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1 **SEC. 1001. DEFINITIONS.**

2 In this title:

3 (1) AGRICULTURAL ACT OF 1949.—The term
4 “Agricultural Act of 1949” means the Agricultural
5 Act of 1949 (7 U.S.C. 1421 et seq.), as in effect
6 prior to the suspensions under section 171 of the
7 Federal Agriculture Improvement and Reform Act of
8 1996 (7 U.S.C. 7301), section 1602(b) of the Farm
9 Security and Rural Investment Act of 2002 (7
10 U.S.C. 7992(b)), and section 1502(b) of this Act.

11 (2) BASE ACRES.—The term “base acres”, with
12 respect to a covered commodity on a farm, means
13 the number of acres established under sections 1101
14 and 1302 of the Farm Security and Rural Invest-
15 ment Act of 2002 (7 U.S.C. 7911, 7952), as in ef-
16 fect on the day before the date of the enactment of
17 this Act, subject to any adjustment under section
18 1101 of this Act.

19 (3) COMPARABLE UNITED STATES QUALITY.—
20 The term “Comparable United States Quality”, with

1 respect to upland cotton, means upland cotton clas-
2 sified as Middling (M) 1³/₃₂-inch cotton with a
3 micronaire of 3.7 to 4.2, strength 30 grams per tex,
4 and uniformity of 83.

5 (4) COUNTER-CYCLICAL PAYMENT.—The term
6 “counter-cyclical payment” means a payment made
7 to producers on a farm under section 1103.

8 (5) COVERED COMMODITY.—The term “covered
9 commodity” means wheat, corn, grain sorghum, bar-
10 ley, oats, upland cotton, rice, soybeans, peanuts, and
11 other oilseeds.

12 (6) DIRECT PAYMENT.—The term “direct pay-
13 ment” means a payment made to producers on a
14 farm under section 1102.

15 (7) EFFECTIVE PRICE.—The term “effective
16 price”, with respect to a covered commodity for a
17 crop year, means the price calculated by the Sec-
18 retary under section 1103 to determine whether
19 counter-cyclical payments are required to be made
20 for that crop year under that section.

21 (8) EXTRA LONG STAPLE COTTON.—The term
22 “extra long staple cotton” means cotton that—

23 (A) is produced from pure strain varieties
24 of the Barbadosense species or any hybrid of the
25 species, or other similar types of extra long sta-

1 ple cotton, designated by the Secretary, having
2 characteristics needed for various end uses for
3 which United States upland cotton is not suit-
4 able and grown in irrigated cotton-growing re-
5 gions of the United States designated by the
6 Secretary or other areas designated by the Sec-
7 retary as suitable for the production of the vari-
8 eties or types; and

9 (B) is ginned on a roller-type gin or, if au-
10 thorized by the Secretary, ginned on another
11 type gin for experimental purposes.

12 (9) FAR EAST PRICE.—The term “Far East
13 price” means the Friday through Thursday average
14 price quotation for the three lowest-priced growths
15 of upland cotton, as quoted for Middling (M) 1³/₃₂-
16 inch cotton, delivered C/F Far East.

17 (10) LOAN COMMODITY.—The term “loan com-
18 modity” means wheat, corn, grain sorghum, feed
19 barley, malt barley, oats, upland cotton, extra long
20 staple cotton, long grain rice, medium grain rice,
21 short grain rice, soybeans, peanuts, other oilseeds,
22 wool, mohair, honey, dry peas, lentils, and small
23 chickpeas.

24 (11) OTHER OILSEED.—The term “other oil-
25 seed” means a crop of sunflower seed, rapeseed,

1 canola, safflower, flaxseed, mustard seed, crambe,
2 sesame seed, or, if designated by the Secretary, an-
3 other oilseed.

4 (12) PAYMENT ACRES.—The term “payment
5 acres”, with respect to a covered commodity on a
6 farm, means 85 percent of the base acres for the
7 covered commodity, on which direct payments and
8 counter-cyclical payments are made.

9 (13) PAYMENT YIELD.—The term “payment
10 yield” means the yield established for direct pay-
11 ments and counter-cyclical payments under section
12 1102 or 1302 of the Farm Security and Rural In-
13 vestment Act of 2002 (7 U.S.C. 7912; 7952), as in
14 effect on the day before the date of the enactment
15 of this Act, for a farm for a covered commodity.

16 (14) PRODUCER.—

17 (A) IN GENERAL.—The term “producer”
18 means an owner, operator, landlord, tenant, or
19 sharecropper that shares in the risk of pro-
20 ducing a crop and is entitled to share in the
21 crop available for marketing from the farm, or
22 would have shared had the crop been produced.

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

1 (i) not take into consideration the ex-
2 istence of a hybrid seed contract; and

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

7 (15) SECRETARY.—The term “Secretary”
8 means the Secretary of Agriculture.

9 (16) STATE.—The term “State” means each of
10 the several States of the United States, the District
11 of Columbia, the Commonwealth of Puerto Rico, and
12 any other territory or possession of the United
13 States.

14 (17) TARGET PRICE.—The term “target price”
15 means the price per bushel (or other appropriate
16 unit in the case of upland cotton, rice, peanuts, and
17 other oilseeds) of a covered commodity used to de-
18 termine the payment rate for counter-cyclical pay-
19 ments.

20 (18) UNITED STATES.—The term “United
21 States”, when used in a geographical sense, means
22 all of the States.

23 (19) UNITED STATES PREMIUM FACTOR.—The
24 term “United States Premium Factor” means the
25 percentage by which the difference in the United

1 States loan schedule premiums for Strict Middling
2 (SM) 1¹/₈-inch cotton and for M 1³/₃₂-inch exceeds
3 the difference in the applicable premiums for com-
4 parable international qualities delivered C/F Far
5 East.

6 **Subtitle A—Direct Payments and**
7 **Counter-Cyclical Payments**

8 **SEC. 1101. ADJUSTMENTS TO BASE ACRES.**

9 (a) TREATMENT OF CONSERVATION RESERVE CON-
10 TRACT ACREAGE.—

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

15 (A) A conservation reserve contract en-
16 tered into under section 1231 of the Food Secu-
17 rity Act of 1985 (16 U.S.C. 3831) with respect
18 to the farm expires or is voluntarily terminated.

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

22 (2) SPECIAL PAYMENT RULES.—For the crop
23 year in which a base acres adjustment under para-
24 graph (1) is first made, the owner of the farm shall
25 elect to receive either direct payments and counter-

1 cyclical payments with respect to the acreage added
2 to the farm under this subsection or a prorated pay-
3 ment under the conservation reserve contract, but
4 not both.

5 (b) PREVENTION OF EXCESS BASE ACRES.—

6 (1) REQUIRED REDUCTION.—If the sum of the
7 base acres for a farm, together with the acreage de-
8 scribed in paragraph (2), exceeds the actual crop-
9 land acreage of the farm, the Secretary shall reduce
10 the base acres for 1 or more covered commodities for
11 the farm so that the sum of the base acres and acre-
12 age described in paragraph (2) does not exceed the
13 actual cropland acreage of the farm.

14 (2) OTHER ACREAGE.—For purposes of para-
15 graph (1), the Secretary shall include the following:

16 (A) Any acreage on the farm enrolled in
17 the conservation reserve program or wetlands
18 reserve program under chapter 1 of subtitle D
19 of title XII of the Food Security Act of 1985
20 (16 U.S.C. 3830 et seq.).

21 (B) Any other acreage on the farm en-
22 rolled in a conservation program for which pay-
23 ments are made in exchange for not producing
24 an agricultural commodity on the acreage.

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

5 (4) EXCEPTION FOR DOUBLE-CROPPED ACRE-
6 AGE.—In applying paragraph (1), the Secretary
7 shall make an exception in the case of double crop-
8 ping, as determined by the Secretary.

9 (c) PERMANENT REDUCTION IN BASE ACRES.—

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

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

16 **SEC. 1102. AVAILABILITY OF DIRECT PAYMENTS.**

17 (a) PAYMENT REQUIRED.—For each of the 2008
18 through 2012 crop years of each covered commodity, the
19 Secretary shall make direct payments to producers on
20 farms for which payment yields and base acres are estab-
21 lished.

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

25 (1) Wheat, \$0.52 per bushel.

- 1 (2) Corn, \$0.28 per bushel.
- 2 (3) Grain sorghum, \$0.35 per bushel.
- 3 (4) Barley, \$0.24 per bushel.
- 4 (5) Oats, \$0.024 per bushel.
- 5 (6) Upland cotton, \$0.0667 per pound.
- 6 (7) Rice, \$2.35 per hundredweight.
- 7 (8) Soybeans, \$0.44 per bushel.
- 8 (9) Other oilseeds, \$0.0080 per pound.
- 9 (10) Peanuts, \$36.00 per ton.

10 (c) PAYMENT AMOUNT.—The amount of the direct
11 payment to be paid to the producers on a farm for a cov-
12 ered commodity for a crop year shall be equal to the prod-
13 uct of the following:

- 14 (1) The payment rate specified in subsection
15 (b).
- 16 (2) The payment acres of the covered com-
17 modity on the farm.
- 18 (3) The payment yield for the covered com-
19 modity for the farm.

20 (d) TIME FOR PAYMENT.—

- 21 (1) IN GENERAL.—In the case of each of the
22 2008 through 2012 crop years, the Secretary may
23 not make direct payments before October 1 of the
24 calendar year in which the crop of the covered com-
25 modity is harvested.

1 (2) ADVANCE PAYMENTS.—

2 (A) OPTION.—At the option of the pro-
3 ducers on a farm, up to 22 percent of the direct
4 payment for a covered commodity for any of the
5 2008 through 2011 crop years shall be paid to
6 the producers in advance.

7 (B) MONTH.—

8 (i) SELECTION.—The producers shall
9 select the month within which the advance
10 payment for a crop year will be made.

11 (ii) OPTIONS.—The month selected
12 may be any month during the period be-
13 ginning on December 1 of the calendar
14 year before the calendar year in which the
15 crop of the covered commodity is harvested
16 through the month within which the direct
17 payment would otherwise be made.

18 (iii) CHANGE.—The producers may
19 change the selected month for a subse-
20 quent advance payment by providing ad-
21 vance notice to the Secretary.

22 (3) REPAYMENT OF ADVANCE PAYMENTS.—If a
23 producer on a farm that receives an advance direct
24 payment for a crop year ceases to be a producer on
25 that farm, or the extent to which the producer

1 shares in the risk of producing a crop changes, be-
2 fore the date the remainder of the direct payment is
3 made, the producer shall be responsible for repaying
4 the Secretary the applicable amount of the advance
5 payment, as determined by the Secretary.

6 (e) PROHIBITION ON DE MINIMIS PAYMENTS.—If
7 the total direct payment to be paid to a producer on a
8 farm for all covered commodities is less than \$10.00, the
9 Secretary shall not tender the direct payment to the pro-
10 ducer.

11 **SEC. 1103. AVAILABILITY OF COUNTER-CYCLICAL PAY-**
12 **MENTS.**

13 (a) PAYMENT REQUIRED.—For each of the 2008
14 through 2012 crop years for each covered commodity, the
15 Secretary shall make counter-cyclical payments to pro-
16 ducers on farms for which payment yields and base acres
17 are established with respect to the covered commodity if
18 the Secretary determines that the effective price for the
19 covered commodity is less than the target price for the
20 covered commodity.

21 (b) EFFECTIVE PRICE.—For purposes of subsection
22 (a), the effective price for a covered commodity is equal
23 to the sum of the following:

24 (1) The higher of the following:

1 (A) The national average market price re-
2 ceived by producers during the 12-month mar-
3 keting year for the covered commodity, as de-
4 termined by the Secretary.

5 (B) The national average loan rate for a
6 marketing assistance loan for the covered com-
7 modity in effect for the applicable period under
8 subtitle B, except that, for the purpose of calcu-
9 lating counter-cyclical payments under this sec-
10 tion for rice and barley, the Secretary shall es-
11 tablish national average all rice and all barley
12 loan rates.

13 (2) The payment rate in effect for the covered
14 commodity under section 1102 for the purpose of
15 making direct payments with respect to the covered
16 commodity.

17 (c) TARGET PRICE.—For purposes of subsection (a),
18 the target prices for covered commodities shall be as fol-
19 lows:

- 20 (1) Wheat, \$4.15 per bushel.
21 (2) Corn, \$2.63 per bushel.
22 (3) Grain sorghum, \$2.57 per bushel.
23 (4) Barley, \$2.73 per bushel.
24 (5) Oats, \$1.50 per bushel.
25 (6) Upland cotton, \$0.70 per pound.

1 (7) Rice, \$10.50 per hundredweight.

2 (8) Soybeans, \$6.10 per bushel.

3 (9) Other oilseeds, \$0.1150 per pound.

4 (10) Peanuts, \$495.00 per ton.

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

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

10 and

11 (2) the effective price determined under sub-
12 section (b) for the covered commodity.

13 (e) PAYMENT AMOUNT.—If counter-cyclical pay-
14 ments are required to be paid under this section for any
15 of the 2008 through 2012 crop years of a covered com-
16 modity, the amount of the counter-cyclical payment to be
17 paid to the producers on a farm for that crop year shall
18 be equal to the product of the following:

19 (1) The payment rate specified in subsection

20 (d).

21 (2) The payment acres of the covered com-
22 modity on the farm.

23 (3) The payment yield for the covered com-
24 modity for the farm.

25 (f) TIME FOR PAYMENTS.—

1 (1) GENERAL RULE.—If the Secretary deter-
2 mines under subsection (a) that counter-cyclical pay-
3 ments are required to be made under this section for
4 the crop of a covered commodity, the Secretary shall
5 make the counter-cyclical payments for the crop as
6 soon as practicable after the end of the 12-month
7 marketing year for the covered commodity.

