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# **Provisions of the Agriculture and Food Act of 1981**

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ABSTRACT

Commodity program provisions of the Agriculture and Food Act of 1981 are summarized. Price support, loan level, disaster payment, program acreage, and other provisions of the legislation are discussed for wheat, feed grains, cotton, rice, peanuts, soybeans, sugar, dairy, and wool and mohair. The following provisions are also summarized: miscellaneous; grain reserves; the national agricultural cost of production standards review board; agricultural exports and PL-480; food stamps; research, extension, and teaching; resource conservation; credit, rural development, and family farms; and floral research and consumer information.

Keywords: Price supports and loan levels, dairy, wool and mohair, wheat and feed grains, cotton, rice, peanuts, soybeans, sugar, grain reserves, food stamps, agricultural research and extension, and resource conservation.

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## SUMMARY

The Agriculture and Food Act of 1981 (PL 97-98) is a 4-year authorization bill for many farm programs--commodity provisions apply, for the most part, to the 1982 through the 1985 crop years. In addition, the food stamp program, resource conservation, and PL-480 programs are dealt with by this legislation.

### Loan Program

Minimum support levels are established for wheat and feed grains. No mandatory adjustment mechanism is included. The upland cotton and rice loans will be determined in the same way as with the 1977 Act, as amended. The peanut loan level will have a minimum level for the 1982 crop, but in out years it must be set to reflect changes in the cost of production--not to exceed 6 percent in any year. A new sugar loan and purchase program is initiated with minimum levels established. In addition, the soybean loan program is continued.

### Target Prices

The target price/deficiency payment program is continued for wheat, feed grains, upland cotton, and rice. Minimum target price levels are set for all crops. The Secretary is given authority to adjust the wheat, feed grains, upland cotton, and rice targets by changes in cost of production. The upland cotton target must be set at the higher of the minimum level, plus any adjustments made for changes in production costs or 120 percent of the loan level.

### Acreage Reduction

The Secretary is authorized to use either an acreage limitation or a set-aside program to reduce the acreage planted to wheat or feed grains, if needed. The acreage limitation program, but not the set-aside, is available to reduce the acreage planted to upland cotton or rice. Paid land diversion authority is also continued for wheat, feed grains, upland cotton, and rice.

### Allotments and Quotas

Provisions relating to rice acreage allotments and marketing quotas are repealed. Peanut acreage allotments are suspended for the 1982 through 1985 crop years. However, the poundage quota for peanuts remains. Those producers holding peanut allotments in 1981 will receive a poundage quota.

### Grain Reserves

The farmer-owned reserve program is continued. The program's operating regulations will be determined by the Secretary.

### Export Provisions

The PL-480 program is continued through December 31, 1985. New provisions to compensate producers in the event of embargoes that are agricultural specific are included. The Secretary is given authority to set up an export credit revolving fund and special standby export subsidy program.

### Other Provisions

The food stamp program, with modifications, is authorized to continue for one year. Research, extension, and teaching programs are authorized to continue through fiscal year 1985. New resource conservation programs are established. Finally, a cost of production review board and a floral research and consumer information board (Floraboard) are established.

## PROVISIONS OF THE AGRICULTURE AND FOOD ACT OF 1981

### INTRODUCTION

The Agriculture and Food Act of 1981 (1981 Act hereafter) was signed into law by President Reagan December 22, 1981. The 1981 Act, popularly known as the farm bill, is an omnibus piece of legislation containing 18 titles. This report presents a summary of the provisions included in these 18 titles.

Provisions in the 1981 Act provide a framework within which the Secretary of Agriculture will administer the various agriculture and food programs. The new act gives the Secretary substantial new discretionary authority to issue regulations and implement various provisions as he sees fit.

## TITLE I. DAIRY

Title I reflects major changes made in the determination of milk price supports.

### Price Support

The dairy price support features of the 1981 Act are novel additions to farm legislation because they specify actual minimum support prices for milk for each fiscal year, 1982 through 1985. In the past, minimum prices have been specified by legislation as a percent of parity. For example, the 1977 Act set the support level for milk at no less than 80 percent of the parity price. Under the 1981 Act, reverting to price support adjustments based on a percent of parity will depend on supply and demand conditions. If milk product purchases exceed specified dollar or pound constraints, price supports will be adjusted annually according to the specified minimums. From December 22, 1981 to the end of fiscal year 1982 (September 30, 1982), the minimum price support will remain at \$13.10 per hundredweight for milk containing 3.67 percent milk fat. The minimum support level will be \$13.25 for fiscal 1983; \$14.00 for fiscal 1984; and \$14.60 for fiscal year 1985. However, if the Secretary of Agriculture determines at the beginning of the fiscal year that the net cost of Federal dairy price support purchases will be less than \$1 billion for the upcoming year, the minimum price support will be set at 70 percent of parity. In addition, if the Secretary estimates that net Government dairy support purchases will be less than 4.0 billion pounds (milk equivalent) in fiscal year 1983, 3.5 billion pounds in fiscal 1984, or 2.69 billion pounds in fiscal 1985, the minimum price support for the year in question will be 75 percent of parity.

### Price Support Adjustments

For the period beginning December 22, 1981, and ending September 30, 1985, the Secretary of Agriculture is authorized to adjust the level of support above the minimum levels as appropriate. The new provisions do not require that price support adjustments take place on a semi-annual basis. In contrast, the 1977 legislation required adjustments to be made by the Secretary semi-annually, to reflect any estimated change in the parity index. The 1977 Act also gave the Secretary discretionary authority to make quarterly adjustments to reflect any substantial change in the parity index.

### Dairy Indemnity Program

The dairy indemnity program will be continued through September 30, 1985. In 1977, this program was amended to authorize the Secretary of Agriculture to make indemnity payments to dairy farmers who are directed to remove their milk from commercial markets as a result of chemical residues, nuclear radiation, or fallout. Payments will not be made to manufacturers.

### Marketing Order Authorizations and Donations

The 1981 Act extends until December 31, 1985 the authority for seasonal base and Louisville plans and the provisions requiring the convening of a hearing to amend a Federal milk marketing order if one-third or more of the producers supplying the market petition for such a hearing. Class I base plans are scheduled to expire December 31, 1984. Secretarial authorization to donate dairy products to military services and veteran's hospitals is also extended through September 30, 1985.

Reduction of  
Dairy Product  
Inventories

The Secretary of Agriculture, under the 1981 Act, has to reduce inventories of dairy products held by the CCC so as to reduce its expenditures to the estimates used in developing budget outlays for the milk price support program under the Congressional Budget Act of 1974 for the appropriate fiscal year. To do this, the Secretary must utilize, to the fullest extent practicable, all available authorities including the Commodity Credit Corporation (CCC) Charter Act (including exportation of dairy products at not less than prevailing world market prices) and the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). This provision was not included in the 1977 Act.

Dairy Program  
Operation Report

A report on dairy program operations must be prepared and submitted to Congress by the Secretary before January 1, 1983. The report will describe the strengths and weaknesses of existing Federal dairy programs and the possible results of using new programs to control or minimize surplus dairy production. The report must also examine the effect of current and proposed programs on supply and demand, farm income, and consumer cost on a regional basis.

TITLE II. WOOL AND  
MOHAIR

Title II extends the National Wool Act of 1954 through December 31, 1985. This feature of the law requires the Secretary of Agriculture to provide supports for wool and mohair.

Price Support for  
Shorn Wool

Support rates for shorn wool are lowered from 85 percent of the formula rate, the rate required under the 1977 Act, to 77.5 percent. Support at this level will be effective for the marketing years beginning January 1, 1982 and ending December 31, 1985. The formula rate for shorn wool continues to be determined by multiplying 62 cents by the ratio of (1) the average of the parity index for the 3 calendar years immediately preceding the calendar year in which the support price is determined and announced to (2) the average parity index for the 3 calendar years 1958, 1959, 1960, rounded to the nearest full cent. The parity index is defined as the index of prices paid by farmers for commodities and services, including interest, taxes, and farm wage rates.

TITLES III. AND  
IV. WHEAT AND  
FEED GRAINS

The target price and loan and purchase program is continued through the 1985 crop year. Income support is provided through the target price concept, which guarantees eligible producers a direct payment if farm prices received for specified periods of time fall below established target prices. Price supports continue to be provided via the nonrecourse loan and purchase program.

Target Prices  
and Price Support  
Loans for 1982-85  
Crops

Target prices for the 1982 through 1985 wheat crops are established at levels to be not less than \$4.05, \$4.30, \$4.45, and \$4.65 per bushel, respectively. The Secretary is given discretion to establish higher levels based on changes in per acre

costs of production (using a procedure similar to the one provided under the 1977 Act). Under the 1977 Act, wheat target prices were specified only for 2 crop years; the 1977 crop target price was adjusted by the Act even though most features applied to the 1978-81 crops and a 1978 target price was established. Target prices for the 1979 through the 1981 crops were to be determined through a formula based on changes in a 2-year moving average of specified costs of production per bushel. Also, no minimum target price level was given.

Target prices for the 1982 through 1985 corn crops are not to be less than \$2.70, \$2.86, \$3.03, and \$3.18 per bushel, respectively. As with wheat, the Secretary is given discretion to establish higher levels based on changes in per acre costs of production. Under the 1977 Act, corn target prices were specified only for the 1977 and 1978 crops. Target prices for the 1979 through the 1981 crops were to be determined by a formula, based on changes in specified costs of production per bushel. Also, no minimum level was given. (The Agricultural Act of 1980 set the wheat and feed grains target prices for the 1980 crop. These levels were also made the minimum target prices for the 1981 crop, with adjustments for changes in costs of production per bushel mandated.)

The 1981 Act requires that payment rates for grain sorghum, oats, and, if designated by the Secretary, barley, be set at such rates as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn. This differs from the 1977 Act in as much as payment rates for oats are now required.

Nonrecourse loans and purchases will continue to be available to wheat and feed grain producers. The minimum level for the 1982-85 wheat crops is set at \$3.55 per bushel. The Secretary is given the authority to raise the loan rate to maintain the competitive relationship of wheat to other grains. Corn's price support minimum is established at \$2.55 per bushel for the 1982-85 crops.

If the average market price for corn or wheat is not more than 105 percent of the loan level in any marketing year, the Secretary may reduce the loan and purchase level for the next marketing year, but by no more than 10 percent in any year and no lower than \$3.00 for wheat and \$2.00 for corn. If the Secretary takes the allowable reduction action, emergency compensation must be made by increasing the target price payments for the affected crop by an amount that the Secretary determines will provide the same total return to producers as if the action on the loan and purchase rate had not been made. If there are no target price payments in effect, then separate payments must be made. Payment limitations will not apply for this emergency compensation. The authority to adjust loans downward when market prices fall near the loan level was also included in the 1977 Act. This provision is intended to help avoid the accumulation of large government-owned stocks as well as helping to keep U.S. produced grains competitive in world markets.

Loans will once again be available for the 1982-85 crops of grain sorghum, barley, oats, and rye, at such levels as the Secretary determines are fair and reasonable in relation to the level for corn, taking into consideration the feeding value of such commodities in relation to corn and other factors. The 1977 Act also required that transportation costs be taken into consideration in establishing the grain sorghum loan rate.

National Program  
Acreage

Under the 1981 Act (as in the 1977 Act), the national program acreage (NPA) for wheat and feed grains is the number of harvested acres the Secretary determines (based on the weighted national average farm program yields) is required to meet estimated domestic and export needs (less imports) plus any desired increase or decrease in carryover stocks. The NPA for wheat for a particular crop year is to be announced by the Secretary no later than August 15 of the preceding calendar year. The NPA for feed grains must be announced by November 15 of the preceding calendar year. The NPA may be adjusted at a later time, with the adjustment based on the most recent information, for purposes of calculating the program allocation factor. The NPA is not required whenever a reduction in acreage program (RAP) is in effect.

Program Allocation  
Factor

*NPA  
Total Harvested*

The program allocation factor (as in the 1977 Act) may range between 80 and 100 percent. The exact percentage will be determined by dividing the NPA by the number of acres that the Secretary estimates will be harvested in the current year. The allocation factor is used for determining the farm program acreage. The allocation factor is not required whenever a RAP is in effect.

Farm Program  
Acreage

The individual farm program acreage for deficiency payment purposes will once again be determined by multiplying the allocation factor by the number of acres planted for harvest on the individual farm. If a RAP is in effect, then the individual farm program acreage shall be the acreage planted on the farm for harvest within the permitted acreage base.

