A Summary of Provision in the Food, Agriculture, Conservation and Trade Act of 1990, S. 2830, as Amended by the Agricultural Reconciliation Act of 1990

Neil E. Harl
Iowa State University, harl@iastate.edu

Follow this and additional works at: http://lib.dr.iastate.edu/aglawdigest

Part of the Agricultural and Resource Economics Commons, Agricultural Economics Commons, Agriculture Law Commons, and the Public Economics Commons

Recommended Citation
Available at: http://lib.dr.iastate.edu/aglawdigest/vol1/iss27/1

This Article is brought to you for free and open access by the Journals at Digital Repository @ Iowa State University. It has been accepted for inclusion in Agricultural Law Digest by an authorized administrator of Digital Repository @ Iowa State University. For more information, please contact digirep@iastate.edu.
(Signed November 28, 1990)

— by Neil E. Harl

Editor's note: This is the second part of a two-part summary of the provisions of the 1990 farm bill. The first part appeared in Vol. 1, No. 25, Nov. 9, 1990.

Title I — Dairy (Sec. 101)

Price support. The legislation, for 1991-1995, supports milk at $10.10 per cwt for milk containing 3.67 percent milk fat. If the estimated level of purchases exceeds 5 billion pounds of milk equivalent (on a milk solids basis) the Secretary is to decrease the support price by at least 25 cents but not more than 50 cents per cwt. Proposed decreases in price support level are to be announced by November 20 of the preceding calendar year. If the estimated level of purchases will not exceed 3.5 billion pounds of milk equivalent (on a milk solids basis) the Secretary is to increase the support level by at least 25 cents per cwt for the calendar year. Proposed increases in price support level are to be announced by November 20 of the preceding calendar year. If the estimated level of purchases is more than 3.5 billion pounds and less than 5 billion pounds, the price support level is to be neither decreased nor increased. In no event is the price support level to be less than $10.10 per cwt.

Additional reductions are required if the estimated purchases for a following calendar year exceed 7 billion pounds; however, producers may receive a refund of the reduction if they can demonstrate that their marketings did not increase during the year the additional reduction was in effect.

Under the Agricultural Reconciliation Act of 1990 (ARA), the price received by producers for milk marketed for commercial use is to be reduced by 0.5 cents per hundredweight for the 1991 calendar year and 11.25 cents per hundredweight for 1992 through 1995. (ARA, Sec. 1105(e))

Study of pricing formulae (Sec. 103). The Secretary, within 60 days of enactment, is to accept alternative pricing formula recommendations to the Minnesota-Wisconsin price series that has been used to determine minimum prices paid under milk marketing orders. The Secretary is to consider a price series based on prices paid by milk processors for Grade A milk and manufacturing grade milk used in the manufacture of dairy products. A

* Charles F. Curtiss Distinguished Professor in Agriculture and Professor of Economics, Iowa State University; member of the Iowa Bar.

Title II — Wool and Mohair

Price support (Sec. 201). The legislation continues the basic price support program for wool and mohair but with new payment limitations. The total amount of payments a person may receive may not exceed —

$200,000 for the 1991 marketing year
$175,000 for the 1992 marketing year
$150,000 for the 1993 marketing year
$125,000 for the 1994 and subsequent marketing years.

The Secretary is to issue regulations defining "person" for this purpose.

A marketing assessment for the 1991-1995 crops is imposed on producers equal to 1 percent of the price support payments made. (ARA, Sec. 1105(e)).

Title III — Wheat

Price support (Sec. 301). The loan and purchase level is set at not less than 85 percent of the simple average price received by producers of wheat for the five preceding years, excluding the highest and lowest years. The loan and purchase level may not be reduced by more than five percent in any year compared to the level for the preceding crop. If the Secretary determines that the ratio of ending stocks of wheat to total use for the marketing year will be 30 percent or more, the loan and purchase level may be reduced by up to 10 percent in any year. If the ratio of ending stock of wheat to total use for the marketing year is less than 30 percent but not less than 15 percent, the loan and purchase level may be reduced by up to 5 percent in any year. If the figure is less than 15 percent, the loan and purchase level may not be reduced.

In the event the Secretary determines that the effective loan rate will not maintain a competitive market position for wheat, the loan and purchase level may be reduced by an additional amount, not to exceed 10 percent in any year. The loan rate for wheat is
set at not less than $2.44 per bushel unless that rate would exceed 80 percent of the 5-year acreage market price.

A marketing loan may be authorized by the Secretary with wheat loans repaid at the lesser of—

1. the loan level for the crop;
2. the higher of 70 percent of the loan level or 70 percent of the loan level that would have been in effect without the reduction made by the Secretary; or
3. the prevailing world market price for wheat.

The legislation contains the concept of loan deficiency payments for those who forgo obtaining a loan or agreement in return for deficiency payments. The farm bill continues the concept of deficiency payments based on the "established price" for wheat at not less than $4.00 per bushel for the 1991 through 1995 crops. For the 1991 through 1993 crops, the amount of deficiency payments is based on the national average market price received by producers during the first 5 months of the marketing year for the crop. For the 1994 and 1995 crops, the amount of deficiency payments is based on the lesser of (1) the national average market price received by producers during the first 5 months of the marketing year for the crop plus 10 cents per bushel or (2) the national average market price received by producers during the marketing year for the crop.

An annual acreage reduction program is authorized as determined by the Secretary. The acreage reduction for the 1991 crop is to be not less than 15 percent of the wheat crop acreage base for the farm. For 1992-1995 crops—

1. If the ratio of ending stocks for wheat to total disappearance of wheat for the preceding marketing year is estimated at more than 40 percent, the acreage reduction program is to be not less than 10 percent and not more than 20 percent. If the ratio is equal to or less than 40 percent, the acreage reduction program is to be not more than 15 percent.
2. If the ratio of ending stocks for wheat to total disappearance of wheat for the preceding marketing year is estimated at less than 34 percent, the acreage reduction program is
   a. for 1992, not less than 6 percent;
   b. for 1993, not less than 5 percent;
   c. for 1994, not less than 7 percent; and
   d. for 1995, not less than 5 percent. (ARA, Sec. 1104(a))

The specified acreage reductions are not to be implemented if the quantity of soybeans on hand in the U.S. on the first day of the marketing year for the 1991 soybean crop is less than 325,000,000 bushels, not counting the 1991 crop. (ARA, Sec. 1104(c))

Land diversion payments are authorized in the legislation.