8 (2) AVAILABILITY OF PARTIAL PAYMENTS.—If,
9 before the end of the 12-month marketing year for
10 a covered commodity, the Secretary estimates that
11 counter-cyclical payments will be required for the
12 crop of the covered commodity, the Secretary shall
13 give producers on a farm the option to receive par-
14 tial payments of the counter-cyclical payment pro-
15 jected to be made for that crop of the covered com-
16 modity.

17 (3) TIME FOR PARTIAL PAYMENTS FOR 2008
18 THROUGH 2010 CROP YEARS.—If the Secretary is re-
19 quired to make partial payments available under
20 paragraph (2) for a covered commodity for any of
21 the 2008 through 2010 crop years—

22 (A) the first partial payment shall be made
23 after completion of the first 6 months of the
24 marketing year for the covered commodity; and

1 (B) the final partial payment shall be
2 made as soon as practicable after the end of the
3 12-month marketing year for the covered com-
4 modity.

5 (4) AMOUNT OF PARTIAL PAYMENTS.—

6 (A) FIRST PARTIAL PAYMENT.—For each
7 of the 2008 through 2010 crop years, the first
8 partial payment under paragraph (3) to the
9 producers on a farm may not exceed 40 percent
10 of the projected counter-cyclical payment for
11 the covered commodity for the crop year, as de-
12 termined by the Secretary.

13 (B) FINAL PAYMENT.—The final payment
14 for each of the 2008 through 2010 crop years
15 shall be equal to the difference between—

16 (i) the actual counter-cyclical payment
17 to be made to the producers for the cov-
18 ered commodity for that crop year; and

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

22 (5) REPAYMENT.—The producers on a farm
23 that receive a partial payment under this subsection
24 for a crop year shall repay to the Secretary the
25 amount, if any, by which the total of the partial pay-

1 ments exceed the actual counter-cyclical payment to
2 be made for the covered commodity for that crop
3 year.

4 (g) PROHIBITION ON DE MINIMIS PAYMENTS.—If
5 the total counter-cyclical payment to be paid to a producer
6 on a farm for all covered commodities is less than \$10.00,
7 the Secretary shall not tender the counter-cyclical pay-
8 ment to the producer.

9 **SEC. 1104. PRODUCER AGREEMENT REQUIRED AS CONDI-**
10 **TION OF PROVISION OF DIRECT PAYMENTS**
11 **AND COUNTER-CYCLICAL PAYMENTS.**

12 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

13 (1) REQUIREMENTS.—Before the producers on
14 a farm may receive direct payments or counter-cycli-
15 cal payments with respect to the farm, the producers
16 shall agree, during the crop year for which the pay-
17 ments are made and in exchange for the payments—

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

22 (B) to comply with applicable wetland pro-
23 tection requirements under subtitle C of title
24 XII of that Act (16 U.S.C. 3821 et seq.);

1 (C) to comply with the planting flexibility
2 requirements of section 1105;

3 (D) to use the land on the farm, in a
4 quantity equal to the attributable base acres for
5 the farm for an agricultural or conserving use,
6 and not for a nonagricultural commercial or in-
7 dustrial use, as determined by the Secretary;
8 and

9 (E) to effectively control noxious weeds
10 and otherwise maintain the land in accordance
11 with sound agricultural practices, as determined
12 by the Secretary.

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

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

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

24 (1) TERMINATION.—

1 (A) IN GENERAL.—Except as provided in
2 paragraph (2), a transfer of (or change in) the
3 interest of the producers on a farm in base
4 acres for which direct payments or counter-cy-
5 clical payments are made shall result in the ter-
6 mination of the payments with respect to the
7 base acres, unless the transferee or owner of
8 the acreage agrees to assume all obligations
9 under subsection (a).

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

13 (2) EXCEPTION.—If a producer entitled to a di-
14 rect payment or counter-cyclical payment dies, be-
15 comes incompetent, or is otherwise unable to receive
16 the payment, the Secretary shall make the payment,
17 in accordance with rules issued by the Secretary.

18 (c) ACREAGE REPORTS.—As a condition on the re-
19 ceipt of any benefits under this subtitle or subtitle B, the
20 Secretary shall require producers on a farm to submit to
21 the Secretary annual acreage reports with respect to all
22 cropland on the farm.

23 (d) TENANTS AND SHARECROPPERS.—In carrying
24 out this subtitle, the Secretary shall provide adequate safe-

1 guards to protect the interests of tenants and share-
2 croppers.

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

7 **SEC. 1105. PLANTING FLEXIBILITY.**

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

11 (b) LIMITATIONS REGARDING CERTAIN COMMOD-
12 ITIES.—

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

17 (2) TREATMENT OF TREES AND OTHER
18 PERENNIALS.—The planting of an agricultural com-
19 modity specified in paragraph (3) that is produced
20 on a tree or other perennial plant shall be prohibited
21 on base acres.

22 (3) COVERED AGRICULTURAL COMMODITIES.—
23 Paragraphs (1) and (2) apply to the following agri-
24 cultural commodities:

25 (A) Fruits.

1 (B) Vegetables (other than lentils, mung
2 beans, and dry peas).

3 (C) Wild rice.

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

7 (1) in any region in which there is a history of
8 double-cropping of covered commodities with agricul-
9 tural commodities specified in subsection (b)(3), as
10 determined by the Secretary, in which case the dou-
11 ble-cropping shall be permitted;

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

18 (3) by the producers on a farm that the Sec-
19 retary determines has an established planting his-
20 tory of a specific agricultural commodity specified in
21 subsection (b)(3), except that—

22 (A) the quantity planted may not exceed
23 the average annual planting history of such ag-
24 ricultural commodity by the producers on the
25 farm in the 1991 through 1995 or 1998

1 through 2001 crop years (excluding any crop
2 year in which no plantings were made), as de-
3 termined by the Secretary; and

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

7 (d) PLANTING TRANSFERABILITY PILOT PROJECT.—

8 (1) PILOT PROJECT AUTHORIZED.—In addition
9 to the exceptions provided in subsection (c), the Sec-
10 retary shall carry out a pilot project in the State of
11 Indiana under which paragraphs (1) and (2) of sub-
12 section (b) shall not limit the planting of tomatoes
13 grown for processing on up to 10,000 base acres
14 during each of the 2008 through 2012 crop years.

15 (2) CONTRACT AND MANAGEMENT REQUIRE-
16 MENTS.— To be eligible for selection to participate
17 in the pilot project, a producer must—

18 (A) have a contract to grow tomatoes for
19 processing; and

20 (B) agree to produce the tomatoes as part
21 of a program of crop rotation on the farm to
22 achieve agronomic and pest and disease man-
23 agement benefits.

24 (3) TEMPORARY REDUCTION IN BASE ACRES.—

25 The base acres on a farm for a crop year shall be

1 reduced by an acre for each acre planted to tomatoes
2 under the pilot program.

3 (4) DURATION OF REDUCTIONS.—The reduc-
4 tion in the base acres of a farm for a crop year
5 under paragraph (3) shall expire at the end of the
6 crop year, unless the producers on the farm elect to
7 continue to participate in the pilot project for the
8 subsequent crop year.

9 (5) RECALCULATION OF BASE ACRES.—If the
10 Secretary recalculates base acres for a farm while
11 the farm is included in the pilot project, the planting
12 and production of tomatoes under the pilot project
13 shall be considered to be the same as the planting,
14 prevented planting, or production of a covered com-
15 modity. Nothing in this paragraph provides author-
16 ity for the Secretary to recalculate base acres for a
17 farm.

18 **SEC. 1106. PERIOD OF EFFECTIVENESS.**

19 This subtitle shall be effective beginning with the
20 2008 crop year of each covered commodity through the
21 2012 crop year.

1 **Subtitle B—Marketing Assistance**
2 **Loans and Loan Deficiency Pay-**
3 **ments**

4 **SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING**
5 **ASSISTANCE LOANS FOR LOAN COMMOD-**
6 **ITIES.**

7 (a) NONRECOURSE LOANS AVAILABLE.—

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

13 (2) TERMS AND CONDITIONS.—The marketing
14 assistance loans shall be made under terms and con-
15 ditions that are prescribed by the Secretary and at
16 the loan rate established under section 1202 for the
17 loan commodity.

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

22 (c) TREATMENT OF CERTAIN COMMINGLED COM-
23 MODITIES.—In carrying out this subtitle, the Secretary
24 shall make loans to producers on a farm that would be
25 eligible to obtain a marketing assistance loan, but for the

1 fact the loan commodity owned by the producers on the
2 farm commingled with loan commodities of other pro-
3 ducers in facilities unlicensed for the storage of agricul-
4 tural commodities by the Secretary or a State licensing
5 authority, if the producers obtaining the loan agree to im-
6 mediately redeem the loan collateral in accordance with
7 section 166 of the Federal Agriculture Improvement and
8 Reform Act of 1996 (7 U.S.C. 7286).

9 (d) COMPLIANCE WITH CONSERVATION AND WET-
10 LANDS REQUIREMENTS.—As a condition of the receipt of
11 a marketing assistance loan under subsection (a), the pro-
12 ducer shall comply with applicable conservation require-
13 ments under subtitle B of title XII of the Food Security
14 Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wet-
15 land protection requirements under subtitle C of title XII
16 of the Act (16 U.S.C. 3821 et seq.) during the term of
17 the loan.

18 (e) PEANUT-RELATED LOAN PROVISIONS.—

19 (1) OPTIONS FOR OBTAINING LOANS.—A mar-
20 keting assistance loan for peanuts under this section
21 and loan deficiency payments for peanuts under sec-
22 tion 1205 may be obtained at option of the pro-
23 ducers on a farm through—

1 (A) a designated marketing association or
2 marketing cooperative of producers that is ap-
3 proved by the Secretary; or

4 (B) the Farm Service Agency.

5 (2) STORAGE OF LOAN PEANUTS.—As a condi-
6 tion on the Secretary's approval of an individual or
7 entity to provide storage for peanuts for which a
8 marketing assistance loan is made under this sec-
9 tion, the individual or entity shall agree—

10 (A) to provide such storage on a non-
11 discriminatory basis; and

12 (B) to comply with such additional require-
13 ments as the Secretary considers appropriate to
14 accomplish the purposes of this section and pro-
15 mote fairness in the administration of the bene-
16 fits of this section.

17 (3) MARKETING.—A marketing association or
18 cooperative may market peanuts for which a loan is
19 made under this section in any manner that con-
20 forms to consumer needs, including the separation of
21 peanuts by type and quality.

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

3 (a) **LOAN RATES.**—The loan rate for a marketing as-
4 sistance loan under section 1201 for a loan commodity
5 shall be equal to the following:

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

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

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

10 (4) In the case of malt barley, \$2.50 per bushel.

11 (5) In the case of feed barley, \$1.95 per bushel.

12 (6) In the case of oats, \$1.39 per bushel.

13 (7) In the case of the base quality of upland
14 cotton, \$0.52 per pound.

15 (8) In the case of extra long staple cotton,
16 \$0.7977 per pound.

17 (9) In the case of long grain rice, \$6.50 per
18 hundredweight.

19 (10) In the case of medium grain rice and short
20 grain rice, \$6.50 per hundredweight.

21 (11) In the case of soybeans, \$5.00 per bushel.

22 (12) In the case of other oilseeds, \$0.1070 per
23 pound for each of the following kinds of oilseeds:

24 (A) Sunflower seed.

25 (B) Rapeseed.

26 (C) Canola.

1 (D) Safflower.

2 (E) Flaxseed.

3 (F) Mustard seed.

4 (G) Crambe.

5 (H) Sesame seed.

6 (I) Other oilseeds designated by the Sec-
7 retary.

8 (13) In the case of dry peas, \$5.40 per hun-
9 dredweight.

10 (14) In the case of lentils, \$11.28 per hundred-
11 weight.

12 (15) In the case of small chickpeas, \$8.54 per
13 hundredweight.

14 (16) In the case of peanuts, \$355.00 per ton.

15 (17) In the case of graded wool, \$1.10 per
16 pound.

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

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

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

21 (b) SINGLE COUNTY LOAN RATE FOR OTHER OIL-
22 SEEDS.—The Secretary shall establish a single loan rate
23 in each county for each kind of other oilseeds described
24 in subsection (a)(12).

1 (c) SPECIAL RULES FOR CORN AND GRAIN SOR-
2 GHUM.—

3 (1) SINGLE COUNTY AND NATIONAL AVERAGE
4 LOAN RATE.—The Secretary shall—

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

7 (B) establish a single national average loan
8 rate for corn and grain sorghum; and

9 (C) determine each county loan rate and
10 the national average loan rate for corn and
11 grain sorghum and any and all other program
12 loan rates applicable to corn and grain sorghum
13 from a data set that includes prices for both
14 commodities.

15 (2) ADMINISTRATION.—With respect to corn
16 and grain sorghum, the Secretary—

17 (A) shall administer the applicable loan,
18 marketing loan, counter-cyclical payment, and
19 related programs from a single loan rate for
20 corn and grain sorghum that is identical in
21 each individual county;

22 (B) shall provide that any adjustment in
23 the loan rate for location shall be determined
24 and applied on the basis of the combined data
25 set such that any transportation adjustment

1 shall be the same for corn and grain sorghum
2 in each individual county; and

3 (C) may provide for adjustments for grade,
4 type, and quality as appropriate for the corn or
5 grain sorghum involved in each specific trans-
6 action.

7 **SEC. 1203. TERM OF LOANS.**

8 (a) **TERM OF LOAN.**—In the case of each loan com-
9 modity, a marketing assistance loan under section 1201
10 shall have a term of 9 months beginning on the first day
11 of the first month after the month in which the loan is
12 made.

