nonprofit conservation organizations.

**"SEC. 1237T. AUTHORIZATION OF APPROPRIATIONS.**

''There are authorized to be appropriated to carry out this subchapter such sums as are necessary for each of fiscal years 2008 through 2012.''.

(b) CONFORMING AMENDMENTS.—The Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 et seq.) is amended—

(1) by striking title V (16 U.S.C. 6571 et seq.); and

(2) by redesignating title VI and section 601 (16 U.S.C. 6591) as title V and section 501, respectively.

## CHAPTER 2—COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM

### Subchapter A—General Provisions

#### SEC. 2341. COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by adding at the end the following:

## "CHAPTER 6—COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM

### "Subchapter A—Comprehensive Stewardship Incentives Program

#### "SEC. 1240T. COMPREHENSIVE STEWARDSHIP INCENTIVES PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a comprehensive stewardship incentives program (referred to in this chapter as 'CSIP') to—

"(A) promote coordinated efforts within conservation programs in this chapter to address resources of concern, as identified at the local level;

"(B) encourage the adoption of conservation practices, activities and management measures; and

"(C) promote agricultural production and environmental quality as compatible goals.

"(2) MEANS.—The Secretary shall carry out CSIP by—

"(A) identifying resources of concern at a local level as described in subsection (b)(4);

"(B) entering into contracts with owners and operators of agricultural and nonindustrial private forest land to—

"(i) address natural resource concerns;

"(ii) meet regulatory requirements; or

"(iii) achieve and maintain new conservation practices, activities and management measures; and

"(C) providing technical assistance.

"(3) PROGRAMS.—CSIP shall consist of—

"(A) the conservation stewardship program; and

"(B) the environmental quality incentives program.

"(4) DEFINITION OF RESOURCE OF CONCERN.—In this chapter, the term 'resource of concern' means—

"(A) a specific resource concern on agricultural or nonindustrial private forest land that—

"(i) is identified by the Secretary in accordance with subsection (b)(4);

"(ii) represents a significant conservation concern in the State to which agricultural activities are contributing; and

"(iii) is likely to be addressed successfully through the implementation of conservation practices, activities, and management measures by owners and operators of agricultural and nonindustrial private forest land; or

"(B) a specific resource concern on agricultural or nonindustrial private forest land that is the subject of mandatory environmental requirements that apply to a producer under Federal, State, or local law.

"(b) ADMINISTRATION.—

"(1) IN GENERAL.—In carrying out CSIP, the Secretary shall ensure that the conservation pro-

grams under this chapter are managed in a coordinated manner.

"(2) PLANS.—The Secretary shall, to the maximum extent practicable, avoid duplication in the conservation plans required under this chapter and comparable conservation and regulatory programs, including a permit acquired under an approved water or air quality regulatory program.

"(3) TENANT PROTECTION.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the programs established under this chapter.

"(4) IDENTIFICATION OF RESOURCES OF CONCERN.—

"(A) IN GENERAL.—The Secretary shall ensure that resources of concern are identified at the State level in consultation with the State Technical Committee.

"(B) LIMITATION.—The Secretary shall identify not more than 5 resources of concern in a particular watershed or other appropriate region or area within a State.

"(5) REGULATIONS.—Not later than 180 days after the date of enactment of the Food and Energy Security Act of 2007 the Secretary shall issue regulations to implement the programs established under this chapter.

## "Subchapter B—Conservation Stewardship Program

**"SEC. 1240U. PURPOSES.**

"The purpose of the conservation stewardship program is to promote agricultural production and environmental quality as compatible goals, and to optimize environmental benefits, by assisting producers—

"(1) in promoting conservation and improving resources of concern (including soil, water, and energy conservation, soil, water, and air quality, biodiversity, fish, wildlife and pollinator habitat, and related resources of concern, as defined by the Secretary) by providing flexible assistance to install, improve, and maintain conservation systems, practices, activities, and management measures on agricultural land (including cropland, grazing land, and wetland) while sustaining production of food and fiber;

"(2) in making beneficial, cost-effective changes to conservation systems, practices, activities, and

management measures carried out on agricultural and forest land relating to—

"(A) cropping systems;

"(B) grazing management systems;

"(C) nutrient management associated with livestock and crops;

"(D) forest management;

"(E) fuels management;

"(F) integrated pest management;

"(G) irrigation management;

"(H) invasive species management;

"(I) energy conservation; or

"(J) other management-intensive issues;

"(3) in complying with Federal, State, tribal, and local requirements concerning—

"(A) soil, water, and air quality;

"(B) fish, wildlife, and pollinator habitat; and

"(C) surface water and groundwater conservation;

"(4) in avoiding, to the maximum extent practicable, the need for resource and regulatory programs by protecting resources of concern and meeting environmental quality criteria established by Federal, State, tribal, and local agencies; and

"(5) by encouraging, consolidating, and streamlining conservation planning and regulatory compliance processes to reduce administrative burdens on producers and the cost of achieving environmental goals.

**"SEC. 1240V. DEFINITIONS.**

"In this chapter:

"(1) COMPREHENSIVE CONSERVATION PLAN.—The term 'comprehensive conservation plan' means a plan produced by following the planning process outlined in the applicable National Planning Procedures Handbook of the Department of Agriculture with regard to all applicable resources of concern.

"(2) CONTRACT OFFER.—The term 'contract offer' means an application submitted by a producer that seeks to address 1 or more resources of concern with the assistance of the program.

"(3) ENHANCEMENT PAYMENT.—The term 'enhancement payment' means a payment described in section 1240X(d).

"(4) ELIGIBLE LAND.—The term 'eligible land' means land described in section 1240X(b).

"(5) LIVESTOCK.—The term 'livestock' means dairy cattle, beef cattle, laying hens, broilers, turkeys, swine, sheep, goats, ducks, ratites, shellfish, al-

pacas, bison, catfish, managed pollinators, and such other animals and fish as are determined by the Secretary.

"(6) MANAGEMENT INTENSITY.—The term 'management intensity' means the degree, scope, and comprehensiveness of conservation systems, practices, activities, or management measures adopted by a producer to improve and sustain the condition of a resource of concern.

"(7) PAYMENT.—The term 'payment' means financial assistance provided to a producer under the program to compensate the producers for incurred costs associated with planning, materials, installation, labor, management, maintenance, technical assistance, and training, the value of risk, and income forgone by the producer, as applicable, including—

"(A) enhancement payments;

"(B) CSP supplemental payments; and

"(C) other payments provided under this chapter.

"(8) PRACTICE.—

"(A) IN GENERAL.—The term 'practice' means 1 or more measures that improve or sustain a resource of concern.

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

"(i) structural measures, vegetative measures, and land management measures, as determined by the Secretary; and

"(ii) planning activities needed to improve or sustain a resource of concern, including implementation of—

"(I) a comprehensive conservation plan; and

"(II) a comprehensive nutrient management plan.

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

"(A) derives income from, and controls, the production or management of an agricultural commodity, livestock, or nonindustrial forest land regardless of ownership;

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

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

"(ii) is a custom feeder or contract grower.

"(10) PROGRAM.—The term 'program' means the conservation stewardship program established under this chapter.

"(11) RESOURCE-CONSERVING CROP.—The term 'resource-conserving crop' means—

"(A) a perennial grass;

"(B) a legume grown for use as forage, seed for planting, or green manure;

"(C) a legume-grass mixture;

"(D) a small grain grown in combination with a grass or legume, whether interseeded or planted in succession;

"(E) a winter annual oilseed crop that provides soil protection; and

"(F) such other plantings as the Secretary determines to be appropriate for a particular area.

"(12) RESOURCE-CONSERVING CROP ROTATION.—The term 'resource-conserving crop rotation' means a crop rotation that—

"(A) includes at least 1 resource-conserving crop;

"(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).

"(13) RESOURCE-SPECIFIC INDICES.—The term 'resource-specific indices' means indices developed by the Secretary that measure or estimate the expected level of resource and environmental outcomes of the conservation systems, practices, activities, and management measures employed by a producer to address a resource of concern on an agricultural operation.

"(14) STEWARDSHIP CONTRACT.—The term 'stewardship contract' means a contract entered into under the conservation stewardship program to carry out the programs and activities described in this chapter.

"(15) STEWARDSHIP THRESHOLD.—The term 'stewardship threshold' means the level of natural resource conservation and environmental management required, as determined by the Secretary—

"(A) to maintain, conserve, and improve the quality or quantity of a resource of concern reflecting at a minimum, the resource management system quality criteria described in the

handbooks of the Natural Resource Conservation Service, if available and appropriate; or

''(B) in the case of a resource of concern that is the subject of a Federal, State, or local regulatory requirement, to meet the higher of—

''(i) the standards that are established by the requirement for the resource of concern; or

''(ii) standards reflecting the resource management system quality criteria described in the handbooks of the Natural Resource Conservation Service, if available and appropriate.

**''SEC. 1240W. ESTABLISHMENT OF PROGRAM.**

''The Secretary shall establish and, for each of fiscal years 2008 through 2012, carry out a conservation stewardship program to assist producers in improving environmental quality by addressing resources of concern in a comprehensive manner through—

''(1) the addition of conservation systems, practices, activities, and management measures; and

''(2) the active management, maintenance, and improvement of existing, and adoption of new, conservation systems, practices, activities, and management measures.

**"SEC. 1240X. ELIGIBILITY.**

"(a) ELIGIBLE PRODUCERS.—

"(1) GENERAL PROGRAM ELIGIBILITY.—To be eligible to participate in the conservation stewardship program, a producer shall—

"(A) submit to the Secretary for approval a contract offer to participate in the program;

"(B) agree to receive technical services, either directly from the Secretary or, at the option of the producer, from an approved third party under section 1242(b)(3);

"(C) enter into a contract with the Secretary, as described in subsection (c); and

"(D) demonstrate to the satisfaction of the Secretary that the producer—

"(i) is addressing resources of concern relating to both soil and water to at least the stewardship threshold; and

"(ii) is adequately addressing other resources of concern applicable to the agricultural operation, as determined by the Secretary.

"(b) ELIGIBLE LAND.—

"(1) IN GENERAL.—Except as provided in paragraph (2), private agricultural land that is eligible for enrollment in the program includes—

"(A) cropland (including vineyards and orchards);

"(B) pasture land;

"(C) rangeland;

"(D) other agricultural land used for the production of livestock;

"(E) land used for agroforestry;

"(F) land used for aquaculture;

"(G) riparian areas adjacent to otherwise eligible land;

"(H) land under the jurisdiction of an Indian tribe (as determined by the Secretary);

"(I) public land, if failure to enroll the land in the program would defeat the purposes of the program on private land that is an integral part of the operation enrolled or offered to be enrolled in the program by the producer;

"(J) State and school owned land that is under the effective control of a producer; and

"(K) other agricultural land (including cropped woodland and marshes) that the Secretary determines is vulnerable to serious threats to resources of concern.

"(2) EXCLUSIONS.—

"(A) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—The following land is not eligible for enrollment in the program:

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

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

"(B) CONVERSION TO CROPLAND.—With regard to the program, land used for crop production after May 13, 2002, that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date (except for land enrolled in the conservation reserve program or that has been maintained using long-term crop rotation practices, as determined by the Secretary) shall not be the basis for any payment under the program.

"(3) ECONOMIC USES.—The Secretary shall not restrict economic uses of land covered by a program contract (including buffers and other partial field conservation practices) that comply with the agree-

ment and comprehensive conservation plan, or other applicable law.

"(c) CONTRACT REQUIREMENTS AND PROVISIONS.—

"(1) IN GENERAL.—After a determination by the Secretary that a producer is eligible to participate in the program, and on acceptance of the contract offer of the producer, the Secretary shall enter into a contract with the producer to enroll the land to be covered by the contract.

"(2) AGRICULTURAL OPERATIONS.—All acres of all agricultural operations, whether or not contiguous, that are under the effective control of a producer within a particular watershed or region (or in a contiguous watershed or region) of a State and constitute a cohesive management unit, as determined by the Secretary, at the time the producer enters into a stewardship contract shall be covered by the stewardship contract, other than land the producer has enrolled in the conservation reserve program or the wetlands reserve program.

"(3) RESOURCES OF CONCERN.—Each stewardship contract shall, at a minimum, meet or exceed the stewardship threshold for at least 1 additional resource of concern by the end of the stewardship contract through—

"(A) the installation and adoption of additional conservation systems, practices, activities, or management measures; and

"(B) the active management and improvement of conservation systems, practices, activities, and management measures in place at the operation of the producer at the time the contract offer is accepted by the Secretary.

"(4) TERMS.—A contract entered into under paragraph (1) shall—

"(A) describe the land covered by the contract;

"(B) describe the practices or technical services from an approved third party, to be implemented on eligible land of the producer;

"(C) state the amount of payments (determined in accordance with subsection (f)) the Secretary agrees to make to the producer each year of the contract;

"(D) describe existing conservation systems, practices, activities, and management measures the producer agrees to maintain, manage, and improve during the term of the stewardship contract in order to meet and ex-

ceed the appropriate stewardship threshold for the resources of concern;

"(E) describe the additional conservation systems, practices, activities, and management measures the producer agrees to plan, install, maintain, and manage during the term of the stewardship contract in order to meet and exceed the appropriate stewardship threshold for the appropriate resource or resources of concern;

"(F) if applicable, describe the on-farm conservation research, demonstration, training, or pilot project activities the producer agrees to undertake during the term of the contract;

"(G) if applicable, describe the on-farm monitoring and evaluation activities the producer agrees to undertake during the term of the contract relating to—

"(i) a comprehensive conservation plan; or

"(ii) conservation systems, practices, activities, and management measures; and

"(H) include such other provisions as the Secretary determines are necessary to ensure that the purposes of the program are achieved.

"(5) ON-FARM RESEARCH, DEMONSTRATION, TRAINING, OR PILOT PROJECTS.—The Secretary may approve a stewardship contract that includes—

"(A) on-farm conservation research, demonstration, and training activities; and

"(B) pilot projects for evaluation of new technologies or innovative conservation practices.

"(6) DURATION.—A contract under this chapter shall have a term of 5 years.

"(7) EVALUATION OF CONTRACT OFFERS.—In evaluating contract offers made by producers to enter into contracts under the program, the Secretary shall—

"(A) prioritize applications based on—

"(i) the level of conservation treatment on all resources of concern at the time of application, based on the initial scores received by the producer on applicable resource-specific indices;

"(ii) the degree to which the proposed conservation treatment effectively increases the level of performance on applicable resource-specific indices or the level of management intensity with which the producer

addresses the designated resources of concern;

''(iii) the extent to which all resources of concern will exceed the stewardship threshold level by the end of the contract period;

''(iv) the extent to which resources of concern in addition to resources of concern will be addressed to meet and exceed the stewardship threshold level by the end of the contract period;

''(v) the extent to which the producer proposes to address the goals and objectives of State, regional, and national fish and wildlife conservation plans and initiatives;

''(vi) whether the proposed conservation treatment reflects the multiple natural resource and environmental benefits of conservation-based farming systems, including resource-conserving crop rotations, advanced integrated pest management, and managed rotational grazing; and

''(vii) whether the application includes land transitioning out of the conservation

reserve program, on the condition that the land is maintained in a grass-based system and would help meet habitat needs for fish and wildlife;

''(B) evaluate the extent to which the anticipated environmental benefits from the contract would be provided in the most cost-effective manner, relative to other similarly beneficial contract offers;

''(C) reward higher levels of environmental performance and management intensity;

''(D) develop criteria for use in evaluating applications that will ensure that national, State, and local conservation priorities are effectively addressed;

''(E) evaluate the extent to which the environmental benefits expected to result from the contract complement other conservation efforts in the watershed or region; and

''(F) provide opportunities to agricultural producers that have not previously participated in Federal conservation programs, including beginning farmers and ranchers and socially disadvantaged farmers and ranchers.

''(8) TERMINATION OF CONTRACTS.—

"(A) IN GENERAL.—

"(i) VOLUNTARY TERMINATION.—The producer may terminate a contract entered into with the Secretary under this chapter if the Secretary determines that the termination is in the public interest.

"(ii) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

"(B) REPAYMENT.—If a contract is terminated, the Secretary may—

"(i) allow the producer to retain payments already received under the contract if—

"(I) the producer has complied with the terms and conditions of the contract; and

"(II) the Secretary determines that allowing the producer to retain the payments is consistent with the purposes of the program;

"(ii) require repayment, in whole or in part, of payments already received; and

"(iii) assess liquidated damages, if doing so is consistent with the purposes of the program.

"(C) TRANSFER OR CHANGE OF INTEREST IN LAND SUBJECT TO A CONTRACT.—

"(i) IN GENERAL.—Except as provided in clause (ii), the transfer, or change in the interest, of a producer in land subject to a contract under this chapter shall result in the termination of the contract.

"(ii) TRANSFER OF DUTIES AND RIGHTS.—Clause (i) shall not apply if—

"(I) within a reasonable period of time (as determined by the Secretary) after the date of the transfer or change in the interest in land, the transferee of the land provides written notice to the Secretary that all duties and rights under the contract have been transferred to, and assumed by, the transferee; and

"(II) the transferee meets the eligibility requirements of this subchapter.

"(9) MODIFICATION.—

"(A) IN GENERAL.—The Secretary may allow a producer to modify a contract before the expiration of the contract if the Secretary determines that failure to modify the contract would significantly interfere with achieving the purposes of the program.

"(B) PARTICIPATION IN OTHER PROGRAMS.—If appropriate payment reductions and other adjustments (as determined by the Secretary) are made to the contract of a producer, the producer may remove land enrolled in the conservation stewardship program for enrollment in the conservation reserve program, wetlands reserve program, or other conservation programs, as determined by the Secretary.

"(C) CHANGES IN SIZE OF OPERATION.—The Secretary shall allow a producer to modify a stewardship contract before the expiration of the stewardship contract if the agricultural operation of the producer has reduced or enlarged in size to reflect the new acreage total.

"(D) NEW ACREAGE.—With respect to acreage added to the agricultural operation of a producer after entering into a stewardship contract, a producer may elect to not add the acre-

age to the stewardship contract during the term of the current stewardship contract, except that such additional acreage shall be included in any contract renewal.

"(E) CHANGES IN PRODUCTION.—The Secretary shall allow a producer to modify a stewardship contract before the expiration of the stewardship contract if—

"(i) the producer has a change in production that requires a change to scheduled conservation practices and activities; and

"(ii) the Secretary determines that—

"(I) all relevant conservation standards will be maintained or improved; and

"(II) there is no increase in total payment under the stewardship contract.

"(10) EFFECT OF NONCOMPLIANCE DUE TO CIRCUMSTANCES BEYOND THE CONTROL OF PRODUCER.—The Secretary shall include in each contract 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 be-

yond the control of the producer, including a disaster or related weather, pest, disease, or other similar condition, as determined by the Secretary.

"(11) COORDINATION WITH ORGANIC CERTIFICATION.—

"(A) IN GENERAL.—Not later than 180 days after the date of enactment of this chapter, the Secretary shall establish a transparent and producer-friendly means by which producers may coordinate and simultaneously certify eligibility under—

"(i) a stewardship contract; and

"(ii) the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

"(B) PROGRAMMATIC CONSIDERATIONS.—The Secretary shall identify and implement programmatic considerations, including conservation systems, practices, activities, and management measures, technical assistance, evaluation of contract offers, enhancement payments, on-farm research, demonstration, training, and pilot projects, and data management, through which to maximize the purposes of the program

by enrolling producers who are certified under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

"(12) RENEWAL.—At the end of a stewardship contract of a producer, the Secretary shall allow the producer to renew the stewardship contract for an additional 5-year period if the producer—

"(A) demonstrates compliance with the terms of the existing contract, including a demonstration that the producer has complied with the schedule for the implementation of additional conservation systems, practices, activities, and management measures included in the stewardship contract and is addressing the designated resources of concern to a level that meets and exceeds the stewardship threshold; and

"(B) agrees to implement and maintain such additional conservation practices and activities as the Secretary determines to be necessary and feasible to achieve higher levels of performance on applicable resource-specific indices or higher levels of management intensity

with which the producer addresses the resources of concern.

"(d) ENHANCEMENT PAYMENTS.—

"(1) LOWER PAYMENTS.—In evaluating applications and making payments under this chapter, the Secretary shall not assign a higher priority to any application because the applicant is willing to accept a lower payment than the applicant would otherwise be entitled to receive.

"(2) EVALUATION OF CONTRACT OFFERS.—Nothing in this subsection relieves the Secretary of the obligation, in evaluating applications for payments, to evaluate and prioritize the applications in accordance with subsection (e)(4)), including the requirement for contracts to be cost-effective.

"(3) LOWEST-COST ALTERNATIVES.—In determining the eligibility of a conservation system, practice, activity, or management measure for a payment under this subsection, the Secretary shall require, to the maximum extent practicable, that the lowest-cost alternatives be used to achieve the purposes of the contract, as determined by the Secretary.

"(4) METHOD OF PAYMENT.—Payments under this subsection shall be made in such amounts and

in accordance with such time schedule as is agreed on and specified in the contract.

"(5) ACTIVITIES QUALIFYING FOR PAYMENTS.—

"(A) IN GENERAL.—To receive an enhancement payment under this subsection, a producer shall agree—

"(i) to implement additional conservation systems, practices, activities, and management measures and maintain, manage, and improve existing conservation systems, practices, activities, and management measures in order to maintain and improve the level of performance of the producer, as determined by applicable resource-specific indices, or the level of management intensity of the producer with respect to resources of concern in order to meet and exceed the stewardship threshold for resources of concern; and

"(ii) to maintain, and make available to the Secretary at such times as the Secretary may request, appropriate records demonstrating the effective and timely implementation of the stewardship contract.

"(B) COMPENSATION.—Subject to subparagraph (C), the Secretary shall provide an enhancement payment to a producer to compensate the producer for—

"(i) ongoing implementation, active management, and maintenance of conservation systems, practices, activities, and management measures in place on the operation of the producer at the time the contract offer of the producer is accepted; and

"(ii) installation and adoption of additional conservation systems, practices, activities, and management measures or improvements to conservation systems, practices, activities, and management measures in place on the operation of the producer at the time the contract offer is accepted.

"(C) ADJUSTMENTS.—A payment under subparagraph (B) shall be adjusted to reflect—

"(i) management intensity; or

"(ii) resource-specific indices, in a case in which those indices have been developed and implemented.

"(D) ON-FARM RESEARCH, DEMONSTRATION, TRAINING, AND PILOT PROJECT PAYMENTS.—The Secretary shall provide an additional enhancement payment to a producer who opts to participate as part of the stewardship contract in an on-farm conservation research, demonstration, training or pilot project certified by the Secretary to compensate the producer for the cost of participation.

"(E) RESTRICTION ON STRUCTURAL PRACTICES.—For purposes of the conservation stewardship program, structural practices shall be eligible for payment only if the structural practices are integrated with and essential to support site-specific management activities that are part of an implemented management system designed to address 1 or more resources of concern.

"(6) EXCLUSIONS.—An enhancement payment to a producer under this subsection shall not be provided for the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.

"(7) TIMING OF PAYMENTS.—

"(A) IN GENERAL.—The Secretary shall make enhancement payments as soon as practicable after October 1 of each fiscal year.

"(B) ADDITIONAL SYSTEMS, PRACTICES, ACTIVITIES, AND MANAGEMENT MEASURES.—The Secretary shall make enhancement payments to compensate producers for installation and adoption of additional conservation systems, practices, activities, and management measures or improvements to existing conservation systems, practices, activities, and management measures at the time at which the systems, practices, activities, and measures or improvements are installed and adopted.

"(8) RESEARCH, DEMONSTRATION, TRAINING, AND PILOT PROJECT PAYMENT LIMITATIONS.—An enhancement payment for research, demonstration, training and pilot projects may not exceed $25,000 for each 5-year term of the stewardship contract (excluding funding arrangements with federally recognized Indian tribes or Alaska Native Corporations).

"(e) CSP SUPPLEMENTAL PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall provide additional payments to producers that, in participating in the conservation stewardship program,

agree to adopt resource-conserving crop rotations to achieve optimal crop rotations as appropriate for the land of the producers.

"(2) OPTIMAL CROP ROTATIONS.—The Secretary shall determine whether a resource-conserving crop rotation is an optimal crop rotation eligible for additional payments under paragraph (1), based on whether the resource-conserving crop rotation is designed to optimize natural resource conservation and production benefits, including—

"(A) increased efficiencies in pesticide, fertilizer, and energy use; and

"(B) improved disease management.

"(3) ELIGIBILITY.—To be eligible to receive a payment described in paragraph (1), a producer shall agree to adopt and maintain optimal resource-conserving crop rotations for the term of the contract.

"(4) RATE.—The Secretary shall provide payments under this subsection at a rate that encourages producers to adopt optimal resource-conserving crop rotations.

"(f) LIMITATION ON PAYMENTS.—Subject to section 1244(i), an individual or entity may not receive, directly or indirectly, payments under this subchapter that, in the

aggregate, exceed $240,000 for all contracts entered into under the conservation stewardship program during any 6-year period.

"(g) DUTIES OF PRODUCERS.—In order to receive assistance under this chapter, a producer shall—

"(1) implement the terms of the contract approved by the Secretary;

"(2) not conduct any practices on the covered land that would defeat the purposes of the program;

"(3) on the violation of a term or condition of the contract at any time the producer has control of the land—

"(A) if the Secretary determines that the violation warrants termination of the contract—

"(i) forfeit all rights to receive payments under the contract; and

"(ii) refund to the Secretary all or a portion of the payments received by the owner or operator under the contract, including any interest on the payments or liquidated damages, as determined by the Secretary;

"(B) if the Secretary determines that the violation does not warrant termination of the contract, refund to the Secretary, or accept ad-

justments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate; or

"(C) comply with a combination of the remedies authorized by subparagraphs (A) and (B), as the Secretary determines to be appropriate;

"(4) on the transfer of the right and interest of the producer in land subject to the contract (unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract) refund any cost-share payments, incentive payments, and stewardship payments received under the program, as determined by the Secretary;

"(5) supply information as required by the Secretary to determine compliance with the contract and requirements of the program; and

"(6) comply with such additional provisions as the Secretary determines are necessary to carry out the contract.

"(h) DUTIES OF SECRETARY.—

"(1) IN GENERAL.—To achieve the conservation and environmental goals of a contract under this chapter, to the extent appropriate, the Secretary shall—

"(A) provide to a producer information and training to aid in implementation of the conservation systems, practices, activities, and management measures covered by the contract;

"(B) develop agreements with governmental agencies, nonprofit organizations, and private entities to facilitate the provision of technical and administrative assistance and services;

"(C) make the program available to eligible producers on a continuous enrollment basis;

"(D) when identifying biodiversity or fish and wildlife as a resource of concern for a particular watershed or other appropriate region or area within a State, ensure that the identification—

"(i) is specific with respect to particular species or habitat; and

"(ii) would further the goals and objectives of State, regional, and national fish and wildlife conservation plans and initiatives;

"(E) provide technical assistance and payments for each of fiscal years 2008 through 2012;

"(F) maintain contract and payment data relating to the conservation stewardship program in a manner that provides detailed and segmented data and allows for quantification of the amount of payments made to producers for—

"(i) the installation and adoption of additional conservation systems, practices, activities, or management measures;

"(ii) participating in research, demonstration, training, and pilot projects;

"(iii) the development, monitoring, and evaluation of comprehensive conservation plans; and

"(iv) the maintenance and active management of conservation systems, practices, activities, and management measures, and the improvement of conservation practices, in place on the operation of the producer on the date on which the contract offer is accepted by the Secretary;

"(G) develop resource-specific indices for purposes of determining eligibility and payments; and

"(H) establish and publicize design protocols and application procedures for individual producer and collaborative on-farm research, demonstration, training, and pilot projects.

"(2) SPECIALTY CROP PRODUCERS.—The Secretary shall ensure that outreach and technical assistance are available and program specifications are appropriate to enable specialty crop producers to participate in the conservation stewardship program.

"(3) ADDITIONAL REQUIREMENTS.—For the period beginning on the date of enactment of this chapter and ending on September 30, 2017, with respect to eligible land of producers participating in the program, the Secretary shall—

"(A) to the maximum extent practicable, enroll an additional 13,273,000 acres for each fiscal year, but not to exceed 79,638,000 acres;

"(B) implement the program nationwide to make the program available to producers meeting the eligibility requirements in each county;

"(C) to the maximum extent practicable, manage the program to achieve a national average annual cost per acre of $19, which shall include the costs of all financial assistance, technical assistance, and any other expenses associ-

ated with enrollment or participation in the program of those acres; and

"(D) establish a minimum contract value, to ensure equity for small acreage farms, including specialty crop and organic producers.

"(i) ACRE ALLOCATION.—

"(1) INITIAL ALLOCATIONS TO STATES.—In making allocations of acres to States to enroll in the conservation stewardship program, to the maximum extent practicable, the Secretary shall allocate to each State a number of acres equal to the proportion that—

"(A) the number of acres of eligible land in the State; bears to

"(B) the number of acres of eligible land in all States.

"(2) MINIMUM ACRE ALLOCATION.—Of the acres allocated for each fiscal year, no State shall have allocated fewer than the lesser of—

"(A) 20,000 acres; or

"(B) 2.2 percent of the number of acres of eligible land in the State.

"(3) REALLOCATION TO STATES.—For any fiscal year, acres not obligated under this subsection by

a date determined by the Secretary through rulemaking shall be reallocated to each State that—

"(A) has obligated 100 percent of the initial allocation of the State; and

"(B) requests additional acres.

**"SEC. 1240Y. REGULATIONS.**

"Not later than 180 days after the date of enactment of this chapter, the Secretary shall promulgate such regulations as are necessary to carry out the program, including regulations that—

"(1) provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing payments, on a fair and equitable basis;

"(2) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the program; and

"(3) to the maximum extent practicable, eliminate duplication of planning activities under the program and comparable conservation programs.".

## Subchapter B—Environmental Quality Incentives Program

**SEC. 2351. 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";

(2) in paragraph (3)—

(A) by inserting ", forest land," after "grazing land"; and

(B) by inserting "pollinators," after "wetland),"; and

(3) in paragraph (4)—

(A) by inserting "fuels management, forest management," after "grazing management,"; and

(B) by inserting "and forested" after "agricultural".

**SEC. 2352. DEFINITIONS.**

(a) ELIGIBLE LAND.—Section 1240A(2) of the Food Security Act of 1985 (16 U.S.C. 3838aa–1(2)) is amended—

(1) in subparagraph (A), by striking "commodities or livestock" and inserting "commodities, livestock, or forest-related products"; and

(2) in subparagraph (B)—

(A) by striking clause (v) and inserting the following:

"(v) nonindustrial private forest land;";

(B) by redesignating clause (vi) as clause (vii); and

(C) by inserting after clause (v) the following:

"(vi) land used for pond-raised aquaculture production; and".

(b) LAND MANAGEMENT PRACTICE.—Section 1240A(3) of the Food Security Act of 1985 (16 U.S.C. 3838aa–1(3)) is amended—

(1) by striking "The term" and inserting the following:

"(A) IN GENERAL.—The term";

(2) by inserting "fuels management, forest management," after "grazing management"; and

(3) by adding at the end the following:

"(B) FOREST MANAGEMENT.—For purposes of subparagraph (A), forest management practices may include activities that the Secretary determines are necessary—

"(i) to improve water, soil, or air quality;

"(ii) to restore forest biodiversity;

"(iii) to control invasive species;

"(iv) to improve wildlife habitat; or

"(v) to achieve conservation priorities identified in an applicable forest resource assessment and plan.".

(c) PRACTICE.—Section 1240A(5) of the Food Security Act of 1985 (16 U.S.C. 3838aa–1(5)) is amended by inserting "conservation planning practices," after "land management practices,".

(d) CUSTOM FEEDING BUSINESS.—Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3838aa–1) is amended—

(1) by redesignating paragraph (6) as paragraph (7); and

(2) by inserting after paragraph (5) the following:

"(6) PRODUCER.—The term 'producer' includes a custom feeding business and a contract grower or finisher.".

(e) STRUCTURAL PRACTICE.—Paragraph (7)(A) of section 1240A of the Food Security Act of 1985 (16 U.S.C. 3838aa–1) (as redesignated by subsection (d)(1)) is amended by inserting "firebreak, fuelbreak," after "constructed wetland,".

**SEC. 2353. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.**

(a) ESTABLISHMENT.—Section 1240B(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(a)) is amended—

(1) in paragraph (1), by striking ''2010'' and inserting ''2012''; and

(2) in paragraph (2)(B), by inserting ''conservation plan or'' after ''develops a''.

(b) PRACTICES AND TERM.—Section 1240B(b) of the Food Security Act of 1985 (16 U.S.C. 3839aa–2(b)) is amended—

(1) in paragraph (1), by inserting ''conservation planning practices,'' after ''land management practices,''; and

(2) in paragraph (2)(B), by striking ''10'' and inserting ''5''.

(c) ESTABLISHMENT AND ADMINISTRATION.—Section 1240B of the Food Security Act of 1985 (16 U.S.C. 3839aa–2) is amended—

(1) by striking subsection (c);

(2) in subsection (d)—

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

"(A) SOCIALLY DISADVANTAGED FARMERS OR RANCHERS AND BEGINNING FARMERS OR RANCHERS.—

"(i) IN GENERAL.—In the case of a producer that is a socially disadvantaged farmer or rancher or a beginning farmer or rancher, the Secretary may increase the amount that would otherwise be provided to the producer under paragraph (1) to—

"(I) not more than 90 percent; and

"(II) not less than 15 percent above the otherwise applicable rate.

"(ii) ADVANCE PAYMENTS.—Not more than 30 percent of the amount determined under clause (i) may be provided in advance for the purpose of purchasing materials or contracting.";

(B) by striking paragraph (3) and inserting the following:

"(3) OTHER PAYMENTS.—A producer shall not be eligible for cost-share payments for practices on eligible land under the program if the producer receives cost-share payments or other benefits for the

same practice on the same land under another program.''; and

(C) by adding at the end the following:

''(4) GUARANTEED LOAN ELIGIBILITY.—Notwithstanding section 333(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983(1)), with respect to the cost of a loan, a producer with an application that meets the standards for a cost-share payment under this subsection but that is not approved by the Secretary shall receive priority consideration for a guaranteed loan under section 304 of that Act (7 U.S.C. 1924).'';

(3) in subsection (e), by striking paragraph (2) and inserting the following:

''(2) SPECIAL RULE.—In determining the amount and rate of incentive payments, the Secretary may accord great significance to a practice that promotes residue, nutrient, air quality, pest, or predator deterrence, including practices to deter predator species protected under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), gray wolves, grizzly bears, and black bears.'';

(4) in subsection (g), by striking ''2007'' and inserting ''2012'';

(5) by redesignating subsections (d) through (h) as subsections (c) through (g), respectively; and

(6) by adding at the end the following:

"(h) WATER CONSERVATION OR IRRIGATION EFFICIENCY PRACTICE.—

"(1) IN GENERAL.—The Secretary may provide technical assistance, cost-share payments, and incentive payments to a producer for a water conservation or irrigation practice.

"(2) PRIORITY.—In providing assistance and payments to producers for a water conservation or irrigation practice, the Secretary may give priority to applications in which—

"(A) there is an improvement in surface flows or a reduction in the use of groundwater in the agricultural operation of the producer, consistent with the law of the State in which the operation of the producer is located; 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.".

**SEC. 2354. EVALUATION OF OFFERS AND PAYMENTS.**

Section 1240C of the Food Security Act of 1985 (16 U.S.C. 3839aa–3) is amended—

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

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

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

''(2) improve conservation practices in place on the operation of the producer at the time the contract offer is accepted; and''.

**SEC. 2355. DUTIES OF PRODUCERS.**

Section 1240D(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–4(2)) is amended by striking ''farm or ranch'' and inserting ''farm, ranch, or forest land''.

**SEC. 2356. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.**

Section 1240E(a) of the Food Security Act of 1985 (16 U.S.C. 3839aa–5(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting '', or an entity described in section 1244(e) acting on behalf of producers,'' after ''producer'';

(2) in paragraph (2), by striking ''and'' after the semicolon at the end;

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

(4) by adding at the end the following:

"(4) in the case of forest land, is consistent with 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.".

**SEC. 2357. LIMITATION ON PAYMENTS.**

Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

(1) by striking "An individual" and inserting "(a) IN GENERAL.—Subject to section 1244(i), an individual"; and

(2) by adding at the end the following:

"(b) PRODUCER ORGANIZATIONS.—In the case of an entity described in section 1244(e), the limitation established under this section shall apply to each participating producer and not to the entity described in section 1244(e).".

**SEC. 2358. CONSERVATION INNOVATION GRANTS.**

Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended—

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

''(a) IN GENERAL.—The Secretary may pay the cost of competitive grants that leverage Federal investment in environmental enhancement and protection through the program by—

''(1) stimulating the development of innovative technologies; and

''(2) transferring those technologies to agricultural and nonindustrial private forest land in production.''; and

(2) in subsection (b), by striking paragraph (2) and inserting the following:

''(2)(A) implement innovative conservation technologies, such as market systems for pollution reduction and practices for the storing of carbon in the soil;

''(B) provide a mechanism for transferring those technologies to agricultural and nonindustrial private forest land in production; and

''(C) increase environmental and resource conservation benefits through specialty crop production; and''.

**SEC. 2359. GROUND AND SURFACE WATER CONSERVATION.**

Section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9) is amended to read as follows:

**"SEC. 1240I. GROUND AND SURFACE WATER CONSERVATION.**

''(a) PURPOSES.—The purposes of this section are—

''(1) to improve irrigation systems;

''(2) to enhance irrigation efficiencies;

''(3) to assist producers in converting to—

''(A) the production of less water-intensive agricultural commodities; or

''(B) dryland farming;

''(4) to improve water storage capabilities through measures such as water banking and groundwater recharge and other related activities;

''(5) to mitigate the effects of drought;

''(6) to enhance fish and wildlife habitat associated with irrigation systems, including pivot corners and areas with irregular boundaries;

''(7) to conduct resource condition assessment and modeling relating to water conservation;

''(8) to assist producers in developing water conservation plans; and

''(9) to promote any other measures that improve groundwater and surface water conservation, as determined by the Secretary.

"(b) DEFINITIONS.—In this section:

"(1) PARTNER.—

"(A) IN GENERAL.—The term 'partner' means an entity that enters into a partnership agreement with the Secretary to carry out water conservation activities on a regional scale.

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

"(i) an agricultural or silvicultural producer association or other group of producers;

"(ii) a State or unit of local government, including an irrigation company and a water district and canal company; or

"(iii) a federally recognized Indian tribe.

"(2) PARTNERSHIP AGREEMENT.—The term 'partnership agreement' means a cooperative or contribution agreement entered into between the Secretary and a partner.

"(3) REGIONAL WATER CONSERVATION ACTIVITY.—The term 'regional water conservation activity' means a water conservation activity carried out on a regional or other appropriate level, as determined by the Secretary, to benefit agricultural land.

"(c) ESTABLISHMENT.—In carrying out the program under this chapter, the Secretary shall promote ground and surface water conservation—

"(1) by providing cost-share assistance and incentive payments to producers to carry out water conservation activities with respect to the agricultural operations of producers; and

"(2) by working cooperatively with partners, in accordance with subsection (d), on a regional level to benefit working agricultural land.

"(d) PARTNERSHIP AGREEMENTS.—

"(1) IN GENERAL.—The Secretary may enter into partnership agreements to meet the objectives of the program under this chapter.

"(2) APPLICATIONS.—An application to the Secretary to enter into an agreement under paragraph (1) shall include—

"(A) a description of—

"(i) the geographical area;

"(ii) the current conditions;

"(iii) the water conservation objectives to be achieved; and

"(iv) the expected level of participation by producers;

"(B) a description of the partners collaborating to achieve the project objectives and the roles, responsibilities, and capabilities of each partner;

"(C) a description of—

"(i) the program resources requested from the Secretary; and

"(ii) the non-Federal resources that will be leveraged by the Federal contribution; and

"(D) other such elements as the Secretary considers necessary to adequately evaluate and competitively select applications for award.

"(e) DUTIES OF THE SECRETARY.—

"(1) WATER CONSERVATION ACTIVITIES BY PRODUCERS.—The Secretary shall select water conservation projects proposed by producers according to applicable requirements under the environmental quality incentives program established under this chapter.

"(2) REGIONAL WATER CONSERVATION ACTIVITIES.—

"(A) COMPETITIVE PROCESS.—The Secretary shall conduct a competitive process to se-

lect the regional water conservation activities for funding under this section.

"(B) PUBLIC AVAILABILITY.—In carrying out the process, the Secretary shall make public the criteria used in evaluating applications.

"(C) PRIORITY.—The Secretary may give a higher priority to proposals from partners that—

"(i) include high percentages of agricultural land and producers in a region or other appropriate area;

"(ii) result in high levels of on-the-ground water conservation activities;

"(iii) significantly enhance agricultural activity and related economic development;

"(iv) allow for monitoring and evaluation; and

"(v) assist producers in meeting Federal, State and local regulatory requirements.

"(D) ADMINISTRATION.—The Secretary shall ensure that resources made available for regional water conservation activities under this

section are delivered in accordance with applicable program rules.

"(f) EASTERN SNAKE PLAIN AQUIFER PILOT.—

"(1) IN GENERAL.—Of amounts made available under subsection (h), the Secretary shall reserve $2,000,000, to remain available until expended, for regional water conservation activities in the Eastern Snake Aquifer Region.

"(2) APPROVAL.—The Secretary may approve regional water conservation activities under this subsection that address, in whole or in part, water quality issues.

"(g) CONSISTENCY WITH STATE LAW.—Any water conservation activity conducted under this section shall be consistent with applicable State water law.

"(h) FUNDING.—

"(1) AVAILABILITY OF FUNDS.—Of the funds of the Commodity Credit Corporation, in addition to amounts made available under section 1241(a) to carry out this chapter, the Secretary shall use $60,000,000 for each of fiscal years 2008 through 2012.

"(2) LIMITATION.—None of the funds made available for regional water conservation activities

under this section may be used to pay for the administrative expenses of partners.''.

**SEC. 2360. ORGANIC CONVERSION.**

The Food Security Act of 1985 is amended by inserting after section 1240I (16 U.S.C. 3839aa–9) the following:

**''SEC. 1240J. ORGANIC CONVERSION.**

''(a) DEFINITIONS.—In this section:

''(1) 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.).

''(2) ORGANIC SYSTEM PLAN.—The term 'organic system plan' means an organic plan approved under the national organic program.

''(b) ESTABLISHMENT.—Under the environmental quality incentives program established under this chapter, not later than 180 days after the date of enactment of this section, the Secretary shall establish a program under which the Secretary shall provide cost-share and incentive payments to producers to promote conservation practices and activities for production systems undergoing conversion on some or all of the operations of the producer to organic production in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

"(c) ORGANIC CONVERSION COST-SHARE AND INCENTIVE PAYMENTS.—The Secretary shall provide organic conversion cost-share and incentive payments to producers that—

"(1) are converting to organic production systems, including producers with existing certified organic production for conversion to organic production of land and livestock not previously certified organic; and

"(2) enter into contracts with the Secretary for eligible practices and activities described in subsection (d).

"(d) ELIGIBLE PRACTICES AND ACTIVITIES.—Producers may use funds made available under subsection (c) for—

"(1) practices and activities during conversion to certified organic production that—

"(A) are required by, or consistent with, an approved organic system plan; and

"(B) protect resources of concern, as identified by the Secretary;

"(2) technical services, including the costs of developing an approved organic system plan; and

"(3) such other measures as the Secretary determines to be appropriate and consistent with an approved organic system plan.

"(e) ELIGIBLE PRODUCERS.—To be eligible to receive cost-share and incentive payments under this section, a producer shall agree—

"(1) to develop and carry out conservation and environmental activities that—

"(A) are required by, or consistent with, an approved organic system plan; and

"(B) protect resources of concern, as identified by the Secretary;

"(2) to receive technical and educational assistance from the Secretary or from an organization, institute, or consultant with a cooperative agreement with the Secretary relating to—

"(A) the development of an organic system plan and the implementation of conservation practices and activities that are part of an organic system plan; or

"(B) other aspects of an organic system plan, including marketing, credit, business, and risk management plans; and

"(3) to submit annual verification by a certifying entity accredited by the Secretary to determine

the compliance of the producer with organic certification requirements.

''(f) TERM.—A contract under this section shall have a term of—

''(1) not less than 3 years; and

''(2) not more than 4 years.

''(g) LIMITATIONS ON PAYMENTS.—As part of the payment limitation described in section 1240G, an individual or entity may not receive, directly or indirectly, cost-share or incentive payments under this section—

''(1) for a period of more than 4 years; or

''(2) that, in the aggregate and exclusive of technical assistance, exceed—

''(A) $20,000 per year; or

''(B) a total amount of $80,000.

''(h) TERMINATION OF CONTRACTS.—The Secretary may cancel or otherwise nullify a contract entered into under this section if the Secretary determines the producers are not pursuing organic certification.''.

**SEC. 2361. CHESAPEAKE BAY WATERSHED CONSERVATION PROGRAM.**

The Food Security Act of 1985 is amended by inserting after section 1240J (as added by section 2360) the following:

**"SEC. 1240K. CHESAPEAKE BAY WATERSHED CONSERVATION PROGRAM.**

''(a) DEFINITION OF CHESAPEAKE BAY WATERSHED.—In this section, the term 'Chesapeake Bay watershed' includes all tributaries, backwaters, and side channels (including watersheds) draining into the Chesapeake Bay.

''(b) ESTABLISHMENT.—The Secretary shall use the authorities granted under the environmental quality incentives program established under this chapter to address natural resource concerns relating to agricultural and nonindustrial private forest land in the Chesapeake Bay watershed.

''(c) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use $165,000,000 to carry out this section for the period of fiscal years 2008 through 2012.''.

# CHAPTER 3—FARMLAND PROTECTION

## Subchapter A—Farmland Protection Program

**SEC. 2371. 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:

"(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 exempt 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 or-

ganization described in section 509(a)(2), of that Code.''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by striking clauses (i) and (ii) and inserting the following:

''(i) has prime, unique, or other productive soil;

''(ii) contains historical or archaeological resources; or

''(iii) furthers 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;

(ii) by striking clause (v) and inserting the following:

''(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 the incidental land is determined by the Secretary to be necessary for the efficient administration of a conservation easement.".

(b) FARMLAND PROTECTION.—Section 1238I of the Food Security Act of 1985 (16 U.S.C. 3838i) is amended—

(1) in subsection (a), by striking "purchase conservation easements" and all the follows through the end of the subsection and inserting "enter into cooperative agreements with eligible entities for the eligible entities to purchase permanent conservation easements or other interests in eligible land for the purpose of protecting the agricultural use and related conservation values of the land by limiting incompatible nonagricultural uses of the land.";

(2) by redesignating subsections (b) and (c) as subsections (e) and (f), respectively;

(3) by inserting after subsection (a) the following:

"(b) TERMS AND CONDITIONS FOR COOPERATIVE AGREEMENTS.—

"(1) IN GENERAL.—The Secretary shall establish the terms and conditions of any cooperative

agreement entered into under this subchapter under which the eligible entity shall use funds provided by the Secretary.

"(2) MINIMUM REQUIREMENTS.—A cooperative agreement shall, at a minimum—

"(A) specify the qualifications of the eligible entity to carry out the responsibilities of the eligible entity under the program, including acquisition and management policies and procedures that ensure the long-term integrity of the conservation easement protections;

"(B) subject to subparagraph (C), identify a specific project or a range of projects funded under the agreement;

"(C) allow, upon mutual agreement of the parties, substitution of qualified projects that are identified at the time of substitution;

"(D) specify the manner in which the eligible entity will evaluate and report the use of funds to the Secretary;

"(E) allow the eligible entity flexibility to use the terms and conditions of the eligible entity for conservation easements and other purchases of interests in land, except that—

"(i) subject to clause (ii), each easement shall include a limitation on the total quantity of impervious surface of not more than—

"(I) 20 percent of the first 10 acres;

"(II) 5 percent of the next 90 acres; and

"(III) 1 percent of any additional acres; and

"(ii) the Secretary may waive a limitation under clause (i) after a determination by the Secretary that the eligible entity has in place a requirement that provides substantially-similar protection consistent with agricultural activities regarding the impervious surfaces to be allowed for any conservation easement or other interest in land purchases using funds provided under the program;

"(F) require appraisals of acquired interests in eligible land that comply with, at the option of the eligible entity—

"(i) the Uniform Standards of Professional Appraisal Practice; or

"(ii) other industry-approved standard, as determined by the Secretary; and

"(G) allow as part of the share of the eligible entity of the cost to purchase a conservation easement or other interest in eligible land described in subsection (a), that 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 will be purchased.

"(c) COST SHARING.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary may provide a share of the purchase price of a conservation easement or other interest in land acquired by an eligible entity under the program.

"(2) MAXIMUM AMOUNT OF FAIR MARKET VALUE.—The Secretary shall not pay more than 50 percent of the appraised fair market value of the acquisition under this subsection.

"(3) MINIMUM SHARE BY ELIGIBLE ENTITY.—The eligible entity shall be required to provide a share of the cost under this subsection in an amount that is not less than the lesser of—

"(A) ½ of the purchase price of the acquisition;

"(B) if the landowner has made a donation of 25 percent or less of the appraised fair market value of the acquisition, an amount that, when combined with the donation, equals the amount of the payment by the Secretary; or

"(C) if the landowner has made a donation of more than 25 percent of the appraised fair market value of the acquisition, ⅓ of the purchase price of the acquisition.

"(d) PROTECTION OF FEDERAL INVESTMENT.—

"(1) IN GENERAL.—The Secretary shall ensure that the terms of an easement acquired by the eligible entity provides protection for the Federal investment through an executory limitation by the Federal Government.

"(2) RELATIONSHIP TO FEDERAL ACQUISITION OF REAL PROPERTY.—The inclusion of a Federal executory limitation described in paragraph (1) shall—

"(A) not be considered the Federal acquisition of real property; and

"(B) not trigger any Federal appraisal or other real property requirements, including the

Federal standards and procedures for land acquisition.''; and

(4) in subsection (f) (as redesignated by paragraph (2)), by striking ''COST SHARING.—'' and all that follows through ''BIDDING DOWN.—'' and inserting ''BIDDING DOWN.—''.

## Subchapter B—Grassland Reserve Program

### SEC. 2381. GRASSLAND RESERVE PROGRAM.

Subchapter C of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.) is amended to read as follows:

## ''Subchapter C—Grassland Reserve Program

### ''SEC. 1238N. DEFINITIONS.

''In this subchapter:

''(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 exempt 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.

"(2) ELIGIBLE LAND.—The term 'eligible land' means private land that—

"(A) is grassland, rangeland, land that contains forbs, or shrub land (including improved rangeland and pastureland) for which grazing is the predominant use;

"(B) is located in an area that has been historically dominated by grassland, forbs, or shrub land, and the land potentially could pro-

vide habitat for animal or plant populations of significant ecological value if the land—

"(i) is retained in the current use of the land;

"(ii) is restored to a natural condition;

"(iii) contains historical or archeological resources;

"(iv) would further the goals and objectives of State, regional, and national fish, and wildlife conservation plans and initiatives; or

"(v) is incidental to land described in clauses (i) through (iv), if the incidental land is determined by the Secretary to be necessary for the efficient administration of an agreement or conservation easement.

"(3) PERMANENT CONSERVATION EASEMENT.—The term 'permanent conservation easement' means a conservation easement that is—

"(A) a permanent easement; or

"(B) in a State that imposes a maximum duration for easements, an easement for the maximum duration allowed under State law.

**"SEC. 1238O. GRASSLAND RESERVE PROGRAM.**

"(a) ESTABLISHMENT.—The Secretary shall establish and carry out a grassland reserve program through which the Secretary shall provide payments and technical assistance to landowners to assist in restoring and conserving eligible land described in section 1238N(2).

"(b) ENROLLMENT OF LAND.—

"(1) IN GENERAL.—The Secretary may enroll eligible land in the program through—

"(A) an easement or contract described in paragraph (2); or

"(B) a cooperative agreement with an eligible entity.

"(2) OPTIONS.—Eligible land enrolled in the program shall be subject to—

"(A) a 30-year contract;

"(B) a 30-year conservation easement; or

"(C) a permanent conservation easement.

"(3) ENROLLMENT OF CONSERVATION RESERVE ACREAGE.—

"(A) IN GENERAL.—Eligible land enrolled in the conservation reserve program established under subchapter B of chapter 1 may be enrolled into permanent conservation easements under this subchapter if—

"(i) the Secretary determines that the eligible land—

"(I) is of high ecological value; and

"(II) would be under significant threat of conversion to other uses if the conservation reserve program contract were terminated; and

"(ii) the landowner agrees to the enrollment.

"(B) MAXIMUM ENROLLMENT.—The number of acres of conservation reserve program land enrolled under this paragraph in a calendar year shall not exceed the number of acres that could be funded by 10 percent of the total amount of funds available for this section for a fiscal year.

"(C) PROHIBITION ON DUPLICATE PAYMENTS.—Eligible land enrolled in the program shall no longer be eligible for payments under the conservation reserve program.

"(c) RESTORATION AGREEMENTS.—The Secretary may enter into a restoration agreement with a landowner, as determined appropriate by the Secretary.

"(d) CONSERVATION EASEMENT TITLE.—The title holder of a conservation easement obtained under this subchapter may be—

"(1) the Secretary; or

"(2) an eligible entity.

**"SEC. 1238P. DUTIES.**

"(a) DUTIES OF LANDOWNERS.—

"(1) IN GENERAL.—To become eligible to enroll eligible land through the grant of a conservation easement, the landowner shall—

"(A) create and record an appropriate deed restriction in accordance with applicable State law;

"(B) provide proof of clear title to the underlying fee interest in the eligible land that is subject of the conservation easement;

"(C) provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

"(D) grant the conservation easement to the Secretary or an eligible entity; and

"(E) comply with the terms of the conservation easement and any associated restoration agreement.

"(2) RESTORATION AGREEMENT.—If a restoration agreement is required by the Secretary, the landowner shall develop and implement a restoration plan.

"(b) DUTIES OF SECRETARY.—

"(1) EVALUATION OF OFFERS.—

"(A) IN GENERAL.—The Secretary shall establish criteria to evaluate and rank applications for easements and contracts under this subchapter.

"(B) CONSIDERATIONS.—In establishing the criteria, the Secretary shall emphasize support for—

"(i) grazing operations;

"(ii) plant and animal biodiversity;

"(iii) grassland, land that contains forbs, and shrubland under the greatest threat of conversion; and

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

"(C) PRIORITY.—In evaluating offers under this subchapter, the Secretary may give priority to applications that—

"(i) include a cash contribution from the eligible entity submitting the application; or

"(ii) leverage resources from other sources.

"(2) COMPENSATION.—

"(A) IN GENERAL.—

"(i) EASEMENTS AND CONTRACTS.—In return for the granting of an easement, the Secretary shall provide to the landowner an amount that is equal to—

"(I) in the case of a permanent easement, the fair market value of the land less the grazing value of the land encumbered by the easement; and

"(II) in the case of a 30-year easement or 30-year contract, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

"(ii) RESTORATION AGREEMENTS.—In making cost-share payments for restoration agreements, the Secretary shall make payments to the landowner—

"(I) in the case of a permanent easement, in an amount that is not less than 90, but not more than 100, percent of the eligible costs; and

"(II) in the case of a 30-year easement or 30-year contract, in an amount that is not less than 50, but not more than 75, percent of the eligible costs.

"(B) DELIVERY OF PAYMENTS.—

"(i) PAYMENT SCHEDULE.—Except as otherwise provided in this subchapter, payments may be provided pursuant to an easement, contract, or other agreement, in not more than 30 annual payments, and in an equal or unequal amounts, as agreed to by the Secretary and the landowner.

"(ii) PAYMENTS TO OTHERS.—If an owner that is entitled to a payment under this subchapter 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 pro-

mulgated by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable after considering all the circumstances.

''(3) TECHNICAL ASSISTANCE.—If a restoration agreement is required by the Secretary, the Secretary shall provide technical assistance to comply with the terms and conditions of the restoration agreement.

**''SEC. 1238Q. TERMS AND CONDITIONS.**

''(a) TERMS AND CONDITIONS OF EASEMENT OR CONTRACTS.—An easement or contract under this subchapter shall—

''(1) 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; and

"(C) fire presuppression, rehabilitation, and construction of fire breaks and fences (including placement of the posts necessary for fences);

"(2) 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 covered by the easement or agreement; and

"(3) include such additional provisions as the Secretary determines are appropriate to carry out or facilitate the administration of this subchapter.

"(b) TERMS AND CONDITIONS OF COOPERATIVE AGREEMENTS.—

"(1) IN GENERAL.—The Secretary shall establish the terms and conditions of any cooperative agreement entered into under this subchapter under which the eligible entity shall use funds provided by the Secretary.

"(2) MINIMUM REQUIREMENTS.—A cooperative agreement shall, at a minimum—

"(A) specify the qualification of the eligible entity to carry out the responsibilities of the eligible entity under the program, including acquisition, monitoring, enforcement, and management policies and procedures that ensure the long-term integrity of the conservation easement protections;

"(B) subject to subparagraph (C), identify a specific project or a range of projects funded under the agreement;

"(C) allow, upon mutual agreement of the parties, substitution of qualified projects that are identified at the time of substitution;

"(D) specify the manner in which the eligible entity will evaluate and report the use of funds to the Secretary;

"(E) allow the eligible entity flexibility to develop and use terms and conditions for conservation easements and other purchases of interest in eligible land, if the Secretary finds the terms and conditions consistent with the purposes of the program and adequate to achieve and permit effective enforcement of the con-

servation purposes of the conservation easements or other interests;

"(F) require appraisals of acquired interests in eligible land that comply with a method approved by industry;

"(G) if applicable, allow as part of the share of the eligible entity of the cost to purchase a conservation easement or other interest in eligible land described in section 1238O(b), that 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 for which the conservation easement will be purchased; and

"(H) provide for a schedule of payments to an eligible entity, as agreed to by the Secretary and the eligible entity, over a term of not to exceed 30 years.

"(3) PROTECTION OF FEDERAL INVESTMENT.—

"(A) IN GENERAL.—The Secretary shall ensure that the terms of an easement acquired by the eligible entity provides protection for the Federal investment through an executory limitation by the Federal government.

"(B) RELATIONSHIP TO FEDERAL ACQUISITION OF REAL PROPERTY.—The inclusion of an executory limitation described in subparagraph (A) shall—

"(i) not be considered the Federal acquisition of real property; and

"(ii) not trigger any Federal appraisal or other real property requirements, including the Federal standards and procedures for land acquisition.

"(C) TERMS OF RESTORATION AGREEMENT.—A restoration agreement shall contain—

"(i) a statement of the conservation measures and practices that will be undertaken in regard to the eligible land subject to the conservation easement;

"(ii) restrictions on the use of the eligible land subject to the conservation easement; and

"(iii) a statement of the respective duties of the Secretary, landowner, and eligible entity, as appropriate.

"(c) VIOLATION.—If a violation occurs of the terms or conditions of a conservation easement, contract, cooper-

ative agreement or restoration agreement entered into under this section—

"(1) the conservation easement, contract, cooperative agreement, or restoration agreement shall remain in force; and

"(2) the Secretary may require the owner or entity to refund all or part of any payments received by the owner under this subchapter, with interest on the payments as determined appropriate by the Secretary.".

## CHAPTER 4—OTHER CONSERVATION PROGRAMS

### SEC. 2391. CONSERVATION SECURITY PROGRAM.

Subchapter A of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 is amended by adding after section 1238C (16 U.S.C. 3838c) the following:

### "SEC. 1238D. PERIOD OF EFFECTIVENESS.

"(a) IN GENERAL.—This subchapter, and the terms and conditions of the conservation security program, shall continue to apply to conservation security contracts entered into as of the date before the date of enactment of this section.

"(b) PAYMENTS.—The Secretary shall make payments under this subchapter with respect to conservation

security contracts described in subsection (a) during the term of the contracts.

"(c) PROHIBITION ON NEW CONTRACTS.—A conservation security contract may not be entered into or renewed under this subchapter as of the date of enactment of this section.

"(d) LIMITATION.—A contract described in subsection (a) may not be administered under the regulations issued under section 1240Y.".

**SEC. 2392. 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. 2393. REAUTHORIZATION OF WILDLIFE HABITAT INCENTIVE PROGRAM.**

Section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) is amended—

(1) in subsection (b)—

(A) in the subsection heading, by striking "COST-SHARE";

(B) in paragraph (1), by inserting "and incentive" after "cost-share"; and

(C) in paragraph (2)(B), by striking "15 percent" and inserting "25 percent"; and

(2) by adding at the end the following:

"(d) FISH AND WILDLIFE CONSERVATION PLANS AND INITIATIVES.—In carrying out this section, the Secretary shall give priority to projects that would further the goals and objectives of State, regional, and national fish and wildlife conservation plans and initiatives.

"(e) DURATION OF PROGRAM.—Using funds made available under section 1241(a)(7), the Secretary shall carry out the program during each of fiscal years 2008 through 2012.".

**SEC. 2394. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.**

Section 1240O of the Food Security Act of 1985 (16 U.S.C. 3839bb–2) is amended by striking subsection (b) and inserting the following:

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2008 through 2012.".

**SEC. 2395. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.**

Section 1240P(c) of the Food Security Act of 1985 (16 U.S.C. 3839bb–3(c)) is amended by striking "2007" and inserting "2012".

**SEC. 2396. 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. 2397. DISCOVERY WATERSHED DEMONSTRATION 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 adding at the end the following:

**''SEC. 1240Q. DISCOVERY WATERSHED DEMONSTRATION PROGRAM.**

''(a) ESTABLISHMENT.—The Secretary shall establish and carry out a demonstration program in not less than 30 small watersheds in States of the Upper Mississippi River basin to identify and promote the most cost-effective and efficient approaches to reducing the loss of nutrients to surface waters.

''(b) PURPOSE.—The demonstration program shall demonstrate in small watersheds performance-based and market-based approaches—

''(1) to reduce the loss of nutrients to surface waters from agricultural land; and

''(2) to monitor the cost-effectiveness of management practices designed to reduce the loss of nutrients to surface waters from agricultural land.

"(c) PARTNERSHIPS.—In carrying out this section, the Secretary may establish or identify, as appropriate, partnerships to select the watersheds and to encourage cooperative effort among the Secretary and State, local, and nongovernmental organizations.

"(d) SELECTION OF SMALL WATERSHEDS.—In selecting small watersheds for participation in the program, the Secretary shall consider the extent to which—

"(1) reducing nutrient losses to surface water in the small watershed would be likely to result in measurable improvements in water quality in the small watershed;

"(2) a demonstration project would use innovative approaches to attract a high level of producer participation in the small watershed to ensure success;

"(3) a demonstration project could be implemented through a third party, including a producer organization, farmer cooperative, conservation district, water utility, agency of State or local government, conservation organization, or other organization with appropriate expertise;

"(4) a demonstration project would leverage funding from State, local, and private sources;

"(5) a demonstration project would demonstrate market-based approaches to nutrient losses to surface waters;

"(6) baseline data related to water quality and agricultural practices and contributions from non-agricultural sources as relevant in the small watershed has been collected or could be readily collected; and

"(7) water quality monitoring infrastructure is in place or could reasonably be put in place in the small watershed.

"(e) USE OF FUNDS.—

"(1) IN GENERAL.—Funding provided for the program under subsection(f) shall be used in not less than 30 small watersheds—

"(A) to provide technical assistance;

"(B) to provide and assess financial incentives to agricultural producers implementing conservation practices that reduce nutrient losses to surface waters;

"(C) to monitor the performance and costs of alternative nutrient management techniques, including soil tests, stalk tests, cover crops, soil amendments, buffers, and tillage practices; and

"(D) to share the cost of data collection, monitoring, and analysis.

"(2) PROHIBITION.—None of the funds made available to carry out the program for each fiscal year may be used for administrative expenses.

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

**SEC. 2398. EMERGENCY LANDSCAPE RESTORATION PROGRAM.**

(a) IN GENERAL.—Chapter 5 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) (as amended by section 2386) is amended by adding at the end the following:

**"SEC. 1240R. EMERGENCY LANDSCAPE RESTORATION PROGRAM.**

"(a) DEFINITION OF ELIGIBLE RECIPIENT.—In this section, the term 'eligible recipient' means—

"(1) an organization that is eligible for technical assistance and cost-share payments under this section and assists working agricultural land and nonindustrial private forest land, including—

"(A) a community-based association; and

"(B) a city, county, or regional government, including a watershed council and a conservation district; and

"(2) an individual who is eligible for technical assistance and cost-share payments under this section, including—

"(A) a producer;

"(B) a rancher;

"(C) an operator;

"(D) a nonindustrial private forest landowner; and

"(E) a landlord on working agricultural land.

"(b) PURPOSE.—The purpose of the emergency landscape restoration program is to rehabilitate watersheds, nonindustrial private forest land, and working agricultural land adversely affected by natural catastrophic events, by—

"(1) providing a source of assistance for restoration of the land back to a productive state;

"(2) preventing further impairment of land and water, including prevention through the purchase of floodplain easements; and

"(3) providing further protection of natural resources.

"(c) ESTABLISHMENT.—The Secretary, acting through the Natural Resources Conservation Service, shall carry out an emergency landscape restoration program under which technical assistance and cost-share payments are made available to eligible recipients to carry out remedial activities to restore landscapes damaged by—

"(1) fire;

"(2) drought;

"(3) flood;

"(4) hurricane force or excessive winds;

"(5) ice storms or blizzards; or

"(6) other resource-impacting natural events, as determined by the Secretary.

"(d) PRIORITIZATION.—The Secretary shall provide the highest priority for those activities that protect human health and safety.

"(e) TECHNICAL ASSISTANCE AND COST-SHARE PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall provide technical assistance and cost-share payments in amounts of up to 75 percent of the cost of remedial activities described in paragraph (2) to rehabilitate watersheds, nonindustrial private forest land, and working agricultural land.

"(2) REMEDIAL ACTIVITIES.—Remedial activities that are eligible for technical assistance and cost-share payments under this section include—

"(A) removal of debris from streams, agricultural land, and nonindustrial forest land, including—

"(i) the restoration of natural hydrology; and

"(ii) the removal of barriers for aquatic species;;

"(B) restoration of destabilized streambanks;

"(C) establishment of cover on critically eroding land;

"(D) restoration of fences;

"(E) construction of conservation structures;

"(F) provision of water for livestock in drought situations;

"(G) rehabilitation of farm or ranch land;

"(H) restoration of damaged nonindustrial private forest land, including—

"(i) the removal of damaged standing trees and downed timber; and

"(ii) site preparation, tree planting, direct seeding, and firebreaks;

"(I) the carrying out of emergency water conservation measures;

"(J) restoration of wildlife habitat and corridors;

"(K) livestock carcass removal and disposal; and

"(L) such other remedial activities as are determined by the Secretary.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012, to remain available until expended.

"(g) TEMPORARY ADMINISTRATION OF EMERGENCY LANDSCAPE RESTORATION PROGRAM.—

"(1) IN GENERAL.—During the period beginning on the date of enactment of this section and ending on the termination date described in paragraph (2), to ensure that technical assistance, cost-share payments, and other payments continue to be administered in an orderly manner until the date on which final regulations are promulgated to implement the emergency landscape restoration program,

the Secretary shall, to the extent the terms and conditions of the programs described in clauses (i) and (ii) of subparagraph (A) are consistent with the emergency landscape restoration program, continue to—

"(A) provide technical assistance, cost-share payments, and other payments under the terms and conditions of—

"(i) the emergency conservation program established under title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 et seq.); and

"(ii) the emergency watershed protection program established under section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203); and

"(B) use for those purposes—

"(i) any funds made available under those programs; and

"(ii) as the Secretary determines to be necessary, any funds made available to carry out the emergency landscape restoration program.

"(2) TERMINATION OF AUTHORITY.—The authority of the Secretary to carry out paragraph (1)

shall terminate on the effective date of final regulations to implement the emergency landscape restoration program.''.

(b) CONFORMING AMENDMENTS.—

(1) Effective on the effective date of final regulations to implement the emergency landscape restoration program under section 1240R of the Food Security Act of 1985 (as added by subsection (a)), title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 et seq.) is repealed.

(2) Section 1211(a)(3)(C) of the Food Security Act of 1985 (16 U.S.C. 3811(a)(3)(C)) is amended by inserting ''section 1240R or'' after ''a payment under''.

(3) Section 1221(b)(3)(C) of the Food Security Act of 1985 (16 U.S.C. 3821(b)(3)(C)) is amended by inserting ''section 1240R or'' after ''A payment under''.

**SEC. 2399. 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.) (as amended by section 2387(a)) is amended by adding at the end the following:

**"SEC. 1240S. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.**

"(a) IN GENERAL.—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)(3) 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.—Nothing in this section preempts a State or tribal government law (including any State or tribal government liability law).

"(e) REGULATIONS.—The Secretary shall promulgate such regulations as are necessary to carry out this section.".

# Subtitle E—Funding and Administration

**SEC. 2401. FUNDING AND ADMINISTRATION.**

Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended—

(1) in the matter preceding paragraph (1), by striking ''2007'' and inserting ''2012''; and

(2) by striking paragraphs (3) through (7) and inserting the following:

''(3) The conservation security program under subchapter A of chapter 2, using $2,317,000,000 to administer contracts entered into as of the day before the date of enactment of the Food and Energy Security Act of 2007, to remain available until expended.

''(4) The conservation stewardship program under subchapter B of chapter 6.

''(5) The farmland protection program under subchapter B of chapter 2, using, to the maximum extent practicable, $97,000,000 for each of fiscal years 2008 through 2012.

''(6) The grassland reserve program under subchapter C of chapter 2, using, to the maximum extent practicable, $240,000,000 for the period of fiscal years 2008 through 2012.

"(7) The environmental quality incentives program under chapter 4, using, to the maximum extent practicable—

"(A) $1,270,000,000 for each of fiscal years 2008 and 2009; and

"(B) $1,300,000,000 for each of fiscal years 2010 through 2012.

"(8) The wildlife habitat incentives program under section 1240N, using, to the maximum extent practicable, $85,000,000 for each of fiscal years 2008 through 2012.

"(9) The voluntary public access program under section 1240S, using, to the maximum extent practicable, $20,000,000 in each of fiscal years 2008 through 2012.".

**SEC. 2402. REGIONAL EQUITY.**

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (d) and inserting the following:

"(d) REGIONAL EQUITY.—

"(1) IN GENERAL.—Before April 1 of each fiscal year, the Secretary shall give priority for funding under the conservation programs under subtitle D and the agricultural management assistance program under section 524(b) of the Federal Crop In-

surance Act (7 U.S.C. 1524(b)) (excluding the conservation reserve program under subchapter B of chapter 1 and the wetlands reserve program under subchapter C of chapter 1) to approved applications in any State that has not received, for the fiscal year, an aggregate amount of at least $15,000,000 for those conservation programs.

''(e) SPECIFIC FUNDING ALLOCATIONS.—In determining the specific funding allocations for each State under paragraph (1), the Secretary shall consider the respective demand for each program in each State.

''(f) ALLOCATIONS REVIEW AND UPDATE.—

''(1) REVIEW.—Not later than January 1, 2012, the Secretary shall conduct a review of conservation program 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. 2403. CONSERVATION ACCESS.**

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as amended by section 2402) is amended by adding at the end the following:

"(g) CONSERVATION ACCESS.—

"(1) ASSISTANCE TO ELIGIBLE FARMERS OR RANCHERS.—

"(A) DEFINITION OF ELIGIBLE FARMER OR RANCHER.—In this paragraph, the term 'eligible farmer or rancher' means a farmer or rancher that, as determined by the Secretary—

"(i) derives or expects to derive more than 50 percent of the annual income of the farmer or rancher from agriculture (not including payments under the conservation reserve program established under subchapter B of chapter 1 of subtitle D); and

"(ii) is—

"(I) a beginning farmer or rancher (as defined in section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991)), except that in determining whether the farmer or rancher qualifies as a beginning

farmer or rancher, the Secretary may—

"(aa) employ a fair and reasonable test of net worth; and

"(bb) use such other criteria as the Secretary determines to be appropriate; or

"(II) 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)).

"(B) ASSISTANCE.—In the case of each program described in subsection (a), except as provided in paragraph (2), for each fiscal year in which funding is made available for the program, 10 percent of the funds available for the fiscal year shall be used by the Secretary to assist eligible farmers or ranchers.

"(2) ACREAGE PROGRAMS.—In the case of the conservation reserve and wetlands reserve programs, 10 percent of the acreage authorized to be enrolled in any fiscal year shall be used to assist eligible farmers or ranchers.

"(3) REPOOLING.—In any fiscal year, amounts not obligated under this subsection 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 program for which the amounts were originally made available under this title.

"(4) CONSERVATION INNOVATION GRANTS.—Funding under paragraph (1) for conservation innovation grants under section 1240H may, in addition to purposes described in subsection (b) of that section, be used for—

"(A) technology transfer;

"(B) farmer-to-farmer workshops; and

"(C) demonstrations of innovative conservation practices.

"(5) TECHNICAL ASSISTANCE.—The Secretary shall offer, to the maximum extent practicable, higher levels of technical assistance to beginning farmers or ranchers and socially disadvantaged farmers or ranchers than are otherwise made available to producers participating in programs under this title.

"(6) COOPERATIVE AGREEMENTS.—The Secretary may develop and implement cooperative agreements with entities (including government

agencies, extension entities, nongovernmental and community-based organizations, and educational institutions) with expertise in addressing the needs of beginning farmers or ranchers and socially disadvantaged farmers or ranchers to provide technical assistance, comprehensive conservation planning education, and sustainable agriculture training.''.

**SEC. 2404. DELIVERY OF 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—

''(1) an agricultural producer;

''(2) an eligible entity;

''(3) an eligible landowner; and

''(4) an interested organization.

''(b) PURPOSE.—The purpose of technical assistance authorized by this title 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.

''(c) PROVISION OF TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance under this title to an eligible participant—

"(1) directly;

"(2) through a contract or agreement with a third-party provider; or

"(3) at the option of the eligible participant, through a payment, as determined by the Secretary, to the eligible participant for an approved third-party provider, if available.

"(d) CERTIFICATION OF THIRD-PARTY PROVIDERS.—

"(1) IN GENERAL.—The Secretary shall continue to carry out the technical service provider program established under regulations promulgated under subsection (b)(1) (as in existence on the day before the date of enactment of this subsection).

"(2) PURPOSE.—The purpose of the technical service provider program shall be to increase the availability and range of technical expertise available to farmers, ranchers, and eligible landowners to plan and implement conservation measures.

"(3) EXPERTISE.—In promulgating regulations to carry out this subsection, the Secretary shall—

"(A) ensure that persons with expertise in the technical aspects of conservation planning, watershed planning, and environmental engineering (including commercial entities, non-

profit entities, State or local governments or agencies, and other Federal agencies) are eligible to become approved providers of the technical assistance; and

"(B) to the maximum extent practicable—

"(i) provide national criteria for the certification of technical service providers; and

"(ii) approve any unique certification standards established at the State level.

"(4) SYSTEM ADMINISTRATION.—

"(A) FUNDING.—Effective for fiscal year 2008 and each subsequent fiscal year, funds of the Commodity Credit Corporation that are made available to carry out each of the programs specified in section 1241 shall be available for the provision of technical assistance from third-party providers under this section.

"(B) CONTRACT TERM.—A contract under this section shall have a term that—

"(i) at a minimum, is equal to the period—

"(I) beginning on the date on which the contract is entered into; and

"(II) ending on the date that is 1 year after the date on which all activities in the contract have been completed;

"(ii) does not exceed 3 years; and

"(iii) can be renewed, as determined by the Secretary.

"(C) REVIEW OF CERTIFICATION REQUIREMENTS.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall—

"(i) review certification requirements for third-party providers; and

"(ii) make any adjustments considered necessary by the Secretary to improve participation.

"(D) ELIGIBLE ACTIVITIES.—The Secretary may include in activities eligible for payment to a third-party provider—

"(i) education and outreach to eligible participants; and

"(ii) administrative services necessary to support conservation program implementation.

"(e) AVAILABILITY OF TECHNICAL SERVICES.—

"(1) AVAILABILITY.—

"(A) 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.

"(B) TECHNICAL SERVICE CONTRACTS.—In any case in which financial assistance is not requested or is not provided under subparagraph (A), the Secretary may enter into a technical service contract with the applicable eligible participant for the purposes of assisting in the planning, design, or installation of an eligible practice.

"(2) REVIEW OF CONSERVATION PRACTICE STANDARDS.—

"(A) IN GENERAL.—The Secretary shall—

"(i) review conservation practice standards, including engineering design specifications, in effect on the date of enactment of this subsection;

"(ii) 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, bioenergy crop production, forestry, and such other needs as are determined by the Secretary; and

"(iii) 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.

"(B) CONSULTATION.—In conducting the assessment under subparagraph (A), the Secretary shall consult with agricultural producers, crop consultants, cooperative extension and land grant universities, nongovernmental organizations, and other qualified entities.

"(C) EXPEDITED REVISION OF STANDARDS.—If the Secretary determines under subparagraph (A) that revisions to the conservation practice standards, including engineering design specifications, are necessary, the Secretary shall establish an administrative process for expediting the revisions.

"(3) ADDRESSING CONCERNS OF SPECIALITY CROP, ORGANIC, AND PRECISION AGRICULTURE PRODUCERS.—

"(A) IN GENERAL.—The Secretary shall—

"(i) to the maximum extent practicable, fully incorporate specialty crop production, organic crop production, and precision agriculture into the conservation practice standards; and

"(ii) provide for the appropriate range of conservation practices and resource mitigation measures available to specialty crop, organic, and precision agriculture producers.

"(B) AVAILABILITY OF ADEQUATE TECHNICAL ASSISTANCE.—

"(i) IN GENERAL.—The Secretary shall ensure that adequate technical assistance is available for the implementation of conservation practices by specialty crop, organic, and precision agriculture producers through Federal conservation programs.

"(ii) REQUIREMENTS.—In carrying out clause (i), the Secretary shall develop—

"(I) programs that meet specific needs of specialty crop, organic, and precision agriculture producers 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. 2405. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.**

(a) STREAMLINED APPLICATION PROCESS.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) is amended—

(1) by redesignating subsection (b) as subsection (c); and

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

"(b) 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 and Energy Security Act of 2007, the Secretary shall submit to Congress a written notification of completion of the requirements of this subsection.".

(b) ADMINISTRATION.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) (as amended by subsection (a)) is amended by adding at the end the following:

"(d) COOPERATION REGARDING PROTECTION.—In the case of a landowner who enrolls land in a conservation program authorized under this title that results in a net conservation benefit for a listed, candidate, or other species, the Secretary shall cooperate at the request of the landowner with the Secretary of the Interior and the Secretary of Commerce, as appropriate, to make available to the landowner safe harbor or similar assurances and protections under sections 7(b)(4) and 10(a), as applicable, of the Endangered Species Act of 1973 (16 U.S.C. 1536(b)(4), 1539(a)).

"(e) ELIGIBILITY OF PRODUCER ORGANIZATIONS.—

"(1) IN GENERAL.—In carrying out a conservation program administered by the Secretary, the Secretary shall accept applications from, and shall provide cost-share and incentive payments and other assistance to, producers who elect to apply through an organization that represents producers and of which producers make up a majority of the governing body, if the Secretary determines that—

"(A) the full objective of the proposed activity, practice, or plan cannot be realized without the participation of all or substantially all of the producers in the affected area; and

"(B) the benefits achieved through the proposed activity, practice, or plan are likely to be greater and to be delivered more cost-effectively if provided through a single organization with related conservation expertise and management experience.

"(2) LIMITATION.—Any applicable payment limitation shall apply to each participating producer and not to the organization described in paragraph (1).

"(f) PARTNERSHIPS AND COOPERATION.—

"(1) IN GENERAL.—In carrying out a program under subtitle D, the Secretary may designate special projects, as recommended if appropriate by the State Executive Director of the Conservationist, after consultation with the State technical committee, to enhance assistance provided to multiple producers to address conservation issues relating to agricultural and nonindustrial private forest management and production.

"(2) PURPOSES.—The purposes of special projects carried out under this subsection shall be to achieve statewide or regional conservation objectives by—

"(A) encouraging producers to cooperate in the installation and maintenance of conservation practices that affect multiple agricultural operations;

"(B) encouraging producers to cooperate in meeting applicable Federal, State, and local regulatory requirements regarding natural resources and the environment;

"(C) encouraging producers to share information and technical and financial resources;

"(D) facilitating cumulative conservation benefits in geographic areas; and

"(E) promoting the development and demonstration of innovative conservation methods.

"(3) ELIGIBLE PARTNERS.—State and local government entities (including irrigation and water districts and canal companies), Indian tribes, farmer cooperatives, institutions of higher education, nongovernmental organizations, and producer associations shall be eligible to apply under this subsection.

"(4) SPECIAL PROJECT APPLICATION.—To apply for designation under paragraph (1), partners shall submit an application to the Secretary that includes—

"(A) a description of the geographic area, the current conditions, the conservation objectives to be achieved through the special project, and the expected level of participation by agricultural and nonindustrial private forest landowners;

"(B) a description of the partners collaborating to achieve the project objectives and the roles, responsibilities, and capabilities of the partners;

"(C) a description of the program resources requested from the Secretary, in relevant units, and the non-Federal resources that

will be leveraged by the Federal contribution; and

"(D) such other information as the Secretary considers necessary.

"(5) DUTIES OF THE SECRETARY.—

"(A) IN GENERAL.—The Secretary shall enter into multiyear agreements with partners to facilitate the delivery of conservation program resources in a manner to achieve the purposes described in paragraph (2).

"(B) PROJECT SELECTION.—

"(i) IN GENERAL.—The Secretary shall conduct a competitive process to select projects funded under this subsection.

"(ii) FACTORS CONSIDERED.—In conducting the process described in clause (i), the Secretary shall make public factors to be considered in evaluating applications.

"(iii) PRIORITY.—The Secretary may give priority to applications based on the highest percentage of—

"(I) producers involved;

"(II) on-the-ground conservation to be implemented;

"(III) non-Federal resources to be leveraged; and

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

"(C) TECHNICAL AND FINANCIAL ASSISTANCE.—The Secretary and partners shall provide appropriate technical and financial assistance to producers participating in a special project in an amount determined by the Secretary to be necessary to achieve the purposes described in paragraph (2).

"(D) FLEXIBILITY.—The Secretary may adjust elements of the programs under this title to better reflect unique local circumstances and purposes, if the Secretary determines that such adjustments are necessary to achieve the purposes of this subsection.

"(E) ADMINISTRATION.—

"(i) IN GENERAL.—The Secretary shall ensure that resources made available under this subsection are delivered in accordance with applicable program rules.

"(ii) ADDITIONAL REQUIREMENTS.—The Secretary may establish additional requirements beyond applicable program

rules in order to effectively implement this subsection.

"(6) SPECIAL RULES APPLICABLE TO REGIONAL WATER ENHANCEMENT PROJECTS.—

"(A) DEFINITIONS.—In this paragraph:

"(i) ELIGIBLE PARTNER.—The term 'eligible partner' means—

"(I) an eligible partner identified in paragraph (3); and

"(II) a water or wastewater agency of a State.

"(ii) ELIGIBLE PROJECT.—

"(I) IN GENERAL.—The term 'eligible project' means a project that is specifically targeted to improve water quality or quantity in an area.

"(II) INCLUSIONS.—The term 'eligible project' includes a project that involves—

"(aa) resource condition assessment and modeling;

"(bb) water quality, water quantity, or water conservation plan development;

"(cc) management system and environmental monitoring and evaluation;

"(dd) cost-share restoration or enhancement;

"(ee) incentive payments for land management practices;

"(ff) easement purchases;

"(gg) conservation contracts with landowners;

"(hh) improved irrigation systems;

"(ii) water banking and other forms of water transactions;

"(jj) groundwater recharge;

"(kk) stormwater capture; and

"(ll) other water-related activities that the Secretary determines will help to achieve the water quality or water quantity benefits identified in the agreement in subparagraph (E) on land described in paragraph (1).