A "prevented planting disaster payment" is authorized if producers are prevented from planting a crop because of drought, flood or other natural disaster or other condition beyond the control of producers unless crop insurance is available.

Disaster payments may be made if crop losses have created an economic emergency and if crop insurance payments and other federal assistance are insufficient to alleviate the economic emergency.

Title IV — Feed Grains

Price support for corn, grain sorghum, barley, oats and rye (Sec. 401). The loan and purchase level is set at not less than 85 percent of the simple average price received by producers of corn during the five preceding years excluding the highest and the lowest years. The loan and purchase level may not be reduced by more than five percent in any year compared to the level for the preceding crop. If the Secretary determines that the ratio of ending stocks of corn to total use for the marketing year will be 25 percent or more, the loan and purchase level may be reduced by up to 10 percent in any year. If the ratio of ending stocks to total use is less than 25 percent but not less than 12.5 percent, the loan and purchase price may be reduced by up to 5 percent in any year. If the ratio is less than 12.5 percent, the loan and purchase level may not be reduced.

In the event the Secretary determines that the effective loan rate will not maintain a competitive market position for wheat, the loan and purchase level may be reduced by an additional amount, not to exceed 10 percent in any year. The loan rate for corn is set at not less than $1.76 per bushel unless the rate would exceed 80 percent of the 5-year average market price.

A marketing loan may be authorized by the Secretary with corn loans repaid at the lesser of—

1. the loan level for the crop;
2. the higher of 70 percent of the loan level or 70 percent of the loan level that would have been in effect without the reduction made by the Secretary; or
3. the prevailing world market price for feed grains.

The legislation contains the concept of loan deficiency payments for those who forgo obtaining a loan or agreement in return for deficiency payments. The farm bill continues the concept of deficiency payments based on the "established price" for the 1991-1995 crops at not less than $2.75 per bushel for corn, $1.45 per bushel for oats, $2.61 per bushel for grain sorghum, 85.8 percent of the established price for corn for barley. For the 1991 through 1993 crops years, deficiency payments are to be based on the national average market price for the first five months of the marketing year. For the 1994 and 1995 crops, the amount of deficiency payments is based on the lesser of (1) the national average market price received by producers during the first 5 months of the marketing year for the crop plus 7 cents per bushel or (2) the national average market price received by producers during the marketing year for the crop.

An annual acreage reduction program is authorized as determined by the Secretary. An acreage reduction is required for the 1991 crops at 7.5 percent of the corn acreage base. (ARA, Sec. 1103(b)) For 1992-1995 crops—

1. If the ratio of ending stocks for corn to total disappearance of corn for the preceding marketing year is estimated at more than 25 percent, the acreage reduction program is to be not less than 10 percent and not more than 20 percent. If the ratio is equal to or less than 25 percent, the acreage reduction program is to be not more than 12.5 percent.
2. An acreage reduction of not less than 7.5 percent for 1992-1995 is required unless the stocks-to-use ratio is less than 20 percent (ARA, Sec. 1104(b)(2)).

The specified acreage reductions are not to be implemented if the quantity of soybeans on hand in the U.S. on the first day of the marketing year for the 1991 soybean crop is less than 325,000,000 bushels, not counting the 1991 crop. (ARA, Sec. 1104(c))

Land diversion payments are authorized in the legislation.

A "prevented planting disaster payment" is authorized if producers are prevented from planting a crop because of drought, flood or other natural disaster or other condition beyond the control of producers unless crop insurance is available. Disaster payments may be made if crop losses have created an economic emergency
and if crop insurance payments and other federal assistance are insufficient to alleviate the economic emergency.

Recourse loans are to be made available to producers who normally harvest all or a portion of their crop of feed grains in a high moisture state. (Sec. 404)

**Title V — Cotton**

**Price Support (Sec. 501).** Nonrecourse loans are to be made available for upland cotton at a level not less than the smaller of—

1. 85 percent of the average price for the last 5 years, excluding the lowest and highest years, or
2. 90 percent of the "5-lowest-priced growths for the growths quoted for Middling one and three thirty seconds 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 the average Northern Europe price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton."

The loan level may not be reduced by more than 5 percent from the level determined for the preceding crop and may not be reduced below 50 cents per pound. The loan level may be increased if the Northern European price is less than the United States spot price. If the Secretary determines that the prevailing world market price for upland cotton is below the loan level, a marketing loan provision is to be implemented with a producer able to repay a loan at a level that is the lesser of—

1. the loan level for the crop;
2. the higher of 70 percent of the loan level or the prevailing world market price for upland cotton; or
3. such other level, not in excess of the loan level nor less than 70 percent of the loan level, that will minimize potential loan forfeitures, minimize the accumulation of federal stocks, minimize federal costs in storing cotton and that will allow cotton to be marketed freely and competitively both domestically and internationally.

The Secretary may, in addition to marketing loans, issue marketing certificates for cotton if necessary to make cotton competitive in world markets. The value of marketing certificates is to be based on the difference between the loan repayment rate for upland cotton and the prevailing world market price. Certificates may be redeemed for cash or for CCC commodities. If the price of the lowest priced cotton growth exceeds the Northern European price by more than 1.25 cents per pound, an import quota is to be established.

Loan deficiency payments are authorized for producers who agree to forgo obtaining a loan. Deficiency payments are to be paid based on the amount by which the established price exceeds the national average market price for the first 5 months of the marketing year or the loan level for the crops. The minimum established price is set at not less than 72.9 cents per pound for the 1991 through 1995 crops.

An annual acreage reduction program is authorized as determined by the Secretary. The acreage limitation program is to be carried out in a manner that will result in a ratio of carryover to total disappearance of 30 percent.

Land diversion payments are authorized in the legislation.

A "prevented planting disaster payment" is authorized if producers are prevented from planting a crop because of drought, flood or other natural disaster or other condition beyond the control of producers unless crop insurance is available. Disaster payments may be made if crop losses have created an economic emergency and if crop insurance payments and other federal assistance are insufficient to alleviate the economic emergency.

The legislation extends the long staple cotton program and prohibits the Secretary from using cross-compliance or offsetting compliance as a condition of eligibility for the program and to authorize the Secretary to apply a zero percentage reduction to each farm's acreage base.

The legislation provides that electronic or central filing systems can be used to prove ownership of cotton on a voluntary, fee basis. (Sec. 508)

**Title VI — Rice**

**Price Support (Sec. 601).** Nonrecourse loans (and purchases) are to be made available for rice at a level not less than the higher of (1) 85 percent of the simple average price received by producers for the 5 preceding crops excluding the highest and the lowest or (2) $6.50 per cwt.

