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## APPENDICES

[As Amended Through P.L. 107-195, June 16, 2002]

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## APPENDIX A—GENERAL

### FOOD AND AGRICULTURE ACT OF 1977 <sup>1</sup>

[NORMALLY PLANTED ACREAGE]

[SEC. 1001. <sup>2</sup> [7 U.S.C. 1309]]

### FOOD SECURITY ACT OF 1985

[NORMAL SUPPLY]

[SEC. 1019. <sup>3</sup> [7 U.S.C. 1310a]]

### FOOD SECURITY WHEAT RESERVE

See Agricultural Trade Laws Vol.

### FOOD SECURITY ACT OF 1985

[DETERMINATIONS OF THE SECRETARY]

[SEC. 1017. <sup>4</sup> [7 U.S.C. 1385 note]]

### AGRICULTURE AND FOOD ACT OF 1981

[Subtitle B—National Agricultural Cost of Production Standards Review Board <sup>5</sup>]

### SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

See Soil Conservation Laws Vol.

### FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

#### SEC. 1147. [7 U.S.C. 1421a] FINANCIAL IMPACT STUDY. <sup>6</sup>

(a) STUDY.—The Secretary of Agriculture shall conduct an annual study of the financial impact of the support levels established and announced by the Secretary under programs contained in the Agricultural Act of 1949 (hereafter in this section referred to as “programs”), including a study of the effect of the support levels on the ability of producers to meet their financial obligations (with special emphasis on borrowers from the Farmers Home Administration and the Farm Credit System).

(b) REPORT.—The Secretary shall annually prepare a report containing the results of the study and submit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than the date of the final announcement for the programs by the Secretary for any 1 year.

<sup>1</sup> P.L. 95-113, 91 Stat. 917, Sept. 29, 1977.

<sup>2</sup> Sec. 1001 was effective only for the 1982 through 1995 crops. For the text of sec. 1001, see p. 34-1 and 34-2 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>3</sup> Sec. 1019 of P.L. 99-198, 99 Stat. 1459, Dec. 23, 1985, was effective only for the 1986 through 1995 crops. For the text of sec. 1019, see p. 34-2 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>4</sup> Sec. 1017 of P.L. 99-198, 99 Stat. 1459, Dec. 23, 1985, was effective only for the 1991 through 1995 crops. For the text of sec. 1017, see p. 34-2 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>5</sup> The National Agricultural Cost of Production Standards Review Board established in subtitle B of P.L. 97-98, 95 Stat. 1261, Dec. 22, 1981, ceased to exist on September 30, 1995. For the text of subtitle B, see p. 34-3 through 34-5 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>6</sup> P.L. 101-624, 104 Stat. 3516, Nov. 28, 1990.

(c) **INFORMATIONAL PURPOSES.**—The study under this section (including the study of the effect of the support levels on the ability of producers to meet their financial obligations) shall be only for informational purposes and for Congressional oversight and shall not give rise to any cause of action, be a basis for, or be used as evidence in support of, any claim or right of any person, including farmers and borrowers, in any administrative or judicial proceeding.

[SEC. 1148. [7 U.S.C. 1421 note] SURVEY OF PROGRAM PARTICIPANTS.<sup>7</sup>]

## **[Subtitle E—Options Pilot Program<sup>8</sup>]**

### **FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT AMENDMENTS OF 1991**

[SEC. 121. SENSE OF CONGRESS REGARDING TARGETED OPTIONS PAYMENTS.<sup>9</sup>]

### **OMNIBUS BUDGET RECONCILIATION ACT OF 1990**

[SEC. 1302. READJUSTMENT OF SUPPORT LEVELS.<sup>10</sup>]

### **FOOD SECURITY ACT OF 1985**

#### **COST REDUCTION OPTIONS**

SEC. 1009.<sup>11</sup> [7 U.S.C. 1308a] (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) will reduce the total of the direct and indirect costs to the Federal Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably

<sup>7</sup>Sec. 1148 was omitted as obsolete. For the text of sec. 1148, see p. 34–6 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>8</sup>The options pilot program created by subtitle E of P.L. 101–624, 104 Stat. 3518–3520, Nov. 28, 1990, was repealed and replaced by sec. 191 of the Agricultural Market Transition Act, P.L. 104–127, 110 Stat. 941, April 4, 1996. For the text of former subtitle E, see p. 34–7 through 34–9 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>9</sup>Sec. 121 was omitted as obsolete. For the text of sec. 121, see p. 34–9 and 34–10 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>10</sup>Sec. 1302 was repealed by sec. 263(a) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104–127, 110 Stat. 974, April 4, 1996. For the text of former sec. 1302, see p. 34–10 and 34–11 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>11</sup>P.L. 99–198, 99 Stat. 1453, Dec. 23, 1985.

be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d)<sup>12</sup> When the domestic market price of a commodity for which a nonrecourse loan program (including the program authorized by section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e)) is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield benefits to the Federal Government due to—

- (1) receipt by the Federal Government of a portion rather than none of the accumulated interest;
- (2) avoidance of default; or
- (3) elimination of storage, handling, and carrying charges on the forfeited commodity.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Federal Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of \$50,000 per person established under section 1001 of this Act, but shall be limited to a total \$20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary under any other provision of law.

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<sup>12</sup> Sec. 3 of P.L. 101-34, 103 Stat. 781, Oct. 30, 1989, amended subsec. (d) by (1) inserting after “nonrecourse loan program” the following “(including the program authorized by section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e))”; (2) striking “savings” and inserting “benefits”; and (3) striking “forfeited commodity,” and all that follows through the period at the end of the sentence and inserting “forfeited commodity.”.

## APPENDIX B—PAYMENT LIMITATIONS AND OTHER RESTRICTIONS

### FOOD SECURITY ACT OF 1985

#### SEC. 1001. [7 U.S.C. 1308] PAYMENT LIMITATIONS.<sup>1001-1</sup>

(a) DEFINITIONS.—In this section:

(1) COVERED COMMODITY.—The term “covered commodity” has the meaning given that term in section 1001 of the Farm Security and Rural Investment Act of 2002.

(2) LOAN COMMODITY.—The term “loan commodity” has the meaning given that term in section 1001 of the Farm Security and Rural Investment Act of 2002, except that the term does not include wool, mohair, or honey.

(3) SECRETARY.—The term “Secretary” means the Secretary of Agriculture.

(b) LIMITATION ON DIRECT PAYMENTS.—

(1) COVERED COMMODITIES.—The total amount of direct payments made to a person during any crop year under subtitle A of title I of the Farm Security and Rural Investment Act of 2002 for 1 or more covered commodities may not exceed \$40,000.

(2) PEANUTS.—The total amount of direct payments made to a person during any crop year under subtitle C of title I of the Farm Security and Rural Investment Act of 2002 may not exceed \$40,000.