"(B) REGIONAL WATER ENHANCEMENT PROCEDURES.—With respect to proposals for eligible projects by eligible partners, the Secretary shall establish specific procedures (to be known collectively as 'regional water enhancement procedures') in accordance with this paragraph.

"(C) MEANS.—Regional water enhancement activities in a particular region shall be carried out through a combination of—

"(i) multiyear agreements between the Secretary and eligible partners;

"(ii) other regional water enhancement activities carried out by the Secretary; and

"(iii) regional water enhancement activities carried out by eligible partners through other means.

"(D) MULTIYEAR AGREEMENTS WITH ELIGIBLE PARTNERS.—

"(i) SOLICITATION OF PROPOSALS.—Not later than 90 days after the date of enactment of this subsection, the Secretary shall invite prospective eligible partners to

submit proposals for regional water enhancement projects.

"(ii) ELEMENTS OF PROPOSALS.—To be eligible for consideration for participation in the program, a proposal submitted by an eligible partner shall include—

"(I) identification of the exact geographic area for which the partnership is proposed, which may be based on—

"(aa) a watershed (or portion of a watershed);

"(bb) an irrigation, water, or drainage district;

"(cc) the service area of an irrigation water delivery entity; or

"(dd) some other geographic area with characteristics that make the area suitable for landscape-wide program implementation;

"(II) identification of the water quality or water quantity issues that are of concern in the area;

"(III) a method for determining a baseline assessment of water quality, water quantity, and other related resource conditions in the region;

"(IV) a detailed description of the proposed water quality or water quantity improvement activities to be undertaken in the area, including an estimated timeline and program resources for every activity; and

"(V) a description of the performance measures to be used to gauge the effectiveness of the water quality or water quantity improvement activities.

"(iii) SELECTION OF PROPOSALS.—The Secretary shall award multiyear agreements competitively, with priority given, as determined by the Secretary, to selecting proposals that—

"(I) have the highest likelihood of improving the water quality or quantity issues of concern for the area;

"(II) involve multiple stakeholders and will ensure the highest level of participation by producers and landowners in the area through performance incentives to encourage adoption of specific practices in specific locations;

"(III) will result in the inclusion of the highest percentage of working agricultural land in the area;

"(IV) will result in the highest percentage of on-the-ground activities as compared to administrative costs;

"(V) will provide the greatest contribution to sustaining or enhancing agricultural or silvicultural production in the area; and

"(VI) include performance measures that will allow post-activity conditions to be satisfactorily measured to gauge overall effectiveness.

"(iv) DURATION.—

"(I) IN GENERAL.—Multiyear agreements under this subsection shall be for a period not to exceed 5 years.

"(II) EARLY TERMINATION.—The Secretary may terminate a multiyear agreement before the end of the agreement if the Secretary determines that performance measures are not being met.

"(E) AGREEMENTS.—Not later than 30 days after the date on which the Secretary awards an agreement under subparagraph (D), the Secretary shall enter into an agreement with the eligible partner that, at a minimum, contains—

"(i) a description of the respective duties and responsibilities of the Secretary and the eligible partner in carrying out the activities in the area; and

"(ii) the criteria that the Secretary will use to evaluate the overall effectiveness of the regional water enhancement activities funded by the multiyear agreement in improving the water quality or quantity conditions of the region relative to the performance measures in the proposal.

"(F) CONTRACTS WITH OTHER PARTIES.—An agreement awarded under subparagraph (D)

may provide for the use of third-party providers (including other eligible partners) to undertake specific regional water enhancement activities in a region on a contractual basis with the Secretary or the eligible partner.

"(G) CONSULTATION WITH OTHER AGENCIES.—With respect to areas in which a Federal or State agency is, or will be, undertaking other water quality or quantity-related activities, the Secretary and the eligible partner may consult with the Federal or State agency in order to—

"(i) coordinate activities;

"(ii) avoid duplication; and

"(iii) ensure that water quality or quantity improvements attributable to the other activities are taken into account in the evaluation of the Secretary under subparagraph (E)(ii).

"(H) RELATIONSHIP TO OTHER PROGRAMS.—The Secretary shall ensure that, to the extent that producers and landowners are individually participating in other programs under subtitle D in a region in which a regional water enhancement project is in effect, any im-

provements to water quality or water quantity attributable to the individual participation are included in the evaluation criteria developed under subparagraph (E)(ii).

"(I) CONSISTENCY WITH STATE LAW.—Any water quality or water quantity improvement activity undertaken under this paragraph shall be consistent with State water laws.

"(7) FUNDING.—

"(A) IN GENERAL.—The Secretary shall use not more than 5 percent of the funds made available for conservation programs under subtitle D for each fiscal year under section 1241(a) to carry out activities that are authorized under this subsection.

"(B) PARTNERS.—Overhead or administrative costs of partners may not be covered by funds provided through this subsection.

"(C) UNUSED FUNDING.—Any funds made available for a fiscal year under subparagraph (A) that are not obligated by April 1 of the fiscal year may be used to carry out other activities under conservation programs under subtitle D during the fiscal year in which the funding becomes available.

"(g) ACCURACY OF PAYMENTS.—Immediately after the date of enactment of this subsection, the Secretary shall implement policies and procedures to ensure proper payment of farm program benefits to producers participating in conservation easement programs and correct other management deficiencies identified in Report No. 50099-11-SF issued by the Department of Agriculture Office of Inspector General in August 2007.

"(h) COMPLIANCE AND PERFORMANCE.—For each conservation program under this title, the Secretary shall develop procedures—

"(1) to monitor compliance with program requirements by landowners and eligible entities;

"(2) to measure program performance;

"(3) to demonstrate whether the long-term conservation benefits of the program are being achieved; and

"(4) 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).

"(i) DIRECT ATTRIBUTION OF PAYMENTS.—In implementing payment limitations for any program under this title, the Secretary shall issue such regulations as are

necessary to ensure that the total amount of payments are attributed to an individual by taking into account the direct and indirect ownership interests of the individual in an entity that is eligible to receive the payments.''.

(c) CONFORMING AMENDMENTS.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is amended—

(1) in subsection (d)(3)(B), by striking ''(f)(4)'' and inserting ''(f)(3)''; and

(2) in subsection (f)—

(A) in paragraph (1)—

(i) by striking ''The total'' and inserting ''Subject to section 1244(i), the total''; and

(ii) by striking ''a person'' and inserting ''an individual'';

(B) by striking paragraph (2); and

(C) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

**SEC. 2406. CONSERVATION PROGRAMS IN ENVIRONMENTAL SERVICES MARKETS.**

Subtitle E of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

**"SEC. 1245. CONSERVATION PROGRAMS IN ENVIRONMENTAL SERVICES MARKETS.**

"(a) FRAMEWORK.—

"(1) IN GENERAL.—The Secretary shall establish a framework to facilitate the participation of farmers, ranchers, and forest landowners in emerging environmental services markets.

"(2) PROCESS.—In carrying out paragraph (1), the Secretary shall use a collaborative process that includes representatives of—

"(A) farm, ranch, and forestry interests;

"(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;

"(E) government agencies of relevant jurisdiction, including—

"(i) the Department of Commerce;

"(ii) the Department of Energy;

"(iii) the Department of the Interior;

"(iv) the Department of Transportation;

"(v) the Environmental Protection Agency; and

"(vi) the Corps of Engineers; and

"(F) other appropriate interests, as determined by the Secretary.

"(3) REQUIREMENTS.—

"(A) DEFINITION OF STANDARD.—In this paragraph, the term 'standard' means a technical guideline that outlines accepted, science-based methods to quantify the environmental services benefits from agricultural and forest conservation and land management practices, as determined by the Secretary.

"(B) FRAMEWORK REQUIREMENTS.—In establishing the framework under paragraph (1), the Secretary shall—

"(i) establish uniform standards;

"(ii) design accounting procedures to quantify environmental services benefits that would assist farmers, ranchers, and forest landowners in using the uniform standards to establish certifications, as defined in emerging environmental services markets;

"(iii) establish—

"(I) a protocol to report environmental services benefits; and

"(II) a registry to report and maintain the benefits for future use in emerging environmental services markets; and

"(iv) establish a process to verify that a farmer, rancher, or forest landowner that reports and maintains an environmental services benefit in the registry described in clause (iii)(II) has implemented the reported conservation or land management activity.

"(C) THIRD-PARTY SERVICE PROVIDERS.—In developing the process described in subparagraph (B)(iv), the Secretary shall consider the role of third-party service providers.

"(4) COORDINATION.—The Secretary shall coordinate and leverage activities in existence on the date of enactment of this section in agriculture and forestry relating to emerging environmental services markets.

"(5) PRIORITY.—In establishing the framework under this subsection, the Secretary shall give priority to providing assistance to farmers, ranchers, and forest landowners participating in carbon markets.

"(b) AUTHORITY TO DELEGATE.—The Secretary may delegate any responsibility under this section to a relevant agency or office, as determined by the Secretary.

"(c) REPORTS TO CONGRESS.—

"(1) STATUS OF COLLABORATIVE PROCESS.—Not later than 90 days after the date of enactment of this section, the Secretary shall provide to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate information on the status of the collaborative process under subsection (a)(2).

"(2) INTERIM REPORT.—Not later than 180 days after the date of enactment of this section, the Secretary shall submit to the committees of Congress described in paragraph (1) an interim report that—

"(A) describes the adequacy of existing research and methods to quantify environmental services benefits;

"(B) proposes methods—

"(i) to establish technical guidelines, accounting procedures, and reporting protocols; and

"(ii) to structure the registry; and

"(C) includes recommendations for actions to remove barriers for farmers, ranchers, and forest landowners to participation, reporting, registration, and verification relating to environmental services markets.

"(3) FINAL REPORT.—Not later than 18 months after the date of enactment of this section, the Secretary shall submit to the committees of Congress described in paragraph (1) a report that describes—

"(A) the progress of the Secretary in meeting the requirements described in subsection (a)(3)(B);

"(B) the rates of participation of farmers, ranchers, and forest landowners in emerging environmental services markets; and

"(C) any recommendations of the Secretary relating to reauthorization of this section.

"(d) FUNDING.—There are authorized to be appropriated to the Secretary to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.".

# Subtitle F—State Technical Committees

**SEC. 2501. STATE TECHNICAL COMMITTEES.**

(a) STANDARDS.—Section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended by striking subsection (b) and inserting the following:

''(b) STANDARDS.—Not later than 180 days after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall develop—

''(1) standard operating procedures to standardize the operations of State technical committees; and

''(2) standards to be used by the State technical committees in the development of technical guidelines under section 1262(b) for the implementation of the conservation provisions of this title.''.

(b) COMPOSITION.—Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended—

(1) by striking paragraphs (1) and (2) and inserting the following:

''(1) the Natural Resources Conservation Service;

''(2) the Farm Service Agency;'';

(2) by striking paragraph (5) and inserting the following:

"(5) Rural Development agencies;";

(3) in paragraph (11), by striking "and" at the end;

(4) in paragraph (12), by striking the period at the end and inserting "; and"; and

(5) by adding at the end the following:

"(13) nonindustrial private forest land owners.".

(c) FACA REQUIREMENTS.—Section 1262(e) of the Food Security Act of 1985 (16 U.S.C. 3862(e)) is amended—

(1) by striking "The committees" and inserting the following:

"(1) IN GENERAL.—The committees"; and

(2) by adding at the end the following:

"(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 G—Other Authorities

**SEC. 2601. AGRICULTURAL MANAGEMENT ASSISTANCE.**

Section 524(b) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)) is amended—

(1) in paragraph (1), by inserting ''Idaho'' after ''Delaware''; and

(2) in paragraph (4)(B), by striking ''2007'' each place it appears and inserting ''2012''.

**SEC. 2602. AGRICULTURE CONSERVATION EXPERIENCED SERVICES PROGRAM.**

The Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6901 et seq.) is amended by adding at the end the following:

**''SEC. 307. AGRICULTURE CONSERVATION EXPERIENCED SERVICES PROGRAM.**

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Notwithstanding any other provision of law relating to Federal grants, cooperative agreements, or contracts, there is established in the Department the agriculture conservation experienced services program (referred to in this section as the 'ACE program').

''(2) AUTHORIZATION.—Under the ACE program, the Secretary may offer to enter into agreements with nonprofit private agencies and organizations eligible to receive grants for the applicable fiscal year under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.) to use the talents of individuals who are age 55 or older, to provide

conservation technical assistance in support of the administration of conservation-related programs and authorities administered by the Secretary.

"(3) FUNDING.—Agreements described in paragraph (2) may be carried out using funds made available to carry out—

"(A) the environmental quality incentives program of the comprehensive stewardship incentives program established under subchapter A of chapter 6 of subtitle D of title XII of the Food Security Act of 1985;

"(B) the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a et seq.); or

"(C) title V of the Older Americans Act of 1965 (42 U.S.C. 3056).

"(b) DETERMINATION.—Prior to entering into an agreement described in subsection (a)(2), the Secretary shall determine that the agreement would not—

"(1) result in the displacement of individuals employed by the Department, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the use of an individual covered by this section 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

''(3) affect existing contracts for services.

''(c) TECHNICAL ASSISTANCE.—The Secretary may make available to individuals providing technical assistance under an agreement authorized by this section appropriate conservation technical tools, including the use of agency vehicles necessary to carry out technical assistance in support of the conservation-related programs affected by the ACE program.''.

**SEC. 2603. TECHNICAL ASSISTANCE.**

(a) SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT.—

(1) PREVENTION OF SOIL EROSION.—

(A) IN GENERAL.—The first section of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a) is amended—

(i) by striking ''That it'' and inserting the following:

**''SECTION 1. PURPOSE.**

''It''; and

(ii) in the matter preceding paragraph (1), by striking ''and thereby to preserve natural resources,'' and inserting ''to pre-

serve soil, water, and related resources, promote soil and water quality,''.

(B) 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''.

(2) 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.".

(b) SOIL AND WATER RESOURCES CONSERVATION ACT OF 1977.—

(1) CONGRESSIONAL FINDINGS.—Section 2 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001) is amended—

(A) in paragraph (2), by striking "base, of the" and inserting "base of the"; and

(B) 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, eval-

uation of the effects of conservation practices, and analyses of alternative conservation programs are basic to effective soil, water, and related natural resource conservation.

''(4) Since individual''.

(2) 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—

(A) in subsection (a)—

(i) in paragraph (5), by striking ''and'' at the end;

(ii) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(7) data on conservation plans, conservation practices planned or implemented, environmental outcomes, economic costs, and related matters under conservation programs administered by the Secretary.'';

(B) by redesignating subsection (d) as subsection (e);

(C) by inserting after subsection (c) the following:

"(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

(D) in subsection (e) (as redesignated by subparagraph (B)), by striking "December 31, 1979" and all that follows through "December 31, 2005" and inserting "December 31, 2010, December 31, 2015, December 31, 2020, and December 31, 2025".

(3) SOIL AND WATER CONSERVATION PROGRAM.—Section 6 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2005) is amended—

(A) by redesignating subsection (b) as subsection (d);

(B) by inserting after subsection (a) the following:

"(b) EVALUATION OF EXISTING CONSERVATION PROGRAMS.—In evaluating existing conservation programs, the Secretary shall emphasize demonstration, inno-

vation, 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

(C) in subsection (d) (as redesignated by subparagraph (A)), by striking "December 31, 1979" and all that follows through "December 31, 2007" and inserting "December 31, 2011, December 31, 2016, December 31, 2021, and December 31, 2026".

(4) 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, 2016, 2021, and 2026, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the ap-

praisal developed under section 5 and completed prior to the end of the previous year.

"(b) PROGRAM AND STATEMENT OF POLICY.—Not later than the date on which Congress convenes in 2012, 2017, 2022, and 2027, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate—

"(1) the initial program or updated program developed under section 6 and completed prior to 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 Speaker of the House of Representatives and the President 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).''.

(5) 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 ''2028''.

**SEC. 2604. SMALL WATERSHED REHABILITATION PROGRAM.**

Section 14 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012) is amended by striking subsection (h) and inserting the following:

''(h) 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. 2605. 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 ''(8) PLANNING PROCESS'' and inserting ''(8) 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:

''(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 redesignating paragraphs (1) through (4) as clauses (i) through (iv), respectively, and indenting appropriately;

(2) by striking ''In carrying'' and inserting the following:

''(1) IN GENERAL.—In carrying''; and

(3) by adding at the end the following:

''(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. 2606. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION.**

(a) ADVISORY FUNCTIONS.—Section 353 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 5802) is amended—

(1) in subsection (b)(3), by striking ''agencies'' and inserting ''agencies, individuals,''; and

(2) by adding at the end the following:

''(d) ADVISORY FUNCTIONS.—Notwithstanding the requirements of the Federal Advisory Committee Act (5

U.S.C. App.), the Foundation may provide advice and recommendations to the Secretary.''.

(b) GIFTS, DEVISES, AND BEQUESTS OF PERSONAL PROPERTY.—Section 354 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 5803) is amended by adding at the end the following:

''(h) GIFTS, DEVISES, AND BEQUESTS OF PERSONAL PROPERTY.—

''(1) IN GENERAL.—Prior to the appointment and initial meeting of the members of the Board and after the initial meeting of the Board, the Secretary may, on behalf of the Foundation—

''(A) accept, receive, and hold nonmonetary gifts, devises, or bequests of personal property; and

''(B) accept and receive monetary gifts, devises, or bequests.

''(2) HELD IN TRUST.—Gifts, devises, or bequests of monetary and nonmonetary personal property shall—

''(A) be held in trust for the Foundation; and

''(B) shall not be—

''(i) considered gifts to the United States; or

"(ii) used for the benefit of the United States.

"(3) TREASURY ACCOUNT.—The Secretary shall deposit monetary gifts, devises, and bequests to the Foundation in a special interest-bearing account in the Treasury of the United States.

"(4) INITIAL GIFTS, DEVISES, AND BEQUESTS.—

"(A) IN GENERAL.—The Secretary may use initial gifts, devises, or bequests received prior to the first meeting of the Board for any necessary expenses and activities related to the first meeting of the Board.

"(B) TRANSFER.—Except with respect to any amounts expended under subparagraph (A), the Secretary shall, at the first meeting of the Board, transfer to the Foundation all gifts, devises, or bequests received prior to the first meeting of the Board.".

(c) OFFICERS AND EMPLOYEES.—Section 355(b)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 5804(b)(1)) is amended—

(1) by striking "Foundation—" and all that follows through "shall not," in subparagraph (A) and inserting "Foundation shall not";

(2) by striking ''employee; and'' and inserting ''employee.''; and

(3) by striking subparagraph (B).

(d) CONTRACTS AND AGREEMENTS.—Section 356 of the Federal Agriculture Improvement Reform Act of 1996 (16 U.S.C. 5805) is amended—

(1) in subsection (c)(7), by striking ''State or local'' and inserting ''Federal, State, or local''; and

(2) in subsection (d)(2)—

(A) by striking ''A gift'' and inserting the following:

''(A) IN GENERAL.—A gift''; and

(B) by adding at the end the following:

''(B) TAX STATUS.—A gift, devise, or bequest to the Foundation shall be treated as a gift, devise, or bequest to an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.''.

(e) ADMINISTRATIVE SERVICES AND SUPPORT.—Section 356 of the Federal Agriculture Improvement Reform Act of 1996 (16 U.S.C. 5806) is amended by striking ''1996 through 1998'' and inserting ''2008 through 2012.''.

**SEC. 2607. 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) by striking ''(a)'' and all that follows through ''the Secretary of Agriculture'' and inserting the following: ''Subject to paragraph (1) of section 207 of Public Law 108–7 (117 Stat. 146), notwithstanding paragraph (3) of that section, on the date of enactment of the Food and Energy Security Act of 2007, the Secretary of Agriculture''; and

(2) by striking subsection (b).

**SEC. 2608. CROP INSURANCE INELIGIBILITY RELATING TO 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 INSURANCE INELIGIBILITY RELATING TO 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 used for production of an agricultural commodity.

"(2) INELIGIBILITY.—Native sod acreage on which an agricultural commodity is planted for which a policy or plan of insurance is available under this title shall be ineligible for benefits under this Act.".

(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 used for production of an agricultural commodity.

"(B) INELIGIBILITY.—Native sod acreage on which an agricultural commodity is planted for which a policy or plan of Federal crop in-

surance is available shall be ineligible for benefits under this section.''.

(c) CROPLAND REPORT.—

(1) BASELINE.—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 the cropland acreage in each county and State, and the change in cropland acreage from the preceding year in each county and State, beginning with calendar year 1995 and including that information for the most recent year for which that information is available.

(2) ANNUAL UPDATES.—Not later than January 1, 2008, and each January 1 thereafter through January 1, 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 that describes—

(A) the cropland acreage in each county and State as of the date of submission of the report; and

(B) the change in cropland acreage from the preceding year in each county and State.

**SEC. 2609. 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. 2610. 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:

''(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.''.

**SEC. 2611. 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:

"(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 established 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:

''(f) UPFRONT 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 upfront 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. 2612. GREAT LAKES COMMISSION.**

(a) IN GENERAL.—The Secretary, in consultation with the Great Lakes Commission created by article IV of the Great Lakes Basin Compact (Public Law 90–419; 82 Stat. 415), and in cooperation with the Administrator of the Environmental Protection Agency and the Secretary of the Army, may carry out the Great Lakes basin program for soil erosion and sediment control (referred to in this section as the "program") to assist in implementing the recommendations of the Great Lakes Regional Collaboration Strategy to Restore and Protect the Great Lakes.

(b) ASSISTANCE.—In carrying out the program, the Secretary may—

(1) provide project demonstration grants, provide technical assistance, and carry out information

and education programs to improve water quality in the Great Lakes basin by reducing soil erosion and improving sediment control; and

(2) provide 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 hydrologic conditions in urban watersheds.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2007 through 2012.

**SEC. 2613. TECHNICAL CORRECTIONS TO THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT.**

(a) PESTICIDE REGISTRATION SERVICE FEES.—Section 33 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136w–8) is amended—

(1) in subsection (b)(7)—

(A) in subparagraph (D)—

(i) by striking clause (i) and inserting the following:

"(i) IN GENERAL.—The Administrator may exempt from, or waive a portion of, the registration service fee for an application for minor uses for a pesticide."; and

(ii) in clause (ii), by inserting "or exemption" after "waiver"; and

(B) in subparagraph (E)—

(i) in the paragraph heading, by striking "WAIVER" and inserting "EXEMPTION";

(ii) by striking "waive the registration service fee for an application" and inserting "exempt an application from the registration service fee"; and

(iii) in clause (ii), by striking "waiver" and inserting "exemption"; and

(2) in subsection (m)(2), by striking "2008" each place it appears and inserting "2012".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on October 1, 2007.

# 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 with other countries 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, or chronic, needs shall not be subject to limitation, including in-kind commodities, provision of funds for 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) 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.";

(3) by striking paragraphs (1), (3), (4), (5), and (6); and

(4) by redesignating paragraphs (2), (7), (8), and (9) as paragraphs (1), (2), (3), and (4), 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 respond to emergency food needs arising from man-made and natural disasters;'';

(2) in paragraph (5), by inserting ''food security and support'' after ''promote''; and

(3) by striking paragraph (6) and inserting the following:

''(6) protect livelihoods, provide safety nets for food insecure populations, and encourage participation in 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)—

(i) by striking ''Of the funds made available in'' and inserting ''Of the total amount of funds made available from all sources for''; and

(ii) by striking ''not less than 5 percent nor more than 10 percent'' and inserting ''not less than 7.5 percent'';

(B) in subparagraph (A), by striking ''and'' at the end;

(C) by striking subparagraph (B) and inserting the following:

''(B) meeting specific administrative, management, personnel, programmatic, and operational activities, and internal transportation and distribution costs for carrying out new and existing programs in foreign countries under this title; and''

(D) by adding at the end the following:

"(C) improving and implementing methodologies for food aid programs, including needs assessments, 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 2008 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 as necessary to cost-effectively meet nutrient needs of target populations; and

"(C) to pretest prototypes.

"(2) ADMINISTRATION.—The Administrator—

"(A) shall carry out this subsection in consultation with and through an independent entity with proven impartial expertise in food aid commodity quality enhancements;

"(B) may enter into contracts to obtain the services of such an entity; and

"(C) shall consult with the Food Aid Consultative Group on how to carry out this subsection.

"(3) REPORTS.—The Administrator 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) a report that describes the activities of the Administrator in carrying out paragraph (1) for fiscal year 2008; and

"(B) an annual report that describes the progress of the Administrator in addressing food aid quality issues.".

**SEC. 3009. MICROENTERPRISE ACTIVITIES.**

Section 203(d)(2) of the Food for Peace Act (7 U.S.C.1723(d)(2)) is amended by inserting ", including activities involving microenterprise and village banking," after "other developmental activities".

**SEC. 3010. LEVELS OF ASSISTANCE.**

Section 204(a)(1) of the Food for Peace Act (7 U.S.C. 1724(a)(1)) is amended by striking "2007" and inserting "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.'';

(2) in subsection (d)—

(A) by striking ''In preparing'' and inserting the following:

''(1) IN GENERAL.—In preparing'';

(B) by striking ''The Administrator'' and inserting the following:

''(2) BIANNUAL CONSULTATION.—The Administrator''; and

(C) by adding at the end the following:

''(3) CONSULTATION FOR DRAFT REGULATIONS.—In addition to the meetings required under paragraph (2), the Administrator shall consult and meet with the Group—

"(A) before issuing the draft regulations to carry out the program described in section 209; and

"(B) during the public comment period relating to those draft regulations."; and

(3) 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 "must be met for the approval of such proposal" and inserting "should be considered for a proposal in a future fiscal year";

(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.";

(4) in subsection (e)(2), by striking "December 1" and inserting "June 1"; and

(5) by adding at the end the following:

"(f) PROGRAM OVERSIGHT.—

"(1) IN GENERAL.—Funds made available to carry out this title may be used to pay the expenses of the United States Agency for International Development associated with program monitoring, evaluation, assessments, food aid data collection, and food aid information management and commodity reporting systems.

"(2) CONTRACT AUTHORITY.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C) and notwithstanding any other provision of law, in carrying out administrative and management activities related to the implementation of programs under this title, the Administrator may contract with 1 or more individuals for personal service to be performed in recipient countries or neighboring countries.

"(B) PROHIBITION.—Individuals contracting with the Administrator under subparagraph (A) shall not be considered to be employees of the United States Government for the purpose of any law administered by the Office of Personnel Management.

"(C) PERSONAL SERVICE.—Subparagraph (A) does not limit the ability of the Administrator to contract with individuals for personal service under section 202(a).

"(g) INDIRECT SUPPORT COSTS TO THE WORLD FOOD PROGRAM OF THE UNITED NATIONS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, in providing assistance under this title, the Administrator may make contributions to the World Food Program of the United Nations to the extent that the contributions are made in accordance with the rules and regulations of that program for indirect cost rates.

"(2) REPORT.—The Administrator shall submit the Committees on Agriculture and Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on the level of the contribution and the reasons for the level.

"(h) INDIRECT SUPPORT COSTS TO COOPERATING SPONSORS.—Notwithstanding any other provision of law, the Administrator may pay to a private voluntary organization or cooperative indirect costs associated with any funds received or generated for programs, costs, or activities under this title, on the condition that the indirect

costs are consistent with Office of Management and Budget cost principles.

"(i) 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. PILOT PROGRAM FOR LOCAL PURCHASE.**

Title II of the Food for Peace Act (7 U.S.C. 1721 et seq.) is amended by adding at the end the following:

**"SEC. 209. PILOT PROGRAM FOR LOCAL PURCHASE.**

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE COMMODITY.—Notwithstanding section 402(2), the term 'eligible commodity' means an agricultural commodity, or the product of an agricultural commodity, that is produced in—

"(A) the recipient country;

"(B) a low-income, developing country near the recipient country; or

"(C) Africa.

"(2) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means—

"(A) an organization that is—

"(i) described in section 202(d); and

"(ii) subject to guidelines promulgated to carry out this section, including United States audit requirements that are applicable to non-governmental organizations; or

"(B) an intergovernmental organization, if the organization agrees to be subject to all requirements of this section, including any regulations promulgated or guidelines issued by the Administrator to carry out this section.

"(3) PILOT PROGRAM.—The term 'pilot program' means the pilot program established under subsection (b).

"(b) ESTABLISHMENT.—Notwithstanding section 407(c)(1)(A), the Administrator, in consultation with the Secretary, shall establish a field-based pilot program for local and regional purchases of eligible commodities in accordance with this section.

"(c) PURPOSES.—Eligible commodities under the pilot program shall be used solely—

"(1) to address severe food shortages caused by sudden events, including—

"(A) earthquakes, floods, and other unforeseen crises; or

"(B) human-made crises, such as conflicts;

"(2) to prevent or anticipate increasing food scarcity as the result of slow-onset events, such as drought, crop failures, pests, economic shocks, and diseases that result in an erosion of the capacity of communities and vulnerable populations to meet food needs;

"(3) to address recovery, resettlement, and reconstruction following 1 or more disasters or emergencies described in paragraph (1) or (2); and

"(4) to protect and improve livelihoods and food security, provide safety nets for food insecure or undernourished populations, and encourage participation in education and other productive activities.

"(d) PROCUREMENT.—Subject to subsections (a), (b), (f), and (h) of section 403, eligible commodities under the pilot program shall for emergency situations be procured through the most effective 1 or more approaches or methodologies that are likely to expedite the provision of food aid to affected populations.

"(e) REVIEW OF PRIOR LOCAL CASH PURCHASE EXPERIENCE.—

"(1) IN GENERAL.—Not later than 30 days after the date of enactment of this section, the Administrator shall initiate the process to commission an external review of local cash purchase projects conducted before the date of enactment of this section by other donor countries, private voluntary organizations, and the World Food Program of the United Nations.

"(2) USE OF REVIEW.—The Administrator shall use the results of the review to develop—

"(A) proposed guidelines under subsection (j); and

"(B) requests for applications under subsection (f).

"(3) REPORT.—Not later than 270 days after the date of enactment of this section, the Administrator 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 containing the results of the review.

"(f) GRANTS TO ELIGIBLE ORGANIZATIONS.—

"(1) IN GENERAL.—After the promulgation of final guidelines under subsection (j), the Administrator may seek applications from and provide grants to eligible organizations to carry out the pilot program.

"(2) COMPLETION REQUIREMENT.—As a condition of receiving a grant under the pilot program, an eligible organization shall agree—

"(A) to complete all projects funded through the grant not later than September 30, 2011; and

"(B) to provide information about the results of the project in accordance with subsection (i).

"(3) OTHER REQUIREMENTS.—Other requirements for submission of proposals for consideration under this title shall apply to the submission of an application for a grant under this section.

"(g) PROJECT DIVERSITY.—In selecting projects to fund under the pilot program, the Administrator shall select a diversity of projects, including—

"(1) at least 1 project for each of the situations described in subsection (c);

"(2) at least 1 project carried out jointly with a project using agricultural commodities produced in the United States under this title;

"(3) at least 1 project carried out jointly with a project funded through grassroots efforts by agricultural producers through eligible United States organizations;

"(4) projects in both food surplus and food deficit regions, using regional procurement for food deficit regions; and

"(5) projects in diverse geographical regions, with most, but not all, projects located in Africa.

"(h) INFORMATION REQUIRED IN APPLICATIONS.—In submitting an application under this section, an eligible organization shall—

"(1) request funding for up to 3 years; and

"(2) include in the application—

"(A) a description of the target population through a needs assessment and sufficient information to demonstrate that the situation is a situation described in subsection (c);

"(B) an assurance that the local or regional procurement—

"(i) is likely to expedite the provision of food aid to the affected population; and

"(ii) would meet the requirements of subsection (d);

"(C) a description of—

"(i) the quantities and types of eligible commodities that would be procured;

"(ii) the rationale for selecting those eligible commodities; and

"(iii) how the eligible commodities could be procured and delivered in a timely manner;

"(D) an analysis of the potential impact of the purchase of eligible commodities on the production, pricing, and marketing of the same and similar agricultural commodities in the country and localities in which the purchase will take place;

"(E) a description of food quality and safety assurance measures; and

"(F) a monitoring and evaluation plan that ensures collection of sufficient data—

"(i) to determine the full cost of procurement, delivery, and administration;

"(ii) to report on the agricultural production, marketing, and price impact of the local or regional purchases, including the impact on low-income consumers; and

"(iii) to provide sufficient information to support the completion of the report described in subsection (i).

"(i) INDEPENDENT EVALUATION AND REPORT.—

"(1) IN GENERAL.—The Administrator shall—

"(A) arrange for an independent evaluation of the pilot program; and

"(B) provide access to all records and reports for the completion of the evaluation.

"(2) REPORT.—Not later than 4 years after the date of enactment of this section, the Administrator 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 that—

"(A) includes the analysis and findings of the independent evaluation;

"(B) assesses whether the requirements of this section have been met;

"(C) describes for each of the relevant markets in which the commodities were purchased—

"(i) prevailing and historic supply, demand, and price movements;

"(ii) impact on producer and consumer prices;

"(iii) government market interferences and other donor activities that may have affected the supply and demand in the area in which the local or regional purchase took place; and

"(iv) the quantities and types of eligible commodities procured in each market, the time frame for procurement, and the complete costs of the procurement (including procurement, storage, handling, transportation, and administrative costs);

"(D) assesses the impact of different methodologies and approaches on local and regional agricultural producers (including large and

small producers), markets, low-income consumers, and program recipients;

"(E) assesses the time elapsed from initiation of the procurement process to delivery;

"(F) compares different methodologies used in terms of—

"(i) the benefits to local agriculture;

"(ii) the impact on markets and consumers;

"(iii) the time for procurement and delivery;

"(iv) quality and safety assurances; and

"(v) implementation costs; and

"(G) to the extent adequate information is available, includes a comparison of the different methodologies used by other donors to make local and regional purchases, including purchases conducted through the World Food Program of the United Nations.

"(j) GUIDELINES.—Prior to approving projects or the procurement of eligible commodities under this section, not later than 1 year after the date of enactment of this section, the Administrator shall issue guidelines to carry out this section.

"(k) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—Subject to paragraph (2), for each of fiscal years 2008 through 2011, the Administrator may use to carry out this section not more than $25,000,000 of funds made available to carry out this title, to remain available until expended.

"(2) LIMITATION.—No funds may be made available to carry out the pilot program unless the minimum tonnage requirements of section 204(a) are met.".

**SEC. 3015. 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) 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. 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 of the Food for Peace Act (7 U.S.C. 1736a) is amended—

(1) in subsection (c)(4)—

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

(B) by striking ''$2,000,000'' and inserting ''$4,000,000''; and

(C) by adding at the end the following:

''(5) NONEMERGENCY OR MULTIYEAR AGREEMENTS.—Annual resource requests for ongoing nonemergency or 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.''; and

(2) in subsection (f)—

(A) in paragraph (2)—

(i) in subparagraph (B), by inserting ‘‘, and the amount of funds, tonnage levels, and types of activities for nonemergency programs under title II’’ before the semicolon;

(ii) in subparagraph (C), by inserting ‘‘, and a general description of the projects and activities implemented’’ before the semicolon; and

(iii) in subparagraph (D), by striking ‘‘achieving food security’’ and inserting ‘‘reducing food insecurity’’; and

(B) in paragraph (3)—

(i) by striking ‘‘shall submit’’ and inserting the following: ‘‘shall—

‘‘(A) submit’’;

(ii) by striking ‘‘January 15’’ and inserting ‘‘April 1’’; and

(iii) by striking ‘‘of the Senate’’. and inserting the following: ‘‘of the Senate; and

‘‘(B) make the reports available to the public by electronic and other means.’’.

**SEC. 3018. EXPIRATION DATE.**

Section 408 of the Food for Peace Act (7 U.S.C. 1736b) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 3019. AUTHORIZATION OF APPROPRIATIONS.**

Section 412 of the Food for Peace Act (7 U.S.C. 1736f) is amended by striking subsection (b) and inserting the following:

''(b) MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.—For each of fiscal years 2008 through 2012, of the amounts made available to carry out emergency and nonemergency food assistance programs under title II, not less than $600,000,000 for each of those fiscal years shall be obligated and expended for nonemergency food assistance programs under title II.''.

**SEC. 3020. 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 Secretary, in consultation with the Administrator''; 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, that are provided to developing countries, using recommendations included in the report entitled 'Micronutrient Compliance Review of Fortified Public Law 480 Commodities', published in October 2001, with implementation by an independent entity with proven impartial 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. 3021. GERMPLASM CONSERVATION.**

Title IV of the Food for Peace Act (7 U.S.C. 1731 et seq.) is amended by adding at the end the following:

**"SEC. 417. GERMPLASM CONSERVATION.**

''(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 ac-

cessibility 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 of the 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. 3022. JOHN OGONOWSKI AND DOUG BEREUTER FARMER-TO-FARMER PROGRAM.**

Section 501 of the Food for Peace Act (7 U.S.C. 1737) is amended by striking ''2007'' each place it appears and inserting ''2012''.

# Subtitle B—Agricultural Trade Act of 1978 and Related Statutes

**SEC. 3101. NONGOVERNMENTAL ORGANIZATION PARTICIPATION IN THE RESOLUTION OF TRADE DISPUTES.**

Section 104 of the Agricultural Trade Act of 1978 (7 U.S.C. 5604) is amended—

(1) by striking ''The Secretary shall'' and inserting the following:

"(a) IN GENERAL.—The Secretary shall"; and

(2) by adding at the end the following:

"(b) NONGOVERNMENTAL ORGANIZATION PARTICIPATION IN THE RESOLUTION OF TRADE DISPUTES.—The Secretary shall permit United States nongovernmental organizations to participate as part of the United States delegation attending formal sessions of dispute resolution panels involving United States agriculture under the auspices of the World Trade Organization if—

"(1) the 1 or more other members of the World Trade Organization involved in the dispute are expected to include private sector representatives in the delegations of the members to the sessions;

"(2) the United States nongovernmental organization has submitted public comments through the Federal Register that support the position of the United States Government in the case; and

"(3) the United States nongovernmental organization will provide for representation at the session a cleared adviser who is a member of the agricultural policy advisory committee or an agricultural technical advisory committee established under the Federal Advisory Committee Act (5 U.S.C. App.).".

**SEC. 3102. 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) in paragraph (1), by striking ''The Commodity'' and inserting ''Subject to paragraph (2), the Commodity''; and

(B) by striking paragraphs (2) and (3) and inserting the following:

''(2) TENURE.—Beginning with the 2013 fiscal year, credit terms described in paragraph (1) may not exceed a 180-day period.'';

(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 that risk-based fees associated with the guarantees cover, but do not exceed, the operating costs and losses over the long term.".

(b) CONFORMING AMENDMENTS.—The Agricultural Trade Act of 1978 is amended—

(1) in section 202 (7 U.S.C. 5622)—

(A) in subsection (b)(4) (as redesignated by subsection (a)(3)), by striking ", consistent with the provisions of subsection (c)";

(B) in subsection (d) (as redesignated by subsection (a)(3))—

(i) by striking ''(1)'' and all that follows through ''The Commodity'' and inserting ''The Commodity''; and

(ii) by striking paragraph (2); and

(C) in subsection (g)(2) (as redesignated by subsection (a)(3)), by striking ''subsections (a) and (b)'' and inserting ''subsection (a)''; and

(2) in section 211, 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 not less than $5,500,000,000 in credit guarantees under section 202(a).''.

**SEC. 3103. MARKET ACCESS PROGRAM.**

(a) ORGANIC COMMODITIES.—Section 203(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5623(a)) is amended by inserting after ''agricultural commodities'' the following: ''(including commodities that are organically produced (as defined in section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502)))''.

(b) FUNDING.—Section 211(c)(1)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking ", and $200,000,000 for each of fiscal years 2006 and 2007" and inserting "$200,000,000 for each of fiscal years 2006 and 2007, $210,000,000 for fiscal year 2008, $220,000,000 for fiscal year 2009, $230,000,000 for fiscal year 2010, $240,000,000 for fiscal year 2011, and $200,000,000 for fiscal year 2012 and each subsequent fiscal year".

**SEC. 3104. 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 section 302 as section 301;

(3) by striking section 303;

(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. 3105. VOLUNTARY CERTIFICATION OF CHILD LABOR STATUS OF AGRICULTURAL IMPORTS.**

Section 414 of the Agricultural Trade Act of 1978 (7 U.S.C. 5674) is amended by adding at the end the following:

''(d) REDUCING CHILD LABOR AND FORCED LABOR.—

''(1) DEFINITIONS.—In this subsection:

''(A) 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.

''(B) FORCED LABOR.—The term 'forced labor' means all work or service—

''(i) that is exacted from any individual under menace of any penalty for

non-performance of the work or service, and for which the individual does not offer himself or herself voluntarily, by coercion, debt bondage, involuntary servitude (as those terms are defined in section 103 of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102)); and

"(ii) by 1 or more individuals who, at the time of production, were being subjected to a severe form of trafficking in persons (as that term is defined in that section).

"(2) DEVELOPMENT OF STANDARD SET OF PRACTICES.—

"(A) IN GENERAL.—The Secretary, in coordination with the Secretary of Labor, shall develop a standard set of practices for the production of agricultural commodities that are imported, sold, or marketed in the United States in order to reduce the likelihood that the agricultural commodities are produced with the use of forced labor or child labor.

"(B) REQUIREMENT.—The standard set of practices shall be developed in accordance with the requirements of the Trafficking Victims

Protection Act of 2000 (22 U.S.C. 7101 et seq.).

"(3) REQUIREMENTS.—Not later than 3 years after the date of enactment of this subsection, the Secretary shall, with respect to the standard set of practices developed under paragraph (2), promulgate proposed regulations that shall, at a minimum, establish a voluntary certification program to enforce this subsection by—

"(A) requiring agricultural commodity traceability and inspection at all stages of the supply chain;

"(B) allowing for multistakeholder participation in the certification process;

"(C) providing for annual onsite inspection by a certifying agent, who shall be certified in accordance with the International Organization for Standardization Guide 65, of each affected worksite and handling operation;

"(D) incorporating a comprehensive conflict of interest policy for certifying agents, in accordance with section 2116(h) of the Organic Foods Production Act of 1990 (7 U.S.C. 6515(h)); and

"(E) providing an anonymous grievance procedure that—

"(i) is accessible by third parties to allow for the identification of new or continuing violations of the regulations; and

"(ii) provides protections for whistleblowers.

"(4) REPORTING REQUIREMENT.—Not later than 180 days after the date of enactment of this subsection, 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 development and implementation of the standard set of practices under this subsection.".

**SEC. 3106. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.**

Section 703(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5723(a)) is amended by striking "amount of $34,500,000 for each of fiscal years 2002 through 2007" and inserting "amount of—

"(1) $39,500,000 for each of fiscal years 2008 and 2009;

"(2) $44,500,000 for fiscal year 2010; and

"(3) $34,500,000 for fiscal year 2011 and each subsequent fiscal year.".

**SEC. 3107. FOOD FOR PROGRESS ACT OF 1985.**

The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended—

(1) by striking "2007" each place it appears and inserting "2012";

(2) in subsection (b)(5)—

(A) by striking subparagraphs (A), (B), and (F);

(B) in subparagraph (D), by inserting "and" after the semicolon;

(C) in subparagraph (E), by striking "; and" and inserting a period; and

(D) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively; and

(3) in subsection (f), by striking paragraph (3) and inserting the following:

"(3) FUNDING LIMITATIONS.—With respect to eligible commodities made available under section 416(b) of the Agricultural Act of 1949 (42 U.S.C. 1431(b)), unless authorized in advance in appropriation Acts—

"(A) for each of fiscal years 2008 through 2010, no funds of the Corporation in excess of $48,000,000 (exclusive of the cost of eligible commodities) may be used to carry out this section; and

"(B) for fiscal year 2011 and each fiscal year thereafter, no funds of the Corporation in excess of $40,000,000 (exclusive of the cost of eligible commodities) may be used to carry out this section.".

**SEC. 3108. 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. 1736*o*–1) is amended—

(1) in subsection (b), by inserting "in the Department of Agriculture" after "establish a program";

(2) in subsections (c)(2)(B), (f)(1), (h), (i), and (l)(1) by striking "President" each place it appears and inserting "Secretary";

(3) in subsection (d), by striking "The President shall designate 1 or more Federal agencies" and inserting "The Secretary shall";

(4) in paragraph (f)(2), by striking ''implementing agency'' and inserting ''Secretary''; and

(5) in subsection (l)(2), by striking ''such sums'' and all that follows through ''2007'' and inserting ''$300,000,000 for each of fiscal years 2008 through 2012''.

# 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), by striking ''a trust stock'' and all that follows through the end of the subsection and inserting the following: ''a trust of commodities, for use as described in subsection (c), to consist of—

''(1) quantities equivalent to not more than 4,000,000 metric tons of commodities; or

''(2) any combination of funds and commodities equivalent to not more than 4,000,000 metric tons of commodities.'';

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (B)—

(I) by striking ''replenish'' each place it appears and inserting ''reimburse''; and

(II) by striking ''replenished'' and inserting ''reimbursed''; and

(ii) 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—

''(I) the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

''(II) the McGovern-Dole International Food for Education and Child Nutrition Program established under section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1); or

''(III) the market, if the Secretary determines that such a sale of the commodity on the market will not unduly disrupt domestic markets; and

"(iii) in the course of management of the trust or to maximize the value of the trust, in accordance with subsection (d)(3)."; and

(B) in paragraph (2)(B)—

(i) in the matter preceding clause (i), by striking "replenish" and inserting "reimburse";

(ii) 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;

(iii) in clause (ii), by striking the period at the end and inserting "; or"; and

(iv) 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 or imminently threatens human lives or livelihoods; and

"(bb) for which a government concerned 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 assistance under title II of the Food for Peace Act (7 U.S.C. 1721 et seq.)—

"(I) to meet emergency needs, 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.—Subject to subparagraph (B), 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.''; 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;

(ii) in subparagraph (C) (as redesignated by subparagraph (A)), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(D) for the management of price risks associated with commodities held or potentially held in the trust.''; and

(D) by adding at the end the following:

''(3) FUNDS.—

''(A) REQUIREMENT.—The Secretary shall maximize the value of funds held in the trust, to the maximum extent practicable.

''(B) RELEASES ON EMERGENCY.—If any commodity is released from the trust in the case of an emergency under subsection (c), the Secretary shall transfer to the trust funds of the Commodity Credit Corporation in an amount equal to, as determined by the Secretary, the amount of storage charges that will

be saved by Commodity Credit Corporation due to the emergency release.

"(C) EXCHANGES.—If any commodity held in the trust is exchanged for funds under subsection (b)(1)(D)(ii)—

"(i) 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); and

"(ii) the Secretary shall transfer to the trust funds of the Commodity Credit Corporation in an amount equal to, as determined by the Secretary, the amount of storage charges that will be saved by Commodity Credit Corporation due to the exchange.

"(D) INVESTMENT.—The Secretary—

"(i) 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

"(ii) shall not invest any funds held in the trust in real estate.";

(5) in subsection (f)(2)(A), by striking "replenish" and inserting "reimburse"; and

(6) in subsection (h)—

(A) in paragraph (1), by striking "replenish" and inserting "reimburse"; and

(B) in each of paragraphs (1) and (2), by striking "2007" each place it appears and inserting "2012".

**SEC. 3202. 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. 3203. BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.**

Section 1543A(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5679(d)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 3204. TECHNICAL ASSISTANCE FOR THE RESOLUTION OF TRADE DISPUTES.**

(a) IN GENERAL.—The Secretary may provide monitoring, analytic support, and other technical assistance to limited resource persons that are involved in trading agricultural commodities, as determined by the Secretary, to reduce trade barriers to the persons.

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

# TITLE IV—NUTRITION PROGRAMS

## Subtitle A—Food and Nutrition Program

### PART I—RENAMING OF FOOD STAMP PROGRAM

**SEC. 4001. RENAMING OF FOOD STAMP 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 2007''.

(b) PROGRAM.—The Food and Nutrition Act of 2007 (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 ''food and nutrition program''.

## PART II—IMPROVING PROGRAM BENEFITS

### SEC. 4101. EXCLUSION OF CERTAIN MILITARY PAYMENTS FROM INCOME.

Section 5(d) of the Food and Nutrition Act of 2007 (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 (1));

(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 2007 (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 2008, $140, $239, $197, and $123, respectively; and

''(II) for fiscal year 2009 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.'';

(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 2008, $281; and

''(II) for fiscal year 2009 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 2007 (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. ENCOURAGING RETIREMENT AND EDUCATION SAVINGS AMONG FOOD STAMP RECIPIENTS.**

(a) ALLOWABLE FINANCIAL RESOURCES.—Section 5(g) of the Food and Nutrition Act of 2007 (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 designated by paragraph (1))—

(A) by striking ''$2,000'' and inserting ''$3,500 (as adjusted in accordance with subparagraph (B))''; and

(B) by striking ''$3,000'' and inserting ''$4,500 (as adjusted in accordance with subparagraph (B))''; and

(3) by adding at the end the following:

''(B) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—Beginning on October 1, 2007, and each October 1 there-

after, the amounts in subparagraph (A) shall be adjusted and rounded down to the nearest $250 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 2007 (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 2007 (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 2007 (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 2007 (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. ACCRUAL OF BENEFITS.**

Section 7(i) of the Food and Nutrition Act of 2007 (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. 4107. ELIGIBILITY FOR UNEMPLOYED ADULTS.**

(a) IN GENERAL.—Section 6(o) of the Food and Nutrition Act of 2007 (7 U.S.C. 2015(o)) is amended—

(1) in paragraph (2), in the matter preceding subparagraph (A) by striking "3 months" and inserting "6 months"; and

(2) in paragraph (5), by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on October 1, 2008.

**SEC. 4108. TRANSITIONAL BENEFITS OPTION.**

Section 11(s)(1) of the Food and Nutrition Act of 2007 (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. 4109. MINIMUM BENEFIT.**

(a) IN GENERAL.—Section 8(a) of the Food and Nutrition Act of 2007 (7 U.S.C. 2017(a)) is amended by striking ''$10 per month'' and inserting ''10 percent of the thrifty food plan for a household containing 1 member''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on October 1, 2008.

**SEC. 4110. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.**

(a) IN GENERAL.—Section 27(a) of the Food and Nutrition Act of 2007 (7 U.S.C. 2036(a)) is amended—

(1) by striking ''(a) PURCHASE OF COMMODITIES'' and all that follows through ''through 2007'' and inserting the following:

''(a) PURCHASE OF COMMODITIES.—

''(1) IN GENERAL.—Subject to paragraph (2), for fiscal year 2008 and each fiscal year thereafter''; and

(2) by adding at the end the following:

''(2) AMOUNTS.—In addition to the amounts made available under paragraph (1), for fiscal year 2008 and each fiscal year thereafter, from amounts

made available to carry out this Act, the Secretary shall use to carry out this subsection $110,000,000.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of enactment of this Act.

## PART III—IMPROVING PROGRAM OPERATIONS

### SEC. 4201. TECHNICAL CLARIFICATION REGARDING ELIGIBILITY.

Section 6(k) of the Food and Nutrition Act of 2007 (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 issue consistent procedures—

''(A) to define the terms 'fleeing' and 'actively seeking' for purposes of this subsection; and

''(B) to ensure that State agencies use consistent procedures that disqualify individuals

whom law enforcement authorities are actively seeking for the purpose of holding criminal proceedings against the individual.''.

**SEC. 4202. ISSUANCE AND USE OF PROGRAM BENEFITS.**

(a) IN GENERAL.—Section 7 of the Food and Nutrition Act of 2007 (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 ''section 11(e)(20)'' and inserting ''section 11(e)(19).''; 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 food and nutrition pro-

gram, 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 food and nutrition program.

"(3) DEVALUATION AND TERMINATION OF ISSUANCE OF PAPER COUPONS.—

"(A) COUPON ISSUANCE.—Effective on the date of enactment of the Food and Energy Security Act of 2007, no State shall issue any coupon, stamp, certificate, or authorization card to a household that receives food and nutrition benefits under this Act.

"(B) EBT CARDS.—Effective beginning on the date that is 1 year after the date of enactment of the Food and Energy Security Act of 2007, 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 and Energy Security Act of 2007 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 (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";

(10) 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

(11) 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 2007 (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 food and nutrition assistance provided to a household by means of—

''(1) an electronic benefit transfer under section 7(i); or

''(2) other means of providing assistance, as determined by the Secretary.'';

(C) in subsection (c), in the first sentence, by striking ''authorization cards'' and inserting ''benefits'';

(D) in subsection (d), by striking ''or access device'' and all that follows through the end of the subsection and inserting a period;

(E) in subsection (e)—

(i) by striking ''(e) 'Coupon issuer' means'' and inserting the following:

''(e) BENEFIT ISSUER.—The term 'benefit issuer' means''; and

(ii) by striking ''coupons'' and inserting ''benefits'';

(F) in subsection (g)(7), by striking ''subsection (r)'' and inserting ''subsection (j)'';

(G) in subsection (i)(5)—

(i) in subparagraph (B), by striking ''subsection (r)'' and inserting ''subsection (j)''; and

(ii) in subparagraph (D), by striking ''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))"; and

(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 so as to appear in alphabetical order.

(2) Section 4(a) of the Food and Nutrition Act of 2007 (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 2007 (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 2007 (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 7(f) of the Food and Nutrition Act of 2007 (7 U.S.C. 2016(f)) is amended by striking ''including any losses'' and all that follows through ''section 11(e)(20),''.

(6) Section 8 of the Food and Nutrition Act of 2007 (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)''.

(7) Section 9 of the Food and Nutrition Act of 2007 (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 authorization to accept and redeem benefits shall be valid under the food and nutrition program.''; and

(C) in subsection (g), by striking ''section 3(g)(9)'' and inserting ''section 3(k)(9)''.

(8) Section 10 of the Food and Nutrition Act of 2007 (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".

(9) Section 11 of the Food and Nutrition Act of 2007 (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'';

(F) in subsection (q), by striking ''section 11(e)(20)(B)'' and inserting ''subsection (e)(18)(B)''

(10) Section 13 of the Food and Nutrition Act of 2007 (7 U.S.C. 2022) is amended by striking ''coupons'' each place it appears and inserting ''benefits''.

(11) Section 15 of the Food and Nutrition Act of 2007 (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''.

(12) Section 16(a) of the Food and Nutrition Act of 2007 (7 U.S.C. 2025(a)) is amended by striking ''coupons'' each place it appears and inserting ''benefits''.

(13) Section 17 of the Food and Nutrition Act of 2007 (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''.

(14) Section 19(a)(2)(A)(ii) of the Food and Nutrition Act of 2007 (7 U.S.C. 2028(a)(2)(A)(ii)) is amended by striking ''section 3(o)(4)'' and inserting ''section 3(u)(4)''.

(15) Section 21 of the Food and Nutrition Act of 2007 (7 U.S.C. 2030) is amended—

(A) in subsection (b)(2)(G)(i), by striking ''and (19)'' and inserting ''(and (17)'';

(B) in subsection (d)(3), by striking ''food coupons'' and inserting ''EBT cards''; and

(C) by striking ''coupons'' each place it appears and inserting ''EBT cards''.

(16) Section 22 of the Food and Nutrition Act of 2007 (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''.

(17) Section 26(f)(3) of the Food and Nutrition Act of 2007 (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 Reconciliation 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 2007 (7 U.S.C. 2011 et seq.) shall be considered to be a reference to a ''benefit'' provided under that Act.

**SEC. 4203. CLARIFICATION OF SPLIT ISSUANCE.**

Section 7(h) of the Food and Nutrition Act of 2007 (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 only when a benefit correction is necessary.''.

**SEC. 4204. STATE OPTION FOR TELEPHONIC SIGNATURE.**

Section 11(e)(2)(C) of the Food and Nutrition Act of 2007 (7 U.S.C. 2020(e)(2)(C)) is amended—

(1) by striking ''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 food and nutrition 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. 4205. PRIVACY PROTECTIONS.**

Section 11(e)(8) of the Food and Nutrition Act of 2007 (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. 4206. STUDY ON COMPARABLE ACCESS TO FOOD AND NUTRITION ASSISTANCE FOR PUERTO RICO.**

(a) IN GENERAL.—The Secretary shall carry out a study of the feasibility and effects of including the Com-

monwealth of Puerto Rico in the definition of the term "State" under section 3 of the Food and Nutrition Act of 2007 (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 food and nutrition program, including compliance with appropriate program rules under the Food and Nutrition Act of 2007 (7 U.S.C. 2011 et seq,), such as—

(A) benefit levels under section 3(o) of that Act (7 U.S.C. 3012(o));

(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);

(4) such other matters as the Secretary considers to be appropriate.

(c) REPORT.—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 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.

**SEC. 4207. CIVIL RIGHTS COMPLIANCE.**

Section 11 of the Food and Nutrition Act of 2007 (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 food and nutrition 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. 4208. EMPLOYMENT, TRAINING, AND JOB RETENTION.**

Section 6(d)(4) of the Food and Nutrition Act of 2007 (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).".

**SEC. 4209. CODIFICATION OF ACCESS RULES.**

Section 11(e)(1)) of the Food and Nutrition Act of 2007 (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. 4210. EXPANDING THE USE OF EBT CARDS AT FARMERS' MARKETS.**

(a) IN GENERAL.—For each of fiscal years 2008 through 2010, the Secretary shall make grants to pay 100 percent of the costs of eligible entities approved by the Secretary to carry out projects to expand the number of farmers' markets that accept EBT cards by—

(1) providing equipment and training necessary for farmers' markets to accept EBT cards;

(2) educating and providing technical assistance to farmers and farmers' market operators about the process and benefits of accepting EBT cards; or

(3) other activities considered to be appropriate by the Secretary.

(b) LIMITATION.—A grant under this section—

(1) may not be made for the ongoing cost of carrying out any project; and

(2) 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.

(c) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be—

(1) a State agency administering the food and nutrition program established under the Food and Nutrition Act of 2007 (7 U.S.C. 2011 et seq.);

(2) a State agency or local government; or

(3) a private nonprofit entity that coordinates farmers' markets in a State in cooperation with a State or local government.

(d) SELECTION OF ELIGIBLE ENTITIES.—The Secretary—

(1) shall develop criteria to select eligible entities to receive grants under this section; and

(2) may give preference to any eligible entity that consists of a partnership between a government entity and a nongovernmental entity.

(e) MANDATORY FUNDING.—

(1) IN GENERAL.—On October 1, 2007, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this section $5,000,000, 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.

**SEC. 4211. REVIEW OF MAJOR CHANGES IN PROGRAM DESIGN.**

Section 11 of the Food and Nutrition Act of 2007 (7 U.S.C. 2020) is amended by striking subsection (a) and inserting the following:

"(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 office 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. 4212. PRESERVATION OF ACCESS AND PAYMENT ACCURACY.**

Section 16 of the Food and Nutrition Act of 2007 (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 in-

stallation 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 food and nutrition 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 food and nutrition program.".

**SEC. 4213. NUTRITION EDUCATION.**

(a) AUTHORITY TO PROVIDE NUTRITION EDUCATION.—Section 4(a) of the Food and Nutrition Act of 2007 (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 2007 (7 U.S.C. 2020(f) 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 Cooperative State Research, Education, and Extension Service, including through the expanded food and nutrition education under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), and other State and community health and nutrition providers and organizations.

"(3) NUTRITION EDUCATION STATE PLANS.—

"(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.".

## PART IV—IMPROVING PROGRAM INTEGRITY

### SEC. 4301. MAJOR SYSTEMS FAILURES.

(a) IN GENERAL.—Section 13(b) of the Food and Nutrition Act of 2007 (7 U.S.C. 2022(b)) is amended by adding at the end the following:

"(5) OVER ISSUANCES CAUSED BY SYSTEMIC STATE ERRORS.—

"(A) IN GENERAL.—If the Secretary determines that a State agency over issued benefits to a substantial number of households in a fiscal year as a result of a major systemic error by the State agency, as determined by the Secretary, the Secretary may prohibit the State agency from collecting these over issuances from some or all households.

"(B) PROCEDURES.—

"(i) INFORMATION REPORTING BY STATES.—Every State agency shall provide to the Secretary all information requested by the Secretary concerning the issuance of benefits to households by the State agency in the applicable fiscal year.

"(ii) FINAL DETERMINATION.—After reviewing relevant information provided by a State agency, the Secretary shall make a final determination—

"(I) whether the State agency over issued benefits to a substantial number of households as a result of a systemic error in the applicable fiscal year; and

"(II) as to the amount of the over issuance in the applicable fiscal year for which the State agency is liable.

"(iii) ESTABLISHING A CLAIM.—Upon determining under clause (ii) that a State agency has over issued benefits to households due to a major systemic error determined under subparagraph (A), the Secretary shall establish a claim against the

State agency equal to the value of the over issuance caused by the systemic error.

"(iv) ADMINISTRATIVE AND JUDICIAL REVIEW.—Administrative and judicial review, as provided in section 14, shall apply to the final determinations by the Secretary under clause (ii).

"(v) REMISSION TO THE SECRETARY.—

"(I) DETERMINATION NOT APPEALED.—If the determination of the Secretary under clause (ii) is not appealed, the State agency shall, as soon as practicable, remit to the Secretary the dollar amount specified in the claim under clause (iii).

"(II) DETERMINATION APPEALED.—If the determination of the Secretary under clause (ii) is appealed, upon completion of administrative and judicial review under clause (iv), and a finding of liability on the part of the State, the appealing State agency shall, as soon as practicable, remit to the Secretary a dollar

amount subject to the finding of the administrative and judicial review.

"(vi) ALTERNATIVE METHOD OF COLLECTION.—

"(I) IN GENERAL.—If a State agency fails to make a payment under clause (v) within a reasonable period of time, as determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this Act by the amount due.

"(II) ACCRUAL OF INTEREST.—During the period of time determined by the Secretary to be reasonable under subclause (I), interest in the amount owed shall not accrue.

"(vii) LIMITATION.—Any liability amount established under section 16(c)(1)(C) shall be reduced by the amount of the claim established under this subparagraph.".

(b) CONFORMING AMENDMENT.—Section 14(a)(6) of the Food and Nutrition Act of 2007 (7 U.S.C. 2023(a)(6))

is amended by striking ''pursuant to section'' and inserting ''pursuant to section 13(b)(5) and''.

**SEC. 4302. PERFORMANCE STANDARDS FOR BIOMETRIC IDENTIFICATION TECHNOLOGY.**

Section 16 of the Food and Nutrition Act of 2007 (7 U.S.C. 2025) is amended by adding at the end the following:

''(l) PERFORMANCE STANDARDS FOR BIOMETRIC IDENTIFICATION TECHNOLOGY.—

''(1) DEFINITION OF BIOMETRIC IDENTIFICATION TECHNOLOGY.—In this subsection, the term 'biometric identification technology' means a technology that provides an automated method to identify an individual based on physical characteristics, such as fingerprints or retinal scans.

''(2) ADMINISTRATIVE FUNDS.—The Secretary may not pay a State agency any amount for administrative costs for the development, purchase, administration, or other costs associated with the use of biometric identification technology unless the State agency has, under such terms and conditions as the Secretary considers appropriate—

''(A) provided to the Secretary an analysis of the cost-effectiveness of the use of the proposed biometric identification technology to de-

tect fraud in carrying out the food and nutrition program;

"(B) demonstrated to the Secretary that the analysis is—

"(i) statistically valid; and

"(ii) based on appropriate and valid assumptions for the households served by the food and nutrition program;

"(C) demonstrated to the Secretary that—

"(i) the proposed biometric identification technology is cost-effective in reducing fraud; and

"(ii) there are no other technologies or fraud-detection methods that are at least as cost-effective in carrying out the purposes of the proposed biometric identification system; and

"(D) demonstrated to the Secretary that no information produced by or used in the biometric information technology system will be made available or used for any purpose other than a purpose allowed under section 11(e)(8).

"(3) STANDARDS.—The Secretary shall establish uniform standards for the evaluation of cost-ef-

fectiveness analyses submitted to the Secretary under paragraph (2).''.

**SEC. 4303. CIVIL PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.**

Section 12 of the Food and Nutrition Act of 2007 (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 food and nutrition program; or

''(B) assessed a civil penalty of up to $100,000 for each violation.

''(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 subsection (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. 4304. FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.**

(a) IN GENERAL.—Section 16(h)(1)(A) of the Food and Nutrition Act of 2007 (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 2 fiscal years".

(b) RESCISSION OF FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food and Nutrition Act of 2007 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before the fiscal year beginning October 1, 2007, shall be rescinded on the date of enactment of this Act, unless obligated by a State agency before that date.

**SEC. 4305. ELIGIBILITY DISQUALIFICATION.**

Section 6 of the Food and Nutrition Assistance Act of 2007 (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.—Any person who has been found by a State or Federal court or administrative agency or in a hearing under subsection (b) to have intentionally obtained cash by purchasing products with food and nutrition 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 FOOD AND NUTRITION BENEFITS.—Subject to any requirements established by the Secretary, any person who has been found by a State or Federal court or administrative agency or in a hearing under subsection (b) to have intentionally sold any food that was purchased using food and nutrition benefits shall be ineligible for benefits under this Act for such period of time as the Secretary shall prescribe by regulation.".

## PART V—MISCELLANEOUS

### SEC. 4401. DEFINITION OF STAPLE FOODS.

Subsection (r) of section 3 of the Food and Nutrition Act of 2007 (7 U.S.C. 2012) (as redesignated by section 4202(b)(1)(M)) is amended—

(1) by striking ''(r)(1) Except'' and inserting the following:

''(r) STAPLE FOODS.—

''(1) IN GENERAL.—Except''; and

(2) by striking paragraph (2) and inserting the following:

''(2) EXCEPTIONS.—The term 'staple foods' does not include accessory food items, such as coffee, tea, cocoa, carbonate and uncarbonated drinks, candy, condiments, and spices, or dietary supplements.

''(3) DEPTH OF STOCK.—The Secretary may issue regulations to define depth of stock to ensure that stocks of staple foods are available on a continuous basis.''.

**SEC. 4402. ACCESSORY FOOD ITEMS.**

Section 9(a) of the Food and Nutrition Act of 2007 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

''(4) ACCESSORY FOOD ITEMS.—

''(A) IN GENERAL.—Not later than 1 year after the date of enactment of this paragraph, the Secretary shall promulgate proposed regulations providing that a dietary supplement shall

not be considered an accessory food item unless the dietary supplement—

"(i) contains folic acid or calcium in accordance with sections 101.72 and 101.79 of title 21, Code of Federal Regulations (as in effect on the date of enactment of this paragraph); and

"(ii) is a multivitamin-mineral supplement that—

"(I) provides at least ⅔ of the essential vitamins and minerals at 100 percent of the daily value levels, as determined by the Food and Drug Administration; and

"(II) does not exceed the daily upper limit for those nutrients for which an established daily upper limit has been determined by the Institute of Medicine of the National Academy of Sciences.

"(B) FINAL REGULATIONS.—Not later than 2 years after the date of enactment of this paragraph, the Secretary shall promulgate final regulations in accordance with subparagraph (A).

"(C) PURCHASE OF DIETARY SUPPLEMENTS.—No dietary supplements may be purchased using benefits under this Act until the earlier of—

"(i) the date on which the Secretary promulgates final regulations under subparagraph (B); or

"(ii) the date on which the Secretary certifies a voluntary system of labeling for the ready and accurate identification of eligible dietary supplements, as developed by the Secretary in consultation with the dietary supplement industry and dietary supplement retailers.".

**SEC. 4403. PILOT PROJECTS TO EVALUATE HEALTH AND NUTRITION PROMOTION IN THE FOOD AND NUTRITION PROGRAM.**

Section 17 of the Food and Nutrition Act of 2007 (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 FOOD AND NUTRITION 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 food and nutrition program to improve the dietary and health status of households participating in the food and nutrition program; and

"(B) to reduce overweight, obesity, and associated co-morbidities in the United States.

"(2) PROJECTS.—Pilot projects carried out under paragraph (1) may include projects to determine whether healthier food purchases by and healthier diets among households participating in the food and nutrition program result from projects that—

"(A) increase the food and nutrition assistance purchasing power of the participating households by providing increased food and nutrition assistance benefit allotments to the participating households;

"(B) increase access to farmers markets by participating households through the electronic redemption of food and nutrition assistance at the farmers markets;

"(C) provide incentives to authorized food and nutrition program vendors to increase the

availability of healthy foods to participating households;

"(D) subject authorized food and nutrition program vendors to stricter vendor requirements with respect to carrying and stocking healthy foods;

"(E) provide incentives at the point of purchase to encourage participating households to purchase fruits, vegetables, or other healthy 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).

"(3) DURATION.—A pilot project carried out under this subsection shall have a term of not more than 5 years.

"(4) EVALUATIONS AND REPORTS.—

"(A) EVALUATIONS.—

"(i) INDEPENDENT EVALUATION.—

"(I) IN GENERAL.—The Secretary shall provide for an independent evaluation of each pilot project 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) REPORTS.—Not later than 90 days after the last day of fiscal year 2008 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.

"(5) FUNDING.—

"(A) IN GENERAL.—Out of any funds made available under section 18, the Secretary

shall use $50,000,000 to carry out this section, to remain available until expended.

"(B) USE OF FUNDS.—Of funds made available under subparagraph (A), the Secretary shall use not more than $25,000,000 to carry out a pilot project described in paragraph (2)(E).".

**SEC. 4404. BILL EMERSON NATIONAL HUNGER FELLOWS AND MICKEY LELAND INTERNATIONAL HUNGER FELLOWS.**

(a) IN GENERAL.—The Food and Nutrition Act of 2007 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

**"SEC. 28. BILL EMERSON NATIONAL HUNGER FELLOWS AND MICKEY LELAND INTERNATIONAL HUNGER FELLOWS.**

"(a) SHORT TITLE.—This section may be cited as the 'Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows Program Act of 2007'.

"(b) FINDINGS.—Congress finds that—

"(1) there is a critical need for compassionate individuals who are committed to assisting people who suffer from hunger to initiate and administer solutions to the hunger problem;

"(2) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated—

"(A) his commitment to solving the problem of hunger in a bipartisan manner;

"(B) his commitment to public service; and

"(C) his great affection for the institution and ideals of the United States Congress;

"(3) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated—

"(A) his compassion for those in need;

"(B) his high regard for public service; and

"(C) his lively exercise of political talents;

"(4) the special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all;

"(5) these 2 outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others; and

"(6) it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by creating a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

"(c) DEFINITIONS.—In this 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 (d)(1).

"(d) 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 ad-

dress international hunger and other humanitarian needs.

"(3) ADMINISTRATION.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall offer to enter into a contract with the Congressional Hunger Center to administer the Fellowship Programs.

"(B) TERMS OF CONTRACT.—The terms of the contract entered into under subparagraph (A), including the length of the contract and provisions for the alteration or termination of the contract, shall be determined by the Secretary in accordance with this section.

"(e) 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 (d)(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 (d)(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.

"(f) 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.

"(g) 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 (h); and

"(2) includes the results of evaluations and audits required by subsection (f).

"(h) 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.".

(b) REPEAL.—Section 4404 of the Farm Security and Rural Investment Act of 2002 (2 U.S.C. 1161) is repealed.

**SEC. 4405. HUNGER-FREE COMMUNITIES.**

(a) DEFINITIONS.—In this section:

(1) DOMESTIC HUNGER GOAL.—The term "domestic hunger goal" means—

(A) the goal of reducing hunger in the United States to at or below 2 percent by 2010; or

(B) the goal of reducing food insecurity in the United States to at or below 6 percent by 2010.

(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) FOOD SECURITY.—The term ''food security'' means the state in which an individual has access to enough food for an active, healthy life.

(4) 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 REPORTS.—

(1) STUDY.—

(A) TIMELINE.—

(i) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary shall conduct a study of major matters relating to the problem of hunger in the United States, as determined by the Secretary.

(ii) UPDATE.—Not later than 5 years after the date on which the study under clause (i) is conducted, the Secretary shall update the study.

(B) MATTERS TO BE ASSESSED.—The matters to be assessed by the Secretary in the

study and update under this paragraph shall include—

(i) data on hunger and food insecurity in the United States;

(ii) measures carried out during the previous year by Federal, State, and local governments to achieve domestic hunger goals and hunger-free communities goals; and

(iii) measures that could be carried out by Federal, State, and local governments to achieve domestic hunger goals and hunger-free communities goals.

(2) RECOMMENDATIONS.—The Secretary shall develop recommendations on—

(A) removing obstacles to achieving domestic hunger goals and hunger-free communities goals; and

(B) otherwise reducing domestic hunger.

(3) REPORT.—The Secretary shall submit to the President and Congress—

(A) not later than 1 year after the date of enactment of this Act, a report that contains—

(i) a detailed statement of the results of the study, or the most recent update to

the study, conducted under paragraph (1)(A); and

(ii) the most recent recommendations of the Secretary under paragraph (2); and

(B) not later than 5 years after the date of submission of the report under subparagraph (A), an update of the report.

(c) HUNGER-FREE COMMUNITIES COLLABORATIVE GRANTS.—

(1) DEFINITION OF ELIGIBLE ENTITY.—In this subsection, the term ''eligible entity'' means a public food program service provider or a nonprofit organization, including but not limited to an emergency feeding organization, that demonstrates the organization has collaborated, or will collaborate, with 1 or more local partner organizations to achieve at least 1 hunger-free communities goal.

(2) PROGRAM AUTHORIZED.—

(A) IN GENERAL.—The Secretary shall use not more than 55 percent of any funds made available under subsection (f) to make grants to eligible entities to pay the Federal share of the costs of an activity described in paragraph (4).

(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 in kind, fairly evaluated, 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.

(3) APPLICATION.—

(A) IN GENERAL.—To receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at the time and in the manner and accompanied by any information the Secretary may require.

(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

(i) identify any activity described in paragraph (4) that the grant will be used to fund;

(ii) describe the means by which an activity identified under clause (i) will reduce hunger in the community of the eligible entity;

(iii) list any partner organizations of the eligible entity that will participate in an activity funded by the grant;

(iv) describe any agreement between a partner organization and the eligible entity necessary to carry out an activity funded by the grant; and

(v) if an assessment described in paragraph (4)(A) has been performed, include—

(I) a summary of that assessment; and

(II) information regarding the means by which the grant will help 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—

(i) demonstrate in the application of the eligible entity that the eligible entity

makes collaborative efforts to reduce hunger in the community of the eligible entity; and

(ii)(I) serve communities in which the rates of food insecurity, hunger, poverty, or unemployment are demonstrably higher than national average rates;

(II) provide evidence of long-term efforts to reduce hunger in the community;

(III) provide evidence of public support for the efforts of the eligible entity; or

(IV) demonstrate in the application of the eligible entity a commitment to achieving more than 1 hunger-free communities goal.

(4) USE OF FUNDS.—

(A) ASSESSMENT OF HUNGER IN THE COMMUNITY.—

(i) IN GENERAL.—An eligible entity in a community that has not performed an assessment described in clause (ii) may use a grant received under this subsection to perform the assessment for the community.

(ii) ASSESSMENT.—The assessment referred to in clause (ii) shall include—

(I) an analysis of the problem of hunger in the community served by the eligible entity;

(II) an evaluation of any facility and any equipment used to achieve a hunger-free communities goal in the community;

(III) an analysis of the effectiveness and extent of service of existing nutrition programs and emergency feeding organizations; and

(IV) a plan to achieve any other hunger-free communities goal in the community.

(B) ACTIVITIES.—An eligible entity in a community that has submitted an assessment to the Secretary shall use a grant received under this subsection for any fiscal year for activities of the eligible entity, including—

(i) meeting the immediate needs of people in the community served by the eligible entity who experience hunger by—

(I) distributing food;

(II) providing community outreach; or

(III) improving access to food as part of a comprehensive service;

(ii) developing new resources and strategies to help reduce hunger in the community;

(iii) establishing a program to achieve a hunger-free communities goal in the community, including—

(I) a program to prevent, monitor, and treat children in the community experiencing hunger or poor nutrition; or

(II) a program to provide information to people in the community on hunger, domestic hunger goals, and hunger-free communities goals; and

(iv) establishing a program to provide food and nutrition services as part of a coordinated community-based comprehensive service.

(d) HUNGER-FREE COMMUNITIES INFRASTRUCTURE GRANTS.—

(1) DEFINITION OF ELIGIBLE ENTITY.—In this subsection, the term ''eligible entity'' means an emergency feeding organization (as defined in sec-

tion 201A(4) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501(4))).

(2) PROGRAM AUTHORIZED.—

(A) IN GENERAL.—The Secretary shall use not more than 45 percent of any funds made available under subsection (f) to make grants to eligible entities to pay the Federal share of the costs of an activity described in paragraph (4).

(B) FEDERAL SHARE.—The Federal share of the cost of carrying out an activity under this subsection shall not exceed 80 percent.

(3) APPLICATION.—

(A) IN GENERAL.—To receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at the time and in the manner and accompanied by any information the Secretary may require.

(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

(i) identify any activity described in paragraph (4) that the grant will be used to fund; and

(ii) describe the means by which an activity identified under clause (i) will re-

duce hunger in the community of the eligible entity.

(C) PRIORITY.—In making grants under this subsection, the Secretary shall give priority to eligible entities the applications of which 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 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.

(4) USE OF FUNDS.—An eligible entity shall use a grant received under this subsection for any fiscal year to carry out activities of the eligible entity, including—

(A) constructing, expanding, or repairing a facility or equipment to support hunger relief agencies in the community;

(B) assisting an emergency feeding organization in the community in obtaining locally-produced produce and protein products; and

(C) assisting an emergency feeding organization in the community to process and serve wild game.

(e) REPORT.—If funds are made available under subsection (f), not later than September 30, 2012, the Secretary shall submit to Congress a report describing—

(1) each grant made under this section, including—

(A) a description of any activity funded by such a grant; and

(B) the degree of success of each activity funded by such a grant in achieving hunger-free communities goals; and

(2) the degree of success of all activities funded by grants under this section in achieving domestic hunger goals.

(f) 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. 4406. STATE PERFORMANCE ON ENROLLING CHILDREN RECEIVING PROGRAM BENEFITS FOR FREE SCHOOL MEALS.**

(a) IN GENERAL.—Not later than June 30 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 assesses the effectiveness of each State in enrolling school-aged children in households receiving program benefits under the Food and Nutrition Act of 2007 (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) 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.

# Subtitle B—Food Distribution Program on Indian Reservations

## SEC. 4501. ASSESSING THE NUTRITIONAL VALUE OF THE FDPIR FOOD PACKAGE.

(a) IN GENERAL.—Section 4 of the Food and Nutrition Act of 2007 (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 food and nutrition pro-

gram, shall be made whenever a request for concurrent or separate food program operations, respectively, is made by a tribal organization.

"(2) ADMINISTRATION.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), in the event of distribution on all or part of an Indian reservation, the appropriate agency of the State government in the area involved shall be responsible for the distribution.

"(B) ADMINISTRATION BY TRIBAL ORGANIZATION.—If the Secretary determines that a tribal organization is capable of effectively and efficiently administering a distribution described in 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 food and nutrition program and the distribution of federally donated foods.

"(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 food and nutrition program under this Act.

"(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, 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 FOOD FUND.—

"(A) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall establish a fund for use in purchasing traditional foods for recipients of food distributed under this subsection.

"(B) 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.

"(C) 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 of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

(1) how the Secretary derives the process for determining the food package under the food distribution program on Indian reservations established under section 4(b) of the Food and Nutrition Act of 2007 (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 Americans compared to the food and nutrition 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 of infrastructure;

(3) any plans of the Secretary to revise and update the food package to conform with the most recent Dietary Guidelines for Americans, including any costs associated with the planned changes; and

(4) if the Secretary does not plan changes to the food package, the rationale of the Secretary for retaining the food package.

# Subtitle C—Administration of Emergency Food Assistance Program and Commodity Supplemental Food Program

**SEC. 4601. EMERGENCY FOOD ASSISTANCE.**

(a) STATE PLAN.—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.—To receive commodities under this Act, every 3 years, a State shall submit to the Secretary an operation and administration plan for the provision of assistance under this Act.''.

(b) DONATED WILD GAME.—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 inserting ''and donated wild game'' before the period at the end.

**SEC. 4602. 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.".

# Subtitle D—Senior Farmers' Market Nutrition Program

**SEC. 4701. EXCLUSION OF BENEFITS IN DETERMINING ELIGIBILITY FOR OTHER PROGRAMS.**

(a) IN GENERAL.—Section 4402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007) is amended—

(1) in subsection (a), by striking "each of fiscal years 2003 through 2007" and inserting "fiscal year 2008 and each fiscal year thereafter";

(2) by redesignating subsections (b) and (c) as subsections (c) and (e), respectively;

(3) by inserting after subsection (a) the following:

"(b) ADDITIONAL FUNDS.—In addition to the amounts made available under subsection (a), for fiscal year 2008 and each fiscal year thereafter, of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall use $10,000,000 to expand the program established under this section."; and

(4) by inserting after subsection (c) (as redesignated by paragraph (2)) the following:

"(d) EXCLUSION OF BENEFITS IN DETERMINING ELIGIBILITY FOR OTHER PROGRAMS.—The value of any benefit provided under the program under this section shall not be taken into consideration in determining the eligibility of an individual for any other Federal or State assistance program.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of enactment of this Act.

**SEC. 4702. PROHIBITION ON COLLECTION OF SALES TAX.**

Section 4402 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007) is amended by inserting after subsection (d) (as added by section 4701(a)(4)) the following:

"(e) PROHIBITION ON COLLECTION OF SALES TAX.—A State that collects any sales tax on the purchase of food using a benefit provided under the program under this section shall not be eligible to participate in the program.".

# Subtitle E—Reauthorization of Federal Food Assistance Programs

**SEC. 4801. FOOD AND NUTRITION PROGRAM.**

(a) GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.—Section 11(t)(1) of the Food and

Nutrition Act of 2007 (7 U.S.C. 2020(t)(1)) is amended by striking ''For each of fiscal years 2003 through 2007'' and inserting ''For fiscal year 2008 and each fiscal year thereafter''.

(b) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—Section 16(h)(1) of the Food and Nutrition Act of 2007 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A)(vii), by striking ''for each of fiscal years 2002 through 2007'' and inserting ''for fiscal year 2008 and each fiscal year thereafter''; and

(2) in subparagraph (E)(i), by striking ''for each of fiscal years 2002 through 2007'' and inserting ''for fiscal year 2008 and each fiscal year thereafter''.

(c) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food and Nutrition Act of 2007 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''for each of fiscal years 1999 through 2007'' and inserting ''for fiscal year 2008 and each fiscal year thereafter''; and

(2) in subparagraph (B)(ii), by striking ''through fiscal year 2007''.

(d) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food and Nutrition Act of 2007 (7 U.S.C. 2026(b)(1)(B(vi)) is amended by striking ''through October 1, 2007''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food and Nutrition Act of 2007 (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 fiscal year 2008 and each fiscal year thereafter''.

(f) CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.—Section 19(a)(2)(A)(ii) of the Food and Nutrition Act of 2007 (7 U.S.C. 2028(a)(2)(A)(ii)) by striking ''for each of fiscal years 2004 through 2007'' and inserting ''for fiscal year 2008 and each fiscal year thereafter''.

(g) ASSISTANCE FOR COMMUNITY FOOD PROJECTS.—Section 25 of the Food and Nutrition Act of 2007 (7 U.S.C. 2034) is amended—

(1) in subsection (b)(2), by striking subparagraph (B) and inserting the following:

''(B) $10,000,000 for each of fiscal years 2008 through 2012.''; and

(2) in subsection (h)(4), by striking ''2007'' and inserting ''2012''.