The loan level may not be reduced by more than 5 percent from the level for the preceding crop. A marketing loan is authorized to ensure that a competitive market position is maintained for rice. A producer may repay a loan at the lesser of (1) the loan level for the crop or (2) the higher of 70 percent of the loan level for the crop or the prevailing world market price.

A producer may be required to purchase marketing certificates up to one-half the difference between the amount of the loan and the amount of the repayment. The certificate are redeemable for CCC commodities or for cash.

Loan deficiency payments are authorized for producers who agree to forgo obtaining a loan. For the 1991 through 1993 crop years, deficiency payments are to be paid based on the amount by which the established price exceeds the national average market price for the first 5 months of the marketing year or the loan level for the crop. For the 1994 and 1995 crops, the amount of deficiency payments is based on the lesser of (1) the national average market price received by producers during the first 5 months of the marketing year for the crop plus an amount, determined by the Secretary, which is fair and equitable in relation to wheat and feed grains or (2) the national average market price received by producers during the marketing year for the crop. The minimum established price is to be not less than $10.71 per cwt for the 1991 through 1995 crops.

A "prevented planting disaster payment" is authorized if producers are prevented from planting a crop because of drought, flood or other natural disaster or other condition beyond the control of producers unless crop insurance is available. Disaster payments may be made if crop losses have created an economic emergency and if crop insurance payments and other federal assistance are insufficient to alleviate the economic emergency.

An annual acreage reduction program is authorized as determined by the Secretary. An acreage reduction is to be applied on a uniform basis (from 0 to 35 percent) to the rice crop acreage base for the crop for each rice-producing crop.

**Title VII — Oilseeds**

The term "oilseeds" is defined to include "soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed and such other oilseeds as the Secretary may determine..." Sec. 701.

**Commodity loans — (Sec. 701).** Nonrecourse loans are made available for 1991-1995 at specified levels —

1. $5.02 per bushel for soybeans;
(2) 8.9 cents per pound for sunflower seed, canola, rapeseed, safflower, mustard seed and flaxseed; and 
(3) a "fair and reasonable" level for other oilseeds.

A marketing loan is authorized with producers authorized to repay a loan (1) at a level that is the lesser of the loan level or the prevailing world market price, or (2) such other level as will minimize potential loan forfeitures, minimize the accumulation of federal oilseed stocks, minimize the federal costs of storing oilseeds and that will allow oilseeds to be marketed freely and competitively both domestically and internationally.

A loan origination fee is to be charged equal to 2 percent of the loan level for the crop multiplied by the quantity of oilseeds for which the loan is obtained. An amount equal to the fee is to be deducted from any loan deficiency payment.(ARA, Sec. 1105(a))

Loan deficiency payments are authorized for producers who agree to forgo obtaining a loan.

Title VIII — Peanuts

Price support (Sec. 802). The national poundage quota for a marketing year is to be not less than 1,350,000 tons and is to be set based on the quantity that will be devoted to domestic edible, seed and related uses. The national quota is to be allocated among the states in percentage terms as the quota was allocated in 1990. A farm poundage quota is to be established for each farm that had a 1990 quota with provisions for adjustment for undermarketing and quotas voluntarily released. Quotas may be sold or leased within the same county. (Sec. 803.) The marketing of peanuts in excess of the farm quota is subject to a penalty of 140 percent of the support price for quota peanuts for the marketing year.

The national average quota support price for the 1991 through 1995 crops is to be the support rate for the preceding crop year adjusted for changes in the cost of production but with no more than a 5 percent adjustment for any one year.

Marketing assessment. A marketing assessment is to be collected by the first purchaser of peanuts equal to .5 percent of the national average quota or additional peanut support rate and the first purchaser is to pay an equal amount for a total assessment of 1 percent to be remitted to the CCC. If the peanuts are sold directly to a consumer through a retail or wholesale outlet or outside the United States, the producer is to pay the entire 1 percent to the CCC.(ARA, Sec. 1105(b))

Title IX — Sugar

Price support (Sec. 901). The price of domestically grown sugarcane is to be supported through nonrecourse loans at a rate not less than 18 cents per pound for raw cane sugar. For sugarbeets, price is to be supported through nonrecourse loans at a level that bears the same relation to the support level of sugarcane as the weighted average of producer returns for sugarbeets bears to the weighted average of producer returns for sugarcane for the most recent 5 year period for which data are available plus an amount that covers sugar beet processor fixed marketing expenses. The Secretary may increase the support prices for the 1991 through 1995 crops based on changes in the cost of sugar products, the cost of domestic sugar production and other circumstances that may adversely affect domestic sugar production. The legislation authorizes the use of marketing allotments for sugar.

Marketing assessment. A marketing assessment is to be paid by the first processor of sugarcane of .18 cents per pound of raw sugar cane. A marketing assessment is to be paid by the first processor of sugar beets of .193 cents per pound of beet sugar.(ARA 1105(c))

Title X — Honey

Price support (Sec. 1001). For the 1991 through 1995 crops, the price of honey is to be supported through "loans, purchases, or other operations" at not less than 53.8 cents per pound. A marketing loan program is authorized with a producer allowed to repay a loan at the lesser of (1) the loan level for the crop, or (2) such level as will minimize the number of loan forfeitures, not result in excessive stocks of honey, reduce the costs incurred by the federal government and maintain the competitiveness of honey in domestic and export markets.

Loan deficiency payments are authorized for producers who agree to forgo obtaining a loan. The total amount of payments a person may receive may not exceed—
$200,000 in the 1991 crop year,
$175,000 in the 1992 crop year,
$150,000 in the 1993 crop year, and
$125,000 in the 1994 and subsequent crop years.

A marketing assessment is to be paid to the CCC by the producers and producer-packers of honey of 1 percent of the national price support level.(ARA, Sec. 1105(d))

Title XI — General Commodity Provisions

Crop acreage bases (Sec. 1101). In general, the crop acreage base for each program crop for a farm is the number of acres equal to the average of the acreage planted and considered planted to the program crop for harvest on the farm in each of the 5 preceding crop years.

For upland cotton and rice, the crop acreage base uses the acreage for the last 3 crop years except for those who did not participate in the program during 1989 and 1990 in which case the calculation uses the last 5 years. Adjustments may be permitted by the Secretary for crop rotation practices to assure a fair and equitable crop acreage base.