Farm Program  
Payment Yields  
and Proven Yields

The farm program payment yield for each crop of wheat and feed grains will once again be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat and/or feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as he finds fair and reasonable. The proven yield provision is continued. This ensures that no reduction in yield can be forced on farmers who can prove a yield higher than their program yield. The Secretary has the authority to establish national, State, or county program yields based on historic yields adjusted for abnormal factors or, when the data are not available, the Secretary must estimate the actual yield for the crop year in question. If any of these yields are established, the total of the farm program payment yields shall equal the national, State, or county program payment yield.

Deficiency  
Payments

Under the 1981 Act (as in the 1977 Act), deficiency payments will be made to producers of each wheat and feed grain crop if the



national weighted average market price received by farmers during the first 5 months of the marketing year is below the established target price for that crop year. The payment rate is determined by the difference between the target price and the higher of the national weighted average market price or the loan level.

Payments for the 1982-85 wheat and feed grain crops will again be determined by multiplying the payment rate in each year times the farm program acreage times the farm program payment yield established for the farm. The total quantity of any crop on which payments will be made to a producer on a farm will be reduced by the quantity on which a disaster payment is made. This means that a producer cannot be paid twice on the same bushel of production.

Disaster Program Provisions

Under the 1981 Act, producers will generally not automatically be entitled to disaster payments if crop insurance is available to them under the Federal Crop Insurance Act. (This restriction was not included in the 1977 Act.) However, even if crop insurance is available the Secretary may make disaster payments to producers on a farm whenever the Secretary determines that the following conditions have been met: (1) As the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat, feed grains, or other nonconserving crop, or from reduced yields, and that such losses have created an economic emergency for the producer; (2) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems with respect to the Federal crop insurance program; and (3) Additional assistance must be made available to such producers to alleviate the economic emergency.

If the above conditions are met, prevented planting payments will be made on the basis of the smaller of either the acreage intended to be planted to wheat or feed grains, or the acreage planted for harvest of wheat or feed grains (including any acreage which the producer was prevented from planting to wheat, feed grains, or other nonconserving crops) in the immediately preceding year. The payment calculation is 75 percent of the farm program payment yield for the farm times one-third of the target price for wheat and/or feed grains. Low-yield payments will be made if the total quantity of wheat or feed grains harvested on any farm is less than the potential production obtained by multiplying 60 percent of the farm program yield by the acreage planted for harvest. The payment calculation is 50 percent of the target price for the deficit in production below the 60 percent level.

Recommended Voluntary Reduction

Producers will receive any required deficiency payments on 100 percent of their harvested acreage if they voluntarily reduce their acreage planted for harvest on the farm from the acreage base established for the farm, in line with the percentage recommended by the Secretary when he announces the national

wheat and feed grain program acreages. (This process does not apply whenever a RAP is in effect.) Other program requirements in effect would have to be met to qualify for program benefits. Also, the Secretary is required to provide equitable treatment to producers who do reduce their current year's wheat or feed grain acreage, but by an amount less than recommended. These provisions differ from the ones in the 1977 Act inasmuch as the acreage reduction is a percentage of the established farm acreage base and not the previous year's plantings.

### Acreage Reduction

The 1981 Act continues, but modifies, the authority of the Secretary to require a reduction in the acreage planted to wheat and/or feed grains. The announcement for either an acreage limitation or set-aside program must be made by August 15 for wheat and November 15 for feed grains. The limitation will be determined by applying a uniform percentage reduction to the wheat and/or feed grains acreage base for each farm. The acreage base for each crop for any farm will be the acreage planted for harvest (including any acreage which the producers were prevented from planting to wheat, feed grains, or other nonconserving crop because of conditions beyond the control of the producers) in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted for harvest in the 2 crop years immediately preceding the year for which the determination is made. The Secretary may make adjustments to reflect other factors he determines should be considered in determining a fair and equitable base.

When an acreage limitation program is in effect, a percentage of the acres on each farm will be devoted to conservation uses. The percentage of acres devoted to conservation will be equal to the figure obtained by multiplying the number of acres required to be withdrawn by the number of acres actually planted divided by the number of acres authorized to be planted under the limitation. The NPA, allocation factor, and voluntary reduction will not be applicable in any year in which an acreage limitation program is in effect. The acreage planted for harvest within the limitation will be the individual farm program acreage. Malting barley may be exempt from any acreage limitation requirements.

The Secretary also has the option to operate a set-aside program rather than acreage limitation. If announced, producers would have to set-aside and devote to conservation purposes acreage equal to a specified percentage of the acreage planted for harvest. The Secretary may make adjustments in individual set-asides to account for abnormal factors affecting production. In addition, if a set-aside program is established, the Secretary may limit the acreage planted to wheat and/or feed grains. Conservation practices must be in accordance with regulations issued by the Secretary.

The Secretary may permit all or any part of the reduced or set-aside acreage to be devoted to certain designated crops for harvest if he determines that such production (1) is needed to provide adequate supplies, (2) is not likely to increase the

cost of the price support programs, and (3) will not adversely affect farm income.

If an acreage limitation or set-aside program is in effect, producers must participate in such programs as a condition of eligibility for loans, purchases, and payments.

In addition, the Secretary may also offer producers a paid land diversion program if he determines that such payments will assist in obtaining necessary adjustments in total acreage. This program can be offered whether or not an acreage limitation or set-aside program is in effect. Furthermore, the diverted cropland (in addition to any reduced or set-aside acreage if such a program is in effect) must be devoted to approved conservation practices. Amounts payable to producers under this program may be determined by bids submitted by producers for diversion contracts.

The main difference between the previously discussed provisions and those included in the 1977 Act (as amended) is that acreage limitation programs are based on a percentage of the newly established crop acreage base concept and not on the current year's total plantings or that acreage planted for harvest. Furthermore, the Secretary may make use of the normal planted acreage (referred to as normal crop acreage (NCA) under the 1977 Act) concept only when a set-aside is in effect. The NCA is used to limit the total acreage planted to wheat, feed grains and/or other designated NCA crops on an individual farm and it is to be determined as provided by the Secretary. Under the 1977 Act (as amended), the Secretary had the authority to use the NCA concept even when a set-aside program was not in effect. In addition, the total acreage of NCA crops planted, plus set-aside and diverted acreage (if these two programs were in effect) could not exceed a farmer's total NCA.

Under the 1981 Act, the total acreage planted to wheat and/or feed grains will not be required to be within a farmer's NCA unless a set-aside is in effect. Then the set-aside, diverted, and planted acreage cannot exceed the farm's NCA. Set-aside acreage is still based on a percentage of the current year's planted acreage for harvest. Although set-asides appear to be crop specific, a farmer can again plant more of the crop in question. This can be done by changing crop mixes. For example, suppose a farmer has a 100 acre (assuming this is also his NCA) farm. In 1981, this farmer planted 50 percent wheat and 50 percent soybeans. Say now that on August 15, 1981, the Secretary announced a 10 percent set-aside for the 1982 wheat crop. If the farmer believed that, for whatever reason, it would be more profitable for him to grow more wheat in 1982, but still wanted to remain eligible for program benefits, he could do so by reducing his soybean acreage. For example, he could plant 54.5 acres of wheat and 40 acres of soybeans, set-aside 10 percent of his wheat acreage (5.5 acres) and still be eligible for wheat program benefits even though he plants 4.5 acres more wheat than what he planted in 1981. This crop shifting would not be possible if an acreage limitation program were in effect since the acreage reduction is based on a percentage of the specific crop acreage base determined from previous crop year(s) planted acreage.

Wildlife Plots  
or Habitats

Any set-aside, reduced acreage, or diverted acreage may again be used for wildlife food plots or habitats as per the Secretary's standards. As in the 1977 Act, the Secretary may provide for payments for part of the cost.

Cross-compliance

Compliance with program provisions for any commodity may be required as a condition of eligibility for loans, purchases, or payments if a set-aside is in effect, but not if an acreage limitation program is in effect.

TITLE V. COTTON

Title V extends the cotton program, with some modifications, through the 1985 crop year.

Target Prices for  
1982-85 Crops

The target price for upland cotton cannot be less than 71 cents per pound for the 1982 crop, 76 cents per pound for the 1983 crop, 81 cents per pound for the 1984 crop, and 86 cents per pound for the 1985 crop. However, the actual target prices will be the higher of the minimum levels plus any adjustment for changes in cost of production, or 120 percent of the loan level. Any cost of production adjustment is to be based on changes in the variable, machinery ownership, and general farm overhead costs per acre for the 2 crop years immediately preceding the year in question from the 2 crop years immediately preceding the year previous to the one in question.

Price Support  
Loans for 1982-85  
Crops

Nonrecourse price support loan levels for upland cotton will once again be set at the lower of either 85 percent of the average spot market price for Strict Low Middling 1-1/16" (SLM 1-1/16") upland cotton (micronaire 3.5 through 4.9) at average U.S. location during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year's highest and lowest price or 90 percent of the average adjusted price, for the 15-week period beginning July 1 of the year in which the loan level is announced, of the 5 lowest priced growths quoted for Middling 1-3/32" cotton (Strict Middling 1-1/16" was used in the 1977 Act), C.I.F. (cost, insurance, freight) Northern Europe. In no event shall such loan level be less than 55 cents per pound (minimum level was 48 cents per pound in the 1977 Act).

If for any crop, the average Northern Europe price is less than the average U.S. spot market price, the Secretary may increase the loan level to such a level, but not in excess of the average U.S. spot market price. The loan level for any crop of upland cotton will be determined and announced by the Secretary no later than November 1 of the calendar year preceding the marketing year for which the loan is to be effective. Once announced, the loan level cannot be changed.

Loan Maturity  
and Extension

As under the 1977 Act, price support loans mature 10 months from the first day of the month in which the loan is made. Producers may, during the tenth month of the loan period, extend their loan period for an additional 8 months. However, requests to extend the loan period will not be approved in a month when the average spot market price of SLM 1-1/16" cotton in the preceding month exceeds 130 percent of such average price for the preceding 36-month period.

National Program  
Acreage

As under the 1977 Act, the NPA for upland cotton represents the number of harvested acres needed (based on the weighted national average of the farm program payment yields) to meet domestic and export needs (less imports). The acreage may be adjusted for any desired increase or decrease in carryover stocks. Announcement of the NPA for upland cotton is to be made by the Secretary no later than November 1 (December 15 under the 1977 Act) of the calendar year preceding the year for which such acreage is established. While the Secretary may later adjust the national program acreage for purposes of computing the program allocation factor, such NPA cannot be less than 10 million acres. However, the NPA is not required whenever a RAP is in effect.

Program Allocation  
Factor and Farm  
Program Acreage

A program allocation factor is determined, as in the 1977 Act, by dividing the national upland cotton program acreage by the number of harvested acres, as determined by the Secretary. The allocation factor may not exceed 100 percent. No minimum allocation factor is specified. A farm's program acreage for upland cotton is the product of the allocation factor and the acreage planted to upland cotton on the farm.

Farm Program  
Payment Yields  
and Proven Yields

Individual farm program payment yields for any year are again to be determined on the basis of the actual yield per harvested acre on the farm for the preceding 3 years. Adjustments may be made in yields that are reduced by drought, flood, or other natural disaster. As with wheat and feed grains, producers may prove their actual yield. Also, as with wheat and feed grains, the Secretary may establish national, State, or county program payment yields to which the total of the farm program payment yields must balance.

Deficiency  
Payments

As under the 1977 Act, deficiency payments will be made to producers of each upland cotton crop if the national average price received by farmers for upland cotton, during the calendar year which includes the first 5 months of the marketing year, is below the target price.

The payment rate and the total quantity of upland cotton on which deficiency payments will be made are determined in the same manner as they are under the provisions of the wheat and feed grains programs.

Disaster Program  
Provisions

With respect to the 1982 through 1985 crops of upland cotton, producers will not automatically be entitled to disaster payments if crop insurance is available to them under the Federal Crop Insurance Act (this provision was not included in the 1977 Act). However, as with wheat and feed grains, the Secretary of Agriculture may make disaster payments to producers whenever he determines that certain emergency conditions exist or if Federal crop insurance is not available in an area.

If the above conditions are met, producers who are prevented from planting cotton or other nonconserving crops will receive a per acre payment equal to one-third of the target price on 75 percent of their farm program payment yield. Payments will be made on the smaller of either the acreage intended to be planted in the cur-

rent year, or the acreage planted to cotton for harvest (including any acreage the producer was prevented from planting to cotton or other nonconserving crops) in the preceding year. For low yields, producers will receive a payment equal to one-third of the target price on any loss of production below 75 percent of a production level for the farm established by multiplying the farm's program payment yield by the acreage planted to upland cotton.

Recommended Volun-  
tary Reduction

This provision is identical to that included in the wheat and feed grains programs. (See page 5.)

