



Food and Agricultural Act of 1977
Pub. L. No. 95-113, 91 Stat. 913

**Part 1 of 2
Pages 913-965**

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Public Law 95-113
95th Congress

An Act

To provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes.

Sept. 29, 1977
[S. 275]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Food and Agriculture Act of 1977".

Food and
Agriculture Act
of 1977.
7 USC 1281 note.

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TITLE I—PAYMENT LIMITATION FOR WHEAT, FEED
GRAINS, UPLAND COTTON, AND RICE

PAYMENT LIMITATION

- SEC. 101. Notwithstanding any other provision of law—
 - (1) The total amount of payments which a person shall be entitled to receive under—

7 USC 1308.

- 7 USC 1421 note.
7 USC 1281.
- (A) one or more of the annual programs established under the Agricultural Act of 1949, as amended, and the Agricultural Adjustment Act of 1938, as amended, for wheat, feed grains, and upland cotton shall not exceed \$40,000 for the 1978 crop and \$45,000 for the 1979 crop;
- (B) the annual rice program established under such Acts shall not exceed \$52,250 for the 1978 crop and \$50,000 for the 1979 crop; and
- (C) one or more of the annual programs established under such Acts for wheat, feed grains, upland cotton, and rice shall not exceed \$50,000 for each of the 1980 and 1981 crops.
- "Payments."
- (2) The term "payments" as used in this section shall not include loans or purchases, or any part of any payment which is determined by the Secretary of Agriculture to represent compensation for disaster loss or resource adjustment (excluding land diversion payments) or public access for recreation.
- (3) If the Secretary determines that the total amount of payments which will be earned by any person under the program in effect for any crop will be reduced under this section, the set-aside acreage for the farm or farms on which such person will be sharing in payments earned under such program shall be reduced to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.
- "Person."
Rules and regulations.
- (4) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of such limitation: *Provided*, That the provisions of this section which limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.
- Post*, p. 919.

FAMILY FARMS

- 7 USC 2266.
- SEC. 102. (a) Congress hereby specifically reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. Congress firmly believes that the maintenance of the family farm system of agriculture is essential to the social well-being of the Nation and the competitive production of adequate supplies of food and fiber. Congress further believes that any significant expansion of nonfamily owned large-scale corporate farming enterprises will be detrimental to the national welfare. It is neither the policy nor the intent of Congress that agricultural and agriculture-related programs be administered exclusively for family farm operations, but it is the policy and the express intent of Congress that no such program be administered in a manner that will place the family farm operation at an unfair economic disadvantage.
- (b) In order that Congress may be better informed regarding the status of the family farm system of agriculture in the United States, the Secretary of Agriculture shall submit to Congress, not later than July 1 of each year, a written report containing current information on trends in family farm operations and comprehensive national and State-by-State data on nonfamily farm operations in the United States. The Secretary shall also include in each such report (1) information on how existing agricultural and agriculture-related programs
- Annual report to Congress.
Contents.

are being administered to enhance and strengthen the family farm system of agriculture in the United States, (2) an assessment of how Federal laws may encourage the growth of nonfamily farm operations, and (3) such other information as the Secretary deems appropriate or determines would aid Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States.

STUDY ON PROHIBITING PAYMENTS TO CERTAIN LEGAL ENTITIES

SEC. 103. In furtherance of the policy stated in section 102 of this Act, the Secretary of Agriculture shall conduct a study and report to Congress no later than January 1, 1979, on the impact on participation in the wheat, feed grain, cotton, and rice programs and the production of such commodities in carrying out a statutory provision such as that included in the Food and Agriculture Act of 1977, as passed by the Senate on May 24, 1977, prohibiting the making of payments to certain corporations and other entities under such programs. The study shall, in addition, assess the impact of extending the prohibition against making commodity program payments to tenants on land owned by such corporations and other entities which would be excluded from payments under such a provision. The study shall utilize, to the greatest extent possible, the information on commodity program payments compiled by the Agricultural Stabilization and Conservation Service in determining payment eligibility under section 101 of the Agricultural Act of 1970, as amended, and section 101 of this Act. The Secretary may collect such other information as may be necessary to determine the impact of such a statutory provision and to identify the number and characteristics of producers that would be affected by such a provision.

Report to
Congress.
7 USC 2266 note.

Infra.

CONFORMING AMENDMENT

SEC. 104. Section 101(1) of the Agricultural Act of 1970, as amended, is amended to read as follows:

“(1) The total amount of payments which a person shall be entitled to receive under one or more of the annual programs established by titles IV, V, and VI of this Act for the 1974 through 1976 crops of the commodities and by titles IV and V of the Food and Agriculture Act of 1977 and titles IV, V, and VI of this Act for the 1977 crop of the commodities shall not exceed \$20,000.”.

Payments,
limitation.
7 USC 1307.

TITLE II—DAIRY AND BEEKEEPER PROGRAMS

DAIRY BASE PLANS

SEC. 201. Section 201(e) of the Agricultural Act of 1970, as amended, is amended to read as follows:

“(e) The provisions of this section shall not be effective after December 31, 1981, except with respect to orders providing for class I base plans issued prior to such date, but in no event shall any order so issued extend or be effective beyond December 31, 1984.”.

7 USC 608c note.

PRODUCER HANDLERS

SEC. 202. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, shall be the same subsequent to the adoption of the amendment made by the Food and Agriculture Act of 1977 as it was prior thereto.

7 USC 608c note.

7 USC 601 note.

MILK PRICE SUPPORT

7 USC 1446. Sec. 203. Section 201 of the Agricultural Act of 1949, as amended,
Post, p. 949. is amended by—

(1) striking out the second sentence in subsection (c) and inserting in lieu thereof a new sentence as follows: "Notwithstanding the foregoing, effective for the period beginning on the effective date of the Food and Agriculture Act of 1977 and ending March 31, 1979, the price of milk shall be supported at not less than 80 per centum of the parity price therefor."; and

Adjustments. (2) adding at the end thereof a new subsection (d) as follows:
 "(d) Effective for the period beginning on the effective date of the Food and Agriculture Act of 1977 and ending March 31, 1981, the support price of milk shall be adjusted by the Secretary at the beginning of each semiannual period after the beginning of the marketing year to reflect any estimated change in the parity index during such semiannual period. The Secretary is authorized to adjust the support price of milk at the beginning of each remaining quarter in the marketing year to reflect any substantial change in the parity index during such quarterly period. Any adjustment under this subsection shall be announced by the Secretary not more than thirty days prior to the beginning of the period to which it is applicable."

Announcement.

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

7 USC 1446a. Sec. 204. Section 202 of the Agricultural Act of 1949, as amended, is amended by striking out "1977" in subsections (a) and (b) and inserting in lieu thereof "1981".

DAIRY INDEMNITY PROGRAM

7 USC 450j. Sec. 205. The Act of August 13, 1968 (82 Stat. 750, as amended; 7 U.S.C. 450 j, k, and l), is amended by—

(1) inserting after the first sentence a new sentence as follows:
 "The Secretary is also authorized to make indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer, or (2) residues of chemicals or toxic substances not included under the first sentence of this section if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer: *Provided*, That no indemnity payment may be made for contamination resulting from such residues of chemicals or toxic substances if the Secretary determines within thirty days after the date of application for payment that other legal recourse is available to the farmer."; and

7 USC 450l. (2) striking out "June 30, 1977" in section 3 and inserting in lieu thereof "September 30, 1981".

STANDARD OF QUALITY FOR ICE CREAM

Regulation. Sec. 206. Section 203(c) of the Agricultural Marketing Act of 1946
 7 USC 1622. is amended by adding at the end thereof the following: "Within thirty days after the enactment of the Food and Agriculture Act of 1977, the Secretary shall by regulation adopt a standard of quality for ice cream which shall provide that ice cream shall contain at least 1.6 pounds of

total solids to the gallon, weigh not less than 4.5 pounds to the gallon and contain not less than 20 percent total milk solids, constituted of not less than 10 percent milkfat. In no case shall the content of milk solids not fat be less than 6 percent. Whey shall not, by weight, be more than 25 percent of the milk solids not fat. Only those products which meet the standard issued by the Secretary may bear a symbol thereon indicating that they meet the Department of Agriculture standard for 'ice cream'."

BEEKEEPER INDEMNITY PROGRAM

SEC. 207. Section 804(f) of the Agricultural Act of 1970, as amended, is amended by striking out "December 31, 1977" and inserting in lieu thereof "September 30, 1981". 7 USC 135b note.

TITLE III—WOOL AND MOHAIR

DECLARATION OF POLICY

SEC. 301. Section 702 of the National Wool Act of 1954, as amended, is amended to read as follows: 7 USC 1781.

"SEC. 702. It is hereby recognized that wool is an essential, strategic, and energy-efficient commodity which is not produced in the United States in sufficient quantities and grades to meet the domestic needs; and that the desired domestic production of wool is impaired by predatory animals and by the depressing effects of wide fluctuations in the price of wool in the world markets. It is hereby declared to be the policy of Congress, as a measure of national security and to promote the general economic welfare, a positive balance of trade, and the efficient use of the Nation's resources, to encourage the continued domestic production of wool at prices fair to both producers and consumers in a manner which will assure a viable domestic wool industry in the future."

EXTENSION OF ACT; SUPPORT PRICE

SEC. 302. Section 703 of the National Wool Act of 1954, as amended, is amended by— 7 USC 1782.

- (1) striking out "1977" in subsection (a) and inserting in lieu thereof "1981";
- (2) striking out "1977" in subsection (b) and inserting in lieu thereof "1976";
- (3) inserting immediately before the period at the end of subsection (b) a new proviso as follows: " : *Provided further*, That for the marketing years beginning January 1, 1977, and ending December 31, 1981, the support price for shorn wool shall be 85 per centum (rounded to the nearest full cent) of the amount calculated according to the foregoing formula"; and
- (4) striking out "1977" in subsection (c) and inserting in lieu thereof "1976".