The legislation mandates the so-called "triple base" system whereby a portion of the crop base is set aside under the annual acreage reduction program, a portion may be planted to other crops (with no deficiency payments made) and the rest is eligible for deficiency payments for the specific program crop. Eighty-five percent of the crop base (less set-aside amounts) is eligible for deficiency payments. (ARA, Sec. 1101)

In general, the amount of a crop acreage base that may be planted to a commodity other than the specific program crop may not exceed 25 percent of the crop acreage base. If the national average price of soybeans is estimated to be less than 105 percent of the nonrecourse loan level the quantity of the crop acreage bases that may be planted to soybeans may not exceed 15 percent of the crop acreage base. Producers of a program crop are allowed to plant that program crop in excess of the permitted acreage without losing eligibility for loans, purchases or other operations at not less than 53.8 cents per pound. A marketing loan program is authorized with a producer authorized to repay a loan at the lesser of (1) the loan level for the crop, or (2) the "fair and reasonable" level for other oilseeds.

(3) any industrial or experimental crop designated by the Secretary; and
(4) any other crop except any fruit or vegetable crop (including potatoes and dry edible beans) not designated by the Secretary as an industrial or experimental crop or a crop for which no substantial domestic production or market exists.

However, the Secretary may prohibit the planting on a crop acreage base of any of these crops.

The Conference committee report states —
"The Managers intend that, for the purposes of this Act, popcorn, as a field crop, may not be considered to be a vegetable. Further, the Managers intend that peas and lentils be considered to be dry edible beans and that they be precluded from being planted on flexible acres."

Payment limitations (Sec. 1111). For the 1991 through 1995 crops, the total amount of payments that a person is entitled to receive under one or more of the annual programs for wheat, feed grains, oilseeds, upland cotton, extra long staple cotton and rice shall not exceed $75,000. The term "payments" includes —
(1) any gain realized by a producer from repaying a loan for a crop of wheat, feed grains, oilseeds, upland cotton, rice or any other commodity at a lower level than the loan level;
(2) any loan deficiency payment received for a crop of wheat, feed grains, oilseeds, upland cotton or rice; and
(3) any deficiency payment received for a crop of wheat or feed grains as a result of a reduction of the loan level for the crop (the so-called Findley amendment amount).

The $75,000 limitation does not apply to honey producers.

With respect to the overall payment limitation of $250,000, the limitation is made applicable to the 1991 through 1995 crops. Also, the limitation includes the enumerated payments for any other commodity for which a program is established except for wool, mohair and honey.

The legislation includes loan deficiency payments received for a crop of oilseeds in the overall payment limitation.

New rules have been added for irrevocable trusts in the definition of "person" for payment limitation purposes —
(1) To be considered a separate person under the payment limitation rules, an irrevocable trust may not—
   (a) allow for modification or termination of the trust by the grantor (other than a trust established prior to January 1, 1987);
   (b) allow the grantor to have any future, contingent or remainder interest in the corpus of the trust; or
   (c) provide for the transfer of the corpus of the trust to the remainder beneficiary in less than 20 years after the trust is established, except where the transfer is contingent on the beneficiary achieving at least the age of majority or on the death of the grantor or income beneficiary.
(2) The Conference committee report states that —
"The Managers intend that the Secretary carefully scrutinize all irrevocable trusts which receive payments under this Act to ensure that the trusts are legitimate entities and have not been created solely for the purpose of evading the payment limitation...."

The legislation adds another exception to the rule that a husband and wife as a married couple are considered as one person. In the case of a married couple consisting of spouses who do not hold, directly or indirectly, a substantial beneficial interest in more than one entity (including the spouses themselves) engaged in farm operations that also receives farm program payments as separate persons, the spouses may be considered separate persons if each spouse meets the other requirements necessary to be considered a separate person, at the option of the Secretary. The legislation does not change the existing exception allowing a married couple who were engaged in separate farming operations before marriage and continue to operate separately after marriage to be considered separate persons for purposes of the payment limitation provision.

The legislation adds a provision for growers of hybrid seed as to whether the person growing hybrid seed under contract is considered to be actively engaged in farming. The provision specifies that in making that determination, the Secretary is to take into consideration the existence of a hybrid seed contract.

The legislation adds a provision establishing a minimum beneficial interest for purposes of the payment limitation rules. The minimum beneficial interest level is set between 10 percent and 0 percent with the proviso that the Secretary may reduce the level on a case-by-case basis.

The provision on foreign persons for payment limitation purposes is extended to the 1991 through 1995 crops.

Treatment of multi-year contract payments (Sec. 1111(h)). The legislation extends the authority for multi-year set asides through the 1991-1995 crops. The statute specifies that, in the event of a transfer of ownership of land by way of devise or descent, if the new owner succeed to the prior owner's contract, payments may be made to the new owner without regard to the payments that might have been received by the new owner under another contract or contracts entered into before the acquisition of the land by devise or descent.

Deficiency and land diversion payments (Sec. 1121). The legislation contains authority for advance deficiency payments to be made.

The legislation specifies that the payments can be in the form of—
(1) cash;
(2) CCC commodities and certificates (except that not more than 50 percent of the payments may be in the form of commodities or certificates for any one producer); or
(3) a combination of cash, commodities and certificates. Certificates are redeemable for a period not exceeding three years from issuance.

The advance deficiency payments are to be (1) not less than 40 percent nor more than 50 percent of the projected payment rate for wheat and feed grains and (2) not less than 30 percent nor more than 50 percent of the projected payment rate for rice and upland cotton.

If the actual deficiency payment is less than the advance payment, the difference is to be repaid by the end of the marketing year for the crop with respect to which the payments were made. In the event of noncompliance, the repayment is due immediately. For producers "who are suffering financial hardship" and received advance deficiency payments for the 1988 or 1989 crop and must repay $1500 or more—
(1) the interest rate is the annual interest rate charged for any delinquent refund in excess of the prevailing rates for operating loans made by Farm Credit System institutions;
(2) not more than 1/3 of the farm program payments otherwise due may be withheld in each of the 3 succeeding crop years as a result of the delinquency; and
(3) Producers are to be permitted to make the refund in three equal installments during 1990, 1991 and 1992 if the producer agrees to carry multi-peril crop insurance.

The above provision also requires that the producer reside in a county or a contiguous county where the Secretary has found that farming, ranching or agriculture operations have been substantially
affected as evidenced by a reduction in normal production of at least 30 percent during two of the three crop years, 1988, 1989 and 1990 by a natural disaster or a disaster proclaimed by the President, and that the amount harvested was less than 65 percent of the farm payment yield.

If land diversion payments are made, a payment of at least 50 percent of the amount may be paid "as soon as possible after the producer agrees to undertake the diversion of land in return for the payments."