Acreage Reduction

The 1981 Act continues, but modifies, the authority of the Secretary to require a reduction in the acreage planted to upland cotton. The acreage limitation will be determined by applying a uniform percentage reduction to the upland cotton acreage base for each farm. The acreage base for any farm will be determined in the same manner as are wheat and feed grains. When a RAP is in effect, a percentage of the acreage on each farm will be devoted to conservation uses, in accordance with regulations issued by the Secretary. The Secretary may permit all or any part of the reduced acreage to be devoted to certain designated crops for harvest if he determines that such production is needed to provide adequate supplies, is not likely to increase the cost of the price support programs, and will not adversely affect farm income. The NPA, allocation factor, and voluntary reduction will not be in effect if the acreage limitation authority is used.

If an acreage limitation program is in effect, producers must participate in such programs as a condition of eligibility for loans and payments.

The Secretary may also offer a paid land diversion program to producers if he determines that such payments will assist in obtaining necessary adjustments in total acreage. This program can be offered whether or not an acreage limitation program is in effect. Further, the diverted cropland (in addition to any reduced acreage if such a program is in effect) must be devoted to approved conservation practices. Amounts payable to producers under this program may be determined by bids submitted by producers for diversion contracts. Reduced acreage or diverted acreage may again be used for wildlife food plots or habitats. The Secretary may also pay an appropriate share of the costs of such efforts.

The main differences between the previously discussed provisions and those included in the 1977 Act (as amended) are: Acreage reduction is based on a percentage of the newly established acreage base concept and not on the current year's acreage planted for harvest since provisions for a cropland set-aside are not included; and the NCA provision has been eliminated. Another major change in the cotton program is that cross-compliance between different commodity programs may no longer be required as a condition of eligibility for program benefits under the upland cotton program.

Special World  
Import Quota

Similar to provisions under the 1977 Act, the 1981 Act provides for a special limited global import quota. The amount of quota is to equal a 21-day domestic mill supply of cotton and will be opened up for any month in which the average spot market price of SLM 1-1/16" cotton exceeds 130 percent of such average spot market price for the preceding 36 month period. A 90-day period from the effective beginning day of the quota will be allowed for cotton entering the United States under the quota.

If a quota has been established under this provision during the previous 12-month period, the amount of the next quota will be limited to the smaller of 21 days of domestic mill consumption or the amount of cotton required to increase the cotton supply to 130 percent of demand.

Skiprow Planting

Skiprow rules for classifying acreage to upland cotton and the area skipped in effect under the 1977 Act are continued by the 1981 Act.

CCC Sales Price  
Restriction

As under the 1977 Act, the CCC minimum sales price cannot be less than 115 percent of the loan rate in effect for SLM 1-1/16" upland cotton, with adjustments for grade, quality, location, and other value factors as determined by the Secretary, plus carrying charges.

Extra-Long Staple  
Cotton

The loan level for extra-long staple (ELS) cotton is to be not less than 75 percent (85 percent under the 1977 Act as amended) nor more than 125 percent (135 percent under the 1977 Act as amended) in excess of the loan level established for SLM 1-1/16" upland cotton if marketing quotas have been approved and 50 percent in excess of the loan if quotas have not been approved. The provisions relating to price support payments have been deleted.

Price Support  
Adjustments

Beginning with the 1982 crop of upland cotton, the loan program requires quality differences (premiums and discounts for grade, staple, and micronaire) be established by the Secretary by giving equal weights to (1) loan differences for the preceding crop and (2) market differences for such crop in the 9 designated U.S. spot markets. The Secretary may adjust such differentials, according to recommendations made by a new study committee established by this Act, to accurately reflect the actual market value of upland cotton produced in the United States.

TITLE VI. RICE

The 1981 Act repeals the previously used rice acreage allotment and marketing quota system.

Target Price for  
1982-85 Crops

The target price for rice cannot be less than \$10.85 per hundred weight (cwt.) for the 1982 crop, \$11.40 per cwt. for the 1983 crop, \$11.90 per cwt. for the 1984 crop, and \$12.40 per cwt. for the 1985 crop. Target prices may also be adjusted to reflect changes in the per acre cost of production.

Price Support  
Loans for 1982-85  
Crops

The loan and purchase level for each of the 1982-85 crops is to be established, as under the 1977 Act, at a level which bears the same ratio to the previous loan level that the current year's target price bears to the previous target price. For example, if the target price increases by 5 percent from one year to the next, then the loan rate would also increase by 5 percent. The rice loan can be adjusted downward if the Secretary determines that the loan established by formula would discourage exports and result in excessive domestic rice stocks. The rice loan may not be reduced below \$8 per cwt. (\$6.31 per cwt. under the 1977 Act). The loan and purchase level must be announced by March 1.

National Program  
Acreage

The Secretary shall announce a NPA for each of the 1982 through 1985 crops of rice. (Provisions regarding the NPA, allocation factor, and voluntary reduction will not apply and may not be announced for those years when a RAP is in effect). The announcement must be made by January 31 of each calendar year for the crop harvested in that year. The NPA for rice represents the number of harvested acres needed (based on the weighted national average of the farm program payment yields) to meet domestic and export needs (less imports). This acreage may be adjusted for any desired increase or decrease in carry-over stocks. The Secretary may revise the NPA later, with the adjustment based on the most recent information, for purposes of calculating the program allocation factor.

Program Allo-  
cation Factor  
and Farm  
Program Acreage

A program allocation factor will be determined for rice by dividing the national rice program acreage by the number of harvested acres, as determined by the Secretary. The allocation factor may not exceed 100 percent nor be less than 80 percent. A farm's program acreage for rice will be the product of the allocation factor and the acreage planted to rice for harvest on the farm. However, if a RAP is in effect, then the individual farm program acreage shall be the acreage planted on the farm for harvest within the permitted acreage base.

Farm Program  
Yields

Individual farm program yields for any year will be determined on the basis of the actual yield per harvested acre on the farm for the preceding 3 years. Adjustments may be made in yields that are reduced by drought, flood, or other condition beyond the control of the producer. If no rice was produced, the yield shall be determined using comparable farms.

Deficiency  
Payments

Deficiency payments will be made to producers of each rice crop if the national average price received by farmers for rice during the first 5 months of the marketing year is below the target price.

The payment rate will be determined as the difference between the target price and the higher of the national average price received for rice or the loan level. The total deficiency payment amount will then be the payment rate times the farm program acreage for rice times the farm program payment yield established for the farm. Under previous legislation, the payment rate was multiplied by the acreage planted within a farm's allotment, this product was then multiplied by the program yield.



The total quantity of rice on which deficiency payments will be made to a producer in any crop year will be reduced by the quantity of rice on which any disaster payment is made. As with wheat, feed grains, and cotton, this means that a producer cannot be paid twice for the same unit of production. The adjustment procedure is identical to that specified for wheat and feed grains.

Disaster Program Provisions

Producers will not automatically be entitled to disaster payments on their 1982-85 rice crops if crop insurance is available to them under the Federal Crop Insurance Act (this provision was not included in the 1977 Act). However, as with wheat and feed grains, the Secretary of Agriculture may make disaster payments to producers whenever he determines that certain emergency conditions exist or if Federal crop insurance is not available in a given area.

Producers who are prevented from planting rice or other nonconserving crops and meet the above conditions will receive per acre payments equal to one-third of the target price on 75 percent of their farm program payment yield. Payments will be made on the smaller of either the acreage intended to be planted in the current year, or the acreage planted to rice for harvest (including any acreage the producer was prevented from planting to rice or other nonconserving crop) in the immediately preceding year. For low yields, producers will receive an amount equal to one-third of the target price on any loss of production below 75 percent of a production level that is established for the farm by multiplying the farm's program payment yield by the acreage planted for rice.

Recommended Voluntary Reduction

This provision is identical to that included in the wheat and feed grains programs. (See page 5.)

Acreage Reduction

The Secretary is given the authority to require a reduction in the acreage planted to rice. The acreage limitation will be determined by applying a uniform percentage reduction to the rice acreage base for each farm. Under the 1977 Act, cropland reduction was based on a percentage of a farm's acreage allotment. The acreage base for any farm will be determined as under the provisions of the wheat and feed grains programs. When an acreage limitation program is in effect, a percentage of the acreage on each farm will be devoted to conservation uses, in accordance with regulations issued by the Secretary. However, the Secretary may permit all or any part of the reduced acreage to be devoted to certain designated crops for harvest if he determines that such production is needed to provide adequate supplies, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

The announcement of an acreage limitation program must be made by January 31. As previously stated, if an acreage limitation program is announced, the NPA allocation factor, and voluntary reduction will not be in effect. The farm program acreage would then become the rice planted for harvest within the limitation.

The Secretary may also offer a paid land diversion program to producers if he determines that such payments will assist in obtaining necessary adjustments in total acreage. This program may be offered whether or not an acreage limitation program is in effect. Diverted cropland (in addition to any reduced acreage if such a program is in effect) must be devoted to approved conservation practices. Amounts payable to producers under this program may be determined by bids submitted by producers for diversion contracts. Reduced or diverted acreage may be used for wildlife food plots or habitats. The Secretary may also pay an appropriate share of the cost of such an effort.

If an acreage limitation program is in effect, producers must participate in such program as a condition of eligibility for loans, purchases, and payments. However, cross-compliance between different commodity programs may not be required as a condition of eligibility to receive program benefits under the rice program. Like cotton, the NCA and set-aside concepts also will no longer be used for rice.

#### Rice Futures Report

The Secretary must report to Congress by July 31, 1983, an evaluation of the trading of rice futures on commodity exchanges. The report must assess whether futures prices reflect market prices. Also, the report must examine the feasibility of using a season average farm price for determining the loan rate for rice.

#### TITLE VII. PEANUTS

The 1981 Act suspends acreage allotments for the 1982-85 crops of peanuts. This means that any producer can grow and market peanuts. However, some restrictions on specific uses and marketing of certain peanuts still apply.

#### National Poundage Quota

The national poundage quota will be 1,200,000 tons for the 1982 marketing year; 1,167,300 tons for 1983; 1,134,700 tons for 1984; and 1,100,000 tons for 1985. The national poundage quota will be apportioned among the States based on their 1981 quota allocation. State poundage quotas are to be allocated among the counties in accordance with regulations established by the Secretary, taking into consideration each county's historical production of peanuts. The reduction in the national poundage quota from one year to the next is to be accomplished, if possible, by reducing quotas on farms that have not produced part or all of their quota for specified reasons, other than because of natural disasters, or for a reason prescribed by the Secretary. The minimum national poundage quota in the 1977 Act was gradually adjusted downward from 1,680,000 tons in 1978 to 1,440,000 tons in 1981.

#### Farm Poundage Quota

At the farm level, a poundage quota will be established for each farm having an allotment in 1981. This quota will equal the farm poundage quota for the farm for the 1981 marketing year, reduced by such amounts as are necessary so that the total of all farm poundage quotas will equal the national poundage quotas. In subsequent years the farm poundage quotas for individual farms will be further reduced in such amounts as are necessary to accomplish the overall reduction in the national poundage quota.

Farm quotas may be adjusted for undermarketing of quota peanuts during previous years. These adjustments will not affect the national poundage quota, but they cannot exceed 10 percent of the national poundage quota in any given year.

Quota Peanuts

For any marketing year, quota peanuts are once again those which are eligible for domestic edible use, as determined by the Secretary, marketed or considered marketed from a farm and which do not exceed the farm poundage quota. Domestic edible use means use for milling to produce domestic food peanuts and seed, and use on a farm, except seeds that are determined by the Secretary to be unique strains and not commercially available.

Additional Peanuts

With allotments under suspension, additional peanuts in any marketing year are now defined as those peanuts sold from a farm which are in excess of the amount of quota peanuts marketed from that farm. Additional peanuts are also those marketed from a farm that has no farm base production poundage. Previously, additional peanuts were defined as those peanuts marketed from a farm in any marketing year in excess of the amount of quota peanuts but grown within the farm's acreage allotment.

Peanut Referendum

The Secretary is required to conduct a referendum of peanut farmers involved in the production of quota peanuts in order to determine whether such farmers support or oppose poundage quotas. If two-thirds of the farmers voting, vote in favor of a poundage quota, then no further referendum need be held during a 4 year period. Conversely, if more than one-third of the farmers voting, vote against a poundage quota, then there will be no poundage quota in effect for that year. However, a referendum would have to be held the following year.

Sale, Lease, or Transfer of Farm Poundage Quota

The sale, lease, and transfer of peanut farm poundage quotas within a State will now be permitted if the State's poundage quota is less than 10,000 tons for the 1981 crop. In all other cases farm poundage quotas may be sold, leased, and transferred within a county. In addition, an operator's quota may now be transferred to another farm controlled by the operator, that is either within the same county or in a contiguous county in the same State, and that had a farm poundage quota in 1981. No transfers may be made from a farm subject to a lien unless all claimants agree. Also, the county committee must determine that the farm receiving the farm poundage quota has sufficient tillable cropland to produce the quota.