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

16 **SEC. 1204. REPAYMENT OF LOANS.**

17 (a) **GENERAL RULE.**—The Secretary shall permit the
18 producers on a farm to repay a marketing assistance loan
19 under section 1201 for a loan commodity (other than up-
20 land cotton, long grain rice, medium grain rice, short
21 grain rice, extra long staple cotton, and confectionery and
22 each other kind of sunflower seed (other than oil sunflower
23 seed)) at the lesser of the following:

24 (1) The loan rate established for the commodity
25 under section 1202, plus interest (determined in ac-

1 cordance with section 163 of the Federal Agriculture
2 Improvement and Reform Act of 1996 (7 U.S.C.
3 7283)).

4 (2) A rate that the Secretary determines will—

5 (A) minimize potential loan forfeitures;

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

8 (C) minimize the cost incurred by the Fed-
9 eral Government in storing the commodity;

10 (D) allow the commodity produced in the
11 United States to be marketed freely and com-
12 petitively, both domestically and internationally;
13 and

14 (E) minimize discrepancies in marketing
15 loan benefits across State boundaries and
16 across county boundaries, if applicable.

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

22 (1) the loan rate established for the commodity
23 under section 1202, plus interest (determined in ac-
24 cordance with section 163 of the Federal Agriculture

1 Improvement and Reform Act of 1996 (7 U.S.C.
2 7283)); or

3 (2) the prevailing world market price for the
4 commodity (adjusted to United States quality and
5 location), as determined by the Secretary.

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

13 (d) PREVAILING WORLD MARKET PRICE.—For pur-
14 poses of this section and section 1207, the Secretary shall
15 prescribe by regulation—

16 (1) a formula to determine the prevailing world
17 market price for upland cotton, which shall be based
18 on the Far East price of upland cotton;

19 (2) a formula to determine the prevailing world
20 market price for—

21 (A) long grain rice; and

22 (B) medium and short grain rice;

23 (3) a mechanism by which the Secretary will
24 announce periodically the prevailing world market

1 price for upland cotton, long grain rice, and medium
2 and short grain rice; and

3 (4) a mechanism by which the Secretary will
4 make the adjustments, required by subsection (e), to
5 the prevailing world market price for upland cotton,
6 long grain rice, and medium and short grain rice.

7 (e) ADJUSTMENT OF PREVAILING WORLD MARKET
8 PRICE FOR UPLAND COTTON AND RICE.—

9 (1) RICE.—The prevailing world market price
10 for long grain, medium grain, and short grain rice
11 determined in subsection (d) shall be adjusted to
12 United States quality and location.

13 (2) COTTON.—The prevailing world market
14 price for upland cotton, determined in subsection (d)
15 shall be—

16 (A) adjusted to United States quality and
17 location, with such quality adjustment to in-
18 clude—

19 (i) any existing United States loan
20 schedule premiums for Comparable United
21 States Quality; and

22 (ii) a reduction equal to any United
23 States Premium Factor to upland cotton of
24 a quality higher than Middling (M) 1³/₃₂-
25 inch; and

1 (B) adjusted to take into account average
2 costs to market the commodity, including aver-
3 age transportation costs, as determined by the
4 Secretary.

5 (f) ADDITIONAL ADJUSTMENT AUTHORITY REGARD-
6 ING PREVAILING WORLD MARKET PRICE FOR UPLAND
7 COTTON.—

8 (1) IN GENERAL.—During the period beginning
9 on the date of the enactment of this Act through
10 July 31, 2013, the Secretary may further adjust the
11 prevailing world market price for upland cotton (ad-
12 justed under subsection (d)) if the Secretary deter-
13 mines such adjustment necessary—

14 (A) to minimize potential loan forfeitures;

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

17 (C) to allow the commodity produced in
18 the United States to be marketed freely and
19 competitively, both domestically and inter-
20 nationally;

21 (D) to ensure that United States cotton is
22 competitive in world markets; and

23 (E) to ensure an appropriate transition be-
24 tween current-crop and forward-crop price
25 quotations, except that the Secretary may use

1 forward-crop price quotations prior to July 31
2 of the current marketing year only if there are
3 less than three current-crop price quotations
4 and only if such forward-crop price quotation is
5 the lowest such quotation available.

6 (2) GUIDELINES FOR ADDITIONAL ADJUST-
7 MENT.—In further adjusting the prevailing world
8 market price for upland cotton under this sub-
9 section, the Secretary shall establish a mechanism
10 for determining and announcing such adjustments in
11 order to avoid undue disruption in the United States
12 market.

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

19 (1) the loan rate established for the commodity
20 under section 1202, plus interest (determined in ac-
21 cordance with section 163 of the Federal Agriculture
22 Improvement and Reform Act of 1996 (7 U.S.C.
23 7283)); or

24 (2) the repayment rate established for oil sun-
25 flower seed.

1 (h) QUALITY GRADES FOR DRY PEAS, LENTILS, AND
2 SMALL CHICKPEAS.—The loan repayment rate for dry
3 peas, lentils, and small chickpeas shall be based on the
4 quality grades for the applicable commodity.

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

6 (a) AVAILABILITY OF LOAN DEFICIENCY PAY-
7 MENTS.—

8 (1) IN GENERAL.—Except as provided in sub-
9 section (d), the Secretary may make loan deficiency
10 payments available to producers on a farm that, al-
11 though eligible to obtain a marketing assistance loan
12 under section 1201 with respect to a loan com-
13modity, agree to forgo obtaining the loan for the
14 commodity in return for loan deficiency payments
15 under this section.

16 (2) UNSHORN PELTS, HAY, AND SILAGE.—

17 (A) MARKETING ASSISTANCE LOANS.—

18 Subject to subparagraph (B), nongraded wool
19 in the form of unshorn pelts and hay and silage
20 derived from a loan commodity are not eligible
21 for a marketing assistance loan under section
22 1201.

23 (B) LOAN DEFICIENCY PAYMENT.—Effec-
24 tive for the 2008 through 2012 crop years, the
25 Secretary may make loan deficiency payments

1 available under this section to producers on a
2 farm that produce unshorn pelts or hay and si-
3 lage derived from a loan commodity.

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

7 (1) the payment rate determined under sub-
8 section (c) for the commodity; by

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

13 (c) PAYMENT RATE.—

14 (1) IN GENERAL.—In the case of a loan com-
15 modity, the payment rate shall be the amount by
16 which—

17 (A) the loan rate established under section
18 1202 for the loan commodity; exceeds

19 (B) the rate at which a marketing assist-
20 ance loan for the loan commodity may be repaid
21 under section 1204.

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

1 (A) the loan rate established under section
2 1202 for ungraded wool; exceeds

3 (B) the rate at which a marketing assist-
4 ance loan for ungraded wool may be repaid
5 under section 1204.

6 (3) HAY AND SILAGE.—In the case of hay or si-
7 lage derived from a loan commodity, the payment
8 rate shall be the amount by which—

9 (A) the loan rate established under section
10 1202 for the loan commodity from which the
11 hay or silage is derived; exceeds

12 (B) the rate at which a marketing assist-
13 ance loan for the loan commodity may be repaid
14 under section 1204.

15 (d) EXCEPTION FOR EXTRA LONG STAPLE COT-
16 TON.—This section shall not apply with respect to extra
17 long staple cotton.

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

1 **SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAY-**
2 **MENTS FOR GRAZED ACREAGE.**

3 (a) **ELIGIBLE PRODUCERS.—**

4 (1) **IN GENERAL.—**Effective for the 2008
5 through 2012 crop years, in the case of a producer
6 that would be eligible for a loan deficiency payment
7 under section 1205 for wheat, barley, or oats, but
8 that elects to use acreage planted to the wheat, bar-
9 ley, or oats for the grazing of livestock, the Sec-
10 retary shall make a payment to the producer under
11 this section if the producer enters into an agreement
12 with the Secretary to forgo any other harvesting of
13 the wheat, barley, or oats on that acreage.

14 (2) **GRAZING OF TRITICALE ACREAGE.—**Effec-
15 tive for the 2008 through 2012 crop years, with re-
16 spect to a producer on a farm that uses acreage
17 planted to triticale for the grazing of livestock, the
18 Secretary shall make a payment to the producer
19 under this section if the producer enters into an
20 agreement with the Secretary to forgo any other
21 harvesting of triticale on that acreage.

22 (b) **PAYMENT AMOUNT.—**

23 (1) **IN GENERAL.—**The amount of a payment
24 made under this section to a producer on a farm de-
25 scribed in subsection (a)(1) shall be equal to the
26 amount determined by multiplying—

1 (A) the loan deficiency payment rate deter-
2 mined under section 1205(c) in effect, as of the
3 date of the agreement, for the county in which
4 the farm is located; by

5 (B) the payment quantity determined by
6 multiplying—

7 (i) the quantity of the grazed acreage
8 on the farm with respect to which the pro-
9 ducer elects to forgo harvesting of wheat,
10 barley, or oats; and

11 (ii) the payment yield in effect for the
12 calculation of direct payments under sub-
13 title A with respect to that loan commodity
14 on the farm or, in the case of a farm with-
15 out a payment yield for that loan com-
16 modity, an appropriate yield established by
17 the Secretary in a manner consistent with
18 section 1102 of the Farm Security and
19 Rural Investment Act of 2002 (7 U.S.C.
20 7912).

21 (2) GRAZING OF TRITICALE ACREAGE.—The
22 amount of a payment made under this section to a
23 producer on a farm described in subsection (a)(2)
24 shall be equal to the amount determined by multi-
25 plying—

1 (A) the loan deficiency payment rate deter-
2 mined under section 1205(c) in effect for
3 wheat, as of the date of the agreement, for the
4 county in which the farm is located; by

5 (B) the payment quantity determined by
6 multiplying—

7 (i) the quantity of the grazed acreage
8 on the farm with respect to which the pro-
9 ducer elects to forgo harvesting of triticale;
10 and

11 (ii) the payment yield in effect for the
12 calculation of direct payments under sub-
13 title A with respect to wheat on the farm
14 or, in the case of a farm without a pay-
15 ment yield for wheat, an appropriate yield
16 established by the Secretary in a manner
17 consistent with section 1102 of the Farm
18 Security and Rural Investment Act of
19 2002 (7 U.S.C. 7912).

20 (c) TIME, MANNER, AND AVAILABILITY OF PAY-
21 MENT.—

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

1 (2) AVAILABILITY.—

2 (A) IN GENERAL.—The Secretary shall es-
3 tablish an availability period for the payments
4 authorized by this section.

5 (B) CERTAIN COMMODITIES.—In the case
6 of wheat, barley, and oats, the availability pe-
7 riod shall be consistent with the availability pe-
8 riod for the commodity established by the Sec-
9 retary for marketing assistance loans author-
10 ized by this subtitle.

11 (d) PROHIBITION ON CROP INSURANCE INDEMNITY
12 OR NONINSURED CROP ASSISTANCE.—A 2008 through
13 2012 crop of wheat, barley, oats, or triticale planted on
14 acreage that a producer elects, in the agreement required
15 by subsection (a), to use for the grazing of livestock in
16 lieu of any other harvesting of the crop shall not be eligible
17 for an indemnity under the Federal Crop Insurance Act
18 (7 U.S.C. 1501 et seq.) or noninsured crop assistance
19 under section 196 of the Federal Agriculture Improvement
20 and Reform Act of 1996 (7 U.S.C. 7333).

21 **SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS FOR**
22 **UPLAND COTTON.**

23 (a) SPECIAL IMPORT QUOTA.—

24 (1) DEFINITION OF SPECIAL IMPORT QUOTA.—

25 In this subsection, the term “special import quota”

1 means a quantity of imports that is not subject to
2 the over-quota tariff rate of a tariff-rate quota.

3 (2) ESTABLISHMENT.—

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

9 (B) PROGRAM REQUIREMENTS.—Whenever
10 the Secretary determines and announces that
11 for any consecutive 4-week period, the Friday
12 through Thursday average price quotation for
13 the lowest-priced United States growth, as
14 quoted for Middling (M) 1³/₃₂-inch cotton, deliv-
15 ered C/F Far East, exceeds the Far East price
16 there shall immediately be in effect a special
17 import quota.

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

22 (4) APPLICATION.—The quota shall apply to
23 upland cotton purchased not later than 90 days
24 after the date of the Secretary's announcement

1 under paragraph (1) and entered into the United
2 States not later than 180 days after that date.

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

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

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

14 (B) section 204 of the Andean Trade Pref-
15 erence Act (19 U.S.C. 3203);

16 (C) section 503(d) of the Trade Act of
17 1974 (19 U.S.C. 2463(d)); and

18 (D) General Note 3(a)(iv) to the Har-
19 monized Tariff Schedule.

20 (7) LIMITATION.—The quantity of cotton en-
21 tered into the United States during any marketing
22 year under the special import quota established
23 under this subsection may not exceed the equivalent
24 of 10 week's consumption of upland cotton by do-
25 mestic mills at the seasonally adjusted average rate

1 of the 3 months immediately preceding the first spe-
2 cial import quota established in any marketing year.

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

5 (1) DEFINITIONS.—In this subsection:

6 (A) SUPPLY.—The term “supply” means,
7 using the latest official data of the Bureau of
8 the Census, the Department of Agriculture, and
9 the Department of the Treasury—

10 (i) the carry-over of upland cotton at
11 the beginning of the marketing year (ad-
12 justed to 480-pound bales) in which the
13 quota is established;

14 (ii) production of the current crop;
15 and

16 (iii) imports to the latest date avail-
17 able during the marketing year.

18 (B) DEMAND.—The term “demand”
19 means—

20 (i) the average seasonally adjusted an-
21 nual rate of domestic mill consumption
22 during the most recent 3 months for which
23 data are available; and

24 (ii) the larger of—

1 (I) average exports of upland cot-
2 ton during the preceding 6 marketing
3 years; or

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

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

12 (2) PROGRAM.—The President shall carry out
13 an import quota program that provides that when-
14 ever the Secretary determines and announces that
15 the average price of the base quality of upland cot-
16 ton, as determined by the Secretary, in the des-
17 ignated spot markets for a month exceeded 130 per-
18 cent of the average price of the quality of cotton in
19 the markets for the preceding 36 months, notwith-
20 standing any other provision of law, there shall im-
21 mediately be in effect a limited global import quota
22 subject to the following conditions:

23 (A) QUANTITY.—The quantity of the quota
24 shall be equal to 21 days of domestic mill con-
25 sumption of upland cotton at the seasonally ad-

1 justed average rate of the most recent 3 months
2 for which data are available.