(c) LIMITATION ON COUNTER-CYCLICAL PAYMENTS.—

(1) COVERED COMMODITIES.—The total amount of counter-cyclical payments made to a person during any crop year under subtitle A of title I of the Farm Security and Rural Investment Act of 2002 for 1 or more covered commodities may not exceed \$65,000.

(2) PEANUTS.—The total amount of counter-cyclical payments made to a person during any crop year under subtitle C of title I of the Farm Security and Rural Investment Act of 2002 may not exceed \$65,000.

(d) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—

(1) LOAN COMMODITIES.—The total amount of the following gains and payments that a person may receive during any crop year may not exceed \$75,000:

(A) Any gain realized by a producer from repaying a marketing assistance loan for 1 or more loan commodities under subtitle B of title I of the Farm Security and Rural Investment Act of 2002 at a lower level than the original

<sup>1001-1</sup> P.L. 99-198, 99 Stat. 1444, Dec. 23, 1985, sec. 1001 originally had six paras, and was effective for the 1986 through 1990 crops. Sec. 115(b) of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 902, April 4, 1996, amended former paras. (1) through (4) in their entirety.

Sec. 1603(a) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 213, May 13, 2002, amended sec. 1001 by striking the section heading, “SEC. 1001.”, and all that follows through the end of para. (4) and inserting the sec. heading through subsec. (d). For the text of former sec. 1001, see p. 15-1 of Agricultural Commodity Laws (as of Dec. 29, 2000).

Sec. 1603(d) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 215, May 13, 2002, provides that sec. 1001, as in effect on the day before the date of the enactment of that Act, shall continue to apply with respect to the 2001 crop of any covered commodity.

loan rate established for the loan commodity under that subtitle.

(B) Any loan deficiency payments received for 1 or more loan commodities under that subtitle.

(2) OTHER COMMODITIES.—The total amount of the following gains and payments that a person may receive during any crop year may not exceed \$75,000:

(A) Any gain realized by a producer from repaying a marketing assistance loan for peanuts, wool, mohair, or honey under subtitle B or C of title I of the Farm Security and Rural Investment Act of 2002 at a lower level than the original loan rate established for the commodity under those subtitles.

(B) Any loan deficiency payments received for peanuts, wool, mohair, and honey under those subtitles.

(e)<sup>1001-2</sup> DEFINITION OF PERSON.—(1)<sup>1001-3</sup> The Secretary shall issue regulations—

(A) defining the term “person”; and

(B) prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitation established under this section.

(2)<sup>1001-4</sup>(A)<sup>1001-5</sup> For the purposes of the regulations issued under paragraph (1), subject to subparagraph (B),<sup>1001-6</sup> the term “person” means—

(i) an individual, including any individual participating in a farming operation as a partner in a general partnership, a participant in a joint venture, a grantor of a revocable trust, or a participant in a similar entity (as determined by the Secretary);

(ii) a corporation, joint stock company, association, limited partnership, charitable organization, or other similar entity (as determined by the Secretary), including any such entity or organization participating in the farming operation as a partner in a general partnership, a participant in a joint venture, a

<sup>1001-2</sup> Sec. 1603(b)(1)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended former para. (5) by striking “(5)” and inserting “(e) DEFINITION OF PERSON.—”.

<sup>1001-3</sup> Sec. 1603(b)(1)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended para. (5) by redesignating subparas. (A) through (E) as paras. (1) through (5), respectively.

Sec. 1603(b)(1)(C)(i) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended para. (1) by redesignating former clauses (i) and (ii) as subparas. (A) and (B), respectively.

Sec. 1603(b)(1)(C)(ii) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, struck the former second sentence. Previously, the sentence was added by sec. 108(a)(2) of the Joint Res. of Oct. 18, 1986, P.L. 99-500, 100 Stat. 1783-347, and sec. 108(a)(2) of the Joint Res. of Oct. 30, 1986, P.L. 99-591, 100 Stat. 3341-347, and amended in its entirety by sec. 1303(a) of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-16, Dec. 22, 1987.

<sup>1001-4</sup> For redesignation, see footnote 1001-3.

<sup>1001-5</sup> Sec. 1603(b)(1)(D)(i) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, redesignated former clause (i) as subpara. (A). Previously, sec. 1303(a) of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-16, Dec. 22, 1987, added a new subpara. (B); redesignated the original subpara. (B) as subpara. (C); and added subparas. (D) and (E), effective beginning with the 1989 crops.

Sec. 1603(b)(1)(D)(i)(II) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended para. (2) by redesignating subclauses (I), (II), and (III), as clauses (i), (ii), and (iii), respectively.

<sup>1001-6</sup> Sec. 1603(b)(1)(D)(i)(I) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended subpara. (A) by striking “subparagraph (A), subject to clause (ii)” and inserting “paragraph (1), subject to subparagraph (B)”.

grantor of a revocable trust, or as a participant in a similar entity (as determined by the Secretary); and

(iii) a State, political subdivision, or agency thereof.

(B)<sup>1001-7</sup>(i) Such regulations shall provide that the term “person” does not include any cooperative association of producers that markets commodities for producers with respect to the commodities so marketed for producers.

(ii) In defining the term “person” as it will apply to irrevocable trusts and estates, the Secretary shall ensure that fair and equitable treatment is given to trusts and estates and the beneficiaries thereof.

(iii)<sup>1001-8</sup> Notwithstanding any other provision of law, to be considered a separate person under this section, an irrevocable trust (other than a trust established prior to January 1, 1987) must not allow for modification or termination of the trust by the grantor, allow for the grantor to have any future, contingent, or remainder interest in the corpus of the trust, or provide for the transfer of the corpus of the trust to the remainder beneficiary in less than 20 years from the date the trust is established except in cases where the transfer is contingent on the remainder beneficiary achieving at least the age of majority or is contingent on the death of the grantor or income beneficiary.

(C)<sup>1001-9</sup> The regulations shall provide that, with respect to any married couple, the husband and wife shall be considered to be one person, except that, for the purpose of the application of the limitations established under this section—

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

(ii) at the option of the Secretary, in the case of any married couple consisting of spouses who do not hold, directly or indirectly, a substantial beneficial interest in more than one entity (including the spouses themselves) engaged in farm operations that also receives farm program payments (as described in subsections (b), (c), and (d))<sup>1001-10</sup> as separate persons, the spouses may be considered as separate persons if each spouse meets the other requirements established under this section and section 1001A to be considered to be a separate person.

<sup>1001-7</sup> Sec. 1603(b)(1)(D)(ii) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended para. (1) by redesignating former clause (ii) as subpara. (B) and, in such subpara., by redesignating former subclauses (I), (II), and (III), as clauses (i), (ii), and (iii), respectively.