Marketing Penalties

The penalty for marketing peanuts for domestic edible use in excess of the farm poundage quota is 140 percent of the loan level for quota peanuts. As under previous law, additional peanuts may be purchased from growers solely for the purpose of crushing or export. A penalty of 120 percent of the quota loan level will be assessed if a handler fails to comply with regulations relating to the disposition and handling of additional peanuts.

CCC Resale Price

Any peanuts owned or controlled by the CCC may be made available for domestic use in accordance with regulations established by the Secretary. Additional peanuts received under loan can be

offered for sale for domestic edible use at a price that meets all Government costs and be not less than 100 percent of the quota loan if sold and paid for during the harvest season, but the CCC must have the written consent of the producer; 105 percent of the quota loan if sold by December 31 of the marketing year; and 107 percent of the quota loan if sold after December 31 of the marketing year.

Peanut Price Support

This legislation continues the two-tier price support system for quota and additional peanuts. The Secretary is mandated, in crop year 1982, to establish the support price to reflect the national average cost of production per acre, including the cost of land on a current value basis, but not less than 27.5 cents per pound (\$550 per ton). The support level for each of the following crop years through 1985 will be adjusted to reflect the change, excluding land cost, in the national average cost of peanut production per acre during the calendar year preceding the marketing year in question. This adjustment shall not exceed 6 percent. The adjustment procedure under the 1977 Act was discretionary and included changes in the index of prices paid by producers.

Additional peanuts will again be supported at a level to be determined by the Secretary and announced by February 15. However, the support rate must be set so there will be no losses to the CCC. In no case will price support be made available if the imposition of poundage quotas are rejected in the producer referendum.

TITLE VIII.  
SOYBEANS

The 1981 Act requires the Secretary of Agriculture to establish a loan and purchase program for 1982-85 soybean crops. Beginning with the 1982 marketing year, the loan level for soybeans is established at 75 percent of the simple average price of soybeans received by farmers over the preceding 5 marketing years, excluding the high and low years. However, the Secretary cannot establish the support price at less than \$5.02 per bushel. If the Secretary determines that the average price the producer receives is not more than 105 percent of the loan level in any marketing year, the loan and purchase level may be reduced, but by no more than 10 percent per year, and no lower than \$4.50 per bushel. Such action would be taken to maintain domestic and foreign markets.

The Secretary must make a preliminary announcement of the intended level of price support no earlier than 30 days prior to September 1, the beginning of the marketing year. The final level of price support must be announced no later than October 1 for the price support level to be applicable for that marketing year. The final level of support cannot be less than that of the preliminary announcement. Under the 1977 Act, a soybean loan was required but the level was left at the discretion of the Secretary except the loan could not be less than \$4.50 per bushel. The minimum loan level was later amended to \$5.02 per bushel. Soybean acreage reductions cannot be required as a condition of eligibility for price support.

## TITLE IX. SUGAR

The 1981 Act requires the Secretary of Agriculture to support the price of the 1982-85 crops of sugar beets and sugarcane. From December 22, 1981 through March 31, 1982, the Secretary is mandated to support the price of sugarcane through the purchase of processed products in such a way as to approximate a raw sugar price of 16.75 cents per pound and the price of sugar beets at such a level as the Secretary determines to be fair and reasonable in relation to the support level for sugarcane.

Effective October 1, 1982, the Secretary must support the price of domestically grown cane sugar through nonrecourse loans, at levels of not less than 17 cents per pound for raw cane sugar for the 1982 crop, 17.5 cents for the 1983 crop, 17.75 cents for the 1984 crop, and 18 cents for the 1985 crop. Also, effective October 1, 1982, the Secretary is required to support the price of domestically grown sugar beets through nonrecourse loans at levels he determines to be fair and reasonable in relation to the level for loans for raw cane sugar.

The Secretary is to announce the loan rate as far in advance as possible while still consistent with the purposes of this section. Loans must be made and mature within a single fiscal year.

A sugar program was mandated under the 1977 Act for the 1977 and 1978 sugar beet and sugarcane crops. The minimum support level was 13.5 cents and the support was to range between 52.5 and 65 percent of parity.

## TITLE X. GRAIN RESERVES AND NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

Title X extends the producer-held storage program, with some modifications, through the 1985 crop year and establishes a cost of production standards review board.

### Grain Reserves

The 1981 Act requires the Secretary to formulate and administer a producer-held storage program for wheat and feed grains. Under previous legislation, only a wheat storage program was required except for corn for which a reserve was required for the 1981 and 82 crops. The reserve program is to be accomplished through an original or extended price support loan program of 3 to 5 years duration, as in the 1977 Act. Loans made under such a program must be at the same level as the regular loan, but can be made at a higher level than the regular loan as the Secretary deems appropriate. The Secretary may again provide producers storage payments to encourage participation and may waive or adjust interest charges on loans made under this program.

The Secretary may place an upper limit on the amount of wheat and feed grains placed in the reserve, but such upper limit may not be less than 700 million bushels for wheat (the 1977 Act provided for not less than 300 nor not more than 700 million bushels) and 1 billion bushels for feed grains (in the 1977 Act reserve quantities for feed grains were not specified).

Whenever the Secretary determines that the market price for the commodity has attained a specified level (commonly known as the trigger price), the Secretary is authorized to increase the rate of interest on loans that have been made and design other methods to encourage the orderly marketing of wheat and feed grains. Under the 1977 Act, the trigger (or release) price was reached at between 140 and 160 percent of the then current price support level for wheat (this process was changed by the Agricultural Act of 1980 giving the Secretary full discretion in determining trigger prices) or at a level determined by the Secretary for feed grains.

If producers redeem their loans before market prices reach the release level determined by the Secretary, under the 1981 Act for both wheat and feed grains, they will again be subject to penalty: The Secretary may recover storage payments and assess penalty interest or other charges.

The rate of interest charged participants in the program will not be less than the rate of interest charged the CCC by the U.S. Treasury except the Secretary may waive or adjust such interest as he determines necessary. Under the 1977 legislation, the rate of interest charged was to be determined by the Secretary, based upon the rate charged the CCC by the U.S. Treasury--no minimum rate was specified.

Loans may be called prior to the maturity date only if the Secretary determines that emergency conditions exist which require that such commodities be made available in the market to meet urgent domestic or international needs and the Secretary reports his intentions to call the loans to the President and the Senate and House agriculture committees at least 14 days before taking such action. In contrast, under the 1977 Act (as amended), the loan could be called under conditions prescribed by the Secretary.

Whenever the reserve loan program is in effect, the CCC cannot sell any of its stocks of wheat or feed grains at less than 110 percent of the release level. Under the 1977 Act (as amended) the CCC could not sell any of its stocks of wheat or feed grains at less than 105 percent of the then current call level if a reserve was in effect. This restriction will not apply to sales of corn used for gasohol production, commodities which have substantially deteriorated, or to sales or disposals from the emergency feed program or disaster reserve.

#### Disaster Reserve

The disaster reserve provisions will generally be discretionary rather than mandatory.

National Agricultural Cost of Production Standards Review Board

This section provides for the establishment of an 11 member board consisting of: 7 members who are engaged in commercial agricultural production of one or more major commodities; 3 members, who by virtue of education, training or experience, have knowledge of the costs associated with production; and lastly, 1 member from the Department of Agriculture who is familiar with the methodology used by the Department in determining cost of production calculations. The 11 board members (appointed by the Secretary) will be given staggered terms and meet at least twice annually to review the cost of production methodology used by the Department in price support programs. The board will also review the adequacy of the parity formula. The board may make recommendations to the Secretary as needed. If the recommendations are not followed by the Secretary, he must respond to the board within 120 days with reasons for declining the board's recommendations.

Within 90 days after December 31 of each year, and just before the authority creating the board ends on September 30, 1985, the board must submit a report to both houses of Congress outlining the board's activities, and any findings and recommendations made to the Secretary during the reporting period.

TITLE X.  
MISCELLANEOUS

Title XI contains a variety of sections which do not interact completely with any other title. Provisions under this title are new unless otherwise indicated.

Payment Limits

Payment limits are continued through the 1985 crops at their current level--\$50,000 for all payments, except disaster payments, per person, per year. The disaster payment limit is also continued at \$100,000 per person, per year. The payment limit affects the wheat, feed grains, upland cotton, and rice programs but does not include loans or purchases. Payment limitations will continue to not apply to lands owned by States or any political subdivision or agency of any State if the land is farmed primarily to further a public function.

Payment Review

The 1981 Act has made permanent the 1977 Act provision that the facts instituting the basis for any payments made under the wheat, feed grain, upland cotton, or rice programs, any Soil Conservation Act payments, or any loan or price support operation, when determined in conformity with applicable regulations prescribed by the Secretary or CCC shall be final and not subject to review by any other officer or agency of the Government.

CCC Purchase and Resale Price

CCC's commodity purchase price will not exceed the minimum resale price for unrestricted use rather than the current support price as in previous law. The minimum resale price for any CCC stock of wheat, corn, grain sorghum, barley, oats, and rye, whenever the reserve program is not in effect, will be not less than 115 percent of the current national average loan rate adjusted for market differentials plus reasonable carrying charges.

Supplemental Set-aside and Acreage Limitation Authority

For the 1982 through 1985 wheat and feed grains crops, the Secretary has authority to announce either set-aside or acreage limitation provisions if such action is needed because of an embargo ordered by the Executive branch of the Federal Government.

Special Wheat Program

The special wheat acreage grazing and hay program authority will continue through the 1985 crop year.

Normally Planted Acreage

Whenever a set-aside program is in effect for wheat and/or feed grains during crop years 1982 through 1985, the Secretary may require producers not to exceed the acreage on the farm normally planted to designated crops as reduced by the set-aside or diverted acreage. Failure to comply would result in ineligibility for loans, purchases, and payments. If this option is utilized, the Secretary may increase deficiency payments by an amount deemed appropriate to compensate producers. If no deficiency payments are being made, the Secretary may provide for special payments. Land diversion payments must be taken into account when the payments are being determined.

Emergency Feed Program

The emergency feed provision of the Agricultural Act of 1949, which offers CCC-owned feed at reduced prices for economic emergencies or at full charge during natural disasters under certain terms, is continued but on a discretionary rather than a mandatory basis. The 1977 Act instituted an additional new emergency feed program for producers for livestock maintenance during times of substantial reduction of feed grown by the individual producer as a result of natural disaster. Under this program, rather than CCC-owned feed being offered, producers are compensated at a rate not to exceed 50 percent of the cost of the additional feed purchased as a result of the disaster. This program is also continued and extended to poultry producers under the 1981 legislation.

Normal Supply

If the Secretary determines that the supply of wheat, corn, upland cotton, or rice during the marketing year applicable to the 1982 through 1985 crops, is not likely to be excessive and production control provisions are not necessary then the total supply of the commodity will be deemed to not exceed normal supply. The Secretary may not make any determination to the contrary for the marketing year in question.

Nonquota Tobacco Subject to Quota

Beginning with the 1982 crop, any type of tobacco, without an effective marketing quota, produced in an area where tobacco with a quota is produced shall be subject to that area's quota. If more than one quota is in effect in an area, the quota with the highest price support will be the determining quota. The following tobaccos are exempt from this provision: Maryland (type 32) if produced on a farm for which the type 32 quota was in effect in the past; nonquota cigar filler (type 41) produced in Pennsylvania; nonquota cigar wrapper (type 61) produced in Connecticut and Massachusetts and type 62 produced in Georgia and Florida; and nonquota tobacco produced in a quota area but readily distinguished from quota types.



Tobacco Program  
Cost Regulations

The Secretary is to design regulations and policies by January 1982 to ensure that the tobacco program results in no net costs to taxpayers, except for incidental administrative costs. Any changes in law needed to achieve this goal shall be recommended to Congress by January 1982.

Farm Income  
Protection Study

A 13-member task force will be appointed from designated groups by the Secretary to study the feasibility of farm income protection insurance. The task force shall examine a number of areas including: the characteristics of such a program, feasibility as a substitute for current programs, roles for government and private industry to play, alternative administration, farmer acceptance, and program costs. The task force will prepare a report on the study for Congressional Committees within 18 months of the enactment of this Act (December 22, 1981) and then dissolve 45 days thereafter.