TITLE IV—WHEAT

LOAN RATES AND TARGET PRICES FOR THE 1977 THROUGH 1981 CROPS

SEC. 401. Effective only for the 1977 through 1981 crops of wheat, the Agricultural Act of 1949, as amended, is amended to add subsections (a) through (c) to new section 107A as follows:

"SEC. 107A. Notwithstanding any other provision of law—

7 USC 1445b.

Loans and purchases.	“(a) The Secretary shall make available to producers loans and purchases at such level, not less than \$2.25 per bushel for the 1977 crop of wheat and \$2.35 per bushel for each of the 1978 through 1981 crops of wheat, nor, in the case of each of the 1977 through 1981 crops, in excess of 100 per centum of parity, as the Secretary determines will maintain its competitive relationship to other grains in domestic and export markets: <i>Provided</i> , That if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchases for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below \$2.00 per bushel.
Reduction.	
Payments.	“(b) (1) (A) In addition, the Secretary shall make available to producers payments for each of the 1977 through 1981 crops of wheat in an amount computed as provided in this subsection. Payments for the 1977 crop shall be computed by multiplying (i) the payment rate, by (ii) the allotment for the farm for such crop, by (iii) the projected yield established for the farm for such crop with such adjustments as the Secretary determines necessary to provide a fair and equitable yield. Payments for each of the 1978 through 1981 crops shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event shall payments be made under this paragraph for any of the 1978 through 1981 crops on a greater acreage than the acreage actually planted to wheat.
Computation.	“(B) The payment rate for wheat shall be the amount by which the higher of— “(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or “(ii) the loan level determined under subsection (a) of this section for such crop is less than the established price per bushel. The established price for wheat shall be \$2.90 per bushel for the 1977 crop and \$3.00 per bushel for the 1978 crop: <i>Provided</i> , That for the 1977 crop, the established price shall be \$2.47 per bushel with respect to any acreage not planted to wheat within the wheat acreage allotment: <i>Provided further</i> , That for the 1978 crop, the established price shall be \$3.05 per bushel if the 1978 crop of wheat is 1.8 billion bushels or less. For the 1979 crop, the established price shall be \$3.00 per bushel adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the 1979 crop year from (ii) the average adjusted cost of production for the two crop years immediately preceding the 1978 crop year. For the 1980 and 1981 crops, the established price shall be the established price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) vari-
Established prices.	

able costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

“(C) Notwithstanding the foregoing provisions of this section, in the event the Secretary adjusts the level of loans and purchases for wheat in accordance with the proviso in subsection (a) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided*, That any such increase in established price payments shall not be included in the payments subject to limitation under the provisions of section 101 of the Food and Agriculture Act of 1977.

Emergency
compensation.

“(D) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

“(2) (A) Effective only with respect to the 1978 and 1979 crops of wheat, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to $33\frac{1}{3}$ per centum of the established price per bushel for wheat.

Prevented
planting disaster
payments.

“(B) Effective only with respect to the 1978 and 1979 crops of wheat, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a farm disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

Farm disaster
payments.

“(C) In the case of the 1977 crop of wheat, disaster payments for prevented planting shall be computed as provided in section 107 of this Act, as amended for the 1974 through 1977 crops by the Agriculture and Consumer Protection Act of 1973, and disaster payments for low yield shall be computed in accordance with the formula provided in subparagraph (B) of this paragraph: *Provided*, That producers may elect to receive disaster payments for low yield computed as provided in section 107 of this Act, as amended for the 1974 through 1977 crops by the Agriculture and Consumer Protection Act of 1973: *Provided further*, That no disaster payments for low yield may be made under this paragraph prior to October 1, 1977.

Computation.

7 USC 1445a.

“(c) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.”.

PROGRAM ACREAGES AND PAYMENT YIELDS; SET-ASIDE PROGRAM

Ante, p. 921. Proclamation.	SEC. 402. Effective only for the 1978 through 1981 crops of wheat, the Agricultural Act of 1949, as amended, is amended by adding subsections (d) through (i) to section 107A to read as follows:
Revision.	“(d) (1) The Secretary shall proclaim a national program acreage for each of the 1978 through 1981 crops of wheat. The proclamation shall be made not later than August 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1978 crop the proclamation shall be made as soon as practicable after enactment of the Food and Agriculture Act of 1977. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carry-over stocks.
Adjustment.	“(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres which the Secretary estimates will be harvested for such crop: <i>Provided</i> , That in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.
Program allocation factor.	“(3) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined: <i>Provided</i> , That the wheat acreage eligible for payments shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the proclamation of the national program acreage made not later than August 15 prior to the year in which the crop is harvested, or in the case of the 1978 crop, the proclamation first made after enactment of the Food and Agriculture Act of 1977. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than for the preceding year, but the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary is authorized to make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.
Payment yield.	“(e) The farm program payment yield for each crop of wheat shall 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 was established for the farm in the previous crop year, the Secretary is authorized to determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

“(f) (1) The Secretary shall provide for a set-aside of cropland if the Secretary determines that the total supply of wheat will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such set-aside not later than August 15 prior to the year in which the crop is harvested, except that in the case of the 1978 crop, the announcement shall be made as soon as practicable after enactment of the Food and Agriculture Act of 1977. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop year for which the set-aside is in effect. The Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion; however, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the set-aside acreage to be devoted to sweet sorghum, hay, and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

“(2) The Secretary may make land diversion payments to producers of wheat, whether or not a set-aside for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines

Cropland set-aside.

Announcement.

Acreage limitation.

Land diversion payments.

Contracts, bids.

	appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.
Wildlife habitats.	“(3) The set-aside acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.
Payments.	
Adjustments.	“(4) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, and topography, and such other factors as the Secretary deems necessary.
Agreement, filing.	“(5) If the operator of the farm desires to participate in the program formulated under this subsection, the operator shall file an agreement to do so no later than such date as the Secretary may prescribe. Loans, purchases, and payments under this section shall be made available to producers on such farm only if the producers set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the producers, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of agricultural commodities.
Termination or modification.	“(g) In any case in which the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the default.
Regulations.	“(h) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section. “(i) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.”.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

7 USC 1379d
note.
7 USC
1379d-1379j.

SEC. 403. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be appli-

cable to wheat processors or exporters during the period July 1, 1973, through May 31, 1982.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 404. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through 1981 crops of wheat.

7 USC 1331 note.
7 USC
1331-1333,
1334, 1335,
1336, 1338,
1339, 1379b,
1379c.

FINALITY OF DETERMINATIONS

SEC. 405. Effective only for the 1978 through 1981 crops, section 385 of the Agricultural Adjustment Act of 1938, as amended, is amended by amending the first sentence to read as follows: "The facts constituting the basis for any Soil Conservation Act payment, any payment under the wheat, feed grain, upland cotton, and rice programs authorized by the Agricultural Act of 1949 and this Act, any loan, or price support operation, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government."

7 USC 1385.

7 USC 1421 note.

SUSPENSION OF QUOTA PROVISIONS

SEC. 406. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1978 through 1981.

7 USC 1330 note.
7 USC 1330,
1340.

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 407. Section 408(k) of the Agricultural Act of 1949, as added by the Agricultural Act of 1970, as amended, to be effective for the 1971 through 1977 crops, shall be effective for the 1978 through 1981 crops, and shall read as follows:

7 USC 1428.

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT AND FEED GRAINS

"(k) References made in sections 402, 403, 406, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat and feed grains under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat and feed grains under this Act."

Post, p. 956.
7 USC 1736,
1431.

Post, p. 956.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 408. Effective only with respect to the marketing years for the 1978 through 1981 crops, section 407 of the Agricultural Act of 1949, as amended, is amended by—

7 USC 1427.

(1) striking out in the third sentence the language following the third colon and inserting in lieu thereof the following: "Provided, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye respectively at

less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate, plus reasonable carrying charges.”;

(2) striking out in the fifth sentence “current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)” and inserting in lieu thereof the following: “current basic county loan rate (or a comparable price if there is no current basic county loan rate)”;

(3) striking out in the seventh sentence “, but in no event shall the purchase price exceed the then current support price for such commodities” and inserting in lieu thereof the following: “or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation’s minimum sales price for such commodities for unrestricted use”.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949
TO THE 1977 THROUGH 1981 CROPS OF WHEAT

7 USC 1445a
note.
7 USC 1445a.

SEC. 409. Section 107 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1977 through 1981 crops of wheat.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949,
AS AMENDED, TO THE 1977 CROP OF WHEAT

7 USC 1445a
note.

SEC. 410. Except as otherwise provided in section 401 of this Act, section 107 of the Agricultural Act of 1949, as added by the Agricultural Act of 1970, as amended, to be effective only for the 1974 through 1977 crops of wheat, shall not be applicable to the 1977 crop of wheat.

TITLE V—FEED GRAINS

LOAN RATES AND TARGET PRICES FOR THE 1977 THROUGH 1981 CROPS

Loans and
purchases.

SEC. 501. Effective only for the 1977 through 1981 crops, the Agricultural Act of 1949, as amended, is amended by adding subsections (a) through (c) to a new section 105A as follows:

7 USC 1444c.

“SEC. 105A. Notwithstanding any other provision of law—

Reduction.

“(a) (1) The Secretary shall make available to producers loans and purchases at such level, not less than \$2.00 per bushel, for each of the 1977 through 1981 crops of corn, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains in the United States: *Provided*, That if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for corn for such marketing year, the Secretary may reduce the level of loans and purchases for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below \$1.75 per bushel.

“(2) The Secretary shall make available to producers loans and purchases on each of the 1977 through 1981 crops of barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such

commodity in relation to corn and other factors specified in section 401(b) of this Act, and on each crop of grain sorghums at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value and average transportation costs to market of grain sorghums in relation to corn.

7 USC 1421.

“(b) (1) (A) In addition, the Secretary shall make available to producers payments for each of the 1977 through 1981 crops of corn, grain sorghums, and, if designated by the Secretary, oats and barley, in an amount computed as provided in this subsection. Payments for the 1977 crop shall be computed by multiplying (i) the payment rate, by (ii) the allotment for the farm for such crop, by (iii) the yield established for the farm for the preceding crop with such adjustments as the Secretary determines necessary to provide a fair and equitable yield. Payments for each of the 1978 through 1981 crops shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event shall payments be made under this paragraph for any of the 1978 through 1981 crops on a greater acreage than the acreage actually planted to such feed grains.

Payments.

“(B) The payment rate for corn shall be the amount by which the higher of—

“(1) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

“(2) the loan level determined under subsection (a) for such crop

is less than the established price per bushel. The established price for corn shall be \$2.00 per bushel in the case of the 1977 crop, except that the established price shall be \$1.70 per bushel with respect to any acreage not planted to corn within the feed grain allotment. The established price for corn shall be \$2.10 per bushel in the case of the 1978 crop, and for the 1979 through 1981 crops the established price shall be the established price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

Established price per bushel.

Adjusted cost of production.

“(C) Notwithstanding the foregoing provisions of this section, in the event the Secretary adjusts the level of loans and purchases for corn in accordance with the proviso in subsection (a) (1) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided*, That any such increase in established price payments shall not be included in the payments subject to limitation under the provisions of section 101 of the Food and Agriculture Act of 1977.

Emergency compensation.

“(D) The payment rate for grain sorghums and, if designated by the Secretary, oats and barley, shall be such rate as the Secretary

determines fair and reasonable in relation to the rate at which payments are made available for corn.

“(E) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

Prevented
planting disaster
payments.

“(2) (A) Effective only with respect to the 1978 and 1979 crops of feed grains, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage which the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year multiplied by 75 per centum of the farm program payment yield for feed grains established by the Secretary times a payment rate equal to $33\frac{1}{3}$ per centum of the established price per bushel.

Farm disaster
payment.

“(B) Effective only with respect to the 1978 and 1979 crops of feed grains, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a farm disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

7 USC 1307 note.

“(C) In the case of the 1977 crop of feed grains, disaster payments for prevented planting for feed grains shall be computed as provided in section 105 of this Act, as amended for the 1974 through 1977 crops by the Agriculture and Consumer Protection Act of 1973, and disaster payments for low yield shall be computed in accordance with the formula provided in subparagraph (B) of this paragraph: *Provided*, That producers may elect to receive disaster payments for low yield computed as provided in section 105 of this Act, as amended for the 1974 through 1977 crops by the Agriculture and Consumer Protection Act of 1973: *Provided further*, That no disaster payments for low yield may be made under this paragraph prior to October 1, 1977.