<sup>1001-8</sup> Former subclause (III) was added by sec. 1111(e) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3499, Nov. 28, 1990.

<sup>1001-9</sup> Sec. 1603(b)(1)(D)(iii) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended para. (2) by redesignating former clause (iii) as subpara. (C) and by redesignating former subclauses (I) and (II) as clauses (i) and (ii), respectively. Previously, former clause (iii) was amended in its entirety by sec. 1111(c) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3498, Nov. 28, 1990. For the previous text, see p. 33-3 of Volume I—Domestic Agricultural Programs, as of P.L. 101-240.

<sup>1001-10</sup> Sec. 1603(b)(1)(D)(iii)(I) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended clause (ii) by striking “as described in paragraphs (1) and (2)” and inserting “as described in subsections (b), (c), and (d)”.

(3)<sup>1001-11</sup> The regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970 (7 U.S.C. 1307) shall be used to establish the percentage ownership of a corporation by the stockholders of such corporation for the purpose of determining whether such corporation and stockholders are separate persons under this section.

(4)<sup>1001-12</sup> Any person that conducts a farming operation to produce a crop subject to limitations under this section as a tenant that rents the land for cash (or a crop share guaranteed as to the amount of the commodity to be paid in rent) and that makes a significant contribution of active personal management but not of personal labor shall be ineligible to receive any payment specified in paragraph (1) or (2) or subtitle D of title XII with respect to such land unless the tenant makes a significant contribution of equipment used in the farming operation.

(5)<sup>1001-13</sup> The Secretary may not approve (for purposes of the application of the limitations under this section) any change in a farming operation that otherwise will increase the number of persons to which the limitations under this section are applied unless the Secretary determines that the change is bona fide and substantive. In the implementation of the preceding sentence, the addition of a family member to a farming operation under the criteria set out in section 1001A(b)(1)(B) shall be considered a bona fide and substantive change in the farming operation.

(f)<sup>1001-14</sup> PUBLIC SCHOOLS.—The provisions of this section that limit payments to any person shall not be applicable to land owned by a public school district or land owned by a State that is used to maintain a public school.

(g)<sup>1001-15</sup> TIME LIMITS; RELIANCE.—Regulations of the Secretary shall establish time limits for the various steps involved with notice, hearing, decision, and the appeals procedure in order to ensure expeditious handling and settlement of payment limitation disputes. Notwithstanding any other provision of law, actions taken by an individual or other entity in good faith on action or advice of an authorized representative of the Secretary may be accepted as meeting the requirement under this section or section 1001A, to the extent the Secretary deems it desirable in order to provide fair and equitable treatment.

<sup>1001-11</sup> For redesignation, see footnote 1001-3.

<sup>1001-12</sup> Effective beginning with the 1990 crops, sec. 2 of P.L. 101-217, 103 Stat. 1857 (as amended by sec. 1111(i) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3500, Nov. 28, 1990) amended subpar. (D) to read as provided above. For provisions governing the 1989 crops, see sec. 1 of P.L. 101-217. For the original text of subpar. (D), see note 1001-7. Sec. 3 of P.L. 101-217 providing that nothing in [P.L. 101-217] shall be construed in any way to limit the authority of the Secretary of Agriculture to provide equitable relief under any provision of law. For redesignation, see footnote 1001-3.

<sup>1001-13</sup> See footnote 1001-5. For redesignation, see footnote 1001-3.

<sup>1001-14</sup> Sec. 1603(b)(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended this sec. by striking “(6)” and inserting “(f) PUBLIC SCHOOLS.—”. Previously, a new para. (6) was substituted for the former subpara. (6) by sec. 1003(b) of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-17, Dec. 22, 1987, effective beginning with the 1989 crops. The earlier subpara. (6) had been amended by sec. 109 of the Joint Res. of Oct. 18, 1986, P.L. 99-500, 100 Stat. 1783-347, and by sec. 109 of the Joint Res. of Oct. 30, 1986, P.L. 99-591, 100 Stat. 3341-347, effective for the 1986 through 1990 crops.

<sup>1001-15</sup> Sec. 1603(b)(3) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 214, May 13, 2002, amended this sec. by striking “(7)” and inserting “(g) TIME LIMITS; RELIANCE.—”.

**SEC. 1001A. [7 U.S.C. 1308-1] PREVENTION OF CREATION OF ENTITIES TO QUALIFY AS SEPARATE PERSONS; PAYMENTS LIMITED TO ACTIVE FARMERS.**<sup>1001A-1</sup>

(a) PREVENTION OF CREATION OF ENTITIES TO QUALIFY AS SEPARATE PERSONS.—For the purposes of preventing the use of multiple legal entities to avoid the effective application of the payment limitations under section 1001:

(1) IN GENERAL.—A person (as defined in section 1001(e)(2)(A))<sup>1001A-2</sup> that receives farm program payments (as described in paragraphs (1) and (2) of this section as being subject to limitation) for a crop year<sup>1001A-3</sup> may not also hold, directly or indirectly, substantial beneficial interests in more than two entities (as defined in section 1001(e)(2)(A)(ii))<sup>1001A-4</sup> engaged in farm operations that also receive such payments as separate persons, for the purposes of the application of the limitations under section 1001. A person that does not receive such payments for a crop year may not hold, directly or indirectly, substantial beneficial interests in more than three entities that receive such payments as separate persons, for the purposes of the application of the limitations under section 1001.

(2) MINIMAL BENEFICIAL INTERESTS.—For the purpose of this subsection, a beneficial interest in any entity that is less than<sup>1001A-5</sup> 10 percent<sup>1001A-6</sup> of all beneficial interests in such entity combined shall not be considered a substantial beneficial interest, unless the Secretary determines, on a case-by-case basis, that a smaller percentage should apply to one or more beneficial interests to ensure that the purpose of this subsection is achieved.

(3) NOTIFICATION BY ENTITIES.—To facilitate administration of this subsection, each entity receiving such payments as a separate person shall notify each individual or other entity that acquires or holds a substantial beneficial interest in it of the requirements and limitations under this subsection. Each such entity receiving payments shall provide to the Secretary of Agriculture, at such times and in such manner as prescribed by the Secretary, the name and social security number of each individual, or the name and taxpayer identification number of each entity, that holds or acquires a substantial beneficial interest.

(4) NOTIFICATION OF INTEREST.—

(A) IN GENERAL.—If a person is notified that the person holds substantial beneficial interests in more than the

<sup>1001A-1</sup> Sec. 1001A was added by sec. 1301(a)(3) of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-12, Dec. 22, 1987, effective beginning with the 1989 crops.