Grain Inspection

State agencies which inspect grain were granted authority, in addition to that granted under the United States Grain Standards Act, to expand their inspections into more export port locations currently being served by the Federal Grain Inspection Service. However, these agencies must have performed official inspections at any export port locations prior to July 1, 1976; been designated to perform official inspections at locations other than export ports when the 1981 Act was enacted; and be located in a State from which annual exports of grain do not exceed 5 percent of the total grain exported from the United States. This section will become effective 180 days after the enactment of this Act. Prior to this action only those State agencies which were performing official inspections at export port locations as of July 1, 1976, were eligible.

Agriculture  
Advisory  
Committees

Regulations dealing with committee membership, reports, and expenditures have been strengthened by modifications included in Title XVIII of the 1977 Act--Department of Agriculture Advisory Committees. No person outside the Department may serve simultaneously on more than one committee without special permission. In addition, no committee may have more than one employee from any individual nonfederal organization at any one time, unless authorized by the Secretary of Agriculture. No individual outside the Department may serve more than 6 consecutive years without special permission. The Secretary must submit annual reports to Congress on the committees' operation. The Secretary will be able to terminate any committee if any of the following conditions exist: The expenditure limit above annual operating costs is exceeded, without prior approval, by more than 10 percent or \$500, whichever is greater; a committee fails to file all reports or meet for 2 consecutive years; a committee has become responsible for Federal employee functions; or a committee no longer serves an essential public function.

Distribution of  
Surplus  
Commodities

Whenever the Government acquires stocks of commodities through price support programs and is not likely to sell or distribute them, they will be made available without charge to nutrition programs established by the Older Americans Act of 1965, to child nutrition programs providing food service, and to food banks participating in specified special nutrition projects.

The final report on special nutrition projects will be due on January 1, 1984, rather than October 1, 1982, with a progress report due on July 1, 1983.

Cost of Production Study

The Secretary is directed to specifically include interest costs as a variable cost in the annual cost of production study.

PACA Fees

Fees charged under the Perishable Agricultural Commodities Act (PACA) of 1930, which licenses and helps regulate the retail fruit and vegetable sector and frozen food brokers, have been increased to allow for the continuation of the program. The license fee ceiling will be increased from \$150 to \$300; the branch fee from \$50 to \$150, although up to 9 branches will continue to be eligible for exemptions; and the total maximum aggregate fee (the original license fee plus branches) from \$1,000 to \$3,000. In addition, the damage claim floor that must be reached before triggering mandatory oral hearings will be increased from \$3,000 to \$15,000. The minimum level of purchases of fruits and vegetables needed by retailers and frozen food brokers before they fall within the mandatory licensing provisions have been increased from \$200,000 to \$230,000.

Inspection and Other Standards for Imported Meat Products

Six months after the enactment of the 1981 Act (December 22, 1981), all carcasses, parts of carcasses, meat, and meat food products produced from cattle, sheep, swine, goats, horses, mules, or other equines offered for import into the United States and capable of being human food will be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any meat article not meeting these standards will not be allowed to enter the United States. The Secretary will enforce this provision through random inspections for species verification and residues, and sampling and testing of internal organs and fat for residues at the point of slaughter by the exporting nation.

Protected Seeds

It is unlawful to sell, attempt to sell, or advertise by a variety name in interstate or foreign commerce, uncertified seed from a plant variety specified for sale unless certification under the Plant Variety Protection Act has been obtained. There are two exceptions--if the seed is in a mixture or the owners of the variety gave their approval.

Foreign Plant Pest Protection

The Secretary has new authority to seize, quarantine, treat, and take other remedial measures to destroy or otherwise dispose of an infestation of new plant pests with respect to any product, article, means of conveyance, or premises which the Secretary has reason to believe is infested or infected by any such plant pest. All action must be consistent with the Federal Insecticide, Fungicide, and Rodenticide Act. This authority will be in effect only if States or other local jurisdictions are not taking adequate action, and consultations have been held with the Governor of the State. The Secretary may take action on any premises and stop and inspect intrastate travelers without a warrant if there is cause to believe treatment or disposal of any article in conveyance is needed. The Secretary must notify the State Governor and issue a public announcement before such action is

taken. All costs will be borne by the Federal Government. Compensation may be provided for economic losses.

Bee Germ Plasm

The Secretary is allowed to release the germ plasm of new strains of bees that have been produced to be highly productive, gentle, and able to better withstand northern winters.

User Fees for Reports and Publications

The Secretary may charge fees as deemed necessary for reports and publications prepared by the Department to carry out agricultural research and statistical reporting requirements. Funds received through this action may be used to directly pay for such work.

TITLE XII.  
AGRICULTURAL  
EXPORTS AND  
PUBLIC LAW 480

Provisions included in this title are new unless otherwise indicated.

Agricultural Export Credit Revolving Fund

An export credit revolving fund is authorized to be established in the Treasury for use by the CCC, without fiscal year limitations. This fund will be used to finance the export sales of U.S. agricultural commodities from both private and CCC stocks, on credit terms not to exceed 3 years, export sales of breeding animals (including freight charges to designated ports of entry), and the establishment of import facilities in importing countries, through the use of local currencies generated from U.S. agricultural commodity sales, to improve the handling, marketing, processing, storing or distribution of agricultural commodities produced in and exported by the United States.

The fund is to be used only to extend credit for purposes of market development and expansion where there is a substantial potential for developing or enhancing regular commercial markets. At least 85 percent of the estimated fund, during any fiscal year, is to be used to extend 3 year credit for commercial export sales of U.S. agricultural commodities. No more than 25 percent of the fund, during any fiscal year, may be made available for financing credit sales to any one country. The appropriation to the revolving fund of such sums as may be necessary to extend such credit is authorized. All funds received in payment for credit extended using the revolving fund, including interest payments, will become part of the fund. Obligations under this authority may be incurred only to the extent provided in annual appropriations acts. No specific authorization was made for the initial appropriation of this program. An annual report to Congress on the use of the revolving fund must be submitted by December 1. Upon the revolving fund's expiration on September 30, 1985, all unobligated money in the fund will revert to the Treasury.

Bilateral Commodity Agreements

The President is encouraged to notify and consult with the appropriate Congressional Committees, as soon as practicable, before the U.S. Government enters into bilateral international agreements, other than treaties assuring access to U.S. agricultural commodities on a commercial basis.

Special Standby  
Export Subsidy  
Program

The Secretary is required to develop a special standby export subsidy program, to be carried out by the CCC, for U.S. agricultural commodities to neutralize the effects of subsidy programs instituted by foreign countries to encourage exports of their agricultural commodities to markets other than the United States. This authority may be used only after the President determines, under section 301 of the Trade Act of 1974, that the action is appropriate to eliminate foreign programs that have substantially displaced U.S. agricultural exports to foreign markets, or reduced prices in foreign markets materially below prices at which U.S. produced commodities could be supplied. The President must also determine that the foreign country is using export subsidies to encourage exports of such country's agricultural commodities to foreign markets other than the U.S. and fails, through consultations with the country in question, to reach a mutually acceptable resolution of the matter. This authority may not be used with respect to cotton.

Embargo Protection

The 1977 Act provides for an increase to 90 percent of parity in loan level for certain agricultural commodities if exports of the commodity are suspended as a result of a short supply to any country with which the U.S. otherwise continues commercial trade. The 1981 Act contains provisions which substantially broaden the embargo protection. This additional embargo protection is directed toward national security or foreign policy embargoes which suspends or restricts exports of any agricultural commodity. The protection will be triggered only if the sales suspension or restriction is not imposed on all U.S. exports to the specified country or area and U.S. export sales of the commodity affected to the specified country exceed 3 percent of the total U.S. export sales of the commodity during the preceding year. Under this provision restricting exports to a minor importer will not trigger the embargo protection.

If the protection program is triggered, the Secretary will be required to compensate producers of the commodity involved by either: (1) establishing a loan level under the Agriculture Act of 1949, at 100 percent of parity as of the date of the suspension for the commodity if a loan program is in effect; (2) making payments to producers; or (3) providing a combination of increased loan levels and payments. Payments will be determined for those commodities authorized payments under Title I of the 1949 Act by multiplying the payment yield by the program acreage for the commodity and that figure times the amount by which the average market price received by producers during the 60 day period immediately following the suspension is less than 100 percent of parity as determined on the day of suspension. Payments for other commodities for which price support is authorized by the 1949 Act will be the amount by which the average market price for the commodity during the 60 days immediately following the suspension is less than 100 percent of parity multiplied by the quantity of the commodity sold by the producer during the suspension period. Payments made under this provision would be made for each marketing year or part thereof during which the suspension or restriction is in effect and in equal amounts at 90 day intervals, starting 90 days after the action is imposed. The increased loan levels would remain in effect

at the higher level for the duration of the suspension or restriction. Loans at the increased level would be interest free.

Development of  
Plans to  
Alleviate Embargo  
Effects

The 1981 Act requires that the Secretary of Agriculture develop a comprehensive contingency plan that examines ways to alleviate adverse affects of export embargoes on farmers, elevator operators, common carriers, and exporters of agricultural commodities. The plan is required to assess existing farm programs to see if they are sufficiently flexible to offset the impact, determine the information that would be needed to evaluate the impact, and develop the criteria for determining how much of the impact should be offset. For sales suspensions not requiring the special embargo protection compensation in the 1981 Act, the Secretary is required to develop and submit to Congress recommended changes in agricultural programs or new programs to handle the impact of an embargo. Plans must also be submitted to Congress on how the embargo protection programs specified under the 1981 Act will be implemented and administered, as necessary.

Finally, the CCC would have to prepare a report economically justifying the purchase of contracts to offset an embargo's effects. The effects on exporters of such action and possible Federal assistance must also be estimated. The CCC must limit its purchases to only those types and grades of commodities suspended, and the purchase price must be at or near the current market price.

Grain Marketing  
Consultation

The Congress encourages the Secretary to continue consultation in coordination with other Federal Departments between major grain exporting nations, including the United States, on how to move toward a more orderly marketing of grain and achieve higher farm income for grain producers.

Expansion of  
International  
Markets

The Secretary is urged to utilize the intermediate credit program to improve the capability of importing nations to purchase U.S. commodities, requests funds for the export credit revolving fund; open the maximum allowed number of Agricultural Trade Offices in other nations; ensure full utilization of the levy-free quota for export sales of high quality beef to the European Economic Community (EEC); expand the Department's Foreign Agricultural Service (FAS) market development activities; insure that the EEC observes its General Agreement on Trade and Tariffs (GATT) commitments on tariff-free soybean and corn gluten feed imports; consult with Japanese Government officials on increasing U.S. export sales of citrus fruit and high quality beef and on developing mutually acceptable standards for certification of lettuce and other specialty crops for export to Japan, and use the authority of section 32 to establish a special stand-by export subsidy program.

Increased Usage  
of Protein  
Byproducts

The Secretary of Agriculture is required to continue the investigation of the potential for using protein byproducts resulting from the production of fuel alcohol from agricultural commodities to meet the food needs of developing countries through food for peace programs carried out under PL-480,

section 4 of the Food for Peace Act of 1966, and CCC authorities and in the distribution of food products under domestic commodity donation programs.

No later than 12 months after enactment of this Act, the Secretary is required to make a report to Congress which includes the results of the investigations undertaken. Thereafter, the Secretary must provide to Congress, each year, a description of the efforts being made by the Department to make available the protein byproduct as a part of the above-mentioned programs.

Public Law 480

Title XII, extends the Agricultural Trade Development and Assistance Act of 1954, more commonly known as PL-480, through December 31, 1985.

Appropriations  
Authority Increase

The authorization ceiling per calendar year, for Title II programs has been increased from \$750 million to \$1 billion.

Other Changes

The value of CCC commodities used in the PL-480 program may be set at a price not greater than the export market price. This change in legislation should allow an increased volume of CCC-owned commodities to be used since under previous law the value of CCC commodities used in PL-480 had to be set at the export market price.

Distilled spirits and other alcoholic beverages will be eligible for market development activities as beer and domestic wines have been in the past. Those activities are to help expand the export sales of U.S. agricultural commodities.

Finally, the self-help provisions associated with the P.L.-480 program have been strengthened to insure that the receiving nation practices various means of development while receiving PL-480 aid. Two additional measures were included for consideration before entering agreements under this provision--programs to reduce illiteracy and improve the health of the rural poor. Self-help measures must satisfy additional requirements and together with economic development measures be described in specific and measurable terms and insure that the needy people will benefit from the measures. Appropriate steps must be taken to determine whether self-help and economic development provisions are carried out.

Report Date

The annual Presidential report on PL-480 will now be due on February 15 rather than on April 1.

TITLE XIII.  
FOOD STAMP  
AND COMMODITY  
DISTRIBUTION  
AMENDMENTS OF  
1981

Title XIII continues the Food Stamp Act of 1977, as amended. Some changes in existing programs were made by the 1981 Act. Major changes are highlighted below.