7 USC 1444b.

“(c) The Secretary shall provide for the sharing of payments made under this section for any farm among producers on the farm on a fair and equitable basis.”.

PROGRAM ACREAGES AND PAYMENT YIELDS; SET-ASIDE PROGRAM

Proclamation.

Ante, p. 928.

Revision.

SEC. 502. Effective only for the 1978 through 1981 crops of feed grains, the Agricultural Act of 1949, as amended, is amended by adding subsections (d) through (i) to section 105A to read as follows:

“(d) (1) The Secretary shall proclaim a national program acreage for each of the 1978 through 1981 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for

any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that the carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carry-over stocks.

Adjustment.

“(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres which the Secretary estimates will be harvested for such crop: *Provided*, That in no event shall the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

Program
allocation factor.

“(3) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined: *Provided*, That the feed grain acreage eligible for payments shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the proclamation of the national program acreage made not later than November 15 prior to the year in which the crop is harvested. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than for the preceding year, but the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary is authorized to make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

Adjustment.

“(e) The farm program payment yield for each crop of feed grains shall 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 feed grains was established for the farm in the previous crop year, the Secretary is authorized to determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event national, State, or county program payment yields are established, the

Payment yield.

	farm program payment yields shall balance to the national, State, or county program payment yields.
Cropland set-aside.	“(f) (1) The Secretary shall provide for a set-aside of cropland if the Secretary determines that the total supply of feed grains will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Any such set-aside shall be announced by the Secretary not later than November 15 of each calendar year for the crop harvested in the next calendar year. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section on corn, grain sorghums, and, if designated by the Secretary, barley and oats, respectively, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the feed grain acreage planted for harvest for the crop year for which the set-aside is in effect. The Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion; however, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the set-aside acreage to be devoted to sweet sorghum, hay, and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.
Announcement.	
Limitation.	
Land-diversion payments.	“(2) The Secretary may make land diversion payments to producers of feed grains, whether or not a set-aside for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.
Contracts, bids.	
Payments.	“(3) The set-aside acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunt-

ing, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

“(4) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, and topography, and such other factors as the Secretary deems necessary.

Adjustments.

“(5) If the operator of the farm desires to participate in the program formulated under this subsection, the operator shall file an agreement to do so no later than such date as the Secretary may prescribe. Loans, purchases, and payments under this section shall be made available to producers on such farm only if the producers set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the producers, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of agricultural commodities.

Agreement filing.

Termination or modification.

“(g) In any case in which the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the default.

“(h) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

Regulations.

“(i) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.”

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949, TO THE 1977 THROUGH 1981 CROPS OF FEED GRAINS

SEC. 503. Section 105 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1977 through 1981 crops of feed grains.

7 USC 1444b note.

7 USC 1441 note.

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949, AS AMENDED, TO THE 1977 CROP OF FEED GRAINS

SEC. 504. Except as otherwise provided in section 501 of this Act, section 105 (a) and (b) (1) of the Agricultural Act of 1949, as added by the Agricultural Act of 1970, as amended, to be effective only for the 1974 through 1977 crops of feed grains, shall not be applicable to the 1977 crop of feed grains.

7 USC 1444b note.

TITLE VI—UPLAND COTTON

BASE ACREAGE ALLOTMENTS; SUSPENSION OF MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 601. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to upland cotton of the 1978 through 1981 crops.

7 USC 1342 note,
7 USC 1342,
1343, 1344,
1345, 1346,
1377.

COTTON PRODUCTION INCENTIVES; LOAN RATE AND TARGET PRICE;
SET-ASIDE PROGRAM

7 USC 1444.

SEC. 602. Effective only with respect to the 1978 through 1981 crops of upland cotton, except as otherwise provided herein, section 103 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new subsection (f) as follows:

“(f)(1) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1978 through 1981 crops of upland cotton to cooperators nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (i) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during the four-year period ending July 31 in the year in which the loan level is announced, or (ii) 90 per centum of the average, for the first two full weeks of October of the year in which the loan level is announced, of the five lowest priced growths of the growths quoted for Strict Middling one and one-sixteenth inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average Northern Europe price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9)). The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. The rate of interest on loans to cooperators under the provisions of this paragraph shall be established quarterly by the Commodity Credit Corporation on the basis of the lowest current interest rate on ordinary obligations of the United States. Nonrecourse loans provided for in this subsection, shall, upon request of the cooperator during the tenth month of the loan period for the cotton, be made available for an additional term of eight months: *Provided*, That such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six month period: *Provided further*, That whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

“(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available;

“(B) If a special quota has been established under this subsection during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days

Interest rate,
quarterly
establishment.
Nonrecourse
loans, extension.

Import quota,
Presidential
establishment.
Conditions.

of domestic mill consumption calculated as set forth in clause (A) of this subsection or the amount required to increase the supply to 130 per centum of the demand;

“(C) As used in clause (B) of this paragraph, the term ‘supply’ means, using the latest official data of the Bureau of the Census, the United States Department of Agriculture, and the United States Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four hundred and eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term ‘demand’ means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales for the marketing year in which the special quota is established; and

“(D) When a special quota is established under the provisions of this subsection, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

“(2) Notwithstanding the foregoing provisions of this subsection, a special quota period shall not be established that overlaps an existing special quota period.

“(3) Notwithstanding any other provision of law, the foregoing provisions of this subsection with respect to extension of the loan period and to proclamation of the special quota shall become effective upon the effective date of the Food and Agriculture Act of 1977 even though the cotton may be of a crop prior to the 1978 crop.

“(4) Payments shall be made for each crop of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

“(A) the average market price received by farmers for upland cotton during the calendar year which includes the first five months of the marketing year for such crop, as determined by the Secretary, or

“(B) the loan level determined under paragraph (1) for such crop

is less than the established price per pound times in each case (i) the farm program acreage for cotton, determined in accordance with paragraph (9) of this subsection (but in no event on a greater acreage than the acreage actually planted to cotton for harvest), multiplied by (ii) the farm program payment yield for cotton determined in accordance with paragraph (10) of this subsection. For the 1978 through 1981 crops, the established price shall be the established price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop: *Provided*, That in no event shall the established price for the 1978 crop be less than 52 cents per pound and for each subse-

“Supply.”

“Demand.”

Payments.

Established price.

Adjusted cost of production.

quent crop be less than 51 cents per pound. The total quantity on which payments would otherwise be payable to a producer for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (5) (B) of this subsection.

Prevented
planting disaster
payments.

“(5) (A) Effective only with respect to the 1978 and 1979 crops of upland cotton, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage which the producers were prevented from planting to cotton or other nonconserving crop in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to $33\frac{1}{3}$ per centum of the established price for the crop.

“(B) Effective only with respect to the 1978 and 1979 crops of upland cotton, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted to harvest for such crop, the Secretary shall make a farm disaster payment to the producers at a rate equal to $33\frac{1}{3}$ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop.

Payment sharing.

“(6) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

National program
acreage.
Announcement.

“(7) The Secretary shall establish for each of the 1978 through 1981 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than December 15 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under paragraph (8) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall announce such revised national program acreage as soon as it has been made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

Revision.

Adjustment.

Allocation factor.

“(8) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program

acreage for the crop by the number of acres which the Secretary estimates will be harvested for such crop.

“(9) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined: *Provided*, That the cotton acreage eligible for payment on a farm shall not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the announcement of the national program acreage made not later than December 15 of the calendar year preceding the year for which such acreage is established. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than for the preceding year, but the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor, the Secretary is authorized to make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

“(10) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding three years: *Provided*, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for one or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available. Notwithstanding the foregoing provisions of this paragraph, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this paragraph. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

Payment yields.

“(11) (A) The Secretary shall provide for a set-aside of cropland if the Secretary determines that the total supply of upland cotton will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for loans, purchases, and payments on upland cotton, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage as determined by the Secretary (but not to exceed 28 per centum), of the acreage of upland cotton planted for harvest for the crop year for which a set-aside is in effect. The set-aside acreage shall be devoted to conservation uses in accordance with regulations issued by the Secretary which will assure protection of such acreage from weeds and wind and water erosion; however, the Secretary may permit, subject to such

Cropland set-aside.

Regulations.

Limitation.	terms and conditions as the Secretary may prescribe, all or any part of the set-aside acreage to be devoted to sweet sorghum, hay, and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income. The Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms. Producers on a farm who knowingly plant cotton in excess of the permitted cotton acreage for the farm shall be ineligible for cotton loans or payments with respect to that farm.
Land diversion payments.	“(B) The Secretary may make land diversion payments to producers of upland cotton, whether or not a set-aside for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.
Contracts.	“(C) The set-aside acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.
Wildlife habitat.	“(12) If the operator of the farm desires to participate in the program formulated under this subsection, the operator shall file an agreement to do so no later than such date as the Secretary may prescribe. Loans, purchases, and payments under this subsection shall be made available to the producers on such farm only if the producers set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the producers, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster, or in order to alleviate a shortage in the supply of agricultural commodities.
Payment.	
Agreement, filing.	
Termination or modification.	

“(13) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers. Safeguards.

“(14) In any case in which the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the default.

“(15) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection. Regulations.

“(16) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

“(17) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act, as amended (relating to assignment of payments), shall apply to payments under this subsection.”. 16 USC 590h.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1982, the tenth sentence of section 407 of the Agricultural Act of 1949, as amended, is amended by striking out all of that sentence through the words “110 per centum of the loan rate, and (2)” and inserting in lieu thereof the following: “Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)”. Cotton.
7 USC 1427.

MISCELLANEOUS COTTON PROVISIONS

SEC. 604. (a) Section 408(b) of the Agricultural Act of 1949, as amended, is amended by inserting immediately before the period at the end of the first sentence the following: “: *Provided further*, That for the 1978 through 1981 crops of upland cotton, a cooperator shall be a producer on a farm who has set aside the acreage required under section 103(f)”. Cooperator.
7 USC 1428.

(b) Section 408(1) of the Agricultural Act of 1949, as added by the Agricultural Act of 1970, as amended, to be effective for the 1971 through 1977 crops, shall be effective for the 1978 through 1981 crops, and shall read as follows:

Ante, p. 934.

“REFERENCES TO TERMS MADE APPLICABLE TO UPLAND COTTON

“(1) References made in sections 402, 403, 406, and 416 to the terms ‘support price’, ‘level of support’, and ‘level of price support’ shall be considered to apply as well to the level of loans and purchases for upland cotton under this Act; and references made to the terms ‘price support’, ‘price support operations’, and ‘price support program’ in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for upland cotton under this Act.”. *Post*, p. 956.
7 USC 1736, 1431.

Post, p. 956.

(c) Sections 103(a) and 203 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1978 through 1981 crops. 7 USC 1446d note.

7 USC 1444, 1446d.

SKIPROW PRACTICES

7 USC 1374. SEC. 605. Section 374(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "1977" in the last sentence and inserting in lieu thereof "1981".