<sup>1001A-2</sup> Sec. 1603(c)(1)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 215, May 13, 2002, amended subsecs. (a)(1) and (b)(1) by striking “section 1001(5)(B)(i)” and inserting “section 1001(e)(2)(A)”.

<sup>1001A-3</sup> Sec. 115(c)(1) of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 903, April 4, 1996, amended para. (1) by striking “under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)”.

<sup>1001A-4</sup> Sec. 1603(c)(1)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 215, May 13, 2002, amended subsecs. (a)(1) and (b)(2)(B) by striking “section 1001(5)(B)(i)(II)” and inserting “section 1001(e)(2)(A)(ii)”.

<sup>1001A-5</sup> Sec. 118(c) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991, P.L. 102-237, 105 Stat. 1841, Dec. 13, 1991, amended clause (i) in its entirety. For the prior version of clause (i), see p. 21-13 of Vol. I—Domestic Agricultural Programs (as of Jan. 1, 1991).

<sup>1001A-6</sup> Sec. 1111(f) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3499, Nov. 28, 1990, amended para. (2) by striking “10 percent” and inserting “0 to 10 percent”.

number of entities receiving payments that is permitted under this subsection for the purposes of the application of the limitations under section 1001, the person immediately shall notify the Secretary, designating those entities that should be considered as permitted entities for the person for purposes of applying the limitations. Each remaining entity in which the person holds a substantial beneficial interest shall be subject to reductions in the payments to the entity subject to limitation under section 1001 in accordance with this subparagraph. Each such payment applicable to the entity shall be reduced by an amount that bears the same relation to the full payment that the person's beneficial interest in the entity bears to all beneficial interests in the entity combined. Before making such reductions, the Secretary shall notify all individuals or entities affected thereby and permit them to adjust among themselves their interests in the designated entity or entities.

(B) NOTICE NOT PROVIDED.—If the person does not so notify the Secretary, all entities in which the person holds substantial beneficial interests shall be subject to reductions in the per person limitations under section 1001 in the manner described in subparagraph (A). Before making such reductions, the Secretary shall notify all individuals or entities affected thereby and permit them to adjust among themselves their interests in the designated entity or entities.

(b) <sup>1001A-7</sup> PAYMENTS LIMITED TO ACTIVE FARMERS.—

(1) IN GENERAL.—To be separately eligible for farm program payments (as described in paragraphs (1) and (2) of section 1001 as being subject to limitation)<sup>1001A-8</sup> with respect to a particular farming operation (whether in the person's own right or as a partner in a general partnership, a grantor of a revocable trust, a participant in a joint venture, or a participant in a similar entity (as determined by the Secretary) that is the producer of the crops involved), a person must be an individual or entity described in section 1001(e)(2)(A)<sup>1001A-9</sup> and actively engaged in farming with respect to such operation, as provided under paragraphs (2), (3), and (4).

(2) GENERAL CLASSES ACTIVELY ENGAGED IN FARMING.<sup>1001A-10</sup>—For the purposes of paragraph (1), except as otherwise provided in paragraph (3):

(A) INDIVIDUALS.—An individual shall be considered to be actively engaged in farming with respect to a farm operation if—

- (i) the individual makes a significant contribution (based on the total value of the farming operation) of—
    - (I) capital, equipment, or land; and
    - (II) personal labor or active personal management;
- to the farming operation; and

<sup>1001A-7</sup> Subsec. (b) added by sec. 1302 of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-14, Dec. 22, 1987, effective beginning with the 1989 crops.

<sup>1001A-8</sup> Sec. 115(c)(2) of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 903, April 4, 1996, amended para. (1) by striking “under the Agricultural Act of 1949”.

<sup>1001A-9</sup> See footnote 1001A-2.

<sup>1001A-10</sup> Copy read “CLASSES ACTIVELY ENGAGED IN FARMING.”

(ii) the individual's share of the profits or losses from the farming operation is commensurate with the individual's contributions to the operation; and

(iii) the individual's contributions are at risk.

(B) CORPORATIONS OR OTHER ENTITIES.—A corporation or other entity described in section 1001(e)(2)(A)(ii)<sup>1001A-11</sup> shall be considered as actively engaged in farming with respect to a farming operation if—

(i) the entity separately makes a significant contribution (based on the total value of the farming operation) of capital, equipment, or land;

(ii) the stockholders or members collectively make a significant contribution of personal labor or active personal management to the operation; and

(iii) the standards provided in clauses (ii) and (iii) of paragraph (A), as applied to the entity, are met by the entity.

(C) ENTITIES MAKING SIGNIFICANT CONTRIBUTIONS.—If a general partnership, joint venture, or similar entity (as determined by the Secretary) separately makes a significant contribution (based on the total value of the farming operation involved) of capital, equipment, or land, and the standards provided in clauses (ii) and (iii) of paragraph (A), as applied to the entity, are met by the entity, the partners or members making a significant contribution of personal labor or active personal management shall be considered to be actively engaged in farming with respect to the farming operation involved.

(D) EQUIPMENT AND PERSONAL LABOR.—In making determinations under this subsection regarding equipment and personal labor, the Secretary shall take into consideration the equipment and personal labor normally and customarily provided by farm operators in the area involved to produce program crops.

(3) SPECIAL CLASSES ACTIVELY ENGAGED IN FARMING.—Notwithstanding paragraph (2), the following persons shall be considered to be actively engaged in farming with respect to a farm operation:

(A) LANDOWNERS.—A person that is a landowner contributing the owned land to the farming operation if the landowner receives rent or income for such use of the land based on the land's production or the operation's operating results, and the person meets the standard provided in clauses (ii) and (iii) of paragraph (2)(A).

(B) FAMILY MEMBERS.—With respect to a farming operation conducted by persons, a majority of whom are individuals who are family members, an adult family member who makes a significant contribution (based on the total value of the farming operation) of active personal management or personal labor and, with respect to such contribution, who meets the standards provided in clauses (ii) and (iii) of paragraph (2)(A). For the purposes of the preceding sentence, the term "family member" means an individual to whom another family member in the farming operation is related as lineal ancestor, lineal descendant, or sibling (in-

<sup>1001A-11</sup> See footnote 1001A-4.

cluding the spouses of those family members who do not make a significant contribution themselves).

(C) SHARECROPPERS.—A sharecropper who makes a significant contribution of personal labor to the farming operation and, with respect to such contribution, who meets the standards provided in clauses (ii) and (iii) of paragraph (2)(A).

(4) PERSONS NOT ACTIVELY ENGAGED IN FARMING.—For the purposes of paragraph (1), except as provided in paragraph (3), the following persons shall not be considered to be actively engaged in farming with respect to a farm operation:

(A) LANDLORDS.—A landlord contributing land to the farming operation if the landlord receives cash rent, or a crop share guaranteed as to the amount of the commodity to be paid in rent, for such use of the land.