Alaska's Thrifty  
Food Plan and  
Fee Agents

Unlike other States and territories, Alaska will have separate thrifty food plan cost adjustments for the urban and rural parts of the State. In addition, the Secretary is mandated to provide for the use of fee agents in rural sections of Alaska. These agents would not be State employees, but would be able to conduct most program functions, except for the final determination of eligibility or benefit levels.

Nutritional  
Education and  
Monitoring

The requirement that the Secretary had to extend food and nutrition education programs to food stamp program participants has been altered to an authorization for the Secretary to use the program. But the Secretary is required to implement pilot programs to test various means of measuring the nutritional status of low income persons on a continuing basis. The Secretary is given flexibility in deciding if contracts or grants will be issued and whether public or private organizations will be used in operating the pilot programs. However, special emphasis must be placed on monitoring those eligible for food stamps. An annual report to Congress on the projects will need to be made starting July 1, 1982.

Thrifty Food  
Plan Adjustments

The adjustment dates and the reference periods for changing costs for the thrifty food plan have been altered. The next adjustment will be October 1, 1982, rather than April 1, as per the Omnibus Reconciliation Act of 1981, and it will reflect the 21 months ending June 30, 1982. Each subsequent adjustment will be on October 1, and will reflect changes in the cost of the plan for the 12 months ending on the preceding June 30. Congress reserved the right to readjust the base periods. The thrifty food plan is used to determine the cost of the minimum diet to feed a family of four. It is then used as a base for determining monthly food stamp allotments for qualified households.

Household  
Definition Change

Under the 1981 Act amendments, blind or disabled parents and parents receiving Supplement Security Income (SSI) benefits living with their children will be eligible to apply as separate food stamp households. Although in the past disabled parents could have applied separately, the Omnibus Budget Reconciliation Act of 1981 changed the provision. Under the Reconciliation Act, the definition of household was altered to include parents and children who live together, unless 1 parent was 60 years of age or older.

Income Exclusions

Federal or State energy assistance will be excluded from household income calculations. The State or local legislative body must actually designate the State payments or allowances as energy assistance and the Secretary must determine that the program is on a seasonal basis not to exceed six months in any year for the exclusion to be effective. This will also include payments not made on a seasonal basis, because of administrative problems, but calculated as if they were. In addition, any other income that Federal law specifically excludes from food stamp eligibility determination will not be counted.

Sponsored aliens in the United States will have part of the income of their sponsor and the sponsor's spouse counted when determining eligibility for food stamps if the alien is not part of the

sponsor's household. This unearned income will be included in the calculations for the first 3 years that the aliens are in this Nation. The sponsor's income will undergo the normal procedure used in determining food stamp eligibility with the alien credited with a twelfth of the amount left after 130 percent of the income poverty line for the family size in question is deducted. The amount of resources to be credited to the alien will be those of the sponsor and the sponsor's spouse minus \$1,500 plus any resources the alien owns. The individual alien will be required to provide the necessary information and documentation from the sponsor and the sponsor's spouse, as well as from the immigration application, to the State agency in charge of food stamps to qualify for the program under these provisions during his or her first 3 years in the United States. The Secretary of State and Attorney General are to reach an agreement with the Secretary of Agriculture to provide any necessary information, needed to operate this section to the Department of Agriculture. The sponsor must be informed of this possibility. Both the sponsor and the alien will be jointly and individually liable for any overpayments made during the 3 initial years if the error is the result of the sponsor providing incorrect information, unless good cause for the error is shown.

Requirements are also included to mandate that adjustments made to Aid to Families with Dependent Children (AFDC) benefits for work-related and child care provisions will not be counted as expense reimbursements and thereby excluded from being counted as income for food stamp purposes. In addition, expenses paid on behalf of households by third parties will no longer be deducted from income for food stamp purposes.

#### Work Requirements

Any household in which the head is between the ages of 18 and 60 and is physically and mentally fit, and whose primary wage earner voluntarily quits a job without good cause, will be ineligible for food stamps for the first 60 days after the action is taken. Previously, only applicant households, and not recipient ones were affected. Persons who fail to meet the work requirement of some other Federal program will be disqualified from the food stamp program if the work requirements are similar. All food stamp recipients will have to register for employment every 12 months, instead of every 6.

The lack of adequate child care for children age 6 to 11 will be considered cause enough to refuse a job offer and still retain benefits. However, only persons responsible for the care of a dependent child under the age of 6 (age 12 under previous legislation) will be automatically exempted from the work registration requirement.

#### Restoration of Lost Benefits

State agencies will be required to restore to a household any full or portion of an allotment that has been wrongly denied or terminated. However, only those allotments that had the inappropriate action taken within a year of the day the household requests the agency to restore the benefits or the agency discovers the specific household loss, will be covered. This limited retroactive action will include judicial and review cases.



Information Requirements

State agencies will be required to request and utilize quarterly wage data collected by State agencies dealing with unemployment compensation to verify food stamp recipient earnings. If the State unemployment agency does not have such information, Social Security Administration data will be used.

All food stamp coupon issuers will be required to see a photo identification card when the authorization card for food stamps is presented in those project areas where recipients are required to have a photo identification card to receive benefits. The photo ID number is to be recorded on the authorization card when presented to the food stamp issuers. If the State agency determines that an authorization card was in fact not received by the certified household, the food stamp issuer will be liable for the value of the coupons issued in any transaction using the missing card if the issuer fails to comply with the above requirements. Finally, food stamp households will be required to furnish social security numbers of all household members.

State Liability

The State agency will continue to be liable for any financial losses involved in the acceptance, storage, and issuance of coupons. In addition, the State agency will be liable to the Secretary for any losses resulting from issuers failing to follow procedures in checking authorization cards against photo ID cards as outlined above. The only exception to this rule is for losses resulting from benefits sent through the mail. The Secretary will set up regulations to deal with that event.

Miscellaneous

The Secretary will no longer be specifically required to determine staffing standards, such as caseload per certification worker, as in the 1977 Act. The Secretary's authority to purchase and distribute food commodities to a number of commodity distribution outlets, such as disaster relief areas, institutions, and summer camps for needy children, is continued through September 30, 1985.

Institutions insured by the Federal Savings and Loan Insurance Corporation, as well as those insured by the Federal Deposit Insurance Corporation, will be eligible to accept food stamps for redemption from retail stores. This broadens the use of financial institutions. In the past only banks could provide this service.

Safeguards to limit disclosure of information will not prevent the use or disclosure of such to the Comptroller General of the United States for examination and audit as authorized by law.

Incentives for Error Reduction

All States will have to develop corrective action plans for further reductions in errors to qualify for more than the standard Federal funding of their administrative costs, unless their rates of administrative error are below 5 percent of benefit payments. The current standard Federal funding share is 50 percent. In addition, to receive additional Federal funding of administrative costs, all States will have to meet the Secretary's requirements for low rates of improper denial.

Collection of  
Funds

All funds collected from claims owed to the Department by households or State agencies, including those from over-issuances, will be credited to the food stamp program appropriation for the year in which the collection occurs. All incentive payments made to States because of low rates of administrative error will be paid from the appropriation account for the fiscal year in which the funds are provided.

Provisions to  
Reduce Food  
Stamp Fraud  
and Abuse

Retail food stores dealing with food stamps must display a sign providing information on how food stamp abuses can be reported. Each food stamp application must prominently display a statement which explains that all information the applicant provides is subject to verification, and that any subsequent finding of false information may lead to a denial of food stamps and possible criminal prosecution. All information the applicant provides will also now be available on request to law enforcement officials who are investigating possible violations of food stamp law and/or regulations.

Persons found guilty of criminally misusing food stamp coupons or authorization cards will now be subject to a mandatory minimum jail sentence of 6 months for any convictions after the first, involving amounts totaling \$100 or more. The maximum jail sentence of 5 years and a maximum fine of \$10,000 still apply for the first and subsequent convictions. A person convicted more than once of offenses involving coupons worth less than \$100 must be sentenced to jail, but for not more than 1 year. The maximum jail sentence of 1 year and a maximum fine of \$1,000 still apply for the first and subsequent offenses. Any person convicted of a violation regardless of the amount may be suspended by a court from receiving program benefits for up to 18 months in addition to the previously mandated 3 month suspension. Convicted individuals may be permitted by the court to perform approved work to provide restitution for losses incurred by the program because of the offense. This work would be done in place of carrying out the sentence imposed by the court.

Anybody who knowingly presents or causes the presentation of coupons which have been transferred, received, or used in an unlawful manner will be guilty of a felony if the value of the coupons is \$100 or greater. For a conviction on a first offense there will be a fine not to exceed \$10,000 and/or imprisonment for no more than 5 years, as with the statute dealing with misuse of coupons and allotments. For second and subsequent offenses a minimum jail sentence of 1 year, but no more than 5 years, and a possible fine of up to \$10,000 will be imposed. Second and subsequent convictions of this type for coupons worth less than \$100 will result in a jail sentence not to exceed 1 year and a possible fine not to exceed \$1,000. The first-time offender faces the possibility of both actions, but no penalty is mandated. Again, an additional 18-month suspension from program benefits is possible.

Persons who misuse federally donated commodities will be subject to criminal penalties of a fine of up to \$10,000 and/or not more than 5 years imprisonment if the commodities are valued at \$100

or more. Fines of up to \$1,000 and/or no more than 1 year in prison face those convicted of misusing donated commodities valued at less than \$100.

### Workfare

The Secretary is mandated to allow workfare programs to be established in political subdivisions that wish to participate. The Secretary will set up guidelines for the programs. Every member of a household which is participating in the food stamp program would have to accept an offer of work from the local government operating the program. The work would either be for the county or local government, or the individual may seek an offer to perform, and be compensated by each hour, work being equal to a portion of the food stamp allotment. The portion would equal the higher of the State or Federal hourly minimum wage rate. The only household members that may be exempted from this requirement are those that may be mentally or physically unfit; subject to and currently involved in a work training program under a work registration requirement involving at least 20 hours per week participation; a parent or other household member responsible for the care of a child under 6 years old or an incapacitated person; a parent or other caretaker of a child in a household where another member is either employed full time or subject to workfare; regular participants in drug abuse or alcoholic treatment and rehabilitation programs; or a student enrolled at least half time in specified programs.

The requirement for work cannot exceed the value of the allotment to which the household is entitled. In addition, the requirement cannot exceed 20 hours per week or exceed 30 hours per week when combined with other regular or predictable part-time work. The work cannot replace or prevent the employment of people not in the workfare program. The work must provide the same benefits and working conditions that are provided at the job site for employees performing comparable work for comparable hours. The operating agency will have to reimburse all transportation and other actual participation costs, but this is not to exceed \$25.00 per month.

The operating agency may allow a job search period of up to 30 days after determining workfare eligibility. If an eligible person fails to participate in the workfare program, both the individual and the household will be ineligible for food stamp benefits for 2 months. To avoid the consequence, a household member would have to satisfy all outstanding obligations prior to the end of the disqualification period. The Federal Government will pay 50 percent of the administrative costs of this program, including the transportation and other cost reimbursements. If a political subdivision fails to comply with program regulations, the Secretary may either cancel or suspend payments or withdraw program approval.

### Changes in "Cash Out" Pilot Program

States may continue to operate pilot projects, which were operating as of October 1, 1981, which involve cash payments to households instead of food stamps through the end of fiscal year 1985 for households in which all members are 65 years of age or older, or all members receive supplemental security income benefits (SSI). In addition, these cash out type projects may now

also be tested on households in which any member receives aid to families with dependent children (AFDC) or SSI benefits. Also, food stamp projects paying benefits in standardized cash amounts, varying only by household size, will be eligible. The Secretary has discretionary authority to waive food stamp program requirements if necessary for program operation. But further restriction on income or resource benefit levels is ruled out.

Supplemental Food  
Pilot Project

The Secretary is authorized to start 2 commodity supplemental food pilot projects directed at low-income elderly persons similar to that for low-income pregnant women, new mothers, infants and children. Where it is feasible, distribution of commodities directly to the elderly's homes will be attempted. These new projects will operate for no more than 2 years. The authority to provide administrative funds to operate the program for nonelderly recipients is extended through September 30, 1985. Funds are to originate from annual appropriations and are to be sent to State agencies. In no case will funds supplied for administrative purposes be equal to more than 15 percent of the appropriated funds for the commodities being used.