3 (B) QUANTITY IF PRIOR QUOTA.—If a
4 quota has been established under this sub-
5 section during the preceding 12 months, the
6 quantity of the quota next established under
7 this subsection shall be the smaller of 21 days
8 of domestic mill consumption calculated under
9 subparagraph (A) or the quantity required to
10 increase the supply to 130 percent of the de-
11 mand.

12 (C) PREFERENTIAL TARIFF TREAT-
13 MENT.—The quantity under a limited global
14 import quota shall be considered to be an in-
15 quota quantity for purposes of—

16 (i) section 213(d) of the Caribbean
17 Basin Economic Recovery Act (19 U.S.C.
18 2703(d));

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

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

23 (iv) General Note 3(a)(iv) to the Har-
24 monized Tariff Schedule.

1 (D) QUOTA ENTRY PERIOD.—When a
2 quota is established under this subsection, cot-
3 ton may be entered under the quota during the
4 90-day period beginning on the date the quota
5 is established by the Secretary.

6 (3) NO OVERLAP.—Notwithstanding paragraph
7 (2), a quota period may not be established that over-
8 laps an existing quota period or a special quota pe-
9 riod established under subsection (a).

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

12 (1) ISSUANCE OF MARKETING CERTIFICATES OR
13 CASH PAYMENTS.—During the period beginning on
14 the date of the enactment of this Act through July
15 31, 2013, the Secretary shall issue, on a monthly
16 basis, marketing certificates or cash payments, at
17 the option of the recipient, to domestic users of up-
18 land cotton for all documented use of upland cotton
19 during the previous monthly period regardless of the
20 origin of the upland cotton.

21 (2) VALUE OF CERTIFICATES OR PAYMENTS.—
22 The value of the marketing certificates or cash pay-
23 ments shall be 4 cents per pound.

24 (3) ALLOWABLE PURPOSES.—Economic adjust-
25 ment assistance under this subsection shall be made

1 available only to domestic users of upland cotton
2 that certify that such funds shall be used only for
3 acquisition, construction, installation, modernization,
4 development, conversion, or expansion of land, plant,
5 buildings, equipment, facilities, or machinery.

6 (4) REVIEW OR AUDIT.—The Secretary may
7 conduct such review or audit of the records of a do-
8 mestic user under this subsection as determined nec-
9 essary to carry out the provisions of this subsection.

10 (5) IMPROPER USE OF ASSISTANCE.—If the
11 Secretary determines, after a review or audit of the
12 records of the domestic user, that economic adjust-
13 ment assistance under this subsection was not used
14 for the purposes specified in paragraph (3), the do-
15 mestic user shall be liable to repay such assistance
16 to the Secretary, plus interest, as determined by the
17 Secretary, and shall be ineligible to participate in
18 the program established by this subsection for a pe-
19 riod of 12 months following the determination of the
20 Secretary.

21 **SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA**
22 **LONG STAPLE COTTON.**

23 (a) COMPETITIVENESS PROGRAM.—Notwithstanding
24 any other provision of law, during the period beginning

1 on the date of the enactment of this Act through July 31,
2 2013, the Secretary shall carry out a program—

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

6 (2) to increase exports of extra long staple cot-
7 ton produced in the United States; and

8 (3) to ensure that extra long staple cotton pro-
9 duced in the United States remains competitive in
10 world markets.

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

14 (1) for a consecutive 4-week period, the world
15 market price for the lowest priced competing growth
16 of extra long staple cotton (adjusted to United
17 States quality and location and for other factors af-
18 fecting the competitiveness of such cotton), as deter-
19 mined by the Secretary, is below the prevailing
20 United States price for a competing growth of extra
21 long staple cotton; and

22 (2) the lowest priced competing growth of extra
23 long staple cotton (adjusted to United States quality
24 and location and for other factors affecting the com-
25 petitiveness of such cotton), as determined by the

1 Secretary, is less than 134 percent of the loan rate
2 for extra long staple cotton.

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

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

17 (e) FORM OF PAYMENT.—Payments under this sec-
18 tion shall be made through the issuance of cash or mar-
19 keting certificates, at the option of eligible recipients of
20 the payments.

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

23 (a) HIGH MOISTURE FEED GRAINS.—

24 (1) DEFINITION OF HIGH MOISTURE STATE.—

25 In this subsection, the term “high moisture state”

1 means corn or grain sorghum having a moisture con-
2 tent in excess of Commodity Credit Corporation
3 standards for marketing assistance loans made by
4 the Secretary under section 1201.

5 (2) RECOURSE LOANS AVAILABLE.—For each of
6 the 2008 through 2012 crops of corn and grain sor-
7 ghum, the Secretary shall make available recourse
8 loans, as determined by the Secretary, to producers
9 on a farm that—

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

13 (B) present—

14 (i) certified scale tickets from an in-
15 spected, certified commercial scale, includ-
16 ing a licensed warehouse, feedlot, feed mill,
17 distillery, or other similar entity approved
18 by the Secretary, pursuant to regulations
19 issued by the Secretary; or

20 (ii) field or other physical measure-
21 ments of the standing or stored crop in re-
22 gions of the United States, as determined
23 by the Secretary, that do not have certified
24 commercial scales from which certified

1 scale tickets may be obtained within rea-
2 sonable proximity of harvest operation;

3 (C) certify that they were the owners of
4 the feed grain at the time of delivery to, and
5 that the quantity to be placed under loan under
6 this subsection was in fact harvested on the
7 farm and delivered to, a feedlot, feed mill, or
8 commercial or on-farm high-moisture storage
9 facility, or to a facility maintained by the users
10 of corn and grain sorghum in a high moisture
11 state; and

12 (D) comply with deadlines established by
13 the Secretary for harvesting the corn or grain
14 sorghum and submit applications for loans
15 under this subsection within deadlines estab-
16 lished by the Secretary.

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

22 (A) the acreage of the corn or grain sor-
23 ghum in a high moisture state harvested on the
24 producer's farm; by

1 (B) the lower of the farm program pay-
2 ment yield used to make counter-cyclical pay-
3 ments under subtitle A or the actual yield on a
4 field, as determined by the Secretary, that is
5 similar to the field from which the corn or grain
6 sorghum was obtained.

7 (b) **RECOURSE LOANS AVAILABLE FOR SEED COT-**
8 **TON.**—For each of the 2008 through 2012 crops of upland
9 cotton and extra long staple cotton, the Secretary shall
10 make available recourse seed cotton loans, as determined
11 by the Secretary, on any production.

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

18 **Subtitle C—Sugar**

19 **SEC. 1301. SUGAR PROGRAM.**

20 (a) **IN GENERAL.**—Section 156 of the Federal Agri-
21 culture Improvement and Reform Act of 1996 (7 U.S.C.
22 7272) is amended to read as follows:

23 **“SEC. 156. SUGAR PROGRAM.**

24 “(a) **SUGARCANE.**—The Secretary shall make loans
25 for raw cane sugar available to processors of domestically

1 grown sugarcane at a rate equal to 18.5 cents per pound
2 for each of the 2008 through 2012 crop years.

3 “(b) SUGAR BEETS.—The Secretary shall make loans
4 for refined beet sugar available to processors of domesti-
5 cally grown sugar beets at a rate equal to 23.5 cents per
6 pound for each of the 2008 through 2012 crop years.

7 “(c) TERM OF LOANS.—

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

12 “(A) the end of the 9-month period begin-
13 ning on the first day of the first month after
14 the month in which the loan is made; or

15 “(B) the end of the fiscal year in which the
16 loan is made.

17 “(2) SUPPLEMENTAL LOANS.—In the case of a
18 loan made under this section in the last 3 months
19 of a fiscal year, the processor may repledge the
20 sugar as collateral for a second loan in the subse-
21 quent fiscal year, except that the second loan shall—

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

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

1 “(d) LOAN TYPE; PROCESSOR ASSURANCES.—

2 “(1) NONRECOURSE LOANS.—The Secretary
3 shall carry out this section through the use of non-
4 recourse loans.

5 “(2) PROCESSOR ASSURANCES.—

6 “(A) IN GENERAL.—The Secretary shall
7 obtain from each processor that receives a loan
8 under this section such assurances as the Sec-
9 retary considers adequate to ensure that the
10 processor will provide payments to producers
11 that are proportional to the value of the loan
12 received by the processor for the sugar beets
13 and sugarcane delivered by producers to the
14 processor.

15 “(B) MINIMUM PAYMENTS.—

16 “(i) IN GENERAL.—Subject to clause
17 (ii), the Secretary may establish appro-
18 priate minimum payments for purposes of
19 this paragraph.

20 “(ii) LIMITATION.—In the case of
21 sugar beets, the minimum payment estab-
22 lished under clause (i) shall not exceed the
23 rate of payment provided for under the ap-
24 plicable contract between a sugar beet pro-
25 ducer and a sugar beet processor.

1 “(3) ADMINISTRATION.—The Secretary may
2 not impose or enforce any prenotification require-
3 ment, or similar administrative requirement not oth-
4 erwise in effect on May 13, 2002, that has the effect
5 of preventing a processor from electing to forfeit the
6 loan collateral (of an acceptable grade and quality)
7 on the maturity of the loan.

8 “(e) LOANS FOR IN-PROCESS SUGAR.—

9 “(1) DEFINITION OF IN-PROCESS SUGARS AND
10 SYRUPS.—In this subsection, the term ‘in-process
11 sugars and syrups’ does not include raw sugar, liq-
12 uid sugar, invert sugar, invert syrup, or other fin-
13 ished product that is otherwise eligible for a loan
14 under subsection (a) or (b).

15 “(2) AVAILABILITY.—The Secretary shall make
16 nonrecourse loans available to processors of a crop
17 of domestically grown sugarcane and sugar beets for
18 in-process sugars and syrups derived from the crop.

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

24 “(4) FURTHER PROCESSING ON FORFEITURE.—

1 “(A) IN GENERAL.—As a condition of the
2 forfeiture of in-process sugars and syrups serv-
3 ing as collateral for a loan under paragraph (2),
4 the processor shall, within such reasonable time
5 period as the Secretary may prescribe and at no
6 cost to the Commodity Credit Corporation, con-
7 vert the in-process sugars and syrups into raw
8 cane sugar or refined beet sugar of acceptable
9 grade and quality for sugars eligible for loans
10 under subsection (a) or (b).

11 “(B) TRANSFER TO CORPORATION.—Once
12 the in-process sugars and syrups are fully proc-
13 essed into raw cane sugar or refined beet sugar,
14 the processor shall transfer the sugar to the
15 Commodity Credit Corporation.

16 “(C) PAYMENT TO PROCESSOR.—On trans-
17 fer of the sugar, the Secretary shall make a
18 payment to the processor in an amount equal to
19 the amount obtained by multiplying—

20 “(i) the difference between—

21 “(I) the loan rate for raw cane
22 sugar or refined beet sugar, as appro-
23 priate; and

24 “(II) the loan rate the processor
25 received under paragraph (3); by

1 “(ii) the quantity of sugar transferred
2 to the Secretary.

3 “(5) LOAN CONVERSION.—If the processor does
4 not forfeit the collateral as described in paragraph
5 (4), but instead further processes the in-process sug-
6 ars and syrups into raw cane sugar or refined beet
7 sugar and repays the loan on the in-process sugars
8 and syrups, the processor may obtain a loan under
9 subsection (a) or (b) for the raw cane sugar or re-
10 fined beet sugar, as appropriate.

11 “(6) TERM OF LOAN.—The term of a loan
12 made under this subsection for a quantity of in-proc-
13 ess sugars and syrups, when combined with the term
14 of a loan made with respect to the raw cane sugar
15 or refined beet sugar derived from the in-process
16 sugars and syrups, may not exceed 9 months, con-
17 sistent with subsection (c).

18 “(f) AVOIDING FORFEITURES; CORPORATION INVEN-
19 TORY DISPOSITION.—

20 “(1) IN GENERAL.—Subject to subsection
21 (d)(3), to the maximum extent practicable, the Sec-
22 retary shall operate the program established under
23 this section at no cost to the Federal Government by
24 avoiding the forfeiture of sugar to the Commodity
25 Credit Corporation.

1 “(2) INVENTORY DISPOSITION.—

2 “(A) IN GENERAL.—To carry out para-
3 graph (1), the Commodity Credit Corporation
4 may accept bids to obtain raw cane sugar or re-
5 fined beet sugar in the inventory of the Com-
6 modity Credit Corporation from (or otherwise
7 make available such commodities, on appro-
8 priate terms and conditions, to) processors of
9 sugarcane and processors of sugar beets (acting
10 in conjunction with the producers of the sugar-
11 cane or sugar beets processed by the proc-
12 essors) in return for the reduction of production
13 of raw cane sugar or refined beet sugar, as ap-
14 propriate.

15 “(B) BIOENERGY FEEDSTOCK.—If a re-
16 duction in the quantity of production accepted
17 under subparagraph (A) involves sugar beets or
18 sugarcane that has already been planted, the
19 sugar beets or sugarcane so planted may not be
20 used for any commercial purpose other than as
21 a bioenergy feedstock.

22 “(C) ADDITIONAL AUTHORITY.—The au-
23 thority provided under this paragraph is in ad-
24 dition to any authority of the Commodity Credit
25 Corporation under any other law.