**SEC. 4802. COMMODITY DISTRIBUTION.**

(a) 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 ''$60,000,000 for each of the fiscal years 2003 through 2007'' and inserting ''$100,000,000 for fiscal year 2008 and each fiscal year thereafter''.

(b) 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 ''year 2008 and each fiscal year thereafter''.

(c) 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—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''each of fiscal years 2003 through 2007'' and inserting ''fiscal year 2008 and each fiscal year thereafter''; and

(B) in paragraph (2)(B), by striking ''(B) FISCAL YEARS 2004 THROUGH 2007.—'' and all that follows through ''2007'' and inserting the following:

"(B) SUBSEQUENT FISCAL YEARS.—For fiscal year 2004 and each subsequent fiscal year"; and

(2) in subsection (d)(2), by striking "each of the fiscal years 1991 through 2007" and inserting "fiscal year 2008 and each fiscal year thereafter".

(d) 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 "2007" and inserting "2012".

**SEC. 4803. 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".

# Subtitle F—Miscellaneous

**SEC. 4901. PURCHASES OF LOCALLY GROWN FRUITS AND VEGETABLES.**

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 GROWN FRUITS AND VEGETABLES.—The Secretary shall—

"(1) encourage institutions receiving funds under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) to purchase locally grown fruits and vegetables, to the maximum extent practicable and appropriate;

"(2) advise institutions participating in a program described in paragraph (1) of the policy described in that paragraph and post information concerning the policy on the website maintained by the Secretary; and

"(3) allow institutions receiving funds under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), including the Department of Defense, to use a geographic preference for the procurement of locally grown fruits and vegetables.".

**SEC. 4902. HEALTHY FOOD EDUCATION AND PROGRAM REPLICABILITY.**

Section 18(i) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(i)) 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 (3); and

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

"(2) ADMINISTRATION.—In providing grants under this subsection, the Secretary shall give priority to projects that can be replicated in schools.".

**SEC. 4903. FRESH FRUIT AND VEGETABLE PROGRAM.**

(a) 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.—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 fiscal 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.—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) except as provided in paragraph (2), 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 (C); and

"(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) 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); and

"(iii) such other information as may be requested by the Secretary;

"(D) give priority to schools that submit a plan for implementation of the program that includes a partnership with 1 or more entities that provide non-Federal resources (including entities representing the fruit and vegetable industry) for—

"(i) the acquisition, handling, promotion, or distribution of fresh and dried fruits and fresh vegetables; or

"(ii) other support that contributes to the purposes of the program;

"(E) give priority to schools that provide evidence of 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

"(F) ensure that each school selected is an elementary school.

"(2) EXCEPTION.—Clause (i) of paragraph (1)(A) shall not apply to a State if the State does not have a sufficient number of schools that meet the requirement of that clause.

"(3) CONSORTIA.—A consortia of schools may apply for funding under this section.

"(e) NOTICE OF AVAILABILITY.—To be eligible 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, annually.

"(g) LIMITATION.—To the maximum extent practicable, each State agency shall ensure that in making available to students the fruits and vegetables provided under this section, schools participating in the program 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) SCHOOLS ON INDIAN RESERVATIONS.—The Secretary shall ensure that not less than 100 of the schools chosen to participate in the program are schools operated on Indian reservations.

"(i) 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).

"(j) FUNDING.—

"(1) 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 section—

"(A) on October 1, 2007, $225,000,000; and

"(B) on October 1, 2008, and each October 1 thereafter, the amount made available for the preceding fiscal year, as adjusted to reflect changes for the 12-month period ending 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.

"(2) EVALUATION FUNDING.—On October 1, 2007, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out the evaluation required under subsection (i), $3,000,000, to remain available until expended.

"(3) 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.

"(4) 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.

"(5) ADMINISTRATIVE COSTS.—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.

"(6) 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.".

(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 (g); and

(2) by redesignating subsections (h) through (k) as subsections (g) through (j), respectively.

**SEC. 4904. BUY AMERICAN REQUIREMENTS.**

(a) FINDINGS.—Congress finds that—

(1) Federal law requires that commodities and products purchased with Federal funds be, to the maximum extent practicable, of domestic origin;

(2) Federal Buy American statutory requirements seek to ensure that purchases made with Federal funds benefit domestic producers; and

(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 school lunch program, including food products purchased with local funds.

(b) BUY AMERICAN STATUTORY REQUIREMENTS.—It is the sense of Congress that the Secretary should undertake training, guidance, and enforcement of the various Buy American statutory requirements and regulations in effect on the date of enactment of this Act, including requirements of—

(1) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.); and

(2) the Department of Defense fresh fruit and vegetable distribution program.

**SEC. 4905. MINIMUM PURCHASES OF FRUITS, VEGETABLES, AND NUTS THROUGH SECTION 32 TO SUPPORT DOMESTIC NUTRITION ASSISTANCE PROGRAMS.**

(a) MINIMUM FUNDING FOR PURCHASES OF FRUITS, VEGETABLES, AND NUTS.—In lieu of 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 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) $390,000,000 for fiscal year 2008.

(2) $393,000,000 for fiscal year 2009.

(3) $399,000,000 for fiscal year 2010.

(4) $403,000,000 for fiscal year 2011.

(5) $406,000,000 for fiscal year 2012 and each fiscal year thereafter.

(b) FORM OF PURCHASES.—Fruits, vegetables, and nuts may be purchased under this section in frozen, canned, dried, or fresh form.

(c) VALUE-ADDED PRODUCTS.—The Secretary may offer value-added products containing fruits, vegetables, or nuts under this section, taking into consideration—

(1) whether demand exists for the value-added product; and

(2) the interests of entities that receive fruits, vegetables, and nuts under this section.

**SEC. 4906. CONFORMING AMENDMENTS TO RENAMING OF FOOD STAMP PROGRAM.**

(a) IN GENERAL.—

(1) Section 4 of the Food and Nutrition Act of 2007 (7 U.S.C. 2013) is amended in the section heading by striking ''FOOD STAMP PROGRAM'' and inserting ''FOOD AND NUTRITION PROGRAM''.

(2) Section 5(h)(2)(A) of the Food and Nutrition Act of 2007 (7 U.S.C. 2014(h)(2)(A)) is amended by striking ''Food Stamp Disaster Task Force'' and inserting ''Food and Nutrition Disaster Task Force''.

(3) Section 6 of the Food and Nutrition Act of 2007 (7 U.S.C. 2015) is amended—

(A) in subsection (d)(3), by striking ''eligible for food stamps'' and inserting ''eligible to receive food and nutrition assistance'';

(B) in subsection (g), by striking ''food stamps'' and inserting ''food and nutrition assistance'';

(C) in subsection (j), in the subsection heading, by striking ''FOOD STAMP'' and inserting ''FOOD AND NUTRITION''; and

(D) in subsection (o)—

(i) in paragraph (2), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance''; and

(ii) in paragraph (6)—

(I) in subparagraph (A)—

(aa) in clause (i), by striking ''food stamps'' and inserting ''food and nutrition assistance''; 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 food and nutrition assistance''; and

(BB) by striking ''food stamp benefits'' each place it appears and inserting ''food and nutrition assistance''; and

(II) in subparagraphs (D) and (E), by striking ''food stamp recipients'' each place it appears and inserting ''members of households that receive food and nutrition assistance''.

(4) Section 7 of the Food and Nutrition Act of 2007 (7 U.S.C. 2016) (as amended by section 4202(a)(11)) is amended—

(A) in subsection (h)—

(i) in paragraph (3)(B)(ii), by striking ''food stamp households'' and inserting ''households receiving food and nutrition assistance''; and

(ii) in paragraph (7), by striking ''food stamp issuance'' and inserting ''food and nutrition assistance issuance''; and

(B) in subsection (j)—

(i) in paragraph (2), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance benefits''; and

(ii) in paragraph (3), by striking ''food stamp retail'' and inserting ''food and nutrition assistance retail''.

(5) Section 9(b)(1) of that Food and Nutrition Act of 2007 (7 U.S.C. 2018(b)(1)) is amended by striking ''food stamp households'' and inserting ''households that receive food and nutrition assistance''.

(6) Section 11 of the Food and Nutrition Act of 2007 (7 U.S.C. 2020) (as amended by section 4202(b)(9)(B)(III)) is amended—

(A) in subsection (e)—

(i) in paragraph (2)—

(I) in subparagraph (A), by striking ''food stamp offices'' and inserting ''food and nutrition assistance offices''; and

(II) in subparagraph (B)—

(aa) in clause (iii), by striking ''food stamp office'' and inserting ''food and nutrition assistance office'';

(bb) in clause (v)(II), by striking ''food stamps'' and inserting ''food and nutrition assistance''; and

(cc) in clause (vii), by striking ''food stamp offices'' and inserting ''food and nutrition assistance offices'';

(ii) in paragraph (14), by striking ''food stamps'' and inserting ''food and nutrition assistance'';

(iii) in paragraph (15), by striking ''food stamps'' and inserting ''food and nutrition assistance''; and

(iv) in paragraph (23)—

(I) in the matter preceding subparagraph (A), by striking ''Simplified Food Stamp Program'' and inserting ''Simplified Food and Nutrition Assistance Program''; and

(II) in subparagraph (A), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance'';

(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, food and nutrition assistance'';

(C) in subsection (l), by striking ''food stamp participation'' and inserting ''food and nutrition program participation'';

(D) in subsections (q) and (r), in the subsection headings, by striking ''FOOD STAMPS'' each place it appears and inserting ''FOOD AND NUTRITION ASSISTANCE'';

(E) in subsection (s), by striking ''food stamp benefits'' each place it appears and inserting ''food and nutrition assistance''; and

(F) in subsection (t)(1)—

(i) in subparagraph (A), by striking ''food stamp application'' and inserting ''food and nutrition assistance application''; and

(ii) in subparagraph (B), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance''.

(7) Section 14(b) of the Food and Nutrition Act of 2007 (7 U.S.C. 2023(b)) is amended by strik-

ing ''food stamp allotments'' and inserting ''food and nutrition assistance''.

(8) Section 16 of the Food and Nutrition Act of 2007 (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 food and nutrition program'';

(B) in subsection (c)(9)(C), by striking ''food stamp caseload'' and inserting ''the caseload under the food and nutrition program''; and

(C) in subsection (h)(1)(E)(i), by striking ''food stamp recipients'' and inserting ''households receiving food and nutrition assistance''.

(9) Section 17 of the Food and Nutrition Act of 2007 (7 U.S.C. 2026) is amended—

(A) in subsection (a)(2), by striking ''food stamp benefits'' each place it appears and inserting ''food and nutrition assistance benefits'';

(B) in subsection (b)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking ''food stamp benefits'' and insert-

ing ''food and nutrition assistance''; and

(II) in subparagraph (B)—

(aa) in clause (ii)(II), by striking ''food stamp recipients'' and inserting ''food and nutrition assistance recipients'';

(bb) in clause (iii)(I), by striking ''the State's food stamp households'' and inserting ''the number of households in the State receiving food and nutrition assistance''; and

(cc) in clause (iv)(IV)(bb), by striking ''food stamp deductions'' and inserting ''food and nutrition assistance deductions'';

(ii) in paragraph (2), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance''; and

(iii) in paragraph (3)—

(I) in subparagraph (A), by striking ''food stamp employment'' and inserting ''food and nutrition program employment'';

(II) in subparagraph (B), by striking ''food stamp recipients'' and inserting ''food and nutrition assistance recipients'';

(III) in subparagraph (C), by striking ''food stamps'' and inserting ''food and nutrition assistance''; and

(IV) in subparagraph (D), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance benefits'';

(C) in subsection (c), by striking ''food stamps'' and inserting ''food and nutrition assistance'';

(D) in subsection (d)—

(i) in paragraph (1)(B), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance'';

(ii) in paragraph (2)—

(I) in subparagraph (A), by striking ''food stamp allotments'' each place it appears and inserting ''food and nutrition assistance''; and

(II) in subparagraph (C)(ii), by striking ''food stamp benefit'' and in-

serting ''food and nutrition assistance''; and

(iii) in paragraph (3)(E), by striking ''food stamp benefits'' and inserting ''food and nutrition assistance'';

(E) in subsections (e) and (f), by striking ''food stamp benefits'' each place it appears and inserting ''food and nutrition assistance'';

(F) in subsection (g), in the first sentence, by striking ''receipt of food stamp'' and inserting ''receipt of food and nutrition assistance''; and

(G) in subsection (j), by striking ''food stamp agencies'' and inserting ''food and nutrition program agencies''.

(10) Section 18(a)(3)(A)(ii) of the Food and Nutrition Act of 2007 (7 U.S.C. 2027(a)(3)(A)(ii)) is amended by striking ''food stamps'' and inserting ''food and nutrition assistance''.

(11) Section 21(d)(3) of the Food and Nutrition Act of 2007 (7 U.S.C. 2030(d)(3)) is amended by striking ''food stamp benefits'' and inserting ''food and nutrition assistance''.

(12) Section 22 of the Food and Nutrition Act of 2007 (7 U.S.C. 2031) is amended—

(A) in the section heading, by striking ''FOOD STAMP PORTION OF MINNESOTA FAMILY INVESTMENT PLAN'' and inserting ''FOOD AND NUTRITION ASSISTANCE PORTION OF 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''.

(13) Section 26 of the Food and Nutrition Act of 2007 (7 U.S.C. 2035) is amended—

(A) in the section heading, by striking ''SIMPLIFIED FOOD STAMP PROGRAM'' and inserting ''SIMPLIFIED FOOD AND NUTRITION PROGRAM''; and

(B) in subsection (b), by striking ''simplified food stamp program'' and inserting ''simplified food and nutrition 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 ''food and nutrition program'';

(B) by striking ''Food Stamp Act of 1977'' each place it appears and inserting ''Food and Nutrition Act of 2007'';

(C) by striking ''Food Stamp Act'' each place it appears and inserting ''Food and Nutrition Act of 2007'';

(D) by striking ''food stamp'' each place it appears and inserting ''food and nutrition assistance'';

(E) by striking ''food stamps'' each place it appears and inserting ''food and nutrition assistance'';

(F) in each applicable title, subtitle, chapter, subchapter, and section heading, by striking ''**FOOD STAMP**'' each place it appears and inserting ''**FOOD AND NUTRITION ASSISTANCE**'';

(G) in each applicable subsection and appropriations heading, by striking ''FOOD STAMP'' each place it appears and inserting ''FOOD AND NUTRITION ASSISTANCE'';

(H) in each applicable heading other than a title, subtitle, chapter, subchapter, section, subsection, or appropriations heading, by striking ''FOOD STAMP'' each place it appears and inserting ''FOOD AND NUTRITION ASSISTANCE'';

(I) in each applicable title, subtitle, chapter, subchapter, and section heading, by striking ''**FOOD STAMPS**'' each place it appears and inserting ''**FOOD AND NUTRITION ASSISTANCE**'';

(J) in each applicable subsection and appropriations heading, by striking ''FOOD STAMPS'' each place it appears and inserting ''FOOD AND NUTRITION ASSISTANCE''; and

(K) 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 ''FOOD AND NUTRITION ASSISTANCE''.

(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 2007 (7 U.S.C. 2011 et seq.) shall be considered to be a reference to the ''food and nutrition program'' established under that Act.

**SEC. 4907. EFFECTIVE AND IMPLEMENTATION DATES.**

(a) GENERAL EFFECTIVE DATE.—Except as otherwise provided in this title, this title and the amendments made by this title take effect on April 1, 2008.

(b) IMPLEMENTATION OF IMPROVEMENTS TO PROGRAM BENEFITS.—

(1) IN GENERAL.—A State agency may implement the amendments made by part II of subtitle A beginning on a date (as determined by the State agency) during the period beginning on April 1, 2008, and ending on October 1, 2008.

(2) CERTIFICATION PERIOD.—At the option of a State agency, the State agency may implement 1 or more of the amendments made by sections 4103 and 4104 for a certification period that begins not earlier than the implementation date determined by the State under paragraph (1).

**SEC. 4908. APPLICATION.**

(a) IN GENERAL.—Notwithstanding any other provision of this title or amendments made by this title, the amendments made by the provisions described in subsection (b) shall be in effect during the period beginning

on the date of enactment of this Act (or such other effective date as is otherwise provided in this title) and ending on September 30, 2012.

(b) PROVISIONS.—The provisions referred to in subsection (a) are—

(1) section 4101;

(2) section 4102;

(3) section 4103;

(4) section 4104;

(5) section 4107;

(6) section 4108;

(7) section 4109;

(8) section 4110(a)(2);

(9) section 4208;

(10) section 4701(a)(3);

(11) section 4801(g); and

(12) section 4903.

# 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 applicant, without regard to any lapse between farming experiences" after "farming operations".

**SEC. 5002. PURPOSES OF LOANS.**

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (D), by striking "or" at the end;

(2) in subparagraph (E), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(F) refinancing guaranteed farm ownership loans of qualified beginning farmers and ranchers under this subtitle that were used to carry out purposes described in subparagraphs (A) through (E).".

**SEC. 5003. SOIL AND WATER CONSERVATION AND PROTECTION.**

Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended—

(1) in subsection (a)—

(A) in paragraph (4), by inserting ''or conversion to a certified organic farm in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.)'' after ''systems'';

(B) in paragraph (5), by striking ''and'' at the end;

(C) by redesignating paragraph (6) as paragraph (7); and

(D) by inserting after paragraph (5) the following:

''(6) the implementation of 1 or more practices under the environmental quality section of the comprehensive stewardship incentives program established under subchapter A of chapter 6 of subtitle D of title XII of the Food Security Act of 1985; and''; and

(2) by striking subsections (b) and (c) and inserting the following:

''(b) 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;

"(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 (16 U.S.C. 3812); and

"(4) producers who have a certification from the Natural Resources Conservation Service issued pursuant to section 1240B(d) of the Food Security Act of 1985.".

**SEC. 5004. 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. 5005. 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 inserting "and socially disadvantaged farmers and ranchers" after "ranchers";

(2) in subsection (b)—

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

"(1) PRINCIPAL.—

"(A) PURCHASE PRICE OF $500,000 OR LESS.—Each loan made under this section for

a purchase price that is $500,000 or less, shall be in an amount that does not exceed 45 percent of the lesser of—

"(i) the purchase price; or

"(ii) the appraised value of the farm or ranch to be acquired.

"(B) PURCHASE PRICE GREATER THAN $500,000.—Each loan made under this section for a purchase price that is greater than $500,000, shall be in an amount that does not exceed 45 percent of the lesser of—

"(i) $500,000; or

"(ii) the appraised value of the farm or ranch to be acquired.";

(B) by striking paragraph (2) and inserting the following:

"(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 400 basis points from the interest rate for regular farm ownership loans under this subtitle; or

"(B) 2 percent."; and

(C) in paragraph (3), by striking ''15'' and inserting ''20'';

(3) in subsection (c)—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''5 percent'';

(B) by striking paragraph (2);

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

(D) in subparagraph (B) of paragraph (2) (as so redesignated), by striking ''15-year'' and inserting ''20-year''; and

(4) in subsection (d)—

(A) in paragraph (3), by striking the ''and'' at the end;

(B) in paragraph (4), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(5) establish annual performance goals to promote the use of the down payment loan program and other joint financing participation loans as the preferred choice for direct real estate loans made by any lender to a qualified beginning farmer or rancher or socially disadvantaged farmer or rancher.''.

**SEC. 5006. BEGINNING 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 CONTRACT LAND SALES PROGRAM.**

"(a) IN GENERAL.—Subject to subsection (c), the Secretary shall, in accordance with each condition described in subsection (b), provide a prompt payment guarantee for any loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher on a contract land sale basis.

"(b) CONDITIONS FOR GUARANTEE.—To receive a guarantee for a loan by the Secretary under subsection (a)—

"(1) the qualified beginning farmer or rancher shall—

"(A) on the date on which the contract land sale that is the subject of the loan is complete, own and operate the farmland or ranch land that is the subject of the contract land sale;

"(B) on the date on which the contract land sale that is the subject of the loan is commenced—

"(i) 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

"(ii) demonstrate to the Secretary that the qualified beginning farmer or rancher is unable to obtain sufficient credit without a guarantee to finance any actual need of the qualified beginning farmer or rancher at a reasonable rate or term;

"(2) the loan made by the private seller of farmland or ranch land to the qualified beginning farmer or rancher on a contract land sale basis shall meet applicable underwriting criteria, as determined by the Secretary; and

"(3) to carry out the loan—

"(A) a commercial lending institution shall agree to serve as an escrow agent; or

"(B) the private seller of farmland or ranch land, in cooperation with the qualified beginning farmer or rancher, shall use an appropriate alternate arrangement, as determined by the Secretary.

"(c) LIMITATIONS.—

"(1) DOWN PAYMENT.—The Secretary shall not guarantee a loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher under subsection (a) if the contribution of the qualified beginning farmer or rancher to the down payment for the farmland or ranch land that is the subject of the contract land sale would be an amount less than 5 percent of the purchase price of the farmland or ranch land.

"(2) MAXIMUM PURCHASE PRICE.—The Secretary shall not guarantee a loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher under subsection (a) if the purchase price or the appraisal value of the farmland or ranch land that is the subject of the contract land sale is an amount greater than $500,000.

"(d) PERIOD OF GUARANTEE.—The Secretary shall guarantee a loan made by a private seller of farmland or ranch land to a qualified beginning farmer or rancher under subsection (a) for a 10-year period beginning on the date on which the Secretary guarantees the loan.

"(e) PROMPT PAYMENT GUARANTEE.—The Secretary shall provide to a private seller of farmland or ranch land who makes a loan to a qualified beginning

farmer or rancher that is guaranteed by the Secretary, a prompt payment guarantee, which shall cover—

''(1) 3 amortized annual installments; or

''(2) 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).''.

# 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''; and

(3) in subsection (c)(1)(C), by striking ''6'' and inserting ''7''.

**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. LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.**

Section 319 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is repealed.

# Subtitle C—Administrative Provisions

**SEC. 5201. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.**

The Consolidated Farm and Rural Development Act is amended by adding after section 333A (7 U.S.C. 1983a) 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 area in which the eligible participant is located; or

"(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services for that area.

"(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.—Each demonstration program shall establish a reserve fund consisting of a non-Federal match of 25 percent of

the total amount of the grant awarded to the demonstration program under this section.

"(B) FEDERAL FUNDS.—After a demonstration program has deposited in the reserve fund the non-Federal matching funds described in subparagraph (A), the Secretary shall provide to the demonstration program for deposit in the reserve fund the total amount of the grant awarded under this section.

"(C) USE OF FUNDS.—Of funds deposited in a reserve fund under subparagraphs (A) and (B), a demonstration program—

"(i) may use up to 20 percent for administrative expenses; and

"(ii) shall use the remainder to make 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 as additional matching funds for, or to administer, the demonstration program.

"(E) GUIDANCE.—The Secretary shall implement guidance regarding the investment re-

quirements of reserve funds established under this paragraph.

"(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) IN GENERAL.—A qualified entity receiving a grant under this section shall establish and administer an individual development account for each eligible participant.

"(B) CONTRACT REQUIREMENTS.—To be eligible to receive funds under this section from a qualified entity, each eligible participant shall enter into a contract with a qualified entity under which—

"(i) the eligible participant shall agree—

"(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; and

"(II) to use the funds described in subclause (I) only for 1 or more eligible expenditures described in paragraph (5)(A); and

"(ii) the qualified entity shall agree—

"(I) to deposit not later than 1 month after a deposit described in clause (i)(I) at least a 100-percent, and up to a 300-percent, match of that amount into the individual development account established for the eligible participant;

"(II) with uses of funds proposed by the eligible participant; and

"(III) to complete qualified financial training.

"(C) LIMITATION.—

"(i) IN GENERAL.—A qualified entity administering a demonstration program may provide not more than $9,000 for each fiscal year in matching funds to any 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.

"(D) INTEREST.—Any interest earned on amounts in an individual development account shall be compounded with amounts otherwise

deposited in the individual development account.

"(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 for up to 180 days after the date of purchase of farmland;

"(iii) to purchase farm equipment or production, storage, or marketing infrastructure or buy into an existing value-added business;

"(iv) to purchase breeding stock or fruit or nut trees or trees to harvest for timber;

"(v) to pay training or mentorship expenses to facilitate specific entrepreneurial agricultural activities; and

"(vi) for other similar expenditures, as determined by the Secretary.

"(B) TIMING.—

"(i) IN GENERAL.—An eligible expenditure may be made 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).

"(ii) UNEXPENDED FUNDS.—Funds remaining in an individual development account after the period described in clause (i) shall revert to the reserve fund of the demonstration program.

"(C) PROHIBITION.—An eligible participant that uses funds in an individual development account for an eligible expenditure described in subparagraph (A)(viii) shall not be eligible to receive funds for a substantially similar purpose (as determined by the Secretary) under the national organic program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

"(c) APPLICATIONS.—

"(1) ANNOUNCEMENT OF DEMONSTRATION PROGRAMS.—Not later than 180 days after the date of enactment of this section, the Secretary shall—

"(A) publicly announce the availability of funding under this section for demonstration programs; and

"(B) ensure that applications to carry out demonstration programs are widely available to qualified entities.

"(2) SUBMISSION.—Not later than 270 days after the date of enactment of this section, a qualified entity may submit to the Secretary an application to carry out a demonstration program.

"(3) CRITERIA.—In considering whether to approve an application to carry out a demonstration program, 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 project;

"(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 for providing information relevant to an evaluation of the demonstration program; and

"(F) such other factors as the Secretary considers to be appropriate.

"(4) PREFERENCES.—In considering an application to conduct a demonstration program under this part, 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 and ranchers; and

"(B) expertise in dealing with financial management aspects of farming.

"(5) APPROVAL.—

"(A) IN GENERAL.—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.

"(B) DIVERSITY.—The Secretary shall ensure, to the maximum extent practicable, that approved applications involve demonstration programs for a range of geographic areas and diverse populations.

"(6) TERM OF AUTHORITY.—If the Secretary approves an application to carry out a demonstration program, the Secretary shall authorize the applying qualified entity to carry out the project for a period of 5 years, plus an additional 2 years for the making of eligible expenditures in accordance with subsection (b)(5)(B).

"(d) GRANT AUTHORITY.—

"(1) IN GENERAL.—For each year during which a demonstration program is carried out under this section, the Secretary shall make a grant to the qualified entity authorized to carry out the demonstration program.

"(2) MAXIMUM AMOUNT OF GRANTS.—The aggregate amount of grant funds provided to a demonstration program carried out under this section shall not exceed $300,000.

"(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, 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 and eligible participants;

"(iii) the number and characteristics of individuals that have made 1 or more deposits into an individual development account;

"(iv) the amounts in the reserve fund established with respect to the program;

"(v) the amounts deposited in the individual development accounts;

"(vi) the amounts withdrawn from the individual development accounts and the

purposes for which the amounts were withdrawn;

"(vii) the balances remaining in the individual development accounts;

"(viii) 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.

"(f) REGULATIONS.—In carrying out this section, the Secretary may promulgate regulations to ensure that the program includes provisions for—

"(1) the termination of demonstration programs;

"(2) control of the reserve funds in the case of such a termination;

"(3) transfer of demonstration programs to other qualified entities; and

"(4) remissions from a reserve fund to the Secretary in a case in which a demonstration program is terminated without transfer to a new qualified entity.

"(g) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2008 through 2012.

"(2) ADMINISTRATION AND TRAINING.—Of the total funds made available under paragraph (1) and in addition to any other available funds, not more than 10 percent may be used by the Secretary—

"(A) to administer the pilot program; and

"(B) to provide training, or hire 1 or more consultants to provide training, to instruct qualified entities in carrying out demonstration programs, including payment of reasonable costs incurred with respect to that training for—

"(i) staff or consultant travel;

"(ii) lodging;

"(iii) meals; and

"(iv) materials.".

**SEC. 5202. 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 inserting ''and socially disadvantaged farmers and ranchers'' after ''and ranchers''; and

(B) in subparagraph (C), by inserting ''or a socially disadvantaged farmer or rancher'' after ''or rancher'';

(2) in paragraph (5)(B)—

(A) in clause (i)—

(i) in the clause heading, by inserting ''; SOCIALLY DISADVANTAGED FARMER OR RANCHER'' after ''OR RANCHER'';

(ii) by inserting ''or a socially disadvantaged farmer or rancher'' after ''a beginning farmer or rancher''; and

(iii) by inserting ''or the socially disadvantaged farmer or rancher'' after ''the beginning farmer or rancher''; 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 inserting ''and socially disadvantaged farmers and ranchers'' after ''and ranchers''; and

(ii) in clause (ii), by inserting ''or socially disadvantaged farmers or ranchers'' after ''or ranchers''.

(b) LOAN FUND SET-ASIDES.—Section 346(b)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)—

(i) in subclause (I), by striking ''70 percent'' and inserting ''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. 5203. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.**

Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 344 (7 U.S.C. 1992) the following:

**''SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.**

''(a) IN GENERAL.—In making or insuring a farm loan under subtitle A or B, the Secretary shall establish a plan and promulgate regulations (including performance criteria) that promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest practicable period of time.

''(b) COORDINATION.—In carrying out this section, the Secretary shall integrate and coordinate the transition policy described in subsection (a) with—

"(1) the borrower training program established by section 359;

"(2) the loan assessment process established by section 360;

"(3) the supervised credit requirement established by section 361;

"(4) the market placement program established by section 362; and

"(5) other appropriate programs and authorities, as determined by the Secretary.".

**SEC. 5204. 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. 5205. INTEREST RATE REDUCTION PROGRAM.**

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

(1) in the subsection heading, by inserting ''AND AVAILABILITY'' after ''ESTABLISHMENT'';

(2) by striking ''The Secretary'' and inserting the following:

''(1) ESTABLISHMENT.—The Secretary''; and

(3) by adding at the end the following:

''(2) AVAILABILITY.—The program established under paragraph (1) shall be available with respect to new guaranteed operating loans or guaranteed operating loans restructured under this title after the date of enactment of this paragraph that meet the requirements of subsection (b).''.

**SEC. 5206. DEFERRAL OF SHARED APPRECIATION RECAPTURE AMORTIZATION.**

Section 353(e)(7)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)(D)) is amended—

(1) in the subparagraph heading, by inserting ''AND DEFERRAL'' after ''REAMORTIZATION''; and

(2) in clause (ii)—

(A) by redesignating subclause (II) as subclause (III); and

(B) by inserting after subclause (I) the following:

"(II) TERM OF DEFERRAL.—The term of a deferral under this subparagraph shall not exceed 1 year.".

**SEC. 5207. RURAL DEVELOPMENT, HOUSING, AND FARM LOAN PROGRAM ACTIVITIES.**

Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 364 (7 U.S.C. 2006f) the following:

**"SEC. 365. RURAL DEVELOPMENT, HOUSING, 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, housing, or farm loan programs.".

# Subtitle D—Farm Credit

**SEC. 5301. AUTHORITY TO PASS ALONG COST OF INSURANCE PREMIUMS.**

(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 the Farm Credit Act of 1971 (12 U.S.C. 2277a–7(10)) is amended by inserting ''and section 1.12(b)'' after ''part''.

**SEC. 5302. 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. 5303. CONFIRMATION OF CHAIRMAN.**

Section 5.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2242(a)) is amended in the fifth sentence by inserting ''by and with the advice and consent of the Senate,'' after ''designated by the President,''.

**SEC. 5304. 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 redesignated by paragraph (3)), by striking "annual"; and

(6) in paragraph (4) (as redesignated by paragraph (3))—

(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 investments, that is guaranteed—''.

(b) AMOUNT IN FUND EXCEEDING SECURE BASE AMOUNT.—Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(b)) is amended by striking ''annual''.

(c) SECURE BASE AMOUNT.—Section 5.55(c) of the Farm Credit Act of 1971 (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 down-

ward 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 the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(d)) is amended—

(1) in the paragraph 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) by inserting ''all loans or investments made'' before ''by'' the first place it appears in each of paragraph (1), (2), and (3); and

(4) in 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 the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(e)) is amended—

(1) in paragraph (3), by striking ''the average secure base amount for the calendar year (as calculated on an average daily balance basis)'' and inserting ''the secure base amount'';

(2) in paragraph (4), by striking subparagraph (B) and inserting the following:

"(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) 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:

''(iii) TERMINATION OF ACCOUNT.—On disbursement of 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.''.

(C) by striking subparagraph (F).

**SEC. 5305. 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 the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(c)) 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 the Farm Credit Act of 1971 (12 U.S.C. 2277a–5) is amended—

(1) by striking subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

**SEC. 5306. 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 the Farm Credit Act of 1971 (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 the Farm Credit Act of 1971 (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 the Farm Credit Act of 1971 (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. 5307. 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 OR CREDIT ASSOCIATION.—Subject to paragraph (2), any association that under its charter has title II lending authority and that owns, is owned by, or is under common ownership with, a Federal land bank association authorized as of January 1, 2007, to make long-term loans under title I in 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 in the geographic area.

"(B) PRODUCTION CREDIT ASSOCIATIONS.—Subject to paragraph (2), any association that under its charter has title I lending authority and that owns, is owned by, or is under common ownership with, 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 as a Federal land bank association or Federal land credit association under title I in the geographic area.

"(C) FARM CREDIT BANK.—The Farm Credit Bank with which any association had a written financing agreement as of January 1, 2007, may make loans and extend other similar financial assistance with respect to, and may purchase, any loans made under the new authority provided under subparagraph (A) or (B) by an association that owns, is owned by, or is under common ownership with, the association.

"(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.

"(b) APPLICABILITY.—This section applies only to associations the chartered territory of which is in the geographic area served by the Federal intermediate credit bank that merged 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 on 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(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 ''(other than section 7.7 of that Act)'' after ''(12 U.S.C. 2001 et seq.)''.

(3) 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 ''(other than 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, 2009.

# Subtitle E—Miscellaneous

**SEC. 5401. 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).''.

**SEC. 5402. 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) 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.

(3) 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 (g)) shall be made ex-

clusively from funds made available under subsection (h).

(2) MAXIMUM AMOUNT.—The total amount of payments and debt relief pursuant to an action 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 denied that determination.

(e) LOAN DATA.—

(1) REPORT TO PERSON SUBMITTING PETITION.—Not later than 60 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 made within the claimant's county or adjacent county by the Department during the period beginning on January 1 of the year preceding the year or years covered by the complaint and ending on December 31 of year following such year or years. Such report shall contain information on all persons whose application for a loan was accepted, including—

(A) the race of the applicant;

(B) the date of application;

(C) the date of the loan decision;

(D) the location of the office making the loan decision; and

(E) all data relevant to the process of deciding on the loan.

(2) NO PERSONALLY IDENTIFIABLE INFORMATION.—The reports provided pursuant to paragraph (1) shall not contain any information that would identify any person that applied for a loan from the Department of Agriculture.

(f) EXPEDITED RESOLUTIONS AUTHORIZED.—Any person filing a complaint under this Act for discrimination in the application for, or making or servicing of, a farm loan, at his or her discretion, may seek liquidated damages of $50,000, discharge of the debt that was incurred under, or affected by, the discrimination that is 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—

(1) if only such damages, debt discharge, and tax payment are sought, the complainant shall be able to prove his or her case by substantial evidence (as defined in section 1(l) of the consent decree); and

(2) 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.

(g) LIMITATION ON FORECLOSURES.—Notwithstanding any other provision of law, the Secretary may not begin acceleration on or foreclosure of a loan if the borrower is a Pigford claimant and, in an appropriate administrative proceeding, makes a prima facie case that the foreclosure is related to a Pigford claim.

(h) 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.

**SEC. 5403. SENSE OF THE SENATE RELATING TO CLAIMS BROUGHT BY SOCIALLY DISADVANTAGED FARMERS OR RANCHERS.**

It is the sense of the Senate that the Secretary should resolve all 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 in an expeditious and just manner.

**SEC. 5404. 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)''.

# TITLE VI—RURAL DEVELOPMENT AND INVESTMENT

## 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 ''2007'' and inserting ''2012''.

**SEC. 6002. RURAL BUSINESS OPPORTUNITY GRANTS.**

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 6003. CHILD DAY CARE FACILITY GRANTS, LOANS, AND LOAN GUARANTEES.**

Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by striking subparagraph (C) and inserting the following:

''(C) CHILD DAY CARE FACILITIES.—

''(i) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use for the costs of grants, loans, and loan guarantees to pay the Federal share of the cost of developing and

constructing day care facilities for children in rural areas, as determined by the Secretary, $40,000,000 for fiscal year 2008, to remain available until expended.

"(ii) RELATIONSHIP TO OTHER FUNDING AND AUTHORITIES.—The funds and authorities made available under this subparagraph shall be in addition to other funds and authorities relating to development and construction of rural day care facilities.".

**SEC. 6004. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.**

Section 306(a)(22) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(22)) is amended—

(1) in subparagraph (B), by striking "2002 (115 Stat. 719)" and inserting "2008"; and

(2) in subparagraph (C), by striking "$15,000,000 for fiscal year 2003" and inserting "$20,000,000 for fiscal year 2008".

**SEC. 6005. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.**

Section 306(a)(23)(E) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(23)(E)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 6006. RURAL HOSPITAL LOANS AND LOAN GUARANTEES.**

Section 306(a)(24) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(24)) is amended by adding at the end the following:

''(C) RURAL HOSPITALS.—

''(i) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use for the costs of loans and loan guarantees to pay the Federal share of the cost of rehabilitating or improving hospitals that have not more than 100 acute beds in rural areas, as determined by the Secretary, $50,000,000 for fiscal year 2008, to remain available until expended.

''(ii) PRIORITY.—In making loans and loan guarantees under this subparagraph, the Secretary shall give priority to hospitals for—

"(I) the provision of facilities to improve and install patient care, health quality outcomes, and health information technology, including computer hardware and software, equipment for electronic medical records, handheld computer technology, and equipment that improves interoperability; or

"(II) the acquisition of equipment and software purchased collectively in a cost effective manner to address technology needs.

"(iii) RELATIONSHIP TO OTHER FUNDING AND AUTHORITIES.—The funds and authorities made available under this subparagraph shall be in addition to other funds and authorities relating to rehabilitation and improvement of hospitals described in clause (i).".

**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 (B)(ii), by striking ''75 percent'' and inserting ''95 percent''; and

(2) in subparagraph (C), by striking ''2007'' and inserting ''2012''.

**SEC. 6008. COMMUNITY FACILITY LOANS AND GRANTS FOR FREELY ASSOCIATED STATES AND OUTLYING AREAS.**

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end the following:

''(26) COMMUNITY FACILITY LOANS AND GRANTS FOR FREELY ASSOCIATED STATES AND OUTLYING AREAS.—

''(A) IN GENERAL.—Subject to subparagraph (B), of the amount that is made available for each fiscal year for each of the community facility loan and grant programs established under paragraphs (1), (19), (20), (21), and (25), the Secretary shall allocate 0.5 percent of the amount for making loans or grants (as applicable) under the program to eligible entities that are located in freely associated States or outlying areas (as those terms are defined in section 1121(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C.

6331(c)) that are subject to the jurisdiction of the United States and are otherwise covered by this Act.

"(B) REALLOCATION.—If the Secretary determines that a sufficient number of applications for loans or grants for a program described in subparagraph (A) have not been received from eligible entities for a fiscal year during the 180-day period beginning on October 1 of the fiscal year, the Secretary shall reallocate any unused funds to make loans or grants (as applicable) under the program to eligible entities that are located in States.".

**SEC. 6009. PRIORITY FOR COMMUNITY FACILITY LOAN AND GRANT PROJECTS WITH HIGH NON-FEDERAL SHARE.**

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 6008) is amended by adding at the end the following:

"(27) PRIORITY FOR COMMUNITY FACILITY LOAN AND GRANT PROJECTS WITH HIGH NON-FEDERAL SHARE.—In carrying out the community facility loan and grant programs established under paragraphs (1), (19), (20), (21), and (25), the Secretary shall give priority to projects that will be carried out

with a non-Federal share of funds that is substantially greater than the minimum requirement, as determined by the Secretary by regulation.''.

**SEC. 6010. SEARCH GRANTS.**

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 6009) is amended by adding at the end the following:

''(28) APPLICATIONS FILED BY ELIGIBLE COMMUNITIES.—

''(A) ELIGIBLE COMMUNITY.—In this paragraph, the term 'eligible community' means a community that, as determined by the Secretary—

''(i) has a population of 2,500 or fewer inhabitants; and

''(ii) is financially distressed.

''(B) APPLICATIONS.—In the case of water and waste disposal and wastewater facilities grant programs authorized under this title, the Secretary may accept applications from eligible communities for grants for feasibility study, design, and technical assistance.

''(C) TERMS.—

''(i) IN GENERAL.—Except as provided in clause (ii), the terms of the grant

programs described in subparagraph (B) shall apply to the applications described in that subparagraph.

"(ii) EXCEPTIONS.—Grants made pursuant to applications described in subparagraph (B)—

"(I) shall fund up to 100 percent of eligible project costs; and

"(II) shall be subject to the least documentation requirements practicable.

"(iii) PROCESSING.—The Secretary shall process applications received under subparagraph (B) in the same manner as other similar grant applications.

"(D) FUNDING.—In addition to any other funds made available for technical assistance, the Secretary may use to carry out this paragraph not more than 4 percent of the total amount of funds made available for a fiscal year for water, waste disposal, and essential community facilities.".

**SEC. 6011. 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 ''2007'' and inserting ''2012''.

**SEC. 6012. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.**

Section 306D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d) is amended—

(1) in subsection (a)—

(A) by striking ''make grants to the State'' and inserting ''make grants to—

''(1) the State'';

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

(C) by adding at the end the following:

''(2) the Denali Commission to improve solid waste disposal sites that are contaminating, or threaten to contaminate, rural drinking water supplies in the State of Alaska.'';

(2) in subsection (b), by striking ''the State of Alaska'' and inserting ''a grantee'';

(3) in subsection (c)—

(A) in the subsection heading by striking ''WITH THE STATE OF ALASKA''; and

(B) by striking ''the State of Alaska'' and inserting ''the appropriate grantee under subsection (a)''; and

(4) in subsection (d)(1), by striking ''2007'' and inserting ''2012''.

**SEC. 6013. GRANTS TO DEVELOP WELLS IN RURAL AREAS.**

(a) GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.—Section 306E(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926e(d)) is amended by striking ''2007'' and inserting ''2012''.

(b) GRANTS TO DEVELOP AREA WELLS IN ISOLATED AREAS.—Subtitle A of the Consolidated Farm and Rural Development Act is amended by inserting after section 306E (7 U.S.C. 1926e) the following:

**''SEC. 306F. GRANTS TO DEVELOP AREA WELLS IN ISOLATED AREAS.**

''(a) DEFINITION OF ISOLATED AREA.—In this section, the term 'isolated area' means an area—

''(1) in which the development of a traditional water system is not financially practical due to—

"(A) the distances or geography of the area; and

"(B) the limited number of households present to be served; and

"(2) that is not part of a city of more than 1,000 inhabitants.

"(b) GRANTS.—The Secretary may make grants to nonprofit organizations to develop and construct household, shared, and community water wells in isolated rural areas.

"(c) PRIORITY IN AWARDING GRANTS.—In awarding grants under this section, the Secretary shall give priority to applicants that have demonstrated experience in developing safe and similar projects including household, shared, and community wells in rural areas.

"(d) REQUIREMENTS.—

"(1) IN GENERAL.—As a condition on receipt of a grant under this section, the water from wells funded under this section shall be tested annually for water quality, as determined by the Secretary.

"(2) RESULTS.—The results of tests under paragraph (1) shall be made available to—

"(A) the users of the wells; and

"(B) the appropriate State agency.

"(e) LIMITATION.—The amount of a grant under this section shall not exceed the lesser of—

"(1) $50,000; or

"(2) the amount that is 75 percent of the cost of a single well and associated system.

"(f) PROHIBITION.—The Secretary may not award grants under this section in any area in which a majority of the users of a proposed well have a household income that is greater than the nonmetropolitan median household income of the State or territory, as determined by the Secretary.

"(g) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the amount of a grant made under this section may be used to pay administrative expenses associated with providing project assistance, as determined by the Secretary.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2008 through 2012.".

**SEC. 6014. COOPERATIVE EQUITY SECURITY GUARANTEE.**

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) in the first sentence of subsection (a), by inserting "and private investment funds that invest

primarily in cooperative organizations'' after ''or nonprofit''; and

(2) 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 under 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 under subsection (a)(1), as determined by the Secretary.''.

**SEC. 6015. RURAL COOPERATIVE DEVELOPMENT GRANTS.**

(a) ELIGIBILITY.—Section 310B(e)(5) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)(5)) is amended—

(1) in subparagraph (A), by striking ''a nationally coordinated, regionally or State-wide operated project'' and inserting ''activities to promote and assist the development of cooperatively- and mutually-owned businesses'';

(2) in subparagraph (B), by inserting ''to promote and assist the development of cooperatively- and mutually-owned businesses'' before the semicolon;

(3) by striking 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 cooperative and economic development needs of rural areas; 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 goals described in paragraph (3) in providing services under this subsection, 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) 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 national economic effects of all types of cooperatives.".

(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.—In this paragraph, the term 'socially disadvantaged' 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 ap-

propriated for grants for cooperative development centers, individual cooperatives, or groups of cooperatives that serve socially disadvantaged communities, a majority of the boards of directors or governing boards of which are comprised of socially disadvantaged individuals.

''(ii) INSUFFICIENT APPLICATIONS.—To the extent that the Secretary determines that funds reserved under clause (i) would not be used for grants described in that clause due to insufficient applications for the grants, 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 ''2007'' and inserting ''2012''.

**SEC. 6016. 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 ''2007'' and inserting ''2012''.

**SEC. 6017. LOCALLY-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-PRODUCED AGRICULTURAL FOOD PRODUCTS.—

"(A) DEFINITIONS.—In this paragraph:

"(i) LOCALLY-PRODUCED AGRICULTURAL FOOD PRODUCT.—The term 'locally-produced agricultural food product' means any agricultural product raised, produced, and distributed in—

"(I) the locality or region in which the final agricultural product is marketed, so that the total distance that the agricultural product is transported is less than 300 miles from the origin of the agricultural product; or

"(II) the State in which the agricultural product is produced.

"(ii) UNDERSERVED COMMUNITY.—The term 'underserved community' means a community (including an urban or rural community and an Indian tribal commu-

nity) 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 or a high incidence of a diet-related disease as compared to the national average, including obesity; 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, acting through the Administrator of the Rural Business-Cooperative Service in coordination with the Administration of the Agricultural Marketing Service, shall make or guarantee loans to individuals, cooperatives, businesses, and other entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally-produced agricultural food products.

"(ii) REQUIREMENT.—The recipient of a loan or loan guarantee under clause (i) shall agree to make a reasonable effort, as determined by the Secretary, to work with retail and institutional facilities to which the recipient sells locally-produced agricultural food products to inform the consumers of the retail or institutional facilities that the consumers are purchasing or consuming locally-produced agricultural food products.

"(iii) PRIORITY.—In making or guaranteeing a loan under clause (i), the Secretary shall give priority to—

"(I) projects that support community development and farm and ranch income by marketing, distributing, storing, aggregating, or processing a locally-produced agricultural food product; and

"(II) projects that have components benefitting underserved communities.

"(iv) RETAIL OR INSTITUTIONAL FACILITIES.—The Secretary may allow recipi-

ents of loans or loan guarantees under clause (i) to provide up to $250,000 in loan or loan guarantee funds per retail or institutional facility for an underserved community in a rural or nonrural area to help retail facilities—

"(I) to modify and update the facilities to accommodate locally-produced agricultural food products; and

"(II) to provide outreach to consumers about the sale of locally-produced agricultural food products.

"(v) 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 that describes projects carried out using loans or loan guarantees made under clause (i), including—

"(I) the characteristics of the communities served by the projects; and

"(II) benefits of the projects.

"(vi) 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. 6018. CENTER FOR HEALTHY FOOD ACCESS AND ENTERPRISE DEVELOPMENT.**

Paragraph (9) of section 310B(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(g)) (as added by section 6017) is amended by adding at the end the following:

"(C) CENTER FOR HEALTHY FOOD ACCESS AND ENTERPRISE DEVELOPMENT.—

"(i) IN GENERAL.—The Secretary, acting through the Agricultural Marketing Service, shall establish and support a Center for Healthy Food Access and Enterprise Development.

"(ii) DUTIES.—The Center established under clause (i) shall contract with 1 or more nonprofit entities to provide technical assistance and disseminate information to food wholesalers and retailers concerning best practices for the aggregating, storage, processing, and marketing of locally-produced agricultural food products.

"(iii) DEADLINE.—The Secretary shall establish the Center not later than 180 days after the date on which funds are made available under clause (iv).

"(iv) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph $1,000,000 for each of fiscal years 2008 through 2012.".

**SEC. 6019. 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 sustainable agriculture technical assistance programs; and

"(D) provides the technical assistance through toll-free hotlines, 1 or more websites, publications, and workshops.

"(2) ESTABLISHMENT.—The Secretary shall establish a national appropriate technology transfer for rural areas program to assist agricultural producers that are seeking information to help the agricultural producers—

"(A) reduce input costs;

"(B) conserve energy resources;

"(C) diversify operations through new energy crops and energy generation facilities; and

"(D) expand markets for the agricultural commodities produced by the producers through use of practices involving sustainable agriculture.

"(3) IMPLEMENTATION.—

"(A) IN GENERAL.—The Secretary shall carry out the program under this subsection by making a grant to, or offering to enter into a cooperative agreement with, a national nonprofit agricultural assistance organization.

"(B) 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. 6020. RURAL ECONOMIC AREA PARTNERSHIP ZONES.**

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) (as amended by section 6019) is amended by adding at the end the following:

"(j) RURAL ECONOMIC AREA PARTNERSHIP ZONES.—For the period beginning on the date of enact-

ment of this subsection and ending on September 30, 2012, the Secretary shall carry out rural economic area partnership zones in the States of New York, North Dakota, and Vermont, 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. 6021. 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) and (C), 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, except that, for all activities under programs in the rural development mission area within the areas of the County of Honolulu, Hawaii, and the Commonwealth of Puerto Rico, the Secretary may designate any portion of the areas as a rural

area or eligible rural community that the Secretary determines is not urban in character, other than any area included in the Honolulu Census Designated Place or the San Juan Census Designated Place;

"(ii) any urbanized area (as defined by the Bureau of the Census) contiguous and adjacent to a city or town described in clause (i); and

"(iii) any collection of census blocks contiguous to each other (as defined by the Bureau of the Census) that—

"(I) is adjacent to a city or town described in clause (i) or an urbanized area described in clause (ii); and

"(II) has a housing density that the Secretary estimates is greater than 200 housing units per square mile, except that an applicant may appeal the estimate based on actual data for the area.

"(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 any area other than—

"(i) an area described in clause (i), (ii), or (iii) of subparagraph (A); and

"(ii) a city, town, or unincorporated area that has a population of greater 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—

"(i) an area described in clause (i), (ii), or (iii) of subparagraph (A); and

"(ii) a city, town, or unincorporated area that has a population of greater than 20,000 inhabitants.".

(b) ADDITIONAL TERMS.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by adding at the end the following:

"(14) SUSTAINABLE AGRICULTURE.—The term 'sustainable agriculture' means an integrated system of plant and animal production practices having a

site-specific application that will, over the long-term—

"(A) satisfy human food and fiber needs;

"(B) enhance environmental quality and the natural resource base upon which the agriculture economy depends;

"(C) make the most efficient use of nonrenewable resources and on-farm resources and integrate, where appropriate, natural biological cycles and controls;

"(D) sustain the economic viability of farm operations; and

"(E) enhance the quality of life for farmers and society as a whole.

"(15) TECHNICAL ASSISTANCE.—The term 'technical assistance' means managerial, financial, operational, and scientific analysis and consultation to assist an individual or entity (including a borrower or potential borrower under this title)—

"(A) to identify and evaluate practices, approaches, problems, opportunities, or solutions; and

"(B) to assist in the planning, implementation, management, operation, marketing, or

maintenance of projects authorized under this title.''.

**SEC. 6022. RURAL MICROENTERPRISE ASSISTANCE PROGRAM.**

Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 5207) is amended by inserting after section 365 the following:

**''SEC. 366. RURAL MICROENTERPRISE 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) LOW- OR MODERATE-INCOME INDIVIDUAL.—The term 'low- or moderate-income individual' means an individual with an income (adjusted for family size) of not more than 80 percent of the national median income.

''(3) MICROCREDIT.—The term 'microcredit' means a business loan or loan guarantee of not more than $50,000 that is provided to a rural microenterprise.

"(4) 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 no microenterprise development organization or microenterprise development program exists under the jurisdiction of the Indian tribe; or

"(iii) for the purpose of subsection (b), a public institution of higher education;

"(B) provides training and technical assistance to rural microenterprises;

"(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 economically disadvantaged microenterprises, or an effective plan to develop a program to deliver microenterprise services to rural microenterprises effectively, as determined by the Secretary.

"(5) RURAL CAPACITY BUILDING SERVICE.—The term 'rural capacity building service' means a service provided to an organization that—

"(A) is, or is in the process of becoming, a microenterprise development organization; and

"(B) serves rural areas for the purpose of enhancing the ability of the organization to provide training, technical assistance, and other services relating to rural development.

"(6) RURAL MICROENTERPRISE.—

"(A) IN GENERAL.—The term 'rural microenterprise' means an individual described in subparagraph (B) who is unable to obtain sufficient training, technical assistance, or microcredit other than under this section, as determined by the Secretary.

"(B) DESCRIPTION.—An individual described in this subparagraph is—

"(i) a self-employed individual located in a rural area; or

"(ii) an owner and operator, or prospective owner and operator, of a business entity located in a rural area with not

more than 10 full-time-equivalent employees.

"(7) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Rural Business-Cooperative Service.

"(b) RURAL MICROENTERPRISE PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary shall establish a rural microenterprise program.

"(2) PURPOSE.—The purpose of the rural microenterprise program shall be to provide low- or moderate-income individuals with—

"(A) the skills necessary to establish new rural microenterprises; and

"(B) continuing technical and financial assistance as individuals and business starting or operating rural microenterprises.

"(3) GRANTS.—

"(A) IN GENERAL.—The Secretary may make a grant under the rural microenterprise program to microenterprise development organizations—

"(i) to provide training, operational support, business planning assistance, market development assistance, and other related services to rural microenterprises,

with an emphasis on rural microenterprises that —

"(I) are composed of low- or moderate-income individuals; or

"(II) are in areas that have lost population;

"(ii) to assist in researching and developing the best practices in delivering training, technical assistance, and microcredit to rural microenterprises; and

"(iii) to carry out such other projects and activities as the Secretary determines to be consistent with the purposes of this section.

"(B) DIVERSITY.—In making grants under this paragraph, the Secretary shall ensure, to the maximum extent practicable, that grant recipients include microenterprise development organizations—

"(i) of varying sizes; and

"(ii) that serve racially- and ethnically-diverse populations.

"(C) COST SHARING.—

"(i) FEDERAL SHARE.—The Federal share of the cost of a project carried out

using funds from a grant made under this paragraph shall be 75 percent.

"(ii) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project described in clause (i) may be provided—

"(I) in cash (including through fees, grants (including community development block grants), and gifts); or

"(II) as in-kind contributions.

"(4) RURAL MICROLOAN PROGRAM.—

"(A) ESTABLISHMENT.—In carrying out the rural microenterprise program, the Secretary may carry out a rural microloan program.

"(B) PURPOSE.—The purpose of the rural microloan program shall be to provide technical and financial assistance to rural microenterprises that—

"(i) are composed of low- or moderate-income individuals; or

"(ii) are in areas that have lost population.

"(C) AUTHORITY OF SECRETARY.—In carrying out the rural microloan program, the Secretary may—

"(i) make direct loans to microentrerprise development organizations for the purpose of making fixed interest rate microloans to startup, newly established, and growing rural microenterprises; and

"(ii) in conjunction with those loans, provide technical assistance grants in accordance with subparagraph (E) to those microentrerprise development organizations.

"(D) LOAN DURATION; INTEREST RATES; CONDITIONS.—

"(i) LOAN DURATION.—A direct loan made by the Secretary under this paragraph shall be for a term not to exceed 20 years.

"(ii) APPLICABLE INTEREST RATE.—A direct loan made by the Secretary under this paragraph shall bear an annual interest rate of 1 percent.

"(iii) LOAN LOSS RESERVE FUND.—The Secretary shall require each microentrerprise development organization that receives a direct 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 microentrerprise development organization, until all obligations owed to the Secretary under this paragraph are repaid.

"(iv) DEFERRAL OF INTEREST AND PRINCIPAL.—The Secretary shall permit the deferral of payments on principal and interest due on a loan made under this paragraph during the 2-year period beginning on the date on which the loan is made.

"(E) TECHNICAL ASSISTANCE GRANT AMOUNTS.—

"(i) IN GENERAL.—Except as otherwise provided in this section, each microentrerprise development organization that receives a direct loan under this paragraph shall be eligible to receive a technical assistance grant to provide marketing, management, and technical assistance to rural microenterprises that are borrowers or potential borrowers under this subsection.

"(ii) MAXIMUM AMOUNT OF TECHNICAL ASSISTANCE GRANT FOR MICROENTERPRISE DEVELOPMENT ORGANIZATIONS.—Each microenterprise development organization that receives a direct loan under this paragraph shall receive an annual technical assistance grant in an amount equal to not more than 25 percent of the total outstanding balance of microloans made by the microenterprise development organization under this paragraph, as of the date of provision of the technical assistance grant.

"(iii) MATCHING REQUIREMENT.—

"(I) IN GENERAL.—As a condition of any grant made to a microentrerprise development organization under this subparagraph, the Secretary shall require the microentrerprise development organization to match not less than 15 percent of the total amount of the grant.

"(II) FORM OF NON-FEDERAL SHARE.—The non-Federal share of the cost of a project described in subclause (I) may be provided—

"(aa) in cash; or

"(bb) as indirect costs or in-kind contributions.

"(c) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of a grant received by a microentrerprise development organization for a fiscal year under this section may be used to pay administrative expenses.

"(d) FUNDING.—

"(1) MANDATORY FUNDING.—

"(A) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $40,000,000

for fiscal year 2008, to remain available until expended.

"(B) ALLOCATION OF FUNDS.—Of the amount made available by subparagraph (A) for fiscal year 2008—

"(i) not less than $25,000,000 shall be available for use in carrying out subsection (b)(3); and

"(ii) not less than $15,000,000 shall be available for use in carrying out subsection (b)(4), of which not more than $7,000,000 shall be used for the cost of direct loans.

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts made available under paragraph (1), 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. 6023. ARTISANAL CHEESE CENTERS.**

Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 366 (as added by section 6022) the following:

**"SEC. 367. ARTISANAL CHEESE CENTERS.**

"(a) IN GENERAL.—The Secretary shall establish artisanal cheese centers to provide educational and tech-

nical assistance relating to the manufacture and marketing of artisanal cheese by small- and medium-sized producers and businesses.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.".

**SEC. 6024. 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 "2007" and inserting "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. 6025. HISTORIC BARN PRESERVATION.**

Section 379A(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008o(c)) is amended—

(1) by striking paragraph (2) and inserting the following:

"(2) ELIGIBLE PROJECTS.—

"(A) IN GENERAL.—A grant under this subsection may be made to an eligible applicant for a project—

"(i) to rehabilitate or repair a historic barn;

"(ii) to preserve a historic barn; and

"(iii) to identify, document, survey, and conduct research on a historic barn or historic farm structure to develop and evaluate appropriate techniques or best practices for protecting historic barns.

"(B) PRIORITY.—The Secretary shall give the highest funding priority to grants for projects described in subparagraph (A)(iii).";

and

(2) in paragraph (4), by striking "2007" and inserting "2012".

**SEC. 6026. 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 "2007" and inserting "2012".

**SEC. 6027. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.**

Section 379C(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008q(c)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 6028. 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.) is amended by adding at the end the following:

**''SEC. 379E. 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;

"(4) existing relationships with national organizations focused primarily on the needs of rural areas;

"(5) affiliates in a majority of the States; and

"(6) a close working relationship with the Department of Agriculture.

"(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. 6029. DELTA REGIONAL AUTHORITY.**

(a) HEALTH CARE SERVICES.—Section 382C of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–2) is amended by adding at the end the following:

"(c) HEALTH CARE SERVICES.—

"(1) IN GENERAL.—Subject to the availability of appropriated funds, the Secretary may award a grant to the Delta Health Alliance for the development of health care services, health education pro-

grams, and health care job training programs fields, and for the development and expansion of public health-related facilities, in the Mississippi Delta region to address longstanding and unmet health needs in the Mississippi Delta region.

"(2) USE.—As a condition of the receipt of the grant, the Delta Health Alliance shall use the grant to fund projects and activities described in paragraph (1), based on input solicited from local governments, public health care providers, and other entities in the Mississippi Delta region.

"(3) FEDERAL INTEREST IN PROPERTY.—Notwithstanding any other provision of law, with respect to the use of grant funds provided under this subsection for a project involving the construction or major alteration of property, the Federal interest in the property shall terminate on the earlier of—

"(A) the date that is 1 year after the date of the completion of the project; or

"(B) the date on which the Federal Government is compensated for the proportionate interest of the Federal Government in the property, if the use of the property changes or the property is transferred or sold.".

(b) 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 ''2007'' and inserting ''2012''.

(c) 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''.

(d) DELTA REGION AGRICULTURAL ECONOMIC DEVELOPMENT.—Section 379D(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008r(b)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 6030. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.**

(a) 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 enact-

ment of this paragraph, the Authority may organize and operate without the Federal member.

"(B) INDIAN CHAIRPERSON.—Notwithstanding any other provision of this section, if a chairperson of an Indian Tribe described in paragraph (2)(C) has not been confirmed by the Senate by not later than 180 days after the date of enactment of this paragraph, the leaders of the Indian tribes in the region may select that member.";

(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 organizations, 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.".

(b) 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 assist in the harmonization of transportation policies and regulations that impact the interstate movement of goods and individuals, 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''.

(c) ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.—Section 383D of the Consolidated Farm and Rural Development Act (as redesignated by subsection (b)(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''.

(d) SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.—Section 383E(a) of the Consolidated Farm and Rural Development Act (as redesignated by subsection

(b)(1)(A)) is amended by striking ‘‘, including local development districts,’’.

(e) 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 (b)(1)(A)) is amended—

(1) by striking the section heading and inserting ‘‘**MULTISTATE AND LOCAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS AND NORTHERN GREAT PLAINS INC.**’’;

(2) by striking subsections (a) and (b) 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 Federal cochairperson—

"(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 expenses of the regional or local 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 regional or local development district or organization

for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.''; and

(3) in subsection (c)—

(A) by striking ''DUTIES'' and inserting ''AUTHORITIES''; and

(B) in the matter preceding paragraph (1), by striking ''shall'' and inserting ''may''.

(f) DISTRESSED COUNTIES AND AREAS AND NONDISTRESSED COUNTIES.—Section 383G of the Consolidated Farm and Rural Development Act (as redesignated by subsection (b)(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,''.

(g) DEVELOPMENT PLANNING PROCESS.—Section 383H of the Consolidated Farm and Rural Development

Act (as redesignated by subsection (b)(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".

(h) PROGRAM DEVELOPMENT CRITERIA.—Section 383I(a)(1) of the Consolidated Farm and Rural Development Act (as redesignated by subsection (b)(1)(A)) is amended by inserting "multistate or" before "regional".

(i) AUTHORIZATION OF APPROPRIATIONS.—Section 383N(a) of the Consolidated Farm and Rural Development Act (as redesignated by subsection (b)(1)(A)) is amended by striking "2002 through 2007" and inserting "2008 through 2012".

(j) TERMINATION OF AUTHORITY.—Section 383O of the Consolidated Farm and Rural Development Act (as redesignated by subsection (b)(1)(A)) is amended by striking "2007" and inserting "2012".

**SEC. 6031. RURAL BUSINESS INVESTMENT PROGRAM.**

(a) ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.—Section 384F of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009cc–5) 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;

(2) in subsection (b)(3)(A), 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"; and

(3) in subsection (e), by adding at the end the following:

"(6) DISTRIBUTIONS.—

"(A) IN GENERAL.—The Secretary shall authorize distributions to investors for unrealized income from a debenture.

"(B) TREATMENT.—Distributions made by a rural business investment company to an investor of private capital in the rural business investment company for the purpose of covering the tax liability of the investor resulting from

unrealized income of the rural business investment company shall not require the repayment of a debenture.''.

(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 by striking subsection (c).

(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 are authorized to be appropriated such sums as are necessary to carry out this subtitle.''.

**SEC. 6032. 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, 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.

**"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 determining 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 achiev-

ing benchmarks established in a regional investment strategy;

''(3) work with the National Board to develop a national rural investment plan, which shall—

''(A) create a framework to encourage and support a more collaborative and targeted rural investment portfolio in the United States;

''(B) establish the 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 annual 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;

"(2) provide advice to the Secretary and subsequently review the design, development, and execution of the National Rural Investment Plan;

"(3) provide advice to Regional Boards on issues, best practices, and emerging trends relating to rural development; and

"(4) provide advice to 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 and Energy Security Act of 2007.

"(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 county and municipal governments;

"(E) elected 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, non-voting 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 120 days after the date of enactment of the Food and Energy Security Act of 2007, 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(b)(3), may provide such administrative support to the National Board as the Secretary determines is necessary to carry out the duties of the National Board.

**"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 government (including multijurisdictional units of local government);

"(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 or State 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 shall—

''(A) create a collaborative, inclusive 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 and inclusive 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) a background 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 the 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 regional 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.—For a Regional Board to receive a regional innovation grant, the Secretary shall determine 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 of the Regional Board.

"(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 fund-

ing 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 collaborative gap 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 assets, natural assets, and public infrastructure, with substantial emphasis placed on the existence of real finan-

cial commitments to leverage the 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 (including with respect to education, health care, housing, recreation, and arts and culture);

"(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 edu-

cation, tribally controlled colleges or universities, or tribal technical institutions; or

"(L) help to meet the other regional competitiveness needs identified by a Regional Board.

"(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.

"(2) PURPOSES.—A Regional Board may use a regional innovation grant—

"(A) to support the development of critical infrastructure (including technology deployment and services) necessary to facilitate the competitiveness of a region;

"(B) to provide assistance to entities within the region that provide essential public and community services;

"(C) to enhance the value-added production, marketing, and use of agricultural and natural resources within the region, including

activities relating to renewable and alternative energy production and usage;

''(D) to assist with entrepreneurship, job training, workforce development, housing, educational, or other quality of life services or needs, relating to the development and maintenance of strong local and regional economies;

''(E) to assist in the development of unique new collaborations that link public, private, and philanthropic resources, including community foundations;

''(F) to provide support for business and entrepreneurial investment, strategy, expansion, and development, including feasibility strategies, technical assistance, peer networks, and business development funds;

''(G) to carry out other broad activities relating to strengthening the economic competitiveness of the region; and

''(H) 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.

"(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 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. FUNDING.**

"(a) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use $135,000,000 to carry out this subtitle, to remain available until expended.

"(b) USE BY SECRETARY.—Of the amounts made available to the Secretary under subsection (a), the Secretary shall use—

"(1) $15,000,000 to be provided for regional investment strategy grants to Regional Boards under section 385E;

"(2) $110,000,000 to provide innovation grants to Regional Boards under section 385F and for the cost of rural endowment loans under section 385G;

"(3) $5,000,000 for fiscal year 2008 to administer the duties of the National Board, to remain available until expended; and

"(4) $5,000,000 for fiscal year 2008 to administer the National Institute, to remain available until expended.

"(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available to carry out this subtitle, there are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subtitle.".

**SEC. 6033. 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 appropriated 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.

(4) INDIVIDUAL STATES.—In allocating funds made available under subsection (d), the Secretary shall use not more 5 percent of the funds for pending applications for loans or grants described in subsection (b) that are made in any individual State.

(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 $135,000,000, 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. LOANS AND GRANTS FOR ELECTRIC GENERATION AND TRANSMISSION.**

(a) IN GENERAL.—Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended in the first

sentence by striking ''authorized and empowered, from the sums hereinbefore authorized, to'' and inserting ''shall''.

(b) RURAL COMMUNITIES WITH EXTREMELY HIGH ENERGY COSTS.—Section 19(a) of the Rural Electrification Act of 1936 (7 U.S.C. 918a(a)) is amended in the matter preceding paragraph (1) by striking ''may'' and inserting ''shall''.

**SEC. 6103. FEES FOR ELECTRIFICATION BASELOAD GENERATION LOAN GUARANTEES.**

The Rural Electrification Act of 1936 is amended by inserting after section 4 (7 U.S.C. 904) the following:

**''SEC. 5. FEES FOR ELECTRIFICATION BASELOAD GENERATION LOAN GUARANTEES.**

''(a) IN GENERAL.—For electrification baseload generation loan guarantees, the Secretary shall, at the request of the borrower, charge an upfront fee to cover the costs of the loan guarantee.

''(b) FEE.—

''(1) IN GENERAL.—The fee described in subsection (a) for a loan guarantee shall be at least equal to the costs of the loan guarantee (within the meaning of section 502(5)(C) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5)(C)).

''(2) SEPARATE FEE.—The Secretary may establish a separate fee for each loan.

"(c) ELIGIBILITY.—To be eligible for an electrification baseload generation loan guarantee under this section, a borrower shall—

"(1) provide a rating of the loan, exclusive of the Federal guarantee, by an organization identified by the Securities and Exchange Commission as a nationally recognized statistical rating organization that determines that the loan has at least a AA rating, or equivalent rating, as determined by the Secretary; or

"(2) obtain insurance or a guarantee for the full and timely repayment of principal and interest on the loan from an entity that has at least an AA or equivalent rating by a nationally recognized statistical rating organization.

"(d) LIMITATION.—Funds received from a borrower to pay for the fees described in this section shall not be derived from a loan or other debt obligation that is made or guaranteed by the Federal Government.".

**SEC. 6104. DEFERMENT OF PAYMENTS TO ALLOWS LOANS FOR IMPROVED ENERGY EFFICIENCY AND DEMAND REDUCTION.**

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 TO ALLOWS LOANS FOR IMPROVED ENERGY EFFICIENCY AND DEMAND REDUCTION.—

"(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 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. 6105. 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.—

"(A) IN GENERAL.—Except as provided otherwise in this Act, the term 'rural area' means the farm and nonfarm population of—

"(i) any area described in section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(A)); and

"(ii) 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.

"(B) RURAL BROADBAND ACCESS.—For the purpose of loans and loan guarantees made under section 601, the term 'rural area' has the meaning given the term in section 343(a)(13)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(C)).

"(4) TERRITORY.—The term 'territory' includes any insular possession of the United States.

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

**SEC. 6106. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.**

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".

**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 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, emergency communications equipment providers, 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—

"(1) 911 access;

"(2) integrated interoperable emergency communications, including multiuse networks that—

"(A) serve rural areas; and

"(B) provide commercial services 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) REGULATIONS.—The Secretary shall—

"(1) not later than 90 days after the date of enactment of this subsection, promulgate proposed regulations to carry out this section; and

"(2) not later than 90 days after the publication of proposed rules to carry out this section, adopt final rules.

"(d) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall use to make loans under this section any funds otherwise made available for telephone or broadband loans for each of fiscal years 2007 through 2012.".

**SEC. 6108. ELECTRIC LOANS TO RURAL ELECTRIC COOPERATIVES.**

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 TO RURAL ELECTRIC COOPERATIVES.**

"(a) DEFINITION OF RENEWABLE ENERGY SOURCE.—In this section, the term 'renewable energy source' has the meaning given the term 'qualified energy resources' in section 45(c)(1) of the Internal Revenue Code of 1986.

"(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—

"(1) electric generation from renewable energy resources for resale to rural and nonrural residents; and

"(2) transmission lines principally for the purpose of wheeling power from 1 or more renewable energy sources.

"(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. AGENCY PROCEDURES.**

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. AGENCY PROCEDURES.**

"(a) CUSTOMER SERVICE.—The Secretary shall ensure that loan applicants under this Act are contacted at least once each month by the Rural Utilities Service regarding the status of any pending loan applications.

"(b) FINANCIAL NEED.—The Secretary shall ensure that—

"(1) an applicant for any grant program administered by the Rural Utilities Service has an opportunity to present special economic circumstances in support of the grant, such as the high cost of liv-

ing, out migration, low levels of employment, weather damage, or environmental loss; and

"(2) the special economic circumstances presented by the applicant are considered in determining the financial need of the applicant.

"(c) MOBILE DIGITAL WIRELESS.—To facilitate the transition from analog wireless service to digital mobile wireless service, the Secretary may adjust population limitations under this Act related to digital mobile wireless service up to the level permitted under section 601.

"(d) 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 to the Secretary.".

**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) DEFINITION OF BROADBAND SERVICE.—In this section:

''(1) IN GENERAL.—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) MOBILE BROADBAND.—The term 'broadband service' includes any service described in paragraph (1) that is provided over a licensed spectrum through the use of a mobile station or receiver communicating with a land station or other mobile stations communicating among themselves.

''(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 equip-

ment 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 service, had no terrestrial broadband service provider.

"(3) OFFER OF SERVICE.—For purposes of this section, a provider shall be considered to offer broadband service in a rural area if the provider makes the broadband service available to households in the rural area at not more than average prices as compared to the prices at which similar services are made available in the nearest urban area, as determined by the Secretary.

"(d) ELIGIBLE ENTITIES.—

"(1) REQUIREMENTS.—

"(A) IN GENERAL.—To be eligible to obtain a loan or loan guarantee under this section, an entity shall—

"(i) have the ability to furnish, improve, or extend a broadband service to a rural area;

"(ii) submit to the Secretary a proposal that meets the requirements of this section for a project to offer to provide service to at least 25 percent of households in a specified rural area that, as of the date on which the proposal is submitted, are not offered broadband service by a terrestrial broadband service provider; and

"(iii) agree to complete buildout of the broadband service described in the proposal not later than 3 years after the date on which a loan or loan guarantee under this section is received.

"(B) PROHIBITION.—In carrying out this section, the Secretary may not make a loan or loan guarantee for a project in any specific area in which broadband service is offered by 3 or more terrestrial service providers that offer services that are comparable to the services proposed by the applicant.

"(C) EQUITY AND MARKET SURVEY REQUIREMENTS.—

"(i) IN GENERAL.—The Secretary may require an entity to provide a cost share in an amount not to exceed 10 per-

cent of the amount of the loan or loan guarantee requested in the application of the entity.

"(ii) CREDIT.—Recurring revenues of an entity, including broadband service client revenues, may be credited toward the cost share required under clause (i).

"(iii) 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.

"(2) 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.

"(3) ADEQUACY OF SECURITY.—The Secretary shall ensure that the type, amount, and method of security used to secure any loan or loan guarantee provided under this section is commensurate to the risk involved with the loan or loan guarantee, particularly if the loan or loan guarantee is issued to a financially-healthy, strong, and stable entity.

"(4) LIMITATION.—No entity (including subsidiaries of an entity) may acquire more than 20 percent of the resources of the program under this section in any fiscal year, as determined by the Secretary.

"(5) NOTICE REQUIREMENT.—The Secretary shall include a notice of applications under this section on the website of the Secretary for a period of not less than 90 days.

"(6) PROPOSAL INFORMATION.—

"(A) PUBLIC ACCESS.—The Secretary shall make available on the website of the Secretary during the consideration of a loan by the Secretary—

"(i) the name of the applicant;

"(ii) a description and geographical representation of the proposed area of broadband service;

"(iii) a geographical representation and numerical estimate of the households that have no terrestrial broadband service offered in the proposed service area of the project; and

"(iv) such other relevant information that the Secretary determines to be appropriate.

"(B) PROPRIETARY INFORMATION.—In making information available relating to a loan proposal as described in subparagraph (A), the Secretary shall not make available information that is proprietary (within the meaning of section 552(b)(4) of title 5, United States Code) to the business interests of the loan applicant.

"(7) TIMELINE.—The Secretary shall establish a timeline on the website for the Secretary for tracking applications received under this section.

"(8) ADDITIONAL INFORMATION AND DETERMINATION.—

"(A) PROMPT PROCESSING OF APPLICATIONS.—

"(i) IN GENERAL.—The Secretary shall establish, by regulation, procedures to ensure prompt processing of loan and loan guarantee applications under this section.

"(ii) TIME LIMITS.—Subject to clause (iii), the regulations shall establish general time limits for action by the Secretary and applicant response.

"(iii) EXTENSIONS.—The Secretary may grant an extension for a time limit established under clause (ii).

"(iv) ANNUAL REPORTS.—The Secretary shall publish an annual report that—

"(I) describes processing times for loan and loan guarantee applications under this section; and

"(II) provides an explanation for any processing time extensions required by the Secretary.

"(B) ADDITIONAL INFORMATION.—Not later than 60 days after the date on which an applicant submits an application, the Secretary

shall request any additional information required for the application to be complete.

"(C) DETERMINATION.—Not later than 180 days after the date on which an applicant submits a completed application, the Secretary shall make a determination of whether to approve the application.

"(9) LOAN CLOSING.—Not later than 45 days after the date on which the Secretary approves an application, documents necessary for the closing of the loan or loan guarantee shall be provided to applicant.

"(10) FUND DISBURSEMENT.—Not later than 10 business days after the date of the receipt of valid documentation requesting disbursement of the approved, closed loan, the disbursement of loan funds shall occur.

"(11) PREAPPLICATION PROCESS.—The Secretary shall establish an optional preapplication process under which an applicant may apply to the Rural Utilities Service for a binding determination of area eligibility prior to preparing a full loan application.

"(12) PENDING APPLICATIONS.—An application for a loan or loan guarantee under this section, or

a petition for reconsideration of a decision on such an application, that is pending on the date of enactment of this paragraph shall be considered under eligibility and feasibility criteria that are no less favorable to the applicant than the criteria in effect on the original date of submission of the application.

"(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).

"(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 outside rural communities.

"(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 subsection (c) shall—

"(A) bear interest at an annual rate of, as determined by the Secretary—

"(i) in the case of a direct loan, the lower of—

"(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) except as provided in paragraph (2), have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

"(2) TERM OF LOAN EXCEPTION.—A loan or loan guarantee under subsection (c) may have a term not to exceed 30 years if the Secretary determines that the loan security is sufficient.

"(3) RECURRING REVENUE.—The Secretary shall consider the recurring revenues of the entity at

the time of application in determining an adequate level of credit support.

"(h) 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-related loan made under this Act if the use of the proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in rural areas.

"(i) REPORTS.—Not later than 1 year after the date of enactment of the Food and Energy Security Act of 2007, and biennially thereafter, the Administrator shall submit to Congress a report that—

"(1) describes the ways in which the Administrator determines under subsection (b)(1) that a service enables a subscriber to originate and receive high-quality voice, data, graphics, and video; and

"(2) provides a detailed list of services that have been granted assistance under this section.

"(j) 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.

"(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.—Based on information available from the most recent decennial census, 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.

"(k) TERMINATION OF AUTHORITY.—No loan or loan guarantee may be made under this section after September 30, 2012.".

(b) NATIONAL CENTER FOR RURAL TELECOMMUNICATIONS ASSESSMENT.—Title VI of 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) ESTABLISHMENT OF CENTER.—The Secretary shall designate a National Center for Rural Telecommunications Assessment (referred to in this section as the 'Center').

"(b) CRITERIA.—In designating the Center, the Secretary shall ensure that—

"(1) the Center is an entity with a focus on rural policy research and a minimum of 5 years experience in rural telecommunications research and assessment;

"(2) the Center is capable of assessing broadband services in rural areas; and

"(3) the Center has significant experience with other rural economic development centers and organizations in the assessment of rural policies and formulation of policy solutions at the local, State, and Federal levels.

"(c) DUTIES.—The Center shall—

"(1) assess the effectiveness of programs under this section in increasing broadband availability and use in rural areas, especially in those rural communities identified by the Secretary as having no service before award of a broadband loan or loan guarantee under section 601(c);

"(2) develop assessments of broadband availability in rural areas, working with existing rural development centers selected by the Center;

"(3) identify policies and initiatives at the local, State, and Federal level that have increased broadband availability and use in rural areas;

"(4) conduct national studies of rural households and businesses focusing on the adoption of, barriers to, and use of broadband services, with specific attention addressing the economic, social and educational consequences of inaccessibility to affordable broadband services;

"(5) provide reports to the public on the activities carried out and funded under this section; and

"(6) conduct studies and provide recommendations to local, State, and Federal policymakers on effective strategies to bring affordable broadband services to rural citizens residing outside of the municipal boundaries of rural cities and towns.

"(d) REPORTING REQUIREMENTS.—Not later than December 1, 2008, and each year thereafter through December 1, 2012, the Center shall submit to the Secretary a report that—

"(1) describes the activities of the Center, the results of research carried out by the Center, and any additional information for the preceding fiscal year that the Secretary may request; and

"(2) includes—

"(A) assessments of the programs carried out under this section and section 601;

"(B) annual assessments on the effects of the policy initiatives identified under subsection (c)(3); and

"(C) results from the national studies of rural households and businesses conducted under subsection (c)(4).

"(e) 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.".

(c) REGULATIONS.—The Secretary may promulgate such regulations as are necessary to implement the amendments made by this section.

**SEC. 6111. 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) 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) in which more than 20 percent of the residents do not

have modern, affordable, or reliable utility services, as determined by the Secretary.

"(2) UTILITY SERVICE.—The term 'utility service' means electric, telecommunications, broadband, or water service.

"(b) INITIATIVE.—The Secretary, in consultation with local governments and Federal agencies, may implement an initiative to identify and improve the availability and quality of utility services 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 extended repayment terms, for use in facilitating improved utility service in substantially underserved trust areas;

"(2) may waive nonduplication restrictions, matching fund requirements, credit support requirements, or other regulations from any loan or grant program administered by the Rural Utilities Service to facilitate the construction, acquisition, or improvement of infrastructure used to deliver afford-

able utility services to substantially underserved trust areas;

''(3) may assign the highest funding priority to projects in substantially underserved trust areas;

''(4) shall make any loan or loan guarantee found to be financially feasible to provide service to substantially underserved trust areas; and

''(5) may conduct research and participate in regulatory proceedings to recommend policy changes to enhance utility service in 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. 6112. STUDY OF FEDERAL ASSISTANCE FOR BROADBAND INFRASTRUCTURE.**

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of—

(1) how the Rural Utilities Service takes into account economic factors in the decisionmaking process of the Service in allocating Federal broadband benefits;

(2) what other considerations the Rural Utilities Service takes into account in making benefit awards;

(3) what economic forces prompt Rural Utilities Service broadband loan applicants to seek Federal funding rather than relying on the private market alone;

(4) how awards made by the Rural Utilities Service of Federal benefits impact the expansion of broadband infrastructure by the private sector; and

(5) what changes to Federal policy are needed to further encourage technology expansion by private broadband service providers.

(b) REPORT.—Not later than 30 months after the date of enactment of this Act, the Comptroller General of the United States 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 subsection (a), including any findings and recommendations.

# Subtitle C—Connect the Nation Act

**SEC. 6201. SHORT TITLE.**

This subtitle may be cited as the ''Connect the Nation Act''.

**SEC. 6202. GRANTS TO ENCOURAGE STATE INITIATIVES TO IMPROVE BROADBAND SERVICE.**

(a) DEFINITIONS.—In this section:

(1) BROADBAND SERVICE.—The term ''broadband service'' means any service that connects the public to the Internet with a data transmission-rate equivalent that is at least 200 kilobits per second or 200,000 bits per second, or any successor transmission-rate established by the Federal Communications Commission for broadband, in at least 1 direction.

(2) ELIGIBLE ENTITY.—The term ''eligible entity'' means a nonprofit organization that, in conjunction with State agencies and private sector partners, carries out an initiative under the section to identify and track the availability and adoption of broadband services within States.