(B) OTHER PERSONS.—Any other person, or class of persons, determined by the Secretary as failing to meet the standards set out in paragraphs (2) and (3).

(5) CUSTOM FARMING SERVICES.—A person receiving custom farming services will be considered separately eligible for payment limitation purposes if such person is actively engaged in farming based on paragraphs (1) through (3). No other rules with respect to custom farming shall apply.

(6) <sup>1001A-12</sup> GROWERS OF HYBRID SEED.—To determine whether a person growing hybrid seed under contract shall be considered to be actively engaged in farming, the Secretary shall not take into consideration the existence of a hybrid seed contract.

**SEC. 1001B. [7 U.S.C. 1308-2] SCHEMES OR DEVICES.** <sup>1001B-1</sup>

If the Secretary of Agriculture determines that any person has adopted a scheme or device to evade, or that has the purpose of evading, section 1001, 1001A, or 1001C, such person shall be ineligible to receive farm program payments (as described in subsections (b), (c), and (d) <sup>1001B-2</sup> of section 1001 as being subject to limitation) applicable to the crop year for which such scheme or device was adopted and the succeeding crop year.

**SEC. 1001C. [7 U.S.C. 1308-3] FOREIGN PERSONS MADE INELIGIBLE FOR PROGRAM BENEFITS.** <sup>1001C-1</sup>

Notwithstanding any other provision of law:

(a) IN GENERAL.—Any <sup>1001C-2</sup> person who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality

<sup>1001A-12</sup> Para. (6) was added by sec. 1111(d) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3498, Nov. 28, 1990.

<sup>1001B-1</sup> Sec. 1001B was added by sec. 1304(b) of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-17, Dec. 22, 1987, effective beginning with the 1989 crops.

<sup>1001B-2</sup> Sec. 1603(c)(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 215, May 13, 2002, amended sec. 1001B by striking “as described in paragraphs (1) and (2)” and inserting “as described in subsections (b), (c), and (d)”.

<sup>1001C-1</sup> Sec. 1001C was added by sec. 1306 of the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, 101 Stat. 1330-19, Dec. 22, 1987, effective beginning with the 1989 crops.

<sup>1001C-2</sup> Sec. 1111(b)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3498, Nov. 28, 1990, amended subsec. (a) by striking “1989 and 1990 crops” and inserting “1991 through 1995 crops”. Sec. 1101(b)(3)(B) of the Omnibus Budget Reconciliation Act of 1993, P.L. 103-66, 107 Stat. 314, Aug. 10, 1993, amended subsec. (a) by striking “1995” both places it appears and inserting “1997”. Sec. 115(c)(2)(A) of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 903, April 4, 1996, amended subsec. (a) by striking “For each of the 1991 through 1997 crops, any” and inserting “Any”.

Act (8 U.S.C. 1101 et seq.) shall be ineligible to receive any type of loans or payments made available under title I of the Farm Security and Rural Investment Act of 2002,<sup>100C-3</sup> the Agricultural Market Transition Act,<sup>1001C-4</sup> the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.), or under any contract entered into under title XII,<sup>1001C-5</sup> with respect to any commodity produced, or land set aside from production, on a farm that is owned or operated by such person, unless such person is an individual who is providing land, capital, and a substantial amount of personal labor in the production of crops on such farm.

(b) CORPORATION OR OTHER ENTITIES.—For purposes of subsection (a), a corporation or other entity shall be considered a person that is ineligible for production adjustment payments, price support program loans, payments, or benefits if more than 10 percent of the beneficial ownership of the entity is held by persons who are not citizens of the United States or aliens lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act, unless such persons provide a substantial amount of personal labor in the production of crops on such farm. Notwithstanding the foregoing provisions of this subsection, with respect to an entity that is determined to be ineligible to receive such payments, loans, or other benefits, the Secretary may make payments, loans, and other benefits in an amount determined by the Secretary to be representative of the percentage interests of the entity that is owned by citizens of the United States and aliens lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act.

(c) PROSPECTIVE APPLICATION.—No person shall become ineligible under this section for production adjustment payments, price support program loans, payments or benefits as the result of the production of a crop of an agricultural commodity planted, or commodity program or conservation reserve contract entered into, before, the date of the enactment of this section.

**SEC. 1001D. [7 U.S.C. 1308-3a] ADJUSTED GROSS INCOME LIMITATION.**<sup>1001D-1</sup>

(a) DEFINITION OF AVERAGE ADJUSTED GROSS INCOME.—

(1) IN GENERAL.—In this section, the term “average adjusted gross income”, with respect to an individual or entity (for purposes of this section, as defined in section 1001(e)(2)(A)(ii)), means the 3-year average of the adjusted gross income or com-

<sup>1001C-3</sup> Sec. 1603(c)(3) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 215, May 13, 2002, amended subsec. (a) by inserting “title I of the Farm Security and Rural Investment Act of 2002,” after “made available under”.

<sup>1001C-4</sup> Sec. 115(c)(2)(B) of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 903, April 4, 1996, amended subsec. (a) by striking “production adjustment payments, price support program loans, payments, or benefits made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.),” and inserting “loans or payments made available under the Agricultural Market Transition Act.”

<sup>1001C-5</sup> Sec. 1111(b)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3498, Nov. 28, 1990, amended subsec. (a) by inserting after “(16 U.S.C. 3831 et seq.)” the following: “, or under any contract entered into under title XII during the 1989 through 1995 crop years.” Sec. 1101(b)(3)(B) of the Omnibus Budget Reconciliation Act of 1993, P.L. 103-66, 107 Stat. 314, Aug. 10, 1993, amended subsec. (a) by striking “1995” both places it appears and inserting “1997”. Sec. 115(c)(2)(C) of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 903, April 4, 1996, amended subsec. (a) by striking “during the 1989 through 1997 crop years”.

<sup>1001D-1</sup> Sec. 1604 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 215, May 13, 2002, redesignated former secs. 1001D and 1001E as secs. 1001E and 1001F, respectively, and inserted a new sec. 1001D.

parable measure of the individual or entity over the 3 preceding tax years, as determined by the Secretary.

(2) SPECIAL RULES FOR CERTAIN INDIVIDUALS AND ENTITIES.—In the case of an entity that is not required to file a Federal income tax return or an individual or entity that did not have taxable income in 1 or more of the tax years used to determine the average under paragraph (1), the Secretary shall provide, by regulation, a method for determining the average adjusted gross income of the individual or entity for purposes of this section.

(b) LIMITATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2) during a crop year if the average adjusted gross income of the individual or entity exceeds \$2,500,000, unless not less than 75 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

(2) COVERED BENEFITS.—Paragraph (1) applies with respect to the following:

(A) A direct payment or counter-cyclical payment under subtitle A or C of title I of the Farm Security and Rural Investment Act of 2002.