PRELIMINARY ALLOTMENTS FOR 1982 CROP OF UPLAND COTTON

7 USC 1342 note. SEC. 606. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1982 crop.

7 USC 1379.

EXTRA LONG STAPLE COTTON

7 USC 1441. SEC. 607. Section 101(f) of the Agricultural Act of 1949, as amended, is amended by striking out the words "Middling one-inch" appearing in the first sentence and inserting in lieu thereof "Strict Low Middling one and one-sixteenth inch".

TITLE VII—RICE

NATIONAL ACREAGE ALLOTMENT AND ALLOCATION

7 USC 1352 and note. SEC. 701. Effective beginning with the 1978 crop of rice, section 101 of the Rice Production Act of 1975 is amended by striking out "1976 and 1977" each place it occurs and inserting in lieu thereof "1976 through 1981".

LOAN RATES, TARGET PRICES, AND SET-ASIDE FOR THE 1978 THROUGH 1981 CROPS

7 USC 1441. SEC. 702. Effective only for the 1978 through 1981 crops of rice, section 101 of the Agricultural Act of 1949, as amended, is amended by adding a new subsection (h) as follows:

Established price. "(h) Notwithstanding any other provision of law—

"(1) For the 1978 through 1981 crops of rice, the established price for the purpose of making payments under this subsection shall be the established price for the previous year's crop adjusted to reflect any change in (i) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

Adjusted cost of production.

Loans and purchases.

"(2) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases for each of the 1978 through 1981 crops of rice at such level as bears the same ratio to the loan level for the preceding year's crop as the established price for each such crop bears to the established price for the preceding year's crop. If the Secretary determines that

loans and purchases at the foregoing level for any of the 1978 through 1981 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, the Secretary may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for such crop or crops at such level, not less than \$6.31 per hundredweight nor more than the parity price thereof, as the Secretary determines necessary to avoid such consequences. The loans and purchases shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment by the yield established for the farm, as determined in the manner described in the second sentence of paragraph (4) (A) of this subsection.

“(3) The Secretary shall make available to cooperators payments for each of the 1978 through the 1981 crops of rice grown in the several States of the United States at a rate equal to the amount by which the established price for the crop of rice exceeds the higher of—

Payments.

“(A) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

“(B) the loan level determined under paragraph (2) for such crop.

“(4) (A) The payments for each such crop shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying that portion of the allotment planted to rice by the yield established for the farm: *Provided*, That an acreage on the farm which the Secretary determines was not planted to rice because of drought, flood, or other natural disaster, or other condition beyond the control of the cooperators shall be considered to be an acreage planted to rice. The yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years: *Provided*, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the cooperators. The total quantity on which payments would otherwise be payable to a cooperator for any crop under this subparagraph shall be reduced by the quantity on which any disaster payment is made to the cooperator on a farm for the crop under this paragraph.

“(B) Effective only with respect to the 1978 and 1979 crops of rice, if the Secretary determines that the persons involved in producing rice on a farm are prevented from planting all or any portion of the acreage allotments of producers on the farm or the farm acreage allotment to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to cooperators on a farm in an amount determined by multiplying (i) the number of such acres so affected, by (ii) the yield established for the farm, by (iii) 33⅓ per centum of the established price for rice, except that the Secretary shall make no payment pursuant to this sentence on a farm from which acres were transferred under section 352(d) of the Agricultural Adjustment Act of 1938, as amended, with respect to the transferred acreage.

Prevented
planting disaster
payments.

7 USC 1352.

“(C) Effective only with respect to the 1978 and 1979 crops of rice, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the

Farm disaster
payments.

producers, the total quantity of rice which the persons involved in producing rice on a farm are able to harvest on the acreage allotments of producers on the farm or the farm acreage allotment is less than the result of multiplying 75 per centum of the yield established for the farm by the acreage within the allotment planted to rice for harvest for such crop, the Secretary shall make a farm disaster payment to the cooperators on the farm for the deficiency in production below 75 per centum of the crop at a rate equal to $33\frac{1}{3}$ per centum of the established price for the crop.

7 USC 1352.

“(D) Any payment made under subparagraphs (B) and (C) of this paragraph with regard to acres transferred under section 352(d) of the Agricultural Adjustment Act of 1938, as amended, shall be calculated with respect to the farm yield established on the farm to which such acres were transferred.

Cropland set-aside.

“(5) The Secretary shall provide for a set-aside of cropland if the Secretary determines that the total supply of rice will, in the absence of such set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for loans, purchases, and payments under this subsection, the cooperators on a farm must set aside and devote to conservation uses an acreage of cropland equal to (i) such percentage of the farm acreage allotment as may be specified by the Secretary (not to exceed 30 per centum of the farm acreage allotment), plus, if required by the Secretary, (ii) the acreage of cropland on the farm devoted in preceding years to soil conserving uses, as determined by the Secretary. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion; however, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the set-aside acreage to be devoted to sweet sorghum, hay, and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

Land diversion payments.

“(6) The Secretary may make land diversion payments to cooperators, whether or not a set-aside for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to cooperators on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such cooperators. The amounts payable to cooperators under land diversion contracts may be determined through the submission of bids for such contracts by cooperators in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to

Contracts.

Bids, submittal.

be undertaken by the cooperators and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

“(7) The set-aside acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the cooperator agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

Consultation.

Payment.

“(8) If the operator of the farm desires to participate in the program formulated under this subsection the operator shall file an agreement to do so no later than such date as the Secretary may prescribe. Loans, purchases, and payments under this subsection shall be made available to cooperators on such farm only if such cooperators set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator of the farm agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the cooperators on the farm, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of any emergency created by drought or other disaster, or in order to alleviate a shortage in the supply of rice.

Agreement,
filing.

Termination or
modification.

“(9) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis in payments under this subsection.

Safeguards.

“(10) In any case in which the failure of a cooperator to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the default.

“(11) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

Regulations.

“(12) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

“(13) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.”

16 USC 590h.

SUSPENSION OF MARKETING QUOTAS AND OTHER PROVISIONS

SEC. 703. Sections 353, 354, 355, 356, and 377 of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable to the 1978 through 1981 crops of rice.

7 USC 1353 note.
7 USC 1353-
1356, 1377.

DEFINITION OF COOPERATOR

SEC. 704. The last proviso in the first sentence of section 408(b) of the Agricultural Act of 1949, as added by section 303 of the Rice Production Act of 1975, is amended by striking out "and 1977" and inserting in lieu thereof "through 1981".

Ante, p. 939.

CONFORMING AMENDMENT

7 USC 1736b. SEC. 705. Section 408(m) of the Agricultural Act of 1949, as added by the Rice Production Act of 1975, to be effective for the 1976 and 1977 crops, shall be effective for the 1978 through 1981 crops, and shall read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO RICE

"(m) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for rice under this Act; and references made to the terms 'price support', 'price support operation', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for rice under this Act."

Post, p. 956.
7 USC 1736.
Ante, pp. 927, 939.
7 USC 1431.
Post, p. 956.

TITLE VIII—PEANUTS

ANNUAL MARKETING QUOTA AND STATE ACREAGE ALLOTMENT

7 USC 1358. SEC. 801. Section 358 of the Agricultural Adjustment Act of 1938; as amended, is amended as follows:

7 USC 1358 note. (a) Subsections (a) and (e) shall not be applicable to the 1978 through 1981 crops of peanuts.

7 USC 1358. (b) Subsection (c) (1) is amended, effective for the 1978 through 1981 crops of peanuts, by striking out the period at the end of the second sentence and inserting in lieu thereof the following: " : *Provided*, That the peanut acreage allotment for the State of New Mexico shall not be reduced below the 1977 acreage allotment as increased pursuant to subsection (c) (2) of this section."

NATIONAL ACREAGE ALLOTMENT; NATIONAL POUNDAGE QUOTA; FARM POUNDAGE QUOTA; AND DEFINITIONS

SEC. 802. Effective for the 1978 through 1981 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof new subsections (k) through (p) as follows:

Announcements. "(k) The Secretary shall, not later than December 1 of each year, announce a national acreage allotment for peanuts for the following crop taking into consideration projected domestic use, exports, and a reasonable carryover: *Provided*, That such allotment shall be not less than one million six hundred and fourteen thousand acres.

"(l) The Secretary shall, not later than December 1 of each year, announce a minimum national poundage quota for peanuts for the following marketing year of the following amounts: 1978, 1,680,000 tons; 1979, 1,596,000 tons; 1980, 1,516,000 tons; and 1981, 1,440,000 tons. If the Secretary determines that the minimum national poundage quota for any marketing year is insufficient to meet total estimated

requirements for domestic edible use and a reasonable carryover, the national poundage quota for the marketing year may be increased by the Secretary to the extent determined by the Secretary to be necessary to meet such requirements.

“(m) For each farm for which a farm acreage allotment has been established, a farm yield for peanuts shall be determined. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977: *Provided*, That if peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

Farm yield.

“(n) For each farm, a farm base production poundage shall be established equal to the quantity determined by multiplying the farm peanut acreage allotment by the farm yield determined in accordance with subsection (m) of this section.

Farm base
production
poundage.

“(o) For each farm, a farm poundage quota shall be established by the Secretary for each marketing year equal to the farm base production poundage multiplied by a factor determined by the Secretary, such that the total of all farm poundage quotas will equal the national poundage quota for such marketing year. The poundage quota so determined, beginning with the 1979 crop for any farm, shall be increased by the number of pounds by which marketings of quota peanuts from the farm during the immediately preceding marketing year were less than the farm poundage quota: *Provided*, That total marketings shall not exceed actual production from the farm acreage allotment: *Provided further*, That the grower must have planted in such preceding marketing year that part of the farm allotment estimated on the basis of the farm yield to be sufficient to produce the total farm poundage quota: *Provided further*, That if the total of all such increases in individual farm poundage quotas exceeds 10 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all increases does not exceed 10 per centum of the national poundage quota.

Farm poundage
quota.

Limitation.

Adjustment.

“(p) For the purposes of this part and title I of the Agricultural Act of 1949, as amended—

Definitions.
7 USC 1441.

“(1) ‘quota peanuts’ means, for any marketing year, any peanuts which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from a farm, and which do not exceed the farm poundage quota of such farm for such year;

“(2) ‘additional peanuts’ means, for any marketing year, any peanuts which are marketed from a farm and which are in excess of the marketings of quota peanuts from such farm for such year but not in excess of the actual production of the farm acreage allotment;

“(3) ‘crushing’ means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts

by crushing or otherwise when authorized by the Secretary; and
 “(4) ‘domestic edible use’ means use for milling to produce domestic food peanuts and seed and use on a farm.”.

SALE, LEASE, AND TRANSFER OF ACREAGE ALLOTMENT

7 USC 1358a. SEC. 803. Effective for the 1978 through 1981 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938, as amended, is amended by—

(1) in subsection (a)—

(i) striking out “, if he determines that it will not impair the effective operation of the peanut marketing quota or price support program.”; and

(ii) striking out “may” each place that term appears and inserting “shall” in lieu thereof; and

(2) adding at the end thereof a new subsection (i) as follows:

“(i) Notwithstanding any other provision of this section, transfers shall be on the basis of the farm base production poundage, and the acreage allotment for the receiving farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the receiving farm, and the acreage allotment for the transferring farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferring farm.”.