Deficiency payments for program crops are to be made as follows—
(1) A portion may be paid in advance as noted above.
(2) 75 percent of the final projected deficiency payment for the crop, reduced by any advance payment, is to be made available "as soon as practicable" after the end of the first 5 months of the marketing year.
(3) The rest of the deficiency payments are to be made at the end of the marketing year.

Commodity certificates. Interest is to be paid on the cash redemption of a certificate to a producer who holds the certificate for at least 150 days except for certificates issued in connection with the export enhancement program or the marketing promotion program. Subsequent holders of expired certificates will be permitted to exchange the certificate under the same rules applicable to an original holder of the certificate up to $1,000 worth of redemptions and then only for 180 days after enactment of the legislation and for certificates purchased on or before January 1, 1990.

Farmer owned reserve program. A farmer-owned reserve program is authorized, for wheat and feed grains, with extended loans entered into after expiration of a 9-month price support loan. Extended loans are to be for a 27-month period with a 6-month extension at the Secretary's discretion. Interest may be charged whenever the commodity price is 105 percent or greater than the current established price for the commodity, charged for a period of 90 days after the last day on which the commodity price was 105 percent or greater of the established price.

The rate of interest is to be not less than the rate charged CCC by the U.S. Treasury. The Secretary may waive or adjust the interest rate as deemed appropriate "to effectuate the purposes of this section."

Storage payments may be made quarterly to producers storing wheat or feed grains under the farmer-owned reserve program. Storage payments cease whenever the price of wheat or feed grains is 95 percent or more of the then current established price for the commodity and for any 90-day period immediately following. The Secretary may require that farmer owned reserve program loans be repaid (plus accrued interest and charges) prior to the maturity date if "emergency conditions exist that require that the commodity be redemptions and then only for 180 days after enactment of the legislation and for certificates purchased on or before January 1, 1990.

A producer may repay a farmer owned reserve program loan at any time. The legislation specifies that storage payments to producers should be equivalent to the rates paid for commercial storage—

"...The Secretary of Agriculture shall, to the extent practicable, ensure that the rates of the storage payments made to producers are equivalent to average rates paid for commercial storage, taking into account the current demand for storage for commodities, efficiency, location, regulatory compliance costs, bonding requirements, and impact of user fees as determined by the Secretary, except that the rates paid to producers and commercial warehouses shall be established at rates that will result in no increase in current or projected combined outlays of the Commodity Credit Corporation for the storage payments made to producers and commercial warehouses..." Additional provisions. The Secretary is given supplemental set-aside and acreage limitation authority for the 1991-1995 crops if it is determined that such action is in the public interest as a result of the imposition of restrictions on the export of commodities. (Sec. 1125)

A "prevented planting disaster payment" must be made to producers of peanuts, soybeans, sugar beets, sugarcane or other nonconserving crops because of drought, flood, or other natural disaster or other condition beyond the control of producers. (Sec. 1126)

For the 1991 through 1995 crops, the Secretary may provide for annual adjustments in the established prices for crops of wheat, feed grains, cotton and rice to reflect any change in the index of prices paid by farmers for production items, interest, taxes and wage rates. (Sec. 1127)

The Secretary may make appropriate adjustments in the support price for any commodity (except for cotton) for differences in grade, type, quality, location and other factors. Insofar as possible, such adjustments are to leave the average support price unchanged. For cotton, beginning with the 1991 crop, quality differences for the upland cotton loan program are to be set to give equal weight to (1) loan differences for the preceding crop and (2) market differences in designated United States spot markets.

For the 1990 through 1995 crops of wheat and feed grains, no adjustment in the loan rate for the purpose of reflecting transportation differentials may increase or decrease the regional, state or county loan rate from the previous year's level by more than the percentage change in the national average loan rate plus or minus 3 percent. (Sec. 1128)

Producers may be offered the option of participating in commodity price support, production adjustment and payment programs for the 1996 crop based on the levels applicable to the 1995 crop. (Sec. 1129)

The Commodity Credit Corporation may sell any farm commodity at any price not prohibited. However, the CCC may not sell any basic agricultural commodity or storable nonbasic commodity at less than 115 percent of the lower of (1) the current national average price support loan rate for the commodity, adjusted for current market differentials reflecting grade, quality, location, reasonable carrying charges "and other factors determined appropriate," or (2) the loan repayment level. (Sec. 1130)

CCC may sell extra long staple cotton at any price appropriate to maintain and expand export and domestic markets. Oilseeds may not be sold at less than the lower of (1) 105 percent of the current national average price support loan rate, adjusted for the current market differentials reflecting grade, quality, location, reasonable carrying charges and other appropriate factors, or (2) 115 percent of the loan repayment level. For wheat and feed grains, sales may not be made at less than 150 percent of the then current loan rate. For upland cotton, CCC may sell at the same price as for export but not less than the amount in (1) above. These restrictions on sales are not applicable to several types of transactions including sales in export and sales of commodities that have deteriorated in quality.
The legislation establishes an appeal procedure providing the right to appeal any adverse determination made by a state or county ASC committee. (Sec. 1131)

A National Appeals Division (NAD) is established within ASCS. NAD determinations are final, conclusive and binding on USDA, including CCC, and are reviewable by "a United States court of competent jurisdiction."

A provision is included regarding the assignment of payments—"A payment that may be made to a producer...may be assigned only in accordance with regulations issued by the Secretary...."

Under the Agricultural Reconciliation Act of 1990, if the U.S. by June 30, 1992, does not enter into an agricultural trade agreement in the Uruguay round of multi-lateral trade negotiations under GATT, acreage limitations, price support and import promotion levels are to be reconsidered. Specifically, such a failure is to result in a $1 billion increase in export promotion funding. (ARA, Sec. 1302) This provision terminates if the President certifies to Congress that the failure is a result of the provisions of Section 151 of the Trade Act of 1974.

Title XII — State and Private Forestry (Forest Stewardship Act of 1990)

The legislation, among other provisions, recites findings and purposes that address environmental threats to private forest lands and economic and environmental benefits that may accrue from more active multiple use management of private forest lands. (Sec. 1212) The legislation directs the Secretary to expand educational and technical assistance to meet the goals of the bill. (Sec. 1213) The Secretary, in consultation with state foresters or equivalent state officials is to establish a program known as the "Stewardship Incentive Program" with cost-sharing assistance for landowners with up to 5,000 acres of nonindustrial private forest land. (Sec. 1216) Assistance is provided for urban and community forestry, mainly educational and technical support. (Sec. 1219)

Title XIII — Fruits, Vegetables and Marketing

The legislation declares that fruit and vegetable production is an "integral part" of U.S. farm policy. (Sec. 1301) The Secretary is to implement a program defining the conditions under which non-perishable agricultural products may be designated as "grown in the U.S." including a pilot effort. (Sec. 1305) The "circle of poison" ban on pesticide exports was dropped from the legislation.