(B) A marketing loan gain or payment described in section 1001(d) of this Act.

(C) A payment under any program under title XII of this Act or title II of the Farm Security and Rural Investment Act of 2002.

(c) CERTIFICATION.—To comply with the limitation under subsection (b), an individual or entity shall provide to the Secretary—

(1) a certification by a certified public accountant or another third party that is acceptable to the Secretary that the average adjusted gross income of the individual or entity does not exceed the limitation specified in that subsection; or

(2) information and documentation regarding the adjusted gross income of the individual or entity through other procedures established by the Secretary.

(d) COMMENSURATE REDUCTION.—In the case of a benefit described in subsection (b)(2) made in a crop year to an entity, general partnership, or joint venture, the amount of the benefit shall be reduced by an amount that is commensurate with the direct and indirect ownership interest in the entity, general partnership, or joint venture of each individual who has an average adjusted gross income in excess of the limitation specified in subsection (b) for the average of the 3 preceding crop years.

(e) EFFECTIVE PERIOD.—This section shall apply only during the 2003 through 2007 crop years.

**SEC. 1001E. [7 U.S.C. 1308-4] EDUCATION PROGRAM.** <sup>1001E-1</sup>

(a) IN GENERAL.—The Secretary shall carry out a payment provisions education program for appropriate personnel of the Department of Agriculture and members and other personnel of county and State committees established under section 8(b) of the Soil

<sup>1001E-1</sup> Former sec. 1001D was added by sec. 1111(g) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3499, Nov. 28, 1990. For redesignation, see footnote 1001D-1.

Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), for the purpose of fostering more effective and uniform application of the payment limitations and restrictions established under sections 1001 through 1001C.

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

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

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

**SEC. 1001F. [7 U.S.C. 1308-5] TREATMENT OF MULTIYEAR PROGRAM CONTRACT PAYMENTS.**<sup>1001F-1</sup>

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

(b) LIMITATION.—Payments made pursuant to this section shall not exceed the amount to which the previous owner was entitled to receive under the terms of the contract at the time of the death of the prior owner.

**CONTROLLED SUBSTANCES ACT**

CONTROLLED SUBSTANCES PRODUCTION CONTROL

SEC. 519.<sup>519-1</sup> [21 U.S.C. 889] (a) As used in this section:

(1) The term “controlled substance” has the same meaning given such term in section 102(6) of the Controlled Substances Act (21 U.S.C. 801(6)).

(2) The term “Secretary” means the Secretary of Agriculture.

(3) The term “State” means each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(b) Notwithstanding any other provision of law, following the date of enactment of this Act, any person who is convicted under Federal or State law of planting, cultivation, growing, producing,

<sup>1001F-1</sup> Former sec. 1001E was added by sec. 1111(h) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101-624, 104 Stat. 3499, Nov. 28, 1990. For redesignation, see footnote 1001D-1.

<sup>519-1</sup> This sec. was originally enacted as sec. 1764 of P.L. 99-198, 99 Stat. 1652, Dec. 23, 1985. Sec. 1002(h) of the Crime Control Act of 1990, P.L. 101-647, 104 Stat. 4828, Nov. 29, 1990, transferred this sec. to the Controlled Substances Act, and redesignated it as sec. 519 of such Act.

harvesting, or storing a controlled substance in any crop year shall be ineligible for—

(1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) for the storage of an agricultural commodity that is—

(A) produced during that crop year, or any of the four succeeding crop years, by such person; and

(B) acquired by the Commodity Credit Corporation.

(c) Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this section, including regulations that—

(1) define the term “person”;

(2) govern the determination of persons who shall be ineligible for program benefits under this section; and

(3) protect the interests of tenants and sharecroppers.

## APPENDIX C—DAIRY

### FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

**[SEC. 102. [7 U.S.C. 1446e-1] MILK MANUFACTURING MARKETING ADJUSTMENT.<sup>1]</sup>**

See Sec. 145 of the Agricultural Market Transition Act in this Vol.

**[SEC. 103. [7 U.S.C. 608c note] MINNESOTA-WISCONSIN PRICE SERIES REFORM.<sup>2]</sup>**

**[SEC. 104. [7 U.S.C. 608c note] HEARINGS ON FEDERAL MILK MARKETING ORDERS.<sup>3]</sup>**

**SEC. 105. [7 U.S.C. 1446c note] REPORT OF DAIRY PRODUCT PURCHASES.<sup>4]</sup>**

The Secretary of Agriculture shall make available to the public quarterly evaluations of the acquisition and disposal of Commodity Credit Corporation purchases of dairy products.

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**[SEC. 116. [7 U.S.C. 608c note] MULTIPLE COMPONENT PRICING STUDY.<sup>5]</sup>**

### AGRICULTURAL ACT OF 1954

[PRODUCTION AND USE OF MILK AND DAIRY PRODUCTS]

SEC. 204.<sup>6</sup> [7 U.S.C. 1446b] (a) The production and use of abundant supplies of high quality milk and dairy products are essential to the health and general welfare of the Nation; a dependable domestic source of supply of these foods in the form of high grade dairy herds and modern, sanitary dairy equipment is important to the national defense; and an economically sound dairy industry affects beneficially the economy of the country as a whole. It is the policy of Congress to assure a stabilized annual production of adequate supplies of milk and dairy products; to promote the increased use of these essential foods; to improve the domestic source of supply of milk and butterfat by encouraging dairy farmers to develop efficient production units consisting of high-grade, disease-free cattle and modern sanitary equipment; and to stabilize the economy of dairy farmers at a level which will provide a fair return for their labor and investment when compared with the cost of things that farmers buy.

<sup>1</sup> Sec. 102 of P.L. 101-624, 104 Stat. 3378, Nov. 28, 1990 was repealed and replaced by sec. 145 of the Agricultural Market Transition Act, P.L. 104-127, 110 Stat. 917, April 4, 1996. For the text of former sec. 102, see p. 36-1 and 36-2 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>2</sup> Sec. 103 was omitted as obsolete. For the text of sec. 103, see p. 36-2 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>3</sup> Sec. 104 was omitted as obsolete. For the text of sec. 104, see p. 36-2 and 36-3 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>4</sup> P.L. 101-624, 104 Stat. 3379, Nov. 28, 1990.

<sup>5</sup> Sec. 116 was omitted as obsolete. For the text of sec. 116, see p. 36-3 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>6</sup> P.L. 83-690, 68 Stat. 899, Aug. 28, 1954.

