

As a condition for repaying the loan at lower than the announced price support rate, the Secretary may require a producer to purchase marketing certificates for up to 50 percent of the difference between the announced rate and the repayment rate. These marketing certificates may be exchanged for rice owned by the Commodity Credit Corporation (CCC) or for cash. The use of certificates is described in more detail under "Marketing Certificates." The Secretary must announce the formula used to define the prevailing world market price for rice and a mechanism for periodic announcement of this price.

Loan deficiency payments are made to producers who are eligible to receive price support loans or purchase agreements but who agree to forgo obtaining such a loan or agreement. Loan deficiency payments are calculated by multiplying the loan payment rate times the quantity of rice eligible for, but not put under, loan. The loan payment rate is the announced loan level minus the allowed repayment rate. The Secretary may use marketing certificates to pay up to half of this payment.

### **Marketing Certificates**

If the adjusted prevailing world price for a class of rice falls below the loan repayment rate for that class of rice, the Secretary must issue negotiable marketing certificates to any person who participates in the certificate program. The value of these certificates is the difference between the loan repayment rate for the class of rice and the adjusted prevailing world market price. A person receiving marketing certificates can redeem them for CCC-owned rice or cash, at such times, in such manner, and at such price levels that best make rice competitive in world markets. These certificates are exempt from price restrictions that apply to the disposition of CCC agricultural commodities. Certificate owners can designate which storage sites they prefer to the extent practicable. Certificates must be redeemed within a reasonable number of days after issuance, or the Secretary will deduct storage and carrying costs from the certificate's value. Certificates may be transferred to other people with the Secretary's approval. The Secretary must enact provisions to prevent certificates from adversely affecting producers' incomes.

### **Acreage Reduction Program (ARP)**

To be eligible for loans, purchases, and payments, producers must comply with any Acreage Reduction Program announced by the Secretary. The ARP and the Paid Land Diversion Program (PLD) are both authorized if total supplies of rice are projected to be excessive. The Secretary may establish an ARP of 0-35 percent for rice with the objective of achieving an ending stocks-to-use ratio of 16.5 to 20 percent. The "use" for rice is the simple average of all rice utilization, including total domestic, total export, and total residual disappearance for the 3 marketing years preceding the year the ARP announcement is made. The Secretary must make an announcement by January 31 of the calendar year in which the crop will be harvested.

The Secretary may also implement a PLD whether or not an ARP is in effect if a PLD will assist in adjusting the total national acreage to desirable goals. PLD payments may be set by bids submitted by producers or by any other means that the Secretary deems appropriate. The Secretary must limit the total acreage to be diverted under agreements in any county or local community so that the PLD does not adversely affect the economy of the county or local community. Land under PLD must be devoted to conserving use.

The Secretary may offer targeted option payments (TOP) to producers who increase (or decrease) their ARP in return for an increase (or decrease) in their target price if the ARP is 20 percent or less. For each voluntary 1-percent increase (decrease) in ARP above (below) the announced level, producers may receive an increase (decrease) in target price between 0.5-1 percent. The increase in the total ARP cannot be more than 5 percentage points.

If a producer has underplanted, then an increase in the ARP should be based on the average difference of the previous 2 years between the producer's permitted acreage and acreage actually planted (including 50/92 acres) to harvest. Producers cannot decrease the ARP by more than half the announced level. The targeted option payments must not significantly affect program participation or total production and must not increase budget outlays.

The Secretary may make inventory reduction payments to any producer who agrees to forgo obtaining loans, to forgo receiving payments, limits the amount of rice planted for harvest to the crop acreage base less half of any acreage to be diverted by an ARP or PLD, and who otherwise complies with the rice program. Marketing certificates may be used to make these payments.

### **Acreage Conservation Reserve**

The Acreage Conservation Reserve (ACR) or reduced acres refers to the acreage which must be devoted to conserving uses under an ARP. The quantity required is determined by multiplying the crop acreage base times the percentage reduction required. Producers must plant an annual or perennial cover crop on 50 percent or more of the ACR (not to exceed 5 percent of the base) except in designated arid and summer fallow areas.

On 50 percent of the ACR, the CCC will pay 25 percent of the cost if a producer plants and maintains for 3 years permanent cover that is capable of improving water quality or wildlife habitats. If the ARP is reduced below the portion of the crop base planted to cost-share perennial cover, the Secretary must pay deficiency payments on this acreage.