(3) NONPROFIT ORGANIZATION.—The term ''nonprofit organization'' means an organization that—

(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of that Code;

(B) has net earnings that do not inure to the benefit of any member, founder, contributor, or individual associated with the organization;

(C) has an established record of competence and working with public and private sectors to accomplish widescale deployment and adoption of broadband services and information technology; and

(D) has a board of directors that does not have a majority of individuals who are employed by, or otherwise associated with, any Federal, State, or local government or agency.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Commerce.

(b) PROGRAM.—The Secretary shall award grants to eligible entities to pay the Federal share of the cost of the development and implementation of statewide initiatives to identify and track the availability and adoption of broadband services within States.

(c) PURPOSES.—The purpose of a grant made this section shall be—

(1) to ensure, to the maximum extent practicable, that all citizens and businesses in States have access to affordable and reliable broadband service;

(2) to promote improved technology literacy, increased computer ownership, and home broadband use among those citizens and businesses;

(3) to establish and empower local grassroots technology teams in States to plan for improved technology use across multiple community sectors; and

(4) to establish and sustain an environment that supports broadband services and information technology investment.

(d) ELIGIBILITY.—To be eligible to receive a grant for an initiative under this section, an eligible entity shall—

(1) submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require; and

(2) provide matching non-Federal funds in an amount that is equal to not less than 20 percent of the total cost of the initiative.

(e) COMPETITIVE BASIS.—Grants under this section shall be awarded on a competitive basis.

(f) PEER REVIEW.—

(1) IN GENERAL.—The Secretary shall require technical and scientific peer review of applications for grants under this section.

(2) REVIEW PROCEDURES.—The Secretary shall require that any technical and scientific peer review group—

(A) be provided a written description of the grant to be reviewed;

(B) provide the results of any review by the group to the Secretary; and

(C) certify that the group will enter into such voluntary nondisclosure agreements as are necessary to prevent the unauthorized disclosure of confidential and propriety information provided by broadband service providers in connection with projects funded by a grant under this section.

(g) USE OF FUNDS.—A grant awarded to an eligible entity under this section shall be used—

(1) to provide a baseline assessment of broadband service deployment in 1 or more participating States;

(2) to identify and track—

(A) areas in the participating States that have low levels of broadband service deployment;

(B) the rate at which individuals and businesses adopt broadband service and other related information technology services; and

(C) possible suppliers of the services;

(3) to identify barriers to the adoption by individuals and businesses of broadband service and related information technology services, including whether—

(A) the demand for the services is absent; and

(B) the supply for the services is capable of meeting the demand for the services;

(4) to create and facilitate in each county or designated region in the participating States a local technology planning team—

(A) with members representing a cross section of communities, including representatives of business, telecommunications labor organizations, K-12 education, health care, libraries, higher education, community-based organizations, local government, tourism, parks and recreation, and agriculture; and

(B) that shall—

(i) benchmark technology use across relevant community sectors;

(ii) set goals for improved technology use within each sector; and

(iii) develop a tactical business plan for achieving the goals of the team, with specific recommendations for online application development and demand creation;

(5) to work collaboratively with broadband service providers and information technology companies to encourage deployment and use, especially in unserved, underserved, and rural areas, through the use of local demand aggregation, mapping analysis, and the creation of market intelligence to improve the business case for providers to deploy;

(6) to establish programs to improve computer ownership and Internet access for unserved, underserved, and rural populations;

(7) to collect and analyze detailed market data concerning the use and demand for broadband service and related information technology services;

(8) to facilitate information exchange regarding the use and demand for broadband services between public and private sectors; and

(9) to create within the participating States a geographic inventory map of broadband service that shall—

(A) identify gaps in the service through a method of geographic information system mapping of service availability at the census block level; and

(B) provide a baseline assessment of statewide broadband deployment in terms of households with high-speed availability.

(h) PARTICIPATION LIMITATION.—For each participating State, an eligible entity may not receive a new grant under this section to carry out the activities described in subsection (g) within the participating State if the eligible entity obtained prior grant awards under this section to carry out the same activities in the participating State for each of the previous 4 fiscal years.

(i) REPORT.—Each recipient of a grant under this section shall submit to the Secretary a report describing the use of the funds provided by the grant.

(j) NO REGULATORY AUTHORITY.—Nothing in this section provides any public or private entity with any regulatory jurisdiction or oversight authority over providers of broadband services or information technology.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $40,000,000 for each of fiscal years 2008 through 2012.

# Subtitle D—Food, Agriculture, Conservation, and Trade Act of 1990

**SEC. 6301. RURAL ELECTRONIC COMMERCE EXTENSION PROGRAM.**

Section 1670(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(e)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 6302. TELEMEDICINE, LIBRARY CONNECTIVITY, PUBLIC TELEVISION, AND DISTANCE LEARNING SERVICES IN RURAL AREAS.**

(a) IN GENERAL.—Chapter 1 of subtitle D of title XXII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.) is amended in the chapter heading by striking ''**AND DISTANCE LEARNING**'' and inserting ''**, LIBRARY CONNECTIVITY, PUBLIC TELEVISION, AND DISTANCE LEARNING**''.

(b) PURPOSE.—Section 2331 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa) is amended by striking ''telemedicine services and distance learning'' and inserting ''telemedicine services, library connectivity, and distance learning''.

(c) DEFINITIONS.—Section 2332 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-1) is amended—

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

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

''(1) CONNECTIVITY.—The term 'connectivity' means the ability to use a range of high-speed digital services or networks.''.

(d) TELEMEDICINE, LIBRARY CONNECTIVITY, AND DISTANCE LEARNING SERVICES IN RURAL AREAS.—Section 2333 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-2) is amended—

(1) in the section heading, by striking ''**AND DISTANCE LEARNING**'' and inserting ''**, LIBRARY CONNECTIVITY, PUBLIC TELEVISION, AND DISTANCE LEARNING**'';

(2) in subsection (a), by striking ''construction of facilities and systems to provide telemedicine services and distance learning services'' and inserting ''construction and use of facilities and systems to provide telemedicine services, library connectivity, distance learning services, and public television station digital conversion'';

(3) in subsection (b), by striking paragraph (2) and inserting the following:

''(2) FORM.—The Secretary shall establish by notice the amount of the financial assistance available to applicants in the form of grants, costs of money loans, combinations of grants and loans, or other financial assistance so as to—

''(A)(i) further the purposes of this chapter; and

''(ii) in the case of loans, result in the maximum feasible repayment to the Federal Government of the loan; and

''(B) to ensure that funds made available to carry out this chapter are used to the maximum extent practicable to assist useful and needed projects.'';

(4) in subsection (c)—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking ''financial assistance'' and inserting ''assistance in the form of grants'';

(ii) in subparagraph (A), by striking ''and'' at the end;

(iii) in subparagraph (B)—

(I) by striking ''service or distance'' and inserting ''services, library connectivity services, public television station digital conversion, or distance'';

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

(III) by adding at the end the following:

''(C) libraries or library support organizations;

''(D) public television stations and the parent organizations of public television stations; and

''(E) schools, libraries, and other facilities operated by the Bureau of Indian Affairs or the Indian Health Service.'';

(B) in paragraph (4), by striking ''services or distance'' and inserting ''service, library connectivity, public television station digital conversion, or distance''; and

(C) by adding at the end the following:

''(5) PUBLIC TELEVISION GRANTS.—The Secretary shall establish a separate competitive process

to determine the allocation of grants under this chapter to public television stations.'';

(5) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting ''1 or more of'' after ''considering'';

(B) in paragraph (12), by striking ''and'' at the end;

(C) by redesignating paragraph (13) as paragraph (14); and

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

''(13) the cost and availability of high-speed network access; and'';

(6) by striking subsection (f) and inserting the following:

''(f) USE OF FUNDS.—Financial assistance provided under this chapter shall be used for—

''(1) the development, acquisition, and digital distribution of instructional programming to rural users;

''(2) the development and acquisition, through lease or purchase, of computer hardware and software, audio and visual equipment, computer network components, telecommunications terminal equipment, telecommunications transmission facilities,

data terminal equipment, or interactive video equipment, teleconferencing equipment, or other facilities that would further telemedicine services, library connectivity, or distance learning services;

''(3) the provision of technical assistance and instruction for the development or use of the programming, equipment, or facilities referred to in paragraphs (1) and (2);

''(4) the acquisition of high-speed network transmission equipment or services that would not otherwise be available or affordable to the applicant;

''(5) costs relating to the coordination and collaboration among and between libraries on connectivity and universal service initiatives, or the development of multi-library connectivity plans that benefit rural users; or

''(6) other uses that are consistent with this chapter, as determined by the Secretary.''; and

(7) in subsection (i)—

(A) in paragraph (1), by striking ''telemedicine or distance'' and inserting ''telemedicine, library connectivity, public television station digital conversion, or distance''; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking ''telemedicine or distance'' and inserting ''telemedicine, library connectivity, or distance''; and

(ii) in subparagraph (B), by inserting ''nonproprietary information contained in'' before ''the applications''.

(e) ADMINISTRATION.—Section 2334 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-3) is amended—

(1) in subsection (a), by striking ''services or distance'' and inserting ''services, library connectivity, or distance''; and

(2) in subsection (d), by striking ''or distance learning'' and all that follows through the end of the subsection and inserting '', library connectivity, or distance learning services through telecommunications in rural areas.''.

(f) 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''.

(g) 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''.

# Subtitle E—Miscellaneous

**SEC. 6401. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT 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) ASSISTING ORGANIZATION.—The term 'assisting organization' means a nonprofit organization, institution of higher education, or units of government with expertise, as determined by the Secretary, to assist eligible producers and entities described in subsection (b)(1) through—

''(A) the provision of market research, training, or technical assistance; or

''(B) the development of supply networks for value-added products that strengthen the profitability of small and mid-sized family farms.

''(2) TECHNICAL ASSISTANCE.—The term 'technical assistance' means managerial, financial, operational, and scientific analysis and consultation to

assist an individual or entity (including a recipient or potential recipient of a grant under this section)—

"(A) to identify and evaluate practices, approaches, problems, opportunities, or solutions; and

"(B) to assist in the planning, implementation, management, operation, marketing, or maintenance of projects authorized under this section.

"(3) VALUE-ADDED AGRICULTURAL PRODUCT.—

"(A) IN GENERAL.—The term 'value-added agricultural product' means any agricultural commodity or product that—

"(i)(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; or

"(III) is physically segregated in a manner that results in the enhancement of

the value of the agricultural commodity or product; and

"(ii) 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 has been 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) INCLUSION.—The term 'value-added agricultural products' includes—

"(i) farm- or ranch-based renewable energy, including the sale of E-85 fuel; and

"(ii) the aggregation and marketing of locally-produced agricultural food products.".

(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 (2)—

(A) in subparagraph (A), by striking ''exceed $500,000'' and inserting ''exceed—

''(i) $300,000 in the case of grants including working capital; and

''(ii) $100,000 in the case of all other grants.''; and

(B) by adding at the end the following:

''(C) RESEARCH, TRAINING, TECHNICAL ASSISTANCE, AND OUTREACH.—The amount of grant funds provided to an assisting organization for a fiscal year may not exceed 10 percent of the total amount of funds that are used to make grants for the fiscal year under this subsection.'';

(2) in paragraph (3)—

(A) in subparagraph (A), by striking ''or'' at the end;

(B) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(C) to conduct market research, provide training and technical assistance, develop supply networks, or provide program outreach.''; and

(3) by striking paragraph (4) and inserting the following:

"(4) TERM.—A grant under this section 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.—

"(A) IN GENERAL.—In awarding grants, the Secretary shall give the priority to projects that—

"(i) contribute to increasing opportunities for beginning farmers or ranchers, socially disadvantaged farmers or ranchers, and operators of small- and medium-sized farms and ranches that are not larger than family farms; and

"(ii) support new ventures that do not have well-established markets or product development staffs and budgets, including the development of local food systems and the development of infrastructure to support local food systems.

"(B) PARTICIPATION.—To the maximum extent practicable, the Secretary shall provide

grants to projects that provide training and outreach activities in areas that have, as determined by the Secretary, received relatively fewer grants than other areas.

"(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2008 through 2012.".

**SEC. 6402. STUDY OF RAILROAD ISSUES.**

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Transportation, shall conduct a study of railroad issues regarding the movement of agricultural products, domestically-produced renewable fuels, and domestically-produced resources for the production of electricity in rural areas of the United States and for economic development in rural areas of the United States.

(b) ISSUE.—In conducting the study, the Secretary shall include an examination of—

(1) the importance of freight railroads to—

(A) the delivery of equipment, seed, fertilizer, and other products that are important to the development of agricultural commodities and products;

(B) the movement of agricultural commodities and products to market; and

(C) the delivery of ethanol and other renewable fuels;

(2) the sufficiency in rural areas of the United States of—

(A) railroad capacity;

(B) competition in the railroad system; and

(C) the reliability of rail service; and

(3) the accessibility to rail customers in rural areas of the United States to Federal processes for the resolution of rail customer grievances with the railroads.

(c) REPORT.—Not later than 270 days after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes—

(1) the results of the study conducted under this section; and

(2) the recommendations of the Secretary for new Federal policies to address any problems identified by the study.

**SEC. 6403. 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 han-

dling 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''.

# TITLE VII—RESEARCH AND RELATED MATTERS

## Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

**SEC. 7001. DEFINITIONS.**

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 (6) through (8), (9) through (14), (15), and (16) as paragraphs (7) through (9), (11) through (16), (19), and (6), respectively, and moving the paragraphs so as to appear in alphabetical order;

(3) by inserting after paragraph (9) (as redesignated by paragraph (2)) the following:

''(10) HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES.—The term 'Hispanic-serving agricultural colleges and universities' means a college or university that—

''(A) qualifies as a Hispanic-serving institution; and

''(B) offers associate, bachelor's, or other accredited degree programs in agriculture-related fields.''; and

(4) 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(a) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)).''.

**SEC. 7002. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.**

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 7003. VETERINARY MEDICINE LOAN REPAYMENT.**

Section 1415A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151a) is amended—

(1) by redesignating subsection (d) as subsection (e); and

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

''(d) REGULATIONS.—Not later than 270 days after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall promulgate regulations to carry out this section.''.

**SEC. 7004. 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. 7005. GRANTS TO 1890 INSTITUTIONS 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. 7006. 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 ''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. 7007. 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 "AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS" and inserting ", 2-YEAR POSTSECONDARY EDUCATION, AND AGRICULTURE IN THE K–12 CLASSROOM"; and

(2) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking ''and institutions of higher education that award an associate's degree'' and inserting '', institutions of higher education that award an associate's degree, other institutions of higher education, and nonprofit organizations'';

(B) in subparagraph (E), by striking ''and'' at the end;

(C) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(G) to support current agriculture in the classroom programs for grades K–12.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1417(l) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(l)) is amended by striking ''2007'' and inserting ''2012''.

(c) REPORT.—Section 1417 of the National Agricultural Research, Extension and Teaching Policy Act of 1977 (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 an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate describing the distribution of funds used to implement teaching programs under subsection (j).".

**SEC. 7008. GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.**

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking "2007" and inserting "2012".

**SEC. 7009. POLICY RESEARCH CENTERS.**

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in subsection (b), by inserting "(including the Food Agricultural Policy Research Institute, the Agricultural and Food Policy Center, the Rural Policy Research Institute, and the Community Vitality Center)" after "research institutions and organizations"; and

(2) in subsection (d), by striking ''2007'' and inserting ''2012''.

**SEC. 7010. 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. 7011. 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. 7012. NUTRITION EDUCATION PROGRAM.**

(a) DEFINITIONS.—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 ''SEC. 1425.'' and inserting the following:

**''SEC. 1425. NUTRITION EDUCATION PROGRAM.**

''(a) DEFINITIONS.—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 "The Secretary" and inserting the following:

"(b) ESTABLISHMENT.—The Secretary"; and

(4) in subsection (c) (as so redesignated), by striking "In order to enable" and inserting the following:

"(c) EMPLOYMENT AND TRAINING.—To enable".

(b) FUNDING TO 1862, 1890, AND INSULAR AREA INSTITUTIONS.—Subsection (d) of section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175) (as redesignated by subsection (a)(1)) is amended—

(1) in the matter preceding paragraph (1), by striking "Beginning" and inserting the following:

"(d) ALLOCATION OF FUNDING.—Beginning"; and

(2) in paragraph (2), by striking subparagraph (B) and inserting the following:

"(B) Notwithstanding section 3(d)(2) of the Act of May 8, 1914 (7 U.S.C. 343(d)(2)), the remainder shall be allocated among the States as follows:

"(i) $100,000 shall be distributed to each 1862 and 1890 land-grant college and university.

"(ii)(I) Subject to subclause (II), of the remainder, 10 percent for fiscal year 2008, 11 percent for fiscal year 2009, 12 percent for fiscal year 2010, 13 percent for fiscal year 2011, 14 percent for fiscal year 2012, and 15 percent for each fiscal year thereafter, shall be distributed among the 1890 Institutions, to 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 the income

poverty guidelines in all States that have 1890 Institutions, as determined by the last preceding decennial census at the time each such additional amount is first appropriated.

''(II) The total amount allocated under this clause shall not exceed the amount of the funds appropriated for the conduct of the expanded food and nutrition education program for the fiscal year that are in excess of the amount appropriated for the conduct of the program for fiscal year 2007.

''(iii)(I) Subject to subclauses (II) and (III), the remainder shall be allocated to the 1860 institution in each State (including the appropriate insular area institution and the University of the District of Columbia) in an amount that bears the same ratio to the total amount to be allocated under this subparagraph as—

''(aa) the population of the State living at or below 125 percent of the income poverty guidelines prescribed by the Office of Management and

Budget (adjusted pursuant to section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2))); bears to

"(bb) the total population of all the States living at or below 125 percent of the income poverty guidelines, as determined by the last preceding decennial census at the time each such additional amount is first appropriated.

"(II) The total amount allocated under this clause to the University of the District of Columbia shall not exceed the amount described in clause (ii)(II), reduced by the amount allocated to the University of the District of Columbia under clause (ii).

"(III) Nothing in this clause precludes the Secretary from developing educational materials and programs for persons in income ranges above the level designated in this clause.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Subsection (d)(3) of section 1425 of the National Agricultural

Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175) (as redesignated by subsection (a)(1)) is amended—

(1) by striking ''There is'' and inserting the following:

''(3) AUTHORIZATION OF APPROPRIATIONS.—There is''; and

(2) by striking ''$83,000,000 for each of fiscal years 1996 through 2007'' and inserting ''$90,000,000 for each of fiscal years 2008 through 2012''.

(d) 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)''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2007.

**SEC. 7013. 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. 7014. 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. 7015. 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. 7016. 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. 7017. 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. 7018. 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. 7019. 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. 7020. 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. 7021. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES OF 1890 INSTITUTIONS.**

Section 1449(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d(c)) is amended in the first sentence by striking "2007" and inserting "2012.".

**SEC. 7022. 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)—

(A) in paragraph (1), by striking ''of consortia'';

(B) in paragraph (3), by striking '', beginning with the mentoring of students'' and all that follows through ''doctoral degree''; and

(C) in paragraph (4)—

(i) by striking ''2 or more''; and

(ii) by striking '', or between Hispanic-serving'' and all that follows through ''the private sector,''; 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. 7023. 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 subparagraph (A); 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 agricul-

tural 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 such sums as are nec-

essary to carry out this paragraph for fiscal year 2008 and each fiscal year thereafter.

"(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, or any other territory or possession of the United States.

"(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 and 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

"(ii) administered by State institutions through cooperative agreements with the Hispanic-serving agricultural colleges and universities (as defined in section 1456 of the National Agricultural Research, Extension and Teaching Policy Act of 1977) 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)''.

**SEC. 7024. 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) in paragraph (3), by inserting ''Hispanic-serving agricultural colleges and universities,'' after ''universities,'';

(3) in paragraph (7)(A), by striking ''and land-grant colleges and universities'' and inserting '', land-grant colleges and universities, and Hispanic-serving agricultural colleges and universities'';

(4) in paragraph (9)—

(A) 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. 7025. 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. 7026. INDIRECT COSTS.**

Section 1462(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310(a)) is amended by striking ''shall not exceed 19 percent'' and inserting ''shall be the negotiated indirect rate of cost established for an institution by the appropriate Federal audit agency for the institution, not to exceed 30 percent''.

**SEC. 7027. 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. 7028. 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. 7029. 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. 7030. 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. 7031. AQUACULTURE RESEARCH FACILITIES.**

(a) FISH DISEASE PROGRAM.—Section 1475(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322(f)) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary''; and

(2) by adding at the end the following:

''(2) VIRAL HEMORRHAGIC SEPTICEMIA.—

''(A) IN GENERAL.—The study of viral hemorrhagic septicemia (referred to in this paragraph as 'VHS') and VHS management shall be considered an area of priority research under this subsection.

''(B) CONSULTATION.—

"(i) IN GENERAL.—The Secretary shall consult with appropriate directors of State natural resource management and agriculture agencies in areas that are VHS positive as of the date of enactment of this paragraph to develop and implement a comprehensive set of priorities for managing VHS, including providing funds for research into the spread and control of the disease, surveillance, monitoring, risk evaluation, enforcement, screening, education and outreach, and management.

"(ii) CONSIDERATION.—The Secretary shall provide special consideration to the recommendations of the directors described in clause (i) in the development of the VHS priorities.".

(b) AUTHORIZATION OF APPROPRIATIONS.—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. 7032. RANGELAND RESEARCH.**

(a) GRANTS.—Section 1480(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3333(a)) is amended—

(1) in paragraph (1), by striking ''; and'' and inserting a semicolon;

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

(3) by adding at the end the following:

''(3) pilot programs to coordinate and conduct collaborative projects to address natural resources management issues and facilitate the collection of information and analysis to provide Federal and State agencies, private landowners, and the public with information to allow for improved management of public and private rangeland.''.

(b) MATCHING REQUIREMENTS.—Section 1480(b)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3333(b)(2)) is amended by striking ''subsection (a)(2)'' and inserting ''paragraph (2) or (3) of subsection (a)''.

(c) AUTHORIZATION OF APPROPRIATIONS.—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. 7033. 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. 7034. 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''.

**SEC. 7035. FARM MANAGEMENT TRAINING AND PUBLIC FARM BENCHMARKING DATABASE.**

Subtitle K of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1467 (7 U.S.C. 3313) the following:

**"SEC. 1468. FARM MANAGEMENT TRAINING AND PUBLIC FARM BENCHMARKING DATABASE.**

"(a) DEFINITIONS.—In this section:

"(1) BENCHMARK, BENCHMARKING.—The term 'benchmark' or 'benchmarking' means the process of comparing the performance of an agricultural enterprise against the performance of other similar enterprises, through the use of comparable and reliable data, in order to identify business management strengths, weaknesses, and steps necessary to improve management performance and business profitability.

"(2) FARM MANAGEMENT ASSOCIATION.—The term 'farm management association' means a public or nonprofit organization or educational program—

"(A) the purpose of which is to assist farmers, ranchers, and other agricultural operators to improve financial management and business profitability by providing training on farm financial planning and analysis, record keeping, and other farm management topics; and

"(B) that is affiliated with a land-grant college or university, other institution of higher education, or nonprofit entity.

"(3) NATIONAL FARM MANAGEMENT CENTER.—The term 'National Farm Management Cen-

ter' means a land-grant college or university that, as determined by the Secretary—

"(A) has collaborative partnerships with more than 5 farm management associations that are representative of agricultural diversity in multiple regions of the United States;

"(B) has maintained and continues to maintain farm financial analysis software applicable to the production and management of a wide range of crop and livestock agricultural commodities (including some organic commodities);

"(C) has established procedures that enable producers—

"(i) to benchmark the farms of the producers against peer groups; and

"(ii) to query the benchmarking database by location, farm type, farm size, and commodity at the overall business and individual enterprise levels; and

"(D) has provided and continues to provide public online access to farm and ranch financial benchmarking databases.

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a National Farm Management Center to improve the farm management knowledge and skills of individuals directly involved in production agriculture through—

"(A) participation in a farm management education and training program; and

"(B) direct access to a public farm benchmarking database.

"(2) PROPOSALS.—The Secretary shall request proposals from appropriate land-grant colleges and universities for the establishment of a National Farm Management Center in accordance with this section.

"(3) REQUIREMENTS.—The National Farm Management Center established under paragraph (1) shall—

"(A) coordinate standardized financial analysis methodologies for use by farmers, ranchers, other agricultural operators, and farm management associations;

"(B) provide the software tools necessary for farm management associations, farmers, ranchers, and other agricultural operators to perform the necessary financial analyses, in-

cluding the benchmarking of individual enterprises; and

"(C) develop and maintain a national farm financial database to facilitate those financial analyses and benchmarking that is available online to farmers, ranchers, other agricultural operators, farm management associations, and the public.

"(c) ADMINISTRATIVE EXPENSES.—Not more than 8 percent of the funds made available to carry out this section may be used for the payment of administrative expenses of the Department of Agriculture in carrying out this section.

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

**SEC. 7036. TROPICAL AND SUBTROPICAL AGRICULTURAL RESEARCH.**

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. TROPICAL AND SUBTROPICAL AGRICULTURAL RESEARCH.**

"(a) DEFINITION OF CARIBBEAN AND PACIFIC BASINS.—In this section, the term 'Caribbean and Pacific basins', means—

"(1) the States of Florida and Hawaii;

"(2) the Commonwealth of Puerto Rico;

"(3) the United States Virgin Islands;

"(4) Guam;

"(5) American Samoa;

"(6) the Commonwealth of the Northern Mariana Islands;

"(7) the Federated States of Micronesia;

"(8) the Republic of the Marshall Islands; and

"(9) the Republic of Palau.

"(b) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'Tropical and Subtropical Agricultural Research Program', to sustain the agriculture and environment of the Caribbean and Pacific basins, by supporting the full range of research relating to food and agricultural sciences in the Caribbean and Pacific basins, with an emphasis on—

"(1) pest management;

"(2) deterring introduction and establishment of invasive species;

"(3) enhancing existing and developing new tropical and subtropical agricultural products; and

"(4) expanding value-added agriculture in tropical and subtropical ecosystems.

"(c) GRANTS.—

"(1) IN GENERAL.—In carrying out this section, the Secretary shall provide grants to be awarded competitively to support tropical and subtropical agricultural research in the Caribbean and Pacific basins.

"(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant, an entity shall be a land-grant college or university, or affiliated with a land-grant college or university, that is located in any region of the Caribbean and Pacific basin.

"(3) REQUIREMENTS.—

"(A) EQUAL AMOUNTS.—The total amount of grants provided under this subsection shall be equally divided between the Caribbean and Pacific basins, as determined by the Secretary.

"(B) RESEARCH INFRASTRUCTURE AND CAPABILITY PRIORITY.—In providing grants under this subsection, the Secretary shall give priority to projects of eligible entities that—

"(i) expand the infrastructure and capability of the region of the eligible entity;

"(ii) scientifically and culturally address regional agricultural and environmental challenges; and

"(iii) sustain agriculture in the region of the eligible entity.

"(C) TERM.—The term of a grant provided under this subsection shall not exceed 5 years.

"(D) PROHIBITIONS.—A grant provided under this subsection shall not be used for the planning, repair, rehabilitation, acquisition, or construction of any building or facility.

"(d) FUNDING.—

"(1) SET-ASIDE.—Not less than 25 percent of the funds made available to carry out this section during a fiscal year shall be used to support programs and services that—

"(A) address the pest management needs of a region in the Caribbean and Pacific basins; or

"(B) minimize the impact to a region in the Caribbean and Pacific basins of invasive species.

"(2) ADMINISTRATIVE COSTS.—The Secretary shall use not more than 4 percent of the funds made available under subsection (e) for administrative costs incurred by the Secretary in carrying out this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.".

**SEC. 7037. REGIONAL CENTERS OF EXCELLENCE.**

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 7036) is amended by adding at the end the following:

**"SEC. 1473F. REGIONAL CENTERS OF EXCELLENCE.**

"(a) PURPOSES.—The purposes of this section are—

"(1) to authorize regional centers of excellence for specific agricultural commodities; and

"(2) to develop a national, coordinated program of research, teaching, and extension for commodities that will—

"(A) be cost effective by reducing duplicative efforts regarding research, teaching, and extension;

"(B) leverage available resources by using public/private partnerships among industry groups, institutions of higher education, and the Federal Government;

"(C) increase the economic returns to agricultural commodity industries by identifying, attracting, and directing funds to high-priority industry issues; and

"(D) more effectively disseminate industry issue solutions to target audiences through web-based extension information, instructional courses, and educational or training modules.

"(b) DEFINITIONS.—In this section:

"(1) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' has the meaning given the term in section 513 of the Commodity Promotion, Research, and Information Act of 1996 (7 U.S.C. 7412).

"(2) LAND-GRANT COLLEGES AND UNIVERSITIES.—The term 'land-grant colleges and universities' means—

"(A) 1862 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601));

"(B) 1890 Institutions (as defined in section 2 of that Act); and

"(C) 1994 Institutions (as defined in section 2 of that Act).

"(c) ESTABLISHMENT.—

"(1) ORIGINAL COMPOSITION.—The Secretary shall establish regional centers of excellence for specific agricultural commodities that are each comprised of—

"(A) a lead land-grant college or university; and

"(B) 1 or more member land-grant colleges and universities that provide financial support to the regional center of excellence.

"(2) BOARD OF DIRECTORS.—Each regional center of excellence shall be administered by a board of directors consisting of 15 members, as determined by the lead and member land-grant colleges and universities of the center.

"(3) ADDITIONAL DIRECTORS AND INSTITUTIONS.—Each board of directors of a regional center of excellence may—

"(A) designate additional land-grant colleges and universities as members of the center; and

"(B) designate representatives of the additional land-grant colleges and universities and agriculture industry groups to be additional members of the board of directors.

"(d) PROGRAMS.—Each regional center of excellence shall achieve the purposes of this section through—

"(1) research initiatives focused on issues pertaining to the specific agricultural commodity;

"(2) teaching initiatives at lead and member land-grant colleges and universities to provide intensive education relating to the specific agricultural commodity; and

"(3) extension initiatives focusing on an internet-based information gateway to provide for relevant information development, warehousing, and delivery.

"(e) FUNDING.—

"(1) IN GENERAL.—Each regional center of excellence shall be funded through the use of—

"(A) grants made by the Secretary; and

"(B) matching funds provided by land-grant colleges and universities and agriculture industry groups.

"(2) PROCESS.—The board of directors of each regional center of excellence shall have the responsi-

bility for submitting grant proposals to the Secretary to carry out the research, education, and extension program activities described in subsection (d).

"(3) TERM OF GRANT.—The term of a grant under this subsection may not exceed 5 years.

"(f) 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. 7038. NATIONAL DROUGHT MITIGATION CENTER.**

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 7037) is amended by adding at the end the following:

**"SEC. 1473G. NATIONAL DROUGHT MITIGATION CENTER.**

"(a) IN GENERAL.—The Secretary shall offer to enter into an agreement with the National Drought Mitigation Center, under which the Center shall—

"(1) continue to produce the United States Drought Monitor;

"(2) maintain a clearinghouse and internet portal on drought; and

"(3) develop new drought mitigation and preparedness strategies, responses, models, and methodologies for the agricultural community.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each fiscal year.".

**SEC. 7039. AGRICULTURAL DEVELOPMENT IN THE AMERICAN-PACIFIC REGION.**

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 7038) is amended by adding at the end the following:

**"SEC. 1473H. AGRICULTURAL DEVELOPMENT IN THE AMERICAN-PACIFIC REGION.**

"(a) DEFINITIONS.—In this section:

"(1) AMERICAN-PACIFIC REGION.—The term 'American-Pacific region' means the region encompassing—

"(A) American Samoa;

"(B) Guam;

"(C) the Commonwealth of the Northern Mariana Islands;

"(D) the Federated States of Micronesia;

"(E) the Republic of the Marshall Islands;

"(F) the Republic of Palau;

"(G) the State of Hawaii; and

"(H) the State of Alaska.

"(2) CONSORTIUM.—The term 'consortium' means a collaborative group that—

"(A) is composed of each eligible institution; and

"(B) submits to the Secretary an application for a grant under subsection (b)(2).

"(3) ELIGIBLE INSTITUTION.—The term 'eligible institution' means a land-grant college or university that is located in the American-Pacific region.

"(b) AGRICULTURAL DEVELOPMENT IN THE AMERICAN PACIFIC GRANTS.—

"(1) IN GENERAL.—The Secretary may make grants to a consortium of eligible institutions to carry out integrated research, extension, and instruction programs in support of food and agricultural sciences.

"(2) APPLICATION.—To receive a grant under paragraph (1), a consortium of eligible institutions shall submit to the Secretary an application that includes—

"(A) for each eligible institution, a description of each objective, procedure, and proposed use of funds relating to any funds provided by

the Secretary to the consortium under paragraph (1); and

"(B) the method of allocation proposed by the consortium to distribute to each eligible institution any funds provided by the Secretary to the consortium under paragraph (1).

"(3) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible institution that receives funds through a grant under paragraph (1) shall use the funds—

"(i) to acquire the equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure required to integrate research, extension, and instruction programs in the American-Pacific region;

"(ii) to develop and provide support for conducting research, extension, and instruction programs in support of food and agricultural sciences relevant to the American-Pacific region, with special emphasis on—

"(I) the management of pests; and

"(II) the control of the spread of invasive alien species; and

"(iii) to provide leadership development to administrators, faculty, and staff of the eligible institution with responsibility for programs relating to agricultural research, extension, and instruction.

"(B) PROHIBITED USES.—An eligible institution that receives funds through a grant under paragraph (1) may not use the funds for any cost relating to the planning, acquisition, construction, rehabilitation, or repair of any building or facility of the eligible institution.

"(4) GRANT TERM.—A grant under paragraph (1) shall have a term of not more than 5 years.

"(5) ADMINISTRATION.—

"(A) AUTHORITY OF SECRETARY.—The Secretary may carry out this section in a manner that recognizes the different needs of, and opportunities for, each eligible institution.

"(B) ADMINISTRATIVE COSTS.—The Secretary shall use not more than 4 percent of the amount appropriated under subsection (d) for a fiscal year to pay administrative costs incurred in carrying out this section.

"(c) NO EFFECT ON DISTRIBUTION OF FUNDS.—Nothing in this section affects any basis for distribution of funds by a formula in existence on the date of enactment of this section relating to—

"(1) the Federated States of Micronesia;

"(2) the Republic of the Marshall Islands; or

"(3) the Republic of Palau.

"(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. 7040. 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 7039) is amended by adding at the end the following:

**"SEC. 1473I. 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 newly 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 in 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 overall Borlaug International Agricultural Science and Technology Fellowship Program and for the individual programs described in subsection (a)(2), except that the Secretary may contract out to 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. 7041. 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.) (as amended by section 7040) is amended by adding at the end the following:

**"SEC. 1473J. NEW ERA RURAL TECHNOLOGY PROGRAM.**

"(a) DEFINITION OF RURAL COMMUNITY COLLEGE.—In this section, the term 'rural community college' means an institution of higher education that—

"(1) 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, in accordance with criteria established by the Secretary;

"(2) does not provide an educational program for which it awards a bachelor's degree or an equivalent degree;

"(3)(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 that is 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; and

"(4) is located in a rural area (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)).

"(b) PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a program, to be known as the 'New Era Rural Technology Program', under which the Secretary shall make grants available for technology development, applied research, and training to aid in the development of an agriculture-based renewable energy workforce.

"(2) FIELDS.—In making grants under the program, the Secretary shall support the fields of—

"(A) bioenergy;

"(B) pulp and paper manufacturing; and

"(C) agriculture-based renewable energy resources.

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

"(1) be a rural community college or advanced technological center (as determined by the Secretary), in existence on the date of the enactment of this section, that participates in agricultural or bioenergy research and applied research;

"(2) have a proven record of development and implementation of programs to meet the needs of students, educators, 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

"(3) have the ability to leverage existing partnerships and occupational outreach and training programs for secondary schools, 4-year institutions, and relevant nonprofit organizations.

"(d) GRANT PRIORITY.—In making grants under this section, the Secretary shall give preference to rural community colleges working in partnership—

"(1) to improve information sharing capacity; and

"(2) to maximize the ability of eligible recipients to meet the purposes of this section.

"(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. 7042. FARM AND RANCH STRESS ASSISTANCE NETWORK.**

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 7041) is amended by adding at the end the following:

**"SEC. 1473K. FARM AND RANCH STRESS ASSISTANCE NETWORK.**

''(a) IN GENERAL.—The Secretary, in cooperation with the Secretary of Health and Human Services, shall establish a network, to be known as the 'Farm and Ranch Stress Assistance Network' (referred to in this section as the 'Network').

''(b) PURPOSE.—The purpose the network shall be to provide behavioral health programs to participants in the agricultural sector in the United States.

''(c) GRANTS.—The Secretary, in collaboration with the extension service at the National Institute of Food and Agriculture, shall provide grants on a competitive basis to States and nonprofit organizations for use in carrying out pilot projects to achieve the purpose of the Network.

''(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. 7043. RURAL ENTREPRENEURSHIP AND ENTERPRISE FACILITATION 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 7042) is amended by adding at the end the following:

**"SEC. 1473L. RURAL ENTREPRENEURSHIP AND ENTERPRISE FACILITATION PROGRAM.**

"(a) DEFINITION OF REGIONAL RURAL DEVELOPMENT CENTER.—In this section, the term 'regional rural development center' means—

"(1) the North Central Regional Center for Rural Development (or a designee);

"(2) the Northeast Regional Center for Rural Development (or a designee);

"(3) the Southern Rural Development Center (or a designee); and

"(4) the Western Rural Development Center (or a designee).

"(b) PROJECTS.—The Secretary shall carry out research, extension, and education projects to obtain data, convey knowledge, and develop skills through projects that—

"(1) transfer practical, reliable, and timely information to rural entrepreneurs and rural entrepreneurial development organizations concerning business management, business planning, microenterprise, marketing, entrepreneurial education and training, and the development of local and regional

entrepreneurial systems in rural areas and rural communities;

''(2) provide education, training, and technical assistance to newly-operational and growing rural businesses;

''(3) improve access to diverse sources of capital, such as microenterprise loans and venture capital;

''(4) determine the best methods to train entrepreneurs with respect to preparing business plans, recordkeeping, tax rules, financial management, and general business practices;

''(5) promote entrepreneurship among—

''(A) rural youth, minority, and immigrant populations;

''(B) women; and

''(C) low- and moderate-income rural residents;

''(6) create networks of entrepreneurial support through partnerships among rural entrepreneurs, local business communities, all levels of government, nonprofit organizations, colleges and universities, and other sectors;

''(7) study and facilitate entrepreneurial development systems that best align with the unique

needs and strengths of particular rural areas and communities; and

''(8) explore promising strategies for building an integrated system of program delivery to rural entrepreneurs.

''(c) AGREEMENTS.—To carry out projects under subsection (b), the Secretary shall provide grants to—

''(1) land-grant colleges and universities, including cooperative extension services, agricultural experiment stations, and regional rural development centers;

''(2) other colleges and universities;

''(3) community, junior, technical, and vocational colleges and other 2-year institutions of higher education, and post-secondary business and commerce schools;

''(4) elementary schools and secondary schools;

''(5) nonprofit organizations; and

''(6) Federal, State, local, and tribal governmental entities.

''(d) SELECTION AND PRIORITY OF PROJECTS.—

''(1) IN GENERAL.—In selecting projects to be carried out under this section, the Secretary shall take into consideration—

"(A) the relevance of the project to the purposes of this section;

"(B) the appropriateness of the design of the project;

"(C) the likelihood of achieving the objectives of the project; and

"(D) the national or regional applicability of the findings and outcomes of the project.

"(2) PRIORITY.—In carrying out projects under this section, the Secretary shall give priority to projects that—

"(A) enhance widespread access to entrepreneurial education, including access to such education in community-based settings for low- and moderate-income entrepreneurs and potential entrepreneurs;

"(B) closely coordinate research and education activities, including outreach education efforts;

"(C) indicate the manner in which the findings of the project will be made readily usable to rural entrepreneurs and to rural community leaders;

"(D) maximize the involvement and cooperation of rural entrepreneurs; and

"(E) involve cooperation and partnerships between rural entrepreneurs, nonprofit organizations, entrepreneurial development organizations, educational institutions at all levels, and government agencies at all levels.

"(e) COMPETITIVE BASIS.—Grants under this section shall be awarded on a competitive basis, in accordance with such criteria as the national administrative council established under subsection (j)(1) may establish.

"(f) TERM.—The term of a grant provided under this section shall be not more than 5 years.

"(g) LIMITATION.—Not more than 20 percent of the total amount of grants provided under this section shall be provided to projects in which cooperative extension services are involved as the sole or lead entity of the project.

"(h) DIVERSIFICATION OF RESEARCH, EXTENSION, AND EDUCATION PROJECTS.—The Secretary shall carry out projects under this section in areas that the Secretary determines to be broadly representative of the diversity of the rural areas of the United States, and of rural entrepreneurship in the United States, including entrepreneurship involving youth, minority populations, microenterprise, and women, with a focus on nonagricultural businesses or

food and agriculturally-based businesses, but not direct agriculture production.

"(i) ADMINISTRATION.—The Secretary shall administer projects carried out under this section acting through the Administrator of the National Institute of Food and Agriculture.

"(j) NATIONAL ADMINISTRATIVE COUNCIL.—

"(1) ESTABLISHMENT.—The Secretary shall establish, in accordance with this subsection, a national administrative council to assist the Secretary in carrying out this section.

"(2) MEMBERSHIP.—The membership of the national administrative council shall include—

"(A) qualified representatives of entities with demonstrable expertise relating to rural entrepreneurship, including representatives of—

"(i) the Cooperative State Research, Education, and Extension Service;

"(ii) the Rural Business-Cooperative Service;

"(iii) the Small Business Administration;

"(iv) regional rural development centers;

"(v) nonprofit organizations;

"(vi) regional and State agencies;

"(vii) cooperative extension services;

"(viii) colleges and universities;

"(ix) philanthropic organizations; and

"(x) Indian tribal governments;

"(B) self-employed rural entrepreneurs and owners of rural small businesses;

"(C) elementary and secondary educators that demonstrate experience in rural entrepreneurship; and

"(D) other persons with experience relating to rural entrepreneurship and the impact of rural entrepreneurship on rural communities.

"(3) RESPONSIBILITIES.—In collaboration with the Secretary, the national administrative council established under this subsection shall—

"(A) promote the projects carried out under this section;

"(B) establish goals and criteria for the selection of projects under this section;

"(C)(i) appoint a technical committee to evaluate project proposals to be considered by the council; and

"(ii) make recommendations of the technical committee to the Secretary; and

"(D) prepare and make publicly available an annual report relating to each applicable project carried out under this section, including a review of projects carried out during the preceding year.

"(4) CONFLICT OF INTEREST.—A member of the national administrative council or a technical committee shall not participate in any determination relating to, or recommendation of, a project proposed to be carried out under this section if the member has had any business interest (including the provision of consulting services) in the project or the organization submitting the application.

"(k) AUTHORIZATION FOR APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of the fiscal years 2008 through 2012.".

**SEC. 7044. SEED DISTRIBUTION.**

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 7043) is amended by adding at the end the following:

**"SEC. 1473M. SEED DISTRIBUTION.**

"(a) ESTABLISHMENT.—The Secretary shall establish a program, to be known as the 'seed distribution pro-

gram', under which the Secretary shall provide a grant to a nonprofit organization selected under subsection (c) to carry out a seed distribution program to administer and maintain the distribution of vegetable seeds donated by commercial seed companies.

"(b) PURPOSE.—The purpose of the seed distribution program under this section shall be to distribute vegetable seeds donated by commercial seed companies.

"(c) SELECTION OF NONPROFIT ORGANIZATIONS.—

"(1) IN GENERAL.—The nonprofit organization selected to receive a grant under subsection (a) shall demonstrate to the satisfaction of the Secretary that the organization—

"(A) has expertise regarding distribution of vegetable seeds donated by commercial seed companies; and

"(B) has the ability to achieve the purpose of the seed distribution program.

"(2) PRIORITY.—In selecting a nonprofit organization for purposes of this section, the Secretary shall give priority to a nonprofit organization that, as of the date of selection, carries out an activity to benefit 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.

"(d) REQUIREMENT.—The nonprofit organization selected under this section shall ensure that seeds donated by commercial seed companies are distributed free-of-charge to appropriate—

"(1) individuals;

"(2) groups;

"(3) institutions;

"(4) governmental and nongovernmental organizations; and

"(5) such other entities as the Secretary may designate.

"(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. 7045. FARM AND RANCH SAFETY.**

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 7044) is amended by adding at the end the following:

**"SEC. 1473N. FARM AND RANCH SAFETY.**

''(a) IN GENERAL.—The Secretary shall establish a program, to be known as the 'agricultural safety program', under which the Secretary shall provide grants to eligible entities to carry out projects to decrease the incidence of injury and death on farms and ranches.

''(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be—

''(1) a nonprofit organization;

''(2) a land-grant college or university (including a cooperative extension service);

''(3) a minority-serving institution;

''(4) a 2-year or 4-year institution of higher education; or

''(5) such other entity as the Secretary may designate.

''(c) ELIGIBLE PROJECTS.—An eligible entity shall use a grant received under this section only to carry out—

''(1) a project at least 1 component of which emphasizes—

''(A) preventative service through 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; or

"(C) agricultural safety education and training; and

"(2) other appropriate activities, as determined by the Secretary;

"(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. 7046. WOMEN AND MINORITIES IN STEM FIELDS.**

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 7045) is amended by adding at the end the following:

**"SEC. 1473O. WOMEN AND MINORITIES IN STEM FIELDS.**

"(a) ESTABLISHMENT.—The Secretary shall establish a program under which the Secretary, in coordination with applicable Federal, State, and local programs, shall provide grants to eligible institutions to increase, to the maximum extent practicable, participation by women and underrepresented minorities from rural areas (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))), in science, technology,

engineering, and mathematics fields (referred to in this section as 'STEM fields').

"(b) ACTIVITIES.—In carrying out the program established under subsection (a), the Secretary shall—

"(1) implement multitrack technology career advancement training programs and provide related services to engage, and encourage participation by, women and underrepresented minorities in STEM fields;

"(2) develop and administer training programs for educators, career counselors, and industry representatives in recruitment and retention strategies to increase and retain women and underrepresented minority students and job entrants into STEM fields; and

"(3) support education-to-workforce programs for women and underrepresented minorities to provide counseling, job shadowing, mentoring, and internship opportunities to guide participants in the academic, training, and work experience needed for STEM careers.

"(c) INSTITUTIONS.—

"(1) GRANTS.—The Secretary shall carry out the program under this section at such institutions as the Secretary determines to be appropriate by

providing grants, on a competitive basis, to the institutions.

"(2) PRIORITY.—In providing grants under paragraph (1), the Secretary shall give priority, to the maximum extent practicable, to institutions carrying out continuing programs funded by the Secretary.

"(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. 7047. NATURAL PRODUCTS RESEARCH 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 7046) is amended by adding at the end the following:

**"SEC. 1473P. NATURAL PRODUCTS RESEARCH PROGRAM.**

"(a) IN GENERAL.—The Secretary shall establish 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 pharmaceuticals

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 important for agriculture and medicine; and

''(3) other research priorities identified by the Secretary.

''(c) 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. 7048. INTERNATIONAL ANTI-HUNGER AND NUTRITION 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 7047) is amended by adding at the end the following:

**''SEC. 1473Q. INTERNATIONAL ANTI-HUNGER AND NUTRITION.**

''(a) IN GENERAL.—The Secretary shall provide support to established nonprofit organizations that focus on promoting research concerning—

"(1) anti-hunger and improved nutrition efforts internationally; and

"(2) increased quantity, quality, and availability of food.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2008 through 2012.".

**SEC. 7049. CONSORTIUM FOR AGRICULTURAL AND RURAL TRANSPORTATION RESEARCH AND EDUCATION.**

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 7048) is amended by adding at the end the following:

**"SEC. 1473R. CONSORTIUM FOR AGRICULTURAL AND RURAL TRANSPORTATION RESEARCH AND EDUCATION.**

"(a) IN GENERAL.—Subject to the availability of appropriations to carry out this section, the Secretary, acting through the Agricultural Marketing Service, shall award grants to the Consortium for Agricultural and Rural Transportation Research and Education for the purpose of funding prospective, independent research, education, and technology transfer activities.

"(b) ACTIVITIES.—Activities funded with grants made under subsection (a) shall focus on critical rural and agricultural transportation and logistics issues facing agricultural producers and other rural businesses, including—

"(1) issues relating to the relationship between renewable fuels and transportation;

"(2) export promotion issues based on transportation strategies for rural areas;

"(3) transportation and rural business facility planning and location issues;

"(4) transportation management and supply chain management support issues;

"(5) rural road planning and finance issues;

"(6) advanced transportation technology applications in a rural area; and

"(7) creation of a national agricultural marketing and rural business transportation database.

"(c) REPORT.—Not later than September 30, 2011, 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 activities of Consortium for Agricultural and Rural Transportation Research and

Education that have been funded through grants made under this section; and

''(2) contains recommendations about the grant program.

''(d) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $19,000,000 for each of fiscal years 2008 through 2012.

''(2) ADMINISTRATIVE EXPENSES.—Of the total amount made available under paragraph (1), not more than $1,000,000 may be used by the Agricultural Marketing Service for administrative expenses incurred in carrying out this section.''.

# Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

**SEC. 7101. NATIONAL GENETIC RESOURCES PROGRAM.**

(a) IN GENERAL.—Section 1632 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5841) is amended—

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

''(b) PURPOSE.—The program is established for the purpose of—

''(1) maintaining and enhancing a program providing for the collection, preservation, and dissemi-

nation of plant, animal, and microbial genetic material of importance to food and agriculture production in the United States; and

''(2) undertaking long-term research on plant and animal breeding and disease resistance.''; and

(2) in subsection (d)—

(A) in paragraph (5), by striking ''and'' at the end;

(B) by redesignating paragraph (6) as paragraph (7); and

(C) by inserting after paragraph (5) the following:

''(6) in conjunction with national programs for plant and animal genetic resources, undertake long-term research on plant and animal breeding, including the development of varieties adapted to sustainable and organic farming systems, and disease resistance; and''.

(b) AUTHORIZATION OF APPROPRIATIONS.—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. 7102. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.**

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) in subsection (e), by adding at the end the following:

"(46) COLONY COLLAPSE DISORDER AND POLLINATOR RESEARCH PROGRAM.—Research and extension grants may be made to—

"(A) survey and collect data on bee colony production and health;

"(B) investigate pollinator biology, immunology, ecology, genomics, and bioinformatics;

"(C) 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;

"(D) develop mitigative and preventative measures to improve native and managed pollinator health; and

"(E) promote the health of honey bees and native pollinators through habitat conservation and best management practices.

"(47) MARINE SHRIMP FARMING PROGRAM.—Research and extension grants may be made to establish a research program to advance and maintain a domestic shrimp farming industry in the United States.

"(48) CRANBERRY RESEARCH PROGRAM.—Research and extension grants may be made to study new technologies to assist cranberry growers in complying with Federal and State environmental regulations, increase cranberry production, develop new growing techniques, establish more efficient growing methodologies, and educate farmers about sustainable growth practices.

"(49) TURFGRASS RESEARCH INITIATIVE.—Research and extension grants may be made to study the production of turfgrass (including the use of water, fertilizer, pesticides, fossil fuels, and machinery for turf establishment and maintenance) and environmental protection and enhancement relating to turfgrass production.

"(50) PESTICIDE SAFETY RESEARCH INITIATIVE.—Research grants may be made to study pes-

ticide safety for migrant and seasonal agricultural workers, including research on increased risks of cancer or birth defects among migrant or seasonal farmworkers and their children, identification of objective biological indicators, and development of inexpensive clinical tests to enable clinicians to diagnose overexposure to pesticides, and development of field-level tests to determine when pesticide-treated fields are safe to reenter to perform hand labor activities.

"(51) SWINE GENOME PROJECT.—Research grants may be made under this section to conduct swine genome research and to map the swine genome.

"(52) HIGH PLAINS AQUIFER REGION.—Research and extension grants may be made to carry out interdisciplinary research relating to diminishing water levels and increased demand for water in the High Plains aquifer region encompassing the States of Colorado, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, and Wyoming.

"(53) CELLULOSIC FEEDSTOCK TRANSPORTATION AND DELIVERY INITIATIVE.—Research and extension grants may be made to study new technologies for the economic post-harvest densification,

handling, transportation, and delivery of cellulosic feedstocks for bioenergy conversion.

"(54) DEER INITIATIVE.—Research and extension grants may be made to support 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.

"(55) PASTURE-BASED BEEF SYSTEMS FOR APPALACHIA RESEARCH INITIATIVE.—Research and extension grants may be made to land-grant institutions—

"(A) to study the development of forage sequences and combinations for cow-calf, heifer development, stocker, and finishing systems;

"(B) to deliver optimal nutritive value for efficient production of cattle for pasture finishing;

"(C) to optimize forage systems to produce pasture finished beef that is acceptable to consumers;

"(D) to develop a 12-month production and marketing model cycle for forage-fed beef; and

"(E) to assess the effect of forage quality on reproductive fitness and related measures."; and

(2) in subsection (h), by striking "2007" and inserting "2012, of which $20,000,000 shall be used for each fiscal year to make grants described in subsection (e)(46)".

**SEC. 7103. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.**

Section 1672A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a) is amended—

(1) by redesignating subsection (g) as subsection (f); and

(2) in subsection (f) (as so redesignated), by striking "2007" and inserting "2012".

**SEC. 7104. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.**

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended by striking subsection (e) and inserting the following:

"(e) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $16,000,000 for each of fiscal years 2008 through 2012, to remain available until expended.".

**SEC. 7105. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.**

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 7106. 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. 7107. 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. 7201. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.**

(a) FUNDING.—Section 401(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)) is amended by striking paragraph (3) and inserting the following:

''(3) OTHER FUNDING.—

"(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $200,000,000 for each of fiscal years 2008 through 2012.

"(B) SHORTAGE OF FUNDS.—Notwithstanding any other provision of law, during any year for which funds are not made available under this subsection, the Secretary shall use not less than 80 percent of the funds made available for competitive mission-linked systems research grants under section 2(b)(10)(B) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)(B)) to carry out a competitive grant program under the same terms and conditions as are provided under this section.".

(b) PURPOSES.—Section 401(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(c)) is amended—

(1) in paragraph (1)(D), by striking "policy"; and

(2) in paragraph (2)—

(A) by striking subparagraphs (A) and (D);

(B) by redesignating subparagraphs (B), (C), (E), and (F) as subparagraphs (A), (B), (F), and (G), respectively;

(C) by inserting after subparagraph (B) the following:

''(C) sustainable and renewable agriculture-based energy production options and policies;

''(D) environmental services and outcome-based conservation programs and markets;

''(E) agricultural and rural entrepreneurship and business and community development, including farming and ranching opportunities for beginning farmers or ranchers;''; and

(D) in subparagraph (F) (as redesignated by subparagraph (B))—

(i) by inserting ''and environmental'' after ''natural resource''; and

(ii) by inserting ''agro-ecosystems and'' after ''including''; and

(E) in subparagraph (G) (as redesignated by subparagraph (B))—

(i) by striking ''including the viability'' and inserting the following: ''including—

"(i) the viability"; and

(ii) by striking "operations." and inserting the following: "operations;

"(ii) farm transition options for retiring farmers or ranchers; and

"(iii) farm transfer and entry alternatives for beginning or socially-disadvantaged farmers or ranchers.".

**SEC. 7202. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.**

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking "2007" and inserting "2012".

**SEC. 7203. PRECISION AGRICULTURE.**

Section 403(i)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)(1)) is amended by striking "2007" and inserting "2012".

**SEC. 7204. 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. 7205. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.**

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 7206. 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. 7207. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.**

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 7208. 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. 7209. GRANTS FOR YOUTH ORGANIZATIONS.**

Section 410(c) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630(c)) is amended by striking ''2007'' and inserting ''2012''.

**SEC. 7210. 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. 7211. SPECIALTY CROP RESEARCH INITIATIVE.**

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

**''SEC. 412. SPECIALTY CROP RESEARCH INITIATIVE.**

''(a) DEFINITIONS.—In this section:

''(1) INITIATIVE.—The term 'Initiative' means the specialty crop research initiative established by subsection (b).

"(2) SPECIALTY CROP.—The term 'specialty crop' 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).

"(b) ESTABLISHMENT.—There is established within the Department a specialty crop research initiative.

"(c) PURPOSE.—The purpose of the Initiative shall be to address the critical needs of the specialty crop industry by providing science-based tools to address needs of specific crops and regions, including—

"(1) fundamental and applied work in plant breeding, genetics, and genomics to improve crop characteristics, such as—

"(A) product appearance, quality, taste, yield, and shelf life;

"(B) environmental responses and tolerances;

"(C) plant-nutrient uptake efficiency resulting in improved nutrient management;

"(D) pest and disease management, including resilience to pests and diseases resulting in reduced application management strategies; and

"(E) enhanced phytonutrient content;

"(2) efforts to prevent, identify, control, or eradicate invasive species;

"(3) methods of improving agricultural production by developing more technologically-efficient and effective applications of water, nutrients, and pesticides to reduce energy use;

"(4) new innovations and technology to enhance mechanization and reduce reliance on labor;

"(5) methods of improving production efficiency, productivity, sustainability, and profitability over the long term;

"(6) methods to prevent, control, and respond to human pathogen contamination of specialty crops, including fresh-cut produce; and

"(7) efforts relating to optimizing the production of organic specialty crops.

"(d) ELIGIBLE ENTITIES.—The Secretary may carry out the Initiative through—

"(1) Federal agencies;

"(2) national laboratories;

"(3) institutions of higher education;

"(4) research institutions and organizations;

"(5) private organizations and corporations;

"(6) State agricultural experiment stations; and

"(7) individuals.

"(e) RESEARCH PROJECTS.—In carrying out this section, the Secretary may—

"(1) carry out research; and

"(2) award grants on a competitive basis.

"(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 usable results to producers and the public.

"(g) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $16,000,000 for each of fiscal years 2008 through 2012, to remain available until expended.".

**SEC. 7212. OFFICE OF PEST MANAGEMENT POLICY.**

(a) IN GENERAL.—Section 614(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(b)) is amended—

(1) in the matter preceding paragraph (1), by striking "Department" and inserting "Office of the Chief Economist";

(2) in paragraph (1), by striking "the development and coordination" and inserting "the development, coordination, and representation"; and

(3) in paragraph (3), by striking "assisting other agencies of the Department in fulfilling their"

and inserting ''enabling the Secretary to fulfill the statutory''.

(b) AUTHORIZATION OF APPROPRIATIONS.—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''.

**SEC. 7213. 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.—There is authorized to be appropriated to carry out this section $2,500,000 for each of fiscal years 2008 through 2012.''.

# Subtitle D—Other Laws

**SEC. 7301. 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. 7302. 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(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended in the first sentence by striking "2007" and inserting "2012".

(c) 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".

(d) RESEARCH GRANTS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended in the first sentence by striking "2007" and inserting "2012".

**SEC. 7303. SMITH-LEVER ACT.**

(a) CHILDREN, YOUTH, AND FAMILIES EDUCATION AND RESEARCH NETWORK PROGRAM.—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end the following:

"(k) CHILDREN, YOUTH, AND FAMILIES EDUCATION AND RESEARCH NETWORK PROGRAM.—Notwithstanding section 3(d)(2) of the Act of May 8, 1914 (7 U.S.C. 343(d)(2)), in carrying out the children, youth, and families education and research network program using

amounts made available under subsection (d), the Secretary shall include 1890 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)) as eligible program applicants and participants.''.

(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.

**SEC. 7304. 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 sen-

tence 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. 7305. 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. 7306. 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. 7307. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANT ACT.**

The Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended in subsection (b)—

(1) in paragraph (2)—

(A) in the matter preceding subparagraph (A)—

(i) by striking ''in the areas'' and all that follows through ''needs shall be'' and inserting '', as''; and

(ii) by striking ''year.'' and inserting ''year, relating to—'';

(B) in subparagraph (E), by striking ''and'' at the end and inserting ''; agricultural genomics and biotechnology, including the application of genomics and bioinformatics tools to develop traits in plants and animals (translational genomics);'';

(C) in subparagraph (F), by striking the period at the end and inserting '', including areas of concern to beginning farmers or ranchers; and''; and

(D) by adding at the end the following:

''(G) classical plant and animal breeding, including cultivar and breed development, selection theory, applied quantitative genetics, breed-

ing for organic and sustainable systems, breeding for improved nutritional and eating quality, breeding for improved local adaptation to biotic stress, abiotic stress, and climate change, and participatory breeding with farmers and end users.''; (2) in paragraph (4)—

(A) by striking ''The'' and inserting the following:

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

(B) by adding at the end the following:

''(B) CLASSICAL PLANT AND ANIMAL BREEDING.—

''(i) TERM.—The term of a competitive grant relating to classical plant and animal breeding under paragraph (2)(G) shall not exceed 10 years.

''(ii) AVAILABILITY.—Funds made available for a fiscal year for a competitive grant relating to classical plant and animal breeding under paragraph (2)(G) shall remain available until expended to pay for obligations incurred in that fiscal year.''; and

(3) in paragraph (10), by striking ''2007'' and inserting ''2012''.

**SEC. 7308. 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) is amended—

(1) in subsection (a)(3), by striking ''2006'' and inserting ''2012''; and

(2) in subsection (b)—

(A) 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

(B) in paragraph (3), by striking ''2006'' and inserting ''2012''.

**SEC. 7309. 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) in paragraph (1)—

(A) in subparagraph (I), by inserting ", including energy conservation and efficiency" after "assistance"; and

(B) in subparagraph (K), by inserting ", including transition to organic and other source-verified and value-added alternative production and marketing systems" after "strategies";

(2) 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 a year.

"(B) CONSECUTIVE GRANTS.—An eligible recipient may receive consecutive grants under this subsection.";

(3) by redesignating paragraphs (5) through (7) as paragraphs (9) through (11), respectively;

(4) 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 geographic diversity.

"(7) ORGANIC CONVERSION.—The Secretary may make grants under this subsection to support projects that provide comprehensive technical assistance to beginning farmers or ranchers who are in the process of converting to certified organic production.

"(8) PRIORITY.—In making grants under this subsection, the Secretary shall give priority to partnerships and collaborations that are led by or include non-governmental and community-based organizations with expertise in new farmer training and outreach."; and

(5) in paragraph (9) (as redesignated by paragraph (3))—

(A) in subparagraph (B), by striking "and" at the end;

(B) in subparagraph (C), by striking the period and adding "; and"; and

(C) by adding at the end the following:

"(D) refugee or immigrant beginning farmers or ranchers".

(b) EDUCATION TEAMS.—Section 7405(d)(2) of the Farm Security and Rural Investment At of 2002 (7 U.S.C. 3319f(d)(2)) is amended by inserting ", including sustainable and organic farming production and marketing methods" before the period at the end.

(c) STAKEHOLDER INPUT.—Section 7405(f) of the Farm Security and Rural Investment At of 2002 (7 U.S.C. 3319f(f)) is amended—

(1) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively, and indenting appropriately;

(2) by striking ''In carrying out'' and inserting the following:

''(1) IN GENERAL.—In carrying out''; and

(3) by adding at the end the following:

''(2) REVIEW PANELS.—In forming review panels to evaluate proposals submitted under this section, the Secretary shall include individuals from the categories described in paragraph (1).''.

(d) FUNDING.—Section 7405 of the Farm Security and Rural Investment At of 2002 (7 U.S.C. 3319f) is amended by striking subsection (h) and inserting the following:

''(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 2002 through 2012.''.

**SEC. 7310. MCINTIRE-STENNIS COOPERATIVE FORESTRY ACT.**

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 Re-

search, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)),'' before ''and (b)''.

**SEC. 7311. 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. 7312. 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 A CHINESE GARDEN AT 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 made for this purpose.''.

**SEC. 7313. ELIGIBILITY OF UNIVERSITY OF THE DISTRICT OF COLUMBIA FOR CERTAIN LAND-GRANT UNIVERSITY ASSISTANCE.**

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.".

**SEC. 7314. EXCHANGE OR SALE AUTHORITY.**

Title III of the Department of Agriculture Reorganization Act of 1994 is amended by adding after section 307 (7 U.S.C. 2204 note; Public Law 103–354) (as amended by section 2602) the following:

**"SEC. 308. EXCHANGE OR SALE AUTHORITY.**

"(a) DEFINITION OF QUALIFIED ITEMS OF PERSONAL PROPERTY.—In this section, the term 'qualified items of personal property' means—

"(1) animals;

"(2) animal products;

"(3) plants; and

"(4) plant products.

"(b) GENERAL AUTHORITY.—Except as provided in subsection (c), notwithstanding chapter 5 of subtitle I of title 40, United States Code, the Secretary of Agriculture, acting through the Under Secretary for Research, Edu-

cation, and Economics, in managing personal property for the purpose of carrying out the research functions of the Department of Agriculture, may exchange, sell, or otherwise dispose of any qualified items of personal property, including by way of public auction, and may retain and apply the sale or other proceeds, without further appropriation, in whole or in partial payment—

"(1) to acquire any qualified items of personal property; or

"(2) to offset costs related to the maintenance, care, or feeding of any qualified items of personal property.

"(c) EXCEPTION.—Subsection (b) does not apply to the free dissemination of new varieties of seeds and germ plasm in accordance with section 520 of the Revised Statutes (commonly known as the 'Department of Agriculture Organic Act of 1862') (7 U.S.C. 2201).".

**SEC. 7315. CARBON CYCLE RESEARCH.**

(a) IN GENERAL.—To the extent funds are made available, the Secretary shall provide a grant to the Consortium for Agricultural Soils Mitigation of Greenhouse Gases, acting through Kansas State University, to develop, analyze, and implement, through the land grant universities described in subsection (b), carbon cycle and

greenhouse gas management research at the national, regional, and local levels.

(b) LAND GRANT UNIVERSITIES.—The land grant universities referred to in subsection (a) are—

(1) Colorado State University;

(2) Iowa State University;

(3) Kansas State University;

(4) Michigan State University;

(5) Montana State University;

(6) Purdue University;

(7) Ohio State University;

(8) Texas A&M University; and

(9) University of Nebraska.

(c) USE.—Land grant universities described in subsection (b) shall use funds made available under this section—

(1) to conduct research to improve the scientific basis of using land management practices to increase soil carbon sequestration, including research on the use of new technologies to increase carbon cycle effectiveness, such as biotechnology and nanotechnology;

(2) to conduct research on management of other greenhouse gases in the agricultural sector;

(3) to enter into partnerships to identify, develop, and evaluate agricultural best practices, including partnerships between—

(A) Federal, State, or private entities; and

(B) the Department of Agriculture;

(4) to develop necessary computer models to predict and assess the carbon cycle;

(5) to estimate and develop mechanisms to measure carbon levels made available as a result of—

(A) voluntary Federal conservation programs;

(B) private and Federal forests; and

(C) other land uses;

(6) to develop outreach programs, in coordination with Extension Services, to share information on carbon cycle and agricultural best practices that is useful to agricultural producers; and

(7) to collaborate with the Great Plains Regional Earth Science Application Center to develop a space-based carbon cycle remote sensing technology program—

(A) to provide, on a near-continual basis, a real-time and comprehensive view of vegetation conditions;

(B) to assess and model agricultural carbon sequestration; and

(C) to develop commercial products.

(d) COOPERATIVE RESEARCH.—

(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary, in cooperation with departments and agencies participating in the U.S. Global Change Research Program and eligible entities, may carry out research to promote understanding of—

(A) the flux of carbon in soils and plants (including trees); and

(B) the exchange of other greenhouse gases from agriculture.

(2) ELIGIBLE ENTITIES.—Research under this subsection may be carried out through the competitive awarding of grants and cooperative agreements to 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)).

(3) COOPERATIVE RESEARCH PURPOSES.—Research conducted under this subsection shall encourage collaboration among scientists with expertise in the areas of soil science, agronomy, agricultural eco-

nomics, forestry, and other agricultural sciences to focus on—

(A) developing data addressing carbon losses and gains in soils and plants (including trees) and the exchange of methane and nitrous oxide from agriculture;

(B) understanding how agricultural and forestry practices affect the sequestration of carbon in soils and plants (including trees) and the exchange of other greenhouse gases, including the effects of new technologies such as biotechnology and nanotechnology;

(C) developing cost-effective means of measuring and monitoring changes in carbon pools in soils and plants (including trees), including computer models;

(D) evaluating the linkage between Federal conservation programs and carbon sequestration;

(E) developing methods, including remote sensing, to measure the exchange of carbon and other greenhouse gases sequestered, and to evaluate leakage, performance, and permanence issues; and

(F) assessing the applicability of the results of research conducted under this subsection for developing methods to account for the impact of agricultural activities (including forestry) on the exchange of greenhouse gases.

(e) EXTENSION PROJECTS.—

(1) IN GENERAL.—The Secretary, in cooperation with departments and agencies participating in the U.S. Global Change Research Program and local extension agents, experts from institutions of higher education that offer a curriculum in agricultural and biological sciences, and other local agricultural or conservation organizations, may implement extension projects (including on-farm projects with direct involvement of agricultural producers) that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and the exchange of greenhouse gas emissions from agriculture that demonstrate the feasibility of methods of measuring and monitoring—

(A) changes in carbon content and other carbon pools in soils and plants (including trees); and

(B) the exchange of other greenhouse gases.

(2) EDUCATION AND OUTREACH.—The Secretary shall make available to agricultural producers, private forest landowners, and appropriate State agencies in each State information concerning—

(A) the results of projects under this subsection;

(B) the manner in which the methods used in the projects might be applicable to the operations of the agricultural producers, private forest landowners, and State agencies; and

(C) information on how agricultural producers and private forest landowners can participate in carbon credit and greenhouse gas trading system.

(f) REPEAL.—Section 221 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 6711) is repealed.

(g) 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.

# Subtitle E—National Institute of Food and Agriculture

**SEC. 7401. NATIONAL INSTITUTE OF FOOD AND AGRICULTURE.**

(a) IN GENERAL.—Subtitle F of the Department of Agriculture Reorganization Act of 1994 is amended by adding after section 252 (7 U.S.C. 6972) the following:

**"SEC. 253. NATIONAL INSTITUTE OF FOOD AND AGRICULTURE.**

"(a) DEFINITIONS.—In this section:

"(1) 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).

"(2) COMPETITIVE PROGRAM.—The term 'competitive 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 this section:

"(A) The competitive grant program established under section 2(b) of the Competitive, Special, and Facilities Research Grant Act (7

U.S.C. 450i(b)), commonly known as the 'National Research Initiative Competitive Grants Program'.

''(B) 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)).

''(C) The program providing community food project competitive grants established under section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034).

''(D) Each grant program established under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) providing outreach and assistance for socially disadvantaged farmers and ranchers.

''(E) The program providing grants under section 1417(b)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(1)), commonly known as 'Higher Education Challenge Grants'.

''(F) The program providing grants and related assistance established under section 1417(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act of

1977 (7 U.S.C. 3152(b)(5)) commonly known as the 'Higher Education Multicultural Scholars Program'.

''(G) The program providing food and agricultural sciences national needs graduate and postgraduate fellowship grants established under section 1417(b)(6) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(6)).

''(H) The program providing grants under section 1417(j) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(j)), commonly known as 'Institution Challenge Grants'.

''(I) 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).

''(J) 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).

"(K) The program of agricultural development in the American-Pacific region established under section 1473H of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

"(L) 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), commonly known as the 'Sustainable Agriculture Research and Education program'.

"(M) The biotechnology risk assessment research program established under section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921).

"(N) 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).

"(O) The Initiative for Future Agriculture and Food Systems established under section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621).

"(P) The integrated research, education, and extension competitive grants program established under section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626).

"(Q) The Small Business Innovation Research Program established under section 9 of the Small Business Act (15 U.S.C. 638).

"(R) The specialty crop research initiative under section 412 of the Agricultural Research, Extension, and Education Reform Act of 1998.

"(S) The administration and management of the regional bioenergy crop research program carried out under section 9012 of the Farm Security and Rural Investment Act of 2002.

"(T) Other programs, including any programs added by amendments made by title VII of the Food and Energy Security Act of 2007 that are competitive programs, as determined by the Secretary.

"(3) DIRECTOR.—The term 'Director' means the Director of the Institute.

"(4) INFRASTRUCTURE PROGRAM.—The term 'infrastructure program' means each of the following agricultural research, extension, education, and re-

lated programs for which the Secretary has administrative or other authority as of the day before the date of enactment of this section:

"(A) Each program providing funding to any of the 1994 Institutions under sections 533, 534(a), and 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) (commonly known as 'financial assistance, technical assistance, and endowments to tribal colleges and Navajo Community College').

"(B) 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.

"(C) Each program established under subsections (b), (c), and (d) of section 3 of the Smith-Lever Act (7 U.S.C. 343).

"(D) Each program established under the Hatch Act of 1887 (7 U.S.C. 361a et seq.).

"(E) Each program established under section 1417(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(4)), including grant

programs under that section (commonly known as the '1890 Institution Teaching and Research Capacity Building Grants Program').

''(F) The animal health and disease research program established under subtitle E of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191 et seq.).

''(G) Each extension program available to 1890 Institutions established under sections 1444 and 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221, 3312).

''(H) The program established under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) (commonly known as the 'Evans-Allen Program').

''(I) 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).

"(J) 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).

"(K) 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).

"(L) Each program available to 1890 Institutions established under section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626).

"(M) The program providing competitive extension grants to eligible 1994 Institutions under section 1464 of National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) and the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) established under section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626).

"(N) 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.).

"(O) Each program established under the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 et seq.).

"(P) Each program providing funding to Hispanic-serving agricultural colleges under section 1456 of the National Agricultural Research, Extension and Teaching Policy Act of 1977.

"(Q) The administration and management of the farm energy education and technical assistance program carried out under section 9005 of the Farm Security and Rural Investment Act of 2002.

"(R) Other programs, including any programs added by amendments made by title VII of the Food and Energy Security Act of 2007 that are infrastructure programs, as determined by the Secretary.

"(5) INSTITUTE.—The term 'Institute' means the National Institute of Food and Agriculture established by subsection (b)(1)(A).

"(b) ESTABLISHMENT OF NATIONAL INSTITUTE FOR FOOD AND AGRICULTURE.—

"(1) ESTABLISHMENT.—

"(A) IN GENERAL.—There is established within the Department an agency to be known as the 'National Institute of Food and Agriculture'.

"(B) LOCATION.—The location of the Institute shall be in Washington, District of Columbia, as determined by the Secretary.

"(C) MEMBERS.—The Institute shall consist of—

"(i) the Director;

"(ii) the individual offices established under subsection (e); and

"(iii) the staff and employees of National Institute for Food and Agriculture.

"(2) TRANSFER OF AUTHORITIES.—There are transferred to the Institute the authorities (including all budget authorities and personnel), duties, obligations, and related legal and administrative functions prescribed by law or otherwise granted to the Sec-

retary, the Department, or any other agency or official of the Department under—

"(A) the infrastructure programs;

"(B) the competitive programs;

"(C) the research, education, economic, cooperative State research programs, cooperative extension and education programs, international programs, and other functions and authorities delegated by the 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

"(D) any and all other authorities administered by the Administrator of the Cooperative State Research, Education, and Extension Service.

"(3) CONSOLIDATION OF AUTHORITIES.—To carry out this Act, in accordance with the transfer and continuation of the authorities, budgetary functions, and personnel resources under this subsection, the administrative entity within the Department known as the Cooperative State Research, Education, and Extension Service shall terminate on the earlier of—

"(A) October 1, 2008; or

"(B) such earlier date as the Director determines to be appropriate.

"(c) DIRECTOR.—

"(1) IN GENERAL.—The Institute shall be headed by a Director, who shall be an individual who is—

"(A) a distinguished scientist; and

"(B) appointed by the President, by and with the advice and consent of the Senate.

"(2) TERM.—The Director shall serve for a single, 6-year term.

"(3) SUPERVISION.—The Director shall report directly to the Secretary.

"(4) COMPENSATION.—The Director shall receive basic pay at the rate provided for level II of the Executive Schedule under section 5513 of title 5, United States Code.

"(5) AUTHORITY AND RESPONSIBILITIES OF DIRECTOR.—

"(A) IN GENERAL.—Except as otherwise specifically provided in this section, the Director shall—

"(i) exercise all of the authority provided to the Institute by this section;

"(ii) formulate programs in accordance with policies adopted by the Institute;

"(iii) establish offices within the Institute;

"(iv) establish procedures for the peer review of research funded by the Institute;

"(v) establish procedures for the provision and administration of grants by the Institute in accordance with this section;

"(vi) assess the personnel needs of agricultural research in the areas supported by the Institute, and, if determined to be appropriate by the Director, for other areas of food and agricultural research;

"(vii) plan programs that will help meet agricultural personnel needs in the future, including portable fellowship and training programs in fundamental agricultural research and fundamental science; and

"(viii) consult regularly with the National Agricultural Research, Extension, Education, and Economics Advisory Board.

"(B) FINALITY OF ACTIONS.—An action taken by the Director in accordance with this section shall be final and binding upon the Institute.

"(C) DELEGATION AND REDELEGATION OF FUNCTIONS.—

"(i) IN GENERAL.—Except as provided in clause (ii), the Director may, from time to time and as the Director considers to be appropriate, authorize the performance by any other officer, agency, or employee of the Institute of any of the functions of the Director under this section.

"(ii) CONTRACTS, GRANTS, AND OTHER ARRANGEMENTS.—The Director may enter into contracts and other arrangements, and provide grants, in accordance with this section.

"(iii) FORMULATION OF PROGRAMS.—The formulation of programs in accordance with the policies of the Institute shall be carried out by the Director.

"(6) STAFF.—The Director shall recruit and hire such senior staff and other personnel as are

necessary to assist the Director in carrying out this section.

"(7) REPORTING AND CONSULTATION.—The Director shall—

"(A) periodically report to the Secretary with respect to activities carried out by the Institute; and

"(B) consult regularly with 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 replace, research conducted or funded by—

"(I) other agencies of the Department;

"(II) the National Science Foundation; or

"(III) the National Institutes of Health.

"(d) POWERS.—

"(1) IN GENERAL.—The Institute shall have such authority as is necessary to carry out this section, including the authority—

"(A) to promulgate such regulations as the Institute considers to be necessary for governance of operations, organization, and personnel;

"(B) to make such expenditures as are necessary to carry out this section;

"(C) to enter into contracts or other arrangements, or modifications of contracts or other arrangements—

"(i) to provide for the conduct, by organizations or individuals in the United States (including other agencies of the Department, Federal agencies, and agencies of foreign countries), of such agricultural research or related activities as the Institute considers to be necessary to carry out this section; and

"(ii) for the conduct of such specific agricultural research as is in the national interest or is otherwise of critical importance, as determined by the Secretary, with the concurrence of the Institute;

"(D) to make advance, progress, and other payments relating to research and scientific activities without regard to subsections (a) and (b) of section 3324 of title 31, United States Code;

"(E) to receive and use donated funds, if the funds are donated without restriction other than that the funds be used in furtherance of 1 or more of the purposes of the Institute;

"(F) to publish or arrange for the publication of research and scientific information to further the full dissemination of information of scientific value consistent with the national interest, without regard to section 501 of title 44, United States Code;

"(G)(i) to accept and use the services of voluntary and uncompensated personnel; and

"(ii) to provide such transportation and subsistence as are authorized by section 5703 of title 5, United States Code, for individuals serving without compensation;

"(H) to prescribe, with the approval of the Comptroller General of the United States, the extent to which vouchers for funds expended under contracts for scientific or engineering re-

search shall be subject to itemization or substantiation prior to payment, without regard to the limitations of other laws relating to the expenditure and accounting of public funds;

"(I) to reimburse the Secretary, and the heads of other Federal agencies, for the performance of any activity that the Institute is authorized to conduct; and

"(J) to enter into contracts, at the request of the Secretary, for the carrying out of such specific agricultural research as is in the national interest or otherwise of critical importance, as determined by the Secretary, with the consent of the Institute.

"(2) TRANSFER OF RESEARCH FUNDS OF OTHER DEPARTMENTS OR AGENCIES.—Funds available to the Secretary, or any other department or agency of the Federal Government, for agricultural or scientific research shall be—

"(A) available for transfer, with the approval of the Secretary or the head of the other appropriate department or agency involved, in whole or in part, to the Institute for use in providing grants in accordance with the purposes for which the funds were made available; and

"(B) if so transferred, expendable by the Institute for those purposes.

"(e) OFFICES.—

"(1) ESTABLISHMENT OF OFFICES.—

"(A) OFFICE OF THE AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION NETWORK.—

"(i) ESTABLISHMENT.—The Director shall establish within the Institute an Office of the Agricultural Research, Extension, and Education Network (referred to in this subparagraph as the 'Office').

"(ii) DUTIES.—At the discretion of the Director, the Office shall have responsibility for all infrastructure programs.

"(B) OFFICE OF COMPETITIVE PROGRAMS FOR FUNDAMENTAL RESEARCH.—

"(i) DEFINITION OF FUNDAMENTAL RESEARCH.—In this subparagraph, the term 'fundamental research' means research that—

"(I) is directed toward greater knowledge or understanding of the fundamental aspects of phenomena

and has the potential for broad, rather than specific, application; and

"(II) has an effect on agriculture, food, nutrition, human health, or another purpose of this section.

"(ii) ESTABLISHMENT.—The Director shall establish within the Institute an Office of Competitive Programs for Fundamental Research (referred to in this subparagraph as the 'Office').

"(iii) DUTIES.—At the discretion of the Director, the Office shall have responsibility for all competitive programs relating to fundamental research.

"(C) OFFICE OF COMPETITIVE PROGRAMS FOR APPLIED RESEARCH.—

"(i) DEFINITION OF APPLIED RESEARCH.—In this subparagraph, the term 'applied research' means research that expands on the findings of fundamental research to uncover practical ways in which new knowledge can be advanced to benefit individuals and society.

"(ii) ESTABLISHMENT.—The Director shall establish within the Institute an Of-

fice of Competitive Programs for Applied Research (referred to in this subparagraph as the 'Office').

"(iii) DUTIES.—At the discretion of the Director, the Office shall have responsibility for all competitive programs relating to applied research.

"(D) OFFICE OF COMPETITIVE PROGRAMS FOR EDUCATION AND OTHER PURPOSES.—

"(i) ESTABLISHMENT.—The Director shall establish within the Institute an Office of Competitive Programs for Education and Other Purposes (referred to in this subparagraph as the 'Office')

"(ii) DUTIES.—At the discretion of the Director, the Office shall have responsibility for all competitive programs that provide education fellowships and other education-related grants.

"(2) COMPETITIVE PROGRAMS FOR FUNDAMENTAL AND APPLIED RESEARCH.—

"(A) DEFINITION OF A COMPETITIVE PROGRAM FOR FUNDAMENTAL AND APPLIED RESEARCH.—In this paragraph, the term 'com-

petitive program for fundamental and applied research' means—

"(i) the competitive grant program established under section 2 of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i), commonly known as the 'National Research Initiative Competitive Grants Program'; and

"(ii) any other competitive program within the Institute that funds both fundamental and applied research, as determined by the Director.

"(B) PROGRAM ALLOCATIONS.—For purposes of determining which Office established under paragraph (1) should have primary responsibility for administering grants under a competitive program for fundamental and applied research, the Director shall—

"(i) determine whether the grant under the competitive program for fundamental and applied research is principally related to fundamental or applied research; and

"(ii) assign the grant to the appropriate Office.

"(3) RESPONSIBILITY OF THE DIRECTOR.—The Director shall ensure that the Offices established under paragraph (1) coordinate with each other Office for maximum efficiency.