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

7 USC 1359. SEC. 804. Effective for the 1978 through 1981 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938, as amended, is amended by—

(1) striking out in the first sentence of subsection (a) “75 per centum of the support price for” and inserting in lieu thereof “120 per centum of the support price for quota”;

(2) inserting after the first sentence of subsection (a) a new sentence as follows: “The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are placed under loan at the additional loan rate under the loan program made available under section 108(b) of the Agricultural Act of 1949 and not redeemed by the producers or are marketed under contracts between handlers and producers pursuant to the provisions of subsection (i) of this section.”;

(3) striking out “normal yield” in subsection (a) and inserting in lieu thereof “farm yield”; and

(4) adding at the end thereof new subsections (f) through (j) as follows:

“(f) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

Penalty. “(g) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade,

Post, p. 947.

kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

“(h) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

Infra.

“(i) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area association) for approval prior to June 15 of the year in which the crop is produced.

Contracts.

“(j) Subject to the provisions of section 407 of the Agricultural Act of 1949, as amended, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by the producer, or (2) 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year, or (3) 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.”.

Ante, p. 927, 939.

REPORTS AND RECORDS

SEC. 805. Effective for the 1978 through 1981 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately before “all brokers and dealers in peanuts” the following: “all farmers engaged in the production of peanuts,”.

7 USC 1373.

PRESERVATION OF UNUSED ALLOTMENTS

SEC. 806. Effective for the 1978 through 1981 crops of peanuts, section 377 of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the words “farm acreage allotment for such year” the following: “or, in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota”.

7 USC 1377.

PRICE SUPPORT PROGRAM

SEC. 807. Effective for the 1978 through 1981 crops of peanuts, title I of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new section 108 as follows:

"PEANUT PROGRAM

- 7 USC 1445c. "Sec. 108. Notwithstanding any other provision of law—
- 7 USC 1421. "(a) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1978 through 1981 crops at such levels as the Secretary finds appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, and any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which the level of support is being determined, but not less than \$420 per ton. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other adjustments as are authorized by section 403 of this Act.
- Adjustments. "(b) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1978 through 1981 crops. In determining support levels, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of support is being determined.
- Warehouse storage loans. "(c) (1) In carrying out subsections (a) and (b) of this section, the Secretary may make warehouse storage loans available in each of the three producing areas (described in 7 CFR § 1446.4 (1977)) to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. Such associations may be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938, as amended. Such loans shall include, in addition to the price support value of the peanuts, such costs as such association reasonably may incur in carrying out such responsibilities in its operations and activities under this section and section 359 of the Agricultural Adjustment Act of 1938, as amended.
- Ante*, p. 946. "(2) The Secretary may require that each such association establish pools and maintain complete and accurate records by type for quota peanuts handled under loans and for additional peanuts produced without a contract between handler and producer described in section 359(i) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Net gains for peanuts in each pool shall consist of (A) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (B) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the
- Pools, establishment. Record retention.
- Net gains.

pool for quota peanuts as provided in clause (A) of this paragraph. Notwithstanding any other provision of this subsection, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.”.

TITLE IX—SOYBEANS AND SUGAR

SOYBEAN PRICE SUPPORT

SEC. 901. Effective only with respect to the 1978 through 1981 crops of soybeans, section 201 of the Agricultural Act of 1949, as amended, *Ante*, p. 920. is amended by—

(1) inserting in the first sentence after “tung nuts,” the following: “soybeans,”; and

(2) adding at the end thereof a new subsection (e) as follows:

“(e) The price of the 1978 through 1981 crops of soybeans shall be supported through loans and purchases at such levels as the Secretary determines appropriate in relation to competing commodities and taking into consideration domestic and foreign supply and demand factors: *Provided*, That notwithstanding the provisions of section 1001 of the Food and Agriculture Act of 1977, the Secretary shall not require a set-aside of soybean acreage as a condition of eligibility for price support for any commodity supported under the provisions of this Act.”.

SUGAR PRICE SUPPORT

SEC. 902. Effective only with respect to the 1977 and 1978 crops of sugar beets and sugar cane, section 201 of the Agricultural Act of 1949, as amended, is amended by—

(1) striking out in the first sentence “honey, and milk” and inserting in lieu thereof the following: “honey, milk, sugar beets, and sugar cane”; and

(2) adding at the end thereof a new subsection (f) as follows:

“(f) (1) The price of the 1977 and 1978 crops of sugar beets and sugar cane, respectively, shall be supported through loans or purchases with respect to the processed products thereof at a level not in excess of 65 per centum nor less than 52.5 per centum of the parity price therefor: *Provided*, That the support level may in no event be less than 13.5 cents per pound raw sugar equivalent. In carrying out the price support program authorized by this subsection, the Secretary shall establish minimum wage rates for agricultural employees engaged in the production of sugar.

Minimum wage
rates,
establishment.

“(2) Notwithstanding any other provision of law, the Secretary may suspend the operation of the price support program authorized by this subsection whenever the Secretary determines that an international sugar agreement is in effect which assures the maintenance in the United States of a price for sugar not less than 13.5 cents per pound raw sugar equivalent.

Suspension.

“(3) Nothing in this subsection shall affect the authority of the Secretary to establish under any other provision of law a price support program for that portion of the 1977 crop of sugar cane and sugar beets marketed prior to the implementation of the program authorized by this subsection.”.

TITLE X—MISCELLANEOUS

SET-ASIDE OF NORMALLY PLANTED ACREAGE

- 7 USC 1309. SEC. 1001. Notwithstanding any other provision of law, whenever a set-aside is in effect for one or more of the 1978 through 1981 crops of wheat, feed grains, upland cotton, and rice, the Secretary of Agriculture may require, as a condition of eligibility for loans, purchases, and payments under the Agricultural Act of 1949, as amended, that the acreage normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable among producers, shall be reduced by the acreage of set-aside or diversion.
- 7 USC 1421 note.

AMERICAN AGRICULTURE PROTECTION PROGRAM

- 7 USC 1310. SEC. 1002. (a) Notwithstanding any other provision of law, whenever the President or any other member of the executive branch of the Federal Government causes to be suspended, based upon a determination of short supply, the commercial export sales of any commodity, as defined in subsection (c) of this section, to any country or area with which the United States otherwise continues commercial trade, the Secretary of Agriculture shall, on the day the suspension is initiated, set the loan level for such commodity under the Agricultural Act of 1949, as amended, if a loan program is in effect for the commodity, at 90 per centum of the parity price for the commodity, as such parity price is determined on the day the suspension is initiated.
- (b) Any loan level established pursuant to subsection (a) of this section shall remain in effect as long as the suspension of commercial export sales described in subsection (a) remains in effect.
- “Commodity.” (c) For purposes of this section, the term “commodity” shall include any of the following: wheat, corn, grain sorghum, soybeans, oats, rye, barley, rice, flaxseed, and cotton.

BUDGET AMENDMENT

- Price supports. SEC. 1003. (a) Effective only with respect to the 1978 through 1981 crops, section 301 of the Agricultural Act of 1949 is amended by adding at the end thereof a new sentence as follows: “The Secretary is authorized to make price support available under this title for the 1978 through 1981 crops of flaxseed, dry edible beans, gum naval stores, and in the case of the 1979 through 1981 crops, sugar beets and sugar cane, and for any other nonbasic commodity not designated in title II, except that such authority shall terminate with respect to any commodity, other than those listed in this sentence, at the end of any crop year in which the net outlays for the commodity exceed \$50 million.”
- 7 USC 1447.
- 7 USC 1446. (b) The amendment made by this section to the Agricultural Act of 1949 shall not be operative in any manner with respect to any price support program in effect on the date of enactment of this Act.

SPECIAL GRAZING AND HAY PROGRAM

- SEC. 1004. Title I of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new section 109 as follows:
- 7 USC 1445d. “SEC. 109. Notwithstanding any other provision of law—
- “(a) The Secretary is authorized to administer a special wheat acreage grazing and hay program (hereinafter in this section referred to as the ‘special program’) in each of the crop years 1978 through 1981.

Under the special program, a producer shall be permitted to designate, under such regulations as established by the Secretary, a portion of the acreage on the farm intended to be planted to wheat, feed grains, or upland cotton for harvest, not in excess of 40 per centum thereof, or 50 acres, whichever is greater, which shall be planted to wheat (or some other commodity other than corn or grain sorghum) and used by the producer for grazing purposes or hay rather than for commercial grain production. A producer who elects to participate in the special program shall receive a payment as provided in subsection (c) of this section.

Acreage,
designation.

Payment.

“(b) Any producer who elects to participate in the special program under this section shall designate the specific acreage on the farm which is to be used for the purposes set forth in subsection (a) of this section. No crop other than hay may be harvested from acreage included in the special program.

“(c) The Secretary shall pay the producer participating in the special program an amount determined by multiplying the farm program payment yield for wheat established for the farm, by the number of acres included in the special program, by a rate of payment determined by the Secretary to be fair and reasonable. The producer shall not be eligible for any other payment or price support on any portion of the acreage for the farm which the producer elects to include in the special program.

“(d) Acreage included in the special program shall be in addition to any acreage included in any acreage set-aside program otherwise provided for by law.

“(e) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

Regulations.

“(f) The Secretary shall carry out the special program through the Commodity Credit Corporation.”.

DAILY RELEASE OF REPORTS OF EXPORT SALES OF AGRICULTURAL COMMODITIES

SEC. 1005. Section 812 of the Agricultural Act of 1970 is amended by inserting immediately after the third sentence thereof a new sentence as follows: “When the Secretary requires that such information be reported by exporters on a daily basis, the information compiled from individual reports shall be made available to the public daily.”.

7 USC 612c-3.

FILBERTS

SEC. 1006. Section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by inserting after “oranges, onions, walnuts, dates,” the following: “filberts,”.