The Secretary may permit the planting of designated crops on up to 50 percent of the ACR in return for a specified reduction in deficiency payment acreage. If producers plant these crops on the ACR, their deficiency payments will be reduced for each acre they plant by an amount the Secretary considers appropriate. If the producer plants more than one program crop, this reduction is prorated across all program crops. This program must be implemented in a manner which results in no additional cost to the CCC.

Haying and grazing of ACR and conserving use acreage are permitted except for the 5-month period designated by the State Agricultural Stabilization and Conservation (ASC) committee. This period must be established between April 1 through October 31 of a year. During a natural disaster, the Secretary may permit unlimited haying and grazing and may not exclude any irrigated acreage, except irrigated alfalfa acreage.

If converted to water storage uses and if devoted to program crops or oilseeds in at least 3 of the preceding 5 years, land is considered in conserving use while used for water storage for up to 5 years from the date of conversion. This land cannot be devoted to commercial use, including commercial fish production. The water stored cannot be ground water. In addition, the land must have been irrigated with ground water during at least 1 of the preceding 5 years.

ACR may be devoted to wildlife food plots or wildlife habitats that conform to standards established by the Secretary in consultation with wildlife agencies. The CCC may share part of the cost of these practices. The Secretary may also share the cost of approved soil and water conservation practices on ACR acreage. The Secretary may provide additional payments if a producer agrees to permit access to all or part of the farm for hunting, trapping, fishing, and hiking.

## **50/92 Provisions**

The general 50/92 provisions remain the same as those in effect for 1988 through 1990 except the number of permitted acres has been altered by the triple base provision (which is described in Appendix I). If producers plant between 50 and 92 percent of the crop's permitted acreage when an ARP is in effect and devote the rest to conserving uses or approved nonprogram crops, then they are eligible to receive deficiency payments on 92 percent of maximum payment acreage. These payments on conserving use acreage are guaranteed to be at least the projected deficiency payment rate. (The projected deficiency payment rate on acreage actually planted to rice is not guaranteed.) In case of prevented planting or quarantines, deficiency payments may be available on up to 92 percent of permitted acreage even though planted acreage is less than 50 percent of the permitted acreage.

The Secretary may permit planting of alternative crops on all or part of acreage designated as conserving use under the 50/92 provisions. Alternative crops that may be permitted include sweet sorghum, guar, sesame, castor beans, crambe, plantago ovato, triticale, rye, mung beans, commodities grown for experimental purposes including kenaf and milkweed, and other commodities for which no substantial domestic production or market exists but that could yield industrial raw materials being imported or likely to be imported.

The Secretary may allow alternative crops to be planted on this acreage only if these do not increase the price support program costs or negatively affect farm income. These crops must also be needed to provide an adequate supply. In addition, these crops should encourage domestic manufacture of raw materials and increase industrial use of the raw materials.

Under the 50/92 provisions, rice crop acreage base and farm program payment yield history are maintained. The 50/92 acreage cannot be used to fulfill ARP or PLD requirements.

## **Disaster Payments**

Similar to the Food Security Act of 1985, prevented planting and reduced yield disaster payments are authorized in the case of natural disasters.

If the Secretary determines that any producers have been prevented from planting any portion of their base due to natural disaster, the Secretary must make a prevented planting disaster payment. This payment is calculated by multiplying the number of permitted acres affected times 75 percent of the program payment yield times a payment rate (one-third of the target price). If, due to natural disaster, a producer's total yield is less than 75 percent of payment yield times acreage planted, the Secretary will make reduced yield disaster payments equal to one-third of the target price for the production loss below 75 percent.

However, if prevented planting and reduced yield crop insurance were available to producers under the Federal Crop Insurance Act, they are ineligible for disaster payments. But the Secretary has the discretion to make these disaster payments even when insurance was available if the Secretary determines that the natural disaster caused substantial losses of production, these losses created an economic emergency, crop insurance indemnity payments and other assistance were insufficient to relieve the economic emergency, and additional assistance is needed to alleviate the economic emergency.