1 “(g) INFORMATION REPORTING.—

2 “(1) DUTY OF PROCESSORS AND REFINERS TO
3 REPORT.—A sugarcane processor, cane sugar re-
4 finer, and sugar beet processor shall furnish the Sec-
5 retary, on a monthly basis, such information as the
6 Secretary may require to administer sugar pro-
7 grams, including the quantity of purchases of sugarcane,
8 sugar beets, and sugar, and production, impor-
9 tation, distribution, and stock levels of sugar.

10 “(2) DUTY OF PRODUCERS TO REPORT.—

11 “(A) PROPORTIONATE SHARE STATES.—As
12 a condition of a loan made to a processor for
13 the benefit of a producer, the Secretary shall
14 require each producer of sugarcane located in a
15 State (other than the Commonwealth of Puerto
16 Rico) in which there are in excess of 250 pro-
17 ducers of sugarcane to report, in the manner
18 prescribed by the Secretary, the sugarcane
19 yields and acres planted to sugarcane of the
20 producer.

21 “(B) OTHER STATES.—The Secretary may
22 require each producer of sugarcane or sugar
23 beets not covered by subparagraph (A) to re-
24 port, in a manner prescribed by the Secretary,

1 the yields of, and acres planted to, sugarcane or
2 sugar beets, respectively, of the producer.

3 “(3) DUTY OF IMPORTERS TO REPORT.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), the Secretary shall require
6 an importer of sugars, syrups, or molasses to be
7 used for human consumption or to be used for
8 the extraction of sugar for human consumption
9 to report, in the manner prescribed by the Sec-
10 retary, the quantities of the products imported
11 by the importer and the sugar content or equiv-
12 alent of the products.

13 “(B) TARIFF-RATE QUOTAS.—Subpara-
14 graph (A) shall not apply to sugars, syrups, or
15 molasses that are within the quantities of tariff-
16 rate quotas that are subject to the lower rate
17 of duties.

18 “(4) COLLECTION OF INFORMATION ON MEX-
19 ICO.—

20 “(A) COLLECTION.—The Secretary shall
21 collect—

22 “(i) information on the production,
23 consumption, stocks and trade of sugar in
24 Mexico, including United States exports of
25 sugar to Mexico; and

1 “(ii) publicly available information on
2 Mexican production, consumption, and
3 trade of high fructose corn syrups, includ-
4 ing United States exports of high fructose
5 corn syrups to Mexico.

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

10 “(5) PENALTY.—Any person willfully failing or
11 refusing to furnish the information required to be
12 reported by paragraph (1), (2), or (3), or furnishing
13 willfully false information, shall be subject to a civil
14 penalty of not more than \$10,000 for each such vio-
15 lation.

16 “(6) MONTHLY REPORTS.—Taking into consid-
17 eration the information received under this sub-
18 section, the Secretary shall publish on a monthly
19 basis composite data on production, imports, dis-
20 tribution, and stock levels of sugar.

21 “(h) SUBSTITUTION OF REFINED SUGAR.—For pur-
22 poses of Additional U.S. Note 6 to chapter 17 of the Har-
23 monized Tariff Schedule of the United States and the re-
24 export programs and polyhydric alcohol program adminis-
25 tered by the Secretary, all refined sugars (whether derived

1 from sugar beets or sugarcane) produced by cane sugar
2 refineries and beet sugar processors shall be fully substi-
3 tutable for the export of sugar and sugar-containing prod-
4 ucts under those programs.

5 “(i) **EFFECTIVE PERIOD.**—This section shall be ef-
6 fective only for the 2008 through 2012 crops of sugar
7 beets and sugarcane.”

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

15 **SEC. 1302. UNITED STATES MEMBERSHIP IN THE INTER-**
16 **NATIONAL SUGAR ORGANIZATION.**

17 The Secretary of Agriculture shall work with the Sec-
18 retary of State to restore United States membership in
19 the International Sugar Organization within one year
20 after the date of enactment of this Act.

21 **SEC. 1303. FLEXIBLE MARKETING ALLOTMENTS FOR**
22 **SUGAR.**

23 (a) **DEFINITION OF HUMAN CONSUMPTION.**—Section
24 359a of the Agricultural Adjustment Act of 1938 (7
25 U.S.C. 1359aa) is amended—

1 “(C) the quantity of sugar that will be
2 available from carry-in stocks for human con-
3 sumption in the United States during the crop
4 year;

5 “(D) the quantity of sugar that will be
6 available from the domestic processing of sugar-
7 cane, sugar beets, and in-process beet sugar;
8 and

9 “(E) the quantity of sugars, syrups, and
10 molasses that will be imported for human con-
11 sumption or to be used for the extraction of
12 sugar for human consumption in the United
13 States during the crop year, whether such arti-
14 cles are under a tariff-rate quota or are in ex-
15 cess or outside of a tariff-rate quota.

16 “(2) EXCLUSION.—The estimates under this
17 subsection shall not apply to sugar imported for the
18 production of polyhydric alcohol or to any sugar re-
19 fined and reexported in refined form or in products
20 containing sugar.

21 “(3) REESTIMATES.—The Secretary shall make
22 reestimates of sugar consumption, stocks, produc-
23 tion, and imports for a crop year as necessary, but
24 no later than the beginning of each of the second
25 through fourth quarters of the crop year.

1 “(b) SUGAR ALLOTMENTS.—

2 “(1) ESTABLISHMENT.—By the beginning of
3 each crop year, the Secretary shall establish for that
4 crop year appropriate allotments under section 359e
5 for the marketing by processors of sugar processed
6 from sugar cane or sugar beets or in-process beet
7 sugar (whether such sugar beets or in-process beet
8 sugar was produced domestically or imported) at a
9 level sufficient to maintain raw and refined sugar
10 prices above forfeiture levels so that there will be no
11 forfeitures of sugar to the Commodity Credit Cor-
12 poration under the loan program for sugar estab-
13 lished under section 156 of the Federal Agriculture
14 Improvement and Reform Act of 1996 (7 U.S.C.
15 7272).

16 “(2) MINIMUM.—The level of allotments estab-
17 lished under paragraph (1) may not be less than 85
18 percent of the estimated quantity of sugar for do-
19 mestic human consumption for the crop year.

20 “(3) PRODUCTS.—The Secretary may include
21 sugar products, whose majority content is sucrose, in
22 the allotments established under paragraph (1) if
23 the Secretary determines that the inclusion of such
24 sugar products is appropriate for controlling the
25 supply of sugar for human consumption.

1 “(c) COVERAGE OF ALLOTMENTS.—

2 “(1) IN GENERAL.—The marketing allotments
3 provided for in this part shall apply to the mar-
4 keting by processors of sugar intended for domestic
5 human consumption that has been processed from
6 sugar cane or sugar beets or in-process beet sugar
7 (whether such sugar beets or in-process beet sugar
8 was produced domestically or imported).

9 “(2) EXCEPTIONS.—Consistent with the admin-
10 istration of marketing allotments during crop years
11 2002 through 2007, the marketing allotments shall
12 not apply to sugar sold—

13 “(A) to facilitate the exportation of such
14 sugar to a foreign country, except that such ex-
15 ports of sugar shall not be eligible to receive
16 credits under re-export programs for refined
17 sugar or sugar containing products adminis-
18 tered by the Secretary;

19 “(B) to enable another processor to fulfill
20 an allocation established for such other proc-
21 essor, except that such sales must be made be-
22 fore May 1 and must be reported to the Sec-
23 retary; or

24 “(C) for uses other than domestic human
25 consumption.

1 “(d) PROHIBITIONS.—

2 “(1) IN GENERAL.—During any crop year or
3 portion thereof for which marketing allotments have
4 been established, no processor of sugar beets or sug-
5 arcane shall market for domestic human consump-
6 tion a quantity of sugar in excess of the allocation
7 established for such processor, except to enable an-
8 other processor to fulfill an allocation established for
9 such other processor or to facilitate the exportation
10 of such sugar.

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

18 “(3) DEFINITION OF MARKET.—For purposes
19 of this part, the term ‘market’ shall mean to sell or
20 otherwise dispose of in commerce in the United
21 States, including—

22 “(A) the forfeiture of sugar under the loan
23 program for sugar under section 156 of the
24 Federal Agriculture Improvement and Reform
25 Act of 1996 (7 U.S.C. 7272) and such forfeited

1 sugar shall be deemed to have been marketed
2 during the crop year in which the loan was
3 made;

4 “(B) with respect to any integrated proc-
5 essor and refiner, the movement of raw cane
6 sugar into the refining process; and

7 “(C) the sale of sugar for the production
8 of ethanol or other bioenergy product, if such
9 ethanol or bioenergy product is the subject of a
10 payment under the feedstock flexibility program
11 for bioenergy producers.”.

12 (c) ESTABLISHMENT.—Section 359c of the Agricul-
13 tural Adjustment Act of 1938 (7 U.S.C. 1359cc) is
14 amended—

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

17 “(b) OVERALL ALLOTMENT QUANTITY.—

18 “(1) IN GENERAL.—The Secretary shall estab-
19 lish the overall quantity of sugar to be allotted for
20 the crop year (in this part referred to as the ‘overall
21 allotment quantity’) at a level sufficient to maintain
22 raw and refined sugar prices above forfeiture levels
23 to avoid the forfeiture of sugar to the Commodity
24 Credit Corporation.

1 “(2) MINIMUM.—The overall allotment quantity
2 established under paragraph (1) may not be less
3 than 85 percent of the estimated quantity of sugar
4 for domestic human consumption for the crop year.

5 “(3) ADJUSTMENT.—Subject to paragraphs (1)
6 and (2), the Secretary shall adjust the overall allot-
7 ment quantity—

8 “(A) to maintain raw and refined sugar
9 prices above forfeiture levels to avoid the for-
10 feiture of sugar to the Commodity Credit Cor-
11 poration; and

12 “(B) to maintain adequate supplies of raw
13 and refined sugar in the domestic market.”;

14 (2) in subsection (d)(2), by inserting before the
15 period the following: “or in-process beet sugar”;

16 (3) in subsection (g)(1), by inserting at the end
17 the following new sentence: “However, the overall al-
18 lotment quantity may not be reduced to a quantity
19 less than 85 percent of the estimated quantity of
20 sugar for domestic human consumption for the crop
21 year.”; and

22 (4) by striking subsection (h).

23 (d) ALLOCATION OF MARKETING ALLOTMENTS.—
24 Section 359d(b) of the Agricultural Adjustment Act of
25 1938 (7 U.S.C. 1359dd(b)) is amended—

1 (1) in paragraph (1)(F), by striking “Except as
2 otherwise provided in section 359f(c)(8), if” and in-
3 serting “If”; and

4 (2) in paragraph (2), by striking subparagraphs
5 (H) and (I) and inserting the following new subpara-
6 graph:

7 “(H) NEW ENTRANTS STARTING PRODUC-
8 TION, REOPENING, OR ACQUIRING AN EXISTING
9 FACTORY WITH PRODUCTION HISTORY.—

10 “(i) ALLOCATION FOR A NEW EN-
11 TRANT THAT HAS CONSTRUCTED A NEW
12 FACTORY OR REOPENED A FACTORY THAT
13 WAS NOT OPERATING SINCE BEFORE
14 1998.—If a New Entrant constructs a new
15 sugar beet processing factory, or acquires
16 and reopens a sugar beet processing fac-
17 tory that last processed sugar beets prior
18 to the 1998 crop year and there is no allo-
19 cation currently associated with the fac-
20 tory, the Secretary shall—

21 “(I) assign an allocation for beet
22 sugar to the New Entrant that pro-
23 vides a fair and equitable distribution
24 of the allocations for beet sugar in
25 order to enable the New Entrant to

1 achieve a factory utilization rate com-
2 parable to the factory utilization rates
3 of other similarly situated processors;
4 and

5 “(II) reduce the allocations for
6 beet sugar of all other processors on
7 a pro rata basis to reflect the alloca-
8 tion to the New Entrant.

9 “(ii) ALLOCATION FOR A NEW EN-
10 TRANT THAT HAS ACQUIRED AN EXISTING
11 FACTORY WITH A PRODUCTION HISTORY.—
12 If a New Entrant acquires an existing fac-
13 tory that has processed sugar beets from
14 the 1998 or later crop years and has a
15 production history, then, upon the mutual
16 agreement of the New Entrant and the
17 company currently holding the allocation
18 associated with the factory, the Secretary
19 shall transfer to the New Entrant a por-
20 tion of allocation of the current allocation
21 holder to reflect the historical contribution
22 of the production of the acquired factory to
23 the total allocation of the current alloca-
24 tion holder. In the absence of mutual

1 agreement, the new entrant shall be ineli-
2 gible for a beet sugar allocation.

3 “(iii) APPEALS.—Any decision made
4 under this subsection may be appealed to
5 the Secretary pursuant to section 359i.

6 “(iv) DEFINITION.—In this subpara-
7 graph, the term ‘New Entrant’ means an
8 individual, corporation, or other entity that
9 does not have an allocation of the beet
10 sugar allotment under this part, is not af-
11 filiated with any other individual, corpora-
12 tion, or entity that has an allocation of
13 beet sugar under this part (known as a
14 ‘third party’), and will process sugar beets
15 produced by sugar beet growers under con-
16 tract with the New Entrant for the produc-
17 tion of sugar at the new or re-opened fac-
18 tory that is the basis for the New Entrant
19 allocation.

20 “(v) AFFILIATION.—For purposes of
21 this subparagraph, a New Entrant and a
22 third party shall be deemed to be ‘affili-
23 ated’ if—

24 “(I) the third party has an own-
25 ership interest in the New Entrant;

1 “(II) the New Entrant and the
2 third party have owners in common;

3 “(III) the third party has the
4 ability to exercise control over the
5 New Entrant by organizational rights,
6 contractual rights, or any other
7 means;

8 “(IV) the third party has a con-
9 tractual relationship with the New
10 Entrant by which the New Entrant
11 will make use of the facilities or assets
12 of such third party; or

13 “(V) any other similar cir-
14 cumstance exists by which the Sec-
15 retary determines that the New En-
16 trant and the third party are affili-
17 ated.”.