Title XVI Research (Sec. 1578 et seq) (Reserved)

Title XVII Food Stamp and Related Provisions (Sec. 1701 et seq) (Reserved)

Title XVIII Credit (Sec. 1801 et seq)

Soil and water conservation loans (Sec. 1802). The legislation specifies that soil and water conservation and protection loans are authorized for—

(1) the installation of conservation structures, including terraces, sod waterways, permanently vegetated stream borders and filter strips, tree or grass windbreaks, shelterbelts and living snow fences;

(2) the establishment of forest cover for sustained yield timber management, erosion control or shelterbelt purposes;

(3) the establishment or improvement of permanent pasture;

(4) the conversion to and maintenance of sustainable agricultural production systems;

(5) the payment of costs of complying with Section 1212 of the Food Security Act of 1985; and

(6) other purposes consistent with plans for soil and water conservation, integrated farm management, water quality protection and enhancement and wildlife habitat improvement.

The loans are limited to the lesser of $50,000 or the value of the farm.

Interest rates on farm ownership (FO) loans and Operating loans (OL). In general, the interest rate on all but guaranteed farm ownership loans is not to be (1) greater than the sum of an amount that does not exceed one-half of the current average market yield on outstanding marketable obligations of the United States with maturities of 5 years or more and an amount not exceeding 1 percent per year, as the Secretary deems appropriate, or (2) less than 5 percent per year.

The interest rate on any loan (other than a guaranteed loan) to a low income limited resource borrower is not to be (1) greater than the sum of an amount that does not exceed one-half of the current average market yield on outstanding marketable obligations of the United States with maturities of 5 years or more and an amount not exceeding 1 percent per year, as the Secretary deems appropriate, or (2) less than 5 percent per year.

FmHA is to establish perpetual wetland conservation easements to protect and preserve wetlands or converted wetlands on inventory property. (Sec. 1812). To avoid an adverse impact from the easement, the Secretary is to—

(1) not establish easements on wetlands converted before December 23, 1985, and that have been in cropland use in excess of 10 percent of the existing cropland available for production of agricultural commodities on the inventoried property;

(2) not establish easements on wetlands that have been frequently planted to agricultural commodities and wetlands making up in excess of 20 percent of the existing cropland available for production of agricultural commodities on the inventoried property;

(3) ensure that the buffer area adjacent to the wetland is generally not more than 100 feet in average width; and

(4) ensure that access to other portions of property for farming and other uses is provided. The Conference report states—"The Managers note that the 10 and 20 percent limits established in this subsection may not be optimal with respect to the amount of cropland that should be subject to an easement. For this reason, the Managers believe FmHA should undertake a thorough review and study of the easement coverage that is necessary to achieve the purposes of this subsection, and determine how many acres of inventory property could be subject to such easements. Congress will be considering this issue in detail early in 1991. For this reason the results of FmHA's review and study should be made available to the Congress no later than January 31, 1991."

Wetland conservation easements are to be placed on wetlands that have a history of haying and grazing except that in no case is the quantity of wetland subject to the easements to exceed 50 percent of the existing forage lands on the inventoried property. Special rules apply to assure that a parcel is a "marketable agricultural production unit."

The legislation deleted a proposal imposing a minimum experience/training requirement for loan eligibility (to 3 of the previous 5 years with one of the 3 being actual on-farm experience) with the Conference report stating—"The Managers recognize that there is currently a regulatory one year experience requirement for first-time producers who wish to obtain credit, both direct loans and loan guarantees, from the Farmers Home Administration. The Managers understand that in the past this requirement has been waived or modified for first-time
producers if it was determined that the producer had a reasonable prospect of success.

"The Managers intend that the Farmers Home Administration should consider the effect of contract farming arrangements in which the contracting company provides farm management training and assistance to the farmer and exercises close managerial oversight. The Managers intend that the Farmers Home Administration consider whether such a contractual arrangement provides a reasonable prospect of success in the applicant's proposed farming operation. If the Farmers Home Administration determines that such arrangement does provide a reasonable prospect of success, the one year minimum experience requirement may be waived."

The Secretary is given additional discretionary authority to cancel a portion of a FmHA borrower's outstanding loan in exchange for a conservation easement on wetlands and upland areas, and highly erodible land, on loans after December 23, 1985, if the borrower is unable to repay the outstanding loan. This authority is extended to include reducing the principal of a new loan made to a borrower. (Sec. 1815). The Conference report states—

"The Managers note that this is discretionary authority, giving the Secretary the flexibility to select which wetlands should be protected under this provision. The Managers intend the Secretary to prioritize the application of this provision to farmer-borrowers willing to make improvements to protect valuable wetlands."

The legislation strips proposed language regarding the interest rate reduction program. The Conference report states—

"The Managers note that they agreed to the Senate bill with an amendment that extends the interest rate reduction program through 1995 and increases the amount shifted from direct to guaranteed loans by capping direct loan obligations annually. Under this amendment, if more than 70% of the loans made under the interest rate reduction program are made to borrowers who are not direct loan borrowers seeking to graduate to commercial credit, the amount of direct loan funds shifted under this bill will be reduced in the subsequent fiscal year. The reduction will be based on the proportion of borrowers in the program who are not former direct loan borrowers seeking to graduate to the total number of borrowers provided with guaranteed loans under this program. The Managers then agreed to move these provisions to the Budget Reconciliation Act of 1991 legislation to achieve budgetary savings."

Regarding debt restructuring and loan servicing, several changes have been made. (Sec. 1816) Restructuring eligibility is denied to a borrower if the borrower's equity in non-essential assets that may be realized through liquidation of such assets or other methods would produce enough income to bring the loan current. The value of the borrower's equity in non-essential assets which are not exempt from creditors or bankruptcy action is included in the net recovery value calculation with the cost of disposing of those assets included in the calculation of estimated foreclosure expenses.

The Secretary is required to write down or restructure a loan to the level necessary to leave the borrower with up to a 5 percent margin on debt service but the Secretary is prohibited from denying restructuring to a borrower unable to meet the borrower's debt obligations if an amount up to 105 percent of the debt payments has been earmarked for payment.