## **Cross-Compliance**

Compliance with commodity programs or with crop acreage base requirements for any other commodity cannot be required as a condition of eligibility for loans, purchases, or payments under the rice program. The Secretary may not require other producers on a farm to comply with terms and conditions of the rice programs.

## **Title VII--Oilseeds**

Susan L. Pollack

The 1990 Act amends the 1949 Act to establish a new price support program with a marketing loan repayment provision for oilseeds including soybeans, sunflowerseed, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined by the Secretary.

### **Price Support Loans**

The minimum loan rates are \$5.02 per bushel for soybeans, and no less than \$0.089 per pound for the minor oilseeds for the 1991-95 marketing years. If the Secretary includes other oilseeds in the program, then their loan rate must be set at a fair and reasonable level to soybeans. If a marketing loan program is established for cottonseed, its level cannot be less than the level established for soybeans on a per pound basis for the same crop year. The 1990 Budget Act amends the 1949 Act to place a 2-percent loan origination fee on all oilseed loans.

The Secretary must permit a loan to be repaid at the lower of either (1) the loan rate determined for the crop or (2) the prevailing world market price (adjusted to U.S. quality and location), or a level (not to exceed the loan rate) that the Secretary determines will minimize forfeitures to the Commodity Credit Corporation (CCC), oilseed stock accumulation by the CCC, and the CCC's cost of storing oilseeds. The determined repayment level must allow oilseeds produced in the United States to be marketed freely and competitively in the United States and abroad.

The Secretary must establish a formula to define the adjusted world market price for oilseeds (adjusted to U.S. quality and location) and a mechanism for periodically announcing this price.

Producers who are eligible to obtain a price support loan for each of the 1991-95 crops but who choose to forgo it are eligible to receive loan deficiency payments. These payments equal the loan payment rate multiplied by the quantity of oilseeds the producer would otherwise have been eligible to place under loan. The loan payment rate equals the amount by which the loan level for the crop exceeds the level at which the loan may be repaid.

The marketing year for soybeans is the 12-month period beginning September 1 and ending August 31. The Secretary sets the marketing year for other oilseeds.

The 1992-95 loan rates must be announced by November 15 prior to the calendar year in which the crop is harvested. The announcement of oilseed loan rates for the 1991 crop must be made as soon as practicable.

Loans made for an oilseed crop mature 9 months after the loan application is made.

### **Compliance**

The Secretary can neither require a producer to participate in any production adjustment program to be eligible for the oilseed program benefits, nor authorize payments to producers to cover oilseed storage costs. Oilseeds are not eligible for any commodity reserve storage program.

## **Title VIII--Peanuts**

Richard M. Kennedy

The 1990 Act continues the two-tier price support program for quota peanuts and additional peanuts through 1995, with some modifications.

### **Price Support**

The national average quota price support rate for the 1991-95 crops of quota peanuts will be the rate for the previous crop, adjusted to reflect any increases in the cost of production (excluding any change in the cost of land) during the previous calendar year. The support rate cannot be increased by more than 5 percent (6 percent under the Food Security Act of 1985) from the previous year. The 1990 Act contains no requirement to reduce the support rate should the cost of production decline.

Additional peanuts will again be supported at levels the Secretary determines appropriate, taking into consideration the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. "Additional peanuts" are defined as those peanuts sold from a farm in any marketing year in excess of the amount of quota peanuts sold from that farm. Additional peanuts are also those marketed from a farm on which no farm poundage quota has been established. The support rate for additional peanuts must ensure no losses to the Commodity Credit Corporation (CCC). The support rate for both quota and additional peanuts must be announced by February 15. Appendix V shows the level of loan rates for peanuts for 1987-90 crops. The 1990 Budget Act amends the 1990 Act to include a nonrefundable marketing assessment of 1 percent of the national average quota or an additional peanut support rate per pound to be paid by first purchasers to the CCC. The first purchasers must collect half the assessment from producers.

### **Peanut Quota Referendum**

The referendum provisions of the 1990 Act are unchanged from the Food Security Act of 1985. The Secretary must conduct a referendum of peanut farmers involved in the production of quota peanuts by December 15 in order to determine whether such farmers support or oppose poundage quotas for the following 5-year period. The Secretary must announce the results of the referendum within 30 days. If as many as two-thirds of the voting farmers favor a poundage quota, then no further referenda need be held during the upcoming 5-year period. If more than one-third of the farmers vote against a poundage quota, then there will be no quota or price support in effect for the crop produced in the next calendar year. If this happens, another referendum on quotas must be held by December 15 for the following year's crop.