18 (e) REASSIGNMENT OF DEFICITS.—Section 359e(b)
19 of the Agricultural Adjustment Act of 1938 (7 U.S.C.
20 1359ee(b)) is amended in both paragraphs (1)(D) and
21 (2)(C) by inserting “of raw cane sugar” after “imports”.

22 (f) PROVISIONS APPLICABLE TO PRODUCERS.—Sec-
23 tion 359f(e) of the Agricultural Adjustment Act of 1938
24 (7 U.S.C. 1359ff(e)) is amended—

1 (1) in paragraph (2), by striking “quantity of
2 sugarcane” and inserting “quantity of sugar pro-
3 duced from sugarcane”;

4 (2) in paragraph (5)(C), by inserting “for
5 sugar” before “in excess of the farm’s proportionate
6 share”;

7 (3) in paragraph (7), by striking “amount of
8 sugarcane” and inserting “amount of sugar from
9 sugarcane”; and

10 (4) by striking paragraph (8) and inserting the
11 following new paragraph:

12 “(8) SEED DEFINITION.—In this subsection,
13 the term ‘seed’ includes only varieties of seed dedi-
14 cated to the production of sugarcane from which is
15 produced sugar for human consumption, and ex-
16 cludes seed of high-fiber cane varieties dedicated to
17 other uses, as determined by the Secretary.”.

18 (g) SPECIAL RULES.—Section 359g of the Agricul-
19 tural Adjustment Act of 1938 (7 U.S.C. 1359gg) is
20 amended—

21 (1) by striking subsection (a) and inserting the
22 following new subsection:

23 “(a) TRANSFER OF ACREAGE BASE HISTORY.—

24 “(1) TRANSFER AUTHORIZED.—For the pur-
25 pose of establishing proportionate shares for sugar-

1 cane farms under section 359f(c), the Secretary, on
2 application of any producer, with the written consent
3 of all owners of a farm, may transfer the acreage
4 base history of the farm to any other parcels of land
5 of the applicant.

6 “(2) CONVERTED ACREAGE BASE.—

7 “(A) IN GENERAL.—Sugarcane base acre-
8 age established under section 359f(c) that has
9 been or is converted to non-agricultural use on
10 or after May 13, 2002, may be transferred to
11 other land suitable for the production of sugar-
12 cane that can be delivered to a processor in a
13 proportionate share State in accordance with
14 this paragraph.

15 “(B) NOTIFICATION.—Not later than 90
16 days after the date of the enactment of [the
17 2007 Farm Bill], or the subsequent conversion
18 of sugarcane base acreage to a non-agricultural
19 use, the Secretary, acting through the Farm
20 Service Agency, shall notify the affected land-
21 owner (or landowners) of the transferability of
22 the applicable sugarcane base acreage.

23 “(C) INITIAL TRANSFER PERIOD.—The
24 owner of the base attributable to the acreage at
25 the time of the conversion shall be afforded 90

1 days from the date of the receipt of the notifi-
2 cation under subparagraph (B) to transfer the
3 base to one or more farms owned by the owner.

4 “(D) GROWER OF RECORD.—If the trans-
5 fer under subparagraph (C) cannot be accom-
6 plished within the time period prescribed in
7 such subparagraph, then the grower of record
8 with regard to the base acreage on the date on
9 which the acreage was converted to non-agricul-
10 tural use shall be so notified, and shall be af-
11 farded 90 days from the date of the receipt of
12 such notification to transfer the base to one or
13 more farms operated by the grower.

14 “(E) POOL DISTRIBUTION.—If the trans-
15 fers under subparagraphs (B) and (C) cannot
16 be accomplished within the time periods pre-
17 scribed therein, then the county committee for
18 the applicable parish shall place the acreage
19 base in a pool for possible assignment to other
20 farms. After providing reasonable notice to
21 farm owners, operators, and growers of record
22 in the parish, the county committee shall accept
23 requests from owners, operators, and growers of
24 record in the parish. The county committee
25 shall assign the base to other farms in the par-

1 ish that are eligible and capable of accepting
2 such base, based on a random drawing from
3 among the requests received from owners, oper-
4 ators, and growers of record with eligible farms.

5 “(F) STATEWIDE REALLOCATION.—Any
6 base remaining unassigned after the processes
7 in subparagraphs (A) through (E) shall be
8 made available to the State committee for allo-
9 cation among the remaining county committees
10 in the State representing parishes with farms
11 eligible for assignment of the base. The remain-
12 ing base shall be reallocated to requesting coun-
13 ty committees based on a random drawing. Any
14 county committee receiving base under this sub-
15 paragraph shall allocate the base to eligible
16 farms using the process described in subpara-
17 graph (E).

18 “(G) STATUS OF REASSIGNED BASE.—
19 Once reassigned pursuant to this paragraph,
20 the acreage base shall remain on the farm, and
21 will be subject to the transfer provisions of
22 paragraph (1).”;

23 (2) by striking subsection (d) and inserting the
24 following new subsection:

25 “(d) TRANSFERS OF MILL ALLOCATIONS.—

1 “(1) TRANSFER AUTHORIZED.—A producer in a
2 proportionate share State, upon written consent
3 from all affected crop-share owners (or the rep-
4 resentative of the crop-share owners) of a farm may
5 deliver sugarcane to another processing company if
6 the additional delivery, when combined with such
7 other processing company’s existing deliveries, does
8 not exceed the processing capacity of the company.

9 “(2) ALLOCATION ADJUSTMENT.—Notwith-
10 standing section 359d, the Secretary shall adjust the
11 allocations of each of such processing companies af-
12 fected by a transfer under paragraph (1) to reflect
13 the change in deliveries, based on—

14 “(A) the number of acres of sugarcane
15 base being transferred; and

16 “(B) the pro-rata amount of allocation at
17 the processing company holding the applicable
18 allocation that equals the grower’s contribution
19 to the processing company’s allocation for the
20 sugarcane base acres being transferred.”.

21 (h) APPEALS.—Section 359i of the Agricultural Ad-
22 justment Act of 1938 (7 U.S.C. 1359ii) is amended—

23 (1) in subsection (a), by inserting “or 359g(d)”
24 after “359f”; and

25 (2) by striking subsection (c).

1 (i) ADMINISTRATION OF TARIFF RATE QUOTAS.—

2 The Agricultural Adjustment Act of 1938 is amended by
3 striking section 359k (7 U.S.C. 1359kk) and inserting the
4 following new section:

5 **“SEC. 359k. ADMINISTRATION OF TARIFF RATE QUOTAS.**

6 “(a) ESTABLISHMENT.—Notwithstanding any other
7 provision of law, at the beginning of the quota year, the
8 Secretary shall establish the tariff-rate quotas for raw
9 cane sugar and refined sugars at the minimum necessary
10 to comply with obligations under international trade
11 agreements that have been approved by the Congress. This
12 subsection shall not apply to specialty sugar.

13 “(b) ADJUSTMENT.—

14 “(1) BEFORE APRIL 1.—

15 “(A) INITIAL ADJUSTMENT REQUIRED.—

16 Before April 1 of a fiscal year, in the event that
17 there is an emergency shortage of sugar in the
18 United States market that is caused by war,
19 floods, hurricanes, or other natural disaster, or
20 other similar event, the Secretary shall take ac-
21 tion to increase supply as provided under sec-
22 tions 359c(b)(2) and 359e(b), including an in-
23 crease in the tariff-rate quota for raw cane
24 sugar to accommodate the reassignment to im-
25 ports.

1 “(B) ADDITIONAL ADJUSTMENT.—If, after
2 adjustment under subparagraph (A), there is
3 still a shortage of sugar in the United States
4 market, and marketings of domestic sugar have
5 been maximized, the Secretary may increase the
6 tariff-rate quota for refined sugars sufficient to
7 accommodate the supply increase, if such fur-
8 ther increase will not threaten to result in the
9 forfeiture of sugar pledged as collateral for a
10 loan under section 156 of the Federal Agri-
11 culture Improvement and Reform Act of 1996
12 (7 U.S.C. 7272).

13 “(2) ON OR AFTER APRIL 1.—

14 “(A) INITIAL ADJUSTMENT AUTHOR-
15 IZED.—On or after April 1 of a fiscal year, the
16 Secretary may take action to increase supply as
17 provided under sections 359c(b)(2) and
18 359e(b), including an increase in the tariff-rate
19 quota for raw cane sugar to accommodate the
20 reassignment to imports.

21 “(B) ADDITIONAL ADJUSTMENT.—If, after
22 adjustment under subparagraph (A), there is
23 still a shortage of sugar in the United States
24 market, and marketings of domestic sugar have
25 been maximized, the Secretary may increase the

1 tariff-rate quota for raw cane sugar if such fur-
2 ther increase will not threaten to result in the
3 forfeiture of sugar pledged as collateral for a
4 loan under section 156 of the Federal Agri-
5 culture Improvement and Reform Act of 1996
6 (7 U.S.C. 7272).

7 “(c) ORDERLY SHIPPING PATTERNS FOR MAJOR
8 SUPPLIERS.—

9 “(1) IN GENERAL.—The Secretary of Agri-
10 culture shall establish orderly shipping patterns for
11 major suppliers of sugar to the United States under
12 the tariff rate quotas in accordance with this sub-
13 section.

14 “(2) VERY LARGE MAJOR SUPPLIERS.—If a
15 country holds quota allocations of at least 100,000
16 metric tons of sugar, the Secretary shall allow the
17 country to export up to 25 percent of the country’s
18 quota allocation to the United States in each cal-
19 endar quarter. Sugar permitted to enter into the
20 United States in a calendar quarter, but not actually
21 entered in that quarter, may be entered into the
22 United States at any time during the remainder of
23 the fiscal year.

24 “(3) LARGE MAJOR SUPPLIERS.—For countries
25 holding quota allocations of more than 45,000 met-

1 ric tons of sugar, but less than 100,000 metric tons
2 of sugar, the Secretary shall require that the coun-
3 try may ship not more than 50 percent of the coun-
4 try's quota sugar to the United States in the first
5 six months of the year.”.

6 (j) **EFFECTIVE DATE.**—The Agricultural Adjustment
7 Act of 1938 is amended by inserting after section 359k
8 (7 U.S.C. 1359kk) the following new section:

9 **“SEC. 359l. EFFECTIVE PERIOD.**

10 “This part shall be effective only for the 2008
11 through 2012 crop years for sugar.”.

12 (k) **TRANSITION.**—The Secretary of Agriculture shall
13 administer flexible marketing allotments for sugar for the
14 2007 crop year for sugar on the terms and conditions pro-
15 vided in part VII of title III of the Agricultural Adjust-
16 ment Act of 1938, as in effect on the day before the date
17 of the enactment of this Act.

18 **Subtitle D—Dairy-Related**
19 **Provisions**

20 **SEC. 1401. DAIRY PRODUCT PRICE SUPPORT PROGRAM.**

21 (a) **SUPPORT ACTIVITIES.**—During the period begin-
22 ning on January 1, 2008, through December 31, 2012,
23 the Secretary of Agriculture shall support the price of
24 cheddar cheese, butter, and nonfat dry milk through the

1 purchase of such products made from milk produced in
2 the United States.

3 (b) PURCHASE PRICE.—To carry out subsection (a)
4 during the period specified in such subsection, the Sec-
5 retary shall purchase—

6 (1) cheddar cheese in blocks at not less than
7 \$1.13 per pound;

8 (2) cheddar cheese in barrels at not less than
9 \$1.10 per pound;

10 (3) butter at not less than \$1.05 per pound;
11 and

12 (4) nonfat dry milk at not less than \$0.80 per
13 pound.

14 (c) TEMPORARY PRICE ADJUSTMENT TO AVOID EX-
15 CESS INVENTORIES.—

16 (1) ADJUSTMENTS AUTHORIZED.—The Sec-
17 retary may adjust the minimum purchase prices es-
18 tablished under subsection (b) only as permitted
19 under this subsection.

20 (2) CHEESE INVENTORIES IN EXCESS OF 200
21 MILLION POUNDS.—If net removals for a period of
22 12 consecutive months exceed 200 million pounds of
23 cheese, but do not exceed 400 million pounds, the
24 Secretary may reduce the purchase prices under
25 paragraphs (1) and (2) of subsection (b) during the

1 immediately following month by not more than 10
2 cents per pound.

3 (3) CHEESE INVENTORIES IN EXCESS OF 400
4 MILLION POUNDS.—If net removals for a period of
5 12 consecutive months exceed 400 million pounds of
6 cheese, the Secretary may reduce the purchase
7 prices under paragraphs (1) and (2) of subsection
8 (b) during the immediately following month by not
9 more than 20 cents per pound.

10 (4) BUTTER INVENTORIES IN EXCESS OF 450
11 MILLION POUNDS.—If net removals for a period of
12 12 consecutive months exceed 450 million pounds of
13 butter, but do not exceed 650 million pounds, the
14 Secretary may reduce the purchase price under sub-
15 section (b)(3) during the immediately following
16 month by not more than 10 cents per pound.

17 (5) BUTTER INVENTORIES IN EXCESS OF 650
18 MILLION POUNDS.—If net removals for a period of
19 12 consecutive months exceed 650 million pounds of
20 butter, the Secretary may reduce the purchase price
21 under subsection (b)(3) during the immediately fol-
22 lowing month by not more than 20 cents per pound.

23 (6) NONFAT DRY MILK INVENTORIES IN EX-
24 CESS OF 600 MILLION POUNDS.—If net removals for
25 a period of 12 consecutive months exceed 600 mil-

1 lion pounds of nonfat dry milk, but do not exceed
2 800 million pounds, the Secretary may reduce the
3 purchase price under subsection (b)(4) during the
4 immediately following month by not more than 5
5 cents per pound.