The current deadline for processing the primary loan servicing application is extended from 60 to 90 days.

The legislation applies the good faith standard and delinquency-beyond-the-borrower's-control criteria to buyout eligibility.

The deadline for borrowers to execute a buyout is extended from 45 to 90 days.

As a condition of terminating a loan, a borrower may be required to enter into an agreement providing that if the borrower sells or conveys the real property securing the loan within 10 years, and realizes a gain over the amount of the recovery value of the loan, part or all of the difference between the recovery value of the loan and the fair market value of the property securing the loan may be made subject to recapture. The agreement is not to provide for recapture of an amount exceeding the difference between the recovery value and the outstanding balance of principal and interest owed on the loan immediately prior to the termination of the loan obligation.

Transfer of title of property, on the death or retirement of the borrower, to a spouse or child of the borrower who is actively engaged in farming on the property is not to be treated as a sale or conveyance for recapture purposes. The shared appreciation agreement is transferred and is not triggered until a further sale or transfer takes place.

The Secretary is prohibited from giving priority for lease-back/buyback to a borrower who has not acted in good faith.

The legislation applies the good faith standard for buyouts retroactively only to pending buyout offers to borrowers whom FmHA has determined, prior to the date of enactment, have acted in bad faith.

At the request of a borrower who has a current appraisal that is substantially different from FmHA's appraisal, authority is provided to negotiate the difference or mutually agree on a third appraiser with FmHA and average the difference between the two closest appraisals. The borrower and FmHA are to each pay one-half of the cost of any independent appraisal.

The legislation allows the partial liquidation of a loan if the Secretary approves.

The legislation does not consider a borrower to have acted in bad faith if the borrower sold normal income security without approval of FmHA before October 14, 1988, and used the proceeds from the sale for household and farm operating expenses, and if that borrower would have been entitled to a release of income proceeds under regulations effective October 14, 1988, but FmHA denied the release.

The legislation limits the number of write downs or net recovery buyouts per borrower to one for loans made after January 6, 1988. Loans made on or before that date are considered made after that date for this purpose if a restructuring, write down or net recovery buyout is provided after that date.

Debt forgiveness is prohibited on the portion of the debt the borrower could pay through the liquidation of assets (or through the payment of the loan value of the assets if the loan value is greater than the liquidation value).

A lifetime debt forgiveness limitation of $300,000 of principal and interest per borrower is established. The Conference report states—

"...The Managers do not intend to limit the number of times a borrower's loan may be restructured without write down."

Loans are prohibited for the draining, dredging, filling, leveling or otherwise manipulating a wetland, or engaging in any activity that results in impairing or reducing the flow, circulation or reach of water, except in the case of activity related to the maintenance of previously converted wetlands or activity commenced prior to the date of enactment.
A Farm Credit Bank is allowed to lend to marketers and processors for basic processing and marketing directly related to the operations of farmers, ranchers and producers or harvesters of aquatic products if the operations of the applicant supply less than 20 percent of the total processing or marketing for which financing is extended. Such financing may not exceed 15 percent of the total of all outstanding loans of the bank. (Sec. 1832). A similar provision applies to Production Credit Associations.

The legislation corrects a technical error in the Agricultural Credit Act of 1987 which excluded Production Credit Associations from the provision giving such institutions a first lien on securities issued by the association.

The requirement that the Farm Credit System offer two carriers for each insurance program is eliminated.

The California Livestock Production Credit Association is allowed to leave the Farm Credit System without being required to pay any part of the last $1,000,000 of its capital, or without being restricted from transferring any part of the $1,000,000 to its successor institution. (Sec. 1838) The Conference report states—

"The Managers recognize the unique circumstances that justify the California Livestock Production Credit Association's need to be allowed to terminate its status as an institution of the Farm Credit System. However, this section is not intended to apply to any other institution or to establish a precedent for addressing any other institution's request to terminate Farm Credit System status."

Farmer Mac is allowed to pool loans guaranteed by FmHA, thus authorizing Farmer Mac to implement FmHA's secondary market mandated in the Agricultural Credit Act of 1987. (Sec. 1839) The Conference report states—

"Due to significant reductions in the FmHA direct lending programs which are being made for budgetary purposes, the Managers note the importance attached to the implementation of this authority. It expands vitally needed credit availability for farmers and ranchers by providing a significant measure of liquidity to rural lending institutions. Many farmer and rancher operators impacted by the reductions in FmHA direct lending will have no alternative available to meet their credit needs other than the guaranteed loan program. The increased demand will likely exceed the ability of rural lending institutions to respond adequately unless the secondary marketing mechanism authorized in this section is able to function in a timely manner, aided by a regulatory environment which is sensitive to its needs and purpose. The Managers intend that this authority be promptly implemented."

The Farm Credit Administration is authorized to use existing authorities to oversee for safety and soundness purposes the Federal Agricultural Mortgage Corporation and its affiliates. (Sec. 1840)

The legislation authorizes and provides appropriations for the administratively established socially disadvantaged outreach program. (Sec. 1852)

Funding for the mediation program is extended through 1995.

**Effective dates.** In general, the credit title is effective upon enactment. (Sec. 1861(a)) The notice of debt settlement programs (Sec. 1807(1)) is effective 120 days after enactment. The various debt restructuring and loan servicing provisions (Sec. 1816) apply to new applications submitted on or after the date of enactment. The provision on partial liquidations of loans is not effective until final regulations have been issued. The restoration of the first lien on stock is effective as of January 7, 1988.

**Title XIX Agricultural Promotion (Reserved)**

**Title XX Grain Quality (Sec. 2001 et seq)**

The legislation enacts the "Grain Quality Incentives Act of 1990." (Sec. 2001). The Federal Grain Inspection Service (FGIS) is directed to require that all corn exported from the United States be tested to ascertain whether it exceeds acceptable levels of aflatoxin contamination. The Secretary is required to establish uniform standards for testing equipment and uniform standards for testing equipment and uniform testing procedures and sampling techniques that may be used by processors, refiners, the operators of grain elevators and terminals and others to accurately detect the level of aflatoxin contamination of corn in the United States. (Sec. 2007)

An exception is provided if the buyer and seller agree to waive the test. The Conference report states—

"The managers concluded that a buyer and seller may agree not to have corn tested for aflatoxin. However, if a buyer and seller desire an official USDA test and certification for aflatoxin, such test must be conducted by USDA. This does not preclude buyer and seller from utilizing private (unofficial) testing laboratories in lieu of USDA official testing."