## DAIRY AND TOBACCO ADJUSTMENT ACT OF 1983<sup>7</sup>

### DAIRY PROMOTION PROGRAM

SEC. 110. [7 U.S.C. 4501] (a)<sup>8</sup> Congress finds that—

(1) dairy products are basic foods that are a valuable part of the human diet;

(2) the production of dairy products plays a significant role in the Nation's economy, the milk from which dairy products are manufactured is produced by thousands of milk producers, and dairy products are consumed by millions of people throughout the United States;

(3) dairy products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets for dairy products are vital to the welfare of milk producers and those concerned with marketing, using, and producing dairy products, as well as to the general economy of the Nation; and

(5) dairy products move in interstate and foreign commerce, and dairy products that do not move in such channels of commerce directly burden or affect interstate commerce of dairy products.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all milk produced in the United States for commercial use and on imported dairy products)<sup>9</sup> and carrying out a coordinated program of promotion designed to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for fluid milk and dairy products.<sup>10</sup> Nothing in this subtitle may be construed to provide for the control of production or otherwise limit the right of individual milk producers to produce milk or the right of any person to import dairy products.<sup>11</sup>

## FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1991.

[SEC. 128. [7 U.S.C. 1446 note] MODIFICATION OF MILK PRODUCTION TERMINATION PROGRAM.<sup>12</sup>]

<sup>7</sup>P.L. 98-180, 97 Stat. 1128, Nov. 29, 1983.

<sup>8</sup>Supra, 97 Stat. 1136.

<sup>9</sup>Sec. 1505(h)(1)(A)(i) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 210, May 13, 2002, amended the first sentence of subsec. (b) by inserting after "commercial use" the following: "and on imported dairy products".

<sup>10</sup>Sec. 1505(h)(1)(A)(ii) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 210, May 13, 2002, amended the first sentence of subsec. (b) by striking "products produced in the United States." and inserting "products."

<sup>11</sup>Sec. 1505(h)(1)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 210, May 13, 2002, amended the second sentence of subsec. (b) by inserting after "produce milk" the following: "or the right of any person to import dairy products".

<sup>12</sup>Sec. 128 was omitted as obsolete. For the text of sec. 128, see p. 36-5 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

**APPENDIX D—WHEAT AND FEED GRAINS**<sup>1</sup>**FOOD SECURITY ACT OF 1985**

[PRICE SUPPORT FOR CORN SILAGE]

[SEC. 403.<sup>2</sup> [7 U.S.C. 1444e–1]]**FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT  
OF 1990**[SEC. 405. [7 U.S.C. 1445j note] CALCULATION OF REFUNDS OF ADVANCE ESTABLISHED PRICE PAYMENTS BY PRODUCERS OF THE 1988 OR 1989 CROPS OF FEED BARLEY.<sup>3</sup>]**FOOD AND AGRICULTURE ACT OF 1962**

[ACREAGE DIVERSION PROGRAMS FOR WHEAT AND FEED GRAINS]

[SEC. 328.<sup>4</sup> [7 U.S.C. 1339c]]**FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT  
AMENDMENTS OF 1991****SEC. 119. SENSE OF CONGRESS REGARDING IMPORTED BARLEY  
AND OATS.**<sup>5</sup>

(a) FINDINGS.—Congress finds that—

(1) significant quantities of barley and oats are currently being imported into the United States from Norway, Sweden, and Finland origins, and there is reason to believe that such imports will continue in the future;

(2) such imported barley and oats are being purchased at a price artificially established at a level significantly below that of domestically produced barley and oats due to unfair and predatory export subsidies and schemes employed by the exporting countries of origin; and

(3) it is likely that the continued importation of such quantities of subsidized barley and oats will significantly and adversely affect producers of domestic barley and oats and impair the operations of existing farm commodity programs for barley and oats in the United States.

(b) SENSE OF CONGRESS.—Based on these findings, it is the sense of Congress that the Secretary of Agriculture and the President of the United States should immediately and aggressively employ all available options under existing laws, including those under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, in order to prevent material damage to the producers of domestic barley and oats and to prevent material interference with the programs established pursuant to section 105B of the Agricultural Act of 1949 (7 U.S.C. 1444f).

<sup>1</sup>The National Wool Act of 1954 (contained in former Appendix D) was repealed by section 3 of P.L. 103–130, 107 Stat. 1369, Nov. 1, 1993, and omitted as obsolete. For the former text of the National Wool Act of 1954, see p. 37–1 through 376 of Volume I—Domestic Agricultural Programs (as of Nov. 15, 1993).

<sup>2</sup>Sec. 403 was effective only for the 1986 through 1996 crops. For the text of sec. 403, see p. 38–1 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>3</sup>Sec. 405 was effective only for the 1988 and 1989 crops. For the text of sec. 405, see p. 38–1 and 38–2 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>4</sup>Sec. 128 was omitted as obsolete. For the text of sec. 328, see p. 36–5 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).

<sup>5</sup>P.L. 102–237, 105 Stat. 1842, Dec. 13, 1991.

## APPENDIX E—SUGAR

### FOOD SECURITY ACT OF 1985

#### PREVENTION OF SUGAR LOAN FORFEITURES

SEC. 902.<sup>1</sup> [7 U.S.C. 1446g note] (a) Beginning with the quota year for sugar imports which begins after the 1985/1986 quota year, the President shall use all authorities available to the President as is necessary to enable the Secretary of Agriculture to operate the sugar program established under section 206 of the Agricultural Act of 1949<sup>2</sup> at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation.

(b)<sup>3</sup>

(c)<sup>4</sup>(1)<sup>5</sup> Beginning with the quota year for sugar imports which begins after the 1985/1986 quota year, the President shall not allocate any of the sugar import quota under such provisions to any country that is a net importer of sugar derived from sugarcane or sugar beets unless the appropriate officials of that country verify to the President that that country does not import for reexport to the United States any sugar produced in Cuba.

(2)<sup>6</sup>(A) Effective 90 days after the date of enactment of this paragraph and by August 1 of each year thereafter through 1995, the Secretary of Agriculture shall report to the President and Congress on the extent, if any, of sugar imports from Cuba by the countries described in paragraph (1).

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

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

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

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

<sup>1</sup> P.L. 99–198, 99 Stat. 1443, Dec. 23, 1985.

<sup>2</sup> Sec. 1161(c) of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101–624, 104 Stat. 3521, Nov. 28, 1990, amended subsec. (a) by striking “section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446)” and inserting “section 206 of the Agricultural Act of 1949”.

<sup>3</sup> Subsec. (b) was effective only for the 1985/1986 quota year for sugar imports.

<sup>4</sup> Sec. 204(d)(4) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, P.L. 104–114, 110 Stat. 810, March 12, 1996, repeals subsec. (c) effective on the date on which the President submits a determination to Congress that a democratically elected government in Cuba is in power.