7 USC 608e-1.

TITLE XI—GRAIN RESERVES

PRODUCER STORAGE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1101. Title I of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new section 110 as follows:

“PRODUCER STORAGE PROGRAM FOR WHEAT AND FEED GRAINS

“SEC. 110. (a) The Secretary shall formulate and administer a program under which producers of wheat and, in the discretion of the Secretary, producers of feed grains will be able to store wheat and

7 USC 1445e.

Safeguards.	<p>feed grains when such commodities are in abundant supply and extend the time period for their orderly marketing. The Secretary shall establish safeguards to assure that wheat and feed grains held under the program shall not be utilized in any manner to unduly depress, manipulate, or curtail the free market. The authority provided by this section shall be in addition to other authorities available to the Secretary for carrying out producer loan and storage operations.</p>
Terms and conditions.	<p>“(b) In carrying out the producer storage program, the Secretary may provide original or extended price support loans for wheat and feed grains at the same level of support as provided by this Act under terms and conditions designed to encourage producers to store wheat and feed grains for extended periods of time in order to promote orderly marketing when wheat or feed grains are in abundant supply. Among such other terms and conditions as the Secretary may prescribe by regulation, the program shall provide for (1) repayment of such loans in not less than three years nor more than five years; (2) payment to producers of such amounts as the Secretary determines appropriate to cover the cost of storing wheat and feed grains held under the program; (3) a rate of interest determined by the Secretary based upon the rate of interest charged the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust such interest; (4) recovery of amounts paid for storage, and for the payment of additional interest or other charges in the event such loans are repaid by producers before the market price for wheat or feed grains has reached the price levels specified in clause (5) of this subsection; (5) conditions designed to induce producers to redeem and market the wheat or feed grains securing such loans without regard to the maturity dates thereof whenever the Secretary determines that the market price of wheat has attained a specified level which is not less than 140 per centum nor more than 160 per centum of the then current level of price support for wheat or such appropriate level for feed grains, as determined by the Secretary; and (6) conditions prescribed by the Secretary under which the Secretary may require producers to repay such loans, plus accrued interest thereon, refund amounts paid for storage, and pay such additional interest and other charges as may be required by regulation, whenever the Secretary determines that the market price for the commodity is not less than 175 per centum of the then current level of price support for wheat or such appropriate level for feed grains as determined by the Secretary under this Act.</p>
Waiver.	
Announcement.	<p>“(c) The Secretary shall announce the terms and conditions of the producer storage program as far in advance of making loans as practicable. In such announcement, the Secretary shall specify the quantity of wheat or feed grains to be stored under the program which the Secretary determines appropriate to promote the orderly marketing of such commodities. The quantity of wheat shall not be less than three hundred million bushels nor more than seven hundred million bushels: <i>Provided</i>, That such maximum amount may be adjusted by the Secretary as necessary to meet such commitments as may be assumed by the United States pursuant to an international agreement containing provisions relating to grain reserves.</p>
Restriction.	<p>“(d) Notwithstanding any other provision of law, whenever the extended loan program authorized by this section is in effect, the Commodity Credit Corporation may not sell any of its stocks of wheat or feed grains at less than 150 per centum of the then current level of price support for such commodity: <i>Provided</i>, That such restriction shall not apply to—</p>

“(1) sales of such commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; and

“(2) sales or other disposals of such commodities under (A) the fifth and sixth sentences of section 407 of this Act; (B) the Act of September 21, 1959 (73 Stat. 574, as amended; 7 U.S.C. 1427 note), and (C) section 813 of the Agricultural Act of 1970.

“(e) The Secretary may, with the concurrence of the owner of grain stored under the program authorized by this section, reconcentrate all such grain stored in commercial warehouses at such points as the Secretary deems to be in the public interest, taking into account such factors as transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by his commitment.

“(f) Whenever grain is stored under the provisions of this section, the Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days following the sales. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions.

“(g) The Secretary shall use the Commodity Credit Corporation, to the extent feasible, to fulfill the purposes of this section. In addition, to the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.”.

7 USC 1427.

Ante, p. 927.

Infra.

Grain
reconcentration.

Purchases.

Daily list.

INTERNATIONAL EMERGENCY FOOD RESERVE

SEC. 1102. Title I of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new section 111 as follows:

“INTERNATIONAL EMERGENCY FOOD RESERVE

“SEC. 111. The President is encouraged to enter into negotiations with other nations to develop an international system of food reserves to provide for humanitarian food relief needs and to establish and maintain a food reserve, as a contribution of the United States toward the development of such a system, to be made available in the event of food emergencies in foreign countries. The reserves shall be known as the International Emergency Food Reserve.”.

Negotiations.
Reserve system,
establishment.
7 USC 1445f.

DISASTER RESERVE

SEC. 1103. Section 813 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973, is amended as follows:

(a) Subsection (b) is amended to read as follows:

“(b) The Secretary shall acquire such commodities through the price support program. However, if the Secretary determines that no wheat, feed grains, or soybeans are available through the price support pro-

7 USC 1427a.

Commodity
acquisition.

gram at locations where they may be economically utilized to alleviate distress caused by a natural disaster, the Secretary is authorized to purchase through the facilities of the Commodity Credit Corporation such wheat, feed grains, soybeans, hay, or other livestock forages as the Secretary deems necessary for disposition in accordance with the authority provided in subsection (d) of this section. The Secretary may acquire wheat, feed grains, soybeans, hay, or other livestock forages at such locations, at such times, and in such quantities as the Secretary finds necessary and appropriate and may pay such transportation and other costs as may be required to permit disposition of such wheat, feed grains, soybeans, hay, and other livestock forages under subsection (d) of this section.”.

Commodity
disposition.

(b) Subsection (d) is amended to read as follows:

“(d) The Secretary is also authorized to dispose of such commodities only for (1) use in relieving distress (A) in any State, the District of Columbia, Puerto Rico, Guam, or the Virgin Islands of the United States, (B) in connection with any major disaster or emergency determined by the President to warrant assistance by the Federal Government under the Disaster Relief Act of 1974 (88 Stat. 143, as amended; 42 U.S.C. 5121), and (C) in connection with any emergency determined by the Secretary to warrant assistance under section 407 of the Agricultural Act of 1949 (63 Stat. 1055, as amended; 7 U.S.C. 1427), the Act of September 21, 1959 (73 Stat. 574, as amended; 7 U.S.C. 1427 note), or section 1105 of the Food and Agriculture Act of 1977; or (2) use in connection with a state of civil defense emergency as proclaimed by the President or by concurrent resolution of the Congress in accordance with the provisions of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2251-2297).”.

Ante, pp. 927,
939.

FARM STORAGE FACILITY LOANS

Limitations.

SEC. 1104. Effective only with respect to the fiscal years beginning October 1, 1977, and ending September 30, 1981, section 4(h) of the Commodity Credit Corporation Charter Act (62 Stat. 1070, as amended; 15 U.S.C. 714b(h)) is amended by inserting immediately before the period at the end of the second sentence the following: “: *And provided further*, That to encourage the storage of dry or high moisture grain, soybeans, and rice, and high moisture forage and silage on farms, where the commodities can be stored at the lowest cost, the Corporation shall—during the period beginning October 1, 1977, and ending September 30, 1981—make secured storage facility loans not to exceed \$50,000 to growers of such commodities in amounts not less than 75 per centum of the total construction cost of such facility, including but not limited to the cost of structural and equipment foundations, electrical systems, grain handling systems, drying equipment, and site preparation, or, in the discretion of the Corporation, such loans may be made in such amounts not to exceed \$50,000 to cover remodeling costs of existing storage facilities, as are set forth in regulations issued by the Secretary; the size of such facility for which a loan is obtained shall be based upon the amount of space required to store the quantity of the commodity estimated to be produced by the borrower during a two-year period; such loans shall be for a period not to exceed ten years at an interest rate based upon the rate of interest charged the Corporation by the United States Treasury; and the loans shall be deducted from the proceeds of price support loans or purchase agreements made between the Corporation and the growers”.

EMERGENCY FEED PROGRAM

SEC. 1105. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may implement an emergency feed program for assistance in the preservation and maintenance of livestock in any area of the United States, including Puerto Rico, Guam, and the Virgin Islands of the United States, where, because of flood, drought, fire, hurricane, earthquake, storm, or other natural disaster, the Secretary determines that an emergency exists. 7 USC 2267.

(b) The Secretary shall not provide assistance under this section to any person unless all of the following conditions created by the emergency are present: Conditions.

(1) The person has suffered a substantial loss in the livestock feed normally produced on the farm for such person's livestock;

(2) The person does not have sufficient feed for such person's livestock for the estimated period of the emergency; and

(3) The person is required to make feed purchases during the period of the emergency in quantities larger than such person would normally make.

(c) Persons eligible for assistance under the program formulated under this section may be reimbursed for not to exceed 50 per centum of the cost of the feed purchased by such eligible persons during the period of emergency, as announced by the Secretary of Agriculture, or at such lower rate as may be established by the Secretary.

(d) Any person who disposes of any feed for which such person is reimbursed under this section, in any manner other than as authorized by the Secretary, shall be subject to a penalty equal to the market value of the feed involved, to be recovered by the Secretary in a civil suit brought for that purpose. In addition, such person shall be subject to a fine of not more than \$10,000, or imprisonment for not more than one year, or both. Penalty.

(e) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section. Regulations.

(f) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

(g) Notwithstanding any other provision of law, the Secretary shall not delegate the authority to administer the emergency feed program to any other department, agency, or entity, public or private.

TITLE XII—PUBLIC LAW 480

AUTHORITY FOR THE COMMODITY CREDIT CORPORATION TO ACT AS
PURCHASING OR SHIPPING AGENT UNDER TITLE I

SEC. 1201. Section 102 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by inserting immediately before the period at the end thereof the following: "and, when requested by the purchaser of such commodities, may serve as the purchasing or shipping agent, or both, in arranging the purchasing or shipping of such commodities". 7 USC 1702.

TITLE I SALES PROCEDURES

SEC. 1202. Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding at the end thereof a new section 115 as follows:

Bids.
7 USC 1715.

"SEC. 115. (a) No purchases of food commodities shall be financed under this title unless they are made on the basis of an invitation for bid publicly advertised in the United States and on the basis of bid offerings which shall conform to such invitation and shall be received and publicly opened in the United States. All awards in the purchase of commodities financed under this title shall be consistent with open, competitive, and responsive bid procedures, as determined by the Secretary of Agriculture. Commissions, fees, or other payments to any selling agent shall—unless waived by the Secretary—be prohibited in any purchase of food commodities financed under this title.

Payment, reports
to Secretary.

"(b) Notwithstanding any other provision of law, any commission, fee, or other compensation of any kind paid or to be paid by any supplier of a commodity or ocean transportation financed by the Commodity Credit Corporation under this title, to any agents, brokers, or other representatives of the importer or importing country, including a corporation owned or controlled by the importer or the government of the importing country, shall be reported to the Secretary of Agriculture by the supplier of the commodity or ocean transportation. The report shall identify the person or entity to whom the payment is made and the transaction in connection with which the payment is made. The Secretary shall maintain such information for public inspection, publish a report thereof annually, and forward a copy of the report to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Any supplier of a commodity or ocean transportation who fails to file such a report or who files a false report shall be ineligible to furnish—directly or indirectly—commodities or ocean transportation financed under this title for a period of five years."

Information,
availability to
public.
Publication.
Transmittal to
congressional
committees.
Penalty.

INCREASED APPROPRIATION LIMIT FOR TITLE II

7 USC 1724. SEC. 1203. Section 204 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "\$600,000,000" in the first sentence and inserting in lieu thereof "\$750,000,000".

AVAILABILITY OF COMMODITIES

7 USC 1731. SEC. 1204. Section 401(a) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out the period at the end of the last sentence and inserting in lieu thereof a comma and the following: "unless the Secretary of Agriculture determines that some part of the supply thereof should be used to carry out urgent humanitarian purposes of this Act."

FINANCING THE SALE OF FOOD AND FIBER COMMODITIES

7 USC 1732. SEC. 1205. Section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding at the end thereof a new sentence as follows: "In the allocation of funds made available under title I of this Act, priority shall be given to financing the sale of food and fiber commodities."