FGIS is authorized to prohibit the contamination of sound and pure grain through the introduction of—

1. nongrain substances;
2. grain unfit for ordinary commercial purposes; and
3. grain that exceeds action limits established by FDA or grain having residues exceeding the tolerance levels established by EPA. (Sec. 2008)

The marketing of grain is not restricted so long as the grade or condition of the grain is properly identified. In no case is FGIS to prohibit the blending of an entire grade of grain.

In announcing the terms and conditions of the producer storage program for farmer-owned reserve grains, standards are to be reviewed concerning the quality of grain that may be allowed to be stored under the program. The standards should encourage only quality grain to be stored under the program and to be pledged as collateral for loans. The Secretary is also to review inspection, maintenance and stock rotation requirements and take the necessary steps to maintain the quality of the grain. (Sec. 2010)

The Secretary is required to establish premiums and discounts relating to cleanliness factors, in addition to any other adjustments in the support price related to quality, for crops of wheat, feed grains and soybeans beginning with the 1991 crop. (Sec. 2001)

The Secretary is to establish minimum quality standards applicable to grain deposited for storage for the account of the Commodity Credit Corporation. In establishing standards, the Secretary is to take into consideration factors related to the ability of grain to withstand storage and assurance of acceptable end-use performance. CCC is to use FGIS-approved procedures to inspect and evaluate the condition of the grain it acquires from producers. In no case is an official inspection required unless the producer so requests.

The Conference report states—

"The managers note that there have been reports of elevator operators misrepresenting the quality of grain delivered to the CCC. It is the intention of the managers that the CCC should utilize this provision, and other authorities, to preclude the misrepresentation and potential for fraud in the resale of government owned grain."

The Secretary is authorized to provide technical assistance (including information on financial assistance available) to grain producers and elevator operators to assist such producers and
operators in installing or improving grain cleaning, drying or storage equipment. (Sec. 2014)

Title XXI Organic Certification (Sec. 2101 et seq)

The legislation enacts the "Organic Foods Production Act of 1990." (Sec. 2101). The purpose of the legislation is—

1. to establish national standards governing the marketing of certain agricultural products as organically produced products;
2. to assure consumers that organically produced products meet a consistent standard; and
3. to facilitate interstate commerce in fresh and processed food that is organically produced.

The Secretary is to establish an organic certification program for producers and handlers of agricultural products that have been produced using organic methods. (Sec. 2104(a)). Each state is to be permitted to implement a state organic certification program. (Sec. 2104(b)).

To be sold or labeled as an organically produced agricultural product, an agricultural product must—

1. have been produced and handled without the use of synthetic chemicals except as otherwise provided;
2. except as otherwise provided and excluding livestock, not be produced on land to which any prohibited substances, including synthetic chemicals, have been applied during the 3 years immediately preceding the harvest of the agricultural product; and
3. be produced and handled in compliance with an organic plan agreed to by the producer and handler of the product and the certifying agent.

On or after October 1, 1993, a person may sell or label an agricultural product as organically produced only if the product is produced and handled in accordance with the legislation. On or after October 1, 1993, a person may not affix a label to, or provide other market information concerning, an agricultural product if the label or information implies, directly or indirectly, that the product is produced and handled using organic methods, except in accordance with the legislation.

Labels and market information may indicate that the product meets USDA standards for organic production.

Imported products may be sold or labeled as organically produced if the safeguards and guidelines concerning the production and handling are at least equivalent to the legislation.

For a farm to be certified, producers may not—

1. use any fertilizers containing synthetic ingredients or any commercially blended fertilizer containing prohibited materials;
2. use as a source of nitrogen, phosphorous, lime, potash or any materials inconsistent with the program;
3. use natural poisons such as arsenic or lead salts that have long term effects and persist in the environment;
4. use plastic mulches unless removed at the end of the growing or harvest season; or
5. use transplants that are treated with any synthetic or prohibited material.

For a farm to be certified with respect to livestock production, the producers must—

1. feed the livestock organically produced feed;
2. not use plastic pellets for roughage, manure refeeding, feed formulae containing urea and growth promoters and hormones whether implanted, ingested or injected including antibiotics and synthetic trace elements used to stimulate growth or production of the livestock;
3. not use subtherapeutic doses of antibiotics;
4. not use synthetic internal paracitcides on a routine basis; or
5. not administer medication, other than vaccinations, in the absence of illness.

Violations (Sec. 2120). Any person who knowingly sells or labels a product as organic, except in accordance with the legislation, is subject to a civil penalty of not more than $10,000. The making of a false statement or other violation can result in denial of certification for 5 years.

Title XXII Crop Insurance and Disaster Assistance (Sec. 2201 et seq)

The Conference report states—

"The 'organic' label, or the establishment of this organic program is also not intended to indicate any opinion about traditional agricultural production. The 'organic' label does not guarantee more healthy food than that produced using conventional systems...."

Title XXIII Rural Development (Sec. 2301 et seq)

All states are permitted to set up State Rural Economic Development Review Panels to prioritize rural development activities. Up to five states may participate during any particular period. (Sec. 2310)

Up to 5 states are to be selected to participate in "Rural Investment Partnerships" Program. Seed money is provided to create local revolving funds. The revolving funds will leverage public and private funds to invest in or guarantee loans to local rural businesses. (Secs. 2311-2315) Each loan from a local revolving fund must be matched on at least a 50-50 basis by one or more financial institutions. Each local revolving fund can be approved for a line of credit of up to $750,000 in the first year and up to $2,250,000 in total over 5 years. Several revolving loan funds may operate in any given state. Each grant recipient establishes a revolving fund (with the federal line-of-credit funds, local matching funds if any, interest collected on loans, proceeds from repayment of loans or equity investments) for investment in new or expanding local businesses in conjunction with lending by banks and other financial institutions. Local businesses with 100 or more employees are not eligible to receive assistance. Any one business cannot receive more than $250,000 in any year.

The legislation extends the program of grants for financially stressed farmers through 1995.
Title XXIV Global Climate Change (Sec. 2401 et seq)
The legislation provides for the establishment of a Global Climate Change Program in USDA. The title largely mandates studies of global warming.

Title XXV Other Related Provisions (Sec. 2501 et seq)
The legislation contains several provisions on outreach and assistance for socially disadvantaged farmers and ranchers.

The Animal Welfare Act is amended to establish that dogs or cats acquired by an entity must be held for a period of 5 days to enable the dog or cat to be recovered by its original owner or adopted by other individuals before the entity sells the dog or cat to a dealer.