"(f) REPORTING.—The Director shall submit to the Secretary, 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—

"(1) not later than 1 year after the date of establishment of the Institute, and biennially thereafter, a comprehensive report that—

"(A) describes the research funded and other activities carried out by the Institute during the period covered by the report; and

"(B) describes each contract or other arrangement that the Institute has entered into, each grant awarded to the Institute, and each other action of the Director taken, under subsection (c)(5)(C)(ii); and

"(2) not later than 1 year after the date of establishment of the Institute, and annually thereafter, a report that describes the allocation and use of funds under subsection (g)(2) of section 401 of the

Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621).

''(g) FUNDING.—

''(1) 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 section for each fiscal year.

''(2) ALLOCATION.—Funding made available under paragraph (1) shall be allocated according to recommendations contained in the roadmap described in section 309(c)(1)(A).''.

(b) NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.—Section 1408(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(b)) is amended—

(1) in paragraph (1), by striking ''31 members'' and inserting ''24 members'';

(2) 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.

"(D) 1 member actively engaged in the production of a plant commodity.

"(E) 1 member actively engaged in aquaculture.

"(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 (Public Law 103–382; 7 U.S.C. 301 note)).

"(N) 1 member representing Hispanic-serving institutions.

"(O) 1 member representing the American Colleges of Veterinary Medicine.

"(P) 1 member engaged in the transportation of food and agricultural products to domestic and foreign markets.

"(Q) 1 member representing food retailing and marketing interests.

"(R) 1 member representing food and fiber processors.

"(S) 1 member actively engaged in rural economic development.

"(T) 1 member representing a national consumer interest group.

"(U) 1 member representing a national forestry group.

"(V) 1 member representing a national conservation or natural resource group.

"(W) 1 member representing private sector organizations involved in international development.

"(X) 1 member representing a national social science association."; and

(3) in paragraph (4), 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".

(c) CONFORMING AMENDMENTS.—

(1) Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) is amended—

(A) in paragraph (4), by striking "or" at the end;

(B) in paragraph (5), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

"(6) the authority of the Secretary relating to the National Institute of Food and Agriculture under section 253; or".

(2) 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''.

(3) 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''.

(4) 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''.

(5) 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''.

(6) Section 704 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 (7 U.S.C. 2209b), is amended by striking ''Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(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 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 inserting ''the National Institute of Food and Agriculture''.

(9) 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'' and inserting ''the National Institute of Food and Agriculture''; and

(B) in subsection (b)(1), by striking subparagraph (B) and inserting the following:

''(B) the National Institute of Food and Agriculture;''.

(10) 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 the Agricultural Research Service'' and inserting ''the National Institute of Food and Agriculture''.

(11) 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''.

(12) 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 Re-

search, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(13) 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''.

(14) Section 401(f)(5) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(f)(5)) is amended by striking ''the Cooperative State Research, Education, and Extension Service'' and inserting ''the National Institute of Food and Agriculture''.

(15) 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".

(16) 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 inserting "the Director of the National Institute of Food and Agriculture".

(17) 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 "the Director of the National Institute of Food and Agriculture".

(18) 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, and Institute officials''.

(19) Section 19 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113) is amended in subsections (a)(2) and (b)(1)(B)(i), by striking ''Extension Service,'' each place it appears and inserting ''National Institute of Food and Agriculture,''.

(20) 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''.

(21) 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;''.

**SEC. 7402. COORDINATION OF AGRICULTURAL RESEARCH SERVICE AND NATIONAL INSTITUTE OF FOOD AND AGRICULTURE.**

Title III of the Department of Agriculture Reorganization Act of 1994 is amended by adding after section 308 (as added by section 7314) the following:

**''SEC. 309. COORDINATION OF AGRICULTURAL RESEARCH SERVICE AND NATIONAL INSTITUTE OF FOOD AND AGRICULTURE.**

''(a) IN GENERAL.—The Undersecretary for Research, Education, and Economics shall coordinate the programs under the authority of the Administrator of the Agricultural Research Service and the Director of the National Institute of Food and Agriculture, and the staff of the Administrator and the Director, including national program leaders, shall meet on a regular basis to—

''(1) increase coordination and integration of research programs at the Agricultural Research Service and the research, extension, and education programs of the National Institute of Food and Agriculture;

''(2) coordinate responses to emerging issues;

"(3) minimize duplication of work and resources at the staff level of each agency;

"(4) use the extension and education program to deliver knowledge to stakeholders;

"(5) address critical needs facing agriculture; and

"(6) focus the research, extension, and education funding strategy of the Department.

"(b) REPORTS.—Not later than 270 days after the date of enactment of this section, 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 efforts to increase coordination between the Agricultural Research Service and the National Institute for Food and Agriculture.

"(c) ROADMAP.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Secretary, acting through the Under Secretary for Research, Education, and Economics shall—

"(A) prepare a roadmap for agricultural research, extension, and education that—

"(i) identifies major opportunities and gaps in agricultural research, extension,

and education that no single entity in the Department would be able to carry out individually, but that is necessary to carry out agricultural research;

"(ii) involves—

"(I) stakeholders from across the Federal Government;

"(II) stakeholders from across the full array of nongovernmental entities; and

"(III) 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);

"(iii) incorporates roadmaps for agricultural research made publicly available by other Federal entities, agencies, or offices; and

"(iv) describes recommended funding levels for areas of agricultural research, extension, and education, including—

"(I) competitive programs; and

"(II) infrastructure programs, with attention to the future growth needs of small 1862 Institutions, 1890 Institutions, and 1994 Institutions (as those terms are defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)), Hispanic-serving agricultural colleges (as defined in section 1456(a) of the National Agricultural Research, Extension and Teaching Policy Act of 1977), and any other public college or university that is not such an institution or college but that offers a baccalaureate or higher degree in the study of agriculture;

"(B) use the roadmap to set the research, extension, and education agenda of the Department; and

"(C) submit a description of the roadmap to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(2) IMPLEMENTATION.—The Secretary, acting through the Under Secretary, shall implement, to the maximum extent practicable, the roadmap.

"(3) FUNDING.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.".

# Subtitle F—Miscellaneous

## SEC. 7501. 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 data relating to diet, health, physical activity, and knowledge about diet and health, using a nationally-representative sample;

(2) to periodically collect data described in paragraph (1) 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 manner;

(4) to analyze new data as the data becomes available;

(5) to continuously update food composition tables; and

(6) to research and develop data collection methods and standards.

**SEC. 7502. 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. 7503. REVIEW OF PLAN OF WORK REQUIREMENTS.**

(a) REVIEW.—The Secretary of Agriculture (referred to in this section as 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 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), 3222(c));

(2) section 7 of the Hatch Act of 1887 (7 U.S.C. 361g); and

(3) section 4 of the Smith-Lever Act (7 U.S.C. 344).

(b) REPORT.—

(1) IN GENERAL.—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 describing the results of the review conducted under subsection (a).

(2) INCLUSIONS.—The report shall include recommendations—

(A) to reduce the administrative burden and workload on institutions associated with plan of work compliance while meeting the reporting needs of the Department of Agriculture for input, output, and outcome indicators;

(B) to streamline the submission and reporting requirements of the plan of work so that the plan of work is of practical utility to both the Department of Agriculture and the institutions; and

(C) for any legislative changes necessary to carry out the plan of work improvements.

(c) CONSULTATION.—In carrying out this section, the Secretary shall consult with land-grant 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)).

**SEC. 7504. STUDY AND REPORT ON ACCESS TO NUTRITIOUS FOODS.**

(a) IN GENERAL.—The Secretary shall carry out a study of, and prepare a report on, areas in the United States with limited access to affordable and nutritious food, with a particular focus on predominantly lower-income neighborhoods and communities.

(b) CONTENTS.—The study and report shall—

(1) assess the incidence and prevalence of areas with limited access to affordable and nutritious food in the United States;

(2) identify—

(A) characteristics and factors causing and influencing those areas; and

(B) the effect on local populations of limited access to affordable and nutritious food; and

(3) develop recommendations for addressing the causes and influences of those areas through measures including—

(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.

(c) 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.

(d) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit the report prepared under this section, including the findings and recommendations described in subsection (b), to—

(1) the Committee on Agriculture of the House of Representatives; and

(2) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

# TITLE VIII—FORESTRY

## Subtitle A—Cooperative Forestry Assistance Act of 1978

### SEC. 8001. NATIONAL PRIORITIES FOR PRIVATE FOREST CONSERVATION.

Section 2 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101) is amended—

(1) by redesignating subsections (c) and (d) as subsections (e) and (f), respectively; and

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

''(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:

''(1) Conserving and managing working forest landscapes for multiple values and uses.

''(2) Protecting forests from threats to forest and forest health, including unnaturally large wildfires, hurricanes, tornadoes, windstorms, snow or ice storms, flooding, drought, invasive species, insect or disease outbreak, or development, and restoring

appropriate forest structures and ecological processes in response to such threats.

''(3) Enhancing public benefits from private forests, including air and water quality, forest products, forestry-related jobs, production of renewable energy, wildlife, enhanced biodiversity, the establishment or maintenance of 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 funding was used under this Act to address the national priorities specified in subsection (c) and the outcomes achieved in meeting the national priorities.''.

**SEC. 8002. 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:

**"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 effectively-managed 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 eligible entity that is 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 eligible entity that is 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—

"(1) 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; and

"(2) shall not convert the property to other uses.

"(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.—To assist model stewardship of parcels acquired under the Program, 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 an equivalent official of an Indian tribe) 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. 8003. FEDERAL, STATE, AND LOCAL COORDINATION AND COOPERATION.**

Section 19(b)(2)(D) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2113(b)(2)(D)) is amended by inserting ''except for projects submitted by an Indian tribe,'' before ''make recommendations''.

**SEC. 8004. COMPREHENSIVE STATEWIDE FOREST PLANNING.**

The Cooperative Forestry Assistance Act of 1978 is amended—

(1) by redesignating section 20 (16 U.S.C. 2114) as section 22; and

(2) by inserting after section 19 (16 U.S.C. 2113) the following:

**''SEC. 20. COMPREHENSIVE STATEWIDE FOREST PLANNING.**

''(a) ESTABLISHMENT.—The Secretary shall establish a comprehensive statewide forest planning program under which the Secretary shall provide financial and technical assistance to States for use in the development and implementation of statewide forest resource assessments and plans.

''(b) STATEWIDE FOREST RESOURCE ASSESSMENT AND PLAN.—For a State to be eligible to receive funds under this Act, not later than 2 years after the date of enactment of the Food and Energy Security Act of 2007, the State Forester of the State, or an equivalent State

official, shall develop a statewide forest resource assessment and plan that, at a minimum—

"(1) identifies each critical forest resource area in the State described in section 2(c);

"(2) to the maximum extent practicable—

"(A) incorporates any forest management plan of the State in existence on the date of enactment of this section;

"(B) addresses the needs of the region, without regard to the borders of each State of the region (or the political subdivisions of each State of the region);

"(C) provides a comprehensive statewide plan (including the opportunity for public participation in the development of the statewide plan) for—

"(i) managing the forest land in the State;

"(ii) achieving the national priorities specified in section 2(c)(2);

"(iii) monitoring the forest land in the State; and

"(iv) administering any forestry-related Federal, State, or private grants

awarded to the State under this section or any other provisions of law; and

"(D) includes a multiyear, integrated forest management strategy that provides a management framework for—

"(i) the administration of each applicable program of the State; and

"(ii) the use of any funds made available for the management of the forest land in the State; and

"(3) is determined by the Secretary to be sufficient to satisfy all relevant State planning and assessment requirements under this Act.

"(c) COORDINATION.—In developing the statewide assessment and plan under subsection (b), the State Forester or equivalent State official shall—

"(1) coordinate with—

"(A) the State Forest Stewardship Coordination Committee established for the State under section 19(b);

"(B) the State wildlife agency, with respect to strategies contained in the State wildlife action plans;

"(C) the State Technical Committee; and

"(D) applicable Federal land management agencies; and

"(2) for purposes of the Forest Legacy Program under section 7, work cooperatively with the State lead agency designated by the Governor.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each fiscal year.".

**SEC. 8005. 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 Assistance 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,".

# Subtitle B—Tribal-Forest Service Cooperative Relations

**SEC. 8101. DEFINITIONS.**

In this subtitle:

(1) INDIAN.—The term "Indian" means an individual who is a member of an Indian tribe.

(2) INDIAN TRIBE.—The term "Indian tribe"—

(A) for purposes of title I, has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b); and

(B) for purposes of title II, 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 Secretary of the Interior pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a–1).

(3) 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)).

## PART I—COLLABORATION BETWEEN INDIAN TRIBES AND FOREST SERVICE

### SEC. 8111. FOREST LEGACY PROGRAM.

(a) PARTICIPATION BY INDIAN TRIBES.—Section 7 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c) is amended—

(1) in subsection (a), in the first sentence, by inserting '', including Indian tribes,'' after ''government'';

(2) in subsection (b), by inserting ''or programs of Indian tribes'' after ''regional programs'';

(3) in subsection (f), in the second sentence, by striking ''other appropriate State or regional natural resource management agency'' and inserting ''other appropriate natural resource management agency of a State, region, or Indian tribe'';

(4) in subsection (h)(2), by inserting '', including an Indian tribe'' before the period at the end; and

(5) in subsection (j)(2), in the first sentence, by inserting ''including Indian tribes,'' after ''governmental units,''.

(b) OPTIONAL STATE AND TRIBAL GRANTS.—Section 7(*l* ) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c(*l*)) is amended—

(1) in the subsection heading, by inserting ''AND TRIBAL'' after ''STATE'';

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by striking paragraphs (1) and (2) and inserting the following:

''(1) DEFINITION OF INDIAN TRIBE.—In this subsection, the term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Deter-

mination and Education Assistance Act (25 U.S.C. 450b).

"(2) GRANTS.—On request of a participating State or Indian tribe, the Secretary shall provide a grant to the State or Indian tribe to carry out the Forest Legacy Program in the State or with the Indian tribe.

"(3) ADMINISTRATION.—If a State or Indian tribe elects to receive a grant under this subsection—

"(A) the Secretary shall use a portion of the funds made available under subsection (m), as determined by the Secretary, to provide a grant to the State or Indian tribe; and

"(B) the State or Indian tribe shall use the grant to carry out the Forest Legacy Program in the State or with the Indian tribe, including through acquisition by the State or Indian tribe of land and interests in land.

"(4) EFFECT ON TRUST LAND.—

"(A) INELIGIBILITY.—The Secretary shall not provide a grant under this subsection 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 this subsection shall be converted to land held in trust by the United States on behalf of any Indian tribe.".

(c) CONFORMING AMENDMENTS.—Section 7(j)(1) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c(j)(1)) is amended by striking the first sentence and inserting the following: "Fair market value shall be paid for any property interest acquired (other than by donation) under this section.".

**SEC. 8112. FORESTRY AND RESOURCE MANAGEMENT ASSISTANCE FOR INDIAN TRIBES.**

(a) DEFINITION OF ELIGIBLE INDIAN LAND.—In this section, the term "eligible Indian land" means, with respect to each participating Indian tribe—

(1) trust land located within the boundaries of the reservation of the Indian tribe;

(2) land owned in fee by the Indian tribe; and

(3) trust land located outside the boundaries of the reservation of the Indian tribe that is eligible for use for land programs of the Indian tribe.

(b) AUTHORITY TO PROVIDE ASSISTANCE.—The Secretary may provide financial, technical, educational, and related assistance to any Indian tribe for—

(1) tribal consultation and coordination with the Forest Service on issues relating to—

(A) access and use by members of the Indian tribe to National Forest System land and resources for traditional, religious, and cultural purposes;

(B) coordinated or cooperative management of resources shared by the Forest Service and the Indian tribe; or

(C) the provision of tribal traditional, cultural, or other expertise or knowledge;

(2) projects and activities for conservation education and awareness with respect to forest land or grassland that is eligible Indian land; and

(3) technical assistance for forest resources planning, management, and conservation on eligible Indian land.

(c) REQUIREMENTS.—

(1) IN GENERAL.—During any fiscal year, an Indian tribe may participate in only 1 approved activity that receives assistance under—

(A) subsection (b)(3); or

(B) the forest stewardship program under section 5 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a).

(d) IMPLEMENTATION.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall promulgate regulations to implement subsection (b), including rules for determining the distribution of assistance under that subsection.

(2) CONSULTATION.—In developing regulations pursuant to paragraph (1), the Secretary shall conduct full, open, and substantive consultation with Indian tribal governments and other representatives of Indian tribes.

(e) COORDINATION WITH SECRETARY OF INTERIOR.—In carrying out this section, the Secretary shall coordinate with the Secretary of the Interior to ensure that activities under subsection (b)—

(1) do not conflict with Indian tribal programs provided by the Department of the Interior; and

(2) achieve the goals established by the affected Indian tribes.

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

## PART II—CULTURAL AND HERITAGE COOPERATION AUTHORITY

**SEC. 8121. PURPOSES.**

The purposes of this part are—

(1) to authorize the reburial of human remains and cultural items, including human remains and cultural items repatriated under the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001 et seq.), on National Forest System land;

(2) to prevent the unauthorized disclosure of information regarding reburial sites, including—

(A) the quantity and identity of human remains and cultural items on the sites; and

(B) the location of the sites;

(3) to authorize the Secretary 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 free of charge 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. 8122. DEFINITIONS.**

In this part:

(1) ADJACENT SITE.—The term ''adjacent site'' means a site that borders a boundary line of National Forest system land.

(2) CULTURAL ITEMS.—

(A) IN GENERAL.—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).

(B) EXCEPTION.—The term ''cultural items'' 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) 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.

(5) REBURIAL SITE.—The term ''reburial site'' means a discrete physical location at which cultural items or human remains are reburied.

(6) 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. 8123. 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 on reburial sites or adjacent sites 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. 8124. TEMPORARY CLOSURE FOR TRADITIONAL AND CULTURAL PURPOSES.**

(a) RECOGNITION OF HISTORIC USE.—The Secretary shall, to the maximum extent practicable, 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) IN GENERAL.—On receipt of a request from an Indian tribe, the Secretary may temporarily close from public access specifically designated 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. 8125. 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. 8126. 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''), any information relating to—

(A) subject to subsection (b)(l), human remains or cultural items reburied on National Forest System land under section 8123; 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 8123.

(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 part; 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 may disclose information described under paragraph (1)(B) or (2) of subsection if the Secretary determines that disclosure of the information to the public—

(A) would advance the purposes of this part;

(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. 8127. SEVERABILITY AND SAVINGS PROVISIONS.**

(a) SEVERABILITY.—If any provision of this part, or the application of any provision of this part to any person or circumstance, is held invalid, the application of such provision or circumstance and the remainder of this part shall not be affected thereby.

(b) SAVINGS.—Nothing in this part—

(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 Laws

**SEC. 8201. RENEWABLE RESOURCES EXTENSION ACTIVITIES.**

(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. 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''.

# TITLE IX—ENERGY

**SEC. 9001. ENERGY.**

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 starch.

''(B) INCLUSIONS.—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 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 equipment and processes that—

"(A) convert 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 removed exotic species that—

"(i) are byproducts of preventive treatments (such as trees, wood, brush, thinnings, chips, and slash), 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 from National Forest System land or public lands (as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702)), in accordance with—

"(I) Federal and State law;

"(II) applicable land management plans; and

"(III) the requirements for 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 the requirements for 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);

"(IV) construction waste; and

"(V) 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) RURAL AREA.—Except as otherwise provided in this title, the term 'rural area' has the meaning given the term in section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(A)).

"(15) 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) APPLICATION OF SECTION.—Except as provided in paragraph (3), each procuring agency shall comply with this subsection (including any regulations issued under this subsection), with respect

to any purchase or acquisition of a procurement item for which—

"(A) the purchase price of the item exceeds $10,000; or

"(B) the quantity of the items or of functionally-equivalent items purchased or acquired during the preceding fiscal year was at least $10,000.

"(3) PROCUREMENT PREFERENCE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), after the date specified in applicable guidelines prepared pursuant to paragraph (5), each procuring agency that procures any items designated in the guidelines and items containing designated biobased intermediate ingredients and feedstocks shall, in making procurement decisions (consistent with maintaining a satisfactory level of competition, considering the guidelines), give preference to items that—

"(i) are composed of the highest percentage of biobased products practicable;

"(ii) are composed of at least 5 percent of intermediate ingredients and feedstocks (or a lesser percentage that the Sec-

retary determines to be appropriate) as designated by the Secretary; or

"(iii) comply with the regulations issued under section 103 of Public Law 100–556 (42 U.S.C. 6914b–1).

"(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) CERTIFICATION.—After the date specified in any applicable guidelines prepared pursuant to paragraph (5), contracting offices shall require that, with respect to biobased

products, 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.

"(4) SPECIFICATIONS.—Each Federal agency that has the responsibility for drafting or reviewing procurement specifications shall, not later than 1 year after the date of publication of applicable guidelines under paragraph (5), or as otherwise specified in the guidelines, ensure that the specifications require the use of biobased products consistent with this subsection.

"(5) 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 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) and the procurement of which by procuring agencies will carry out the objectives of this subsection;

"(ii) designate those intermediate ingredients and feedstocks and finished products that contain significant portions of biobased materials or components the procurement of which by procuring agencies will carry out the objectives of this subsection;

"(iii) set forth recommended practices with respect to the procurement of biobased products and items containing such materials and with respect to certification by vendors of the percentage of biobased products used;

"(iv) provide information as to the availability, relative price, performance, and environmental and public health benefits, of such materials and items; and

"(v) automatically designate those items that are composed of materials and items designated pursuant to paragraph (3), if the content of the final product exceeds 50 percent (unless the Secretary determines a different composition percentage).

"(C) INFORMATION PROVIDED.—Information provided pursuant to subparagraph (B)(iv) 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) STATE PROCUREMENT.—Not later than 180 days after the date of enactment of this section, the Secretary shall offer procure-

ment system models that States may use for the procurement of biobased products by the States.

"(6) 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 conducting proactive research to inform and promote 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, includ-

ing agency compliance with paragraph (4); 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 paragraphs (3), (4), and (7);

"(II) the results of the annual review and monitoring program established under paragraph (7)(B)(iii);

"(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 and modernizations) contracts entered into during the year that include lan-

guage 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 and modernizations) 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, to the maximum extent practicable, information concerning the types and dollar value of biobased products purchased by procuring agencies through GSA Advantage!, the Federal Supply Schedule, and the Defense Logistic Agency (including the DoD EMall).

"(7) PROCUREMENT PROGRAM.—

"(A) IN GENERAL.—Not later than 1 year after the date of publication of applicable guidelines under paragraph (5), each Federal agency shall develop a procurement program that—

"(i) will ensure that items composed of biobased products will be purchased to the maximum extent practicable; and

"(ii) is consistent with applicable provisions of Federal procurement law.

"(B) MINIMUM REQUIREMENTS.—Each procurement program required under this paragraph shall, at a minimum, contain—

"(i) a biobased products preference program;

"(ii) an agency promotion program to promote the preference program adopted under clause (i); and

"(iii) annual review and monitoring of the effectiveness of the procurement program of the agency.

"(C) CONSIDERATION.—

"(i) IN GENERAL.—In developing a preference program, an agency shall—

"(I) consider the options described in clauses (ii) and (iii); and

"(II) adopt 1 of the options, or a substantially equivalent alternative, for inclusion in the procurement program.

"(ii) CASE-BY-CASE POLICY DEVELOPMENT.—

"(I) IN GENERAL.—Subject to paragraph (3)(B), except as provided in subclause (II), in developing a preference program, an agency shall consider a policy of awarding contracts to the vendor offering an item composed of the highest percentage of biobased products practicable.

"(II) CERTAIN CONTRACTS ALLOWED.—Subject to paragraph (3)(B), an agency may make an award to a vendor offering items with less than the maximum biobased products content.

"(iii) MINIMUM CONTENT STANDARDS.—In developing a preference program, an agency shall consider minimum biobased products content specifications that are established in a manner that ensures that the biobased products content required is consistent with this subsection, without violating paragraph (3)(B).

"(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 this section, 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 this section) for determining which products 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 this section) by the Secretary.

"(B) REQUIREMENTS.—Criteria issued under subparagraph (A)—

"(i) shall encourage the purchase of products with the maximum biobased content;

"(ii) shall 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, should be consistent with the guidelines issued under subsection (a)(5).

"(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).

"(4) RECOGNITION.—The Secretary shall—

"(A) establish a voluntary program to recognize Federal agencies and private entities that use a substantial amount of biobased products; and

"(B) encourage Federal agencies to establish incentives programs to recognize Federal employees or contractors that make exceptional

contributions to the expanded use of biobased products.

"(c) LIMITATION.—Nothing in this section (other than subsections (f), (g), and (h)) shall apply to the procurement of motor vehicle fuels, heating oil, or electricity.

"(d) INCLUSION.—

"(1) IN GENERAL.—Not later than 90 days after the date of enactment of the Food and Energy Security Act of 2007, the Architect of the Capitol, the Sergeant at Arms of the Senate, and the Chief Administrative Officer of the House of Representatives shall establish procedures that apply the requirements of this section to procurement for the Capitol Complex.

"(2) ANNUAL SHOWCASE.—Beginning in calendar year 2008, the Secretary shall sponsor or otherwise support, consistent with applicable Federal laws (including regulations), an annual exposition at which entities may display and demonstrate biobased products.

"(e) TESTING OF BIOBASED PRODUCTS.—

"(1) IN GENERAL.—The Secretary may establish 1 or more national testing centers for biobased products to verify performance standards, biobased contents, and other product characteristics.

"(2) REQUIREMENT.—In establishing 1 or more national testing centers under paragraph (1), the Secretary shall give preference to entities that have established capabilities and experience in the testing of biobased materials and products.

"(f) BIOENERGY AND OTHER BIOBASED PRODUCTS EDUCATION AND AWARENESS CAMPAIGN.—

"(1) IN GENERAL.—The Secretary in consultation with the Secretary of Energy, shall establish a program to make competitive grants to eligible entities to carry out broad-based education and public awareness campaigns relating to bioenergy (including biofuels but excluding biodiesel) and other biobased products.

"(2) ELIGIBLE ENTITIES.—An entity eligible to receive a grant described in paragraph (1) is an entity that has demonstrated a knowledge of bioenergy (including biofuels but excluding biodiesel) and other biobased products and is—

"(A) a State energy or agricultural office;

"(B) a regional, State-based, or tribal energy organization;

"(C) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy

Act of 1977 (7 U.S.C. 3103)) or other institution of higher education;

"(D) a rural electric cooperative or utility;

"(E) a nonprofit organization, including an agricultural trade association, resource conservation and development district, and energy service provider;

"(F) a State environmental quality office; or

"(G) any other similar entity, other than a Federal agency or for-profit entity, as determined by the Secretary.

"(g) REPORTS.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of this section 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) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use, to the maximum extent practicable, $3,000,000 for each of fiscal years 2008 through 2012—

"(A) to continue mandatory funding for biobased products testing as required to carry out this section; and

"(B) to carry out the bioenergy education and awareness campaign under subsection (f).

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other funds made available to carry out this section, there are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2008 through 2012.

"(3) PRIORITY.—At the discretion of the Secretary, the Secretary may give priority to the testing of products for which private sector firms provide cost sharing for the testing.

**"SEC. 9003. BIODIESEL FUEL EDUCATION.**

"(a) PURPOSE.—The purpose of this section is to educate potential users about the proper use and benefits of biodiesel.

"(b) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as are appropriate, make grants to eligible entities to educate governmental and private entities that operate vehicle fleets, oil refiners, automotive companies, owners and operators of watercraft fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

"(c) ELIGIBLE ENTITIES.—To receive a grant under subsection (b), an entity shall—

"(1) be a nonprofit organization or institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

"(2) have demonstrated knowledge of biodiesel fuel production, use, or distribution; and

"(3) have demonstrated the ability to conduct educational and technical support programs.

"(d) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

"(e) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section, to the maximum extent practicable, $2,000,000 for each of fiscal years 2008 through 2012.

**"SEC. 9004. BIOMASS CROP TRANSITION.**

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE CROP.—The term 'eligible crop' means a crop of renewable biomass.

"(2) ELIGIBLE PARTICIPANT.—The term 'eligible participant' means an agricultural producer or forest land owner—

"(A) that is establishing 1 or more eligible crops on private land to be used in the production of advanced biofuels, other biobased products, heat, or power from a biomass conversion facility;

"(B) that has a financial commitment from a biomass conversion facility, including a proposed biomass conversion facility that is economically viable, as determined by the Secretary, to purchase the eligible crops; and

"(C) the production operation of which is in such proximity to the biomass conversion facility described in subparagraph (B) as to make delivery of the eligible crops to that location economically practicable.

"(b) BIOMASS CROP TRANSITION ASSISTANCE.—

"(1) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to provide transitional assistance for the establishment and produc-

tion of eligible crops to be used in the production of advanced biofuels, other biobased products, heat, or power from a biomass conversion facility.

"(2) EXCLUSION.—An agricultural producer shall not be eligible for assistance under paragraph (1) for the establishment and production of—

"(A) any crop that is eligible for benefits under title I of the Food and Energy Security Act of 2007; or

"(B) an annual crop.

"(3) CONTRACTS.—

"(A) IN GENERAL.—The Secretary shall enter into contracts with eligible participants and entities described in subparagraph (B) to provide transitional assistance payments to eligible participants.

"(B) CONTRACTS WITH MEMBER ENTITIES.—The Secretary may enter into 1 or more contracts with farmer-owned cooperatives, agricultural trade associations, or other similar entities on behalf of producer members that meet the requirements of, and elect to be treated as, eligible participants if the contract would offer greater efficiency in administration of the program.

"(C) REQUIREMENTS.—Under a contract described in subparagraph (A), an eligible participant shall be required, as determined by the Secretary—

"(i) to produce 1 or more eligible crops;

"(ii) to develop and actively apply a conservation plan that meets the requirements for highly erodible land conservation and wetlands conservation as established under subtitles B and C of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.); and

"(iii) to use such conservation practices as are necessary, where appropriate—

"(I) to advance the goals and objectives of State, regional, and national fish and wildlife conservation plans and initiatives; and

"(II) to comply with mandatory environmental requirements for a producer under Federal, State, and local law.

"(4) PAYMENTS.—

"(A) FIRST YEAR.—During the first year of the contract, the Secretary shall make a payment to an eligible participant in an amount that covers the cost of establishing 1 or more eligible crops.

"(B) SUBSEQUENT YEARS.—During any subsequent year of the contract, the Secretary shall make incentive payments to an eligible participant in an amount determined by the Secretary to encourage the eligible participant to produce renewable biomass.

"(c) ASSISTANCE FOR PRODUCTION OF ANNUAL CROP OF RENEWABLE BIOMASS.—

"(1) IN GENERAL.—The Secretary may provide assistance to eligible participants to plant an annual crop of renewable biomass for use in a biomass conversion facility in the form of—

"(A) technical assistance; and

"(B) cost-share assistance for the cost of establishing an annual crop of renewable biomass.

"(2) EXCLUSION.—An agricultural producer shall not be eligible for assistance under paragraph (1) for the establishment of any crop that is eligible

for benefits under title I of the Food and Energy Security Act of 2007.

"(3) COMPLIANCE.—Eligible participants receiving assistance under paragraph (1)(B) shall develop and actively apply a conservation plan that meets the requirements for highly erodible land conservation and wetlands conservation as established under subtitles B and C of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.).

"(d) ASSISTANCE FOR COLLECTION, HARVEST, STORAGE, AND TRANSPORT OF RENEWABLE BIOMASS.—

"(1) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to provide assistance to eligible participants for collecting, harvesting, storing, and transporting eligible crops to be used in the production of advanced biofuels, biobased products, heat, or power from a biomass conversion facility.

"(2) PAYMENTS.—

"(A) IN GENERAL.—An eligible participant shall receive payments under this subsection for each ton of eligible crop delivered to a biomass conversion facility, based on a fixed rate to be established by the Secretary in accordance with subparagraph (B).

"(B) FIXED RATE.—The Secretary shall establish a fixed payment rate for purposes of subparagraph (A) to reflect—

"(i) the estimated cost of collecting, harvesting, storing, and transporting the applicable eligible crop; and

"(ii) such other factors as the Secretary determines to be appropriate.

"(e) BEST PRACTICES.—

"(1) RECORDKEEPING.—Each eligible participant, and each biomass conversion facility contracting with the eligible participant, shall maintain and make available to the Secretary, at such times as the Secretary may request, appropriate records of methods used for activities for which payment is received under this section.

"(2) INFORMATION SHARING.—From the records maintained under subparagraph (A), the Secretary shall maintain, and make available to the public, information regarding—

"(A) the production potential (including evaluation of the environmental benefits) of a variety of eligible crops; and

"(B) best practices for producing, collecting, harvesting, storing, and transporting el-

igible crops to be used in the production of advanced biofuels.

"(f) FUNDING.—

"(1) BIOMASS CROP TRANSITION ASSISTANCE.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out subsections (b) and (c) $130,000,000 for fiscal year 2008, to remain available until expended.

"(2) ASSISTANCE FOR COLLECTION, HARVEST, STORAGE, AND TRANSPORT OF RENEWABLE BIOMASS.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out subsection (d) $10,000,000 for each of fiscal years 2009 through 2011, to remain available until expended.

**"SEC. 9005. BIOREFINERY AND REPOWERING ASSISTANCE.**

"(a) PURPOSE.—The purpose of this section is to assist in the development of new or emerging technologies for the use of renewable biomass or other sources of renewable energy—

"(1) to develop advanced biofuels;

"(2) to increase the energy independence of the United States by promoting the replacement of energy generated from fossil fuels with energy generated from a renewable energy source;

"(3) to promote resource conservation, public health, and the environment;

"(4) to diversify markets for raw agricultural and forestry products, and agriculture waste material; and

"(5) to create jobs and enhance the economic development of the rural economy.

"(b) DEFINITION OF REPOWER.—In this section, the term 'repower' means to substitute the production of heat or power from a fossil fuel source with heat or power from sources of renewable energy.

"(c) ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall make available to eligible entities described in subsection (d)—

"(A) grants to assist in paying the costs of—

"(i) development and construction of pilot- and demonstration-scale biorefineries intended to demonstrate the commercial viability of 1 or more processes for converting renewable biomass to advanced biofuels;

"(ii) repowering a biomass conversion facility, power plant, or manufacturing facility, in whole or in part; or

"(iii) conducting a study to determine the feasibility of repowering a biomass conversion facility, power plant, or manufacturing facility, in whole or in part; and

"(B) guarantees for loans made to fund—

"(i) the development and construction of commercial-scale biorefineries; or

"(ii) the repowering of a biomass conversion facility, power plant, or manufacturing facility, in whole or in part.

"(2) PREFERENCE.—In selecting projects to receive grants and loan guarantees under this section, the Secretary shall give preference to projects that receive or will receive financial support from the State in which the project is carried out.

"(d) ELIGIBLE ENTITIES.—An eligible entity under this section is—

"(1) an individual;

"(2) a corporation;

"(3) a farm cooperative;

"(4) a rural electric cooperative or public power entity;

"(5) an association of agricultural producers;

"(6) a State or local energy agency or office;

"(7) an Indian tribe;

"(8) a consortium comprised of any individuals or entities described in any of paragraphs (1) through (7); or

"(9) any other similar entity, as determined by the Secretary.

"(e) GRANTS.—

"(1) IN GENERAL.—The Secretary shall award grants under subsection (c)(1)(A) on a competitive basis.

"(2) SELECTION CRITERIA.—

"(A) GRANTS FOR DEVELOPMENT AND CONSTRUCTION OF PILOT AND DEMONSTRATION SCALE BIOREFINERIES.—

"(i) IN GENERAL.—In awarding grants for development and construction of pilot and demonstration scale biorefineries under subsection (c)(1)(A)(i), the Secretary shall select projects based on the likelihood that the projects will demonstrate the commercial viability of a new or emerging process for converting renewable biomass into advanced biofuels.

"(ii) FACTORS.—The factors to be considered under clause (i) may include—

"(I) the potential market for 1 or more products;

"(II) the level of financial participation by the applicants;

"(III) the availability of adequate funding from other sources;

"(IV) the participation of producer associations and cooperatives;

"(V) the beneficial impact on resource conservation, public health, and the environment;

"(VI) the timeframe in which the project will be operational;

"(VII) the potential for rural economic development;

"(VIII) the participation of multiple eligible entities; and

"(IX) the potential for developing advanced industrial biotechnology approaches.

"(B) GRANTS FOR REPOWERING.—In selecting projects to receive grants for repowering

under clauses (ii) and (iii) of subsection (c)(1)(A), the Secretary shall consider—

"(i) the change in energy efficiency that would result from the proposed repowering of the eligible entity;

"(ii) the reduction in fossil fuel use that would result from the proposed repowering; and

"(iii) the volume of renewable biomass located in such proximity to the eligible entity as to make local sourcing of feedstock economically practicable.

"(3) COST SHARING.—

"(A) LIMITS.—

"(i) DEVELOPMENT AND CONSTRUCTION OF PILOT AND DEMONSTRATION SCALE BIOREFINERIES.—The amount of a grant awarded for development and construction of a biorefinery under subsection (c)(1)(A)(i) shall not exceed 50 percent of the cost of the project.

"(ii) REPOWERING.—The amount of a grant awarded for repowering under subsection (c)(1)(A)(ii) shall not exceed 20 percent of the cost of the project.

"(iii) FEASIBILITY STUDY FOR REPOWERING.—The amount of a grant awarded for a feasibility study for repowering under subsection (c)(1)(A)(iii) shall not exceed an amount equal to the lesser of—

"(I) an amount equal to 50 percent of the total cost of conducting the feasibility study; and

"(II) $150,000.

"(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 the provision of services, material, or other in-kind contributions.

"(ii) LIMITATION.—The amount of the grantee share of the cost of a project that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 15 percent of the amount of the grantee share determined under subparagraph (A).

"(f) LOAN GUARANTEES.—

"(1) CONDITIONS.—As a condition of making a loan guarantee under subsection (c)(1)(B), the Secretary shall require—

"(A) demonstration of binding commitments to cover, from sources other than Federal funds, at least 20 percent of the total cost of the project described in the application;

"(B) in the case of a new or emerging technology, demonstration that the project design has been validated through a technical review and subsequent operation of a pilot or demonstration scale facility that can be scaled up to commercial size; and

"(C) demonstration that the applicant provided opportunities to local investors (as determined by the Secretary) to participate in the financing or ownership of the biorefinery.

"(2) LOCAL OWNERSHIP.—The Secretary shall give preference under subsection (c)(1)(B) to applications for projects with significant local ownership.

"(3) APPROVAL.—Not later than 90 days after the Secretary receives an application for a loan guarantee under subsection (c)(1)(B), the Secretary shall approve or disapprove the application.

"(4) LIMITATIONS.—

"(A) MAXIMUM AMOUNT OF LOAN GUARANTEED.—

"(i) COMMERCIAL-SCALE BIOREFINERIES.—Subject to clause (iii), the principal amount of a loan guaranteed under subsection (c)(1)(B)(i) may not exceed $250,000,000.

"(ii) REPOWERING.—Subject to clause (iii), the principal amount of a loan guaranteed under subsection (c)(1)(B)(ii) may not exceed $70,000,000.

"(iii) RELATIONSHIP TO OTHER FEDERAL FUNDING.—The amount of a loan guaranteed under subsection (c)(1)(B) shall be reduced by the amount of other Federal funding that the entity receives for the same project.

"(B) MAXIMUM PERCENTAGE OF LOAN GUARANTEED.—A loan guaranteed under subsection (c)(1)(B) shall be in an amount not to exceed 80 percent of the project costs, as determined by the Secretary.

"(C) AUTHORITY TO GUARANTEE ENTIRE AMOUNT OF THE LOAN.—The Secretary may guarantee up to 100 percent of the principal

and interest due on a loan guaranteed under subsection (c)(1)(B).

"(g) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

"(h) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use for the cost of grants and loan guarantees to carry out this section $300,000,000 for fiscal year 2008, to remain available until expended.

**"SEC. 9006. 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 encourage increased purchases of renewable biomass for the purpose of expanding production of, and supporting new production capacity for, advanced biofuels.

"(c) CONTRACTS.—To receive a payment, an eligible producer shall—

"(1) enter into a contract with the Secretary to increase production of advanced biofuels for 1 or more fiscal years; and

"(2) submit to the Secretary such records as the Secretary may require as evidence of increased purchase and use of renewable biomass for the production of advanced biofuels.

"(d) BASIS FOR PAYMENTS.—The Secretary shall make payments under this section to eligible producers based on—

"(1) the level of production by the eligible producer of an advanced biofuel;

"(2) the price of each renewable biomass feedstock used for production of the advanced biofuel;

"(3) the net nonrenewable energy content of the advanced biofuel, if sufficient data is available, as determined by the Secretary; and

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

"(e) OVERPAYMENTS.—If the total amount of payments that an eligible producer receives for a fiscal year under this section exceeds the amount that the eligible producer should have received, the eligible producer shall repay the amount of the overpayment to the Secretary, with interest (as determined by the Secretary).

"(f) LIMITATIONS.—

"(1) 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.

"(2) INELIGIBILITY.—An eligible producer that claims a credit allowed under section 40(a)(3), 40(a)(4), or 40A(a)(3) of the Internal Revenue Code of 1986 shall not be eligible to receive payments under subsection (d).

"(3) REFINING CAPACITY.—An eligible producer may not use any funds received under this section for an advanced biofuel production facility or other fuel refinery the total refining capacity of which is more than 150,000,000 gallons per year.

"(g) 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.

"(h) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $245,000,000 for the period of fiscal years 2008 through 2012, to remain available until expended.

**"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, cooperatives, rural small businesses, and other similar entities through—

"(1) grants for energy audits and renewable energy development assistance;

"(2) financial assistance for energy efficiency improvements and renewable energy systems; and

"(3) financial assistance for facilities to convert animal manure to energy.

"(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 technology and resources.

"(2) ELIGIBLE ENTITIES.—An eligible entity under this subsection is—

"(A) a State agency;

"(B) a regional, State-based, or tribal energy organization;

"(C) a land-grant college or university or other institution of higher education;

"(D) a rural electric cooperative or public power entity;

"(E) a nonprofit organization; and

"(F) any other similar entity, as determined by the Secretary.

"(3) MERIT REVIEW.—

"(A) MERIT REVIEW PROCESS.—The Secretary shall establish a merit review process to review applications for grants under paragraph (1) that uses the expertise of other Federal agencies, industry, and nongovernmental organizations.

"(B) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under paragraph (1), the Secretary shall consider—

"(i) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

"(ii) the geographic scope of the program proposed by the eligible entity in relation to the identified need;

"(iii) the number of agricultural producers and rural small businesses to be assisted by the program;

"(iv) the potential for energy savings and environmental and public health benefits resulting from the program; and

"(v) the plan of the eligible entity for providing information to agricultural producers and rural small businesses on the benefits of energy efficiency and renewable energy development.

"(4) USE OF GRANT FUNDS.—

"(A) REQUIRED USES.—A recipient of a grant under paragraph (1) shall use the grant funds to conduct and promote energy audits for agricultural producers and rural small businesses to provide recommendations on how to improve energy efficiency and use renewable energy technology and resources.

"(B) PERMITTED USES.—In addition to the uses described in subparagraph (A), a recipient of a grant may use the grant funds to make agricultural producers and rural small businesses aware of—

"(i) financial assistance under subsection (c); and

"(ii) other Federal, State, and local financial assistance programs for which the agricultural producers and rural small businesses may be eligible.

"(5) 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)(A) 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, grants, and production-based incentives 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 grant, loan guarantee, or production-based incentive 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 comparable to an energy audit under subsection (b);

"(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 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 percent of the cost of the activity carried out using funds from the grant.

"(B) LOAN GUARANTEES.—

"(i) MAXIMUM AMOUNT.—The amount of a loan guaranteed under this subsection shall not exceed $25,000,000.

"(ii) MAXIMUM PERCENTAGE.—A loan guaranteed under this subsection shall not exceed 75 percent of the cost of the activity carried out using funds from the loan.

"(5) PRODUCTION-BASED INCENTIVE PAYMENTS IN LIEU OF GRANTS.—

"(A) IN GENERAL.—In addition to the authority under subsection (b), to encourage the production of electricity from renewable energy systems, the Secretary, on receipt of a request of an eligible applicant under this section, shall make production-based incentive payments to the applicant in lieu of a grant.

"(B) CONTINGENCY.—A payment under subparagraph (A) shall be contingent on documented energy production and sales by the renewable energy system of the eligible applicant to a third party.

"(C) LIMITATION.—The total net present value of a production-based incentive payment under this paragraph shall not exceed the lesser of—

"(i) an amount equal to 25 percent of the eligible project costs, as determined by the Secretary; and

"(ii) such other limit as the Secretary may establish, by rule or guidance.

"(d) FINANCIAL ASSISTANCE FOR FACILITIES TO CONVERT ANIMAL MANURE TO ENERGY.—

"(1) DEFINITION OF ANIMAL MANURE.—In this subsection, the term 'animal manure' means agricultural livestock excrement, including litter, wood shavings, straw, rice hulls, bedding material, and other materials incidentally collected with the manure.

"(2) GRANTS AND LOAN GUARANTEES.—The Secretary shall make grants and loan guarantees to eligible entities on a competitive basis for the installation, operation, and evaluation of facilities described in paragraph (4).

"(3) ELIGIBLE ENTITIES.—To be eligible to receive a grant or loan guarantee under this subsection, an entity shall be—

"(A) an agricultural producer;

"(B) a rural small business;

"(C) a rural cooperative; or

"(D) any other similar entity, as determined by the Secretary.

"(4) ELIGIBLE FACILITIES.—

"(A) IN GENERAL.—Subject to subparagraphs (B) through (E), an eligible entity may receive a grant or loan guarantee under this subsection for the installation, first-year operation, and evaluation of an on-farm or community facility (such as a digester or power generator using manure for fuel) the primary function of which is to convert animal manure into a useful form of energy (including gaseous or liquid fuel or electricity).

"(B) SUBSYSTEMS INCLUDED.—Funds from a grant and loan guarantee under subparagraph (A) may be used for systems that support an on-farm or community facility described in that subparagraph, which may include feedstock gathering systems and gas piping systems.

"(C) CONVERSION OF RENEWABLE BIOMASS.—An eligible entity may use a grant or loan guarantee provided under this subsection to convert renewable biomass other than animal manure (such as waste materials from food

processing facilities and other green wastes) into energy at a facility if the majority of materials converted into energy at the facility is animal manure.

"(D) DEVELOPMENT AND DEMONSTRATION OF NEW TECHNOLOGIES.—An eligible entity may use a grant or loan guarantee provided under this subsection for the installation, demonstration, and first 2 years of operation of an on-farm or community facility that uses manure-to-energy technologies—

"(i) that are not in commercial use, as determined by the Secretary; and

"(ii) for which sufficient research has been conducted for the Secretary to determine that the technology is commercially viable.

"(5) SELECTION OF ELIGIBLE ENTITIES.—In selecting applications for grants and loan guarantees under this subsection, the Secretary shall consider—

"(A) the quality of energy produced; and

"(B) the projected net energy conversion efficiency, which shall be equal to the quotient obtained by dividing—

"(i) the energy output of the eligible facility; by

"(ii) the sum of—

"(I) the energy content of animal manure at the point of collection; and

"(II) the energy consumed in facility operations, including feedstock transportation;

"(C) environmental issues, including potential positive and negative impacts on water quality, air quality, odor emissions, pathogens, and soil quality resulting from—

"(i) the use and conversion of animal manure into energy;

"(ii) the installation and operation of the facility; and

"(iii) the disposal of any waste products (including effluent) from the facility;

"(D) the net impact of the facility and any waste from the facility on greenhouse gas emissions, based on the estimated emissions from manure storage systems in use before the installation of the manure-to-energy facility;

"(E) diversity factors, including diversity of—

"(i) sizes of projects supported; and

"(ii) geographic locations; and

"(F) the proposed project costs and levels of grants or loan guarantees requested.

"(6) AMOUNT.—

"(A) GRANTS.—

"(i) SMALLER PROJECTS.—In the case of a project with a total eligible cost (as described in paragraph (4)) of not more than $500,000, the amount of a grant made under this subsection shall not exceed 50 percent of the total eligible cost.

"(ii) LARGER PROJECTS.—In the case of a project with a total eligible cost (as described in paragraph (4)) of more than $500,000, the amount of a grant made under this subsection shall not exceed the greater of—

"(I) $250,000; or

"(II) 25 percent of the total eligible cost.

"(iii) MAXIMUM.—In no case shall the amount of a grant made under this section exceed $2,000,000.

"(B) LOAN GUARANTEES.—The principal amount and interest of a loan guaranteed under this subsection may not exceed the lesser of—

"(i) 80 percent of the difference between—

"(I) the total cost to install and operate the eligible facility for the first year, as determined by the Secretary; and

"(II) the amount of any Federal, State, and local funds received to support the eligible facility; and

"(ii) $25,000,000.

"(7) PROHIBITION.—A grant or loan guarantee may not be provided for a project under this subsection that also receives assistance under subsection (b) or (c).

"(e) ROLE OF STATE RURAL DEVELOPMENT DIRECTOR.—

"(1) OUTREACH AND AVAILABILITY OF INFORMATION.—

"(A) OUTREACH.—A State rural development director, acting through local rural development offices, shall provide outreach regarding

the availability of financial assistance under this section.

"(B) AVAILABILITY OF INFORMATION.—A State rural development director shall make available information relating to the availability of financial assistance under this section at all local rural development, Farm Service Agency, and Natural Resources Conservation Service offices.

"(2) APPLICATION REVIEW.—Applications for assistance under this section shall be reviewed by the appropriate State rural development director.

"(f) SMALL PROJECTS.—

"(1) APPLICATION AND REVIEW PROCESS.—The Secretary shall develop a streamlined application and expedited review process for project applicants seeking less than $20,000 under this section.

"(2) PERCENTAGE OF FUNDS.—Not less than 20 percent of the funds made available under subsection (k)(1) shall be made available to make grants under this section in an amount of less than $20,000.

"(g) PREFERENCE.—In selecting projects to receive grants under this section, the Secretary shall give pref-

erence to projects that receive or will receive financial support from the State in which the project is carried out.

"(h) RURAL ENERGY STAR.—The Secretary, in coordination with the Administrator and the Secretary of Energy, shall extend the Energy Star program established by section 324A of the Energy Policy and Conservation Act (42 U.S.C. 6294a) to include a Rural Energy Star component to promote the development and use of energy-efficient equipment and facilities in the agricultural sector.

"(i) REPORTS.—Not later than 4 years after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall submit to Congress a report on the implementation of this section, including the outcomes achieved by projects funded under this section.

"(j) FUNDING.—

"(1) COMMODITY CREDIT CORPORATION.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available $230,000,000 to carry out subsections (c) and (d) for fiscal year 2008, to remain available until expended, of which not less than 15 percent shall be used to carry out subsection (d).

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other funds made available to carry out this section, 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.

**"SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.**

"(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; and

"(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.

"(3) INITIATIVE.—The term 'Initiative' means the Biomass Research and Development Initiative established under subsection (e).

"(4) NATIONAL LABORATORY.—The term 'National Laboratory' has the meaning given that term in section 2 of the Energy Policy Act of 2005 (42 U.S.C. 15801).

"(5) POINT OF CONTACT.—The term 'point of contact' means a point of contact designated under this section.

"(b) COOPERATION AND COORDINATION IN BIOMASS RESEARCH AND DEVELOPMENT.—

"(1) IN GENERAL.—The Secretary of Agriculture and the Secretary of Energy shall cooperate with respect to, and coordinate, policies and procedures that promote research and development leading to the production of biofuels and biobased products.

"(2) POINTS OF CONTACT.—

"(A) IN GENERAL.—To coordinate research and development programs and activities relating to biofuels and biobased products that are carried out by their respective departments—

"(i) the Secretary of Agriculture shall designate, as the point of contact for the Department of Agriculture, an officer of the Department of Agriculture appointed by the President to a position in the Department before the date of the designation, by and with the advice and consent of the Senate; and

"(ii) the Secretary of Energy shall designate, as the point of contact for the Department of Energy, an officer of the Department of Energy appointed by the President to a position in the Department before the date of the designation, by and with the advice and consent of the Senate.

"(B) DUTIES.—The points of contact shall jointly—

"(i) assist in arranging interlaboratory and site-specific supplemental agreements for research and development projects relating to biofuels and biobased products;

"(ii) serve as cochairpersons of the Board;

"(iii) administer the Initiative; and

"(iv) respond in writing to each recommendation of the Advisory Committee made under subsection (d).

"(c) BIOMASS RESEARCH AND DEVELOPMENT BOARD.—

"(1) ESTABLISHMENT.—There is established the Biomass Research and Development Board, which shall supersede the Interagency Council on

Biobased Products and Bioenergy established by Executive Order No. 13134 (7 U.S.C. 8101 note), to coordinate programs within and among departments and agencies of the Federal Government for the purpose of promoting the use of biofuels and biobased products by—

"(A) maximizing the benefits deriving from Federal grants and assistance; and

"(B) bringing coherence to Federal strategic planning.

"(2) MEMBERSHIP.—The Board shall consist of—

"(A) the point of contact of the Department of Energy designated under subsection (b)(2)(A)(ii), who shall serve as cochairperson of the Board;

"(B) the point of contact of the Department of Agriculture designated under subsection (b)(2)(A)(i), who shall serve as cochairperson of the Board;

"(C) a senior officer of each of the Department of the Interior, the Environmental Protection Agency, the National Science Foundation, and the Office of Science and Technology Policy, each of whom shall—

"(i) be appointed by the head of the respective agency; and

"(ii) have a rank that is equivalent to the rank of the points of contact; and

"(D) at the option of the Secretary of Agriculture and the Secretary of Energy, other members appointed by the Secretaries (after consultation with the members described in subparagraphs (A) through (C)).

"(3) DUTIES.—The Board shall—

"(A) coordinate research and development activities relating to 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 to enable the Board to carry out the duties of the Board under paragraph (3).

"(d) BIOMASS RESEARCH AND DEVELOPMENT TECHNICAL ADVISORY COMMITTEE.—

"(1) ESTABLISHMENT.—There is established the Biomass Research and Development Technical Advisory Committee, which shall supersede the Advisory Committee on Biobased Products and Bioenergy established by Executive Order No. 13134 (7 U.S.C. 8101 note)—

"(A) to advise the Secretary of Energy, the Secretary of Agriculture, and the points of contact concerning—

"(i) the distribution of funding;

"(ii) the technical focus and direction of requests for proposals issued under the Initiative; and

"(iii) procedures for reviewing and evaluating the proposals;

"(B) to facilitate consultations and partnerships among Federal and State agencies, agricultural producers, industry, consumers, the research community, and other interested groups to carry out program activities relating to the Initiative; and

"(C) to evaluate and perform strategic planning on program activities relating to the Initiative.

"(2) MEMBERSHIP.—

"(A) IN GENERAL.—The Advisory Committee shall consist of—

"(i) an individual affiliated with the biofuels industry;

"(ii) an individual affiliated with the biobased industrial and commercial products industry;

"(iii) an individual affiliated with an institution of higher education who has expertise in 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 an environmental or conservation organization;

"(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; and

"(xii) at the option of the points of contact, other members.

"(B) APPOINTMENT.—The members of the Advisory Committee shall be appointed by the points of contact.

"(3) DUTIES.—The Advisory Committee shall—

"(A) advise the points of contact with respect to the Initiative; and

"(B) evaluate whether, and make recommendations in writing to the Board to ensure that—

"(i) funds authorized for the Initiative are distributed and used in a manner that is consistent with the objectives, purposes, and considerations of the Initiative;

"(ii) solicitations are open and competitive with awards made annually and that objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest;

"(iii) the points of contact are funding proposals under this title that are selected on the basis of merit, as determined by an independent panel of scientific and technical peers predominantly from outside the Departments of Agriculture and Energy; and

"(iv) activities under this section are carried out in accordance with this section.

"(4) COORDINATION.—To avoid duplication of effort, the Advisory Committee shall coordinate the activities of the Advisory Committee with activities of other Federal advisory committees working in related areas.

"(5) MEETINGS.—The Advisory Committee shall meet at least quarterly to enable the Advisory Committee to carry out the duties of the Advisory Committee.

"(6) TERMS.—Members of the Advisory Committee shall be appointed for a term of 3 years.

"(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, biofuels and biobased products, and the methods, practices, and technologies, for the production of the fuels and product.

"(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 bioenergy;

"(ii) 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 sustainable domestic sources of renewable biomass for conversion to biofuels, bioenergy, and biobased products.

"(3) PURPOSES.—The purposes of the Initiative are—

"(A) to increase the energy security of the United States;

"(B) to create jobs and enhance the economic development of the rural economy;

"(C) to enhance the environment and public health; and

"(D) to diversify markets for raw agricultural and forestry products.

"(4) TECHNICAL AREAS.—To advance the objectives and purposes of the Initiative, the Secretary of Agriculture and the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and heads of other appropriate departments and agencies (referred to in this subsection as the 'Secretaries'), shall direct research, development, and demonstration toward—

"(A) feedstocks and feedstock systems relevant to production of raw materials for conversion to biofuels and biobased products, including—

"(i) development of advanced and dedicated crops with desired features, including enhanced productivity, broader site

range, low requirements for chemical inputs, and enhanced processing;

"(ii) advanced crop production methods to achieve the features described in clause (i) and suitable assay techniques for those features;

"(iii) feedstock harvest, handling, transport, and storage;

"(iv) strategies for integrating feedstock production into existing managed land; and

"(v) improving the value and quality of coproducts, including material used for animal feeding;

"(B) development of cost-effective technologies for the use of cellulosic biomass in the production of biofuels and biobased products, including—

"(i) pretreatment in combination with enzymatic or microbial hydrolysis;

"(ii) thermochemical approaches, including gasification and pyrolysis; and

"(iii) self-processing crops that express enzymes capable of degrading cellulosic biomass;

"(C) product diversification through technologies relevant to production of a range of biobased products (including chemicals, animal feeds, and cogenerated power) that eventually can increase the feasibility of fuel production in a biorefinery, including—

"(i) catalytic processing, including thermochemical fuel production;

"(ii) metabolic engineering, enzyme engineering, and fermentation systems for biological production of desired products, coproducts, or cogeneration of power;

"(iii) product recovery;

"(iv) power production technologies;

"(v) integration into existing renewable biomass processing facilities, including starch ethanol plants, sugar processing or refining plants, paper mills, and power plants;

"(vi) enhancement of products and coproducts, including dried distillers grains; and

"(vii) technologies that allow for cost-effective harvest, handling, transport, and storage; and

"(D) analysis that provides strategic guidance for the application of renewable biomass technologies in accordance with realization of improved sustainability and environmental quality, cost effectiveness, security, and rural economic development, usually featuring system-wide approaches, including the harvest, handling, transport, and storage of renewable biomass.

"(5) ADDITIONAL CONSIDERATIONS.—Within the technical areas described in paragraph (4), and in addition to advancing the purposes described in paragraph (3) and the objectives described in paragraph (2), the Secretaries shall support research and development—

"(A) to create continuously expanding opportunities for participants in existing biofuels production by seeking synergies and continuity with current technologies and practices, such as improvements in dried distillers grains and other biofuel production coproducts for use as bridge feedstocks;

"(B) to maximize the environmental, economic, and social benefits of production of biofuels and biobased products on a large scale

through life-cycle economic and environmental analysis and other means; and

"(C) to assess the potential of Federal land and land management programs as feedstock resources for biofuels and biobased products, consistent with the integrity of soil and water resources and with other environmental considerations.

"(6) ELIGIBLE ENTITIES.—To be eligible for a grant, contract, or assistance under this subsection, an applicant shall be—

"(A) an institution of higher education;

"(B) a National Laboratory;

"(C) a Federal research agency;

"(D) a State research agency;

"(E) a private sector entity;

"(F) a nonprofit organization; or

"(G) a consortium of 2 or more entities described in subparagraphs (A) through (F).

"(7) ADMINISTRATION.—

"(A) IN GENERAL.—After consultation with the Board, the points of contact shall—

"(i) publish annually 1 or more joint requests for proposals for grants, con-

tracts, and assistance under this subsection;

"(ii) require that grants, contracts, and assistance under this section be awarded competitively, on the basis of merit, after the establishment of procedures that provide for scientific peer review by an independent panel of scientific and technical peers;

"(iii) give partial preference to applications that—

"(I) involve a consortia of experts from multiple institutions;

"(II) encourage the integration of disciplines and application of the best technical resources; and

"(III) increase the geographic diversity of demonstration projects; and

"(iv) require that not less than 15 percent of funds made available to carry out this section is used for research and development relating to each of the technical areas described in paragraph (4).

"(B) MATCHING FUNDS.—

"(i) IN GENERAL.—The non-Federal share of the cost of a demonstration project under this section shall be not less than 20 percent.

"(ii) COMMERCIAL APPLICATIONS.—The non-Federal share of the cost of a commercial application project under this section shall be not less than 50 percent.

"(C) TECHNOLOGY AND INFORMATION TRANSFER TO AGRICULTURAL USERS.—The Administrator of the National Institute of Food and Agriculture and the Chief of the Natural Resources Conservation Service shall ensure that applicable research results and technologies from the Initiative are—

"(i) adapted, made available, and disseminated through those services, as appropriate; and

"(ii) included in the best practices database established under section 220 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6920).

"(f) ADMINISTRATIVE SUPPORT AND FUNDS.—

"(1) IN GENERAL.—To the extent administrative support and funds are not provided by other

agencies under paragraph (2), 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)(C), and the other members of the Board appointed under subsection (c)(2)(D), may, and are encouraged to, provide administrative support and funds of their respective agencies to the Board and the Advisory Committee.

"(3) LIMITATION.—Not more than 4 percent of the amount made available for each fiscal year under subsection (h) may be used to pay the administrative costs of carrying out this section.

"(g) REPORTS.—

"(1) ANNUAL REPORTS.—For each fiscal year for which funds are made available to carry out this section, the Secretary of Energy and the Secretary of Agriculture shall jointly submit to Congress a detailed report on—

"(A) the status and progress of the Initiative, including a report from the Advisory Committee on whether funds appropriated for the Initiative have been distributed and used in a manner that—

"(i) is consistent with the objectives, purposes, and additional considerations described in paragraphs (2) through (5) of subsection (e);

"(ii) uses the set of criteria established in the initial report submitted under title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) (as in effect on the date before the date of enactment of the Food and Energy Security Act of 2007); and

"(iii) takes into account any recommendations that have been made by the Advisory Committee;

"(B) the general status of cooperation and research and development efforts carried out at each agency with respect to biofuels and biobased products, including a report from the Advisory Committee on whether the points of

contact are funding proposals that are selected under subsection (d)(3)(B)(iii); and

"(C) the plans of the Secretary of Energy and the Secretary of Agriculture for addressing concerns raised in the report, including concerns raised by the Advisory Committee.

"(2) UPDATES.—The Secretary of Agriculture and the Secretary of Energy shall update the Vision and Roadmap documents prepared for Federal biomass research and development activities.

"(h) FUNDING.—

"(1) COMMODITY CREDIT CORPORATION FUNDS.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture, to the maximum extent practicable, shall use to carry out this section, to remain available until expended—

"(A) $15,000,000 for fiscal year 2008;

"(B) $25,000,000 for fiscal year 2009; and

"(C) $35,000,000 for fiscal year 2010.

"(2) ADDITIONAL FUNDING.—In addition to amounts described in paragraph (1), there is authorized to be appropriated to carry out this section $85,000,000 for each of fiscal years 2008 through 2012.

**"SEC. 9009. SUN GRANT PROGRAM.**

''(a) PURPOSES.—The purposes of the programs established under this section are—

''(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 between the Department of Agriculture, the Department of Energy, and the land-grant colleges and universities.

''(b) DEFINITION OF LAND-GRANT COLLEGES AND UNIVERSITIES.—The term 'land-grant colleges and universities' means—

''(1) 1862 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601));

"(2) 1890 Institutions (as defined in section 2 of that Act) and West Virginia State College; and

"(3) 1994 Institutions (as defined in section 2 of that Act).

"(c) ESTABLISHMENT.—To carry out the purposes described in subsection (a), the Secretary shall provide grants to sun grant centers specified in subsection (d).

"(d) GRANTS TO CENTERS.—The Secretary shall use amounts made available for a fiscal year under subsection (j) to provide a grants in equal amounts to each of the following sun grant centers:

"(1) 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.

"(2) SOUTHEASTERN CENTER.—A southeastern sun grant center at the University of Tennessee at Knoxville for the region composed of—

"(A) the States of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia;

"(B) the Commonwealth of Puerto Rico; and

"(C) the United States Virgin Islands.

"(3) SOUTH-CENTRAL CENTER.—A south-central sun grant center at Oklahoma State University for the region composed of the States of Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas.

"(4) WESTERN CENTER.—A western sun grant center at Oregon State University for the region composed of—

"(A) the States of Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington; and

"(B) territories and possessions of the United States (other than the territories referred to in subparagraphs (B) and (C) of paragraph (2)).

"(5) 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.

"(6) WESTERN INSULAR PACIFIC SUBCENTER.—A western insular Pacific subcenter at the University of Hawaii for the region composed of the

State of Alaska, 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.

"(e) USE OF FUNDS.—

"(1) CENTERS OF EXCELLENCE.—Of the amount of funds that are made available for a fiscal year to a sun grant center under subsection (d), the center shall use not more than 25 percent of the amount to support excellence in science, engineering, and economics at the center to promote the purposes described in subsection (a) through the State agricultural experiment station, cooperative extension services, and relevant educational programs of the university.

"(2) GRANTS TO LAND-GRANT COLLEGES AND UNIVERSITIES.—

"(A) IN GENERAL.—The sun grant center established for a region shall use the funds that remain available for a fiscal year after expenditures made under paragraph (1) to provide competitive grants to land-grant colleges and universities in the region of the sun grant center to conduct, consistent with the purposes de-

scribed in subsection (a), multi-institutional and multistate—

"(i) research, extension, and educational programs on technology development; and

"(ii) integrated research, extension, and educational programs on technology implementation.

"(B) PROGRAMS.—Of the amount of funds that are used to provide grants for a fiscal year under subparagraph (A), the center shall use—

"(i) not less than 30 percent of the funds to carry out programs described in subparagraph (A)(i); and

"(ii) not less than 30 percent of the funds to carry out programs described in subparagraph (A)(ii).

"(3) INDIRECT COSTS.—A sun grant center may not recover the indirect costs of making grants under paragraph (2) to other land-grant colleges and universities.

"(f) PLAN.—

"(1) IN GENERAL.—Subject to the availability of funds under subsection (j), in cooperation with other land-grant colleges and universities and pri-

vate industry in accordance with paragraph (2), the sun grant centers shall jointly develop and submit to the Secretary, for approval, a plan for addressing at the State and regional levels the bioenergy, biomass, and gasification research priorities of the Department of Agriculture and the Department of Energy for the making of grants under paragraphs (1) and (2) of subsection (e).

"(2) GASIFICATION COORDINATION.—

"(A) IN GENERAL.—In developing the plan under paragraph (1) with respect to gasification research, the sun grant centers identified in paragraphs (1) and (2) of subsection (d) shall coordinate with land grant colleges and universities in their respective regions that have ongoing research activities with respect to the research.

"(B) FUNDING.—Funds made available under subsection (d) to the sun grant center identified in subsection (e)(2) shall be available to carry out planning coordination under paragraph (1) of this subsection.

"(g) GRANTS TO OTHER LAND-GRANT COLLEGES AND UNIVERSITIES.—

"(1) PRIORITY FOR GRANTS.—In making grants under subsection (e)(2), a sun grant center shall give a higher priority to programs that are consistent with the plan approved by the Secretary under subsection (f).

"(2) TERM OF GRANTS.—The term of a grant provided by a sun grant center under subsection (e)(2) shall not exceed 5 years.

"(h) GRANT INFORMATION ANALYSIS CENTER.—The sun grant centers shall maintain a Sun Grant Information Analysis Center at the sun grant center specified in subsection (d)(1) to provide sun grant centers analysis and data management support.

"(i) ANNUAL REPORTS.—Not later than 90 days after the end of a year for which a sun grant center receives a grant under subsection (d), the sun grant center shall submit to the Secretary a report that describes the policies, priorities, and operations of the program carried out by the center during the year, including a description of progress made in facilitating the priorities described in subsection (f).

"(j) FUNDING.—

"(1) COMMODITY CREDIT CORPORATION.—Of the funds of the Commodity Credit Corporation, the

Secretary shall use to carry out this section, to remain available until expended—

"(A) $5,000,000 for fiscal year 2008;

"(B) $10,000,000 for fiscal year 2009; and

"(C) $10,000,000 for fiscal year 2010.

"(2) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section $70,000,000 for each of fiscal years 2008 through 2012.

"(B) GRANT INFORMATION ANALYSIS CENTER.—Of amounts made available under subparagraph (A), not more than $4,000,000 for each fiscal year shall be made available to carry out subsection (h).

**"SEC. 9010. REGIONAL BIOMASS CROP EXPERIMENTS.**

"(a) PURPOSE.—The purpose of this section is to initiate multi-region side-by-side crop experiments to provide a sound knowledge base on all aspects of the production of biomass energy crops, including crop species, nutrient requirements, management practices, environmental impacts, greenhouse gas implications, and economics.

"(b) CROP EXPERIMENTS.—

"(1) IN GENERAL.—The Secretary, in consultation with the Board, based on the recommendations of the Advisory Committee, shall award 10 competitive grants to land-grant 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)) to establish regional biomass crop research experiments (including experiments involving annuals, perennials, and woody biomass species).

"(2) SELECTION OF GRANT RECIPIENTS.—Grant recipients shall be selected on the basis of applications submitted in accordance with guidelines issued by the Secretary.

"(3) SELECTION CRITERIA.—In selecting grant recipients, the Secretary shall consider—

"(A) the capabilities and experience of the applicant in conducting side-by-side crop experiments;

"(B) the range of species types and cropping practices proposed for study;

"(C) the quality of the proposed crop experiment plan;

"(D) the commitment of the applicant of adequate acreage and necessary resources for,

and continued participation in, the crop experiments;

"(E) the need for regional diversity among the 10 institutions selected; and

"(F) such other factors as the Secretary may determine.

"(c) GRANTS.—The Secretary shall make a grant to each land-grant college or university selected under subsection (b) in the amount of—

"(1) $1,000,000 for fiscal year 2008;

"(2) $2,000,000 for fiscal year 2009; and

"(3) $1,000,000 for fiscal year 2010.

"(d) COORDINATION.—The Secretary shall coordinate with participants under this section—

"(1) to provide coordination regarding biomass crop research approaches; and

"(2) to ensure coordination between biomass crop research activities carried out by land-grant colleges and universities under this section and by sun grant centers under section 9009.

"(e) FUNDING.—

"(1) COMMODITY CREDIT CORPORATION.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section, to remain available until expended—

"(A) $10,000,000 for fiscal year 2008;

"(B) $20,000,000 for fiscal year 2009; and

"(C) $10,000,000 for fiscal year 2010.

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other funds made available to carry out this section, there are authorized to be appropriated such sums are necessary to carry out this section for each of fiscal years 2008 through 2012.

**"SEC. 9011. BIOCHAR RESEARCH, DEVELOPMENT, AND DEMONSTRATION.**

"(a) PURPOSE.—The purpose of this section is to support research, development, and demonstration of biochar as a coproduct of bioenergy production, as a soil enhancement practice, and as a carbon management strategy.

"(b) DEFINITION OF BIOCHAR.—In this section, the term 'biochar' means charcoal or biomass-derived black carbon that is added to soil to improve soil fertility, nutrient retention, and carbon content.

"(c) GRANTS.—The Secretary shall award competitive grants to eligible entities to support biochar research, development, and demonstration projects on multiple scales, including laboratory biochar research and field trials, and biochar systems on a single farm scale, local community scale, and agricultural cooperative scale.

"(d) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be an eligible entity described in section 9005(d).

"(e) AREAS OF BIOCHAR RESEARCH, DEVELOPMENT, AND DEMONSTRATION.—In carrying out this section, the Secretary shall solicit proposals for activities that include—

"(1) the installation and use of biochar production systems, including pyrolysis and thermocombustion systems, and the integration of biochar production with bioenergy and bioproducts production;

"(2) the study of agronomic effects of biochar usage in soils, including plant growth and yield effects for different application rates and soil types, and implications for water and fertilizer needs;

"(3) biochar characterization, including analysis of physical properties, chemical structure, product consistency and quality, and the impacts of those properties on the soil-conditioning effects of biochar in different soil types;

"(4) the study of effects of the use of biochar on the carbon content of soils, with an emphasis on the potential for biochar applications to sequester carbon;

"(5) the study of effects of biochar on greenhouse gas emissions relating to crop production, including nitrous oxide and carbon dioxide emissions from cropland;

"(6) the study of the integration of renewable energy and bioenergy production with biochar production;

"(7) the study of the economics of biochar production and use, including considerations of feedstock competition, synergies of coproduction with bioenergy, the value of soil enhancements, and the value of soil carbon sequestration; and

"(8) such other topics as are identified by the Secretary.

"(f) FUNDING.—There is authorized to be appropriated to carry out this section $3,000,000 for each of fiscal years 2008 through 2012.

**"SEC. 9012. RENEWABLE WOODY BIOMASS FOR ENERGY.**

"(a) IN GENERAL.—The Secretary, acting through the Chief of the Forest Service (referred to in this section as the 'Secretary'), shall conduct a competitive research, technology development, and technology application program to encourage the use of renewable woody biomass for energy.

"(b) ELIGIBLE ENTITIES.—Entities eligible to compete under the program shall include—

"(1) the Forest Service (through Research and Development);

"(2) other Federal agencies;

"(3) State and local governments;

"(4) federally recognized Indian tribes;

"(5) colleges and universities; and

"(6) private entities.

"(c) PRIORITY FOR PROJECT SELECTION.—The Secretary shall give priority under the program to projects that—

"(1) develop technology and techniques to use low-value woody biomass sources, 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 woody biomass into biorefineries or other existing manufacturing streams;

"(3) develop new transportation fuels from woody 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 $5,000,000 for each of fiscal years 2008 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 a plan that identifies how local forests can be accessed in a sustainable manner to help meet the wood supply needs of 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) services 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)—

"(i) to conduct feasibility studies related to community wood energy plans; and

"(ii) to develop community wood energy plans; and

"(B) competitive grants to State and local governments—

"(i) to acquire or upgrade community wood energy systems for public buildings; and

"(ii) to implement a community wood energy plan.

"(2) CONSIDERATIONS.—In selecting applicants for grants under paragraph (1)(B), the Secretary shall consider—

"(A) the energy efficiency of the proposed system; and

"(B) other conservation and environmental criteria that the Secretary considers appropriate.

"(c) COMMUNITY WOOD ENERGY PLAN.—

"(1) IN GENERAL.—A State or local government that receives a grant under subsection (b)(1)(A), shall use the grant, and the technical assistance of the State forester, to create a community wood energy plan to meet the wood supply needs of the community wood energy system, in a sustainable manner, that the State or local government proposes to purchase under this section.

"(2) USE OF PLAN.—A State or local government applying to receive a competitive grant described in subsection (b)(1)(B) shall submit to the Secretary as part of the grant application the applicable community wood energy plan described in paragraph (1).

"(3) REQUIREMENT.—To be included in a community wood energy plan, property shall be subject to a forest management plan.

"(d) USE IN PUBLIC BUILDINGS.—A State or local government that receives a grant under subsection (b)(1)(B) shall use a community wood energy system acquired, in whole or in part, with the use of the grant funds for primary use in a public facility owned by the State or local government.

"(e) 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.

"(f) MATCHING FUNDS.—A State or local government that receives a grant under subsection (b) shall contribute an amount of non-Federal funds towards the feasibility study, 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.

"(g) 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.

**"SEC. 9014. RURAL ENERGY SYSTEMS RENEWAL.**

"(a) PURPOSE.—The purpose of this section is to establish a Federal program—

"(1) to encourage communities in rural areas of the United States to establish energy systems renewal strategies for their communities;

"(2) to provide the information, analysis assistance, and guidance that the communities need; and

"(3) to provide financial resources to partially fund the costs of carrying out community energy systems renewal projects.

"(b) PROGRAM AUTHORITY.—The Secretary shall establish and carry out a program of competitive grants to support communities in rural areas in carrying out rural energy systems renewal projects.

"(c) USE OF GRANTS.—A community may use a grant provided under this section to carry out a project—

"(1) to conduct an energy assessment that assesses total energy usage by all members and activities of the community, including an assessment of—

"(A) energy used in community facilities, including energy for heating, cooling, lighting, and all other building and facility uses;

"(B) energy used in transportation by community members;

"(C) current sources and types of energy used;

"(D) energy embedded in other materials and products;

"(E) the major impacts of the energy usage (including the impact on the quantity of oil imported, total costs, the environment, and greenhouse gas emissions); and

"(F) such other activities as are determined appropriate by the community, consistent with the purposes described in subsection (a);

"(2) to formulate and analyze ideas for reducing conventional energy usage and greenhouse gas emissions by the community, including reduction of energy usage through—

"(A) housing insulation, automatic controls on lighting and electronics, zone energy usage, and home energy conservation practices;

"(B) transportation alternatives, vehicle options, transit options, transportation conservation, and walk- and bike-to-school programs;

"(C) community configuration alternatives to provide pedestrian access to regular services; and

"(D) community options for alternative energy systems (including alternative fuels, photovoltaic electricity, wind energy, geothermal heat pump systems, and combined heat and power);

"(3) to formulate and implement community strategies for reducing conventional energy usage and greenhouse gas emissions by the community;

"(4) to conduct assessments and to track and record the results of energy system changes; and

"(5) to train rural community energy professionals to provide expert support to community energy systems renewal projects.

"(d) FEDERAL SHARE.—The Federal cost of carrying out a project under this section shall be 50 percent of the total cost of the project.

"(e) ADMINISTRATION.—The Secretary shall—

"(1) issue, an annual basis, requests for proposals from communities in rural areas for energy systems renewal projects; and

"(2) establish criteria for program participation and evaluation of projects carried out under this section, including criteria based on—

"(A) the quality of the renewal projects proposed;

"(B) the probability of success of the community in meeting the energy systems renewal goals of the community;

"(C) the projected energy savings (including oil savings) resulting from the proposed projects; and

"(D) projected greenhouse gas emission reductions resulting from the proposed projects.

"(f) TECHNICAL ASSISTANCE.—The Secretary, in consultation with the Secretary of Energy, shall—

"(1) develop, and provide through the National Institute of Food and Agriculture or State Energy Offices, information and tools that communities in rural areas can use—

"(A) to assess the current energy systems of the communities, including sources, uses, and impacts;

"(B) to identify and evaluate options for changes;

"(C) to develop strategies and plans for changes; and

"(D) to implement changes and assess the impact of the changes; and

"(2) provide technical assistance and support to communities in rural areas that receive grants under this section to assist the communities in carrying out projects under this section.

"(g) REPORT.—Not later than December 31, 2011, and biennially 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 that documents the best prac-

tices and approaches used by communities in rural areas that receive funds under this section.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to make grants under this section $5,000,000 for each of fiscal years 2008 through 2012.

**"SEC. 9015. VOLUNTARY RENEWABLE BIOMASS CERTIFICATION PROGRAM.**

"(a) ESTABLISHMENT.—The Secretary, in consultation with Administrator, shall establish a voluntary program to certify renewable biomass that meets sustainable growing standards designed—

"(1) to reduce greenhouse gases and improve soil carbon content;

"(2) to protect wildlife habitat, and

"(3) to protect air, soil, and water quality.

"(b) VOLUNTARY CERTIFICATION REQUIREMENTS.—To qualify for certification under the program established under subsection (a), a biomass crop shall be inspected and certified as meeting the standards adopted under subsection (c) by an inspector designated under subsection (d).

"(c) PRODUCTION STANDARDS.—

"(1) IN GENERAL.—The Secretary shall adopt standards for the certification of renewable biomass

under subsection (b) that will apply to those producers who elect to participate in the voluntary certification program.

"(2) REQUIREMENT.—The standards under paragraph (1) shall provide measurement of a numerical reduction in greenhouse gases, improvement to soil carbon content, and reduction in soil and water pollutants, based on the recommendations of an advisory committee jointly established by the Secretary and the Administrator.

"(d) INSPECTORS.—The Secretary shall designate inspectors that the Secretary determines are qualified to carry out inspections and certifications under subsection (b) in order to certify renewable biomass under this section.

"(e) DESIGNATION.—A product produced from renewable biomass that is certified under this section may be designated as having been produced from certified renewable biomass if—

"(1) the producer of the product verifies that the product was produced from renewable biomass; and

"(2) the verification includes a copy of the certification obtained in accordance with subsection (b).

**"SEC. 9016. ADMINISTRATION.**

''The Secretary shall designate an entity within the Department of Agriculture to—

''(1) provide oversight and coordination of all activities relating to renewable energy and biobased product development within the Department;

''(2) act as a liaison between the Department and other Federal, State, and local agencies to ensure coordination among activities relating to renewable energy and biobased product development;

''(3) assist agriculture researchers by evaluating the market potential of new biobased products in the initial phase of development;

''(4) collect and disseminate information relating to renewable energy and biobased product development programs, including research, within the Federal Government; and

''(5) establish and maintain a public database of best practices to facilitate information sharing relating to—

''(A) renewable energy and biobased product development from programs under this title and other programs; and

''(B) best practices for producing, collecting, harvesting, storing, and transporting crops of renewable biomass, as described under

section 9004(d)(3)(B) of the Farm Security and Rural Investment Act of 2002.

**"SEC. 9017. BIOFUELS INFRASTRUCTURE STUDY.**

"(a) IN GENERAL.—The Secretary, in collaboration with the Secretary of Energy, the Administrator, and the Secretary of Transportation, shall—

"(1) conduct an assessment of the infrastructure needs for expanding the domestic production, transport, and marketing of biofuels and bioenergy;

"(2) formulate recommendations for infrastructure development needs and approaches; and

"(3) submit to the appropriate committees of Congress a report describing the assessment and recommendations.

"(b) INFRASTRUCTURE AREAS.—In carrying out subsection (a), the Secretary shall consider—

"(1) biofuel transport and delivery infrastructure issues, including shipment by rail or pipeline or barge;

"(2) biofuel storage needs;

"(3) biomass feedstock delivery needs, including adequacy of rural roads;

"(4) biomass feedstock storage needs;

"(5) water resource needs, including water requirements for biorefineries; and

"(6) such other infrastructure issues as the Secretary may determine.

"(c) CONSIDERATIONS.—In carrying out subsection (a), the Secretary shall consider—

"(1) estimated future biofuels production levels of—

"(A) 20,000,000,000 gallons per year to 40,000,000,000 gallons per year by 2020; and

"(B) 50,000,000,000 gallons per year to 75,000,000,000 gallons per year by 2030;

"(2) the feasibility of shipping biofuels through existing pipelines;

"(3) the development of new biofuels pipelines, including siting, financing, timing, and other economic issues;

"(4) the environmental implications of alternative approaches to infrastructure development; and

"(5) the resource use and conservation characteristics of alternative approaches to infrastructure development.

"(d) IMPLEMENTATION.—In carrying out this section, the Secretary—

"(1) shall consult with individuals and entities with interest or expertise in the areas described in subsections (b) and (c); and

"(2) may issue a solicitation for a competition to select a contractor to support the Secretary.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2008 and 2009.

**"SEC. 9018. RURAL NITROGEN FERTILIZER STUDY.**

"(a) PURPOSES.—The purposes of this section are—

"(1) to assess the feasibility of producing nitrogen fertilizer from renewable energy resources in rural areas; and

"(2) to formulate recommendations for a program to promote rural nitrogen fertilizer production from renewable energy resources in the future.

"(b) STUDY.—The Secretary shall—

"(1) conduct a study to assess and summarize the current state of knowledge regarding the potential for the production of nitrogen fertilizer from renewable energy sources in rural areas;

"(2) identify the critical challenges to commercialization of rural production of nitrogen fertilizer from renewables; and

"(3) not later than 270 days after the date of enactment of this section, 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 summarizes the results of the activities described in paragraphs (1) and (2).