VALUATION OF COMMODITIES ACQUIRED THROUGH PRICE SUPPORT PROGRAMS

7 USC 1733. SEC. 1206. Section 403 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by—
(1) inserting "(a)" immediately after the section designation;
and

(2) adding at the end thereof a new subsection (b) as follows:
 “(b) Notwithstanding any other provision of law, in determining the reimbursement due the Commodity Credit Corporation for all costs incurred under this Act, commodities from the Commodity Credit Corporation inventory, which were acquired under a domestic price support program, shall be valued at the export market price therefor, as determined by the Secretary of Agriculture, as of the time the commodity is made available under this Act.”.

REVISED REGULATIONS GOVERNING OPERATIONS; BAGGED COMMODITIES

SEC. 1207. Section 408 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding at the end thereof new subsections (d) and (e) as follows: 7 USC 1736b.

“(d) (1) Not later than six months following the date of enactment of this subsection, and at each two-year interval thereafter, the Secretary of Agriculture shall issue revised regulations governing all operations under title I of this Act, including operations relating to purchasing countries, suppliers of commodities or ships, and purchasing or shipping agents. The regulations shall include, but not be limited to, prohibitions against conflicts of interest, as determined by the Secretary, between (A) recipient countries (or other purchasing entities) and their agents, (B) suppliers of commodities, (C) suppliers of ships, and (D) other shipping interests.

“(2) The regulations shall be designed to encourage an increase in the number of exporters participating in the program.

“(3) All revised regulations governing operations under title I and title III of this Act shall be transmitted to Congress by the Secretary as soon as practicable after their issuance. Transmittal to Congress.
7 USC 1701, 1427.

“(e) Bagged commodities for the purpose of financing by the Commodity Credit Corporation under this Act may, subject to regulations issued by the Secretary of Agriculture, be considered ‘exported’ upon delivery at port, and upon presentation of a dock receipt in lieu of an on-board bill of lading.”.

EXTENSION OF THE PROGRAM

SEC. 1208. Section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out “1977.” and inserting in lieu thereof the following: “1981. New spending authority provided for title I of this Act by the amendment to this section made by the Food and Agriculture Act of 1977 shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.”. 7 USC 1736c.

USE OF NONPRICE-SUPPORTED COMMODITIES UNDER PUBLIC LAW 480

SEC. 1209. It is the sense of Congress that there be no discrimination between “price-supported” and “nonprice-supported” commodities in the programing of commodities under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). 7 USC 1691 note.
7 USC 1691 *et seq.*

SPECIAL TASK FORCE ON THE OPERATION OF PUBLIC LAW 480

SEC. 1210. (a) It is the sense of Congress that attention be given to handling, storage, transportation, and administrative procedures in order to make improvements in the operation of the Agricultural 7 USC 1691 note.

7 USC 1691 *et seq.*
Appointment.
Review and
report.

Trade Development and Assistance Act of 1954, as amended (Public Law 480). Toward this objective, the Secretary of Agriculture shall appoint a special task force to review and report upon the administration of the Act.

(b) Such review shall include, but not be limited to, organizational arrangements for the administration of Public Law 480, or parts thereof, title I allocation criteria and procedures, quality control, including handling and storage through the first stage of distribution in the recipient country, and regulation of businesses and organizations to which services are contracted under Public Law 480.

Report to
Congress.
Legislative
recommendations.

(c) Not later than eighteen months following enactment of this Act, the Secretary of Agriculture shall transmit to Congress the report of such task force, along with administrative actions the Secretary has taken or intends to take as a result of such report, and recommendations, if any, for legislative changes.

TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

FOOD STAMP ACT OF 1964 AMENDMENTS

Effective date.
7 USC 2011 note.

SEC. 1301. Effective October 1, 1977, the Food Stamp Act of 1964, as amended, is amended to read as follows:

“SHORT TITLE

Food Stamp Act
of 1977.
7 USC 2011 note.

“SECTION 1. This Act may be cited as the ‘Food Stamp Act of 1977’.

“DECLARATION OF POLICY

7 USC 2011.

“SEC. 2. It is hereby declared to be the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation’s population by raising levels of nutrition among low-income households. Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of the Nation’s agricultural abundance and will strengthen the Nation’s agricultural economy, as well as result in more orderly marketing and distribution of foods. To alleviate such hunger and malnutrition, a food stamp program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

“DEFINITIONS

7 USC 2012.

“SEC. 3. As used in this Act, the term:

“(a) ‘Allotment’ means the total value of coupons a household is authorized to receive during each month.

“(b) ‘Authorization card’ means the document issued by the State agency to an eligible household which shows the allotment the household is entitled to be issued.

“(c) ‘Certification period’ means the period for which households shall be eligible to receive authorization cards. In the case of a household all of whose members are included in a federally aided public

assistance or general assistance grant, the period shall coincide with the period of such grant. In the case of all other households the period shall be not less than three months: *Provided*, That such period may be up to twelve months for any household consisting entirely of unemployable or elderly or primarily self-employed persons, or as short as circumstances require for those households as to which there is a substantial likelihood of frequent changes in income or household status, and for any household on initial certification, as determined by the Secretary.

“(d) ‘Coupon’ means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.

“(e) ‘Coupon issuer’ means any office of the State agency or any person, partnership, corporation, organization, political subdivision, or other entity with which a State agency has contracted for, or to which it has delegated functional responsibility in connection with, the issuance of coupons to households.

“(f) ‘Drug addiction or alcoholic treatment and rehabilitation program’ means any such program conducted by a private nonprofit organization or institution which is certified by the State agency or agencies designated by the Governor as responsible for the administration of the State’s programs for alcoholics and drug addicts pursuant to Public Law 91-616 (Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970) and Public Law 92-255 (Drug Abuse Office and Treatment Act of 1972) as providing treatment that can lead to the rehabilitation of drug addicts or alcoholics.

42 USC 4551
note.

21 USC 1101
note.

“(g) ‘Food’ means (1) any food or food product for home consumption except alcoholic beverages, tobacco, and hot foods or hot food products ready for immediate consumption other than those authorized pursuant to clauses (3), (4), and (5) of this subsection, (2) seeds and plants for use in gardens to produce food for the personal consumption of the eligible household, (3) in the case of those persons who are sixty years of age or over or who receive supplemental security income benefits under title XVI of the Social Security Act, and their spouses, meals prepared by and served in senior citizens’ centers, apartment buildings occupied primarily by such persons, public or private nonprofit establishments (eating or otherwise) that feed such persons, private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices, and meals prepared for and served to residents of federally subsidized housing for the elderly, (4) in the case of persons sixty years of age or over and persons who are physically or mentally handicapped or otherwise so disabled that they are unable adequately to prepare all of their meals, meals prepared for and delivered to them (and their spouses) at their home by a public or private nonprofit organization or by a private establishment that contracts with the appropriate State agency to perform such services at concessional prices, (5) in the case of narcotics addicts or alcoholics served by drug addiction or alcoholic treatment and rehabilitation programs, meals prepared and served under such programs, and (6) in the case of certain eligible households living in Alaska, equipment for procuring food by hunting and fishing, such as nets, hooks, rods, harpoons, and knives (but not equipment for purposes of transportation, clothing, or shelter, and not firearms, ammunition, and explosives) if the Secretary determines that such households are located in an area of the State where it is extremely difficult to reach stores selling food and that such households depend to a substantial extent upon hunting and fishing for subsistence.

42 USC 1381.

“(h) ‘Food stamp program’ means the program operated pursuant to the provisions of this Act.

“(i) ‘Household’ means (1) an individual who lives alone or who, while living with others, customarily purchases food and prepares meals for home consumption separate and apart from the others, or else pays compensation to the others for such meals, or (2) a group of individuals who live together and customarily purchase food and prepare meals together for home consumption or else live with others and pay compensation to the others for such meals. In neither event shall any individual or group of individuals constitute a household if they reside in an institution or boarding house. For the purposes of this subsection, residents of federally subsidized housing for the elderly and narcotics addicts or alcoholics who live under the supervision of a private nonprofit institution for the purpose of regular participation in a drug or alcoholic treatment program shall not be considered residents of institutions.

“(j) ‘Reservation’ means the geographically defined area or areas over which a tribal organization (as that term is defined in section 3(p) of this Act) exercises governmental jurisdiction.

“(k) ‘Retail food store’ means (1) an establishment or recognized department thereof or house-to-house trade route, over 50 per centum of whose food sales volume consists of staple food items for home preparation and consumption, such as meat, poultry, fish, bread, cereals, vegetables, fruits, dairy products, and the like, but not including accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices, (2) an establishment, organization or program referred to in subsections (g) (3), (4), and (5) of this section, (3) a store purveying the hunting and fishing equipment described in subsection (g) (6) of this section, and (4) any private nonprofit cooperative food purchasing venture, including those in which the members pay for food purchased prior to the receipt of such food.

“(l) ‘Secretary’ means the Secretary of Agriculture.

“(m) ‘State’ means the fifty States, the District of Columbia, Guam, Puerto Rico, the Virgin Islands of the United States, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

“(n) ‘State agency’ means (1) the agency of State government, including the local offices thereof, which has the responsibility for the administration of the federally aided public assistance programs within such State, and in those States where such assistance programs are operated on a decentralized basis, the term shall include the counterpart local agencies administering such programs, and (2) the tribal organization of an Indian tribe determined by the Secretary to be capable of effectively administering a food distribution program under section 4(b) of this Act or a food stamp program under section 11(d) of this Act.

“(o) ‘Thrifty food plan’ means the diet required to feed a family of four persons consisting of a man and a woman twenty through fifty-four, a child six through eight, and a child nine through eleven years of age, determined in accordance with the Secretary’s calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition, except that the Secretary shall (1) make household-size adjustments taking into account economies of scale, (2) make cost adjustments in the thrifty food plan for Alaska and Hawaii to reflect the cost of food in those States, (3) make cost adjustments in the separate thrifty food plans for Guam, Puerto

Rico, and the Virgin Islands of the United States to reflect the cost of food in those States, but not to exceed the cost of food in the fifty States and the District of Columbia, and (4) adjust the cost of such diet every January 1 and July 1 to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the six months ending the preceding September 30 and March 31, respectively.

“(p) ‘Tribal organization’ means the recognized governing body of an Indian tribe (including the tribally recognized intertribal organization of such tribes), as the term ‘Indian tribe’ is defined in the Indian Self-Determination Act (25 U.S.C. 450b(b)), as well as any Indian tribe, band, or community holding a treaty with a State government.

25 USC 450f
note.

“ESTABLISHMENT OF THE FOOD STAMP PROGRAM

“SEC. 4. (a) Subject to the availability of funds appropriated under section 18 of this Act, the Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided an opportunity to obtain a more nutritious diet through the issuance to them of an allotment. The coupons so received by such households shall be used only to purchase food from retail food stores which have been approved for participation in the food stamp program. Coupons issued and used as provided in this Act shall be redeemable at face value by the Secretary through the facilities of the Treasury of the United States.