For any marketing year, quota peanuts continue to be defined as those peanuts eligible for domestic edible use as determined by the Secretary, those that are marketed or considered marketed from a farm, and those that do not exceed the farm poundage quota. "Domestic edible use" means use for milling to produce domestic food peanuts (excluding peanuts crushed to extract oil for food uses and meal for feed uses), seed, and use on the farm. The Secretary may exclude from this definition, seeds that are used to produce peanuts for research and experimental programs for USDA and the Land-Grant System, seeds that are unique strains, and seeds that are not commercially available.

### **National, State, and Farm Poundage Quotas**

The Secretary must establish a national poundage quota for each marketing year 1991-95 at a level equal to estimated domestic edible, seed, and related uses, but in no case below 1.35 million tons. The Food Security Act of 1985 established the minimum quota level at 1.1 million tons. Appendix V

shows the quota levels for 1987-90 crops. The national quota level must be announced by December 15 preceding the marketing year. A national poundage quota of 1.55 million short tons was announced for the 1991 crop of peanuts. The national poundage quota must be apportioned among States according to their 1990 allocations.

A farm poundage quota must be established for each farm that had a poundage quota in 1990, as well as certain farms that produce peanuts in connection with certain experimental and research programs. The size of the farm's poundage quota will be the same level as in the preceding marketing year with adjustments for any changes in the national poundage quota, but cannot include any increases for undermarketings in the preceding year, or increases resulting from the allocation of quotas voluntarily released for 1 year.

If a State's poundage quota is increased in subsequent years, a poundage quota will also be established for those farms currently without quotas that produced and marketed peanuts in at least 2 of the 3 preceding crop years. An increase in a State's poundage quota must be allocated proportionately--instead of equally, as in the Food Security Act of 1985--to farms that had a quota in the preceding year and to other farms that produced peanuts in at least 2 of the 3 preceding years. The 1990 Act requires the quota allocations to be based on the farm production history for peanuts in the 3 immediately preceding years. If the State poundage quota is reduced, the decrease must be allocated among all farms that had a poundage quota in the preceding marketing year. Separate provisions govern the allocation of farm quota increases or reductions among counties and farms in Texas.

Under a new provision in the 1990 Act, a tenant must share equally with the farmowner the percentage of the farm poundage quota apportioned to farms in the State due to an increase in the State poundage quota and otherwise allocated to the farm due to the tenant's production of additional peanuts. By April 1 of each year, or as soon as practicable, the tenant's share of any such quota must be allocated to a farm owned by the tenant within the county or must be sold and permanently transferred to another farm owner within the county. Any quota not disposed of in this manner must be allocated to other quota farms in the State in the same manner as the quota reduced from farms in the State due to the failure to produce the quota.

#### Farm Poundage Quota Adjustments

The farm poundage quota for an individual farm must be reduced by the amount of the quota that was not produced, or considered produced, during any 2 of the 3 preceding marketing years. The farm poundage quota is "considered produced" if the crop shortage was the result of drought, flood, other natural disaster, or conditions beyond the control of the producer; if the farmer voluntarily released the quota for only 1 of the preceding 3 marketing years; or if the farm was leased to another owner or farm operator within the county for only 1 of the preceding 3 years.

#### Release of Quotas

All or part of a farm quota may be permanently released by the owners. New provisions establish separate procedures for allocating released quotas in Texas. Producers may also voluntarily release poundage quotas to the Secretary for 1 marketing year with no effect on quotas for subsequent years. Farm poundage quotas may also be adjusted for undermarketing of quota peanuts during previous years. These adjustments will not affect the national poundage quota, but they cannot exceed 10 percent of the national poundage quota in any year.

### Sale, Lease, or Transfer of Farm Poundage Quotas

Owners or operators (with the permission of the owner) may sell or lease all or part of farm poundage quotas to other farmers within the same county subject to terms, conditions, or limitations prescribed by the Secretary. An operator's quota may be transferred to another farm controlled by the operator that is either within the same county or in a contiguous county in the same State, providing the farm had a poundage quota in the preceding crop year. Quota transfers can be permitted in the fall or after the normal planting season if not less than 90 percent of the basic quota (farm quota exclusive of undermarketing and quota transfers), plus farm poundage quota transferred to the farm, has been planted on the farm from which the quota is to be released. Another provision specifies that transfers of quotas among farms owned by the same person will not result in a reduction in the farm poundage quota for the transferring farm if the transferred quota is produced or considered produced on the receiving farm.