"(c) NEEDS.—

"(1) IN GENERAL.—Based on the results of the study described in subsection (b), the Secretary shall identify the critical needs to commercializing the rural production of nitrogen fertilizer from renewables, including—

"(A) identifying alternative processes for renewables-to-nitrogen fertilizer production;

"(B) identifying efficiency improvements that are necessary for each component of renewables-to-nitrogen fertilizer production processes to produce cost-competitive nitrogen fertilizer;

"(C) identifying research and technology priorities for the most promising technologies;

"(D) identifying economic analyses needed to better understand the commercial potential of rural nitrogen production from renewables;

"(E) identifying additional challenges impeding commercialization, including—

"(i) cost competition from nitrogen fertilizer produced using natural gas and coal;

"(ii) modifications or expansion needed to the currently-installed nitrogen fertilizer (anhydrous ammonia) pipeline and storage tank system to enable interconnection of on-farm or rural renewables-to-nitrogen fertilizer systems;

"(iii) impact on nitrogen fertilizer (anhydrous ammonia) transportation infrastructure and safety regulations;

"(iv) supply of competitively-priced renewable electricity; and

"(v) impacts on domestic water supplies; and

"(F) determining greenhouse gas reduction benefits of producing nitrogen fertilizer from renewable energy.

"(d) PROGRAM RECOMMENDATIONS.—As part of the report described in subsection (b)(3) and based on the needs identified in subsection (c), the Secretary shall provide recommendations on—

"(1) the establishment of a research, development, and demonstration program to support commercialization of rural nitrogen production using renewables;

"(2) the appropriate contents of the program;

"(3) the appropriate approach to implementing the program, including participants and funding plans; and

"(4) legislation to support commercialization of rural nitrogen production using renewables.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal year 2008.

**"SEC. 9019. STUDY OF LIFE-CYCLE ANALYSIS OF BIOFUELS.**

"(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Energy and the Administrator, shall conduct a study of—

"(1) published methods for evaluating the lifecycle greenhouse gas emissions of conventional fuels and biofuels; and

"(2) methods for performing simplified, streamlined lifecycle analyses of the greenhouse gas emissions of conventional fuels and biofuels.

"(b) REPORT.—Not later than 1 year 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 the results of the study conducted under subsection (a), including recommendations for a method for performing a simplified, streamlined lifecycle analysis of the greenhouse gas emissions of biofuels and fossil fuels that includes—

"(1) greenhouse gas emissions relating to the production, extraction, transportation, storage, and waste disposal of the fuels and the feedstocks of the fuels, including the greenhouse gases associated with electrical and thermal energy inputs;

"(2) greenhouse gas emissions relating to the distribution, marketing, and use of the fuels; and

"(3) to the maximum extent practicable, direct and indirect greenhouse gas emissions from changes in land use and land cover that occur domestically or internationally as a result of biofuel feedstock production.

"(c) UPDATE.—Not later than 2 years after the date on which the Secretary submits the report under subsection (b), 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 update containing recommendations for an im-

proved method for conducting lifecycle analysis of the greenhouse gas emissions of biofuels and fossil fuels that takes into account advances in the understanding of the emissions.

**"SEC. 9020. E-85 FUEL PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) E-85 FUEL.—The term 'E-85 fuel' means a blend of gasoline at least 85 percent (or any other percentage, but not less than 70 percent, as determined by the Secretary, by rule, to provide for requirements relating to cold start, safety, or vehicle functions) of the content of which is derived from ethanol.

"(2) ELIGIBLE FACILITY.—The term 'eligible facility' means an ethanol production facility, the majority ownership of which is comprised of agricultural producers.

"(b) PROGRAM.—The Secretary shall make grants under this section to eligible facilities—

"(1) to install E-85 fuel infrastructure, including infrastructure necessary—

"(A) for the direct retail sale of E-85 fuel, including E-85 fuel pumps and storage tanks; and

"(B) to directly market E-85 fuel to gas retailers, including in-line blending equipment, pumps, storage tanks, and load-out equipment; and

"(2) to provide subgrants to direct retailers of E-85 fuel that are located in a rural area (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))) for the purpose of installing E-85 fuel infrastructure for the direct retail sale of E-85 fuel, including E-85 fuel pumps and storage tanks.

"(c) COST SHARING.—

"(1) GRANTS.—The amount of a grant under this section shall be equal to 20 percent of the total costs of the installation of the E-85 fuel infrastructure, as determined by the Secretary.

"(2) RELATIONSHIP TO OTHER FEDERAL FUNDING.—The amount of a grant that an eligible facility receives under this section shall be reduced by the amount of other Federal funding that the eligible facility receives for the same purpose, as determined by the Secretary.

"(3) LIMITATION.—Not more than 70 percent of the total costs of E-85 fuel infrastructure provided assistance under this section shall be provided

by the Federal Government and State and local governments.

"(d) AUTHORIZATION OF APPROPRIATIONS.—Subject to the availability of appropriations, there is authorized to be appropriated to carry out this section $20,000,000 for the period of fiscal years 2008 through 2012, to remain available until expended.

**"SEC. 9021. RESEARCH AND DEVELOPMENT OF RENEWABLE ENERGY.**

"(a) IN GENERAL.—The Secretary, in conjunction with the Colorado Renewable Energy Collaboratory, shall carry out a research and development program relating to renewable energy—

"(1) to conduct research on and develop high-quality energy crops that—

"(A) have high energy production values;

"(B) are cost efficient for producers and refiners;

"(C) are well suited to high yields with minimal inputs in arid and semiarid regions; and

"(D) are regionally appropriate;

"(2) to conduct research on and develop biorefining and biofuels through multidisciplinary research, including research relating to—

"(A) biochemical engineering;

"(B) process engineering;

"(C) thermochemical engineering;

"(D) product engineering; and

"(E) systems engineering;

"(3) to develop cost-effective methods for the harvesting, handling, transport, and storage of cellulosic biomass feedstocks;

"(4) to conduct research on and develop fertilizers from biobased sources other than hydrocarbon fuels;

"(5) to develop energy- and water-efficient irrigation systems;

"(6) to research and develop water-efficient biofuel production technologies;

"(7) to research and develop additional biobased products;

"(8) in cooperation with the Department of Energy and the Department of Defense, to develop storage and conversion technologies for wind- and solar-generated power for small-scale and utility-scale generation facilities; and

"(9) in cooperation with the Department of Energy, to research fuel cell technologies for use in farm, ranch, and rural applications.

"(b) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2008 through 2012, to remain available until expended.

"(2) ADDITIONAL FUNDS.—In addition to funds made available under paragraph (1), there are authorized to be appropriated—

"(A) $110,000,000 to the Under Secretary for Research, Education, and Economics, acting through the Agricultural Research Service, for cellulosic biofuel research for each of fiscal years 2008 through 2012; and

"(B) $110,000,000 to the Secretary and the Secretary of Energy for the development of smaller-scale biorefineries and biofuel plants for each of fiscal years 2008 through 2012.

**"SEC. 9022. NORTHEAST DAIRY NUTRIENT MANAGEMENT AND ENERGY DEVELOPMENT PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) CONSORTIUM.—The term 'consortium' means a collaboration of land-grant colleges or universities in the Northeast region that have programs devoted to dairy manure nutrient management and energy conversion from dairy manure.

"(2) LAND-GRANT COLLEGES AND UNIVERSITIES.—The term 'land-grant 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)).

"(3) NORTHEAST REGION.—The term 'Northeast region' means the States of Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia.

"(4) PROGRAM.—The term 'program' means the dairy nutrient management and energy development program established under subsection (b).

"(b) ESTABLISHMENT.—The Secretary shall establish a dairy nutrient management and energy development program under which the Secretary shall provide funds to the consortium to carry out multistate, integrated research, extension, and demonstration projects for nutrient management and energy development in the Northeast Region.

"(c) STEERING COMMITTEE.—

"(1) IN GENERAL.—The consortium shall establish a steering committee to administer the program.

"(2) CHAIRPERSON.—For each calendar year, or for such other period as the consortium determines to be appropriate, the consortium shall select a chairperson of the steering committee in a manner that ensures that each member of the consortium is represented by a chairperson on a rotating basis.

"(3) BOARD.—

"(A) IN GENERAL.—The steering committee shall establish a board of directors to assist in the administration of the program.

"(B) COMPOSITION.—The board shall consist of representatives of—

"(i) dairy cooperatives and other producer groups;

"(ii) State departments of agriculture;

"(iii) conservation organizations; and

"(iv) other appropriate Federal and State agencies.

"(d) USE OF FUNDS.—

"(1) ADMINISTRATIVE COSTS.—The consortium may use not more than 10 percent of the total amount of funds provided to the consortium under this section to pay the administrative costs of the program.

"(2) GRANT PROGRAM.—

"(A) IN GENERAL.—The consortium shall use the amounts provided under this section to provide grants to applicants, including dairy cooperatives, producers and producer groups, State departments of agriculture and other appropriate State agencies, and institutions of higher education, to carry out integrated research, extension, and demonstration projects in the Northeast region to address manure nutrient management and energy development.

"(B) APPLICATIONS.—The steering committee established under subsection (c)(1), in coordination with the board established by the steering committee, shall annually publish 1 or more requests to receive applications for grants under this paragraph.

"(C) SELECTION.—

"(i) IN GENERAL.—The board of the steering committee shall select applications submitted under subparagraph (B) for grants under this paragraph—

"(I) on a competitive basis;

"(II) in accordance with such priority technical areas and distribu-

tion requirements as the steering committee may establish; and

"(III) in a manner that ensures, to the maximum extent practicable, that an equal quantity of resources is provided to each member of the consortium.

"(ii) REVIEW.—Before selecting any application under clause (i), the board shall ensure that the program proposed in the application is subject to a merit review by an independent panel of scientific experts with experience relating to the program.

"(iii) PRIORITY.—In selecting applications under clause (i), the board shall give priority to applications for programs that—

"(I) include multiorganizational partnerships, especially partnerships that include producers; and

"(II) attract the most current and applicable science for nutrient management and energy development

that can be applied in the Northeast region.

"(D) COST SHARING.—An applicant that receives a grant under this paragraph shall provide not less than 20 percent of the cost of the project carried out by the applicant.

"(e) AVAILABILITY OF RESULTS.—The consortium shall ensure that the results of each project carried out pursuant to the program are made publicly available.

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

**"SEC. 9023. FUTURE FARMSTEADS PROGRAM.**

"(a) ESTABLISHMENT.—The Secretary shall establish a program to equip, in each of 5 regions of the United States chosen to represent different farming practices, a farm house and its surrounding fields, facilities, and forested areas with technologies to—

"(1) improve farm energy production and energy use efficiencies;

"(2) provide working examples to farmers; and

"(3) serve as an education, demonstration, and research facility that will teach graduate students whose focus of research is related to either renewable energy or energy conservation technologies.

"(b) GOALS.—The goals of the program established under subsection (a) shall be to—

"(1) advance farm energy use efficiencies and the on-farm production of renewable energies, along with advanced communication and control technologies with the latest in energy capture and conversion techniques, thereby enhancing rural energy independence and creating new revenues for rural economies;

"(2) accelerate private sector and university research into the efficient on-farm production of renewable fuels and help educate the farming industry, students, and the general public; and

"(3) accelerate energy independence, including the production and the conservation of renewable energies on farms.

"(c) COLLABORATION PARTNERS.—The program under this section shall be carried out in partnership with regional land grant institutions, agricultural commodity commissions, biofuels companies, sensor and controls companies, and internet technology companies.

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

**SEC. 9002. SENSE OF THE SENATE CONCERNING HIGHER LEVELS OF ETHANOL BLENDED GASOLINE.**

(a) FINDINGS.—The Senate finds that, as of the date of enactment of this Act—

(1) annual ethanol production capacity totals 6,800,000,000 gallons;

(2) current and planned construction of ethanol refineries will likely increase annual ethanol production capacity to 12,000,000,000 to 13,000,000,000 gallons by December 31, 2009;

(3) under existing regulations, only gasoline blended with up to 10 percent ethanol (commonly known as ''E–10'') may be consumed by nonflexible fuel vehicles;

(4) the total market demand for E–10—

(A) is limited to 10 percent of domestic motor fuel consumption; and

(B) is further constrained by State-administered reformulated gasoline regulations and regional infrastructure constraints;

(5) beyond the market demand for E–10, insufficient E–85 infrastructure exists to absorb the increased ethanol production beyond 12,000,000,000 to 13,000,000,000 gallons in the short term;

(6) the approval of intermediate blends of ethanol-blended gasoline, such as E–13, E–15, E–20,

and higher blends, is critical to the uninterrupted growth of the United States biofuels industry; and

(7) maintaining the growth of the United States biofuels industry is a matter of national security and sustainable economic growth.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Secretary should—

(1) collaborate with the Secretary of Energy, the Secretary of Transportation, and the Administrator of the Environmental Protection Agency in conducting a study of the economic and environmental effects of intermediate blends of ethanol in United States fuel supply;

(2) ensure that the approval of intermediate blends of ethanol occurs after the appropriate tests have successfully concluded proving the drivability, compatibility, emissions, durability, and health effects of higher blends of ethanol-blended gasoline; and

(3) ensure that the approval of intermediate blends of ethanol-blended gasoline occurs by not later than 1 year after the date of enactment of this Act.

**SEC. 9003. CONFORMING AMENDMENTS.**

(a) BIOMASS RESEARCH AND DEVELOPMENT ACT OF 2000.—Title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is repealed.

(b) MARKETING PROGRAM FOR BIOBASED PRODUCTS.—

(1) IMPLEMENTATION.—

(A) IN GENERAL.—The Secretary shall continue to carry out the designation and labeling of biobased products in accordance with section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) as in effect on the day before the date of enactment of this Act until the date on which the Secretary is able to begin carrying out section 9002(a) of that Act (as amended by section 9001), which shall begin not later than 90 days after the date of enactment of this Act.

(B) EXISTING LISTINGS.—Biobased products designated and labeled under section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) as in effect on the day before the date of enactment of this Act shall continue to be considered designated and la-

beled biobased products after the date of enactment of this Act.

(C) PROPOSED ITEM DESIGNATIONS.—Notwithstanding any other provision of this Act or an amendment made by this Act, the Secretary shall have the authority to finalize the listings of any item proposed (prior to the date of enactment of this Act) to be designated in accordance with section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) as in effect on the day before the date of enactment of this Act.

(2) BIOENERGY EDUCATION AND AWARENESS CAMPAIGN.—Section 947 of the Energy Policy Act of 2005 (42 U.S.C. 16256) is repealed.

# TITLE X—LIVESTOCK MARKETING, REGULATORY, AND RELATED PROGRAMS

## Subtitle A—Marketing

### SEC. 10001. LIVESTOCK MANDATORY REPORTING.

(a) MANDATORY REPORTING FOR SWINE.—Section 232(c)(3) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635j(c)(3)) is amended—

(1) in subparagraph (A), by striking "2:00 p.m." and inserting "3:00 p.m."; and

(2) in subparagraph (B), by striking "3:00 p.m." and inserting "4:00 p.m.".

(b) MANDATORY PACKER REPORTING OF PORK PRODUCTS SALES.—

(1) IN GENERAL.—Section 232 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635j) is amended by adding at the end the following:

"(f) MANDATORY PACKER REPORTING OF PORK PRODUCTS SALES.—

"(1) IN GENERAL.—Beginning not earlier than the date on which the report under section 10001(b)(2)(C) of the Food and Energy Security Act of 2007 is submitted, the Secretary may require the corporate officers or officially designated representative of each packer processing plant to report to the Secretary at least twice each reporting day (not less than once before, and once after, 12:00 noon Central Time) information on total pork products sales, including price and volume information as specified by the Secretary.

"(2) PUBLICATION.—The Secretary shall make available to the public any information required to be reported under subparagraph (A) (including information on pork cuts and retail-ready pork products) not less than twice each reporting day.".

(2) STUDY AND REPORT.—

(A) STUDY.—The Secretary shall conduct a study on the effects of requiring packer processing plants to report to the Secretary information on total pork products sales (including price and volume information), including—

(i) the positive or negative economic effects on producers and consumers; and

(ii) the effects of a confidentiality requirement on mandatory reporting.

(B) INFORMATION.—The Secretary may collect such information as is necessary to enable the Secretary to conduct the study required under subparagraph (A).

(C) 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 on the results of the study conducted under subparagraph (A).

(c) PUBLICATION OF INFORMATION ON RETAIL PURCHASE PRICES FOR REPRESENTATIVE MEAT PRODUCTS.—Section 257(a) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636f(a)) is amended by inserting ''and

continuing not less than each month thereafter'' after ''this subtitle''.

**SEC. 10002. GRADING AND INSPECTION.**

(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:

''(n) GRADING PROGRAM.—To establish, within the Agricultural Marketing Service, a voluntary grading program for farm-raised animals described in section 10806(a)(1) of the Farm Security and Rural Investment Act of 2002 (21 U.S.C. 321d(a)(1)).''.

(b) AMENABLE SPECIES.—Section 1(w) of the Federal Meat Inspection Act (21 U.S.C. 601(w)) is amended—

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

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

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

"(2) farm-raised animals described in section 10806(a)(1) of the Farm Security and Rural Investment Act of 2002 (21 U.S.C. 321d(a)(1)); and".

(c) EXISTING ACTIVITIES.—The Secretary shall ensure, to the maximum extent practicable, that nothing in an amendment made by this section duplicates or impedes any of the food safety activities conducted by the Department of Commerce or the Food and Drug Administration.

**SEC. 10003. 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; and

"(viii) 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, AND GOAT MEAT.—

"(A) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity that is

beef, lamb, pork, 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 January 1, 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, 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, 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, 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, AND GOAT.—The notice of country of origin for ground beef, ground pork, ground lamb, or ground goat shall include—

"(i) a list of all countries of origin of such ground beef, ground pork, ground lamb, or ground goat; or

"(ii) a list of all reasonably possible countries of origin of such ground beef, ground pork, ground lamb, 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.

"(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, PEANUTS, AND MACADAMIA NUTS.—

"(A) IN GENERAL.—A retailer of a covered commodity that is a perishable agricultural commodity, peanut, or macadamia nut may designate the covered commodity as having a United States country of origin only if the cov-

ered 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 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 busi-

ness of such person, including animal health papers, import or customs documents, or producer affidavits, may serve as such verification.

"(B) PROHIBITION ON REQUIREMENT OF ADDITIONAL RECORDS.—The Secretary may not require a person that prepares, stores, handles, or distributes a covered commodity to maintain a record of the country of origin of a covered commodity other than those maintained in the course of the normal conduct of the business of such person.";

(3) in section 283—

(A) by striking subsections (a) and (c);

(B) by redesignating subsection (b) 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.".

# Subtitle B—Agricultural Fair Practices

**SEC. 10101. 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 subparagraphs (A) through (D), respectively; and

(B) in subparagraph (D) (as so redesignated), by striking "clause (1), (2), or (3) of this paragraph" and inserting "subparagraphs (A), (B), or (C)";

(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 of agricultural producers dedicated to promoting the common interest and general welfare of producers of agricultural products.''; and

(7) by adding at the end the following:

''(5) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.''.

**SEC. 10102. PROHIBITED PRACTICES.**

Section 4 of the Agricultural Fair Practices of 1967 (7 U.S.C. 2303) is amended—

(1) by redesignating subsections (a), (b), (c), (d), (e), and (f) as paragraphs (1), (2), (3), (4), (5), and (7), respectively, and indenting appropriately;

(2) in paragraph (1) (as so redesignated)—

(A) by striking ''join and belong'' each place it appears and inserting ''form, join, and belong''; and

(B) by striking ''joining or belonging'' and inserting ''forming, joining, or belonging''; and

(3) by inserting after paragraph (5) (as so redesignated) the following:

''(6) To fail to bargain in good faith with an association of producers; or''.

**SEC. 10103. ENFORCEMENT.**

The Agricultural Fair Practices Act of 1967 is amended—

(1) by striking sections 5 and 6 (7 U.S.C. 2304, 2305); and

(2) by inserting after section 4 the following:

**''SEC. 5. ENFORCEMENT.**

''(a) CIVIL ACTIONS BY THE SECRETARY AGAINST HANDLERS.—In any case in which the Secretary has reasonable cause to believe that a handler or group of han-

dlers has engaged in any act or practice that violates this Act, the Secretary may bring a civil action in United States district court by filing a complaint requesting preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order, against the handler.

"(b) CIVIL ACTIONS AGAINST HANDLERS.—

"(1) PREVENTIVE RELIEF.—

"(A) IN GENERAL.—In any case in which any handler has engaged, or there are reasonable grounds to believe that any handler is about to engage, in any act or practice prohibited by this Act, a civil action for preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order, may be instituted by the person aggrieved in United States district court.

"(B) SECURITY.—The court may provide that no restraining order or preliminary injunction shall issue unless security is provided by the applicant, in such sum as the court determines to be appropriate, for the payment of such costs and damages as may be incurred or suffered by any party that is found to have been wrongfully enjoined or restrained.

"(2) DAMAGES.—

"(A) IN GENERAL.—Any person injured in the business or property of the person by reason of any violation of, or combination or conspiracy to violate, this Act may bring a civil action in United States district court to recover—

"(i) damages sustained by the person as a result of the violation; and

"(ii) any additional penalty that the court may allow, but not more than $1,000 per violation.

"(B) LIMITATION ON ACTIONS.—A civil action under subparagraph (A) shall be barred unless commenced within 4 years after the cause of action accrues.

"(3) ATTORNEYS' FEES.—In any action commenced under paragraph (1) or (2), any person that has violated this Act shall be liable to any person injured as a result of the violation for the full amount of the damages sustained as a result of the violation, including costs of the litigation and reasonable attorneys' fees.

"(c) JURISDICTION OF DISTRICT COURTS.—The district courts of the United States shall—

"(1) have jurisdiction of proceedings instituted pursuant to this section; and

"(2) exercise that jurisdiction without regard to whether the aggrieved party shall have exhausted any administrative or other remedies that may be provided by law.

"(d) LIABILITY FOR ACTS OF AGENTS.—In the construction and enforcement of this Act, the act, omission, or failure of any officer, agent, or person acting for or employed by any other person within the scope of the employment or office of the officer, agent, or person, shall be considered to be the act, omission, or failure of the other person.

"(e) RELATIONSHIP TO STATE LAW.—Nothing in this Act—

"(1) changes or modifies State law in effect on the date of enactment of this subsection; or

"(2) deprives a State court of jurisdiction.".

**SEC. 10104. RULES AND REGULATIONS.**

The Agricultural Fair Practices Act of 1967 is amended by inserting after section 5 (as added by section 10103) the following:

**"SEC. 6. RULES AND REGULATIONS.**

"The Secretary may promulgate such rules and regulations as are necessary to carry out this Act, including

rules or regulations necessary to clarify what constitutes fair and normal dealing for purposes of the selection of customers by handlers.''.

# Subtitle C—Packers and Stockyards

**SEC. 10201. SPECIAL COUNSEL FOR AGRICULTURAL COMPETITION.**

(a) IN GENERAL.—The Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) is amended—

(1) by striking the title I heading and all that follows through ''This Act'' and inserting the following:

# "TITLE I—GENERAL PROVISIONS

# "Subtitle A—Definitions

**"SEC. 1. SHORT TITLE.**

''This Act''; and

(2) by inserting after section 2 (7 U.S.C. 183) the following:

# "Subtitle B—Special Counsel for Agricultural Competition

**"SEC. 11. SPECIAL COUNSEL FOR AGRICULTURAL COMPETITION.**

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—There is established within the Department of Agriculture an office to be known

as the 'Office of Special Counsel for Agricultural Competition' (referred to in this section as the 'Office').

"(2) DUTIES.—The Office shall—

"(A) have responsibility for all duties and functions of the Packers and Stockyards programs of the Department of Agriculture;

"(B) investigate and prosecute violations of this Act and the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.);

"(C) serve as a liaison between, and act in consultation with, the Department of Agriculture, the Department of Justice, and the Federal Trade Commission with respect to competition and trade practices in the food and agricultural sector; and

"(D) maintain a staff of attorneys and other professionals with the appropriate expertise.

"(b) SPECIAL COUNSEL FOR AGRICULTURAL COMPETITION.—

"(1) IN GENERAL.—The Office shall be headed by the Special Counsel for Agricultural Competition (referred to in this section as the 'Special Counsel'),

who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) INDEPENDENCE OF SPECIAL AUTHORITY.—

"(A) IN GENERAL.—The Special Counsel shall report to and be under the general supervision of the Secretary.

"(B) DIRECTION, CONTROL, AND SUPPORT.—The Special Counsel shall be free from the direction and control of any person in the Department of Agriculture other than the Secretary.

"(C) PROHIBITION ON DELEGATION.—The Secretary may not delegate any duty described in subsection (a)(2) to any other officer or employee of the Department other than the Special Counsel.

"(D) REPORTING REQUIREMENT.—

"(i) IN GENERAL.—Twice each year, the Special Counsel 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 shall include, for the

relevant reporting period, a description of—

"(I) the number of complaints that the Special Counsel has received and closed;

"(II)(aa) the number of investigations and civil and administrative actions that the Special Counsel has initiated, carried out, and completed, including the number of notices given to regulated entities for violations of this Act or the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.);

"(bb) the number and types of decisions agreed to; and

"(cc) the number of stipulation agreements; and

"(III) the number of investigations and civil and administrative actions that the Secretary objected to or prohibited from being carried out, and the stated purpose of the Secretary for each objection or prohibition.

"(ii) REQUIREMENT.—The basis for each complaint, investigation, or civil or administrative action described in a report under clause (i) shall—

"(I) be organized by species; and

"(II) indicate if the complaint, investigation, or civil or administration action was for anti-competitive, unfair, or deceptive practices under this Act or was a violation of the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.).

"(E) REMOVAL.—

"(i) IN GENERAL.—The Special Counsel may be removed from office by the President.

"(ii) COMMUNICATION.—The President shall communicate the reasons for any such removal to both Houses of Congress.

"(3) PROSECUTORIAL AUTHORITY.—Subject to paragraph (4), the Special Counsel may commence, defend, or intervene in, and supervise the litigation of, any civil or administrative action authorized

under this Act or the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.).

"(4) PROCEDURE FOR EXERCISE OF AUTHORITY TO LITIGATE OR APPEAL.—

"(A) IN GENERAL.—Prior to commencing, defending, or intervening in any civil action under this Act or the Agricultural Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.), the Special Counsel shall give written notification to, and attempt to consult with, the Attorney General with respect to the proposed action.

"(B) FAILURE TO RESPOND.—If, not later than 45 days after the date of provision of notification under subparagraph (A), the Attorney General has failed to commence, defend, or intervene in the proposed action, the Special Counsel may commence, defend, or intervene in, and supervise the litigation of, the action and any appeal of the action in the name of the Special Counsel.

"(C) AUTHORITY OF ATTORNEY GENERAL TO INTERVENE.—Nothing in this paragraph precludes the Attorney General from intervening on behalf of the United States in any civil action under this Act or the Agricultural

Fair Practices Act of 1967 (7 U.S.C. 2301 et seq.), or in any appeal of such action, as may be otherwise provided by law.

"(c) RELATIONSHIP TO OTHER PROVISIONS.—Nothing in this section modifies or otherwise effects subsections (a) and (b) of section 406.".

(b) CONFORMING AMENDMENT.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Special Counsel for Agricultural Competition.".

**SEC. 10202. INVESTIGATION OF LIVE POULTRY DEALERS.**

(a) REMOVAL OF POULTRY SLAUGHTER REQUIREMENT FROM DEFINITIONS.—Section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)), is amended—

(1) by striking paragraph (8) and inserting the following:

"(8) POULTRY GROWER.—

"(A) IN GENERAL.—The term 'poultry grower' means any person engaged in the business of raising or caring for live poultry under a poultry growing arrangement, regardless of whether the poultry is owned by the person or by another person.

"(B) EXCLUSION.—The term 'poultry grower' does not include an employee of the owner of live poultry described in subparagraph (A).";

(2) in paragraph (9), by striking "and cares for live poultry for delivery, in accord with another's instructions, for slaughter" and inserting "or cares for live poultry in accordance with the instructions of another person"; and

(3) in paragraph (10), by striking "for the purpose of either slaughtering it or selling it for slaughter by another".

(b) ADMINISTRATIVE ENFORCEMENT AUTHORITY OVER LIVE POULTRY DEALERS.—Sections 203, 204, and 205 of the Packers and Stockyards Act, 1921 (7 U.S.C. 193, 194, 195), are amended by inserting "or live poultry dealer" after "packer" each place it appears.

(c) AUTHORITY TO REQUEST TEMPORARY INJUNCTION OR RESTRAINING ORDER.—Section 408 of the Packers and Stockyards Act, 1921 (7 U.S.C. 228a), is amended in the first sentence by striking "on account of poultry" and inserting "on account of poultry or poultry care".

(d) VIOLATIONS BY LIVE POULTRY DEALERS.—

(1) PENALTY.—Section 203(b) of the Packers and Stockyards Act, 1921 (7 U.S.C. 193(b)) is

amended in the third sentence by striking ''$10,000'' and inserting ''$22,000''.

(2) REPEALS.—Sections 411, 412, and 413 of the Packers and Stockyards Act, 1921 (7 U.S.C. 228b–2, 228b-3, 228b-4)), are repealed.

**SEC. 10203. PRODUCTION CONTRACTS.**

(a) DEFINITIONS.—Section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)) is amended—

(1) by striking ''When used in this Act—'' and inserting ''In this Act:'';

(2) by striking paragraph (1);

(3) by redesignating paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14) as paragraphs (15), (6), (8), (9), (10), (13), (11), (12), (7), (2), (16), (17), and (18), respectively, indenting appropriately, and moving those paragraphs so as to appear in numerical order;

(4) 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 (5), the text of which is comprised of the term defined in the paragraph;

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

"(1) CAPITAL INVESTMENT.—The term 'capital investment' means an investment in—

"(A) a structure, such as a building or manure storage structure; or

"(B) machinery or equipment associated with producing livestock or poultry that has a useful life of more than 1 year.";

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

"(3) CONTRACTOR.—

"(A) IN GENERAL.—The term 'contractor' means a person that, in accordance with a production contract, obtains livestock or poultry that is produced by a contract producer.

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

"(i) a live poultry dealer; and

"(ii) a swine contractor.

"(4) CONTRACT PRODUCER.—

"(A) IN GENERAL.—The term 'contract producer' means a producer that produces livestock or poultry under a production contract.

"(B) INCLUSIONS.—The term 'contract producer' includes—

"(i) a poultry grower; and

"(ii) a swine production contract grower.

"(5) INVESTMENT REQUIREMENT.—The term 'investment requirement' means—

"(A) a provision in a production contract that requires a contract producer to make a capital investment associated with producing livestock or poultry that, but for the production contract, the contract producer would not have made; or

"(B) a representation by a contractor that results in a contract producer making a capital investment."; and

(7) by inserting after paragraph (13) (as so redesignated) the following:

"(14) PRODUCTION CONTRACT.—

"(A) IN GENERAL.—The term 'production contract' means a written agreement that provides for—

"(i) the production of livestock or poultry by a contract producer; or

"(ii) the provision of a management service relating to the production of livestock or poultry by a contract producer.

"(B) INCLUSIONS.—The term 'production contract' includes—

"(i) a poultry growing arrangement;

"(ii) a swine production contract;

"(iii) any other contract between a contractor and a contract producer for the production of livestock or poultry; and

"(iv) a contract between a live poultry dealer and poultry grower, swine contractor and swine production contract grower, or contractor and contract producer for the provision of a management service in the production of livestock or poultry.".

(b) PROHIBITIONS INVOLVING 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 contract producer may cancel a production contract by mailing a cancellation notice to the contractor not later than the later of—

"(A) the date that is 3 business days after the date on which the production contract is executed; or

"(B) any cancellation date specified in the production contract.

"(2) DISCLOSURE.—A production contract shall clearly disclose—

"(A) the right of the contract producer to cancel the production contract;

"(B) the method by which the contract producer may cancel the production contract; and

"(C) the deadline for canceling the production contract.

"(b) PRODUCTION CONTRACTS INVOLVING INVESTMENT REQUIREMENTS.—

"(1) APPLICABILITY.—This subsection applies only to a production contract between a contract producer and a contractor if the contract producer detrimentally relied on a representation by the contractor or a provision in the production contract that resulted in the contract producer making a capital investment of $100,000 or more.

"(2) RESTRICTIONS ON CONTRACT TERMINATION.—

"(A) NOTICE OF TERMINATION.—Except as provided in subparagraph (C), a contractor shall not terminate or cancel a production contract unless the contractor provides the contract producer with written notice of the intention of the contractor to terminate or cancel the production contract at least 90 days before the effective date of the termination or cancellation.

"(B) REQUIREMENTS.—The written notice required under subparagraph (A) shall include alleged causes of the termination.

"(C) EXCEPTIONS.—A contractor may terminate or cancel a production contract at any time without notice as required under subparagraph (A) if the basis for the termination or cancellation is—

"(i) a voluntary abandonment of the contractual relationship by the contract producer, such as a failure of the contract producer to substantially perform under the production contract;

"(ii) the conviction of the contract producer of an offense of fraud or theft committed against the contractor;

"(iii) the natural end of the production contract in accordance with the terms of the production contract; or

"(iv) because the well-being of the livestock or poultry subject to the contract is in jeopardy once under the care of the contract producer.

"(D) RIGHT TO CURE.—

"(i) IN GENERAL.—If, not later than 90 days after the date on which the contract producer receives written notice under subparagraph (A), the contract producer remedies each cause of the breach of contract alleged in the written notice, the contractor may not terminate or cancel a production contract under this paragraph.

"(ii) NO ADMISSION OF BREACH.—The remedy or attempt to remedy the causes for the breach of contract by the contract producer under clause (i) does not constitute an admission of breach of contract.

"(e) ADDITIONAL CAPITAL INVESTMENTS IN PRODUCTION CONTRACTS.—

"(1) IN GENERAL.—A contractor shall not require a contract producer to make additional capital investments in connection with a production contract that exceed the initial investment requirements of the production contract.

"(2) EXCEPTIONS.—Notwithstanding paragraph (1), a contractor may require additional capital investments if—

"(A)(i) the additional capital investments are offset by reasonable additional consideration, including compensation or a modification to the terms of the production contract; and

"(ii) the contract producer agrees in writing that there is acceptable and satisfactory consideration for the additional capital investment; or

"(B) without the additional capital investments the well-being of the livestock or poultry subject to the contract would be in jeopardy.

"(d) NO EFFECT ON STATE LAW.—Nothing in this section preempts or otherwise affects any State law relating to production contracts that establishes a requirement or standard that is more stringent than a requirement or standard under this section.

**"SEC. 209. CHOICE OF LAW, JURISDICTION, AND VENUE.**

"(a) CHOICE OF LAW.—Any provision in a livestock or poultry production or marketing contract requiring the application of the law of a State other than the State in which the production occurs is void and unenforceable.

"(b) JURISDICTION.—A packer, live poultry dealer, or swine contractor that enters into a production or marketing contract with a producer shall be subject to personal jurisdiction in the State in which the production occurs.

"(c) VENUE.—Venue shall be determined on the basis of the location of the production, unless the producer selects a venue that is otherwise permitted by law.

"(d) APPLICATION.—This section shall apply to any production or marketing contract entered into, amended, altered, modified, renewed, or extended after the date of enactment of this section.

**"SEC. 210. ARBITRATION.**

"(a) IN GENERAL.—If a livestock or poultry contract provides for the use of arbitration to resolve a controversy under the livestock or poultry contract, arbitration may be used to settle the controversy only if, after the controversy arises, both parties consent in writing to use arbitration to settle the controversy.

"(b) APPLICATION.—Subsection (a) shall apply to any contract entered into, amended, altered, modified, re-

newed, or extended after the date of enactment of this section.''.

**SEC. 10204. RIGHT TO DISCUSS TERMS OF CONTRACT.**

Section 10503(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 229b(b)) is amended—

(1) in paragraph (6), by striking ''or'' at the end;

(2) in paragraph (7), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(8) a business associate of the party; or

''(9) a neighbor of the party or other producer.''.

**SEC. 10205. ATTORNEYS' FEES.**

Section 308(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 209(a)) is amended by inserting before the period at the end the following: ''and for the costs of the litigation, including reasonable attorneys' fees''.

**SEC. 10206. APPOINTMENT OF OUTSIDE COUNSEL.**

Section 407 of the Packers and Stockyards Act, 1921 (7 U.S.C. 228), is amended—

(1) in subsection (a), by inserting ''obtain the services of attorneys who are not employees of the Federal Government,'' before ''and make such expenditures''; and

(2) in subsection (c), by striking ''Senate Committee on Agriculture and Forestry'' and inserting ''the Committee on Agriculture, Nutrition, and Forestry of the Senate''.

**SEC. 10207. PROHIBITION ON PACKERS OWNING, FEEDING, OR CONTROLLING LIVESTOCK.**

(a) IN GENERAL.—Section 202 of the Packers and Stockyards Act, 1921 (7 U.S.C. 192), is amended—

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

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

''(f) Own or feed livestock directly, through a subsidiary, or through an arrangement that gives the packer operational, managerial, or supervisory control over the livestock, or over the farming operation that produces the livestock, to such an extent that the producer is no longer materially participating in the management of the operation with respect to the production of the livestock, except that this subsection shall not apply to—

''(1) an arrangement entered into within 14 days (excluding any Saturday or Sunday) before slaughter of the livestock by a packer, a person acting through the packer, or a person that directly or

indirectly controls, or is controlled by or under common control with, the packer;

"(2) a cooperative or entity owned by a cooperative, if a majority of the ownership interest in the cooperative is held by active cooperative members that—

"(A) own, feed, or control livestock; and

"(B) provide the livestock to the cooperative for slaughter;

"(3) a packer that is not required to report to the Secretary on each reporting day (as defined in section 212 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635a)) information on the price and quantity of livestock purchased by the packer; or

"(4) a packer that owns 1 livestock processing plant; or".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraph (2), the amendments made by subsection (a) take effect on the date of enactment of this Act.

(2) TRANSITION RULES.—In the case of a packer that on the date of enactment of this Act owns, feeds, or controls livestock intended for slaughter in violation of section 202(f) of the Packers and Stock-

yards Act, 1921 (as amended by subsection (a)), the amendments made by subsection (a) apply to the packer—

(A) in the case of a packer of swine, beginning on the date that is 18 months after the date of enactment of this Act; and

(B) in the case of a packer of any other type of livestock, beginning as soon as practicable, but not later than 180 days, after the date of enactment of this Act, as determined by the Secretary.

**SEC. 10208. REGULATIONS.**

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement the amendments made by this title, including—

(1) regulations providing a definition of the term ''unreasonable preference or advantage'' for purposes of section 202(b) of the Packers and Stockyards Act, 1921 (7 U.S.C. 192(b)); and

(2) regulations requiring live poultry dealers to provide written notice to poultry growers if the live poultry dealer imposes an extended layout period in excess of 30 days, prior to removal of the previous flock.

(b) REQUIREMENTS.—Regulations promulgated pursuant to subsection (a)(1) relating to unreasonable preference or advantage shall strictly prohibit any preferences or advantages based on the volume of business, except for preferences or advantages that reflect actual, verifiable lower costs (including transportation or other costs), as determined by the Secretary, of procuring livestock from larger-volume producers.

# Subtitle D—Related Programs

**SEC. 10301. SENSE OF CONGRESS REGARDING PSEUDORABIES ERADICATION PROGRAM.**

It is the sense of Congress that—

(1) the Secretary should recognize the threat that 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) pseudorabies surveillance funding is necessary to assist the swine industry in the monitoring, surveillance, and eradication of pseudorabies, including the monitoring and surveillance of other diseases effecting swine production and trade; and

(4) pseudorabies eradication is a high priority that the Secretary should carry out under the Animal Health Protection Act (7 U.S.C. 8301 et seq.).

**SEC. 10302. SENSE OF CONGRESS REGARDING CATTLE FEVER TICK ERADICATION PROGRAM.**

It is the sense of Congress that—

(1) the cattle fever tick and the southern cattle tick are vectors of the causal agent of babesiosis, a severe and often fatal disease of cattle; and

(2) implementing a national strategic plan for the cattle fever tick eradication program is a high priority that the Secretary should carry out—

(A) to prevent the entry of cattle fever ticks into the United States;

(B) to enhance and maintain an effective surveillance program to rapidly detect any fever tick incursions; and

(C) to research, identify, and procure the tools and knowledge necessary to prevent and eradicate cattle ticks in the United States.

**SEC. 10303. NATIONAL SHEEP AND GOAT INDUSTRY IMPROVEMENT CENTER.**

(a) NAME CHANGE.—Section 375 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j) is amended—

(1) in the section heading, by inserting ''**AND GOAT**'' after ''**NATIONAL SHEEP**''; and

(2) by inserting ''and Goat'' after ''National Sheep'' each place it appears.

(b) 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.''.

(c) 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. 10304. TRICHINAE CERTIFICATION PROGRAM.**

Section 10409 of the Animal Health Protection Act (7 U.S.C. 8308) is amended by adding at the end the following:

"(c) TRICHINAE CERTIFICATION PROGRAM.—

"(1) ESTABLISHMENT.—Not later than 60 days after the date of enactment of this subsection, the Secretary shall issue final regulations to implement a trichinae certification program.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out the program $1,250,000 for each of fiscal years 2008 through 2012.".

**SEC. 10305. PROTECTION OF INFORMATION IN THE ANIMAL IDENTIFICATION SYSTEM.**

The Animal Health Protection Act (7 U.S.C. 8301 et seq.) is amended—

(1) by redesignating sections 10416 through 10418 as sections 10417 through 10419, respectively; and

(2) by inserting after section 10415 the following:

**"SEC. 10416. DISCLOSURE OF INFORMATION UNDER A NATIONAL ANIMAL IDENTIFICATION SYSTEM.**

"(a) DEFINITION OF NATIONAL ANIMAL IDENTIFICATION SYSTEM.—In this section, the term 'national

animal identification system' means a system for identifying or tracing animals that is established by the Secretary.

"(b) PROTECTION FROM DISCLOSURE.—

"(1) IN GENERAL.—Information obtained through a national animal identification system shall not be disclosed except as provided in this section.

"(2) USE.—Use of information described in paragraph (1) by any individual or entity except as otherwise provided in this section shall be considered a violation of this Act.

"(3) WAIVER OF PRIVILEGE OF PROTECTION.—The provision of information to a national animal identification system under this section or the disclosure of information pursuant to this section shall not constitute a waiver of any applicable privilege or protection under Federal law, including protection of trade secrets.

"(c) LIMITED RELEASE OF INFORMATION.—The Secretary may disclose information obtained through a national animal identification system if—

"(1) the Secretary determines that livestock may be threatened by a disease or pest;

"(2) the release of the information is related to an action the Secretary may take under this subtitle; and

"(3) the Secretary determines that the disclosure of the information to a government entity or person is necessary to assist the Secretary in carrying out this subtitle or a national animal identification system.

"(d) REQUIRED DISCLOSURE OF INFORMATION.—The Secretary shall disclose information obtained through a national animal identification system regarding particular animals to—

"(1) the person that owns or controls the animals, if the person requests the information in writing;

"(2) the State Department of Agriculture for the purpose of protection of animal health;

"(3) the Attorney General for the purpose of law enforcement;

"(4) the Secretary of Homeland Security for the purpose of homeland security;

"(5) the Secretary of Health and Human Services for the purpose of protecting public health;

"(6) an entity pursuant to an order of a court of competent jurisdiction; and

"(7) the government of a foreign country if disclosure of the information is necessary to trace animals that pose a disease or pest threat to livestock or a danger to human health, as determined by the Secretary.

"(e) DISCLOSURE UNDER STATE OR LOCAL LAW.—Any information relating to animal identification that a State or local government obtains from the Secretary shall not be made available by the State or local government pursuant to any State or local law requiring disclosure of information or records to the public.

"(f) REPORTING REQUIREMENT.—To disclose information under this section, the Secretary shall—

"(1) certify that the disclosure was necessary under this section; 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 copy of the certification.".

**SEC. 10306. LOW PATHOGENIC AVIAN INFLUENZA.**

Sec. 10407(d)(2) of the Animal Health Protection Act (7 U.S.C. 8306(d)(2)) is amended—

(1) in subparagraph (A), by striking "subparagraphs (B) and (C)," and inserting "subparagraphs (B), (C), and (D),";

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

(3) by inserting after subparagraph (B) the following:

"(C) LOW PATHOGENIC AVIAN INFLUENZA.—

"(i) DEFINITION OF ELIGIBLE COSTS.—In this subparagraph, the term 'eligible costs' means costs determined eligible for indemnity under part 56 of title 9, Code of Federal Regulations, as in effect on the date of enactment of this clause.

"(ii) INDEMNITIES.—Subject to subparagraphs (B) and (D), compensation to any owner or contract grower of poultry participating in the voluntary control program for low pathogenic avian influenza under the National Poultry Improvement Plan, and payments to cooperating State agencies, shall be made in an amount equal to 100 percent of the eligible costs.".

**SEC. 10307. STUDY ON BIOENERGY OPERATIONS.**

Not later than 180 days after the date of enactment of this Act, the Secretary, acting through the Office of

the Chief Economist, 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 potential economic issues (including potential costs) associated with animal manure used in normal agricultural operations and as a feedstock in bioenergy production.

**SEC. 10308. SENSE OF THE SENATE ON INDEMNIFICATION OF LIVESTOCK PRODUCERS.**

It is the sense of the Senate that the Secretary should partner with the private insurance industry to implement an approach for expediting the indemnification of livestock producers in the case of catastrophic disease outbreaks.

# TITLE XI—MISCELLANEOUS

## Subtitle A—Agricultural Security

**SEC. 11011. DEFINITIONS.**

In this subtitle:

(1) AGENT.—The term ''agent'' means a nuclear, biological, or chemical substance that causes an agricultural disease.

(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, with respect to direct exposure to an agricultural disease; or

(C) the environment, with respect to agriculture facilities, farmland, air, and water in the immediate vicinity of an area associated with an agricultural disease or outbreak.

(3) AGRICULTURAL COUNTERMEASURE.—

(A) IN GENERAL.—The term ''agricultural countermeasure'' means a product, practice, or technology that is intended to enhance or maintain the agricultural biosecurity of the United States.

(B) EXCLUSIONS.—The term ''agricultural countermeasure'' does not include any product, practice, or technology used solely for human medical incidents or public health emergencies 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 in which the Secretary, the Secretary of Homeland Security, the Secretary of Health and Human Services, the Adminis-

trator of the Environmental Protection Agency (or the heads of other applicable Federal departments or agencies), as appropriate, determines that prompt action is needed to prevent significant damage to people, plants, or animals.

(6) AGRICULTURE.—The term ''agriculture'' means—

(A) the science and practice of activities relating to food, feed, fiber, and energy production, processing, marketing, distribution, use, and trade;

(B) nutrition, food science and engineering, and agricultural economics;

(C) forestry, wildlife science, fishery science, aquaculture, floriculture, veterinary medicine, and other related natural resource sciences; and

(D) research and development activities relating to plant- and animal-based products.

(7) 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—

(i) to intimidate or coerce; or

(ii) to disrupt the agricultural industry.

(8) ANIMAL.—The term ''animal'' means any member of the animal kingdom (except a human).

(9) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(10) DEVELOPMENT.—The term ''development'' means—

(A) research leading to the identification of products or technologies intended for use as agricultural countermeasures;

(B) the formulation, production, and subsequent modification of those products or technologies;

(C) the conduct of preclinical and clinical studies;

(D) the conduct of field, efficacy, and safety studies;

(E) the preparation of an application for marketing approval for submission to applicable agencies; and

(F) other actions taken by an applicable agency in a case in which an agricultural coun-

termeasure is procured or used prior to issuance of a license or other form of approval.

(11) DIRECTOR.—The term ''Director'' means the Director for Homeland Security of the Department appointed under section 11022(d)(2).

(12) HSPD–5.—The term ''HSPD–5'' means the Homeland Security Presidential Directive 5, dated February 28, 2003 (relating to a comprehensive national incident management system).

(13) HSPD–7.—The term ''HSPD–7'' means the Homeland Security Presidential Directive 7, dated December 17, 2003 (relating to a national policy for Federal departments and agencies to identify and prioritize critical infrastructure and key resources and to protect the infrastructure and resources from terrorist attacks).

(14) HSPD–8.—The term ''HSPD–8'' means the Homeland Security Presidential Directive 8, dated December 17, 2003 (relating to the establishment of a national policy to strengthen the preparedness of the United States to prevent and respond to domestic terrorist attacks, major disasters, and other emergencies).

(15) HSPD–9.—The term ''HSPD–9'' means the Homeland Security Presidential Directive 9,

dated January 30, 2004 (relating to the establishment of a national policy to defend the agriculture and food system against terrorist attacks, major disasters, and other emergencies).

(16) HSPD–10.—The term ''HSPD–10'' means the Homeland Security Presidential Directive 10, dated April 28, 2004 (relating to the establishment of a national policy relating to the biodefense of the United States).

(17) OFFICE.—The term ''Office'' means the Office of Homeland Security of the Department established by section 11022(d)(1).

(18) OTHER APPLICABLE FEDERAL DEPARTMENTS OR AGENCIES.—The term ''other applicable Federal departments or agencies'' means Federal departments or agencies that have a role, as determined by the Secretary of Homeland Security, in determining the need for prompt action against an agricultural disease emergency, including—

(A) the Executive departments identified in section 101 of title 5, United States Code;

(B) government corporations (as defined in section 103 of title 5, United States Code); and

(C) independent establishments (as defined in section 104(1) of title 5, United States Code).

(19) PLANT.—

(A) IN GENERAL.—The term ''plant'' means any plant (including any plant part) for or capable of propagation.

(B) INCLUSIONS.—The term ''plant'' includes—

(i) a tree;

(ii) a tissue culture;

(iii) a plantlet culture;

(iv) pollen;

(v) a shrub;

(vi) a vine;

(vii) a cutting;

(viii) a graft;

(ix) a scion;

(x) a bud;

(xi) a bulb;

(xii) a root; and

(xiii) a seed.

(20) 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 from—

(A) an agent placed on the Select Agents and Toxins list of the Department;

(B) an agent placed on the Plant Protection and Quarantine Select Agents and Toxins list of the Department; or

(C) an applicable agent placed on the Overlap Select Agents and Toxins list of the Department and the Department of Health and Human Services, in accordance with—

(i) part 331 of title 7, Code of Federal Regulations; and

(ii) part 121 of title 9, Code of Federal Regulations.

(21) ROUTINE AGRICULTURAL DISEASE EVENT.—The term ''routine agricultural disease event'' has the meaning given the term by the Secretary.

## PART I—GENERAL AUTHORITY AND INTERAGENCY COORDINATION

**SEC. 11021. POLICY.**

(a) EFFECT OF PART.—Nothing in this part alters or otherwise impedes—

(1) any authority of the Department or other applicable Federal departments and agencies to perform the responsibilities provided to the Department or other applicable Federal departments and agencies pursuant to Federal law; or

(2) the ability of the Secretary to carry out this part.

(b) COOPERATION.—The Secretary shall cooperate with the Secretary of Homeland Security with respect to the responsibilities of the Secretary of Homeland Security and applicable presidential guidance, including HSPD–5, HSPD–7, HSPD–8, HSPD–9, and HSPD–10.

**SEC. 11022. INTERAGENCY COORDINATION.**

(a) LEADERSHIP.—The Secretary of Homeland Security shall serve as the principal Federal official to lead, coordinate, and integrate, to the maximum extent practicable, efforts by Federal departments and agencies, State, local, and tribal governments, and the private sector to enhance the protection of critical infrastructure and key resources of the agriculture and food system.

(b) SECTOR-SPECIFIC AGENCY.—

(1) IN GENERAL.—In accordance with guidance provided by the Secretary of Homeland Security under subsection (a)—

(A) the Secretary shall serve as the sector-specific lead official on efforts described in subsection (a) relating to agriculture, agricultural disease, meat, poultry, and egg food products, and for efforts relating to authorities pursuant to the Animal Health Protection Act (7 U.S.C. 8301 et seq.) and the Plant Protection Act (7 U.S.C. 7701 et seq.); and

(B) the Secretary shall work in coordination with the Secretary of Health and Human Services during any incident relating to a zoonotic disease in which the applicable agent originated—

(i) as an agricultural disease; or

(ii) from a plant or animal population directly related to agriculture.

(2) EFFECT OF SUBSECTION.—Nothing in this subsection impedes any authority of the Secretary of Homeland Security as the principal Federal official for domestic incident management pursuant to HSPD–5.

(c) COORDINATION OF RESPONSE.—

(1) ROUTINE AGRICULTURAL DISEASE EVENTS.—To the maximum extent practicable, the Secretary shall work in consultation with the Secretary of Homeland Security in response to any routine domestic incident relating to a potential or actual agricultural disease.

(2) AGRICULTURAL BIOSECURITY THREATS.—If a routine domestic incident of agricultural disease is determined by the Secretary or the Secretary of Homeland Security to pose a significant threat to the agricultural biosecurity of the United States, the Secretary of Homeland Security shall serve as the principal Federal official to lead and coordinate the appropriate Federal response to the incident.

(d) OFFICE OF HOMELAND SECURITY.—

(1) ESTABLISHMENT.—There is established in the Department the Office of Homeland Security.

(2) DIRECTOR.—The Secretary shall appoint as the head of the Office a Director for Homeland Security.

(3) RESPONSIBILITIES.—The Director shall be responsible for—

(A) coordinating all homeland security activities of the Department, including integration and coordination, in consultation with the Of-

fice of Emergency Management and Homeland Security of the Animal and Plant Health Inspection Service and the Office of Food Defense and Emergency Response of the Food Safety and Inspection Service, of interagency emergency response plans for—

(i) agricultural disease emergencies;

(ii) agroterrorist acts; or

(iii) other threats to agricultural biosecurity;

(B) acting as the primary liaison on behalf of the Department with other Federal agencies on coordination efforts and interagency activities pertaining to agricultural biosecurity;

(C) advising the Secretary on policies, regulations, processes, budget, and actions pertaining to homeland security; and

(D) providing to State and local government officials timely updates and actionable information about threats, incidents, potential protective measures, and best practices relevant to homeland security issues in agriculture.

(4) AGRICULTURAL BIOSECURITY COMMUNICATION CENTER.—

(A) ESTABLISHMENT.—The Secretary shall establish in the Department a central communication center—

(i) to collect and disseminate information regarding, and prepare for, agricultural disease emergencies, agroterrorist acts, and other threats to agricultural biosecurity; and

(ii) to coordinate the activities described in clause (i) among agencies and offices within the Department.

(B) RESPONSE.—Any response by the Secretary to an agricultural threat to agricultural biosecurity shall be carried out under the direction of the Secretary of Homeland Security, in accordance with subsection (c).

(C) AUTHORITY OF THE SECRETARY.—In establishing the central communication center under subparagraph (A), the Secretary may use the existing resources and infrastructure of the Emergency Operations Center of the Animal and Plant Health Inspection Service located in Riverdale, Maryland.

(D) RELATION TO EXISTING DEPARTMENT OF HOMELAND SECURITY COMMUNICATION SYSTEMS.—

(i) CONSISTENCY AND COORDINATION.—The center established under subparagraph (A) shall, to the maximum extent practicable, share and coordinate the dissemination of timely information with—

(I) the National Operations Center and the National Coordinating Center of the Department of Homeland Security; and

(II) other appropriate Federal communication systems, as determined by the Secretary of Homeland Security.

(ii) AVOIDING REDUNDANCIES.—Nothing in this paragraph impedes, conflicts with, or duplicates any activity carried out by—

(I) the National Biosurveillance Integration Center of the Department of Homeland Security;

(II) the National Response Coordination Center of the Department of Homeland Security;

(III) the National Infrastructure Coordination Center of the Department of Homeland Security; or

(IV) any other communication system under the authority of the Secretary of Homeland Security.

(E) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection for each of fiscal years 2008 through 2012.

**SEC. 11023. SUBMISSION OF INTEGRATED FOOD DEFENSE PLAN.**

Consistent with HSPD–9, the Secretary, the Secretary of Homeland Security, and the Secretary of Health and Human Services shall submit to the President and Congress an integrated plan for the defense of the food system of the United States.

**SEC. 11024. TRANSFER OF CERTAIN AGRICULTURAL INSPECTION FUNCTIONS OF DEPARTMENT.**

(a) DEFINITION OF FUNCTION.—In this section, the term ''function'' does not include any quarantine activity carried out under the laws specified in subsection (c).

(b) TRANSFER OF AGRICULTURAL IMPORT AND ENTRY INSPECTION FUNCTIONS.—There shall be transferred to the Secretary of Homeland Security the functions of the Secretary relating to agricultural import and entry inspection activities under the laws specified in subsection (c).

(c) COVERED ANIMAL AND PLANT PROTECTION LAWS.—The laws referred to in subsection (a) are the following:

(1) The eighth paragraph under the heading ''BUREAU OF ANIMAL INDUSTRY'' in the Act of March 4, 1913 (commonly known as the ''Virus-Serum-Toxin Act'') (21 U.S.C. 151 et seq.).

(2) Section 1 of the Act of August 31, 1922 (commonly known as the ''Honeybee Act'') (7 U.S.C. 281).

(3) Title III of the Federal Seed Act (7 U.S.C. 1581 et seq.).

(4) The Plant Protection Act (7 U.S.C. 7701 et seq.).

(5) The Animal Health Protection Act (7 U.S.C. 8301 et seq.).

(6) The Lacey Act Amendments of 1981 (16 U.S.C. 3371 et seq.).

(7) Section 11 of the Endangered Species Act of 1973 (16 U.S.C. 1540).

(d) COORDINATION OF REGULATIONS.—

(1) COMPLIANCE WITH DEPARTMENT REGULATIONS.—The authority transferred pursuant to subsection (b) shall be exercised by the Secretary of Homeland Security in accordance with the regulations, policies, and procedures issued by the Secretary regarding the administration of the laws specified in subsection (c).

(2) RULEMAKING COORDINATION.—The Secretary shall coordinate with the Secretary of Homeland Security in any case in which the Secretary prescribes regulations, policies, or procedures for administering the functions transferred under subsection (b) under a law specified in subsection (c).

(3) EFFECTIVE ADMINISTRATION.—The Secretary of Homeland Security, in consultation with the Secretary, may issue such directives and guidelines as are necessary to ensure the effective use of personnel of the Department of Homeland Security

to carry out the functions transferred pursuant to subsection (b).

(e) TRANSFER AGREEMENT.—

(1) AGREEMENT.—

(A) IN GENERAL.—Before the end of the transition period (as defined in section 1501 of the Homeland Security Act of 2002 (6 U.S.C. 541)), the Secretary and the Secretary of Homeland Security shall enter into an agreement to effectuate the transfer of functions required by subsection (b).

(B) REVISION.—The Secretary and the Secretary of Homeland Security may jointly revise the agreement as necessary after that transition period.

(2) REQUIRED TERMS.—The agreement required by this subsection shall specifically address the following:

(A) The supervision by the Secretary of the training of employees of the Secretary of Homeland Security to carry out the functions transferred pursuant to subsection (b).

(B) The transfer of funds to the Secretary of Homeland Security under subsection (f).

(3) COOPERATION AND RECIPROCITY.—The Secretary and the Secretary of Homeland Security may include as part of the agreement the following:

(A) Authority for the Secretary of Homeland Security to perform functions delegated to the Animal and Plant Health Inspection Service of the Department regarding the protection of domestic livestock and plants, but not transferred to the Secretary of Homeland Security pursuant to subsection (b).

(B) Authority for the Secretary to use employees of the Department of Homeland Security to carry out authorities delegated to the Animal and Plant Health Inspection Service regarding the protection of domestic livestock and plants.

(f) PERIODIC TRANSFER OF FUNDS TO DEPARTMENT OF HOMELAND SECURITY.—

(1) TRANSFER OF FUNDS.—Out of funds collected by fees authorized under sections 2508 and 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136, 136a), the Secretary shall transfer, from time to time in accordance with the agreement under subsection (e), to the Secretary of Homeland Security funds for activities

carried out by the Secretary of Homeland Security for which the fees were collected.

(2) LIMITATION.—The proportion of fees collected pursuant to those sections that are transferred to the Secretary of Homeland Security under this subsection may not exceed the proportion of the costs incurred by the Secretary of Homeland Security to all costs incurred to carry out activities funded by the fees.

(g) TRANSFER OF DEPARTMENT EMPLOYEES.—Not later than the completion of the transition period (as defined in section 1501 of the Homeland Security Act of 2002 (6 U.S.C. 541)), the Secretary shall transfer to the Secretary of Homeland Security not more than 3,200 full-time equivalent positions of the Department.

(h) EFFECT OF TRANSFER.—

(1) EXISTING AUTHORITY.—Nothing in the transfer of functions under subsection (b) preempts any authority of the Department as described in section 11022(b)(1).

(2) LIMITATION ON TRANSFER.—

(A) IMPORTS.—The Secretary shall retain responsibility for all other activities of the Agricultural Quarantine and Inspection Program re-

garding imports, including activities relating to—

(i) preclearance of commodities;

(ii) trade protocol verification;

(iii) fumigation;

(iv) quarantine;

(v) diagnosis;

(vi) eradication;

(vii) indemnification; and

(viii) other sanitary and phytosanitary measures carried out pursuant to the Animal Health Protection Act (7 U.S.C. 8301 et seq.) and the Plant Protection Act (7 U.S.C. 7701 et seq.).

(B) EXPORT, INTERSTATE, AND INTRASTATE ACTIVITIES.—The Department shall retain responsibility for all functions regarding export, interstate, and intrastate activities.

(C) TRAINING.—The Department shall retain responsibility for all agricultural inspection training.

(i) CONFORMING AMENDMENT.—Section 421 of the Homeland Security Act of 2002 (6 U.S.C. 231) is amended by striking "**SEC. 421**" and all that follows through

"(h) PROTECTION OF INSPECTION ANIMALS.—Title V" and inserting the following:

**"SEC. 421. PROTECTION OF INSPECTION ANIMALS.**

"Title V".

## PART II—AGRICULTURAL QUARANTINE INSPECTION PROGRAM IMPROVEMENT

**SEC. 11031. DEFINITIONS.**

In this part:

(1) PROGRAM.—The term "program" means the agricultural quarantine inspection program.

(2) SECRETARY.—The term "Secretary" means the Secretary of Agriculture, acting through the Administrator of the Animal and Plant Health Inspection Service.

**SEC. 11032. JOINT TASK FORCE.**

(a) ESTABLISHMENT.—Not later than 30 days after the date of enactment of this Act, the Secretary and the Secretary of Homeland Security shall establish a Joint Task Force to provide coordinated central planning for the program.

(b) COMPOSITION.—The Joint Task Force shall be composed of employees of the Animal and Plant Health Inspection Service and Customs and Border Protection of the Department of Homeland Security, appointed by the

Secretary and the Secretary of Homeland Security, respectively.

(c) DUTIES.—The Joint Task Force shall—

(1) prepare, and not less than biannually revise as necessary, a strategic plan for the program;

(2) establish performance measures that accurately gauge the success of the program;

(3) establish annual operating goals and plans for the program at national, regional, and port levels;

(4) establish and regularly revise as necessary a training program to ensure that all employees of Customs and Border Protection involved in agricultural inspection and quarantine activities have the skills, knowledge, and abilities necessary to protect the agricultural biosecurity of the United States;

(5) ensure effective and regular communications with all stakeholders under the program;

(6) maintain effective and regular communication between the Animal and Plant Health Inspection Service and Customs and Border Protection in carrying out the program;

(7) establish and carry out mechanisms to collect data to inform program planning and decision-making under the program;

(8) ensure access for employees of the Animal and Plant Health Inspection Service who, as determined by the Secretary, in consultation with the Secretary of Homeland Security—

(A) have met all applicable Customs and Border Protection security-related requirements; and

(B) to adequately perform the duties of the employees, require access to—

(i) each secure area of any terminal for screening passengers or cargo; and

(ii) each database relating to cargo manifests or any databases that may relate to the program;

(9) ensure the ability of the program to operate in case of emergencies; and

(10) establish a quality assurance program for the program, with performance standards and regular reviews of each port of entry to determine compliance with the quality standards.

**SEC. 11033. ADVISORY BOARD.**

(a) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this Act, the Secretary and the Secretary of Homeland Security shall establish a board to be known as the ''Agricultural Quarantine Inspection Pro-

gram Advisory Board'' (referred to in this section as the ''Advisory Board'').

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Advisory Board shall consist of 11 members representing the Federal Government, State governments, and stakeholders, including—

(A) 2 members representing the Department, appointed by the Secretary, who shall serve as cochairperson of the Advisory Board;

(B) 1 member representing the Department of Homeland Security, appointed by the Secretary of Homeland Security, who shall serve as cochairperson of the Advisory Board;

(C) 1 member representing Customs and Border Protection agriculture specialists, appointed by the Secretary of Homeland Security, who shall serve as cochairperson of the Advisory Board;

(D) 1 member representing the National Plant Board, appointed by the Secretary based on nominations submitted by the Board;

(E) 1 member representing the United States Animal Health Association, appointed by

the Secretary based on 1 or more nominations submitted by the Association;

(F) 1 member representing the National Association of State Departments of Agriculture, appointed by the Secretary based on 1 or more nominations submitted by the Association;

(G) 2 members representing stakeholders of organizations, associations, societies, councils, federations, groups, and companies, appointed by the Secretary from 2 or more nominations submitted by the stakeholders; and

(H) 2 members representing stakeholders of organizations, associations, societies, councils, federations, groups, and companies, appointed by the Secretary of Homeland Security from 2 or more nominations submitted by the stakeholders.

(2) TERMS OF SERVICE.—The term of a member of the Advisory Board shall be 2 years, except that, of the members initially appointed to the Board, the term of ½ of the members (as determined jointly by the Secretary and the Secretary of Homeland Security) shall be 1 year.

(c) DUTIES.—The Advisory Board shall—

(1) advise the Secretary and the Secretary of Homeland Security—

(A) on policies and other issues related to the mission of the program; and

(B) on appropriate mechanisms to ensure that interested stakeholders in the agriculture industry, State and local governments, and the general public have formal opportunities to provide comments on the program; and

(2) in the case of the cochairpersons of the Advisory Board—

(A) coordinate the advice and concerns of the members of the Advisory Board; and

(B) at least twice a year, submit the views of the Advisory Board to the Secretary and the Secretary of Homeland Security.

(d) MEETINGS.—The meetings of the Advisory Board shall take place at least twice a year, with the option of conducting the meetings in Washington, District of Columbia, and a Customs and Border Protection port on an alternating basis.

**SEC. 11034. REPORTS TO CONGRESS.**

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, and annually thereafter through September 30, 2012, the Administrator of the

Animal and Plant Health Inspection Service and the Commissioner of Customs and Border Protection, shall jointly submit to the committees described in subsection (b) a report on—

(1) the resource needs for import and entry agricultural inspections, including the number of inspectors required;

(2) the adequacy of inspection and monitoring procedures and facilities in the United States;

(3) new and emerging technologies and practices, including recommendations regarding the technologies and practices, to improve import and entry agricultural inspections; and

(4) questions or concerns raised by the Joint Task Force established under section 11032 and by the Agricultural Quarantine Inspection Program Advisory Board established under section 11033.

(b) COMMITTEES.—The Secretary and the Secretary of Homeland Security shall jointly submit the report required under subsection (a) to—

(1) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

(2) the Committee on Agriculture of the House of Representatives;

(3) the Committee on Homeland Security and Governmental Affairs of the Senate; and

(4) the Committee on Homeland Security of the House of Representatives.

(c) SATISFACTION OF REQUIREMENT.—The Administrator of the Animal and Plant Health Inspection Service and the Commissioner of Customs and Border Protection may satisfy the reporting requirement described in subsection (a) by submitting to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of each relevant provision relating to appropriations or authorization requests for the applicable fiscal year.

**SEC. 11035. PORT RISK COMMITTEES.**

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Homeland Security shall jointly create Port Risk Committees to service the agriculture mission for each port of entry into the United States that the Secretary of Homeland Security, in consultation with the Secretary, determines to be appropriate.

(b) MEMBERSHIP.—Each Committee may include representatives from—

(1) the Animal and Plant Health Inspection Service, appointed by the Secretary;

(2) Customs and Border Protection, appointed by the Secretary of Homeland Security;

(3) the Department of Health and Human Services, appointed by the Secretary of Health and Human Services;

(4) State and local governments, appointed jointly by the Secretary, the Secretary of Homeland Security, and the Secretary of Health and Human Services; and

(5) other stakeholders, appointed jointly by the Secretary, the Secretary of Homeland Security, and the Secretary of Health and Human Services, who shall—

(A) act as nonvoting members of the Committee; and

(B) only observe and provide information and comments with respect to activities of the Committee.

(c) DUTIES.—Each Committee shall examine issues affecting the local port of entry of the Committee to determine actions necessary to mitigate risks of threats to the agricultural biosecurity of the United States.

(d) REPORT.—The Committees shall report regularly to regional-level officials of the Animal and Plant Health

Inspection Service and to field office officials of Customs and Border Protection.

**SEC. 11036. EMERGENCY RESPONSE PLANNING AT PORTS OF ENTRY.**

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Homeland Security shall develop a comprehensive plan to identify and deploy trained and certified personnel in emergency response activities.

(b) PLAN.—The plan shall include a strategy for rapid identification and deployment of resources and a standard operating procedure to implement when significant agricultural pests and diseases are detected at ports of entry.

(c) CONTINUITY OF OPERATIONS PLANS.—The Secretary and the Secretary of Homeland Security, acting through Customs and Border Protection, shall coordinate and share national continuity of operations plans and plans for ports of entry.

**SEC. 11037. PLANT PEST IDENTIFICATION JOINT PLAN.**

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Homeland Security shall prepare a joint plan to establish standards of service for—

(1) plant pest and disease identification;

(2) inspection techniques training; and

(3) discard authority.

(b) CONTENTS.—The plan shall—

(1) formalize plant pest and disease identification and inspection training of Customs and Border Protection agriculture specialists for all pathways, including conveyances, passengers, cargo, mail, and rail; and

(2) establish performance-related criteria for the appropriate Department of Homeland Security personnel to enable enhanced discard authority and improve plant pest and disease interception.

**SEC. 11038. LIAISON OFFICER POSITIONS.**

(a) CUSTOMS AND BORDER PROTECTION.—

(1) IN GENERAL.—The Secretary shall establish a program liaison officer position who is physically located in the same building as the highest ranking Customs and Border Protection official with primary responsibility for the agricultural inspection functions of Customs and Border Protection.

(2) EMPLOYEE.—The liaison officer shall be an employee of the Animal and Plant Health Inspection Service.

(3) SPACE AND STAFF.—Customs and Border Protection shall provide appropriate space for the liaison officer and commensurate support staff.

(4) EXPENSES.—The Secretary shall bear all costs for salary, benefits, and other expenses of the liaison officer.

(b) ANIMAL AND PLANT HEALTH INSPECTION SERVICE.—

(1) IN GENERAL.—The Secretary, acting through Customs and Border Protection, shall establish a program liaison officer position who is physically located in the same building as the highest ranking Animal and Plant Health Inspection Service official with primary responsibility for the agricultural inspection functions of the Service.

(2) EMPLOYEE.—The liaison officer shall be an employee of Customs and Border Protection.

(3) SPACE AND STAFF.—The Animal and Plant Health Inspection Service shall provide appropriate space for the liaison officer and commensurate support staff.

(4) EXPENSES.—Customs and Border Protection shall bear all costs for salary, benefits, and other expenses of the liaison officer.

(c) COMMUNICATIONS.—The liaison officers shall ensure daily communication between designated officials of the Animal and Plant Health Inspection Service and Customs and Border Protection.

## PART III—MISCELLANEOUS

### SEC. 11041. DESIGNATION AND EXPEDITED REVIEW AND APPROVAL OF QUALIFIED AGRICULTURAL COUNTERMEASURES.

(a) DESIGNATION OF CERTAIN AGRICULTURAL COUNTERMEASURES.—The Secretary and the Secretary of Homeland Security, in coordination with the Secretary of Health and Human Services, the Administrator of the Environmental Protection Agency, and the heads of other applicable Federal departments or agencies, and in consultation with the Director of the Office of Science and Technology Policy in the Executive Office of the President, shall designate a list of qualified agricultural countermeasures to protect against the intentional introduction or natural occurrence of agricultural disease emergencies.

(b) EXPEDITED REVIEW AND APPROVAL OF QUALIFIED COUNTERMEASURES.—A qualified agricultural countermeasure designated under subsection (a) shall be—

(1) granted expedited review for approval; and

(2) if the qualified agricultural countermeasure meets the requirements for approval under that ex-

pedited review process, promptly approved by the appropriate Federal department or agency for use or further testing.

(c) DELISTING OF AGRICULTURE COUNTERMEASURES.—The Secretary and the Secretary of Homeland Security, in coordination with the Secretary of Health and Human Services, the Administrator of the Environmental Protection Agency, and the heads of other applicable Federal departments or agencies, and in consultation with the Director of the Office of Science and Technology Policy in the Executive Office of the President, may delist qualified agricultural countermeasures that are no longer effective in maintaining or enhancing the agricultural biosecurity of the United States.

**SEC. 11042. AGRICULTURAL DISEASE EMERGENCY DETECTION AND RESPONSE.**

(a) EMERGENCY DETERMINATION.—

(1) IN GENERAL.—The Secretary of Homeland Security, in consultation with the Secretary and the Secretary of Health and Human Services, shall—

(A) assess potential vulnerabilities to the agricultural biosecurity of the United States; and

(B) determine the incidence or outbreak of which agricultural diseases would constitute an emergency—

(i) to identify respective interagency priorities; and

(ii) to assist the Department of Homeland Security to establish biological threat awareness capacities pursuant to HSPD–9 and HSPD–10.

(2) NOTIFICATION BY OTHER FEDERAL ENTITIES.—On a determination by the Secretary of Homeland Security under paragraph (1)(B), each Federal department and agency shall notify the Secretary of Homeland Security, the Secretary, and the Secretary of Health and Human Services of specific emergency procedures to be deployed in the event of an outbreak of an agricultural disease, including—

(A) any regulations promulgated to address the outbreak; and

(B) a timetable for implementation of the regulations.

(3) INFORMATION SHARING.—The Secretary of Homeland Security may make notifications under paragraph (2) available to the Secretary, in order for the Secretary to meet the incident management

activities and goals set forth in the Food and Agriculture Incident Annex of the National Response Plan.

(4) STATE AND LOCAL COORDINATION.—On receipt by the Secretary of Homeland Security of notification of special emergency procedures required by other Federal departments or agencies, the Secretary of Homeland Security, in consultation with the Secretary and the Secretary of Health and Human Services, shall—

(A) notify State, local, and tribal governments, as appropriate, of the emergency procedures; and

(B) institute test exercises to determine the effectiveness of the emergency procedures in geographical areas of significance, as determined by the Secretary of Homeland Security, in consultation with Secretary.

(b) DISEASE DETECTION.—The Secretary and the Secretary of Homeland Security shall—

(1) develop and deploy an advanced surveillance system to detect entry into the United States of agricultural biological threat agents that are likely to cause an agricultural disease emergency;

(2) develop national and international standards and implementation guidelines to be used in monitoring those agricultural biological threat agents;

(3) enhance animal and plant health laboratory networks in existence as of the date of enactment of this Act to increase the diagnostic capability for detecting those biological threat agents; and

(4) integrate the data and information obtained through the activities carried out under paragraphs (1) through (3) with the National Biosurveillance Integration Center of the Department of Homeland Security.

(c) ONSITE RAPID DIAGNOSTIC TOOLS.—

(1) DEVELOPMENT.—The Secretary, in consultation with the Secretary of Homeland Security and the Secretary of Health and Human Services, shall develop onsite rapid diagnostic tools to enable rapid diagnosis of incidents of agricultural diseases that would constitute an agricultural disease emergency at the site of the incident or outbreak.

(2) VALIDATION TESTING OF TOOLS.—In developing on-site rapid diagnostic tools under paragraph (1), the Secretary, in consultation with the Secretary of Homeland Security and the Secretary of Health

and Human Services, shall conduct validation testing to ensure that each tool—

(A) identifies the agent for which the tool was developed; and

(B) will function properly if administered in the field by persons with varying levels of expertise in diagnostic testing, zoonotic disease surveillance, or agricultural disease emergencies.

(d) EMERGENCY RESPONSE.—

(1) IN GENERAL.—The Secretary shall work with State agriculture departments to ensure a coordinated response with State and local agencies responsible for early agricultural disease detection and control.

(2) EVALUATION.—Not later than 180 days after the date of enactment of this Act, the Secretary shall prepare and submit to the appropriate committees of Congress an evaluation of the current staff, budgets, and capabilities of regional coordinators of the Animal and Plant Health Inspection Service to identify areas of potential vulnerability or additional resource needs for emergency response capabilities in specific geographical areas.

(e) BEST PRACTICES.—

(1) AGRICULTURAL BIOSECURITY TASK FORCE.—The Secretary shall establish in the Department an agricultural biosecurity task force to identify best practices for use in carrying out a State or regional agricultural biosecurity program.

(2) INFORMATION AVAILABLE.—The Secretary, in coordination with the Secretary of Homeland Security, shall make available information regarding best practices for use in implementing a State or regional agricultural biosecurity program, including training exercises for emergency response providers and animal and plant disease specialists.

(f) FOREIGN ANIMAL DISEASE AS PREREQUISITE FOR VETERINARIAN ACCREDITATION.—The Secretary shall require candidates for veterinarian accreditation from the Department to receive training in foreign animal disease detection and response.

**SEC. 11043. NATIONAL PLANT DISEASE RECOVERY SYSTEM AND NATIONAL VETERINARY STOCKPILE.**

(a) NATIONAL PLANT DISEASE RECOVERY SYSTEM.—

(1) ESTABLISHMENT.—The Secretary, in coordination with the Secretary of Homeland Security, and in consultation with the Secretary of Health and Human Services and the Administrator of the Envi-

ronmental Protection Agency, shall work with State and local governments and the private sector to establish a national plant disease recovery system to be used to respond to an outbreak of plant disease that poses a significant threat to agricultural biosecurity.

(2) REQUIREMENTS.—The national plant disease recovery system shall include agricultural countermeasures to be made available within a single growing season for crops of particular economic significance, as determined by the Secretary, in coordination with the Secretary of Homeland Security.

(b) NATIONAL VETERINARY STOCKPILE.—The Secretary, in coordination with the Secretary of Homeland Security, and in consultation with the Secretary of Health and Human Services and the Administrator of the Environmental Protection Agency, shall work with State and local governments and the private sector to establish a national veterinary stockpile, which shall be used by the Secretary, in coordination with the Secretary of Homeland Security—

(1) to make agricultural countermeasures available to any State veterinarian not later than 24 hours after submission of an official request for assistance by the State veterinarian, unless the Sec-

retary and the Secretary of Homeland Security cannot accommodate such a request due to an emergency; and

(2) to leverage, where appropriate, the mechanisms and infrastructure of the Strategic National Stockpile.

**SEC. 11044. RESEARCH AND DEVELOPMENT OF AGRICULTURAL COUNTERMEASURES.**

(a) GRANT PROGRAM.—

(1) IN GENERAL.—The Secretary shall establish a grant program to stimulate basic and applied research and development activity for qualified agricultural countermeasures.

(2) COMPETITIVE GRANTS.—In carrying out this section, the Secretary shall develop a process through which to award grants on a competitive basis.

(3) WAIVER IN EMERGENCIES.—The Secretary may waive the requirement in paragraph (2), 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) the waiver would lead to the rapid development of a qualified agricultural countermeasure, as determined by the Secretary.

(b) USE OF FOREIGN DISEASE PERMISSIBLE.—The Secretary shall permit the use of foreign animal and plant disease agents, and accompanying data, in research and development activities funded under this section if the Secretary determines that the diseases or data are necessary to demonstrate the safety and efficacy of an agricultural countermeasure in development.

(c) COORDINATION ON ADVANCED DEVELOPMENT.—The Secretary shall ensure that the Secretary of Homeland Security is provided information, on a quarterly basis, describing each grant provided by the Secretary for the purpose of facilitating the acceleration and expansion of the advanced development of agricultural countermeasures.

(d) SCOPE.—Nothing in this section impedes the ability of the Secretary of Homeland Security to administer grants for basic and applied research and advanced development activities for qualified agricultural countermeasures.

(e) 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. 11045. VETERINARY WORKFORCE GRANT PROGRAM.**

(a) IN GENERAL.—The Secretary shall establish a grant program to increase the number of veterinarians trained in agricultural biosecurity.

(b) CONSIDERATIONS FOR FUNDING AWARDED.—The Secretary shall establish procedures to ensure that grants are competitively awarded under the program based on—

(1) the ability of an applicant to increase the number of veterinarians who are trained in agricultural biosecurity practice areas determined by the Secretary;

(2) the ability of an applicant to increase research capacity in areas of agricultural biosecurity determined by the Secretary to be a priority; or

(3) any other consideration the Secretary determines to be appropriate.

(c) USE OF FUNDS.—Amounts received under this section may be used by a grantee to pay—

(1) costs associated with construction and the acquisition of equipment, and other capital costs relating to the expansion of schools of veterinary medicine, departments of comparative medicine, departments of veterinary science, or entities offering residency training programs; or

(2) 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.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

**SEC. 11046. ASSISTANCE TO BUILD LOCAL CAPACITY IN AGRICULTURAL BIOSECURITY PLANNING, PREPAREDNESS, AND RESPONSE.**

(a) ADVANCED TRAINING PROGRAMS.—

(1) GRANT ASSISTANCE.—The Secretary shall provide grant assistance 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 are 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 provide grant and low-interest loan as-

sistance to States for use 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.

**SEC. 11047. BORDER INSPECTIONS OF AGRICULTURAL PRODUCTS.**

(a) INSPECTION.—

(1) IN GENERAL.—The Secretary of Homeland Security, in consultation with the Secretary and the Secretary of Health and Human Services, shall coordinate with Federal intelligence officials to identify agricultural products that are imported from countries that have known capabilities to carry out an agroterrorist act.

(2) PRIORITY.—

(A) IN GENERAL.—Agricultural products imported from countries described in paragraph (1) shall be given priority status in the inspection process.

(B) EFFECT OF THREATS.—If a credible and specific threat of an intended agroterrorist act is identified by Federal intelligence officials, each border inspection of a product that could

be a pathway for the agroterrorist act shall be intensified.

(b) COORDINATION IN BORDER INSPECTION.—In conducting inspections of agricultural products at the border, the Secretary, the Secretary of Homeland Security, and the Secretary of Health and Human Services shall use a compatible communication system in order to better coordinate the inspection process.

**SEC. 11048. LIVE VIRUS OF 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 the National Bio and Agro-Defense Laboratory (referred to in this section as the ''NBAF'').

(b) LIMITATION.—The permit shall be valid unless the Secretary finds that the study of live foot and mouth disease virus at the NBAF is not being carried out in accordance with the regulations issued by the Secretary pursuant to the Agricultural Bioterrorism Protection Act of 2002 (7 U.S.C. 8401 et seq.).

(c) 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.

# Subtitle B—Other Programs

**SEC. 11051. FORECLOSURE.**

(a) IN GENERAL.—Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end the following:

"(f) MORATORIUM.—

"(1) IN GENERAL.—Effective beginning on the date of enactment of this subsection, there shall be in effect a moratorium on all loan acceleration and foreclosure proceedings instituted by the Department for any case in which—

"(A) there is pending against the Department a claim of discrimination by a farmer or rancher related to a loan acceleration or foreclosure; or

"(B) a farmer or rancher files a claim of discrimination against the Department related to a loan acceleration or foreclosure.

"(2) WAIVER OF INTEREST AND OFFSETS.—During the period of the moratorium, the Secretary shall waive the accrual of interest and offsets on all loans made under this subtitle for which loan accel-

eration or foreclosure proceedings have been instituted as described in 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 the loan was in abeyance.".