Administration.
7 USC 2013.

Coupons.

“(b) In jurisdictions where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any law, except that distribution may be made (1) on a temporary basis under programs authorized by law to meet disaster relief needs, or (2) for the purpose of the commodity supplemental food program. Distribution of commodities, with or without the food stamp program, shall also be made whenever a request for concurrent or separate food program operations, respectively, is made by a tribal organization. In the event of distribution on all or part of an Indian reservation, the appropriate agency of the State government in the area involved shall be responsible for such distribution, except that, if the Secretary determines that the tribal organization is capable of effectively and efficiently administering such distribution, then such tribal organizations shall administer such distribution: *Provided*, That the Secretary shall not approve any plan for such distribution which permits any household on any Indian reservation to participate simultaneously in the food stamp program and the distribution of federally donated foods. The Secretary is authorized to pay such amounts for administrative costs of such distribution on Indian reservations as the Secretary finds necessary for effective administration of such distribution by a State agency or tribal organization.

Distribution of
food.

Request by tribal
organization.

Administrative
costs.

“(c) The Secretary shall issue such regulations consistent with this Act as the Secretary deems necessary or appropriate for the effective and efficient administration of the food stamp program and shall promulgate all such regulations in accordance with the procedures set forth in section 553 of title 5 of the United States Code. In addition, prior to issuing any regulation, the Secretary shall provide the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the regulation with a detailed statement justifying it.

Regulations.

Statement,
transmittal to
congressional
committees.

“ELIGIBLE HOUSEHOLDS

7 USC 2014.

“SEC. 5. (a) Participation in the food stamp program shall be limited to those households whose incomes and other financial resources, held singly or in joint ownership, are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet. Assistance under this program shall be furnished to all eligible households who make application for such participation.

Standards.

“(b) The Secretary shall establish uniform national standards of eligibility (other than the income standards for Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands of the United States established in accordance with subsections (c) and (e) of this section) for participation by households in the food stamp program in accordance with the provisions of this section. No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program.

State plans.

Income standards, guidelines.

“(c) The income standards of eligibility shall be the nonfarm income poverty guidelines prescribed by the Office of Management and Budget adjusted annually pursuant to section 625 of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2971d), for the forty-eight States and the District of Columbia, Alaska, Hawaii, Puerto Rico, the Virgin Islands of the United States, and Guam, respectively: *Provided*, That in no event shall the standards of eligibility for Puerto Rico, the Virgin Islands of the United States, or Guam exceed those in the forty-eight contiguous States: *Provided further*, That the income poverty guidelines for the period commencing July 1, 1978, shall be made as up to date as possible by multiplying the income poverty guidelines for 1977 by the change between the average 1977 Consumer Price Index and the Consumer Price Index for March 1978, utilizing the most current procedures which have been used by the Office of Management and Budget, and the income poverty guidelines for future periods shall be similarly adjusted.

“(d) Household income for purposes of the food stamp program shall include all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household, (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter, (3) all educational loans on which payment is deferred, grants, scholarships, fellowships, veterans’ educational benefits, and the like to the extent that they are used for tuition and mandatory school fees at an institution of higher education or school for the handicapped, (4) all loans other than educational loans on which repayment is deferred, (5) reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household, (6) moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, (7) income earned by a child who is a member of the household, who is a student, and who has not attained his eighteenth birthday, (8) moneys received in the form of nonrecurring lump-sum payments, including, but not limited to, income tax refunds, rebates, or credits, retroactive lump-sum social security or railroad retirement pension payments and retroactive lump-sum insurance settlements: *Provided*, That such payments shall be counted as resources, unless specifically excluded by other laws, (9) the cost of producing self-employed income, and (10) any income that any other law specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

“(e) In computing household income, the Secretary shall allow a standard deduction of \$60 a month for each household, except that households in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands of the United States shall be allowed a standard deduction determined by the Secretary in accordance with the best available information on the relationship of actual or potential itemized deductions claimed under the food stamp program in those areas to such deductions in the forty-eight contiguous States and the District of Columbia. Such standard deductions, starting July 1, 1978, shall be adjusted every July 1 and January 1 to the nearest \$5 to reflect changes in the Consumer Price Index of the Bureau of Labor Statistics for items other than food for the six months ending the preceding March 31 and September 30, respectively. All households with earned income shall be allowed an additional deduction of 20 per centum of all earned income (other than that excluded by subsection (d) of this section), to compensate for taxes, other mandatory deductions from salary, and work expenses. Households shall also be entitled to (1) a dependent care deduction, the maximum allowable level of which shall be the same as that for the excess shelter expense deduction contained in clause (2) of this subsection, for the actual cost of payments necessary for the care of a dependent, regardless of the dependent’s age, when such care enables a household member to accept or continue employment, or training or education which is preparatory for employment, or (2) an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 per centum of monthly household income after all other applicable deductions have been allowed: *Provided*, That the amount of such excess shelter expense deduction shall not exceed \$75 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands of the United States, amounts determined by the Secretary in accordance with the best available information on the relationship of the actual shelter costs in those areas to such costs in the forty-eight contiguous States and the District of Columbia, adjusted annually (commencing July 1, 1978) to the nearest \$5 increment to reflect changes in the shelter, fuel, and utilities components of housing costs in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor for the twelve-month period ending the preceding March 31, or (3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2) of this subsection, the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2) of this subsection.

Standard deduction, allowance.

Adjustment.

Additional deductions.

Limitation.

“(f) Household income shall be calculated by the State agency for the purpose of determining household eligibility. The State agency in calculating household income shall take into account the income reasonably anticipated to be received by the household in the certification period for which eligibility is being determined and the income which has been received by the household during the thirty days preceding the filing of its application for food stamps so that the State agency may reasonably ascertain the income that is and will be actually available to the household for the certification period, except that for (1) those households which by contract for other than an hourly or piecework basis, or by self-employment, derive their annual income in a period of time shorter than one year, income shall be calculated by being averaged over a twelve-month period and (2) those

Calculation by State agency.

Financial resources, allowances.	households which receive nonexcluded income of the type specified in subsection (d) (3) of this section, income shall be calculated by being averaged over the period for which it is provided.
Study, report to congressional committees.	<p>“(g) The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that a household otherwise eligible to participate in the food stamp program will not be eligible to participate if its resources exceed \$1,750, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed \$3,000. The Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1977, and shall, in addition, (1) include in financial resources any boats, snowmobiles, and airplanes used for recreational purposes, any vacation homes, any mobile homes used primarily for vacation purposes, and any licensed vehicle (other than one used to produce earned income) used for household transportation or used to obtain or continue employment or to transport disabled household members to the extent that the fair market value of any such vehicle exceeds \$4,500, and (2) study and develop means of improving the effectiveness of these resource requirements in limiting participation to households in need of food assistance, and implement and report the results of such study and the Secretary’s plans to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than June 1, 1978.</p>
Emergency standards. 42 USC 5142.	<p>“(h) (1) The Secretary shall, after consultation with the official empowered to exercise the authority provided for by section 302(a) of the Disaster Relief Act of 1974, establish temporary emergency standards of eligibility for the duration of the emergency for households who are victims of a disaster which disrupts commercial channels of food distribution, if such households are in need of temporary food assistance and if commercial channels of food distribution have again become available to meet the temporary food needs of such households. Such standards as are prescribed for individual emergencies may be promulgated without regard to section 4(c) of this Act or the procedures set forth in section 553 of title 5 of the United States Code.</p>
Food Stamp Disaster Task Force. Establishment.	<p>“(2) The Secretary shall establish a Food Stamp Disaster Task Force, to assist States in implementing and operating the disaster program, which shall be available to go into a disaster area and provide direct assistance to State and local officials.</p>

“ELIGIBILITY DISQUALIFICATIONS

7 USC 2015.

“SEC. 6. (a) In addition to meeting the standards of eligibility prescribed in section 5 of this Act, households and individuals who are members of eligible households must also meet and comply with the specific requirements of this section to be eligible for participation in the food stamp program.

“(b) No individual who is a member of a household otherwise eligible to participate in the food stamp program shall be eligible to participate for (1) three months after such individual has been found by a State agency after notice and hearing at the State level, or after failure to appeal a local hearing to the State level, to have fraudulently used, presented, transferred, acquired, received, possessed, or altered coupons or authorization cards, or (2) a period of not less than six and not more than twenty-four months, as determined by the court, after

such individual has been found by a court of appropriate jurisdiction, with a State or a political subdivision thereof or the United States as prosecutor or plaintiff, to have been criminally or civilly fraudulent in the use, presentation, transfer, acquisition, receipt, possession, or alteration of coupons or authorization cards, or (3) both of the periods specified in clauses (1) and (2) of this subsection. Each such period of ineligibility is to take effect immediately upon the relevant administrative or judicial finding and to remain in effect, without possibility of administrative stay, unless and until the finding of fraud is subsequently reversed by a court of appropriate jurisdiction, but in no event shall the period of disqualification be subject to judicial review.

“(c) No household shall be eligible to participate in the food stamp program if it refuses to cooperate in providing information to the State agency that is necessary for making a determination of its eligibility or for completing any subsequent review of its eligibility. Every household that is participating in the food stamp program shall report or cause to be reported to the State agency, on a form designed or approved by the Secretary (that shall contain a description in understandable terms in prominent and boldface lettering of the appropriate civil and criminal provisions dealing with violations of this Act, including the penalties therefor, by members of an eligible household) changes in income or household circumstances which the Secretary deems necessary in order to assure accurate eligibility and benefit determinations. The reporting requirement prescribed by this subsection shall be the sole such requirement for reporting changes in income or in household circumstances for participating households.

Changes, report
to State agency.

“(d) (1) Unless otherwise exempted by the provisions of paragraph (d) (2) of this subsection, no household shall be eligible for assistance under this Act if it includes a physically and mentally fit person between the ages of eighteen and sixty who (i) refuses at the time of application and once every six months thereafter to register for employment in a manner determined by the Secretary; (ii) refuses to fulfill whatever reasonable reporting and inquiry about employment requirements as are prescribed by the Secretary; (iii) is head of the household and voluntarily quits any job without good cause, unless the household was certified for benefits under this Act immediately prior to such unemployment: *Provided*, That the period of ineligibility shall be sixty days from the time of the voluntary quit; or (iv) refuses without good cause to accept an offer of employment at a wage not less than the higher of either the applicable State or Federal minimum wage, or 80 per centum of the wage that would have governed had the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(a)(1)), been applicable to the offer of employment, and at a site or plant not then subject to a strike or lockout.

“(2) A person who otherwise would be required to comply with the requirements of paragraph (1) of this subsection shall be exempt from such requirements if he or she is (A) currently subject to and complying with a work registration requirement under title IV of the Social Security Act, as amended (42 U.S.C. 602), or the Federal-State unemployment compensation system; (B) a parent or other member of a household with responsibility for the care of a dependent child under age twelve or of an incapacitated person; (C) a parent or other caretaker of a child in a household where there is another able-bodied parent who is subject to the requirements of this subsection; (D) a bona fide student enrolled at least half time in

Exemptions.