<sup>5</sup> Sec. 903 of the Food, Agriculture, Conservation, and Trade Act of 1990, P.L. 101–624, 104 Stat. 3488, Nov. 28, 1990, inserted “(1)” after the subsec. designation and added para. (2) at the end of subsec. (c).

<sup>6</sup> See note 5.

## APPENDIX F—ETHANOL, ALCOHOLS, AND INDUSTRIAL HYDROCARBONS

### OMNIBUS BUDGET RECONCILIATION ACT OF 1987

#### SEC. 1508.<sup>1</sup> ETHANOL USAGE.

(a) FINDINGS.—Congress finds that—

(1) the United States is dependent for a large and growing share of its energy needs on the Middle East at a time when world petroleum reserves are declining;

(2) the burning of gasoline causes pollution;

(3) ethanol can be blended with gasoline to produce a cleaner source of fuel;

(4) ethanol can be produced from grain, a renewable resource that is in considerable surplus in the United States;

(5) the conversion of grain into ethanol would reduce farm program costs and grain surpluses; and

(6) increasing the quantity of motor fuels that contain at least 10 percent ethanol from current levels to 50 percent by 1992 would create thousands of new jobs in ethanol production facilities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Administrator of the Environmental Protection Agency should use authority provided under the Clean Air Act (42 U.S.C. 7401 et seq.) to require greater use of ethanol as motor fuel.

### AGRICULTURAL ACT OF 1949

#### AGRICULTURAL COMMODITIES UTILIZATION PROGRAM

See Sec. 112 of Agricultural Act of 1949 in this Vol.

### RURAL DEVELOPMENT ACT OF 1972<sup>2</sup>

#### PILOT PROJECTS FOR THE PRODUCTION AND MARKETING OF INDUSTRIAL HYDROCARBONS AND ALCOHOLS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS

SEC. 508.<sup>3</sup> [7 U.S.C. 2669] (a) The Secretary is authorized and directed to formulate and carry out a pilot program for the production and marketing of industrial hydrocarbons derived from agricultural commodities and forest products for the purpose of stabilizing and expanding the market for such commodities and products and expanding the Nation's supply of industrial hydrocarbons.

(b) The Secretary shall provide for four pilot projects for the production of industrial hydrocarbons and alcohols from agricultural commodities and forest products by guaranteeing loans, not to exceed \$15,000,000 per each such project, to public, private, or cooperative organizations organized for profit or nonprofit, or to individuals for a term not to exceed twenty years at a rate of interest agreed upon by the borrower and lender.

(c) No loan may be guaranteed under this section unless (1) research indicates the total energy content of the products and by-products to be manufactured by the loan applicant will exceed the

<sup>1</sup> P.L. 100-203, 101 Stat. 1330-29, Dec. 22, 1987.

<sup>2</sup> P.L. 92-419, 86 Stat. 657, Aug. 30, 1972 (7 U.S.C. 2661-68).

<sup>3</sup> Sec. 509 was added by Sec. 1420 of the Food and Agriculture Act of 1977, P.L. 95-113, 91 Stat. 998, Sept. 29, 1977. It was renumbered sec. 508 by sec. 1444(b) of P.L. 97-98, 95 Stat. 1326, Dec. 22, 1981.

total energy input from fossil fuels used in the manufacture of such products and byproducts, and (2) such other conditions as the Secretary deems appropriate to achieve the purposes of this section are met.

(d) In order to assure that the recipients of loans made under this section have a dependable supply of agricultural commodities at a stable price for use in the pilot projects provided for in this section, the Secretary is authorized to enter into long-term contracts, not exceeding five years, with the recipients of such loans. Such contracts shall guarantee the recipients of such loans a specified quantity of agricultural commodities annually at mutually agreed upon prices, but the agricultural commodities shall not be sold under any such contracts at less than the price support level prescribed for the commodity concerned unless the commodities are out of condition, unstorable, or sample-grade or lower, as prescribed in Department of Agriculture standards.

(e) The Secretary shall supply from Commodity Credit Corporation stocks or, to such extent or in such amounts as are provided in appropriation Acts, purchase such quantities of agricultural commodities as may be necessary to comply with the terms of agreements entered into under this section.

(f) The provisions of this section shall be carried out through the Commodity Credit Corporation.

### **AGRICULTURAL ACT OF 1949**

#### SURPLUS AGRICULTURAL COMMODITIES DISPOSAL

See Sec. 423 of Agricultural Act of 1949 in this Vol.

### **FOOD AND AGRICULTURE ACT OF 1977**

#### USE OF SET-ASIDE ACREAGE FOR THE PRODUCTION OF COMMODITIES FOR CONVERSION INTO ALCOHOL OR HYDROCARBONS

SEC. 2001.<sup>4</sup> [7 U.S.C. 1435] (a) The Secretary of Agriculture shall permit, subject to such terms and conditions as the Secretary shall prescribe, all or any part of the acreage set aside or diverted under the Agricultural Act of 1949 from the production of a commodity for any crop year to be devoted to the production of any commodity for conversion into alcohol or hydrocarbons for use as motor fuel or other fuel, if the Secretary of Agriculture determines that such production is desirable in order to provide an adequate supply of commodities for such conversion, is not likely to increase the cost of price support programs, and will not adversely affect farm income.

(b)(1) During any year in which no set-aside or diversion of acreage is in effect under the Agricultural Act of 1949, the Secretary of Agriculture may formulate and administer a program for the production, subject to such terms and conditions as he may prescribe, of commodities for conversion into alcohol or hydrocarbons for use as motor fuel or other fuel. Under such program, producers of wheat, feed grains, upland cotton, and rice shall be paid incentive payments to devote a portion of their acreage to such production.

<sup>4</sup>Sec. 2001 was added to the Food and Agriculture Act of 1977 by Sec. 260(a) of the Biomass Energy and Alcohol Fuels Act of 1980, enacted as Title II of the Energy Security Act, P.L. 96-294, 94 Stat. 709, June 30, 1980.

(2) The payments under this subsection shall be made at such rate or rates as the Secretary of Agriculture determines to be fair and reasonable, taking into consideration the participation necessary to ensure an adequate supply of commodities for such conversion.

(3) The Secretary may issue any regulations necessary to carry out the provisions of this subsection.

(4) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.

### **AGRICULTURAL ACT OF 1981**

[INCREASED USAGE OF PROTEIN BYPRODUCTS DERIVED FROM ALCOHOL  
FUEL PRODUCTION]

[SEC. 1208.<sup>5</sup> [7 U.S.C. 1736n]]

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<sup>5</sup>Sec. 1208 was repealed by sec. 226 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 962, April 4, 1996. For the text of sec. 1208, see p. 46-3 of Volume I—Domestic Agricultural Programs (as of Sept. 30, 1993).