(b) FORECLOSURE REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date of 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

loans made under subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) to socially disadvantaged farmers or ranchers during the 5-year period preceding the date of 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 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. 11052. OUTREACH AND TECHNICAL ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.**

(a) IN GENERAL.—Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)) is amended—

(1) in subsection (a)—

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

"(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 socially disadvantaged farmers and ranchers and prospective socially disadvantaged farmers and ranchers in a culturally and linguistically appropriate manner; and

"(ii) improving the participation of those farmers and ranchers in Department programs, as determined under section 2501A.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "entity to provide information" and inserting "entity that has demonstrated an ability to carry out the requirements described in paragraph (2) to provide outreach"; and

(ii) by adding at the end the following:

"(D) RENEWAL OF CONTRACTS.—The Secretary may provide for renewal of a grant, contract, or other agreement under this section with an eligible entity that—

"(i) has previously received funding under this section;

"(ii) has demonstrated an ability to carry out the requirements described in paragraph (2); and

"(iii) demonstrates to the satisfaction of the Secretary that the entity will continue to fulfill the purposes of this section.

"(E) REVIEW OF PROPOSALS.—Notwithstanding subparagraph (D), the Secretary shall promulgate a regulation to establish criteria for the review process for grants and cooperative agreements (including multiyear grants), which shall include a review eligible entities on an individual basis.

"(F) REPORT.—The Secretary shall submit to Congress, and make publically available, an annual report that describes—

"(i) the accomplishments of the program under this section; and

"(ii) any gaps or problems in service delivery as reported by grantees."; and

(C) in paragraph (4)—

(i) by striking subparagraph (A), and inserting the following:

"(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 2008 through 2012."; and

(ii) by adding at the end the following:

"(C) LIMITATION ON USE OF FUNDS FOR ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amounts made available under this paragraph for a fiscal year may be used for expenses related to administering the program under this section."; and

(2) in subsection (e)(5)(A)—

(A) in clause (i), by striking "has demonstrated experience in" and inserting "has a reputation for, and has demonstrated experience in,"; and

(B) in clause (ii)—

(i) by inserting "and on behalf of" before "socially"; and

(ii) by striking ''2-year'' and inserting ''3-year''.

(b) COORDINATION WITH OUTREACH.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall develop a plan to join and relocate—

(A) the outreach and technical assistance program established under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

(B) the Office of Outreach of the Department of Agriculture.

(2) CONSULTATION.—In preparing the plan under paragraph (1), the Secretary shall, in consultation with eligible entities under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279)—

(A) decide the most appropriate permanent location for the programs described in paragraph (1); and

(B) locate both programs together at that location.

(3) REPORT.—After the relocation described in this subsection is completed, the Secretary shall sub-

mit to Congress a report that includes information describing the new location of the programs.

**SEC. 11053. ADDITIONAL CONTRACTING AUTHORITY.**

Section 2501(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)(3)) (as amended by section 11052(a)(1)(B)(ii)) is amended by adding at the end the following:

"(G) ADDITIONAL CONTRACTING AUTHORITY.—

"(i) IN GENERAL.—The Secretary shall provide to the Office of Outreach of the Department of Agriculture, the Natural Resources Conservation Service, the Farm Service Agency, the Risk Management Agency, the Forest Service, the Food Safety and Inspection Service, and such other agencies and programs as the Secretary determines to be necessary, the authority to make grants and enter into contracts and cooperative agreements with community-based organizations that meet the definition of an eligible entity under subsection (e).

"(ii) MATCHING FUNDS.—The Secretary is not required to require matching

funds for a grant made, or a contract or cooperative agreement entered into, under this subparagraph.

"(iii) INTERAGENCY FUNDING.—Notwithstanding any other provision of law (including regulations), any Federal agency may participate in any grant made, or contract or cooperative agreement entered into, under this subsection by contributing funds, if the head of the agency determines that the objectives of the grant, contract, or cooperative agreement will further the authorized programs of the contributing agency.".

**SEC. 11054. IMPROVED PROGRAM DELIVERY BY THE 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 by striking the second sentence.

**SEC. 11055. 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 and ranchers in agricultural production.".

**SEC. 11056. IMPROVED DATA REQUIREMENTS.**

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:

"(c) COMPILATION OF PROGRAM PARTICIPATION DATA.—

"(1) ANNUAL REQUIREMENT.—For each county and State in the United States, the Secretary of Agriculture (referred to in this section as the 'Secretary') shall annually compile program application and participation rate data regarding socially disadvantaged farmers and ranchers by computing for each program of the Department of Agriculture that serves agricultural producers or 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 required 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.

"(d) LIMITATIONS ON USE OF DATA.—

"(1) IN GENERAL.—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. 11057. RECEIPT FOR SERVICE OR DENIAL OF SERVICE.**

Section 2501A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279–1) (as amended by section 11056) is amended by adding at the end the following:

"(e) RECEIPT FOR SERVICE OR DENIAL OF SERVICE.—In any case in which a farmer or rancher, or a prospective farmer or rancher, in person or in writing, requests from the Farm Service Agency or the Natural Resources Conservation Service of the Department of Agriculture any benefit or service offered by the Department to agricultural producers or landowners, and at the time of the request requests a receipt, the Secretary of Agriculture shall issue, on the date of the request, a receipt to the farmer or rancher, or prospective farmer or rancher, that contains—

"(1) the date, place, and subject of the request; and

"(2) the action taken, not taken, or recommended to the farmer or rancher or prospective farmer or rancher.".

**SEC. 11058. 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 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. 11059. FARMWORKER COORDINATOR.**

(a) IN GENERAL.—Subtitle B of title II of the Department of Agriculture Reorganization Act of 1994 is amended by inserting after section 226A (7 U.S.C. 6933) the following:

**"SEC. 226B. FARMWORKER COORDINATOR.**

"(a) ESTABLISHMENT.—The Secretary shall establish within the Department the position of Farmworker Coordinator (referred to in this section as the 'Coordinator').

"(b) DUTIES.—The Secretary shall delegate to the Coordinator responsibility for—

"(1) assisting in administering the program established by section 2281 of the Food, Agriculture,

Conservation, and Trade Act of 1990 (42 U.S.C. 5177a);

''(2) serving as a liaison to community-based nonprofit organizations that represent and have demonstrated experience serving low-income migrant and seasonal farmworkers;

''(3) 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;

''(4) consulting with the Office of Small Farm Coordination, Office of Outreach, Outreach Coordinators, and other entities to better integrate farmworker perspectives, concerns, and interests into the ongoing programs of the Department;

''(5) consulting with appropriate institutions on research, program improvements, or agricultural education opportunities that assist low-income and migrant seasonal farmworkers; and

''(6) ensuring that farmworkers have access to services and support to enter agriculture as producers.

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

(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 7401(c)(1)) is amended by adding at the end the following:

"(7) the authority of the Secretary to establish in the Department a position of Farmworker Coordinator in accordance with section 226B.".

**SEC. 11060. CONGRESSIONAL BIPARTISAN FOOD SAFETY COMMISSION.**

(a) COMMISSION.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—There is established a commission to be known as the "Congressional Bipartisan Food Safety Commission" (referred to in this section as the "Commission").

(B) PURPOSE.—The purpose of the Commission shall be to act in a bipartisan, consensus-driven fashion—

(i) to review the food safety system of the United States;

(ii) to prepare a report that—

(I) summarizes information about the food safety system as in effect as of the date of enactment of this Act; and

(II) makes recommendations on ways—

(aa) to modernize the food safety system of the United States;

(bb) to harmonize and update food safety statutes;

(cc) to improve Federal, State, local, and interagency coordination of food safety personnel, activities, budgets, and leadership;

(dd) to best allocate scarce resources according to risk;

(ee) to ensure that regulations, directives, guidance, and other standards and requirements are based on best-available science and technology;

(ff) to emphasize preventative rather than reactive strategies; and

(gg) to provide to Federal agencies funding mechanisms necessary to effectively carry out food safety responsibilities; and

(iii) to draft specific statutory language, including detailed summaries of the language and budget recommendations, that would implement the recommendations of the Commission.

(2) MEMBERSHIP.—

(A) COMPOSITION.—The Commission shall be composed of 19 members.

(B) ELIGIBILITY.—Members of the Commission shall—

(i) have specialized training, education, or significant experience in at least 1 of the areas of—

(I) food safety research;

(II) food safety law and policy; and

(III) program design and implementation;

(ii) consist of—

(I) the Secretary of Agriculture (or a designee);

(II) the Secretary of Health and Human Services (or a designee);

(III) 1 Member of the House of Representatives; and

(IV) 1 Member of the Senate; and

(V) 15 additional members that include, to the maximum extent practicable, representatives of—

(aa) consumer organizations;

(bb) agricultural and livestock production;

(cc) public health professionals;

(dd) State regulators;

(ee) Federal employees; and

(ff) the livestock and food manufacturing and processing industry.

(C) APPOINTMENTS.—

(i) IN GENERAL.—The appointment of the members of the Commission shall be

made not later than 60 days after the date of enactment of this Act.

(ii) CERTAIN APPOINTMENTS.—Of the members of the Commission described in subparagraph (B)(ii)(V)—

(I) 2 shall be appointed by the President;

(II) 7 shall be appointed by a working group consisting of—

(aa) the Chairman of each of the Committee on Agriculture, Nutrition, and Forestry and the Committee on Health, Education, Labor, and Pensions of the Senate;

(bb) the Chairman of each of the Committee on Agriculture and the Committee on Energy and Commerce of the House of Representatives;

(cc) the Speaker of the House of Representatives; and

(dd) the Majority Leader of the Senate; and

(III) 6 shall be appointed by a working group consisting of—

(aa) the Ranking Member of each of the Committees described in items (aa) and (bb) of subclause (II);

(bb) the Minority Leader of the House of Representatives; and

(cc) the Minority Leader of the Senate.

(D) TERM.—A member of the Commission shall be appointed for the life of the Commission.

(E) VACANCIES.—A vacancy on the Commission—

(i) shall not affect the powers of the Commission; and

(ii) shall be filled in the same manner as the original appointment was made.

(3) MEETINGS.—

(A) INITIAL MEETING.—Except as provided in subparagraph (B), the initial meeting of the Commission shall be conducted in Washington, District of Columbia, not later than 30

days after the date of appointment of the final member of the Commission under paragraph (2)(C).

(B) MEETING FOR PARTIAL APPOINTMENT.—If, as of the date that is 90 days after the date of enactment of this Act, all members of the Commission have not been appointed under paragraph (2)(C), but at least 8 members have been appointed, the Commission may hold the initial meeting of the Commission.

(C) OTHER MEETINGS.—The Commission shall—

(i) hold a series of at least 5 stakeholder meetings to solicit public comment, including—

(I) at least 1 stakeholder meeting, to be held in Washington, District of Columbia; and

(II) at least 4 stakeholder meetings, to be held in various regions of the United States; and

(ii) meet at the call of—

(I) the Chairperson;

(II) the Vice-Chairperson; or

(III) a majority of the members of the Commission.

(D) PUBLIC PARTICIPATION; INFORMATION.—To the maximum extent practicable—

(i) each meeting of the Commission shall be open to the public; and

(ii) all information from a meeting of the Commission shall be recorded and made available to the public.

(E) QUORUM.—With respect to meetings of the Commission—

(i) a majority of the members of the Commission shall constitute a quorum for the conduct of business of the Commission; but

(ii) for the purpose of a stakeholder meeting described in subparagraph (C)(i), 4 or more members of the Commission shall constitute a quorum.

(F) FACILITATOR.—The Commission shall contract with a nonpolitical, disinterested third-party entity to serve as a meeting facilitator.

(4) CHAIRPERSON AND VICE-CHAIRPERSON.—At the initial meeting of the Commission, the members of the Commission shall select from among the

members a Chairperson and Vice-Chairperson of the Commission.

(b) DUTIES.—

(1) RECOMMENDATIONS.—The Commission shall review and consider the statutes, studies, and reports described in paragraph (2) for the purpose of understanding the food safety system of the United States in existence as of the date of enactment of this Act.

(2) STATUTES, STUDIES, AND REPORTS.—The statutes, studies, and reports referred to in paragraph (1) are—

(A) with respect with respect to laws administered by the Secretary of Agriculture—

(i) the Federal Seed Act (7 U.S.C. 1551 et seq.);

(ii) the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.);

(iii) the Animal Health Protection Act (7 U.S.C. 8301 et seq.);

(iv) the Lacey Act Amendments of 1981 (16 U.S.C. 3371 et seq.);

(v) the Poultry Products Inspection Act (21 U.S.C. 451 et seq.);

(vi) the Federal Meat Inspection Act (21 U.S.C. 601 et seq.); and

(vii) the Egg Products Inspection Act (21 U.S.C. 1031 et seq.);

(B) with respect to laws administered by the Secretary of the Treasury, the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.);

(C) with respect to laws administered by the Federal Trade Commission, the Act of September 26, 1914 (15 U.S.C. 41 et seq.);

(D) with respect to laws administered by the Secretary of Health and Human Services—

(i) chapters I through IV of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.);

(ii) the Public Health Service Act (42 U.S.C. 201 et seq.);

(iii) the Import Milk Act (21 U.S.C. 141 et seq.);

(iv) the Food Additives Amendment of 1958 (Public Law 85–929; 52 Stat. 1041);

(v) the Fair Packaging and Labeling Act (Public Law 89–755; 80 Stat. 1296);

(vi) the Infant Formula Act of 1980 (21 U.S.C. 301 note; Public Law 96–359);

(vii) the Pesticide Monitoring Improvements Act of 1988 (Public Law 100–418; 102 Stat. 1411);

(viii) the Nutrition Labeling and Education Act of 1990 (21 U.S.C. 301 note; Public Law 101–535);

(ix) the Food and Drug Administration Modernization Act of 1997 (21 U.S.C. 301 note; Public Law 105–115); and

(x) the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (21 U.S.C. 201 note; Public Law 107–188);

(E) with respect to laws administered by the Attorney General, the Federal Anti-Tampering Act (18 U.S.C. 1365 note; Public Law 98–127);

(F) with respect to laws administered by the Administrator of the Environmental Protection Agency—

(i) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.);

(ii) the Food Quality Protection Act of 1996 (7 U.S.C. 136 note; Public Law 104–170);

(iii) the Toxic Substances Control Act (15 U.S.C. 2601 et seq.); and

(iv) the Safe Drinking Water Act of 1974 (42 U.S.C. 201 note; Public Law 93–523); and

(G) with respect to laws administered by the Secretary of Transportation, chapter 57 of subtitle II of title 49, United States Code (relating to sanitary food transportation); and

(H) with respect to Government studies on food safety—

(i) the report of the National Academies of Science entitled ''Ensuring Safe Food from Production to Consumption'' and dated 1998;

(ii) the report of the National Academies of Science entitled ''Scientific Criteria to Ensure Safe Food'' and dated 2003;

(iii) reports of the Office of the Inspector General of the Department of Agriculture, including—

(I) report 24601-0008-CH, entitled ''Egg Products Processing Inspection'' and dated September 18, 2007;

(II) report 24005-1-AT, entitled ''Food Safety and Inspection Service - State Meat and Poultry Inspection Programs'' and dated September 27, 2006;

(III) report 24601-06-CH, entitled ''Food Safety and Inspection Service's In-Plant Performance System'' and dated March 28, 2006;

(IV) report 24601-05-AT, entitled ''Hazard Analysis and Critical Control Point Implementation at Very Small Plants'' and dated June 24, 2005;

(V) report 24601-04-HY, entitled ''Food Safety and Inspection Service Oversight of the 2004 Recall by Quaker Maid Meats, Inc.'' and dated May 18, 2005;

(VI) report 24501-01-FM, entitled ''Food Safety and Inspection

Service Application Controls - Performance Based Inspection System'' and dated November 24, 2004;

(VII) report 24601-03-CH, entitled ''Food Safety and Inspection Service Use of Food Safety Information'' and dated September 30, 2004;

(VIII) report 24601-03-HY, entitled ''Food Safety and Inspection Service Effectiveness Checks for the 2002 Pilgrim's Pride Recall'' and dated June 29, 2004;

(IX) report 24601-02-HY, entitled ''Food Safety and Inspection Service Oversight of the Listeria Outbreak in the Northeastern United States'' and dated June 9, 2004;

(X) report 24099-05-HY, entitled ''Food Safety and Inspection Service Imported Meat and Poultry Equivalence Determinations Phase III'' and dated December 29, 2003;

(XI) report 24601-2-KC, entitled ''Food Safety and Inspection Service - Oversight of Production Process and

Recall at Conagra Plant (Establishment 969)'' and dated September 30, 2003;

(XII) report 24601-1-Ch, entitled ''Laboratory Testing Of Meat And Poultry Products'' and dated June 21, 2000;

(XIII) report 24001-3-At, 24601-1-Ch, 24099-3-Hy, 24601-4-At, entitled ''Food Safety and Inspection Service: HACCP Implementation, Pathogen Testing Program, Foreign Country Equivalency, Compliance Activities'' and dated June 21, 2000; and

(XIV) report 24001-3-At, entitled ''Implementation of the Hazard Analysis and Critical Control Point System'' and dated June 21, 2000; and

(I) with respect to reports prepared by the Government Accountability Office, the reports designated—

(i) GAO-05-212;

(ii) GAO-02-47T;

(iii) GAO/T-RCED-94-223;

(iv) GAO/RCED-99-80;

(v) GAO/T-RCED-98-191;

(vi) GAO/RCED-98-103;

(vii) GAO-07-785T;

(viii) GAO-05-51;

(ix) GAO/T-RCED-94-311;

(x) GAO/RCED-92-152;

(xi) GAO/T-RCED-99-232;

(xii) GAO/T-RCED-98-271;

(xiii) GAO-07-449T;

(xiv) GAO-05-213;

(xv) GAO-04-588T;

(xvi) GAO/RCED-00-255;

(xvii) GAO/RCED-00-195; and

(xviii) GAO/T-RCED-99-256.

(3) REPORT.—Not later than 360 days after the date on which the Commission first meets, the Commission shall submit to the President and Congress a report that includes the report and summaries, statutory language recommendations, and budget recommendations described in clauses (ii) and (iii) of subsection (a)(1)(B).

(c) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission or, at the direction of the Commission, any member of the Commission, may, for the purpose of carrying out this section—

(A) hold such hearings, meet and act at such times and places, take such testimony, receive such evidence, and administer such oaths; and

(B) require the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, documents, tapes, and materials;

as the Commission or member considers advisable.

(2) INFORMATION FROM FEDERAL AGENCIES.—

(A) IN GENERAL.—The Commission may secure directly, from any Federal agency, such information as the Commission considers necessary to carry out this section.

(B) PROVISION OF INFORMATION.—

(i) IN GENERAL.—Subject to subparagraph (C), on the request of the Commission, the head of a Federal agency described in subparagraph (A) shall expeditiously furnish information requested by the Commission to the Commission.

(ii) ADMINISTRATION.—The furnishing of information by a Federal agency to the Commission shall not be considered a waiver of any exemption available to the agency under section 552 of title 5, United States Code.

(C) INFORMATION TO BE KEPT CONFIDENTIAL.—For purposes of section 1905 of title 18, United States Code—

(i) the Commission shall be considered an agency of the Federal Government; and

(ii) any individual employed by an individual, entity, or organization that is a party to a contract with the Commission under this section shall be considered an employee of the Commission.

(d) COMMISSION PERSONNEL MATTERS.—

(1) MEMBERS.—

(A) NON-FEDERAL EMPLOYEES.—A member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for

each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

(B) FEDERAL EMPLOYEES.—A member of the Commission who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government.

(C) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(2) STAFF.—

(A) EXECUTIVE DIRECTOR.—Not later than 30 days after the Chairperson and Vice-Chairperson of the Commission are selected under subsection (a)(4), the Chairperson and Vice-Chairperson shall jointly select an individual to serve as executive director of the Commission.

(B) ADDITIONAL STAFF.—The Chairperson of the Commission may, without regard to the civil service laws (including regulations), appoint and terminate the appointment of such other additional personnel as are necessary to enable the Commission to perform the duties of the Commission.

(C) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director under this paragraph shall be subject to confirmation by the Commission.

(D) COMPENSATION.—

(i) IN GENERAL.—Except as provided in clause (ii), the Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

(ii) MAXIMUM RATE OF PAY.—The rate of pay for the executive director and other personnel shall not exceed the rate payable for level II of the Executive Sched-

ule under section 5316 of title 5, United States Code.

(3) DETAIL OF FEDERAL GOVERNMENT EMPLOYEES.—

(A) IN GENERAL.—An employee of the Federal Government may be detailed to the Commission, without reimbursement, for such period of time as is permitted by law.

(B) CIVIL SERVICE STATUS.—The detail of the employee shall be without interruption or loss of civil service status or privilege.

(4) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson, Vice-Chairperson, and executive director of the Commission may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5316 of that title.

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

(f) TERMINATION.—The Commission shall terminate on the date that is 60 days after the date on which the Commission submits the report under subsection (b)(2).

**SEC. 11061. EMERGENCY GRANTS TO ASSIST LOW-INCOME MIGRANT AND SEASONAL FARMWORKERS.**

Section 2281 of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a) is amended to read as follows:

**"SEC. 2281. EMERGENCY GRANTS TO ASSIST LOW-INCOME MIGRANT AND SEASONAL FARMWORKERS.**

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means a public agency, community-based organization, or network of community-based organizations with tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, that has at least 5 years of demonstrated experience in representing and providing emergency services to low-income migrant or seasonal farmworkers

"(2) LOW-INCOME MIGRANT OR SEASONAL FARMWORKER.—The term 'low-income migrant or seasonal farmworker' means an individual—

"(A) who has, during any consecutive 12-month period within the preceding 24-month period, performed farm work for wages;

"(B) who has received not less than ½ of the total income of the individual from, or been employed at least ½ of total work time in, farm work; and

"(C) whose annual family income during the 12-month period described in paragraph (1) does not exceed the higher of, as determined by the Secretary—

"(i) 185 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services; or

"(ii) 70 percent of the lower living standard income level.

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

"(b) GRANTS AVAILABLE.—The Secretary may make grants to eligible entities if the Secretary determines that a local, State, or national emergency or disaster has caused low-income migrant or seasonal farmworkers—

"(1) to lose income;

"(2) to be unable to work; or

"(3) to stay home or return home in anticipation of work shortages.

"(c) USE OF FUNDS.—As a condition of receiving a grant under subsection (b), an eligible entity shall use the grant to provide emergency services to low-income migrant or seasonal farmworkers, with a focus on—

"(1) assistance that allows low-income migrant or seasonal farmworkers to meet or access other resources to meet short-term emergency family needs for food, clothing, employment, transportation, and housing;

"(2) assistance that allows low-income and migrant seasonal farmworkers to remain in a disaster area; and

"(3) such other priorities that the Secretary determines to be appropriate.

"(d) DISASTER FUND.—

"(1) IN GENERAL.—The Secretary shall maintain a disaster fund of $2,000,000 to be used for immediate assistance for events described in subsection (b).

"(2) FUNDING.—There are authorized to be appropriated to the Secretary such sums as are necessary to maintain the disaster fund at $2,000,000 for each of fiscal years 2008 through 2012.".

**SEC. 11062. 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. 11063. INVASIVE SPECIES MANAGEMENT, HAWAII.**

(a) DEFINITIONS.—In this section:

(1) SECRETARIES.—The term ''Secretaries'' means—

(A) the Secretary of the Interior;

(B) the Secretary of Agriculture; and

(C) the Secretary of Homeland Security.

(2) SECRETARY CONCERNED.—The term ''Secretary concerned'' means—

(A) the Secretary of the Interior, with respect to matters under the jurisdiction of the Department of the Interior;

(B) the Secretary of Agriculture, with respect to matters under the jurisdiction of the Department of Agriculture; and

(C) the Secretary of Homeland Security, with respect to matters under the jurisdiction of the Department of Homeland Security.

(3) STATE.—The term ''State'' means the State of Hawaii.

(b) CONTROLLING INTRODUCTION AND SPREAD OF INVASIVE SPECIES AND DISEASES IN THE STATE.—

(1) CONSULTATION AND COOPERATION.—The Secretaries concerned shall—

(A) with respect to restricting the introduction or movement of invasive species and diseases into the State, consult and cooperate with the State; and

(B) in carrying out the activities described in this subsection, consult and cooperate with appropriate agencies and officers with experience relating to quarantine procedures, natural resources, conservation, and law enforcement of—

(i) the Department of Homeland Security;

(ii) the Department of Commerce;

(iii) the United States Treasury; and

(iv) the State.

(2) DEVELOPMENT OF COLLABORATIVE FEDERAL AND STATE PROCEDURES.—The Secretaries, in collaboration with the State, shall—

(A) develop procedures to minimize the introduction of invasive species into the State; and

(B) submit to Congress annual reports describing progress made and results achieved in carrying out the procedures.

(3) EXPEDITED CONSIDERATION OF STATE AND LOCAL CONTROL PROPOSALS.—

(A) EXPEDITED PROCESS.—Not later than 1 year after the date of enactment of this Act, the Secretaries shall establish an expedited process for the State and political subdivisions of the State under which the State and political subdivisions may, through the submission of an application, seek approval of the Secretary concerned to impose a general or specific prohibition or restriction on the introduction or movement of invasive species or diseases from domestic or foreign locations to the State that is

in addition to the applicable prohibition or restriction imposed by the Secretary concerned.

(B) REVIEW PERIOD.—Not later than 60 days after the date of receipt by the Secretary concerned of an application under subparagraph (A) that the Secretary concerned determines to be a completed application, the Secretary concerned shall—

(i) review the completed application;

(ii) assess each potential risk with respect to the completed application; and

(iii) approve or disapprove the completed application.

(4) RESPONSE TO EMERGENCY THREATS.—

(A) IN GENERAL.—The State may carry out an emergency action to impose a prohibition or restriction on the entry of an invasive species or disease that is in addition to the applicable prohibition or restriction imposed by the Secretary concerned if—

(i) the State has submitted to the Secretary concerned a completed application under paragraph (3) that is pending approval by the Secretary concerned; and

(ii) an emergency or imminent threat from an invasive species or disease occurs in the State during the period in which the completed application described in clause (i) is pending approval by the Secretary concerned.

(B) NOTICE.—Before carrying out an emergency action under subparagraph (A), the State shall provide written notice to the Secretary concerned.

(C) PERIOD OF EMERGENCY ACTION.—If, by the date that is 10 days after the date of receipt of a written notice under subparagraph (B), the Secretary concerned does not object to the emergency action that is the subject of the notice, the State may carry out the emergency action during the 60-day period beginning on that date.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretaries such sums as are necessary to carry out this section for each of fiscal years 2008 through 2012.

**SEC. 11064. 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 11056) in the conduct of oversight and evaluation of civil rights compliance.

**SEC. 11065. 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. 11066. 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 a nonprofit, community-based organization, or a consortium of nonprofit, community-based organizations, agricultural labor organizations, farmer or rancher cooperatives, and public entities, that has the capacity (including demonstrated experience in providing training, housing, or emergency services to migrant and seasonal farmworkers) to assist agricultural employers and farmworkers with improvements in the supply, stability, safety, and training of the agricultural labor force.

(b) GRANTS.—

(1) IN GENERAL.—The Secretary may provide grants to eligible entities for use in providing services to assist farmworkers in securing, retaining, upgrading, or returning from agricultural jobs.

(2) ELIGIBLE SERVICES.—The services referred to in paragraph (1) include—

(A) agricultural upgrading and cross training;

(B) the provision of agricultural labor market information;

(C) transportation;

(D) short-term housing, including housing for unaccompanied farmworkers and at migrant rest stops;

(E) travelers' aid;

(F) workplace literacy and assistance with English as a second language;

(G) health and safety instruction, including ways of safeguarding the food supply of the United States; and

(H) limited emergency and financial assistance, in cases in which the Secretary determines that a national, State, or local emergency or disaster has caused migrant or seasonal farmworkers to lose income or employment.

(3) EMERGENCY ASSISTANCE.—Any emergency services provided using funds from a grant in accordance with paragraph (2)(H)—

(A) shall be consistent with section 2281 of the Food, Agriculture, Conservation, and

Trade Act of 1990 (as amended by section 11061);

(B) shall be focused on assistance to allow low-income farmworkers and their families to meet short-term needs for such food, clothing, employment, transportation, and housing as are necessary to regain employment or return home; and

(C) may include such other types of assistance as the Secretary determines to be appropriate.

(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. 11067. 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 regulations.

"(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.

"(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 interstate commerce a Federal mark, stamp, tag, or label of inspection, if the establishment—

"(A) is an eligible establishment; and

"(B) is located in a State that has designated personnel to inspect the eligible establishment.

"(2) PROHIBITED ESTABLISHMENTS.—In carrying out paragraph (1), the Secretary, in coordina-

tion 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 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 enactment of this section; or

"(iii) was a State establishment as of the date of enactment of this section that—

"(I) as of the date of 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 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 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.—

"(1) IN GENERAL.—Except as provided in paragraph (2), 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.

"(2) MICROBIOLOGICAL VERIFICATION TESTING.—The Secretary may reimburse a State for 100 percent of eligible State costs relating to the inspection of selected establishments in the State, if the State provides additional microbiological verification testing of the selected establishments, using standards under this Act, that is in excess of the typical verification testing frequency of the Federal Government with respect to Federal establishments.

"(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 2 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 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 under this section.

"(f) INSPECTION TRAINING 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 an inspection training 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, education, and training to very small or certain small establishments (as defined by the Secretary).

"(2) PERSONNEL.—The inspection training 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 inspection training division; and

"(B) possess appropriate qualifications and expertise relating to the duties of the inspection training 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 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 regulations.

"(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.

"(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 the establishment—

"(A) is an eligible establishment; and

"(B) is located in a State that has designated personnel to inspect the eligible establishment.

"(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 enactment of this section, ships in interstate commerce carcasses, 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 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 enactment of this section; or

"(iii) was a State establishment as of the date of enactment of this section that—

"(I) as of the date of 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 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 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.—

"(1) IN GENERAL.—Except as provided in paragraph (2), 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.

"(2) MICROBIOLOGICAL VERIFICATION TESTING.—The Secretary may reimburse a State for 100 percent of eligible State costs relating to the inspection of selected establishments in the State, if the State provides additional microbiological verification testing of the selected establishments, using standards under this Act, that is in excess of the typical verification testing frequency of the Federal Government with respect to Federal establishments.

"(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 re-

spect 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 2 years thereafter, the Inspector General of the Department of Agriculture shall con-

duct 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 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 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 enactment of this section, the Secretary shall promulgate final regulations in accordance with paragraph (1).".

**SEC. 11068. PREVENTION AND INVESTIGATION OF PAYMENT AND FRAUD AND ERROR.**

Section 1113 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3413) is amended by striking subsection (k) and inserting the following:

"(k) DISCLOSURE NECESSARY FOR PROPER ADMINISTRATION OF PROGRAMS OF CERTAIN GOVERNMENT AUTHORITIES.—

"(1) DISCLOSURE TO GOVERNMENT AUTHORITIES.—Nothing in this title shall apply to the disclosure by the financial institution of the financial records of any customer to the Department of the Treasury, the Social Security Administration, the Railroad Retirement Board, or any other Government authority that certifies, disburses, or collects

payments, when the disclosure of such information is necessary to, and such information is used solely for the purposes of—

"(A) the proper administration of section 1441 of the Internal Revenue Code of 1986 (26 U.S.C. 1441);

"(B) the proper administration of title II of the Social Security Act (42 U.S.C. 401 et seq.);

"(C) the proper administration of the Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.);

"(D) the verification of the identify of any person in connection with the issuance of a Federal payment or collection of funds by a Government authority; or

"(E) the investigation or recovery of an improper Federal payment or collection of funds, or an improperly negotiated Treasury check.

"(2) LIMITATIONS ON SUBSEQUENT DISCLOSURE.—Notwithstanding any other provision of law, any request authorized by paragraph (1), and the information contained therein, may be used by the financial institution and its agents solely for the pur-

pose of providing the customer's financial records to the Government authority requesting the information and shall be barred from redisclosure by the financial institution or its agents. Any Government authority receiving information pursuant to paragraph (1) may not disclose or use the information except for the purposes set forth in such paragraph.''.

**SEC. 11069. ELIMINATION OF STATUTE OF LIMITATIONS APPLICABLE TO COLLECTION OF DEBT BY ADMINISTRATIVE OFFSET.**

(a) ELIMINATION.—Section 3716 of title 31, United States Code, is amended by striking subsection (e) and inserting the following:

''(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. 11070. STORED QUANTITIES OF PROPANE.**

Section 550(a) of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note; Public Law 109–295), is amended by striking ''Commission.'' and inserting the following:

''Commission: *Provided further,* That the Secretary shall not apply interim or final regulations relating to stored threshold quantities of propane for sale, storage, or use on homestead property, agricultural operations, or small business concerns (as defined in section 3 of the Small Business Act (15 U.S.C. 632)) that are located in rural areas (as defined in section 520 of the Housing Act of 1949 (42 U.S.C. 1490)), unless the Secretary submits to Congress a report describing an immediate or imminent threat against such a stored quantity of propane: *Provided further*, That nothing in this section exempts the Secretary from implementing any interim or final regulation relating to stored threshold quantities of propane for sale, use, or storage in an area that is not a rural areas (as so defined).''.

**SEC. 11071. CLOSURE OF CERTAIN COUNTY FSA OFFICES.**

(a) DEFINITION OF CRITICAL ACCESS COUNTY FSA OFFICE.—

(1) IN GENERAL.—In this section, the term ''critical access county FSA office'' means an office

of the Farm Service Agency that, during the period described in paragraph (2), is—

(A) proposed to be closed;

(B) proposed to be closed with the closure delayed until after January 1, 2008, due to additional review pursuant to the third proviso of matter under the heading ''SALARIES AND EXPENSES'' under the heading ''FARM SERVICE AGENCY'' of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 (Public Law 109–97; 119 Stat. 2131); or

(C) included on a list of critical access county FSA offices determined in accordance with that Act and submitted to the Committee on Agriculture, Nutrition, and Forestry of the Senate by the Secretary on October 24, 2007.

(2) DESCRIPTION OF PERIOD.—The period referred to in paragraph (1) is the period beginning on November 10, 2005, and ending on December 31, 2007.

(3) EXCEPTION.—The term ''critical access county FSA office'' does not include any office of the Farm Service Agency that—

(A) is located not more than 20 miles from another office of the Farm Service Agency, unless the office is located within an identified limited-resource area consisting of at least 4 contiguous high-poverty counties; or

(B) employs no full-time equivalent employees as of the date of enactment of this Act.

(b) EXTENSION OF PERIOD OF OPERATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, except as provided in paragraph (3), none of the funds made available to the Secretary by any Act may be used to pay the salaries or expenses of any officer or employee of the Department of Agriculture to close any critical access county FSA office during the period beginning on November 1, 2007, and ending on September 30, 2012.

(2) NUMBER OF EMPLOYEES.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the Secretary shall ensure that each critical access county FSA office in each State maintains a staff level of not less than 3 full-time equivalent employees during the period described in paragraph (1).

(B) STAFFING FLEXIBILITY.—Notwithstanding subparagraph (A) and subject to subparagraph (C), an employee required to meet the staff level of a critical access county FSA office in a State as described in subparagraph (A) may be employed at any other county office of the Farm Service Agency in that State, as the Secretary determines to be appropriate.

(C) MINIMUM STAFFING LEVEL.—A critical access county FSA office shall be staffed by not less than 1 full-time equivalent employee during the period described in paragraph (1).

(3) EXCEPTION.—The Secretary may close a critical access county FSA office only on concurrence in the determination to close the critical access county FSA office by—

(A) Congress; and

(B) the applicable State Farm Service Agency committee.

# TITLE XII—TRADE AND TAX PROVISIONS

**SEC. 12001. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This title may be cited as the ''Heartland, Habitat, Harvest, and Horticulture Act of 2007''.

(b) AMENDMENTS TO 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

# Subtitle A—Supplemental Agricultural Disaster Assistance From the Agriculture Disaster Relief Trust Fund

## SEC. 12101. SUPPLEMENTAL AGRICULTURE 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 AGRICULTURE DISASTER ASSISTANCE

## "SEC. 901. PERMANENT AUTHORITY FOR SUPPLEMENTAL REVENUE ASSISTANCE.

"(a) DEFINITIONS.—In this section:

"(1) ACTUAL PRODUCTION HISTORY YIELD.—The term 'actual production history yield' means the weighted average actual production history for each insurable commodity or noninsurable commodity, as

calculated under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or the noninsured crop disaster assistance program, respectively.

"(2) 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).

"(3) 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.

"(4) 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.

"(5) 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 —

"(i) is used for grazing by the eligible producer; or

"(ii) 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.

"(6) FARM-RAISED FISH.—The term 'farm-raised fish' means any aquatic species (including any species of finfish, mollusk, crustacean, or other aquatic invertebrate, amphibian, reptile, or aquatic plant) that is propagated and reared in a controlled or semicontrolled environment.

"(7) 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.).

"(8) 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.

"(9) MOVING 5-YEAR OLYMPIC AVERAGE COUNTY YIELD.—The term 'moving 5-year Olympic average county yield' means the weighted average yield obtained from the 5 most recent years of yield data provided by the National Agriculture Statistics Service obtained from data after dropping the highest and the lowest yields.

"(10) 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.

"(11) 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).

"(12) 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)).

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

"(14) 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.

"(15) TRUST FUND.—The term 'Trust Fund' means the Agriculture Disaster Relief Trust Fund established under section 902.

"(16) 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 52 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, the product obtained by multiplying—

"(I) the greatest of—

"(aa) the actual production history yield;

"(bb) 90 percent of the moving 5-year Olympic average county yield; and

"(cc) the counter-cyclical program payment yield for each crop;

"(II) the percentage of the crop insurance yield guarantee;

"(III) the percentage of crop insurance price elected by the eligible producer;

"(IV) the crop insurance price; and

"(V) 115 percent; and

"(ii) for each noninsurable commodity on a farm, the product obtained by multiplying—

"(I) the weighted noninsured crop assistance program yield guarantee;

"(II) except as provided in subparagraph (B), 100 percent of the noninsured crop assistance program established price; and

"(III) 115 percent.

"(B) SUPPLEMENTAL BUY-UP NONINSURED ASSISTANCE PROGRAM.—Beginning on the date that the Secretary makes available supplemental buy-up coverage under the noninsured assistance program in accordance with subsection (h), the percentage described in subclause (II) of subparagraph (A)(ii) shall be equal to the percentage of the noninsured assistance program price guarantee elected by the producer.

"(C) 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.

"(D) 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 prevented harvesting, the adjusted assistance level shall be the basis for determining the disaster assistance program guarantee for the noninsurable commodity.

"(E) 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.

"(F) PUBLIC MANAGED LAND.—Notwithstanding subparagraph (A), if rangeland is managed by a Federal agency and the carrying capacity of the managed rangeland is reduced as a result of a disaster in the preceding year

that was the basis for a qualifying natural disaster declaration—

"(i) the calculation for the supplemental assistance program guarantee determined under subparagraph (A) as the guarantee applies to the managed rangeland shall be not less than 75 percent of the guarantee for the preceding year; and

"(ii) the requirement for a designation by the Secretary for the current year is waived.

"(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 grazing and for each crop produced on a farm by using the product obtained by multiplying—

"(I) the actual crop acreage grazed or harvested by an eligible producer on a farm;

"(II) the estimated actual yield of the grazing land or crop production; and

"(III) subject to subparagraphs (B) and (C), the average market price received or value of the production during the first 5 months of the marketing year for the county in which the farm or portion of a farm is located;

"(ii) 20 percent of amount of any direct payments made to the producer under section 1103 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7913) or of any fixed direct payments made at the election of the producer in lieu of that section or a subsequent section;

"(iii) the amount of payments for prevented planting on a farm;

"(iv) the amount of crop insurance indemnities received by an eligible producer on a farm for each crop on a farm, including indemnities for grazing losses;

"(v) the amount of payments an eligible producer on a farm received under the noninsured crop assistance program for each crop on a farm, including grazing losses; and

"(vi) 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, hay, or 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 average market price received or value of

the production during the first 5 months of the marketing year for the county in which the farm or portion of a farm is located 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 expected value of grazing;

"(B) the product obtained by multiplying—

"(i) the greatest of—

"(I) the actual production history yield of the eligible producer on a farm;

"(II) the moving 5-year Olympic average county yield; and

"(III) the counter-cyclical program payment yield;

"(ii) the acreage planted or intended to be planted for each crop; and

"(iii) 100 percent of the insurance price guarantee; and

"(C) the product obtained by multiplying—

"(i) 100 percent of the 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) IN GENERAL.—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) EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEY BEES, AND FARM-RAISED FISH.—

"(1) IN GENERAL.—The Secretary shall use up to $35,000,000 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 adverse weather or other environmental conditions, such as blizzards and wildfires, as determined by the Secretary, that are not covered under the authority of the Secretary to make qualifying natural disaster declarations.

"(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 and not used in a crop year shall remain available until expended.

"(e) TREE ASSISTANCE PROGRAM.—

"(1) DEFINITIONS.—In this subsection:

"(A) ELIGIBLE ORCHARDIST.—The term 'eligible orchardist' means a person that—

"(i) produces annual crops from trees for commercial purposes; or

"(ii) produces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale.

"(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) TREE.—The term 'tree' includes a tree, bush, and vine.

"(2) ELIGIBILITY.—

"(A) LOSS.—Subject to subparagraph (B), the Secretary shall provide assistance under paragraph (3) to eligible orchardists that planted trees for commercial purposes but lost the trees as a result of a natural disaster, as determined by the Secretary.

"(B) LIMITATION.—An eligible orchardist shall qualify for assistance under subparagraph (A) only if the tree mortality of the eligible orchardist, as a result of damaging weather or related condition, exceeds 15 percent (adjusted for normal mortality).

"(3) ASSISTANCE.—The assistance provided by the Secretary to eligible orchardists for losses described in paragraph (2) shall consist of—

"(A)(i) reimbursement of 75 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 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).

"(f) PLANT PEST AND DISEASE MANAGEMENT AND DISASTER PREVENTION.—

"(1) DEFINITIONS.—In this subsection:

"(A) 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—

"(i) the plant pests become established; or

"(ii) the plant pest infestations become too large and costly to eradicate or control.

"(B) PLANT PEST.—The term 'plant pest' has the meaning given such term in section 403 of the Plant Protection Act (7 U.S.C. 7702).

"(C) 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).

"(D) 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.

"(2) EARLY PLANT PEST DETECTION AND SURVEILLANCE IMPROVEMENT PROGRAM.—

"(A) 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.

"(B) CONSULTATION.—In carrying out this paragraph, the Secretary shall consult with—

"(i) the National Plant Board;

"(ii) the National Association of State Departments of Agriculture; and

"(iii) stakeholders.

"(C) FUNDS UNDER AGREEMENTS.—Each State department of agriculture with which the Secretary enters into a cooperative agreement under this paragraph shall receive funding for each of fiscal years 2008 through 2012 in an amount to be determined by the Secretary.

"(D) USE OF FUNDS.—

"(i) PLANT PEST DETECTION AND SURVEILLANCE ACTIVITIES.—A State department of agriculture that receives funds under this paragraph shall use the funds to carry out early plant pest detection and surveillance activities to prevent the introduction of a plant pest or facilitate the eradication of a plant pest, pursuant to a cooperative agreement.

"(ii) SUBAGREEMENTS.—Nothing in this paragraph prevents a State depart-

ment of agriculture from using funds received under subparagraph (C) to enter into subagreements with political subdivisions of the State that have legal responsibilities relating to agricultural plant pest and disease surveillance.

"(iii) 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.

"(E) SPECIAL FUNDING CONSIDERATIONS.—The Secretary shall provide funds to a State department of agriculture if the Secretary determines that—

"(i) the State department of agriculture is in a State that has a high risk of being affected by 1 or more plant pests; and

"(ii) 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.

"(F) REPORTING REQUIREMENT.—Not later than 180 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 subsection, the State department of agriculture shall submit to the Secretary a report that describes the purposes and results of the activities.

"(3) THREAT IDENTIFICATION AND MITIGATION PROGRAM.—

"(A) ESTABLISHMENT.—The Secretary, acting through the Administrator of the Animal and Plant Health Inspection Service (referred to in this section as the 'Secretary'), shall establish a threat identification and mitigation program to determine and prioritize foreign threats to the domestic production of crops.

"(B) REQUIREMENTS.—In conducting the program established under subparagraph (A), the Secretary shall—

"(i) consult with the Director of the Center for Plant Health Science and Technology;

"(ii) conduct, in partnership with States, early plant pest detection and surveillance activities;

"(iii) develop risk assessments of the potential threat to the agricultural industry of the United States from foreign sources;

"(iv) collaborate with the National Plant Board on the matters described in subparagraph (C);

"(v) implement action plans developed under subparagraph (C)(ii)(I) immediately after development of the action plans—

"(I) to test the effectiveness of the action plans; and

"(II) to assist in preventing the introduction and widespread dissemination of new foreign and domestic

plant pest and disease threats in the United States; and

"(vi) as appropriate, consult with, and use the expertise of, the Administrator of the Agricultural Research Service in the development of plant pest and disease detection, control, and eradication strategies.

"(C) MATTERS DESCRIBED.—The matters described in this subparagraph are—

"(i) the prioritization of foreign threats to the agricultural industry; and

"(ii) the development, in consultation with State departments of agriculture and other State or regional resource partnerships, of—

"(I) action plans that effectively address the foreign threats, including pathway analysis, offshore mitigation measures, and comprehensive exclusion measures at ports of entry and other key distribution centers; and

"(II) strategies to employ if a foreign plant pest or disease is introduced;

"(D) REPORTS.—Not later than 1 year after the date of enactment of this paragraph, and annually thereafter, the Secretary shall update and submit to Congress the priority list and action plans described in subparagraph (C), including an accounting of funds expended on the action plans.

"(4) 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—

"(A) audit-based certification systems, such as best management practices—

"(i) to address plant pests; and

"(ii) to mitigate the risk of plant pests in the movement of plants and plant products; and

"(B) nursery plant pest risk management systems, in collaboration with the nursery industry, research institutions, and other appropriate entities—

"(i) to enable growers to identify and prioritize nursery plant pests and diseases of regulatory significance;

"(ii) to prevent the introduction, establishment, and spread of those plant pests and diseases; and

"(iii) to reduce the risk of, mitigate, and eradicate those plant pests and diseases.

"(5) FUNDING.—The Secretary shall use from the Trust Fund to carry out this subsection—

"(A) $10,000,000 for fiscal year 2008;

"(B) $25,000,000 for fiscal year 2009;

"(C) $40,000,000 for fiscal year 2010;

"(D) $50,000,000 for fiscal year 2011; and

"(E) $64,000,000 for fiscal year 2012.

"(g) RISK MANAGEMENT PURCHASE REQUIREMENT.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the eligible producers on a farm shall not be eligible for assistance under this section with respect to losses to an insurable commodity or noninsurable commodity if the eligible producers on the farm—

"(A) in the case of an insurable commodity, did not obtain a policy or plan of insurance for the insurable commodity under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) (excluding a crop insurance pilot program under that Act) for the crop incurring the losses; or

"(B) in the case of a noninsurable commodity, did not file the required paperwork, and pay the administrative fee by the applicable State filing deadline, for the noninsurable commodity under the noninsured crop assistance program for the crop incurring the losses.

"(2) MINIMUM.—To be considered to have obtained insurance under paragraph (1), 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.—With respect to eligible producers that are limited resource, minority, 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) EQUITABLE RELIEF.—The Secretary may provide equitable relief to eligible producers on a farm that 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.

"(h) SUPPLEMENTAL BUY-UP NONINSURED ASSISTANCE PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a program under which eligible producers on a farm may purchase under the noninsured crop assistance program additional yield and price coverage for a crop, including a forage, hay, or honey crop, of—

"(A) 60 or 65 percent (as elected by the producers on the farm) of the yield established for the crop under the program; and

"(B) 100 percent of the price established for the crop under the program.

"(2) FEES.—The Secretary shall establish and collect fees from eligible producers on a farm participating in the program established under paragraph

(1) to offset all of the costs of the program, as determined by the Secretary.

''(i) PAYMENT LIMITATIONS.—

''(1) IN GENERAL.—The total amount of disaster assistance that an eligible producer on a farm may receive under this section may not exceed $100,000.

''(2) 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.

''(j) 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, 2012, as determined by the Secretary.

**''SEC. 902. AGRICULTURE 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 'Agriculture 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 Agriculture Disaster Relief Trust Fund amounts

equivalent to 3.34 percent of the amounts received in the general fund of the Treasury of the United States during fiscal years 2008 through 2012 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 Agriculture 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.

"(c) ADMINISTRATION.—

"(1) REPORTS.—The Secretary of the Treasury shall be the trustee of the Agriculture 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 5 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 Agriculture 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 Agriculture 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 Agriculture Disaster Relief Trust Fund shall be

credited to and form a part of such Trust Fund.

"(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Agriculture 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.

"(e) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated, and are appropriated, to the Agriculture 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 Agriculture 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.''.

(b) TECHNICAL PROVISIONS RELATING TO THE PLANT PROTECTION ACT.—

(1) Section 442(c) of the Plant Protection Act (7 U.S.C. 7772(c)) is amended by striking ''of longer than 60 days''.

(2) 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.

# Subtitle B—Conservation Provisions

## PART I—LAND AND SPECIES PRESERVATION PROVISIONS

### SEC. 12201. CONSERVATION RESERVE TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—

(1) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

**"SEC. 30D. CONSERVATION RESERVE CREDIT.**

"(a) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the rental value of any land enrolled in the conservation reserve program.

"(b) LIMITATIONS.—

"(1) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under this section for any taxable year shall not exceed the excess of—

"(A) the regular tax liability for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 30, 30B, and 30C, over

"(B) the tentative minimum tax for the taxable year.

"(2) LIMITATION BASED ON ALLOCATED PORTION OF NATIONAL LIMITATION.—The credit allowed under subsection (a) for any taxpayer for any taxable year shall not exceed the excess of—

"(A) the amount of the national credit limitation allocated to such taxpayer under sub-

section (c) for the fiscal year in which such taxable year ends and all prior fiscal years, over

"(B) the credit allowed under subsection (a) for all prior taxable years.

"(c) CONSERVATION RESERVE CREDIT LIMITATION.—

"(1) IN GENERAL.—There is a conservation reserve credit limitation for each fiscal year of the United States. Such limitation is—

"(A) $750,000,000 for each of fiscal years 2009 through 2012, and

"(B) zero thereafter.

"(2) ALLOCATION.—

"(A) IN GENERAL.—The Secretary, in consultation with the Secretary of Agriculture, shall allocate the conservation reserve credit limitation to taxpayers—

"(i) who are owners or operators of land enrolled in the conservation reserve program, and

"(ii) who have made an election under section 1234(c)(6) of the Food Security Act of 1985 to receive an allocation under this paragraph in lieu of a rental payment for such year under 1233(2) of such Act.

"(B) ALLOCATION LIMITATION.—The Secretary may not allocate more than $50,000 to any 1 taxpayer for any fiscal year.

"(3) CARRYFORWARD OF LIMITATION.—

"(A) IN GENERAL.—If for any fiscal year the limitation under paragraph (1) (after the application of this paragraph) exceeds the amount allocated to all eligible taxpayers for such fiscal year, the limitation amount for the following fiscal year shall be increased by the amount of such excess.

"(B) SPECIAL RULE FOR 2012.—Notwithstanding subparagraph (A), no amount of the conservation reserve credit limitation may be carried to any fiscal year following fiscal year 2012.

"(d) CARRYFORWARD.—If the amount of the credit allowable under subsection (a) for any taxpayer for any taxable year (determined without regard to subsection (b)(1)) exceeds the limitation under subsection (b)(1), such excess may be carried forward to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

"(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) CONSERVATION RESERVE PROGRAM.—For purposes of this subsection, the term 'conservation reserve program' means the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985.

"(2) DENIAL OF DOUBLE BENEFIT.—No deduction or other credit shall be allowed under this chapter for any amount with respect to which a credit is allowed under subsection (a).

"(3) RECAPTURE OF ALLOCATION.—If a taxpayer terminates a contract under the conservation reserve program before the end of the fiscal year with respect to which an allocation under subsection (c)(2) is made, the Secretary shall recapture the amount of the credit allowed under this section which bears the same ratio to the amount so allocated as the number of days in the fiscal year during which the contract was not in effect bears to 365.

"(4) TREATMENT OF CREDIT UNDER INCOME TAX AND SELF-EMPLOYMENT INCOME TAX.—For purposes of this chapter and chapter 2, the amount of any credit received under this section shall not be treated as income.".

(2) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30C the following new item:

"Sec. 30D. Conservation reserve credit.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

(b) CONFORMING AMENDMENTS TO THE FOOD SECURITY ACT OF 1985.—

(1) ELECTION TO RECEIVE TAX CREDITS IN LIEU OF PAYMENTS.—Section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)), as amended by this Act, is amended by adding at the end the following new paragraph:

"(6) ELECTION TO RECEIVE TAX CREDITS IN LIEU OF PAYMENTS.—

"(A) IN GENERAL.—In lieu of an annual rental payment for any year, an owner or operator with land enrolled under the program established under this subchapter may elect to receive for such year an allocation of tax credits under section 30D(c)(2) of the Internal Revenue Code of 1986.

"(B) ELECTION.—Any election under this paragraph shall be made in such form and at

such time as the Secretary shall prescribe and shall apply to all contracts of the owner or operator under this subchapter.

"(C) LIMITATION.—Any election under this paragraph shall not apply with respect to payments under the emergency forestry conservation reserve program under section 1231(k).".

(2) PAYMENT LIMITATION.—Paragraph (1) of section 1234(e) of such Act (16 U.S.C. 3834(e)(1)) is amended by inserting "and allocations of tax credits under section 30D(c)(2) of the Internal Revenue Code of 1986" after "in-kind commodities".

**SEC. 12202. 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 Security 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. 12203. PERMANENT EXTENSION OF SPECIAL RULE ENCOURAGING CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY FOR CONSERVATION PURPOSES.**

(a) IN GENERAL.—

(1) INDIVIDUALS.—Subparagraph (E) of section 170(b)(1) (relating to contributions of qualified conservation contributions) is amended by striking clause (vi).

(2) CORPORATIONS.—Subparagraph (B) of section 170(b)(2) (relating to qualified conservation contributions by certain corporate farmers and ranchers) is amended by striking clause (iii).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2007.

**SEC. 12204. TAX CREDIT FOR RECOVERY AND RESTORATION OF ENDANGERED SPECIES.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new section:

**"SEC. 30E. ENDANGERED SPECIES RECOVERY AND RESTORATION CREDIT.**

"(a) IN GENERAL.—In the case of an eligible taxpayer, 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—

"(1) the habitat protection easement credit, plus

"(2) the habitat restoration credit.

"(b) LIMITATION.—

"(1) IN GENERAL.—The credit allowed under subsection (a) for any taxpayer for any taxable year shall not exceed the endangered species recovery credit limitation allocated to the eligible taxpayer under subsection (f) for the calendar year in which the taxpayer's taxable year ends.

"(2) CARRYFORWARDS.—

"(A) IN GENERAL.—If the amount of the credit allowable under subsection (a) for any taxpayer for any taxable year (determined without regard to paragraph (1)) exceeds the en-

dangered species recovery credit limitation allocated under subsection (f) to such taxpayer for the calendar year in which the taxpayer's taxable year ends, such excess may be carried forward to the next taxable year for which an allocation is made to such taxpayer under subsection (f). Any amount carried to another taxable year under this subparagraph shall be treated as added to the credit allowable under subsection (a)(1) or (a)(2), whichever is appropriate, for such taxable year.

"(B) CARRYFORWARD OF ALLOCATION AMOUNT.—If the amount of the endangered species recovery credit limitation allocated to a taxpayer for any calendar year under subsection (f) exceeds the amount of the credit allowed to the taxpayer under subsection (a) for the taxable year ending in such calendar year, such excess may be carried forward to the next taxable year of the taxpayer. Any amount carried to another taxable year under this subparagraph shall be treated as allocated to the taxpayer for use in such taxable year under subsection (f).

"(c) ELIGIBLE TAXPAYER; QUALIFIED AGREEMENTS.—For purposes of this section—

"(1) IN GENERAL.—The term 'eligible taxpayer' means—

"(A) a taxpayer who—

"(i) owns real property which contains the habitat of a qualified species, and

"(ii) enters into a qualified perpetual habitat protection agreement, a qualified 30-year habitat protection agreement, or a qualified habitat protection agreement with respect to such real property, and

"(B) any other taxpayer who—

"(i) is a party to a qualified perpetual habitat protection agreement, a qualified 30-year habitat protection agreement, or a qualified habitat protection agreement, and

"(ii) as part of any such agreement, agrees to assume responsibility for costs paid or incurred as a result of implementing such agreement.

"(2) QUALIFIED PERPETUAL HABITAT PROTECTION AGREEMENT.—The term 'qualified perpetual habitat protection agreement' means an agreement—

"(A) under which a taxpayer described in paragraph (1)(A) grants to the appropriate Sec-

retary, the Secretary of Agriculture, the Secretary of Defense, or a State an easement in perpetuity for the protection of the habitat of a qualified species, and

"(B) which meets the requirements of paragraph (5).

"(3) QUALIFIED 30-YEAR HABITAT PROTECTION AGREEMENT.—The term 'qualified 30-year habitat protection agreement' means an agreement not described in paragraph (2)—

"(A) under which a taxpayer described in paragraph (1)(A) grants to the appropriate Secretary, the Secretary of Agriculture, the Secretary of Defense, or a State an easement for a period of 30 years or greater for the protection of the habitat of a qualified species, and

"(B) which meets the requirements of paragraph (5).

"(4) QUALIFIED HABITAT PROTECTION AGREEMENT.—The term 'qualified habitat protection agreement' means an agreement—

"(A) under which a taxpayer described in paragraph (1)(A) enters into an agreement not described in paragraph (2) or (3) with the appropriate Secretary, the Secretary of Agri-

culture, the Secretary of Defense, or a State to protect the habitat of a qualified species for a specified period of time, and

"(B) which meets the requirements of paragraph (5).

"(5) REQUIREMENTS.—An agreement meets the requirements of this paragraph if the agreement—

"(A) is consistent with any recovery plan which is applicable and which has been approved for a qualified species under section 4 of the Endangered Species Act of 1973,

"(B) includes a habitat management plan agreed to by the appropriate Secretary and the eligible taxpayer, and

"(C) requires that technical assistance with respect to the duties under the habitat management plan be provided to the taxpayer by the appropriate Secretary or an entity approved by the appropriate Secretary.

"(d) HABITAT PROTECTION EASEMENT CREDIT.—

"(1) IN GENERAL.—For purposes of subsection (a)(1), the habitat protection easement credit for any taxable year is an amount equal to—

"(A) in the case of a taxpayer described in subsection (c)(1)(A) who has entered into a qualified perpetual habitat protection agreement during such taxable year, 100 percent of the excess (if any) of—

"(i) the fair market value of the real property with respect to which the qualified perpetual habitat protection agreement is made, determined on the day before such agreement is entered into, over

"(ii) the fair market value of such property, determined on the day after such agreement is entered into,

"(B) in the case of a taxpayer described in subsection (c)(1)(A) who has entered into a qualified 30-year habitat protection agreement during such taxable year, 75 percent of such excess, and

"(C) in the case of any other taxpayer, zero.

"(2) REDUCTION FOR AMOUNT RECEIVED FOR EASEMENT.—The amount determined under paragraph (1) shall be reduced by any amount received by the taxpayer in connection with the easement.

"(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a)(1) for any taxable year shall not exceed the sum of—

"(A) the taxpayer's regular tax liability for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 30, 30B, 30C, and 30D, and

"(B) the tax imposed by section 55(a) for the taxable year.

"(4) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a)(1) for any taxable year exceeds the limitation imposed by paragraph (3) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a)(1) for such succeeding taxable year.

"(5) QUALIFIED APPRAISALS REQUIRED.—No amount shall be taken into account under this subsection unless the eligible taxpayer includes with the taxpayer's return for the taxable year a qualified appraisal (within the meaning of section 170(f)(11)(E)) of the real property.

"(e) HABITAT RESTORATION CREDIT.—

"(1) IN GENERAL.—For purposes of subsection (a)(2), the habitat restoration credit for any taxable year shall be an amount equal to—

"(A) in the case of a qualified perpetual habitat protection agreement, 100 percent of the costs paid or incurred by an eligible taxpayer during such taxable year pursuant to the habitat management plan under such agreement,

"(B) in the case of a qualified 30-year habitat protection agreement, 75 percent of the costs paid or incurred by an eligible taxpayer during such taxable year pursuant to the habitat management plan under such agreement, and

"(C) in the case of a qualified habitat protection agreement, 50 percent of the costs paid or incurred by an eligible taxpayer during such taxable year pursuant to the habitat management plan under such agreement.

"(2) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a)(2) for any taxable year shall not exceed the excess (if any) of—

"(A) the regular tax liability for the taxable year reduced by the sum of the credits allowable under subpart A, sections 27, 30, 30B, 30C, 30D, and subsection (a)(1), over

"(B) the tentative minimum tax for the taxable year.

"(3) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a)(2) for any taxable year exceeds the limitation imposed by paragraph (2) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a)(2) for such succeeding taxable year.

"(4) SPECIAL RULES.—

"(A) CERTAIN COSTS NOT INCLUDED.—No amount shall be taken into account with respect to any cost which is paid or incurred by a taxpayer to comply with any requirement of a Federal, State, or local government (other than costs required under an agreement described in subsection (c)).

"(B) SUBSIDIZED FINANCING.—For purposes of paragraph (1), the amount of costs paid or incurred by an eligible taxpayer pursuant to any habitat management plan described

in subsection (c)(5)(B) shall be reduced by the amount of any financing provided under any Federal or State program a principal purpose of which is to subsidize financing for the conservation of the habitat of a qualified species.

"(f) ENDANGERED SPECIES RECOVERY CREDIT LIMITATION.—

"(1) IN GENERAL.—There is an endangered species recovery credit limitation for each calendar year. Such limitation is —

"(A) for 2008, 2009, 2010, 2011, and 2012—

"(i) with respect to allocations described in paragraph (2)(A)—

"(I) $5,000,000 with respect to qualified perpetual habitat protection agreements,

"(II) $2,000,000 with respect to qualified 30-year habitat protection agreements, and

"(III) $1,000,000 with respect to qualified habitat protection agreements, and

"(ii) with respect to allocations described in paragraph (2)(B)—

"(I) $290,000,000 with respect to qualified perpetual habitat protection agreements,

"(II) $55,000,000 with respect to qualified 30-year habitat protection agreements, and

"(III) $35,000,000 with respect to qualified habitat protection agreements, and

"(B) except as provided in paragraph (3), zero thereafter.

"(2) ALLOCATION OF LIMITATION.—

"(A) ALLOCATIONS IN COORDINATION WITH THE SECRETARY OF AGRICULTURE.—The limitations described in paragraph (1)(A)(i) shall be allocated to eligible taxpayers by the Secretary in consultation with the Secretary of Agriculture.

"(B) OTHER ALLOCATIONS.—

"(i) IN GENERAL.—The limitations described in paragraph (1)(A)(ii) shall be allocated to eligible taxpayers in consultation with the Secretary of the Interior and the Secretary of Commerce.

"(ii) ESTABLISHMENT OF ALLOCATION PROGRAM.—Not later than 180 days after the date of the enactment of this Act, the Secretary, in consultation with the Secretary of the Interior and the Secretary of Commerce, shall, by regulation, establish a program to process applications from eligible taxpayers and to determine how to best allocate the credit limitations under clause (i) taking into account the considerations described in clause (iii).

"(iii) CONSIDERATIONS.—In accepting applications to make allocations to eligible taxpayers under this section, priority shall be given to taxpayers with agreements—

"(I) relating to habitats that will significantly increase the likelihood of recovering and delisting a species as an endangered species or a threatened species (as defined under section 2 of the Endangered Species Act of 1973),

"(II) that are cost-effective and maximize the benefits to a qualified species per dollar expended,

"(III) relating to habitats of species which have a federally approved recovery plan pursuant to section 4 of the Endangered Species Act of 1973,

"(IV) relating to habitats with the potential to contribute significantly to the improvement of the status of a qualified species,

"(V) relating to habitats with the potential to contribute significantly to the eradication or control of invasive species that are imperiling a qualified species,

"(VI) with habitat management plans that will manage multiple qualified species,

"(VII) with habitat management plans that will create adjacent or proximate habitat for the recovery of a qualified species,

"(VIII) relating to habitats for qualified species with an urgent need for protection,

"(IX) with habitat management plans that assist in preventing the

listing of a species as endangered or threatened under the Endangered Species Act of 1973 or a similar State law,

"(X) with habitat management plans that may resolve conflicts between the protection of qualified species and otherwise lawful human activities, and

"(XI) with habitat management plans that may resolve conflicts between the protection of a qualified species and military training or other military operations.

"(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year any of the limitations under paragraph (1) (after the application of this paragraph) exceeds the amount allocated to eligible taxpayers for such calendar year, such limitation amount for the following calendar year shall be increased by the amount of such excess.

"(g) OTHER DEFINITIONS AND SPECIAL RULES.—

"(1) APPROPRIATE SECRETARY.—The term 'appropriate Secretary' has the meaning given to the

term 'Secretary' under section 3(15) of the Endangered Species Act of 1973.

"(2) HABITAT MANAGEMENT PLAN.—The term 'habitat management plan' means, with respect to any habitat, a plan which—

"(A) identifies one or more qualified species to which the plan applies,

"(B) is designed to—

"(i) restore or enhance the habitat of the qualified species, or

"(ii) reduce threats to the qualified species through the management of the habitat,

"(C) describes the current condition of the habitat to be restored or enhanced,

"(D) describes the threats to the qualified species that are intended to be reduced through the plan,

"(E) describes the management practices to be undertaken by the taxpayer,

"(F) provides a schedule of deadlines for undertaking such management practices and the expected responses of the habitat and the species,

"(G) requires monitoring of the management practices and the status of the qualified species and its habitat, and

"(H) describes the technical assistance to be provided to the taxpayer and identifies the entity that will provide such assistance.

"(3) QUALIFIED SPECIES.—The term 'qualified species' means—

"(A) any species listed as an endangered species or threatened species under the Endangered Species Act of 1973, or

"(B) any species for which a finding has been made under section 4(b)(3) of the Endangered Species Act of 1973 that listing under such Act may be warranted.

"(4) TAKING.—The term 'taking' has the meaning given to such term under the Endangered Species Act of 1973.

"(5) REDUCTION IN BASIS.—For purposes of this subtitle—

"(A) HABITAT PROTECTION EASEMENT CREDIT.—The basis of any property for which a credit is allowed under subsection (a)(1) shall be reduced by the amount of basis which is allocated, under regulations prescribed by the Sec-

retary, to the easement granted as part of a qualified perpetual habitat protection agreement or a qualified 30-year habitat protection agreement.

"(B) HABITAT RESTORATION CREDIT.—If a credit is allowed under subsection (a)(2) for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subparagraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(6) DENIAL OF DOUBLE BENEFIT.—No deduction or other credit shall be allowed under this chapter for any amount with respect to which a credit is allowed under subsection (a).

"(7) CERTIFICATION.—No credit shall be allowed under subsection (a) unless the appropriate Secretary certifies that any agreement described in subsection (c) will contribute to the recovery of a qualified species.

"(8) REQUEST FOR AUTHORIZATION OF INCIDENTAL TAKINGS.—The Secretary shall request the appropriate Secretary to consider whether to authorize under the Endangered Species Act of 1973 takings by an eligible taxpayer of a qualified species

to which an agreement described in subsection (c) relates if the takings are incidental to—

"(A) the restoration, enhancement, or management of the habitat pursuant to the habitat management plan under the agreement, or

"(B) the use of the property to which the agreement pertains at any time after the expiration of the easement or the specified period described in subsection (c)(4)(A), but only if such use will leave the qualified species at least as well off on the property as it was before the agreement was made.

"(9) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit under any credit allowable under subsection (a) if the Secretary determines that—

"(A) the taxpayer has failed to carry out the duties of the taxpayer under the terms of a qualified perpetual habitat protection agreement, a qualified 30-year habitat protection agreement, or a qualified habitat protection agreement, and

"(B) there are no other available means to remediate such failure.".

(b) GAO STUDY.—

(1) IN GENERAL.—The Comptroller General of the United States shall undertake a study on the effectiveness of the credit allowed under section 30E of the Internal Revenue Code of 1986 (as added by this Act).

(2) ISSUES TO BE STUDIED.—The study under paragraph (1) shall—

(A) evaluate—

(i) the contributions that habitat management plans established under such credit have made in restoring or enhancing species habitat and reducing threats to species, and

(ii) the implementation of the credit allocation program established in section 30E(f)(2) of such Code (as so added), and

(B) include recommendations for improving the effectiveness of such credit.

(3) REPORTS.—

(A) INTERIM REPORT.—Not later than 3 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress an interim re-

port on the study conducted under paragraph (1).

(B) FINAL REPORT.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress a final report on the study conducted under paragraph (1).

(c) CONFORMING AMENDMENTS.—

(1) Section 1016(a) is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by inserting after paragraph (37) the following new paragraph:

''(38) to the extent provided in section 30E(g)(5).''.

(2) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30D the following new item:

''Sec. 30E. Endangered species recovery and restoration credit.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

**SEC. 12205. 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, 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 the date of the enactment of this Act.

**SEC. 12206. EXCLUSION FOR CERTAIN PAYMENTS AND PROGRAMS RELATING TO FISH AND WILDLIFE.**

(a) IN GENERAL.—Subsection (a) of section 126 (relating to certain cost-sharing payments) is amended by redesignating paragraph (10) as paragraph (13) and by inserting after paragraph (9) the following new paragraphs:

''(10) The Partners for Fish and Wildlife Program authorized by the Partners for Fish and Wildlife Act.

''(11) The Landowner Incentive Program, the State Wildlife Grants Program, and the Private Stewardship Grants Program authorized by the Fish and Wildlife Act of 1956.

"(12) The Forest Health Protection Program and the program related to integrated pest management authorized by the Cooperative Forestry Assistance Act of 1978.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to payments received after the date of the enactment of this Act.

**SEC. 12207. CREDIT FOR EASEMENTS GRANTED UNDER CERTAIN DEPARTMENT OF AGRICULTURE CONSERVATION PROGRAMS.**

(a) IN GENERAL.—

(1) ALLOWANCE OF CREDIT.—Subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new section:

**"SEC. 30F. AGRICULTURE CONSERVATION EASEMENT CREDIT.**

"(a) IN GENERAL.—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—

"(1) the wetlands reserve conservation credit, plus

"(2) the grassland reserve conservation credit.

"(b) LIMITATIONS.—

"(1) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under this section for any taxable year shall not exceed the excess of—

"(A) the regular tax liability for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 30, 30B, 30C, 30D, 30E(a)(1), and 30E(a)(2), over

"(B) the tentative minimum tax for the taxable year.

"(2) LIMITATION BASED ON ALLOCATED PORTION OF NATIONAL LIMITATION.—The credit allowed under subsection (a) for any taxpayer for any taxable year shall not exceed the excess of—

"(A) the amount of the national credit limitation allocated to such taxpayer under subsection (e) for such taxable year and all prior taxable years, over

"(B) the credit allowed under subsection (a) for all prior taxable years.

"(c) WETLANDS RESERVE CONSERVATION CREDIT.—

"(1) IN GENERAL.—For purposes of subsection (a)(1), in the case of a wetlands reserve eligible taxpayer, the wetlands reserve conservation credit for

any taxable year is an amount equal to the applicable percentage of the wetlands reserve easement value.

"(2) WETLANDS RESERVE ELIGIBLE TAXPAYER.—For purposes of this section, the term 'wetlands reserve eligible taxpayer' means any taxpayer who—

"(A) has granted an easement to the Secretary of Agriculture under the wetlands reserve program, and

"(B) who has made an election under section 1237A(f)(5) of the Food Security Act of 1985 to receive an allocation under subsection (e)(2) in lieu of a payment under section 1237A(f)(1) of such Act.

"(3) APPLICABLE PERCENTAGE.—For purposes paragraph (1), the term 'applicable percentage' means the percentage equal to—

"(A) 100 percent, minus

"(B) the highest percentage of tax which would apply under section 1 or 11 with respect to the taxpayer if the taxable income of the taxpayer were increased by an amount equal to the wetlands reserve easement value.

"(4) WETLANDS RESERVE EASEMENT VALUE.—For purposes of this section, the term 'wetlands reserve easement value' means the lesser of—

"(A) the product of—

"(i) the wetlands reserve geographic area rate for the area in which the real property to which the easement pertains is located, and

"(ii) the number of acres to which the easement applies, or

"(B) the value of any payment to which the taxpayer would be entitled with respect to such easement under section 1237A(f)(1) of the Food Security Act of 1985 if the taxpayer had not made an election under section 1237A(f)(5) of such Act.

"(5) WETLANDS RESERVE GEOGRAPHIC AREA RATE.—For purposes of paragraph (4)(A)(i), the wetlands reserve geographic area rate with respect to any geographic area shall be the rate per acre, determined by the Secretary in consultation with the Secretary of Agriculture, appropriate for easements granted under the wetlands reserve program in such area.

"(d) GRASSLAND RESERVE CONSERVATION CREDIT.—

"(1) IN GENERAL.—For purposes of subsection (a)(2), in the case of any grassland reserve eligible taxpayer, the grassland reserve conservation credit for any taxable year is an amount equal to the applicable percentage of the grassland reserve easement value.

"(2) GRASSLAND RESERVE ELIGIBLE TAXPAYER.—For purposes of this section, the term 'grassland reserve eligible taxpayer' means any taxpayer who—

"(A) has granted an easement under the grassland reserve program to an eligible easement holder, and

"(B) who has made an election under section 1238P(b)(2)(C) of the Food Security Act of 1985 to receive an allocation under subsection (e)(2) in lieu of a payment under section 1238P(b)(2)(A)(i) of such Act.

"(3) APPLICABLE PERCENTAGE.—For purposes paragraph (1), the term 'applicable percentage' means the percentage equal to—

"(A) 100 percent, minus

"(B) the highest percentage of tax which would apply under section 1 or 11 with respect to the taxpayer if the taxable income of the taxpayer were increased by an amount equal to the grassland reserve easement value.

"(4) GRASSLAND RESERVE EASEMENT VALUE.—For purposes of this section, the term 'grassland reserve easement value' means—

"(A) in the case of a permanent conservation easement (within the meaning of section 1238N(3) of the Food Security Act of 1985), the lesser of—

"(i) the product of—

"(I) the grassland reserve program geographic area rate for the area in which the real property to which the easement pertains is located, and

"(II) the number of acres to which the easement applies, or

"(ii) the value of any payment to which the taxpayer would be entitled in return for such easement under section 1238P(b)(2)(A)(i)(I) of the Food Security Act of 1985 if the taxpayer had not made

an election under section 1238P(b)(2)(C) of such Act, and

"(B) in the case of a 30-year conservation easement (within the meaning of section 1238O(b)(2) of such Act), the lesser of—

"(i) 30 percent of the lesser of the amount determined under clause (i) or (ii) of subparagraph (A), or

"(ii) the value of any payment to which the taxpayer would be entitled in return for such easement under section 1238P(b)(1)(A)(i)(II) of such Act if the taxpayer had not made an election under section 1238P(b)(2)(C) of such Act.

"(5) GRASSLAND RESERVE GEOGRAPHIC AREA RATE.—For purposes of paragraph (4)(A)(i)(I), the grassland reserve geographic area rate with respect to any geographic area shall be the rate, determined by the Secretary in consultation with the Secretary of Agriculture, appropriate for easements granted under the grassland reserve program in such area.

"(e) NATIONAL CONSERVATION CREDIT LIMITATION.—

"(1) IN GENERAL.—The aggregate credits allowed under subsection (a) for all taxpayers shall not exceed $1,000,000,000.

"(2) ALLOCATION.—The Secretary, in consultation with the Secretary of Agriculture, shall allocate the credit limitation under paragraph (1) to taxpayers who—

"(A) have granted an easement—

"(i) to the Secretary of Agriculture under the wetlands reserve program, or

"(ii) to an eligible easement holder under the grassland reserve program, and

"(B) make an election under such program to receive an allocation under this paragraph in lieu of a payment under such program.

"(3) LIMITATION ON ALLOCATION.—No amount of the credit limitation may be allocated to any taxpayer for any taxable year which ends after September 30, 2012.

"(f) CARRYFORWARD.—If the amount of the credit allowable under subsection (a) for any taxpayer for any taxable year (determined without regard to subsection (b)(1)) exceeds the limitation under subsection (b)(1), such excess may be carried forward to the succeeding tax-

able year and added to the credit allowable under subsection (a) for such succeeding taxable year.

"(g) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) WETLANDS RESERVE PROGRAM.—The term 'wetlands reserve program' means the wetlands reserve program established under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985.

"(2) GRASSLAND RESERVE PROGRAM.—The term 'grassland reserve program' means the grassland reserve program established under subchapter C of chapter 2 of subtitle D of title XII of the Food Security Act of 1985.

"(3) ELIGIBLE EASEMENT HOLDER.—The term 'eligible easement holder' means the Secretary of Agriculture or a State.

"(4) DENIAL OF DOUBLE BENEFIT.—No deduction or other credit shall be allowed under this chapter for any amount with respect to which a credit is allowed under subsection (a).

"(5) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowed under subsection (a) shall be reduced by the amount of basis which is allocated,

under regulations prescribed by the Secretary, to the easement granted under the wetlands reserve program or the grassland reserve program.

''(6) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) if the Secretary, in consultation with the Secretary of Agriculture, determines that—

''(A) the eligible taxpayer has failed to carry out the duties of the taxpayer under the terms of the easement, and

''(B) there are no other available means to remediate such failure.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (37), by striking the period at the end of paragraph (38) and inserting '', and'', and by inserting after paragraph (38) the following new paragraph:

''(39) to the extent provided in section 30F(g)(5).''.

(B) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting

after the item relating to section 30E the following new item:

"Sec. 30F. Agriculture conservation easement credit.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to easements granted after September 30, 2007, in taxable years ending after such date.

(b) CONFORMING AMENDMENTS TO THE FOOD SECURITY ACT OF 1985.—

(1) WETLANDS RESERVE PROGRAM.—Section 1237A(f) of the Food Security Act of 1985 (16 U.S.C. 3837a(f)), as amended by this Act, is amended by adding at the end the following new paragraph:

"(5) ELECTION TO RECEIVE TAX CREDITS IN LIEU OF PAYMENTS.—

"(A) IN GENERAL.—In lieu of a payment in cash under paragraph (1), the landowner may elect to receive an allocation of tax credits under section 30E(e)(2) of the Internal Revenue Code of 1986.

"(B) LIMITATION.—No election may be made under this paragraph with respect to payments to a landowner under a special wetlands reserve enhancement program described in subsection (h).".

(2) GRASSLAND RESERVE PROGRAM.—Section 1238P(b)(2) of the Food Security Act of 1985 (16 U.S.C. 3838p(b)(2)) is amended by adding at the end the following new subparagraph:

"(C) ELECTION TO RECEIVE TAX CREDITS IN LIEU OF CERTAIN PAYMENTS.—In lieu of a payment in return for a permanent conservation easement under subparagraph (A)(i)(I) or a 30-year conservation easement under subparagraph (A)(i)(II), the landowner may elect to receive an allocation of tax credits under section 30E(e)(2) of the Internal Revenue Code of 1986.".

## PART II—TIMBER PROVISIONS

### SEC. 12211. FOREST CONSERVATION BONDS.

(a) TAX-EXEMPT BOND FINANCING.—

(1) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, any qualified forest conservation bond shall be treated as an exempt facility bond under section 142 of such Code.

(2) QUALIFIED FOREST CONSERVATION BOND.—For purposes of this section, the term "qualified forest conservation bond" means any bond issued as part of an issue if—

(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3) of such Code) of such issue are to be used for qualified project costs, and

(B) such bond is issued before the date which is 36 months after the date of the enactment of this Act.

(3) LIMITATION ON AGGREGATE AMOUNT ISSUED.—

(A) IN GENERAL.—The maximum aggregate face amount of bonds which may be issued under this subsection shall not exceed $1,500,000,000 for all projects (excluding refunding bonds).

(B) ENFORCEMENT OF LIMITATION.—An issue shall not be treated as an issue described in paragraph (2) if the aggregate face amount of bonds issued pursuant to such issue for any qualified projects costs (when added to the aggregate face amount of bonds previously so issued for such costs) exceeds the amount allocated under subparagraph (C).

(C) INITIAL ALLOCATION OF LIMITATION.—The limitation described in subparagraph (A) shall be allocated by the Secretary of

the Treasury among qualified organizations as follows:

(i) 35 percent for qualified project costs with respect to the cost of acquisition by any qualified organization in the Pacific Northwest region.

(ii) 30 percent for qualified project costs with respect to the cost of acquisition by any qualified organization in the Western region.

(iii) 17.5 percent for qualified project costs with respect to the cost of acquisition by any qualified organization in the Southeast region.

(iv) 17.5 percent for qualified project costs with respect to the cost of acquisition by any qualified organization in the Northeast region.

(D) SECONDARY ALLOCATION PROCEDURE.—If for the period ending on the last day of the 24th month after the date of the enactment of this Act, the limitation amount for any region under subparagraph (C) exceeds the amount of bonds allocated by the Secretary of the Treasury during such period, the Secretary

of the Treasury may allocate such excess among qualified organizations in any other region in such manner as the Secretary of the Treasury determines appropriate.

(E) REGIONS.—For purposes of this paragraph—

(i) PACIFIC NORTHWEST REGION.—The term ''Pacific Northwest region'' means Region 6 as defined by the United States Forest Service of the Department of Agriculture under section 200.2 of title 36, Code of Federal Regulations.

(ii) WESTERN REGION.—The term ''Western region'' means Regions 1, 2, 3, 4, 5, and 10 (as so defined).

(iii) SOUTHEAST REGION.—The term ''Southeast region'' means Region 8 (as so defined).

(iv) NORTHEAST REGION.—The term ''Northeast region'' means Region 9 (as so defined).

(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection, the term ''qualified project costs'' means the costs of acquisition by a qualified organization from an unrelated person of forests and forest

land which, at the time of acquisition or immediately thereafter, are subject to a conservation restriction described in subsection (c)(2).

(5) SPECIAL RULES.—In applying the Internal Revenue Code of 1986 to any qualified forest conservation bond, the following modifications shall apply:

(A) Section 146 of such Code (relating to volume cap) shall not apply.

(B) For purposes of section 147(b) of such Code (relating to maturity may not exceed 120 percent of economic life), the land and standing timber acquired with proceeds of qualified forest conservation bonds shall have an economic life of 35 years.

(C) Subsections (c) and (d) of section 147 of such Code (relating to limitations on acquisition of land and existing property) shall not apply.

(6) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraphs (2)(B) and (3) shall not apply to any bond (or series of bonds) issued to refund a qualified forest conservation bond issued before the date which is 36 months after the date of the enactment of this Act, if—

(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

(C) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond.

For purposes of subparagraph (A), average maturity shall be determined in accordance with section 147(b)(2)(A) of such Code.

(7) EFFECTIVE DATE.—This subsection shall apply to obligations issued on or after the date which is 180 days after the date of the enactment of this Act.

(b) ITEMS FROM QUALIFIED HARVESTING ACTIVITIES NOT SUBJECT TO TAX OR TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Income, gains, deductions, losses, or credits from a qualified harvesting activity conducted by a qualified organization shall not be subject to tax or taken into account under subtitle A of the Internal Revenue Code of 1986.