6 (7) NONFAT DRY MILK INVENTORIES IN EX-
7 CESS OF 800 MILLION POUNDS.—If net removals for
8 a period of 12 consecutive months exceed 800 mil-
9 lion pounds of nonfat dry milk, the Secretary may
10 reduce the purchase price under subsection (b)(4)
11 during the immediately following month by not more
12 than 10 cents per pound.

13 (d) UNIFORM PURCHASE PRICE.—The prices that
14 the Secretary pays for cheese, butter, or nonfat dry milk,
15 respectively, under subsection (a) shall be uniform for all
16 regions of the United States.

17 (e) SALES FROM INVENTORIES.—In the case of each
18 commodity specified in subsection (b) that is available for
19 unrestricted use in inventories of the Commodity Credit
20 Corporation, the Secretary may sell the commodity at the
21 market prices prevailing for that commodity at the time
22 of sale, except that the sale price may not be less than
23 110 percent of the minimum purchase price specified in
24 subsection (b) for that commodity.

1 (f) NET REMOVALS DEFINED.—In this section, the
2 term “net removals” means—

3 (1) the sum of the quantity of a product de-
4 scribed in subsection (a) purchased by the Com-
5 modity Credit Corporation under this section and
6 the quantity of such product exported under section
7 153 of the Food Security Act of 1985 (15 U.S.C.
8 713a-14); less

9 (2) the amount of such product sold for unre-
10 stricted use by the Commodity Credit Corporation.

11 (g) COMMODITY CREDIT CORPORATION.—The Sec-
12 retary shall use the funds of the Commodity Credit Cor-
13 poration to carry out this section.

14 **SEC. 1402. DAIRY FORWARD PRICING PROGRAM.**

15 (a) PROGRAM REQUIRED.—Section 23 of the Agricul-
16 tural Adjustment Act (7 U.S.C. 627), reenacted with
17 amendments by the Agricultural Marketing Agreement
18 Act of 1937, is amended to read as follows:

19 **“SEC. 23. DAIRY FORWARD PRICING PROGRAM.**

20 “(a) PROGRAM REQUIRED.—The Secretary of Agri-
21 culture shall establish a program under which milk pro-
22 ducers and cooperative associations of producers are au-
23 thorized to voluntarily enter into forward price contracts
24 with milk handlers.

1 “(b) MINIMUM MILK PRICE REQUIREMENTS.—Pay-
2 ments made by milk handlers to milk producers and coop-
3 erative associations of producers, and prices received by
4 milk producers and cooperative associations, in accordance
5 with the terms of a forward price contract authorized by
6 subsection (a), shall be deemed to satisfy—

7 “(1) all uniform and minimum milk price re-
8 quirements of paragraphs (B) and (F) of subsection
9 (5) of section 8c; and

10 “(2) the total payment requirement of para-
11 graph (C) of such subsection.

12 “(c) MILK COVERED BY PROGRAM.—

13 “(1) COVERED MILK.—The program shall apply
14 only with respect to the marketing of federally regu-
15 lated milk that—

16 “(A) is not classified as Class I milk or
17 otherwise intended for fluid use; and

18 “(B) is in the current of interstate or for-
19 eign commerce or directly burdens, obstructs, or
20 affects interstate or foreign commerce in feder-
21 ally regulated milk.

22 “(2) RELATION TO CLASS I MILK.—To assist
23 milk handlers in complying with the limitation in
24 paragraph (1)(A) without having to segregate or
25 otherwise individually track the source and disposi-

1 tion of milk, a milk handler may allocate milk re-
2 ceipts from producers, cooperatives, and other
3 sources that are not subject to a forward contract to
4 satisfy the handler's obligations with regard to Class
5 I milk usage.

6 “(d) VOLUNTARY PROGRAM; ALTERNATIVE
7 OFFER.—A milk handler may not require participation in
8 the program under this section as a condition of the han-
9 dler receiving milk from a producer or cooperative associa-
10 tion of producers. Any offer of a forward pricing contract
11 under subsection (a) by a milk handler to a producer or
12 cooperative association shall include, as an alternative, an
13 offer to receive and purchase the same volume of milk
14 under the same terms, except at the minimum prices oth-
15 erwise applicable under the Federal milk marketing order.

16 “(e) DURATION OF PROGRAM.—

17 “(1) DURATION.—Subject to paragraph (2), the
18 authority of the Secretary of Agriculture to carry
19 out the program under this section terminates on
20 September 30, 2012. No forward price contract en-
21 tered into under the program may extend beyond
22 September 30, 2013.

23 “(2) EARLY TERMINATION.—If the Secretary
24 determines that the program is operating in conflict
25 with other provisions of this Act, the Secretary may

1 terminate the program before the date specified in
2 paragraph (1).”.

3 (b) **TIME FOR ESTABLISHMENT.**—The dairy forward
4 pricing program required by section 23 of the Agricultural
5 Adjustment Act (7 U.S.C. 627), reenacted with amend-
6 ments by the Agricultural Marketing Agreement Act of
7 1937, as amended by subsection (a), shall be established
8 not later than 120 days after the date of the enactment
9 of this Act.

15 **SEC. 1403. DAIRY EXPORT INCENTIVE PROGRAM.**

16 (a) **EXTENSION.**—Subsection (a) of section 153 of
17 the Food Security Act of 1985 (15 U.S.C. 713a–14) is
18 amended by striking “2007” and inserting “2012”.

19 (b) **COMPLIANCE WITH TRADE AGREEMENTS.**—Sec-
20 tion 153 of the Food Security Act of 1985 (15 U.S.C.
21 713a–14) is amended—

22 (1) in subsection (c), by striking paragraph (3)
23 and inserting the following new paragraph:

24 “(3) the maximum volume of dairy product ex-
25 ports allowable consistent with the obligations of the

1 United States under the Uruguay Round Agree-
2 ments approved under section 101 of the Uruguay
3 Round Agreements Act (19 U.S.C. 3511) is exported
4 under the program each year (minus the volume sold
5 under section 1163 of this Act (Public Law 99-198;
6 7 U.S.C. 1731 note) during that year), except to the
7 extent that the export of such a volume under the
8 program would, in the judgment of the Secretary,
9 exceed the limitations on the value set forth in sub-
10 section (f); and”;

11 (2) in subsection (f), by striking paragraph (1)
12 and inserting the following new paragraph:

13 “(1) FUNDS AND COMMODITIES.—Except as
14 provided in paragraph (2), the Commodity Credit
15 Corporation shall in each year use money and com-
16 modities for the program under this section in the
17 maximum amount consistent with the obligations of
18 the United States under the Uruguay Round Agree-
19 ments approved under section 101 of the Uruguay
20 Round Agreements Act (19 U.S.C. 3511), minus the
21 amount expended under section 1163 of this Act
22 (Public Law 99-198; 7 U.S.C. 1731 note) during
23 that year.”.

1 **SEC. 1404. REVISION OF FEDERAL MARKETING ORDER**
2 **AMENDMENT PROCEDURES.**

3 Subsection (17) of section 8c of the Agricultural Ad-
4 justment Act (7 U.S.C. 608c), reenacted with amendments
5 by the Agricultural Marketing Agreement Act of 1937, is
6 amended to read as follows:

7 “(17) PROVISIONS APPLICABLE TO AMENDMENTS.—

8 “(A) APPLICABILITY TO AMENDMENTS.—The
9 provisions of this section and section 8d, applicable
10 to orders shall be applicable to amendments to or-
11 ders.

12 “(B) ADVANCE NOTICE OF HEARING.—Notice
13 of a hearing upon a proposed amendment to any
14 order issued pursuant to this section shall be given
15 not less than 3 days before the date fixed for the
16 hearing, and such notice shall be deemed to be due
17 notice of the hearing.

18 “(C) PROMPT RESPONSE TO REQUESTS FOR
19 AMENDMENT HEARINGS.—Not more than 30 days
20 after receipt of a written request for an amendment
21 hearing regarding a milk marketing order, the Sec-
22 retary shall—

23 “(i) issue a denial of the request; or

24 “(ii) issue notice of the hearing, which
25 shall begin no more than 60 days, and conclude

1 no more than 90 days, after receipt of the re-
2 quest.

3 “(D) SUBMISSION AND USE OF EVIDENCE.—
4 The proponents of any amendment proposed to be
5 made to a milk marketing order shall file with the
6 Secretary all testimony and other evidence in sup-
7 port of the amendment, in written form, at least 7
8 business days before the date fixed for the hearing.
9 The Secretary shall make such written testimony
10 and other evidence available to interested members
11 of the public. Subject to any evidentiary objections
12 and cross examination of submitting witness, the
13 written testimony and evidence shall be entered into
14 evidence without being read at the hearing.

15 “(E) ISSUANCE OF DECISION.—The Secretary
16 shall issue a recommended decision on a proposed
17 amendment to a milk marketing order not later than
18 90 days after the date set by the Administrative
19 Law Judge for the submission of post-hearing pro-
20 posed findings and conclusions and written argu-
21 ments or briefs. The final decision shall be issued
22 not later than 60 days after the date on which the
23 recommended decision was issued.

24 “(F) AVOIDING DUPLICATION.—The Secretary
25 shall not be required to call a hearing on any

1 amendment proposed to be made to a milk mar-
2 keting order in response to an application for a
3 hearing on such proposed amendment if the applica-
4 tion requesting the hearing is received by the Sec-
5 retary within 90 days after the date on which the
6 Secretary has announced the decision on a pre-
7 viously proposed amendment to that order and the
8 two proposed amendments are essentially the
9 same.”.

10 **SEC. 1405. DAIRY INDEMNITY PROGRAM.**

11 Section 3 of Public Law 90–484 (7 U.S.C. 450*l*) is
12 amended by striking “2007” and inserting “2012”.

13 **SEC. 1406. EXTENSION OF MILK INCOME LOSS CONTRACT**
14 **PROGRAM.**

15 Section 1502(c)(3)(B) of the Farm Security and
16 Rural Investment Act of 2002 (7 U.S.C. 7982(c)(3)(B)),
17 as amended by section 9006(a) of the U.S. Troop Readi-
18 ness, Veterans’ Care, Katrina Recovery, and Iraq Ac-
19 countability Appropriations Act, 2007 (Public Law 110–
20 28, 121 Stat. 217), is amended by striking “2007” and
21 inserting “2012”.

22 **SEC. 1407. DAIRY PROMOTION AND RESEARCH PROGRAM.**

23 (a) **EXTENSION OF PROMOTION AUTHORITY.**—Sec-
24 tion 113(e)(2) of the Dairy Production Stabilization Act

1 of 1983 (7 U.S.C. 4504(e)(2)) is amended by striking
2 “2007” and inserting “2012”.

3 (b) DEFINITION OF UNITED STATES FOR PRO-
4 MOTION PROGRAM.—Section 111 of the Dairy Production
5 Stabilization Act of 1983 (7 U.S.C. 4502) is amended—

6 (1) by striking subsection (l) and inserting the
7 following new subsection:

8 “(l) the term ‘United States’, when used in a geo-
9 graphical sense, means all of the States, the District of
10 Columbia, and the Commonwealth of Puerto Rico;”;

11 (2) in subsection (m), by striking “(as defined
12 in subsection (l))”.

13 (c) DEFINITION OF UNITED STATES FOR RESEARCH
14 PROGRAM.—Section 130 of the Dairy Production Sta-
15 bilization Act of 1983 (7 U.S.C. 4531)) is amended by
16 striking paragraph (12) and inserting the following new
17 paragraph:

18 “(12) the term ‘United States’, when used in a
19 geographical sense, means all of the States, the Dis-
20 trict of Columbia, and the Commonwealth of Puerto
21 Rico.”.

1 **SEC. 1408. REPORT ON DEPARTMENT OF AGRICULTURE RE-**
2 **PORTING PROCEDURES FOR NONFAT DRY**
3 **MILK.**

4 Not later than 90 days after the date of the enact-
5 ment of this Act, the Secretary of Agriculture shall submit
6 to Congress a report regarding Department of Agriculture
7 reporting procedures for nonfat dry milk and the impact
8 of these procedures on Federal milk marketing order min-
9 imum prices during the period beginning on July 1, 2006,
10 and ending on the date of the enactment of this Act.

11 **Subtitle E—Administration**

12 **SEC. 1501. ADMINISTRATION GENERALLY.**

13 (a) **USE OF COMMODITY CREDIT CORPORATION.—**
14 The Secretary shall use the funds, facilities, and authori-
15 ties of the Commodity Credit Corporation to carry out this
16 title.

17 (b) **DETERMINATIONS BY SECRETARY.—**A deter-
18 mination made by the Secretary under this title shall be
19 final and conclusive.

20 (c) **REGULATIONS.—**

21 (1) **IN GENERAL.—**Not later than 90 days after
22 the date of the enactment of this Act, the Secretary
23 and the Commodity Credit Corporation, as appro-
24 priate, shall promulgate such regulations as are nec-
25 essary to implement this title.

1 (2) PROCEDURE.—The promulgation of the reg-
2 ulations and administration of this title shall be
3 made without regard to—

4 (A) chapter 35 of title 44, United States
5 Code (commonly known as the “Paperwork Re-
6 duction Act”);

7 (B) the Statement of Policy of the Sec-
8 retary of Agriculture effective July 24, 1971
9 (36 Fed. Reg. 13804), relating to notices of
10 proposed rulemaking and public participation in
11 rulemaking; and

12 (C) the notice and comment provisions of
13 section 553 of title 5, United States Code.

14 (3) CONGRESSIONAL REVIEW OF AGENCY RULE-
15 MAKING.—In carrying out this subsection, the Sec-
16 retary shall use the authority provided under section
17 808 of title 5, United States Code.