Pilot Project  
to Simplify  
Application  
Processing

The Secretary is authorized to establish two statewide pilot projects and 14 pilot projects in county or local areas to test a system whereby households with at least one member receiving AFDC, SSI, or Medicaid benefits and which have household incomes below the applicable income eligibility level, would automatically qualify for food stamp benefits. The benefits would be standardized and based at the State's option on either household size and their AFDC benefits or SSI benefits or Medicaid income eligibility requirement, or the programs applicable standard of need. Benefits under this program must be adjusted so that they are not less than they would be if normally determined. The Federal Government will pay part of the administrative costs. The Secretary must evaluate the impact of such programs on households, costs, and error rates.

Certification and  
Recertification  
of Eligibility

Eligible households which move from one political jurisdiction to another will no longer be guaranteed uninterrupted benefits for the first 60 days after the move. State agencies will still have to notify recipient households that their current certification period is expiring, but the notification will not have to be made immediately before the household must reapply to retain uninterrupted benefits.

Extension of  
Authority

The authority to purchase and distribute food commodities to commodity distribution outlets, including disaster relief areas, institutions, commodity supplemental food programs, and elderly nutrition projects, has been extended through the end of fiscal year 1985.

Indian  
Reservations

The Secretary is authorized to establish a food distribution program to provide food commodities to eligible Indian households and any other appropriate households in Oklahoma. No tribal organization may administer such a program unless the Secretary determines the organization is capable of effectively and efficiently providing the service. Authorization is provided for payment of administrative costs for the program for a tribal

organization which are necessary. No household will be permitted to participate in both the food stamp and this program.

Inspector General  
Authority

Any person employed by the Department of Agriculture's Office of Inspector General who conducts investigations of possible felony criminal violations of statutes administered by the Department and is designated by the Inspector General may now make arrests without warrants for such criminal violations if the action is committed in the presence of the employee or there is reason to believe the violation is occurring. In addition, warrants for arrests, searches, and seizures maybe executed and employees may also carry firearms while engaged in the performance of official duties. The Attorney General may disapprove any such designation.

Appropriation  
Authorization

The authorization for appropriations for the food stamp program is extended for 1 year (fiscal year 1982) - at \$11.3 billion.

Effective Date

The Secretary will have discretionary authority to implement program provisions over time, unless otherwise specified.

TITLE XIV.  
NATIONAL  
AGRICULTURAL  
RESEARCH,  
EXTENSION,  
AND TEACHING  
POLICY ACT  
AMENDMENTS  
OF 1981

Title XIV amends the National Agricultural Research, Extension and Teaching Policy Act of 1977 and various other statutes relating to research, extension and teaching programs. Most of the provisions in the 1977 Act and the other statutes are permanent legislation and, except for appropriation authorizations, need no continuing authority. However, some changes in existing programs have been made, most expiring provisions have been continued, and some new programs have been added. The following highlights the major changes.

New Assistant  
Secretary

The President, by and with the consent of the Senate, shall appoint an additional Assistant Secretary of Agriculture with jurisdiction over the areas covered by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended.

Continuing  
Councils and  
Boards

The Joint Council on Food and Agricultural Sciences, the National Agricultural Research and Extension Users Advisory Board, and the Animal Health Science Research Advisory Board are authorized to continue to function until September 30, 1985. The membership of these councils and boards is largely determined by law and selected from organizations or agencies associated with the field in question. Minimum membership for the Joint Council is now set at 25 representatives and the National Agricultural Research and Extension Users Advisory Board membership is increased from 21 to 25. The length of the appointment on the Joint Council will be for up to 3 years. The terms for the

Council and the Research and Extension Users Board will be staggered so that membership is changed gradually.

### Grant Authority

The authority for the awarding of competitive research grants of up to 5 years in duration, to promote food and agricultural research, is continued through September 30, 1985. The appropriation level is to continue at \$50 million per fiscal year. Research foundations established by land-grant colleges and universities and accredited colleges of veterinary medicine are now eligible for special research grants.

Forestry schools and 1890 colleges, including Tuskegee Institute, will join State agricultural experiment stations and accredited colleges of veterinary medicine as eligible recipients of grants for renovation and refurbishment of research spaces, purchase of fixed equipment, and construction of auxiliary facilities. The authorization of appropriations for grants for alcohol and industrial hydrocarbons production research will continue through September 30, 1985, with Federal laboratories now eligible, as well as colleges, universities, and Government corporations. The total amount of appropriations for alcohol and hydrocarbon research cannot exceed \$40 million for the 10 year period beginning October 1, 1977, and no more than \$5 million can be awarded to the colleges and universities of any one State.

The authorization of appropriations for research on specific national or regional animal health or disease problems is increased to \$35 million annually, up from \$15 million. This authorization covers the period from October 1, 1981, to September 30, 1985. The funds will be awarded in the form of grants not to exceed 5 years. A list of priorities to be researched will be developed to insure rational allocation of funding. The provision that at least 50 percent of the grant money designated for use in expanding or establishing veterinarian schools go to States which already have institutions so accredited has been deleted. During fiscal years 1982 through 1985, the authorization for appropriations for continuing animal health and disease research programs at eligible institutions will be up to \$25 million annually. Although this funding level represents no change from the 1977 Act, the inclusion of termination dates is new. Eligibility for annual funds for continuing animal health and disease research, and for grants for research on specific national or regional animal health or disease problems is now limited to accredited schools or colleges of veterinary medicine and state agricultural experiment stations.

### Education Programs

The annual authority for appropriations for grants and fellowships in food and agricultural science education will continue at \$50 million through September 30, 1985. The Nutrition Education Program is continued. However, the nutritional education material program for elementary and secondary schools has been eliminated. In addition, the functions and duties of the Secretary of Education under Section 22 of the Bankhead-Jones Act and the Second Morrill Act are transferred to the Secretary of Agriculture.

Authorization for  
Appropriations--  
General

General funding for agricultural research is authorized through fiscal year 1985. The amounts of authorizations start at \$780 million for each fiscal year 1982 and 1983, and increases \$55 million per year until reaching \$890 million for fiscal year 1985. Authorizations for appropriations for research at State agricultural experiment stations are also continued through fiscal year 1985. The level of authorization begins at \$220 million in fiscal year 1982 and increases \$10 million per year until reaching \$250 million for fiscal year 1985. In addition, beginning October 1, 1983, 25 percent of the total funds appropriated in any fiscal year for specified programs, such as cooperative research and animal health research, must be directed to State agricultural experiment stations.

Extension program authorizations for appropriations are continued through fiscal year 1985. This level of authorization begins at \$350 million in fiscal year 1982 and increases \$10 million per year until reaching \$380 million for fiscal year 1985.

Other  
Appropriations

The Research Facilities Act of 1963 will continue to be authorized to receive annual appropriations of \$31 million per fiscal year to be distributed to eligible institutions through September 30, 1985. Funding for support of agricultural and forestry extension at 1890 colleges, including Tuskegee Institute, will be increased from 4 percent to 5.5 percent of the total appropriations made under the Act of May 8, 1914, for fiscal year 1982 and 6 percent for fiscal years 1983 through 1985. Plans for the extension work to be carried out by such institutions will be submitted as part of the state plan of work. New authority is provided and appropriations are authorized for the 1890 colleges to receive \$10 million in grants annually for fiscal years 1982 through 1986 for the upgrading of their research facilities. None of these funds may be used to cover overhead expenses. Authorization for appropriations for solar energy model farms and demonstration projects will continue through September 30, 1985.

New and Expanded  
Programs

The Secretary is directed to take the initiative in overcoming barriers to long range planning by developing long term needs assessments with other institutions for food, fiber, and forest products, and determining what research will be required. The Secretary's annual report that will be submitted by January 1, 1984, must detail the provisions of the long term needs assessment. The Secretary will now be required to conduct regular program evaluations to insure that the purposes and responsibilities assigned to the Secretary by this title are carried out. In addition, the Secretary is authorized to encourage regular evaluations of programs among the colleges, universities, State agricultural experiment stations, and cooperative extension services. The Secretary is further given general authority to award contracts, grants, or cooperative agreements of a maximum length of 5 years to all eligible institutions to further research, extension, or teaching programs in food and agricultural sciences.

### Aquaculture

An aquaculture subtitle is included to encourage landowners, individuals, and commercial institutions to develop aquaculture production, facilities, and sound aquaculture practices that will, through research and technology transfer programs, provide for the increased production and marketing of aquaculture food products. This is an addition to the appropriations authority provided in the 1977 Act.

The Secretary may develop a cooperative research and extension program in accordance with the national aquaculture development plan developed under the National Aquaculture Act of 1980. He may also make grants to colleges, universities, agricultural experiment stations, and Federal laboratories to conduct aquaculture research and extension. These grants are contingent, except for grants to Federal laboratories, on State matching grants. He may also make grants to States on a matching basis to assist the formulation of aquaculture development plans. The aggregate amount of grants made to anyone State for such development plans may not exceed \$50,000.

This subtitle also provides for the establishment of an aquaculture advisory board of 12 members from specified groups. The term of the board expires September 30, 1985, with meetings to be held at least annually. \$7.5 million is authorized to be appropriated each year through fiscal year 1985 for this subtitle. The Secretary is required to submit an annual report by March 1 to the President and Congress, detailing progress made in this area.

### Dairy Goats

The Secretary is mandated to make annual grants to the 1890 college, or to Tuskegee Institute that has initiated a dairy goat research program on the effective date of the 1981 Act to support the conduct of dairy goat research. The grants will be paid in quarterly installments and each year's funding must be totally accounted for within 60 days of the fiscal year's end. Funding is authorized for fiscal years 1983 through 1985 in an amount equal to one percent of the aggregate amount appropriated each year for agricultural research at the 1890 land-grant colleges, including Tuskegee Institute.

### Rangeland Research

A new rangeland research program is authorized. A number of studies are to be made in conjunction with this program including: (a) management of rangeland and agricultural land as an integrated system for efficient production; (b) efficient management of rangeland watersheds; and (c) revegetation and rehabilitation of rangelands. The research will be funded through grants--50 percent Federally funded with the remaining 50 percent from non-Federal sources. Appropriations for this program are authorized in the amount of \$10 million each fiscal year through September 30, 1985. An annual report to the President and Congress on the operation of the program will be submitted by March 1. In addition, a Rangeland Research Advisory Board will be established with an authorized existence until September 30, 1985. It will consist of 12 members and meet at least once a year.



Soybean Research Institute

A soybean research advisory institute will be established temporarily. Its mission must be completed and reported by March 1, 1983. The institute will consist of 11 members appointed by the Secretary. It will examine ways to increase soybean production, look at impediments to increased production, and assess soybean research programs. In addition, an international conference on soybean research will be developed and sponsored.

Rural Development and Small Farm Programs

Title V of the Rural Development Act of 1972, as amended, relating to rural development and small farm research and extension programs is amended to add a special grants program to strengthen research and education on national and regional issues. The responsibility for administering each State's rural development and small farm research program is placed on the land-grant college in the State. If there is more than one, responsibility is to be determined by mutual agreement. All colleges and universities are eligible to participate in this program. There are authorized to be appropriated such sums as are necessary in carrying out this program.

Human Nutrition Research

The Secretaries of Agriculture and Health and Human Services must submit to Congress a plan for a human nutrition research management system within 180 days of this Act's enactment. The system must be capable of allowing for fiscal accounting, management, and control of cross-agency human nutrition research activities.

The Secretary may establish cooperative human nutrition centers to focus resources and facilities on particular high priority nutrition problems. The centers will be established at State cooperative institutions and other colleges and universities that have demonstrable capacity in human nutrition research and education.

Reporting Date Changes

The Joint Council's annual report must be submitted to the Secretary of Agriculture no later than June 30, rather than December 31. The June report will recommend priorities for research and extension, teaching programs, and the levels of funding needed. An additional annual report will be required which will describe ongoing programs and future expectations. This second report will be due by November 30. Furthermore, the Council must submit a report by June 30, 1983 outlining a 5 year plan for food and agricultural sciences. This report will be updated every 2 years. The National Agricultural Research and Extension Users Advisory Board's annual report to the President and Congress must be submitted by February 20, rather than March 1, and their report to the Secretary must be submitted by July 1, rather than October 31. The Secretary of Agriculture's annual report to the President and Congress highlighting the Nation's agricultural research, extension, and teaching activities must be submitted by January 1, rather than February 1.

TITLE XV.  
RESOURCE  
CONSERVATION

The following are all either new legislation or represent significant changes in the 1977 legislation. In the 1981 Act, conservation measures are directed more toward special areas.

Special Areas  
Conservation  
Program

This provision allows the Secretary to establish soil, water, and related resource conservation programs in designated special areas, by providing technical and financial assistance to owners and operators of farms, ranches, and certain other lands at their request. Contracts for aiding owners and operators are to be designed to provide assistance in allowing them to make voluntary changes in their cropping systems in order to conserve or protect the soil, water, or related resources of the land. The basis for these contracts will be a conservation plan approved by the Secretary as well as the appropriate soil and water conservation district.