(2) LIMITATION.—The amount of income excluded from gross income under paragraph (1) for any taxable year shall not exceed the amount used by the qualified organization to make debt service payments during such taxable year for qualified forest conservation bonds.

(3) QUALIFIED HARVESTING ACTIVITY.—For purposes of paragraph (1)—

(A) IN GENERAL.—The term ''qualified harvesting activity'' means the sale, lease, or harvesting, of standing timber—

(i) on land owned by a qualified organization which was acquired with proceeds of qualified forest conservation bonds, and

(ii) pursuant to a qualified conservation plan adopted by the qualified organization.

(B) EXCEPTIONS.—

(i) CESSATION AS QUALIFIED ORGANIZATION.—The term ''qualified harvesting activity'' shall not include any sale, lease, or harvesting for any period during which the organization ceases to qualify as a qualified organization.

(ii) EXCEEDING LIMITS ON HARVESTING.—The term ''qualified harvesting activity'' shall not include any sale, lease, or harvesting of standing timber on land acquired with proceeds of qualified forest conservation bonds to the extent that—

(I) the average annual area of timber harvested from such land exceeds 2.5 percent of the total area of such land, or

(II) the quantity of timber removed from such land exceeds the quantity which can be removed from such land annually in perpetuity on a sustained-yield basis with respect to such land.

The limitations under subclauses (I) and (II) shall not apply to post-fire restoration and rehabilitation or sanitation harvesting of timber stands which are substantially damaged by fire, windthrow, or other catastrophes, or which are in imminent danger from insect or disease attack.

(4) TERMINATION.—This subsection shall not apply to any qualified harvesting activity of a quali-

fied organization occurring after the date on which—

(A) there is no outstanding qualified forest conservation bond with respect to such qualified organization, or

(B) any such bond ceases to be a tax-exempt bond.

(5) PARTIAL RECAPTURE OF BENEFITS IF HARVESTING LIMIT EXCEEDED.—If, as of the date that this subsection ceases to apply under paragraph (4)(B), the average annual area of timber harvested from the land exceeds the requirement of subclause (I) or (II) of paragraph (3)(B)(ii), the tax imposed by chapter 1 of the Internal Revenue Code of 1986 shall be increased, under rules prescribed by the Secretary of the Treasury, by the sum of the tax benefits attributable to such excess and interest at the underpayment rate under section 6621 of such Code for the period of the underpayment.

(c) DEFINITIONS.—For purposes of this section—

(1) QUALIFIED CONSERVATION PLAN.—The term ''qualified conservation plan'' means a multiple land use program or plan which—

(A) is designed and administered primarily for the purposes of protecting and enhancing

wildlife and fish, timber, scenic attributes, recreation, and soil and water quality of the forest and forest land,

(B) mandates that conservation of forest and forest land is the single-most significant use of the forest and forest land, and

(C) requires that timber harvesting be consistent with—

(i) restoring and maintaining reference conditions for the region's ecotype,

(ii) restoring and maintaining a representative sample of young, mid, and late successional forest age classes,

(iii) maintaining or restoring the resources' ecological health for purposes of preventing damage from fire, insect, or disease,

(iv) maintaining or enhancing wildlife or fish habitat, or

(v) enhancing research opportunities in sustainable renewable resource uses.

(2) CONSERVATION RESTRICTION.—The conservation restriction described in this paragraph is a restriction which—

(A) is granted in perpetuity to an unrelated person which is described in section 170(h)(3) of such Code and which, in the case of a nongovernmental unit, is organized and operated for conservation purposes,

(B) meets the requirements of clause (ii) or (iii)(II) of section 170(h)(4)(A) of such Code,

(C) obligates the qualified organization to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction, and

(D) requires an increasing level of conservation benefits to be provided whenever circumstances allow it.

(3) QUALIFIED ORGANIZATION.—The term ''qualified organization'' means a nonprofit organization—

(A) substantially all the activities of which are charitable, scientific, or educational, including acquiring, protecting, restoring, managing, and developing forest lands and other renewable resources for the long-term charitable, educational, scientific, and public benefit,

(B) which periodically conducts educational programs designed to inform the public of environmentally sensitive forestry management and conservation techniques,

(C) which has at all times a board of directors—

(i) at least 20 percent of the members of which are representatives of the conservation community,

(ii) at least 20 percent of the members of which are public officials, and

(iii) not more than one-third of the members of which are individuals who are or were at any time within 5 years before the beginning of a term of membership on the board, an employee of, independent contractor with respect to, officer of, director of, or held a material financial interest in, a commercial forest products enterprise with which the qualified organization has a contractual or other financial arrangement,

(D) the bylaws of which require at least two-thirds of the members of the board of directors to vote affirmatively to approve the quali-

fied conservation plan and any change thereto, and

(E) upon dissolution, is required to dedicate its assets to—

(i) an organization described in section 501(c)(3) of such Code which is organized and operated for conservation purposes, or

(ii) a governmental unit described in section 170(c)(1) of such Code.

(4) UNRELATED PERSON.—The term ''unrelated person'' means a person who is not a related person.

(5) RELATED PERSON.—A person shall be treated as related to another person if—

(A) such person bears a relationship to such other person described in section 267(b) (determined without regard to paragraph (9) thereof), or 707(b)(1), of such Code, determined by substituting ''25 percent'' for ''50 percent'' each place it appears therein, and

(B) in the case such other person is a nonprofit organization, if such person controls directly or indirectly more than 25 percent of the governing body of such organization.

**SEC. 12212. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

**"SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income in an amount equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) 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—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—

''(1) In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10)) other than a real estate investment trust, the elec-

tion under this section shall be made separately by each taxpayer subject to tax on such gain.

"(2) In the case of any qualified timber gain of a real estate investment trust, the election under this section shall be made by the real estate investment trust.

"(d) ELECTION.—An election under this section may be made only with respect to the first taxable year beginning after the date of the enactment of this section.".

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

"(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

"(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

"(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

"(i) the amount described in paragraph (1) of section 1203(a), or

"(ii) the amount described in paragraph (2) of such section.".

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

"(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).".

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting before the last sentence the following new paragraph:

"(22) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.".

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

"(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.".

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

"(iv) The deduction allowed under section 1203.".

(f) TREATMENT OF QUALIFIED TIMBER GAIN OF REAL ESTATE INVESTMENT TRUSTS.—Paragraph (3) of section 857(b) is amended by inserting after subparagraph (F) the following new subparagraph:

"(G) TREATMENT OF QUALIFIED TIMBER GAIN.—For purposes of this part, in the case of a real estate investment trust with respect to which an election is in effect under section 1203—

"(i) REDUCTION OF NET CAPITAL GAIN.—The net capital gain of the real estate investment trust for any taxable year shall be reduced (but not below zero) by the real estate investment trust's qualified

timber gain (as defined in section 1203(b)).

"(ii) ADJUSTMENT TO SHAREHOLDER'S BASIS ATTRIBUTABLE TO DEDUCTION FOR QUALIFIED TIMBER GAINS.—

"(I) IN GENERAL.—The adjusted basis of shares in the hands of the shareholder shall be increased by the amount of the deduction allowable under section 1203(a) as provided in subclauses (II) and (III).

"(II) ALLOCATION OF BASIS INCREASE FOR DISTRIBUTIONS MADE DURING TAXABLE YEAR.—For any taxable year of a real estate investment trust for which an election is in effect under section 1203, in the case of a distribution made with respect to shares during such taxable year of amounts attributable to the deduction allowable under section 1203(a), the adjusted basis of such shares shall be increased by the amount of such distributions.

"(III) ALLOCATION OF EXCESS.—If the deduction allowable under section 1203(a) for a taxable year exceeds the amount of distributions described in subclause (II), the excess shall be allocated to every shareholder of the real estate investment trust at the close of the trust's taxable year in the same manner as if a distribution of such excess were made with respect to such shares.

"(IV) DESIGNATIONS.—To the extent provided in regulations, a real estate investment trust shall designate the amounts described in subclauses (II) and (III) in a manner similar to the designations provided with respect to capital gains described in subparagraphs (C) and (D).

"(V) DEFINITIONS.—As used in this subparagraph, the terms 'share' and 'shareholder' shall include beneficial interests and holders of beneficial interests, respectively.

"(iii) EARNINGS AND PROFITS DEDUCTION FOR QUALIFIED TIMBER GAINS.—The deduction allowable under section 1203(a) for a taxable year shall be allowed as a deduction in computing the earnings and profits of the real estate investment trust for such taxable year. The earnings and profits of any such shareholder which is a corporation shall be appropriately adjusted in accordance with regulations prescribed by the Secretary.".

(g) LOSS ATTRIBUTABLE TO BASIS ADJUSTMENT FOR DEDUCTION FOR QUALIFIED TIMBER GAIN OF REAL ESTATE INVESTMENT TRUSTS.—

(1) Section 857(b)(8) is amended by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) LOSS ATTRIBUTABLE TO BASIS ADJUSTMENT FOR DEDUCTION FOR QUALIFIED TIMBER GAIN.—If—

"(i) a shareholder of a real estate investment trust receives a basis adjustment provided under subsection (b)(3)(G)(ii), and

"(ii) the taxpayer has held such share or interest for 6 months or less,

then any loss on the sale or exchange of such share or interest shall, to the extent of the amount described in clause (i), be disallowed.".

(2) Subparagraph (D) of section 857(b)(8), as redesignated by paragraph (1), is amended by striking "subparagraph (A)" and inserting "subparagraphs (A) and (B)".

(h) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

"(B) the exclusion under section 1202, and the deduction under section 1203, shall not be allowed.".

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting "To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203."

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''.

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by inserting ''or 1203,'' after ''1202,''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(i) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 12213. EXCISE TAX NOT APPLICABLE TO SECTION 1203 DEDUCTION OF REAL ESTATE INVESTMENT TRUSTS.**

(a) IN GENERAL.—

(1) ORDINARY INCOME.—Subparagraph (B) of section 4981(e)(1) is amended to read as follows:

"(B) by not taking into account—

"(i) any gain or loss from the sale or exchange of capital assets (determined without regard to any reduction that would be applied for purposes of section 857(b)(3)(G)(i)), and

"(ii) any deduction allowable under section 1203, and".

(2) CAPITAL GAIN NET INCOME.—Section 4981(e)(2) is amended by adding at the end the following new subparagraph:

"(D) QUALIFIED TIMBER GAIN.—The amount determined under subparagraph (A) shall be determined without regard to any reduction that would be applied for purposes of section 857(b)(3)(G)(i) but shall be reduced for

any deduction allowable under section 1203 for such calendar year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 12214. 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 of 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 the last day of the first taxable year beginning after the date of the enactment of this paragraph.".

(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. 12215. 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 inserting "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 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. 12216. 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 "not more than 20 percent of the value of its total assets is represented by securities of one or more taxable 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. 12217. 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 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 "independent contractor (as de-

fined in section 856(d)(3)) from whom the trust itself does not derive or receive 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 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' means the last day of the first taxable year beginning after the date of the enactment of this subparagraph.''.

(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.

# Subtitle C—Energy Provisions

## PART I—ELECTRICITY GENERATION

### SEC. 12301. CREDIT FOR RESIDENTIAL AND BUSINESS WIND PROPERTY.

(a) RESIDENTIAL WIND PROPERTY.—

(1) IN GENERAL.—Section 25D(a) (relating to allowance of credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 30 percent of the qualified small wind energy property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1) (relating to maximum credit) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) $4,000 with respect to any qualified small wind energy property expenditures.''.

(3) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURES.—

(A) IN GENERAL.—Section 25D(d) (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURE.—The term 'qualified small wind energy property expenditure' means an expenditure for qualified small wind energy property (as defined in section 48(c)(3)(A)) installed on or in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.''.

(B) NO DOUBLE BENEFIT.—Section 45(d)(1) (relating to wind facility) is amended by adding at the end the following new sentence: ''Such term shall not include any facility with respect to which any qualified small wind energy property expenditure (as defined in subsection (d)(4) of section 25D) is taken into account in determining the credit under such section.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A) (relating to maximum expenditures) is amended by striking ''and'' at the end of clause (ii), by striking the pe-

riod at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) $1,667 in the case of wind turbines for which qualified small wind energy property expenditures are made.".

(b) BUSINESS WIND PROPERTY.—

(1) IN GENERAL.—Section 48(a)(3)(A) (defining energy property) is amended by striking "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by inserting after clause (iv) the following new clause:

"(v) qualified small wind energy property,".

(2) 30 PERCENT CREDIT.—Section 48(a)(2)(A)(i) is amended by striking "and" at the end of subclause (II) and by inserting after subclause (III) the following new subclause:

"(IV) qualified small wind energy property, and".

(3) QUALIFIED SMALL WIND ENERGY PROPERTY.—Section 48(c) is amended—

(A) by inserting "; QUALIFIED SMALL WIND ENERGY PROPERTY" after "QUALIFIED MICROTURBINE PROPERTY" in the heading,

(B) by striking ''For purposes of this subsection'' and inserting ''For purposes of this section'',

(C) by striking ''paragraph (1)'' in paragraphs (1)(B) and (2)(B) and inserting ''subsection (a)(1)'', and

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

''(3) QUALIFIED SMALL WIND ENERGY PROPERTY.—

''(A) IN GENERAL.—The term 'qualified small wind energy property' means property which uses a qualifying small wind turbine to generate electricity.

''(B) LIMITATION.—In the case of qualified small wind energy property placed in service during the taxable year, the credit otherwise determined under subsection (a)(1) for such year with respect to such property shall not exceed $4,000 with respect to any taxpayer.

''(C) QUALIFYING SMALL WIND TURBINE.—The term 'qualifying small wind turbine' means a wind turbine which—

''(i) has a nameplate capacity of not more than 100 kilowatts, and

"(ii) meets the performance standards of the American Wind Energy Association.

"(D) TERMINATION.—The term 'qualified small wind energy property' shall not include any property for any period after December 31, 2008.".

(4) CONFORMING AMENDMENT.—Section 48(a)(1) is amended by striking "paragraphs (1)(B) and (2)(B)" and inserting "paragraphs (1)(B), (2)(B), and (3)(B)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures after December 31, 2007.

**SEC. 12302. LANDOWNER INCENTIVE TO ENCOURAGE ELECTRIC TRANSMISSION BUILD-OUT.**

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new section:

**"SEC. 139B. ELECTRIC TRANSMISSION EASEMENT PAYMENTS.**

"(a) IN GENERAL.—Gross income shall not include any qualified electric transmission easement payment.

"(b) QUALIFIED ELECTRIC TRANSMISSION EASEMENT PAYMENT.—For purposes of this section, the term

'qualified electric transmission payment' means any payment which is made—

"(1) by an electric utility or electric transmission entity pursuant to an easement or other agreement granted by the payee (or any predecessor of such payee), and

"(2) for the right of such entity (or any successors of such entity) to locate on such payee's property transmission lines and equipment used to transmit electricity at 230 or more kilovolts, primarily from qualified facilities described in section 45(d) (without regard to any placed in service date or the last sentence of paragraph (4) thereof) or energy property (as defined in section 48(a)(3)) placed in service after the date of the enactment of this section.

"(c) NO INCREASE IN BASIS.—Notwithstanding any other provision of this subtitle, no increase in the basis or adjusted basis of any property shall result from any amount excluded under this subsection with respect to such property.

"(d) DENIAL OF DOUBLE BENEFIT.—Notwithstanding any other provision of this subtitle, no deduction or credit shall be allowed (to the person for whose benefit a qualified electric transmission easement payment is

made) for, or by reason of, any expenditure to the extent of the amount excluded under this section with respect to such expenditure.''.

(b) CLERICAL AMENDMENT.—The table of sections for such part III is amended by inserting after the item relating to section 139A the following new item:

''Sec. 139B. Electric transmission easement payments.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments received after the date of the enactment of this Act.

**SEC. 12303. EXCEPTION TO REDUCTION OF RENEWABLE ELECTRICITY CREDIT.**

(a) IN GENERAL.—Section 45(b)(3) (relating to credit reduced for grants, tax-exempt bonds, subsidized energy financing, and other credits) is amended by adding after the last sentence the following: ''This paragraph shall not apply with respect to any loans, loan guarantees, or grants issued by the Secretary of Agriculture under authority granted by section 9006 of the Farm Security and Rural Investment Act of 2002.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to facilities placed in service after the date of the enactment of this Act.

## PART II—ALCOHOL FUEL

### SEC. 12311. EXPANSION OF SPECIAL ALLOWANCE TO CELLULOSIC BIOMASS ALCOHOL FUEL PLANT PROPERTY.

(a) IN GENERAL.—Paragraph (3) of section 168(l) (relating to special allowance for cellulosic biomass ethanol plant property) is amended to read as follows:

"(3) CELLULOSIC BIOMASS ALCOHOL.—For purposes of this subsection, the term 'cellulosic biomass alcohol' means any alcohol produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (l) of section 168 is amended by striking "cellulosic biomass ethanol" each place it appears and inserting "cellulosic biomass alcohol".

(2) The heading of section 168(l) is amended by striking "CELLULOSIC BIOMASS ETHANOL" and inserting "CELLULOSIC BIOMASS ALCOHOL".

(3) The heading of paragraph (2) of section 168(l) is amended by striking "CELLULOSIC BIOMASS ETHANOL" and inserting "CELLULOSIC BIOMASS ALCOHOL".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after

the date of the enactment of this Act, in taxable years ending after such date.

**SEC. 12312. CREDIT FOR PRODUCTION OF CELLULOSIC BIOMASS ALCOHOL.**

(a) IN GENERAL.—Subsection (a) of section 40 (relating to alcohol used as fuel) is amended 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 small cellulosic alcohol producer credit.''.

(b) SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 40 is amended by adding at the end the following new paragraph:

''(6) SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—

''(A) IN GENERAL.—In addition to any other credit allowed under this section, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable amount for each gallon of not more than 60,000,000 gallons of qualified cellulosic alcohol production.

"(B) APPLICABLE AMOUNT.—For purposes of subparagraph (A), the applicable amount means the excess of—

"(i) $1.28, over

"(ii) the sum of—

"(I) the amount of the credit in effect for alcohol which is ethanol under subsection (b)(1) (without regard to subsection (b)(3)) at the time of the qualified cellulosic alcohol production, plus

"(II) the amount of the credit in effect under subsection (b)(4) at the time of such production.

"(C) QUALIFIED CELLULOSIC ALCOHOL PRODUCTION.—For purposes of this section, the term 'qualified cellulosic alcohol production' means any cellulosic biomass alcohol which is produced by an eligible small cellulosic alcohol producer 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 alcohol 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 biomass alcohol at retail to another person and places such cellulosic biomass alcohol in the fuel tank of such other person, or

"(ii) is used or sold by the taxpayer for any purpose described in clause (i).

"(D) ADDITIONAL DISTILLATION EXCLUDED.—The qualified cellulosic alcohol 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.

"(E) APPLICATION OF PARAGRAPH.—This paragraph shall apply with respect to qualified cellulosic alcohol production after December 31, 2007, and before April 1, 2015.".

(2) TERMINATION DATE NOT TO APPLY.—Subsection (e) of section 40 (relating to termination) is amended—

(A) by inserting ''or subsection (b)(6)(E)'' after ''by reason of paragraph (1)'' in paragraph (2), and

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

''(3) EXCEPTION FOR SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—Paragraph (1) shall not apply to the portion of the credit allowed under this section by reason of subsection (a)(4).''.

(c) ELIGIBLE SMALL CELLULOSIC ALCOHOL PRODUCER.—Section 40 is amended by adding at the end the following new subsection:

''(i) DEFINITIONS AND SPECIAL RULES FOR SMALL CELLULOSIC ALCOHOL PRODUCER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible small cellulosic alcohol producer' means a person, who at all times during the taxable year, has a productive capacity for cellulosic biomass alcohol not in excess of 60,000,000 gallons.

''(2) CELLULOSIC BIOMASS ALCOHOL.—

"(A) IN GENERAL.—The term 'cellulosic biomass alcohol' has the meaning given such term under section 168(l)(3), but does not include any alcohol with a proof of less than 150.

"(B) DETERMINATION OF PROOF.—The determination of the proof of any alcohol shall be made without regard to any added denaturants.

"(3) AGGREGATION RULE.—For purposes of the 60,000,000 gallon limitation under paragraph (1) and subsection (b)(6)(A), all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

"(4) PARTNERSHIP, S CORPORATIONS, AND OTHER PASS-THRU ENTITIES.—In the case of a partnership, trust, S corporation, or other pass-thru entity, the limitation contained in paragraph (1) shall be applied at the entity level and at the partner or similar level.

"(5) ALLOCATION.—For purposes of this subsection, in the case of a facility in which more than

1 person has an interest, productive capacity shall
2 be allocated among such persons in such manner as
3 the Secretary may prescribe.

4 ''(6) REGULATIONS.—The Secretary may pre-
5 scribe such regulations as may be necessary to pre-
6 vent the credit provided for in subsection (a)(4)
7 from directly or indirectly benefitting any person
8 with a direct or indirect productive capacity of more
9 than 60,000,000 gallons of cellulosic biomass alcohol
10 during the taxable year.

11 ''(7) ALLOCATION OF SMALL CELLULOSIC PRO-
12 DUCER CREDIT TO PATRONS OF COOPERATIVE.—
13 Rules similar to the rules under subsection (g)(6)
14 shall apply for purposes of this subsection.''.

15 (d) ALCOHOL NOT USED AS A FUEL, ETC.—

16 (1) IN GENERAL.—Paragraph (3) of section
17 40(d) is amended by redesignating subparagraph
18 (D) as subparagraph (E) and by inserting after sub-
19 paragraph (C) the following new subparagraph:

20 ''(D) SMALL CELLULOSIC ALCOHOL PRO-
21 DUCER CREDIT.—If—

22 ''(i) any credit is allowed under sub-
23 section (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 for each gallon of such cellulosic biomass alcohol.".

(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)".

(e) ALCOHOL PRODUCED IN THE UNITED STATES.—Section 40(d), as amended by this section, is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE FOR SMALL CELLULOSIC ALCOHOL PRODUCERS.—No small cellulosic alcohol producer credit shall be determined under subsection (a) with respect to any alcohol unless such alcohol is produced in the United States.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced after December 31, 2007.

**SEC. 12313. EXTENSION OF SMALL ETHANOL PRODUCER CREDIT.**

Paragraph (1) of section 40(e) (relating to termination) is amended—

(1) in subparagraph (A), by inserting ''(December 31, 2012, in the case of the credit allowed by reason of subsection (a)(3))'' after ''December 31, 2010'', and

(2) in subparagraph (B), by inserting ''(January 1, 2013, in the case of the credit allowed by reason of subsection (a)(3))'' after ''January 1, 2011''.

**SEC. 12314. CREDIT FOR PRODUCERS OF FOSSIL FREE ALCOHOL.**

(a) IN GENERAL.—Subsection (a) of section 40 (relating to alcohol used as fuel), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', plus'', and by adding at the end the following new paragraph:

''(5) the small fossil free alcohol producer credit.''.

(b) SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT.—Subsection (b) of section 40, as amended by this Act, is amended by adding at the end the following new paragraph:

"(7) SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT.—

"(A) IN GENERAL.—In addition to any other credit allowed under this section, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 cents for each gallon of not more than 60,000,000 gallons of qualified fossil free alcohol production.

"(B) QUALIFIED FOSSIL FREE ALCOHOL PRODUCTION.—For purposes of this section, the term 'qualified fossil free alcohol production' means alcohol which is produced by an eligible small fossil free alcohol producer at a fossil free alcohol production facility 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 alcohol 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 alcohol at retail to another person and places such alcohol in the fuel tank of such other person, or

"(ii) is used or sold by the taxpayer for any purpose described in clause (i).

"(C) ADDITIONAL DISTILLATION EXCLUDED.—The qualified fossil free alcohol 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.".

(c) ELIGIBLE SMALL FOSSIL FREE ALCOHOL PRODUCER.—Section 40, as amended by this Act, is amended by adding at the end the following new subsection:

"(j) DEFINITIONS AND SPECIAL RULES FOR SMALL FOSSIL FREE ALCOHOL PRODUCER.—For purposes of this section—

"(1) IN GENERAL.—The term 'eligible small fossil free alcohol producer' means a person, who at all times during the taxable year, has a productive capacity for alcohol from all fossil free alcohol production facilities of the taxpayer which is not in excess of 60,000,000 gallons.

"(2) FOSSIL FREE ALCOHOL PRODUCTION FACILITY.—The term 'fossil free alcohol production facility' means any facility at which 90 percent of the energy used in the production of alcohol is produced from biomass (as defined in section 45K(c)(3)).

"(3) AGGREGATION RULE.—For purposes of the 60,000,000 gallon limitation under paragraph (1) and subsection (b)(7)(A), all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

"(4) PARTNERSHIP, S CORPORATIONS, AND OTHER PASS-THRU ENTITIES.—In the case of a partnership, trust, S corporation, or other pass-thru entity, the limitation contained in paragraph (1)

shall be applied at the entity level and at the partner or similar level.

"(5) ALLOCATION.—For purposes of this subsection, in the case of a facility in which more than 1 person has an interest, productive capacity shall be allocated among such persons in such manner as the Secretary may prescribe.

"(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to prevent the credit provided for in subsection (a)(5) from directly or indirectly benefitting any person with a direct or indirect productive capacity of more than 60,000,000 gallons of alcohol from fossil free alcohol production facilities during the taxable year.

"(7) ALLOCATION OF SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT TO PATRONS OF COOPERATIVE.—Rules similar to the rules under subsection (g)(6) shall apply for purposes of this subsection.".

(d) ALCOHOL NOT USED AS A FUEL, ETC.—

(1) IN GENERAL.—Paragraph (3) of section 40(d), as amended by this Act, is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new subparagraph:

"(E) SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT.—If—

"(i) any credit is allowed under subsection (a)(5), and

"(ii) any person does not use such fuel for a purpose described in subsection (b)(7)(B),

then there is hereby imposed on such person a tax equal to 10 cents for each gallon of such alcohol.".

(2) CONFORMING AMENDMENT.—Subparagraph (F) of section 40(d)(3), as redesignated by paragraph (1) and amended by this Act, is amended by striking "or (D)" and inserting "(D), or (E)".

(e) ALCOHOL PRODUCED IN THE UNITED STATES.—Section 40(d)(6), as added by section 312 of this Act, is amended—

(1) by inserting "or small fossil free alcohol producer credit" after "cellulosic alcohol producer credit", and

(2) by inserting "**AND FOSSIL FREE**" after "**CELLULOSIC**" in the heading.

(f) TERMINATION.—Paragraph (1) of section 40(e), as amended by this Act, is amended—

(1) in subparagraph (A), by inserting ", and December 31, 2011, in the case of the credit allowed by reason of subsection (a)(5)" after "subsection (a)(3)", and

(2) in subparagraph (B), by inserting ", and January 1, 2012, in the case of the credit allowed by reason of subsection (a)(5)" after "subsection (a)(3)".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced after December 31, 2007.

**SEC. 12315. MODIFICATION OF ALCOHOL CREDIT.**

(a) INCOME TAX CREDIT.—Subsection (h) of section 40 (relating to reduced credit for ethanol blenders) is amended by adding at the end the following new paragraph:

"(3) REDUCED AMOUNT AFTER SALE OF 7,500,000,000 GALLONS.—

"(A) IN GENERAL.—In the case of any calendar year beginning after the date described in subparagraph (B), the last row in the table in paragraph (2) shall be applied by substituting '46 cents' for '51 cents'.

"(B) DATE DESCRIBED.—The date described in this subparagraph is the first date on

which 7,500,000,000 gallons of ethanol (including cellulosic ethanol) have been produced in or imported into the United States after the date of the enactment of this paragraph, as certified by the Secretary, in consultation with the Administrator of the Environmental Protection Agency.''.

(b) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Paragraph (2) of section 6426(b) (relating to alcohol fuel mixture credit) is amended by adding at the end the following new subparagraph:

''(C) REDUCED AMOUNT AFTER SALE OF 7,500,000,000 GALLONS.—In the case of any alcohol fuel mixture produced in a calendar year beginning after the date described in section 40(h)(3)(B), subparagraph (A) shall be applied by substituting '46 cents' for '51 cents'.''.

(2) 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. 12316. 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 ''the volume of alcohol'' and all that follows and inserting ''the volume of alcohol shall not include any denaturant added to such alcohol.''.

(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 not include any denaturant added to such alcohol.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after December 31, 2007.

**SEC. 12317. 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. 12318. LIMITATIONS ON, AND REDUCTIONS OF, 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, an exported article that does not contain ethyl alcohol or a mixture of ethyl alcohol shall not be treated as the same kind and quality as a qualified article that does contain ethyl alcohol or a mixture of ethyl alcohol.".

(b) LIMITATIONS ON, AND REDUCTIONS OF, DRAWBACKS.—Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) is amended by adding at the end the following new subsection:

"(z) LIMITATIONS ON, AND REDUCTIONS OF, DRAWBACKS.—

"(1) LIMITATIONS.—

"(A) IN GENERAL.—Ethyl alcohol or mixture containing ethyl alcohol described in subparagraph (B) may be treated as being of the same kind and quality under subsection (b) of this section or may be treated as being commercially interchangeable with any other ethyl alcohol or mixture containing ethyl alcohol under

subsection (j)(2) of this section, only if the other ethyl alcohol or mixture—

"(i) if imported, is subject to the additional duty under subheading 9901.00.50 of the Harmonized Tariff Schedule of the United States; or

"(ii) if domestic, is suitable for use as a fuel or in a mixture to be used as a fuel as described in such subheading 9901.00.50.

"(B) ETHYL ALCOHOL OR MIXTURE CONTAINING ETHYL ALCOHOL DESCRIBED.—Ethyl alcohol or mixture containing ethyl alcohol described in this subparagraph means—

"(i) ethyl alcohol classifiable under subheading 2207.10.60 or 2207.20.00 of the Harmonized Tariff Schedule of the United States, or

"(ii) a mixture containing ethyl alcohol classifiable under heading 2710 or 3824 of the Harmonized Tariff Schedule of the United States,

which, if imported would be subject to additional duty under subheading 9901.00.50 of such Schedule.

"(2) REDUCTION OF DRAWBACK.—For purposes of subsections (b), (j)(2), and (p) of this section, the amount of the refund as drawback under this section shall be reduced by an amount equal to any Federal tax credit or refund of any Federal tax paid on the merchandise with respect to which the drawback is claimed.".

(c) EFFECTIVE DATE.—The amendments made by this section apply to articles exported on or after the date that is 15 days after the date of the enactment of this Act.

## PART III—BIODIESEL AND RENEWABLE DIESEL FUEL

### SEC. 12321. EXTENSION AND MODIFICATION OF CREDIT FOR BIODIESEL AND RENEWABLE DIESEL USED AS FUEL.

(a) EXTENSION.—

(1) INCOME TAX CREDITS FOR BIODIESEL AND RENEWABLE DIESEL AND SMALL AGRI-BIODIESEL PRODUCER CREDIT.—Section 40A(g) (relating to termination) is amended by striking "December 31, 2008" and inserting "December 31, 2010 (December 31, 2012, in the case of the credit allowed by reason of subsection (a)(3))".

(2) EXCISE TAX CREDIT.—Section 6426(c)(6) (relating to termination) is amended by striking ''2008'' and inserting ''2010''.

(3) FUELS NOT USED FOR TAXABLE PURPOSES.—Section 6427(e)(5)(B) (relating to termination) is amended by striking ''2008'' and inserting ''2010''.

(b) MODIFICATION OF CREDIT FOR RENEWABLE DIESEL.—Section 40A(f) (relating to renewable diesel) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR CO-PROCESSED RENEWABLE DIESEL.—In the case of a taxpayer which produces renewable diesel through the co-processing of biomass and petroleum at any facility, this subsection shall not apply to so much of the renewable diesel produced at such facility and sold or used during the taxable year in a mixture described in subsection (b)(1)(B) as exceeds 60,000,000 gallons.''.

(c) MODIFICATION RELATING TO DEFINITION OF AGRI-BIODIESEL.—Paragraph (2) of section 40A(d) (relating to agri-biodiesel) is amended by striking ''and mustard seeds'' and inserting ''mustard seeds, and camelina''.

(d) EFFECTIVE DATES.—The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

**SEC. 12322. TREATMENT OF QUALIFIED ALCOHOL FUEL MIXTURES AND QUALIFIED BIODIESEL FUEL MIXTURES AS TAXABLE FUELS.**

(a) IN GENERAL.—

(1) QUALIFIED ALCOHOL FUEL MIXTURES.—Paragraph (2) of section 4083(a) (relating to gasoline) is amended—

(A) by striking ''and'' at the end of subparagraph (A),

(B) by redesignating subparagraph (B) as subparagraph (C), and

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

''(B) includes any qualified mixture (as defined in section 40(b)(1)(B)), and''.

(2) QUALIFIED BIODIESEL FUEL MIXTURES.—Subparagraph (A) of section 4083(a)(3) (relating to diesel fuel) is amended by striking ''and'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and inserting after clause (ii) the following new clause:

"(iii) any qualified biodiesel mixture (as defined in section 40A(b)(1)(B)), and".

(b) MODIFICATION OF BIODIESEL CERTIFICATION REQUIREMENT.—Paragraph (4) of section 40A(b) is amended by striking "which identifies" and all that follows and inserting "which—

"(A) identifies the product produced and the percentage of biodiesel and agri-biodiesel in the product, and

"(B) documents that the biodiesel was independently tested and meets the requirements of ASTM D6751.".

(c) INFORMATION REPORTING REQUIREMENT FOR PRODUCERS OF QUALIFIED MIXTURES.—Section 4101(d) (relating to information reporting) is amended to read as follows:

"(d) INFORMATION REPORTING.—The Secretary—

"(1) may require—

"(A) information reporting by any person registered under this section, and

"(B) information reporting by such other persons as the Secretary deems necessary to carry out this part, and

"(2) shall require information reporting by any person registered under this section and producing

any qualified mixture (as defined in section 40(b)(1)(B)) or any qualified biodiesel mixture (as defined in section 40A(b)(1)(B)).

Any person who is required to report under this subsection and who has 25 or more reportable transactions in a month shall file such report in electronic format.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuels removed, entered, or sold after December 31, 2007.

## PART IV—ALTERNATIVE FUEL

### SEC. 12331. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL CREDIT.

(a) EXTENSION.—

(1) ALTERNATIVE FUEL CREDIT.—Paragraph (4) of section 6426(d) (relating to alternative fuel credit) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2010''.

(2) ALTERNATIVE FUEL MIXTURE CREDIT.—Paragraph (3) of section 6426(e) (relating to alternative fuel mixture credit) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2010''.

(3) PAYMENTS.—Subparagraph (C) of section 6427(e)(5) (relating to termination) is amended by

striking ''September 30, 2009'' and inserting ''December 31, 2010''.

(b) MODIFICATIONS.—

(1) ALTERNATIVE FUEL TO INCLUDE COMPRESSED OR LIQUIFIED BIOMASS GAS.—Paragraph (2) of section 6426(d) (relating to alternative fuel credit) is amended by striking ''and'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) compressed or liquefied biomass gas, and''.

(2) CREDIT ALLOWED FOR AVIATION USE OF FUEL.—Paragraph (1) of section 6426(d) is amended by inserting ''sold by the taxpayer for use as a fuel in aviation,'' after ''motorboat,''.

(c) CARBON CAPTURE REQUIREMENT FOR CERTAIN FUELS.—

(1) IN GENERAL.—Subsection (d) of section 6426, as amended by subsection (a), is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) CARBON CAPTURE REQUIREMENT.—

"(A) IN GENERAL.—The requirements of this paragraph are met if the fuel is certified, under such procedures as required by the Secretary, as having been derived from coal produced at a gasification facility which separates and sequesters not less than the applicable percentage of such facility's total carbon dioxide emissions.

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is—

"(i) 50 percent in the case of fuel produced after the date of the enactment of this paragraph and on or before the earlier of—

"(I) the date the Secretary makes a determination under subparagraph (C), or

"(II) December 30, 2010, and

"(ii) 75 percent in the case of fuel produced after the date on which the applicable percentage under clause (i) ceases to apply.

"(C) DETERMINATION TO INCREASE APPLICABLE PERCENTAGE BEFORE DECEMBER 31,

2010.—If the Secretary, after considering the recommendations of the Carbon Sequestration Capability Panel, finds that the applicable percentage under subparagraph (B) should be 75 percent for fuel produced before December 31, 2010, the Secretary shall make a determination under this subparagraph. Any determination made under this subparagraph shall be made not later than 30 days after the Secretary receives from the Carbon Sequestration Panel the report required under section 331(c)(3)(D) of the Heartland, Habitat, Harvest, and Horticulture Act of 2007.''.

(2) CONFORMING AMENDMENT.—Subparagraph (E) of section 6426(d)(2) is amended by inserting ''which meets the requirements of paragraph (4) and which is'' after ''any liquid fuel''.

(3) CARBON SEQUESTRATION CAPABILITY PANEL.—

(A) ESTABLISHMENT OF PANEL.—There is established a panel to be known as the ''Carbon Sequestration Capability Panel'' (hereafter in this paragraph referred to as the ''Panel'').

(B) MEMBERSHIP.—The Panel shall be composed of—

(i) 1 representative from the National Academy of Sciences,

(ii) 1 representative from the University of Kentucky Center for Applied Energy Research, and

(iii) 1 individual appointed jointly by the representatives under clauses (i) and (ii).

(C) STUDY.—The Panel shall study the appropriate percentage of carbon dioxide for separation and sequestration under section 6426(d)(4) of the Internal Revenue Code of 1986 consistent with the purposes of such section. The panel shall consider whether it is feasible to separate and sequester 75 percent of the carbon dioxide emissions of a facility, including costs and other factors associated with separating and sequestering such percentage of carbon dioxide emissions.

(D) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Panel shall report to the Secretary of Treasury, the Committee on Finance of the Senate, and the Committee on Ways and Means of the

House of Representatives on the study under subparagraph (C).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

**SEC. 12332. EXTENSION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.**

Paragraph (2) of section 30C(g) (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

# Subtitle D—Agricultural Provisions

**SEC. 12401. 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. 12402. MODIFICATION OF INSTALLMENT SALE RULES FOR CERTAIN FARM PROPERTY.**

(a) IN GENERAL.—Section 453(i) (relating to recognition of recapture income in year of disposition) is amended by adding at the end the following new paragraph:

"(3) EXCEPTION FOR CERTAIN FARM PROPERTY.—Paragraph (1) shall not apply to any installment sale of any single purpose agricultural or horticultural structure or any tree or vine bearing fruit or nuts eligible for classification as 10-year property under section 168(e)(3)(D).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to installment sales occurring after the date of the enactment of this Act.

**SEC. 12403. 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. 12404. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.**

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new section:

**"SEC. 54A. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.**

"(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a rural renaissance bond on 1 or more

credit allowance dates of the bond occurring 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.

"(b) AMOUNT OF CREDIT.—

"(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a rural renaissance bond is 25 percent of the annual credit determined with respect to such bond.

"(2) ANNUAL CREDIT.—The annual credit determined with respect to any rural renaissance bond is the product of—

"(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

"(B) the outstanding face amount of the bond.

"(3) DETERMINATION.—For purposes of paragraph (2), with respect to any rural renaissance bond, the Secretary shall determine daily or caused to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the

bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of rural renaissance bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

"(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term 'credit allowance date' means—

"(A) March 15,

"(B) June 15,

"(C) September 15, and

"(D) December 15.

Such term also includes the last day on which the bond is outstanding.

"(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—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.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(2) the sum of the credits allowable under this part (other than subpart C, section 1400N(l), and this section).

"(d) RURAL RENAISSANCE BOND.—For purposes of this section—

"(1) IN GENERAL.—The term 'rural renaissance bond' means any bond issued as part of an issue if—

"(A) the bond is issued by a qualified issuer pursuant to an allocation by the Secretary to such issuer of a portion of the national rural renaissance bond limitation under subsection (f)(2),

"(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred by qualified borrowers for 1 or more qualified projects,

"(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form,

"(D) the issue meets the requirements of subsection (h), and

"(E) such bond is not a federally guaranteed bond (within the meaning of section 149(b)(2)).

"(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

"(A) IN GENERAL.—The term 'qualified project' means 1 or more projects described in subparagraph (B) located in a rural area.

"(B) PROJECTS DESCRIBED.—A project described in this subparagraph is a project eligible for assistance under—

"(i) the utilities programs described in section 381E(d)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(2)),

"(ii) the distance learning or telemedicine programs authorized pursuant to chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and

Trade Act of 1990 (7 U.S.C. 950aaa et seq.),

"(iii) the rural electric programs authorized pursuant to the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.),

"(iv) the rural telephone programs authorized pursuant to the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.),

"(v) the broadband access programs authorized pursuant to title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.), and

"(vi) the rural community facility programs as described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(1)).

"(C) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a rural renaissance bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by a qualified borrower after the date of the enactment of this section.

"(D) REIMBURSEMENT.—For purposes of paragraph (1)(B), a rural renaissance bond may be issued to reimburse a qualified borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

"(i) prior to the payment of the original expenditure, the qualified borrower declared its intent to reimburse such expenditure with the proceeds of a rural renaissance bond,

"(ii) not later than 60 days after payment of the original expenditure, the qualified 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.

"(E) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a qualified borrower or qualified issuer takes any action within its control which causes such proceeds

not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a rural renaissance bond.

"(F) TREATMENT OF OTHER SUBSIDIES.—For purposes of subparagraph (B), a qualified project does not include any portion of a project financed by grants or subsidized financing provided (directly or indirectly) under a Federal program, including any State or local obligation used to provide financing for such portion the interest on which is exempt from tax under section 103.

"(e) MATURITY LIMITATIONS.—

"(1) DURATION OF TERM.—A bond shall not be treated as a rural renaissance bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

"(2) 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 without regard to the requirements of paragraph (3) and 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.

"(3) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a rural renaissance bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

"(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

"(1) NATIONAL LIMITATION.—There is a national rural renaissance bond limitation of $400,000,000.

"(2) ALLOCATION BY SECRETARY.—

"(A) IN GENERAL.—In accordance with subparagraph (B), the Secretary shall allocate the amount described in paragraph (1) among at least 20 qualified projects, or such lesser number of qualified projects with proper applications filed after 12 months after the adoption of the selection process under subparagraph (B).

"(B) SELECTION PROCESS.—In consultation with the Secretary of Agriculture, the Secretary shall adopt a process to select projects described in subparagraph (A). Under such process, the Secretary shall not allocate more than 15 percent of the allocation under subparagraph (A) to qualified projects within a single State.

"(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

"(h) SPECIAL RULES RELATING TO EXPENDITURES.—

"(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of

the date of issuance, the qualified issuer reasonably expects—

"(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the rural renaissance bond,

"(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the rural renaissance bond or, in the case of a rural renaissance bond the proceeds of which are to be loaned to 2 or more qualified borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a qualified borrower, and

"(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

"(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes

that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

"(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified 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.

"(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a rural renaissance bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

"(j) DEFINITIONS AND SPECIAL RULES RELATING TO ISSUERS AND BORROWERS.—For purposes of this section—

"(1) QUALIFIED ISSUER.—The term 'qualified issuer' means—

"(A) a rural renaissance bond lender,

"(B) a cooperative electric company, or

"(C) a governmental body.

"(2) QUALIFIED BORROWER.—The term 'qualified borrower' means—

"(A) a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C), or

"(B) a governmental body.

"(3) RURAL RENAISSANCE BOND LENDER.—The term 'rural renaissance bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

"(4) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C), or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.

"(5) GOVERNMENTAL BODY.—The term 'governmental body' means any State, territory, possession of the United States, the District of Columbia, Indian tribal government, and any political subdivision thereof.

"(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

"(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) BOND.—The term 'bond' includes any obligation.

"(2) POOLED FINANCING BOND.—The term 'pooled financing bond' shall have the meaning given such term by section 149(f)(4)(A).

"(3) RURAL AREA.—The term 'rural area' shall have the meaning given such term by section 1393(a)(2).

"(4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

"(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-

thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

"(B) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(i) shall apply.

"(5) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any rural renaissance bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

"(6) REPORTING.—Issuers of rural renaissance bonds shall submit reports similar to the reports required under section 149(e).

"(7) TERMINATION.—This section shall not apply with respect to any bond issued after December 31, 2008.".

(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 RURAL RENAISSANCE BONDS.—

"(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A(g) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(b)(4)).

"(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

"(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) The table of sections for subpart H of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 54A. Credit to holders of rural renaissance bonds.".

(2) Section 54(c)(2) is amended by inserting "section 54A," after "subpart C,".

(d) ISSUANCE OF REGULATIONS.—The Secretary of Treasury shall issue regulations required under section 54A (as added by this section) not later than 120 days after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

**SEC. 12405. 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. 12406. CREDIT FOR DRUG SAFETY AND EFFECTIVENESS TESTING FOR MINOR ANIMAL SPECIES.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following new section:

**"SEC. 45P. DRUG SAFETY AND EFFECTIVENESS TESTING FOR MINOR ANIMAL SPECIES.**

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, in the case of an eligible taxpayer, the drug safety and effectiveness testing for minor animal species credit determined under this section for the taxable year shall be an amount equal to 50 percent of the qualified safety and effectiveness testing expenses paid or incurred by the taxpayer during the taxable year.

''(b) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' any taxpayer—

''(1) which—

''(A) applies for the designation of a new animal drug for use on a minor animal species under section 573 of the Federal Food, Drug, and Cosmetic Act, or

"(B) owns animals which are the subject of safety and effectiveness testing, and

"(2) which elects the application of this section for the taxable year.

"(c) QUALIFIED SAFETY AND EFFECTIVENESS TESTING EXPENSES.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified safety and effectiveness testing expenses' means the sum of the following amounts which are paid or incurred by the eligible taxpayer during the taxable year in carrying on any trade or business of such taxpayer:

"(A) In-house safety and effectiveness testing expenses.

"(B) Contract safety and effectiveness testing expenses.

Such term does not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

"(2) IN-HOUSE SAFETY AND EFFECTIVENESS TESTING EXPENSES.—

"(A) IN GENERAL.—The term 'in-house safety and effectiveness testing expenses' means—

"(i) any wages paid or incurred to an employee for qualified services performed by such employee,

"(ii) any amount paid or incurred for supplies used in the conduct of safety and effectiveness testing, and

"(iii) under regulations prescribed by the Secretary, any amount paid or incurred to another person for the right to use computers in the conduct of safety and effectiveness testing.

Clause (iii) shall not apply to any amount to the extent that the taxpayer (or any person with whom the taxpayer must aggregate expenditures under rules specified under subsection (f)(2)) receives or accrues any amount from any other person for the right to use substantially identical personal property.

"(B) QUALIFIED SERVICES.—The term 'qualified services' means services consisting of—

"(i) engaging in safety and effectiveness testing, or

"(ii) engaging in the direct supervision or direct support of such testing.

If substantially all of the services performed by an individual for the taxpayer during the taxable year consists of services meeting the requirements of clause (i) or (ii), the term 'qualified services' means all of the services performed by such individual for the taxpayer during the taxable year.

''(C) WAGES AND SUPPLIES.—The terms 'wages' and 'supplies' have the meanings given such terms by section 41(b).

''(3) CONTRACT SAFETY AND EFFECTIVENESS TESTING EXPENSES.—

''(A) IN GENERAL.—The term 'contract safety and effectiveness testing expenses' means any amount paid or incurred by the taxpayer to any person (other than an employee of the taxpayer) for safety and effectiveness testing.

''(B) PREPAID AMOUNTS.—If any contract safety and effectiveness testing expenses paid or incurred during any taxable year are attributable to safety and effectiveness testing to be conducted after the close of such taxable year, such amount shall be treated as paid or incurred during the period during which the safety and effectiveness testing is conducted.

"(d) SAFETY AND EFFECTIVENESS TESTING.—For purposes of this section—

"(1) IN GENERAL.—The term 'safety and effectiveness testing' means any testing which—

"(A) is related to the use of a new animal drug for use on a minor animal species for which it was designated under section 573 of the Federal Food, Drug, and Cosmetic Act,

"(B) is carried out under an exemption for such new animal drug under section 512(j) of such Act (or regulations issued under such section),

"(C) occurs—

"(i) after the date on which the application for designation of such new animal drug under section 573 of such Act is filed, and

"(ii) before the date on which such application is approved under section 512(c) of such Act, and

"(D) which is conducted by or on behalf of an eligible taxpayer.

"(2) MINOR ANIMAL SPECIES.—

"(A) IN GENERAL.—The term 'minor animal species' means animals, other than humans, which are not major animal species.

"(B) MAJOR ANIMAL SPECIES.—The term 'major animal species' means cattle, horses, swine, chickens, turkeys, dogs, cats, and any other species as determined by the Secretary, after consultation with the Secretary of Agriculture.

"(e) TREATMENT OF QUALIFIED SAFETY AND EFFECTIVENESS TESTING EXPENSES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), any qualified safety and effectiveness testing expenses for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 for such taxable year.

"(2) TREATED AS BASE PERIOD RESEARCH EXPENSES.—Any qualified safe and effectiveness testing expenses for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

"(f) SPECIAL RULES.—

"(1) LIMITATION.—No credit shall be allowed under this section with respect to any safety and effectiveness testing conducted by a corporation to which an election under section 936 applies.

"(2) AGGREGATION OF EXPENDITURES AND ALLOCATIONS OF CREDIT.—Rules similar to the rules of paragraphs (1) and (2) of section 41(f) and section 41(g) shall apply for purposes of this section.".

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b), as amended by this Act, is amended by striking "plus" at the end of paragraph (31), by striking the period at the end of paragraph (32) and inserting ", plus", and by adding at the end the following new paragraph:

"(33) the drug safety and effectiveness testing for minor animal species credit determined under section 45P(a).".

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C, as amended by this Act, is amended by adding at the end the following new subsection:

"(g) DRUG SAFETY AND EFFECTIVENESS TESTING FOR MINOR ANIMAL SPECIES CREDIT.—

"(1) IN GENERAL.—No deduction shall be allowed for that portion of the qualified safety and effectiveness testing expenses (as defined in section

45P(c)(1)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45P(a).

"(2) SIMILAR RULE WHERE TAXPAYER CAPITALIZES RATHER THAN DEDUCTS EXPENSES.—If—

"(A) the amount of the credit determined for the taxable year under section 45P(a), exceeds

"(B) the amount allowable as a deduction for such taxable year for qualified safety and effectiveness testing expenses (determined without regard to paragraph (1)),

the amount chargeable to capital account for the taxable year for such expenses shall be reduced by the amount of such excess.

"(3) CONTROLLED GROUPS.—Paragraph (3) of subsection (b) shall apply for purposes of this subsection.".

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

"Sec. 45P. Drug safety and effectiveness testing for minor animal species.".

(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. 12407. CERTAIN FARMING BUSINESS MACHINERY AND EQUIPMENT TREATED AS 5-YEAR PROPERTY.**

(a) IN GENERAL.—Section 168(e)(3)(B) (defining 5-year property) is amended by striking ''and'' at the end of clause (v), by striking the period at the end of clause (vi)(III) and inserting '', and'', and by inserting after clause (vi) the following new clause:

> ''(vii) any machinery or equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) which is used in a farming business (as defined in section 263A(e)(4)), the original use of which commences with the taxpayer after the date of the enactment of this clause, and which is placed in service before January 1, 2010.''.

(b) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) (relating to special rule for certain property assigned to classes) is amended by inserting after the item relating to subparagraph (B)(iii) the following:

''(B)(vii) ..... 10''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

**SEC. 12408. EXPENSING OF BROADBAND INTERNET ACCESS EXPENDITURES.**

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by inserting after section 190 the following new section:

**"SEC. 191. BROADBAND EXPENDITURES.**

"(a) TREATMENT OF EXPENDITURES.—

"(1) IN GENERAL.—A taxpayer may elect to treat any qualified broadband expenditure which is paid or incurred by the taxpayer as an expense which is not chargeable to a capital account. Any expenditure which is so treated shall be allowed as a deduction.

"(2) ELECTION.—An election under paragraph (1) shall be made at such time and in such manner as the Secretary may prescribe by regulation.

"(b) QUALIFIED BROADBAND EXPENDITURES.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified broadband expenditure' means, with respect to any taxable year, any direct or indirect costs incurred

after the date of the enactment of this section, and on or before the first December 31 which is 3 years after such date, and properly taken into account with respect to—

"(A) the purchase or installation of qualified equipment (including any upgrades thereto), and

"(B) the connection of such qualified equipment to any qualified subscriber.

"(2) CERTAIN SATELLITE EXPENDITURES EXCLUDED.—Such term shall not include any costs incurred with respect to the launching of any satellite equipment.

"(3) LEASED EQUIPMENT.—Such term shall include so much of the purchase price paid by the lessor of qualified equipment subject to a lease described in subsection (c)(2)(B) as is attributable to expenditures incurred by the lessee which would otherwise be described in paragraph (1).

"(4) LIMITATION WITH REGARD TO CURRENT GENERATION BROADBAND SERVICES.—Only 50 percent of the amounts taken into account under paragraph (1) with respect to qualified equipment through which current generation broadband serv-

ices are provided shall be treated as qualified broadband expenditures.

"(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—For purposes of this section—

"(1) IN GENERAL.—Qualified broadband expenditures with respect to qualified equipment shall be taken into account with respect to the first taxable year in which—

"(A) current generation broadband services are provided through such equipment to qualified subscribers, or

"(B) next generation broadband services are provided through such equipment to qualified subscribers.

"(2) LIMITATION.—

"(A) IN GENERAL.—Qualified expenditures shall be taken into account under paragraph (1) only with respect to qualified equipment—

"(i) the original use of which commences with the taxpayer, and

"(ii) which is placed in service after the date of the enactment of this Act.

"(B) SALE-LEASEBACKS.—For purposes of subparagraph (A), if property—

"(i) is originally placed in service after the date of the enactment of this Act by any person, and

"(ii) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in clause (ii).

"(d) SPECIAL ALLOCATION RULES.—

"(1) CURRENT GENERATION BROADBAND SERVICES.—For purposes of determining the amount of qualified broadband expenditures under subsection (a)(1) with respect to qualified equipment through which current generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified broadband expenditures shall be multiplied by a fraction—

"(A) the numerator of which is the sum of the number of potential qualified subscribers within the rural areas and the underserved areas which the equipment is capable of serving with current generation broadband services, and

"(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with current generation broadband services.

"(2) NEXT GENERATION BROADBAND SERVICES.—For purposes of determining the amount of qualified broadband expenditures under subsection (a)(1) with respect to qualified equipment through which next generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified broadband expenditures shall be multiplied by a fraction—

"(A) the numerator of which is the sum of—

"(i) the number of potential qualified subscribers within the rural areas and underserved areas, plus

"(ii) the number of potential qualified subscribers within the area consisting only of residential subscribers not described in clause (i),

which the equipment is capable of serving with next generation broadband services, and

"(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with next generation broadband services.

"(e) DEFINITIONS.—For purposes of this section—

"(1) ANTENNA.—The term 'antenna' means any device used to transmit or receive signals through the electromagnetic spectrum, including satellite equipment.

"(2) CABLE OPERATOR.—The term 'cable operator' has the meaning given such term by section 602(5) of the Communications Act of 1934 (47 U.S.C. 522(5)).

"(3) COMMERCIAL MOBILE SERVICE CARRIER.—The term 'commercial mobile service carrier' means any person authorized to provide commercial mobile radio service as defined in section 20.3 of title 47, Code of Federal Regulations.

"(4) CURRENT GENERATION BROADBAND SERVICE.—The term 'current generation broadband service' means the transmission of signals at a rate of at least 5,000,000 bits per second to the subscriber and at least 1,000,000 bits per second from the subscriber.

"(5) MULTIPLEXING OR DEMULTIPLEXING.—The term 'multiplexing' means the transmission of 2 or more signals over a single channel, and the term 'demultiplexing' means the separation of 2 or more signals previously combined by compatible multiplexing equipment.

"(6) NEXT GENERATION BROADBAND SERVICE.—The term 'next generation broadband service' means the transmission of signals at a rate of at least 100,000,000 bits per second to the subscriber and at least 20,000,000 bits per second from the subscriber.

"(7) NONRESIDENTIAL SUBSCRIBER.—The term 'nonresidential subscriber' means any person who purchases broadband services which are delivered to the permanent place of business of such person.

"(8) OPEN VIDEO SYSTEM OPERATOR.—The term 'open video system operator' means any person authorized to provide service under section 653 of the Communications Act of 1934 (47 U.S.C. 573).

"(9) OTHER WIRELESS CARRIER.—The term 'other wireless carrier' means any person (other than a telecommunications carrier, commercial mobile service carrier, cable operator, open video system op-

erator, or satellite carrier) providing current generation broadband services or next generation broadband service to subscribers through the radio transmission of energy.

"(10) PACKET SWITCHING.—The term 'packet switching' means controlling or routing the path of any digitized transmission signal which is assembled into packets or cells.

"(11) PROVIDER.—The term 'provider' means, with respect to any qualified equipment—

"(A) a cable operator,

"(B) a commercial mobile service carrier,

"(C) an open video system operator,

"(D) a satellite carrier,

"(E) a telecommunications carrier, or

"(F) any other wireless carrier,

providing current generation broadband services or next generation broadband services to subscribers through such qualified equipment.

"(12) PROVISION OF SERVICES.—A provider shall be treated as providing services to 1 or more subscribers if—

"(A) such a subscriber has been passed by the provider's equipment and can be connected

to such equipment for a standard connection fee,

"(B) the provider is physically able to deliver current generation broadband services or next generation broadband services, as applicable, to such a subscriber without making more than an insignificant investment with respect to such subscriber,

"(C) the provider has made reasonable efforts to make such subscribers aware of the availability of such services,

"(D) such services have been purchased by 1 or more such subscribers, and

"(E) such services are made available to such subscribers at average prices comparable to those at which the provider makes available similar services in any areas in which the provider makes available such services.

"(13) QUALIFIED EQUIPMENT.—

"(A) IN GENERAL.—The term 'qualified equipment' means equipment which provides current generation broadband services or next generation broadband services—

"(i) at least a majority of the time during periods of maximum demand to

each subscriber who is utilizing such services, and

"(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no deduction is allowed under subsection (a)(1).

"(B) ONLY CERTAIN INVESTMENT TAKEN INTO ACCOUNT.—Except as provided in subparagraph (C) or (D), equipment shall be taken into account under subparagraph (A) only to the extent it—

"(i) extends from the last point of switching to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a telecommunications carrier or broadband-over-powerline operator,

"(ii) extends from the customer side of the mobile telephone switching office to a transmission/receive antenna (including such antenna) owned or leased by a subscriber in the case of a commercial mobile service carrier,

"(iii) extends from the customer side of the headend to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a cable operator or open video system operator, or

"(iv) extends from a transmission/receive antenna (including such antenna) which transmits and receives signals to or from multiple subscribers, to a transmission/receive antenna (including such antenna) on the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a satellite carrier or other wireless carrier, unless such other wireless carrier is also a telecommunications carrier.

"(C) PACKET SWITCHING EQUIPMENT.—Packet switching equipment, regardless of location, shall be taken into account under subparagraph (A) only if it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of packet switching for current generation broadband services or next generation

broadband services, but only if such packet switching is the last in a series of such functions performed in the transmission of a signal to a subscriber or the first in a series of such functions performed in the transmission of a signal from a subscriber.

"(D) MULTIPLEXING AND DEMULTIPLEXING EQUIPMENT.—Multiplexing and demultiplexing equipment shall be taken into account under subparagraph (A) only to the extent it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of multiplexing and demultiplexing packets or cells of data and making associated application adaptions, but only if such multiplexing or demultiplexing equipment is located between packet switching equipment described in subparagraph (C) and the subscriber's premises.

"(14) QUALIFIED SUBSCRIBER.—The term 'qualified subscriber' means—

"(A) with respect to the provision of current generation broadband services—

"(i) any nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

"(ii) any residential subscriber residing in a dwelling located in a rural area or underserved area which is not a saturated market, and

"(B) with respect to the provision of next generation broadband services—

"(i) any nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

"(ii) any residential subscriber.

"(15) RESIDENTIAL SUBSCRIBER.—The term 'residential subscriber' means any individual who purchases broadband services which are delivered to such individual's dwelling.

"(16) RURAL AREA.—The term 'rural area' means any census tract which—

"(A) is not within 10 miles of any incorporated or census designated place containing more than 25,000 people, and

"(B) is not within a county or county equivalent which has an overall population den-

sity of more than 500 people per square mile of land.

"(17) RURAL SUBSCRIBER.—The term 'rural subscriber' means any residential subscriber residing in a dwelling located in a rural area or nonresidential subscriber maintaining a permanent place of business located in a rural area.

"(18) SATELLITE CARRIER.—The term 'satellite carrier' means any person using the facilities of a satellite or satellite service licensed by the Federal Communications Commission and operating in the Fixed-Satellite Service under part 25 of title 47 of the Code of Federal Regulations or the Direct Broadcast Satellite Service under part 100 of title 47 of such Code to establish and operate a channel of communications for distribution of signals, and owning or leasing a capacity or service on a satellite in order to provide such point-to-multipoint distribution.

"(19) SATURATED MARKET.—The term 'saturated market' means any census tract in which, as of the date of the enactment of this section—

"(A) current generation broadband services have been provided by a single provider to 85 percent or more of the total number of potential

residential subscribers residing in dwellings located within such census tract, and

"(B) such services can be utilized—

"(i) at least a majority of the time during periods of maximum demand by each such subscriber who is utilizing such services, and

"(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no deduction is allowed under subsection (a)(1).

"(20) SUBSCRIBER.—The term 'subscriber' means any person who purchases current generation broadband services or next generation broadband services.

"(21) TELECOMMUNICATIONS CARRIER.—The term 'telecommunications carrier' has the meaning given such term by section 3(44) of the Communications Act of 1934 (47 U.S.C. 153(44)), but—

"(A) includes all members of an affiliated group of which a telecommunications carrier is a member, and

"(B) does not include a commercial mobile service carrier.

"(22) TOTAL POTENTIAL SUBSCRIBER POPULATION.—The term 'total potential subscriber population' means, with respect to any area and based on the most recent census data, the total number of potential residential subscribers residing in dwellings located in such area and potential nonresidential subscribers maintaining permanent places of business located in such area.

"(23) UNDERSERVED AREA.—The term 'underserved area' means—

"(A) any census tract which is located in—

"(i) an empowerment zone or enterprise community designated under section 1391, or

"(ii) the District of Columbia Enterprise Zone established under section 1400, or

"(B) any census tract—

"(i) the poverty level of which is at least 30 percent (based on the most recent census data), and

"(ii) the median family income of which does not exceed—

"(I) in the case of a census tract located in a metropolitan statistical

area, 70 percent of the greater of the metropolitan area median family income or the statewide median family income, and

"(II) in the case of a census tract located in a nonmetropolitan statistical area, 70 percent of the nonmetropolitan statewide median family income.

"(24) UNDERSERVED SUBSCRIBER.—The term 'underserved subscriber' means any residential subscriber residing in a dwelling located in an underserved area or nonresidential subscriber maintaining a permanent place of business located in an underserved area.

"(f) SPECIAL RULES.—

"(1) PROPERTY USED OUTSIDE THE UNITED STATES, ETC., NOT QUALIFIED.—No expenditures shall be taken into account under subsection (a)(1) with respect to the portion of the cost of any property referred to in section 50(b) or with respect to the portion of the cost of any property specified in an election under section 179.

"(2) BASIS REDUCTION.—

"(A) IN GENERAL.—For purposes of this title, the basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a)(1).

"(B) ORDINARY INCOME RECAPTURE.—For purposes of section 1245, the amount of the deduction allowable under subsection (a)(1) with respect to any property which is of a character subject to the allowance for depreciation shall be treated as a deduction allowed for depreciation under section 167.

"(3) COORDINATION WITH SECTION 38.—No credit shall be allowed under section 38 with respect to any amount for which a deduction is allowed under subsection (a)(1).".

(b) SPECIAL RULE FOR MUTUAL OR COOPERATIVE TELEPHONE COMPANIES.—Section 512(b) (relating to modifications) is amended by adding at the end the following new paragraph:

"(20) SPECIAL RULE FOR MUTUAL OR COOPERATIVE TELEPHONE COMPANIES.—A mutual or cooperative telephone company which for the taxable year satisfies the requirements of section 501(c)(12)(A) may elect to reduce its unrelated business taxable income for such year, if any, by an amount that does

not exceed the qualified broadband expenditures which would be taken into account under section 191 for such year by such company if such company was not exempt from taxation. Any amount which is allowed as a deduction under this paragraph shall not be allowed as a deduction under section 191 and the basis of any property to which this paragraph applies shall be reduced under section 1016(a)(40).''.

(c) CONFORMING AMENDMENTS.—

(1) Section 263(a)(1) (relating to capital expenditures) is amended by striking ''or'' at the end of subparagraph (J), by striking the period at the end of subparagraph (K) and inserting '', or'', and by adding at the end the following new subparagraph:

''(L) expenditures for which a deduction is allowed under section 191.''.

(2) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (38), by striking the period at the end of paragraph (39) and inserting '', and'', and by adding at the end the following new paragraph:

''(40) to the extent provided in section 191(f)(2).''.

(3) The table of sections for part VI of subchapter A of chapter 1 is amended by inserting after the item relating to section 190 the following new item:

"Sec. 191. Broadband expenditures.".

(d) DESIGNATION OF CENSUS TRACTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall, not later than 90 days after the date of the enactment of this Act, designate and publish those census tracts meeting the criteria described in paragraphs (16), (22), and (23) of section 191(e) of the Internal Revenue Code of 1986 (as added by this section). In making such designations, the Secretary of the Treasury shall consult with such other departments and agencies as the Secretary determines appropriate.

(2) SATURATED MARKET.—

(A) IN GENERAL.—For purposes of designating and publishing those census tracts meeting the criteria described in subsection (e)(19) of such section 191—

(i) the Secretary of the Treasury shall prescribe not later than 30 days after the date of the enactment of this Act the form upon which any provider which takes the position that it meets such criteria with re-

spect to any census tract shall submit a list of such census tracts (and any other information required by the Secretary) not later than 60 days after the date of the publication of such form, and

(ii) the Secretary of the Treasury shall publish an aggregate list of such census tracts and the applicable providers not later than 30 days after the last date such submissions are allowed under clause (i).

(B) NO SUBSEQUENT LISTS REQUIRED.—The Secretary of the Treasury shall not be required to publish any list of census tracts meeting such criteria subsequent to the list described in subparagraph (A)(ii).

(e) OTHER REGULATORY MATTERS.—

(1) PROHIBITION.—No Federal or State agency or instrumentality shall adopt regulations or rate-making procedures that would have the effect of eliminating or reducing any deduction or portion thereof allowed under section 191 of the Internal Revenue Code of 1986 (as added by this section) or otherwise subverting the purpose of this section.

(2) TREASURY REGULATORY AUTHORITY.—It is the intent of Congress in providing the election to

deduct qualified broadband expenditures under section 191 of the Internal Revenue Code of 1986 (as added by this section) to provide incentives for the purchase, installation, and connection of equipment and facilities offering expanded broadband access to the Internet for users in certain low income and rural areas of the United States, as well as to residential users nationwide, in a manner that maintains competitive neutrality among the various classes of providers of broadband services. Accordingly, the Secretary of the Treasury shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 191 of such Code, including—

(A) regulations to determine how and when a taxpayer that incurs qualified broadband expenditures satisfies the requirements of section 191 of such Code to provide broadband services, and

(B) regulations describing the information, records, and data taxpayers are required to provide the Secretary to substantiate compliance with the requirements of section 191 of such Code.

**SEC. 12409. CREDIT FOR ENERGY EFFICIENT MOTORS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by inserting at the end the following new section:

**"SEC. 45Q. CREDIT FOR ENERGY EFFICIENT MOTORS.**

"(a) IN GENERAL.—For purposes of section 38, the energy efficient motors credit determined under this section for any taxable year is an amount equal to the lesser of —

"(1) $15 per horsepower generated by qualified energy efficient motors the original use of which begins with the taxpayer during such taxable year, or

"(2) $1,250,000.

"(b) QUALIFIED ENERGY EFFICIENT MOTOR.—The term 'qualified energy efficient motor' means a general- or definite-purpose electric motor of 500 horsepower or less which meets or exceeds the efficiency levels specified in Tables 12-12 or 12-13 of the National Electrical Manufacturers Association MG-1 (2006).

"(c) SPECIAL RULES.—

"(1) BASIS REDUCTION.—The basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit.

"(2) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

"(3) PROPERTY USED OUTSIDE UNITED STATES, ETC., CERTAIN DEPRECIABLE PROPERTY NOT QUALIFIED.—No credit shall be allowed under subsection (a) with respect to any property referred to in section 50(b) or with respect to the portion of the cost of any property taken into account under section 179.

"(d) TERMINATION.—This section shall not apply to any property placed in service after the date which is 3 years after the date of the enactment of this section.".

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b), as amended by this Act, is amended by striking "plus" at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting ", plus", and by adding at the end the following new paragraph:

"(34) the credit for energy efficient motors determined under section 45Q(a).".

(c) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 45Q(c)(1).''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

''Sec. 45Q. Credit for energy efficient motors.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

# Subtitle E—Revenue Provisions

## PART I—MISCELLANEOUS REVENUE PROVISIONS

### SEC. 12501. LIMITATION ON FARMING 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:

''(j) LIMITATION ON FARMING LOSSES OF CERTAIN TAXPAYERS.—

''(1) IN GENERAL.—If an applicable taxpayer has a farming loss for the taxable year, such loss

shall be allowed for such taxable year only to the extent such loss does not exceed $200,000.

"(2) FARMING LOSS.—For purposes of this subsection, the term 'farming loss' means the excess of the deductions of the taxpayer for the taxable year which are attributable to farming businesses (as defined in section 263A(e)(4)) of such taxpayer over income or gain of such taxpayer for the taxable year which is attributable to such deductions.

"(3) DISALLOWED LOSS CARRIED TO NEXT YEAR.—Any loss which is disallowed under paragraph (1) shall be treated as a deduction of the taxpayer attributable to farming businesses in the next taxable year.

"(4) APPLICABLE TAXPAYER.—For purposes of this subsection, the term 'applicable taxpayer' means, with respect to any taxable year, any individual, partnership, estate, or trust which receives—

"(A) benefits under subtitle A or B of title I of the Food and Energy Security Act of 2007 in such taxable year, or

"(B) Commodity Credit Corporation loans in such taxable year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

**SEC. 12502. 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:

"Upper and Lower Limits

"(k) 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. 12503. 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.

**SEC. 12504. MODIFICATION OF SECTION 1031 TREATMENT FOR CERTAIN REAL ESTATE.**

(a) IN GENERAL.—Section 1031 (relating to exchange of property held for productive use or investment), as amended by this Act, is amended by adding at the end the following new subsection:

"(j) SPECIAL RULE FOR AGRICULTURAL REAL PROPERTY.—

"(1) IN GENERAL.—Unimproved agricultural real property and improved real property are not property of a like kind.

"(2) UNIMPROVED AGRICULTURAL REAL PROPERTY.—For purposes of this subsection, the term 'unimproved agricultural real property' means real property—

"(A) which is unimproved;

"(B) which is used for farming purposes (within the meaning of section 2032A(e)(5)); and

"(C) with respect to which a taxpayer receives, in the taxable year in which an exchange of such property is made, any benefits under subtitle A or B of title I of the Food and Energy Security Act of 2007 or Commodity Credit Corporation loans.

"(3) EXCEPTION.—Paragraph (1) shall not apply with respect to any unimproved agricultural real property which, not later than the date of the exchange, is permanently retired from any program under which any payment, loan, or benefit described in paragraph (2)(C) is made.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to exchanges completed after the date of the enactment of this Act.

**SEC. 12505. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

"(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable

years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

**SEC. 12506. 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 7.00 percentage points.

**SEC. 12507. INELIGIBILITY OF COLLECTIBLES FOR NONTAXABLE LIKE KIND EXCHANGE TREATMENT.**

(a) IN GENERAL.—Section 1031(a)(2) (relating to exception) is amended by striking ''or'' at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting '', or'', and by inserting after subparagraph (F) the following new subparagraph:

''(G) collectibles (as defined in section 408(m)(2)).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to exchanges completed after the date of the enactment of this Act.

**SEC. 12508. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.**

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

"(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to—

"(A) the violation of any law, or

"(B) an investigation or inquiry into the potential violation of any law which is initiated by such government or entity.

"(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

"(A) the taxpayer establishes—

"(i) constitutes restitution (or remediation of property) for damage or harm caused by, or which may be caused by, the violation of any law or the potential violation of any law, or

"(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

"(B) is identified as an amount described in clause (i) or (ii) of subparagraph (A), as the case may be, in the court order or settlement agreement, except that the requirement of this subparagraph shall not apply in the case of any settlement agreement which requires the taxpayer to pay or incur an amount not greater than $1,000,000.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason of an identification under subparagraph (B). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation unless such amount is paid or incurred for a cost or fee regularly charged for any routine audit or other customary review performed by the government or entity.

"(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a

suit in which no government or entity described in paragraph (4) is a party.

"(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

"(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

"(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

"(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.".

(b) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

**"SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.**

"(a) REQUIREMENT OF REPORTING.—

"(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

"(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

"(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

"(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

"(2) SUIT OR AGREEMENT DESCRIBED.—

"(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

"(i) it is—

"(I) a suit with respect to a violation of any law over which the government or entity has authority and

with respect to which there has been a court order, or

"(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

"(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

"(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

"(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

"(A) 30 days after the date on which a court order is issued with respect to the suit or

the date the agreement is entered into, as the case may be, or

"(B) the date specified by the Secretary.

"(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

"(1) the name of the government or entity, and

"(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

"(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.".

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

"Sec. 6050W. Information with respect to certain fines, penalties, and other amounts".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

**SEC. 12509. INCREASE IN INFORMATION RETURN PENALTIES.**

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Section 6721(a)(1) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$250,000'' and inserting ''$3,000,000''.

(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(A) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) is amended—

(i) by striking ''$15'' and inserting ''$50'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$75,000'' and inserting ''$500,000''.

(B) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) is amended—

(i) by striking ''$30'' and inserting ''$100'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$150,000'' and inserting ''$1,500,000''.

(3) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) is amended—

(A) in subparagraph (A)—

(i) by striking ''$100,000'' and inserting ''$1,000,000'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000'',

(B) in subparagraph (B)—

(i) by striking ''$25,000'' and inserting ''$175,000'', and

(ii) by striking ''$75,000'' and inserting ''$500,000'', and

(C) in subparagraph (C)—

(i) by striking ''$50,000'' and inserting ''$500,000'', and

(ii) by striking ''$150,000'' and inserting ''$1,500,000''.

(4) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) is amended—

(A) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(B) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Section 6722(a) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(2) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) is amended—

(A) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(B) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(c) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$250'', and

(2) by striking ''$100,000'' and inserting ''$1,000,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

## PART II—ECONOMIC SUBSTANCE DOCTRINE

### SEC. 12511. CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.

(a) IN GENERAL.—Section 7701 is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE; ETC.—

''(1) GENERAL RULES.—

''(A) IN GENERAL.—In any case in which a court determines that the economic substance doctrine is relevant for purposes of this title to a transaction (or series of transactions), such transaction (or series of transactions) shall have

economic substance only if the requirements of this paragraph are met.

"(B) DEFINITION OF ECONOMIC SUBSTANCE.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—A transaction has economic substance only if—

"(I) the transaction changes in a meaningful way (apart from Federal tax effects) the taxpayer's economic position, and

"(II) subject to clause (iii), the taxpayer has a substantial purpose (other than a Federal tax purpose) for entering into such transaction.

"(ii) SPECIAL RULE WHERE TAXPAYER RELIES ON PROFIT POTENTIAL.—A transaction shall not be treated as having economic substance solely by reason of having a potential for profit unless the present value of the reasonably expected pre-Federal tax profit from the transaction is substantial in relation to the present value of the expected net Federal tax benefits that would be allowed if the transaction were respected. In determining pre-

Federal tax profit, there shall be taken into account fees and other transaction expenses and to the extent provided by the Secretary, foreign taxes.

"(iii) SPECIAL RULES FOR DETERMINING WHETHER NON-FEDERAL TAX PURPOSE.—For purposes of clause (i)(II)—

"(I) a purpose of achieving a financial accounting benefit shall not be taken into account in determining whether a transaction has a substantial purpose (other than a Federal tax purpose) if the origin of such financial accounting benefit is a reduction of Federal tax, and

"(II) the taxpayer shall not be treated as having a substantial purpose (other than a Federal tax purpose) with respect to a transaction if the only such purpose is the reduction of non-Federal taxes and the transaction will result in a reduction of Federal taxes substantially equal to, or greater than, the reduction in non-

Federal taxes because of similarities between the laws imposing the taxes.

"(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) ECONOMIC SUBSTANCE DOCTRINE.—The term 'economic substance doctrine' means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.

"(B) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS.—In the case of an individual, this subsection shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.

"(3) OTHER PROVISIONS NOT AFFECTED.—Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law or provision of this title, and the requirements of this subsection shall be construed as being in addition to any such other rule of law or provision of this title.

"(4) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

**SEC. 12512. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.**

(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662A the following new section:

**"SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.**

"(a) IMPOSITION OF PENALTY.—If a taxpayer has an noneconomic substance transaction understatement for any taxable year, there shall be added to the tax an amount equal to 30 percent of the amount of such understatement.

"(b) REDUCTION OF PENALTY FOR DISCLOSED TRANSACTIONS.—Subsection (a) shall be applied by substituting '20 percent' for '30 percent' with respect to the

portion of any noneconomic substance transaction understatement with respect to which the relevant facts affecting the tax treatment of the item are adequately disclosed in the return or a statement attached to the return.

"(c) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'noneconomic substance transaction understatement' means any amount which would be an understatement under section 6662A(b)(1) if section 6662A were applied by taking into account items attributable to noneconomic substance transactions rather than items to which section 6662A would apply without regard to this paragraph.

"(2) NONECONOMIC SUBSTANCE TRANSACTION.—The term 'noneconomic substance transaction' means any transaction if there is a lack of economic substance (within the meaning of section 7701(p)(1)(B)) for the transaction giving rise to the claimed benefit.

"(d) RULES APPLICABLE TO ASSERTION, COMPROMISE, AND COLLECTION OF PENALTY.—

"(1) IN GENERAL.—Only the Chief Counsel for the Internal Revenue Service may assert a penalty imposed under this section or may compromise all or

any portion of such penalty. The Chief Counsel may delegate the authority under this paragraph only to an individual holding the position of chief of a branch within the Office of the Chief Counsel for the Internal Revenue Service.

"(2) SPECIFIC REQUIREMENTS.—

"(A) ASSERTION OF PENALTY.—The Chief Counsel for the Internal Revenue Service (or the Chief Counsel's delegate under paragraph (1)) shall not assert a penalty imposed under this section unless, before the assertion of the penalty, the taxpayer is provided—

"(i) a notice of intent to assert the penalty, and

"(ii) an opportunity to provide to the Commissioner (or the Chief Counsel's delegate under paragraph (1)) a written response to the proposed penalty within a reasonable period of time after such notice.

"(B) COMPROMISE OF PENALTY.—A compromise shall not result in a reduction in the penalty imposed by this section in an amount greater than the amount which bears the same ratio to the amount of the penalty determined without regard to the compromise as—

"(i) the reduction under the compromise in the noneconomic substance transaction understatement to which the penalty relates, bears to

"(ii) the amount of the noneconomic substance transaction understatement determined without regard to the compromise.

"(3) RULES RELATING TO RELEVANCY REQUIREMENT.—

"(A) DETERMINATION OF RELEVANCE BY CHIEF COUNSEL.—The Chief Counsel for the Internal Revenue Service (or the Chief Counsel's delegate under paragraph (1)) may assert, compromise, or collect a penalty imposed by this section with respect to a noneconomic substance transaction even if there has not been a court determination that the economic substance doctrine was relevant for purposes of this title to the transaction if the Chief Counsel (or delegate) determines that either was so relevant.

"(B) FINAL ORDER OF COURT.—If there is a final order of a court that determines that the economic substance doctrine was not relevant

for purposes of this title to a transaction (or series of transactions), any penalty imposed under this section with respect to the transaction (or series of transactions) shall be rescinded.

''(4) APPLICABLE RULES.—The rules of paragraphs (2) and (3) of section 6707A(d) shall apply to a compromise under paragraph (1).

''(e) COORDINATION WITH OTHER PENALTIES.—Except as otherwise provided in this part, the penalty imposed by this section shall be in addition to any other penalty imposed by this title.

''(f) CROSS REFERENCES.—

''(1) For coordination of penalty with understatements under section 6662 and other special rules, see section 6662A(e).

''(2) For reporting of penalty imposed under this section to the Securities and Exchange Commission, see section 6707A(e).''.

(b) COORDINATION WITH OTHER UNDERSTATEMENTS AND PENALTIES.—

(1) The second sentence of section 6662(d)(2)(A) is amended by inserting ''and without regard to items with respect to which a penalty is imposed by section 6662B'' before the period at the end.

(2) Subsection (e) of section 6662A is amended—

(A) in paragraph (1), by inserting ''and noneconomic substance transaction understatements'' after ''reportable transaction understatements'' both places it appears,

(B) in paragraph (2)(A)—

(i) by inserting ''6662B or'' before ''6663'' in the text, and

(ii) by striking ''PENALTY'' in the heading and inserting ''AND ECONOMIC SUBSTANCE PENALTIES'',

(C) in paragraph (2)(B)—

(i) by inserting ''and section 6662B'' after ''This section'', and

(ii) by striking ''PENALTY'' in the heading and inserting ''AND ECONOMIC SUBSTANCE PENALTIES'',

(D) in paragraph (3), by inserting ''or noneconomic substance transaction understatement'' after ''reportable transaction understatement'', and

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

''(4) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this subsection, the term 'noneconomic substance trans-

action understatement' has the meaning given such term by section 6662B(c).''.

(3) Subsection (e) of section 6707A is amended—

(A) by striking ''or'' at the end of subparagraph (B), and

(B) by striking subparagraph (C) and inserting the following new subparagraphs:

''(C) is required to pay a penalty under section 6662B with respect to any noneconomic substance transaction, or

''(D) is required to pay a penalty under section 6662(h) with respect to any transaction and would (but for section 6662A(e)(2)(B)) have been subject to penalty under section 6662A at a rate prescribed under section 6662A(c) or to penalty under section 6662B,''.

(c) CLERICAL AMENDMENT.—The table of sections for part II of subchapter A of chapter 68 is amended by inserting after the item relating to section 6662A the following new item:

''Sec. 6662B. Penalty for understatements attributable to transactions lacking economic substance, etc.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

**SEC. 12513. DENIAL OF DEDUCTION FOR INTEREST ON UNDERPAYMENTS ATTRIBUTABLE TO NONECONOMIC SUBSTANCE TRANSACTIONS.**

(a) IN GENERAL.—Section 163(m) (relating to interest on unpaid taxes attributable to nondisclosed reportable transactions) is amended—

(1) by striking ''attributable'' and all that follows and inserting the following: ''attributable to—

''(1) the portion of any reportable transaction understatement (as defined in section 6662A(b)) with respect to which the requirement of section 6664(d)(2)(A) is not met, or

''(2) any noneconomic substance transaction understatement (as defined in section 6662B(c)).'', and

(2) by inserting ''AND NONECONOMIC SUBSTANCE TRANSACTIONS'' in the heading thereof after ''TRANSACTIONS''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act in taxable years ending after such date.

# Subtitle F—Protection of Social Security

**SEC. 12601. 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, $86,000,000.

(2) For fiscal year 2010, $90,000,000.

(3) For fiscal year 2011, $88,000,000.

(4) For fiscal year 2012, $88,000,000.

(5) For fiscal year 2013, $5,000,000.

(6) For fiscal year 2014, $5,000,000.

(7) For fiscal year 2015, $4,000,000.

(8) For each fiscal year after fiscal year 2015, $2,000,000.