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

20 (1) REQUIRED DETERMINATION; ADJUST-
21 MENT.—If the Secretary determines that expendi-
22 tures under subtitles A through E that are subject
23 to the total allowable domestic support levels under
24 the Uruguay Round Agreements (as defined in sec-
25 tion 2 of the Uruguay Round Agreements Act (19

1 U.S.C. 3501)), as in effect on the date of enactment
2 of this Act, will exceed such allowable levels for any
3 applicable reporting period, the Secretary shall, to
4 the maximum extent practicable, make adjustments
5 in the amount of such expenditures during that pe-
6 riod to ensure that such expenditures do not exceed
7 such allowable levels.

8 (2) CONGRESSIONAL NOTIFICATION.—Before
9 making any adjustment under paragraph (1), the
10 Secretary shall submit to the Committee on Agri-
11 culture of the House of Representatives or the Com-
12 mittee on Agriculture, Nutrition, and Forestry of
13 the Senate a report describing the determination
14 made under that paragraph and the extent of the
15 adjustment to be made.

16 **SEC. 1502. SUSPENSION OF PERMANENT PRICE SUPPORT**
17 **AUTHORITY.**

18 (a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—
19 The following provisions of the Agricultural Adjustment
20 Act of 1938 shall not be applicable to the 2008 through
21 2012 crops of covered commodities, peanuts, and sugar
22 and shall not be applicable to milk during the period be-
23 ginning on the date of enactment of this Act through De-
24 cember 31, 2012:

- 1 (1) Parts II through V of subtitle B of title III
2 (7 U.S.C. 1326 et seq.).
- 3 (2) In the case of upland cotton, section 377 (7
4 U.S.C. 1377).
- 5 (3) Subtitle D of title III (7 U.S.C. 1379a et
6 seq.).
- 7 (4) Title IV (7 U.S.C. 1401 et seq.).
- 8 (b) AGRICULTURAL ACT OF 1949.—The following
9 provisions of the Agricultural Act of 1949 shall not be ap-
10 plicable to the 2008 through 2012 crops of covered com-
11 modities, peanuts, and sugar and shall not be applicable
12 to milk during the period beginning on the date of enact-
13 ment of this Act and through December 31, 2012:
- 14 (1) Section 101 (7 U.S.C. 1441).
- 15 (2) Section 103(a) (7 U.S.C. 1444(a)).
- 16 (3) Section 105 (7 U.S.C. 1444b).
- 17 (4) Section 107 (7 U.S.C. 1445a).
- 18 (5) Section 110 (7 U.S.C. 1445e).
- 19 (6) Section 112 (7 U.S.C. 1445g).
- 20 (7) Section 115 (7 U.S.C. 1445k).
- 21 (8) Section 201 (7 U.S.C. 1446).
- 22 (9) Title III (7 U.S.C. 1447 et seq.).
- 23 (10) Title IV (7 U.S.C. 1421 et seq.), other
24 than sections 404, 412, and 416 (7 U.S.C. 1424,
25 1429, and 1431).

1 (11) Title V (7 U.S.C. 1461 et seq.).

2 (12) Title VI (7 U.S.C. 1471 et seq.).

3 (c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—

4 The joint resolution entitled “A joint resolution relating
5 to corn and wheat marketing quotas under the Agricul-
6 tural Adjustment Act of 1938, as amended”, approved
7 May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be
8 applicable to the crops of wheat planted for harvest in the
9 calendar years 2008 through 2012.

10 **SEC. 1503. PAYMENT LIMITATIONS.**

11 (a) EXTENSION.—Sections 1001 and 1001C(a) of the
12 Food Security Act of 1985 (7 U.S.C. 1308, 1308–3(a))
13 are amended by striking “Farm Security and Rural In-
14 vestment Act of 2002” each place it appears (other than
15 in subsection (d)(1) of section 1001 of such Act) and in-
16 serting “**【2007 Farm Bill】**”.

17 (b) CONFORMING AMENDMENTS RELATED TO PEA-
18 NUTS.—Section 1001 of the Food Security Act of 1985
19 (7 U.S.C. 1308) is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (1), by inserting before
22 the period the following: “, except that the term
23 does not include peanuts”; and

24 (B) in paragraph (2), by inserting “pea-
25 nuts,” after “include”;

1 (2) in subsection (b)(2), by striking “under sub-
2 title C” and inserting “for peanuts under subtitle
3 A”;

4 (3) in subsection (c)(2), by striking “under sub-
5 title C” and inserting “for peanuts under subtitle
6 A”; and

7 (4) in subsection (d)(2)—

8 (A) in subparagraph (A), by striking “or
9 C”; and

10 (B) in subparagraph (B), by striking
11 “those subtitles” and inserting “that subtitle”.

12 **SEC. 1504. ADJUSTED GROSS INCOME LIMITATION.**

13 Section 1001D of the Food Security Act of 1985 (7
14 U.S.C. 1308–3a) is amended—

15 (1) in subsection (b)(2), by striking “Farm Se-
16 curity and Rural Investment Act of 2002” each
17 place it appears and inserting “**【2007 Farm Bill】**”;
18 and

19 (2) in subsection (e), by striking “2007” and
20 inserting “2012”.

21 **SEC. 1505. ADJUSTMENTS OF LOANS.**

22 Section 162 of the Federal Agriculture Improvement
23 and Reform Act of 1996 (7 U.S.C. 7282) is amended—

1 (1) in subsection (a), by inserting “(except for
2 cotton and long grain, medium grain, and short
3 grain rice)” after “commodity”;

4 (2) in subsection (b), by striking “Farm Secu-
5 rity and Rural Investment Act of 2002” and insert-
6 ing “**【2007 Farm Bill】**”; and

7 (3) by adding at the end the following new sub-
8 sections:

9 “(d) ADJUSTMENT IN LOAN RATE FOR COTTON.—

10 “(1) ADJUSTMENT AUTHORITY.—The Secretary
11 may make appropriate adjustments in the loan rate
12 for cotton for differences in quality factors.

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

15 “(A) REVISION.—Within 180 days after
16 the date of the enactment of the **【2007 Farm**
17 **Bill】**, the Secretary, after consultation with the
18 private sector as provided in paragraph (3),
19 shall implement revisions in the administration
20 of the marketing assistance loan program for
21 upland cotton to more accurately and efficiently
22 reflect market values for upland cotton.

23 “(B) MANDATORY REVISIONS.—The revi-
24 sions required under subparagraph (A) shall in-
25 clude the following:

1 “(i) The elimination or adjustment of
2 warehouse location differentials to reflect
3 market conditions.

4 “(ii) The establishment of differentials
5 for the various quality factors and staple
6 lengths of cotton based on a three-year,
7 weighted moving average of the weighted
8 designated spot market regions as deter-
9 mined by regional production.

10 “(iii) The elimination of any artificial
11 split in the premium or discount between
12 upland cotton with a 32 or 33 staple
13 length due to micronaire;

14 “(iv) A mechanism to ensure that no
15 premium or discount is established that ex-
16 ceeds the premium or discount associated
17 with a leaf grade that is one better than
18 the applicable color grade.

19 “(C) DISCRETIONARY REVISIONS.—The re-
20 visions under subparagraph (A) may include, at
21 a minimum, the following:

22 “(i) The use of non-spot market price
23 data, in addition to spot market price data,
24 that would enhance the accuracy of the

1 price information used in determining
2 quality adjustments under this subsection.

3 “(ii) Adjustments in the premiums or
4 discounts associated with upland cotton
5 with a staple length of 33 or above due to
6 micronaire with the goal of eliminating any
7 unnecessary artificial splits in the calcula-
8 tions of such premiums or discounts.

9 “(iii) Such other adjustments deter-
10 mined appropriate by the Secretary, after
11 consultations conducted in accordance with
12 paragraph (3).

13 “(3) CONSULTATION WITH PRIVATE SECTOR.—

14 “(A) PRIOR TO REVISION.—Prior to imple-
15 menting any revisions to the administration of
16 the marketing assistance loan program for up-
17 land cotton, the Secretary should endeavor to
18 consult with an existing private sector com-
19 mittee whose membership includes representa-
20 tives of the production, ginning, warehousing,
21 cooperative, and merchandising segments of the
22 United States cotton industry and that has de-
23 veloped recommendations concerning such revi-
24 sions.

1 “(B) UPON REVIEW.—The Secretary shall
2 also consult with the committee referred to in
3 subparagraph (A) when conducting a review of
4 adjustments in the operation of the loan pro-
5 gram as provided in paragraph (4).

6 “(C) INAPPLICABILITY OF FEDERAL ADVI-
7 SORY COMMITTEE ACT.—The Federal Advisory
8 Committee Act (5 U.S.C. App.) shall not apply
9 to consultations under this paragraph with the
10 committee referred to in subparagraph (A).

11 “(4) REVIEW OF ADJUSTMENTS.—The Sec-
12 retary may review the operation of the upland cotton
13 quality adjustments implemented pursuant to this
14 subsection and may make further revisions to the
15 administration of the loan program, by either revok-
16 ing or revising the actions taken pursuant to para-
17 graph (2)(B) or by revoking or revising any actions
18 taken or authorized to be taken under paragraph
19 (2)(B).

20 “(5) ADJUSTMENTS IN EFFECT PRIOR TO REVI-
21 SION.—The quality differences (premiums and dis-
22 counts for quality factors) applicable to the upland
23 cotton loan program (prior to any revisions in ac-
24 cordance with this subsection) shall be established
25 by the Secretary by giving equal weight—

1 “(A) to loan differences for the preceding
2 crop; and

3 “(B) to market differences for such crop in
4 the designated United States spot markets.

5 “(e) RICE LIMITATION.—With respect to long grain
6 rice and medium and short grain rice, the Secretary shall
7 not make adjustments in the loan rates for such commod-
8 ities, except for differences in grade and quality (including
9 milling yields).”.

10 **SEC. 1506. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**
11

12 Section 164 of the Federal Agriculture Improvement
13 and Reform Act of 1996 (7 U.S.C. 7284) is amended by
14 striking “Farm Security and Rural Investment Act of
15 2002” each place it appears and inserting “[2007 Farm
16 Bill]”.

17 **SEC. 1507. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.**
18

19 Section 166 of the Federal Agriculture Improvement
20 and Reform Act of 1996 (7 U.S.C. 7286) is amended in
21 subsections (a) and (c)(1) by striking “subtitle B and C
22 of title I of the Farm Security and Rural Investment Act
23 of 2002” each place it appears and inserting “subtitle B
24 of title I of the [2007 Farm Bill]”.

1 **SEC. 1508. ASSIGNMENT OF PAYMENTS.**

2 (a) IN GENERAL.—The provisions of section 8(g) of
3 the Soil Conservation and Domestic Allotment Act (16
4 U.S.C. 590h(g)), relating to assignment of payments, shall
5 apply to payments made under the authority of this title.

6 (b) NOTICE.—The producer making the assignment,
7 or the assignee, shall provide the Secretary with notice,
8 in such manner as the Secretary may require, of any as-
9 signment made under this section.

10 **SEC. 1509. TRACKING OF BENEFITS.**

11 As soon as practicable after the date of enactment
12 of this Act, the Secretary shall track the benefits provided,
13 directly or indirectly, to individuals and entities under ti-
14 tles I and II and the amendments made by those titles.

15 **SEC. 1510. UPLAND COTTON STORAGE PAYMENTS.**

16 Beginning with the 2012 crop of upland cotton, the
17 Secretary may not use the funds of the Commodity Credit
18 Corporation to pay storage, handling, and other costs as-
19 sociated with the storage of upland cotton for which a
20 marketing assistance loan is made under section 1201.

21 **SEC. 1511. GOVERNMENT PUBLICATION OF COTTON PRICE**
22 **FORECASTS.**

23 Section 15 of the Agricultural Marketing Act (12
24 U.S.C. 1141j) is amended by striking subsection (d).

1 **SEC. 1512. MANDATORY REPORTING FOR PEANUTS.**

2 Subtitle A of the Agricultural Marketing Act of 1946
3 (7 U.S.C. 1621 et seq.) is amended by adding at the end
4 the following new section:

5 **“SEC. 209. MANDATORY REPORTING FOR PEANUTS.**

6 “(a) **PURPOSE.**—The purpose of this section is to es-
7 tablish a program of information regarding the marketing
8 of farmer stock peanuts that—

9 “(1) provides information that can be readily
10 understood by producers and other market partici-
11 pants, including information with respect to prices
12 and quantities purchased;

13 “(2) improves the price and supply reporting
14 services of the Department of Agriculture; and

15 “(3) encourages competition in the marketplace
16 for farmer stock peanuts.

17 “(b) **ESTABLISHMENT.**—The Secretary shall estab-
18 lish a program of mandatory reporting of information re-
19 lated to the sale of peanuts by purchasers of farmer stock
20 peanuts that—

21 “(1) provides timely, accurate, and reliable
22 market information on farmer stock peanuts;

23 “(2) facilitates informed marketing decisions;
24 and

25 “(3) promotes competition in the peanut indus-
26 try.

1 “(c) ADMINISTRATION.—Subsection (c) of section
2 273 shall apply with respect to the program of mandatory
3 reporting required by this section, and, for purposes of
4 carrying out the program—

5 “(1) the references in such subsection to sub-
6 title C shall be deemed to refer to this section; and

7 “(2) the recordkeeping requirements in para-
8 graph (6) of such subsection shall be deemed to
9 refer to farmer stock peanuts.

10 “(d) DEFINITIONS.—In this section:

11 “(1) FARMER STOCK PEANUTS.—The term
12 ‘farmer stock peanuts’ means raw, in-shell peanuts
13 purchased from farmers in a first point of sale
14 transaction.

15 “(2) BUYER.—The term ‘buyer’ means any per-
16 son engaged in the business of buying farmer stock
17 peanuts from peanut farmers.

18 “(3) SECRETARY.—The term ‘Secretary’ means
19 the Secretary of Agriculture.

20 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated such sums as may be
22 necessary to carry out this section.”.