In designating a geographical area as a special area, the Secretary must review the National Resources Inventory data, river basin plans, special studies, and other resource information. He must consider the amount of soil loss prevented, acres protected, and the volume of water conserved. He must also evaluate the degree and type of interagency cooperation needed, the degree of local acceptance of the planned target activity, as well as significant favorable and adverse impacts. The Secretary must then prepare and publish a report assessing the problems, objectives, and priorities of the area under consideration as well as a schedule of implementation. The report must indicate how the program takes into consideration ongoing programs of Federal, State, and local agencies, including soil conservation districts, relating to soil and water conservation, pollution abatement, or the improvement or protection of forest land. The Secretary must, to the extent possible, assure that all of the Department's conservation programs operating in a designated special area complement outlined conservation objectives.

In return for the owner/operator's agreement, the Secretary will share the cost of carrying out conservation practices. Special areas may be designated at any time from the enactment of the provisions of this subtitle to September 30, 1991, and contracts may be written up to 10 years after the designation of a special area. The Secretary must submit each special area report to the agricultural committees of both houses of Congress at least 45 days before entering into any contracts within that area.

The Secretary may utilize the services and facilities of the CCC in carrying out these provisions. The Secretary must also submit a report to Congress by January 1, 1986, and at the end of each successive 5 year period, evaluating and recommending future policy directions.

Small Watershed  
Program

The Watershed Protection and Prevention Act is expanded to include Indian tribes or tribal organization. The monetary ceiling for projects that may be administratively approved and do not require reports to Congress is increased from \$1 million to \$5 million. Additionally, the Secretary is permitted to bear half the cost of acquiring easements or rights-of-way by local organizations in lessening the impact on fish and wildlife habitats. Conservation and energy development were added as authorized objectives to be included in conservation plans and agreements based thereon between the USDA and landowners.

Matching Grants  
for Conservation  
Activities

The Secretary may formulate and implement annual grants to local units of government through State conservation agencies for furthering soil, water, and related resource conservation. These grants must augment, rather than replace, other technical and financial programs of the Department of Agriculture.

A local unit of government is eligible if it: (1) has in effect a current long-range program which the State soil conservation agency determines is adequate to meet local and State laws and objectives; (2) has in effect a current annual work plan consistent with the long-range program of part 1; and (3) certifies to the Secretary, or his designee at the State level, that it has arranged for equal matching funds or in-kind services from regional, State, local, or private sources. If the Secretary determines that the long-range program or annual work plan involves primarily a national rather than a local or State objective, then State or local funds need not exceed 25 percent of the total.

Long-range programs and annual work plans may include any of the following soil, water, and related resource conservation objectives: (1) soil erosion prevention and control; (2) cropland, forest, woodland, pasture, or rangeland improvement; (3) water conservation, development, and management, and water quality improvement; (4) agricultural land retention or preservation; (5) demonstration projects to test or publicize the effectiveness of natural resource management systems adapted to local conditions; (6) fish and wildlife habitat improvement; (7) animal waste management; (8) watershed protection and flood prevention; (9) sediment control and stormwater management in urbanizing areas; (10) environmentally sound energy conservation and production; (11) leadership in natural resources aspects of rural community planning and development; or (12) any other purpose authorized or required by local or State conservation laws. If it is determined that an objective may take more than 1 year to complete, the Secretary or his designee may enter into a long-term funding agreement of not more than 10 years with the State or local unit of government contingent upon appropriations. Matching grants between the Federal Government and the State may be used for technical assistance.

The Secretary must report on the progress of this subtitle to the agricultural committees of both houses of Congress on January 1, 1986, and again on January 1, 1991.

Conservation Loan  
Program

The CCC may make loans of up to \$25,000 for not more than 10 years to producers in order to alleviate natural resource conservation problems that reduce the productive capacity of the Nation's land and water resources or that cause degradation of environmental quality. These loans can be made upon recommendation of applicable county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act and are included in the producers conservation plan approved by the local soil and water conservation district. Loans up to \$10,000 may be unsecured. The total of all loans for each fiscal year should not exceed \$200 million.

Reservoir  
Sedimentation  
Reduction Program

The Secretary is authorized to identify no more than 5 publicly owned reservoir and drainage areas where sedimentation is a critical problem and develop a plan for reducing the sedimentation problem in those reservoirs after consultation with State and local units of government. The Secretary shall, additionally, submit a progress report to the agricultural committees of both houses of Congress for their approval prior to beginning work. On January 1, 1987, the Secretary must submit a report to Congress with a recommendation for future action.

Volunteers for  
Department of  
Agriculture  
Programs

The Secretary is authorized to accept volunteers for any program within the Department, without compensation, as long as such service is not used to displace any employee including local, county, or State committee. Volunteers will not be considered Federal employees except in regard to injury compensation.

Resource  
Conservation  
and Development  
Program

In developing a soil, water, and energy conservation policy plan the Secretary of Agriculture, in consultation with various units of State and local government, as well as nonprofit organizations, is required to establish no more than 225 active designated areas. In these areas, specific problems of soil erosion and water and energy management will be ascertained. Technical and financial assistance in order to conserve and improve the land, develop natural resources, and improve and enhance the social, economic, and environmental conditions in rural areas will be provided. Loans appropriated for this title will not exceed \$15 million for each of the fiscal years beginning October 1, 1982 and ending September 30, 1987. When designating an area, the Secretary must publish an assessment of the scope of the problem as well as propose possible remedies. The Secretary must submit to both houses of Congress a progress report plus recommendations by December 31, 1986. A board consisting of 7 members, who are employees of the Department, and selected by the Secretary, will advise the Secretary on the administration of the Resource Conservation and Development Program.

Farmland  
Protection  
Policy Act

The Department, as well as other Federal agencies, should review and take measures where needed to ensure that activities of the Federal Government do not cause U.S. farmland to be irreversibly converted to nonagricultural uses when those other uses do not override the importance of maintaining farmland resources. The Department, in cooperation with other units of the Federal Government, will develop criteria for identifying the effects of Federal programs on farmland conversion. The Department will design and implement educational programs and materials which stress the importance of productive farmland to the Nation's wellbeing. The Secretary is also empowered to create one or more farmland information centers to serve as central depositories for conservation information. Such measures should be compatible with State and local Government efforts to preserve farmland. This does not give the Federal Government the right to regulate the use of nonfederal or private land. This portion of the farm bill will become effective 6 months after enactment of the legislation (June 22, 1982) and the Secretary must report to both houses of Congress 1 year after the effective date.

Local Search  
and Rescue  
Operations

The Secretary is authorized to assist in local search and rescue operations through the use of Soil and Conservation Service personnel, vehicles, and other equipment when requested by local authorities.

Reclamation

The Surface Mining Control and Reclamation Act of 1977 is changed to allow experimental reclamation on lands within a single hydrological unit of up to 25,000 acres if the Secretary determines such treatment would have a greater beneficial impact than being confined to individual parcels of land.

Payments for Land  
Removed from  
Production for  
Conservation  
Purposes

The Secretary is authorized to make payments to owners and operators of cropland, that normally freezes to a depth of at least 4 inches, who remove that cropland from agricultural production for the purpose of installing enduring conservation measures involving excavation of the soil. Payment will not exceed an amount equal to the number of acres of cropland removed from agricultural production multiplied by 50 percent of the typical annual rent paid for similar land in the county. Total payments for such purposes cannot exceed one-half of 1 percent of the total cropland in any county in any year. Financial assistance also must be approved by the Soil and Water Conservation district board in which area the land is located.

Conservation  
Tillage

Congress urges the Secretary to inform farmers on the costs and benefits of using conservation tillage to control soil erosion and improve productivity. In addition, a research program should be instituted to resolve any questions that arise when comparing this practice to other conservation methods.

TITLE XVI.  
CREDIT, RURAL  
DEVELOPMENT,  
AND FAMILY FARMS

The following sections reflect changes in programs rather than the institution of new programs.

Farmers Home  
Administration  
Real Estate and  
Operating Loans to  
Cooperatives

Cooperatives will no longer be required to have an ownership and operating interest in a family farm size operation to be eligible for farm ownership or operating loans. However, the majority interest in the cooperative will still have to be held by owner/operators of family farms and the cooperative must be unable to obtain sufficient credit elsewhere to be eligible.

Rural Telephone  
Bank

The limit on the total amount of Class A stock that the Rural Telephone Bank may issue is raised from \$300 million to \$600 million. The Government will have extended authority to purchase such stock until September 30, 1991. The date after which the stock must be retired as soon as practicable has been extended from September 30, 1985, to September 30, 1995.

Family Farm  
Policy

Congress reaffirms its support of the family farm. An annual report will continue to be submitted by the Secretary by July 1, highlighting trends in family farm operations, nonfamily farm data, and other appropriate information. The report must also show how agricultural programs and Federal laws affect the family

farm system and encourage the growth of nonfamily farm operations and investment.

Farm Credit to Widows

Access to the Federal Farm Credit Program will be the same for widows and other single parents as it is for married persons.

Lease of Facilities

The Secretary is authorized to allow long-term leasing of facilities financed under the Consolidated Farm and Rural Development Act if it is needed to ensure continuation of services for which financing has been extended to the lessor.

Borrowers Net Worth

All applicants for loans under the Consolidated Farm and Rural Development Act must now submit written statements showing their net worth.

Emergency Credit

The Emergency Agricultural Credit Act of 1978 is extended through September 30, 1982. However, the Secretary may not make any new contracts or credit guarantee which would cause the total expenditure to be greater than \$600 million in any fiscal year.

Farm Storage Facility Loans

The Secretary is mandated to make farm storage facility loans in areas where a deficiency of such storage space exists. Under the 1977 Act, the Secretary was mandated to conduct a farm storage facility loan program to encourage the storage of various farm commodities. However, the Omnibus Budget Reconciliation Act of 1981 gave the Secretary discretionary authority to conduct the program.

TITLE XVII.  
FLORAL RESEARCH  
AND CONSUMER  
INFORMATION

This new title establishes a Floraboard of not more than 75 industry members, representative of commodity groups within the industry, in order to conduct research, educate the public, and promote the use of plants and flowers. Producer representation of a commodity group on the board must exceed importer representation of a commodity group at all times. An executive committee of 15, selected by members of the Floraboard from among their own ranks, is also established. Funding for the activities of the Floraboard is through an assessment on plant and flower producers and importers set for the first 2 years at one-half percent, and never exceeding 1 and one-half percent of retail sales, minus production or purchase costs of plants and flowers. (The assessment may not be increased more than .25 percent annually.) Any producer or importer, whose total sales of flowers and plants do not exceed \$100,000 during a 12 consecutive month period prior to the date an assessment is due and payable, can be exempted from this levy but lose their right to vote in referendums. Money collected by the Floraboard cannot be used to influence governmental policy or actions, except to seek amendments to the order. Any producer or importer who pays an assessment may demand or receive a refund if such a demand is made in accordance with the requirements in the regulations. The Floraboard must make the refund within 60 days of being provided proof an assessment was paid.

### Referendum

Orders desired to be issued by the industry, within the requirements of this title, will be offered through the use of a referendum. Two-thirds of those members voting must signify their approval before an order can become effective. This may also be a simple majority vote if the majority accounts for two-thirds of the production or importation value of plants and flowers.

The Secretary can suspend or terminate any order he feels obstructs or does not effectuate the purposes of this title. The Secretary may also hold a referendum at the request of at least 10 percent of the producers and importers in order to consider termination or suspension of an order by a majority of those voting.

### Enforcement

The United States District Courts are vested with the jurisdiction to enforce this title. Any person violating the orders or regulations issued by the Secretary under provisions of this title may be subject to a civil penalty of \$500 to \$5,000. In addition to, or in lieu of, civil penalties, the Secretary may issue a cease and desist order. Review of such penalties or a cease and desist order must be filed with the appropriate U.S. Court of Appeals. Any person who fails to obey a final cease and desist order after such order becomes final and unappealable or after the appropriate U.S. Court of Appeals has rendered final judgement on behalf of the Secretary, will be subject, after opportunity for a hearing, to the imposition of civil penalties by the Secretary of up to \$500 each day that a failure to comply continues.

The Secretary may make investigations to determine whether a producer, importer, wholesaler, retailer, or other person is engaged, or is about to engage in any practice which constitutes or will constitute a violation of any provision of this title. The Secretary is also empowered to subpoena witnesses and require production documents.

Any person misusing information supplied to the Secretary for the operation of this title will be subject to punishment as a misdemeanor.