If a State's quota was less than 10,000 tons for the preceding crop, then farm poundage quotas may be sold, leased, or transferred anywhere in the State. No sale, lease, or transfer may be made from a farm subject to a lien unless all claimants agree. Also, the county committee must determine that the farm receiving the farm poundage quota has sufficient tillable cropland to produce the quota.

### **Quality Improvement**

Under the 1990 Act, the Secretary must promote quality improvements in peanuts. These improvements include:

- Promoting the crushing of peanuts that have the greater risk of deterioration before peanuts of a lesser risk.
- Ensuring that all CCC loan stocks of peanuts sold for domestic edible use are inspected by licensed USDA inspectors both as farmer stock and shelled or cleaned in-shell peanuts.
- Operating the peanut price support program to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, which regulates the quality of domestically produced peanuts (under the Agricultural Marketing Agreement Act of 1937).
- Ensuring that any changes made in the price support program as a result of these improvements that require additional production or handling at the farm level, be reflected as an upward adjustment in the price support loan schedule.

The Secretary must require that all peanuts in the domestic market fully comply with all quality standards under Marketing Agreement No. 146, such as inspection for aflatoxin contamination. Peanuts produced for the export market must now meet the same quality standards.

### **Disposition of Additional Peanuts**

The following provisions govern the disposition and marketing of additional peanuts.

### Purchase Contracts for Additional Peanuts

The 1990 Act modifies procedures for contracting purchasing of additional peanuts from producers by handlers. The deadline for the required submission of completed contracts to the Secretary for approval is changed from August 1 to September 15 of the year in which the crop is produced. The Secretary may extend the deadline up to 15 days and must announce the extension by September 5 in response to damaging weather or related conditions as defined in the Disaster Assistance Act of 1989. The contract must be submitted on a form prescribed by the Secretary containing the information the Secretary considers appropriate to ensure the proper handling of the additional peanuts, including the identity of the parties, the poundage and category of peanuts, the disclosure of any liens, and the intended disposition of the peanuts. Each contract must contain the final price to be paid by the handler and a specific prohibition against disposition of the peanuts for domestic edible or seed use.

### Special Crediting of Exports

Under new regulations to be issued by the Secretary, a handler who is also a manufacturer of peanut products is credited with fulfilling an export obligation usually only satisfied by transactions directly involving additional peanuts. The handler may now export peanut products manufactured from domestic edible peanuts (quota peanuts), and then acquire "additional" peanuts for use in the domestic edible market of the same type and crop year equal to the edible peanut content of the exports. Such handlers must submit annual certifications of peanut product content on a product-by-product basis and report changes in formulas within 90 days.

### Handlers Who Are Manufacturers of Peanut Products

Various new provisions apply to handlers. Anyone wishing to act as a handler and processor of additional peanuts must submit an application to the Secretary to permit final action on the application by July 1 of each marketing year. The Secretary must require such handlers to submit annual certifications of the content of peanut products on a product-by-product basis and report any changes in product formulas within 90 days. These handlers are also required to maintain and provide documents that are necessary to ensure compliance with the law's provisions dealing with additional peanuts and to maintain the integrity of the peanut program.

### Marketing Penalties

The penalty for marketing peanuts for domestic edible use in excess of the farm poundage quota continues to be 140 percent of the loan level for quota peanuts. Additional peanuts may be purchased from growers solely for the purpose of crushing (to produce food oil or feed meal) or export, except for breeder or foundation seed peanuts grown and marketed by publicly owned experiment stations under regulations prescribed by the Secretary. A handler who fails to comply with regulations relating to the disposition and handling of additional peanuts will also be subject to a penalty of 140 percent of the quota loan rate times the quantity of peanuts involved; the handler penalty under the Agriculture and Food Act of 1981 was 120 percent of the quota loan level.

### CCC Resale Price

Any peanuts owned or controlled by the CCC may be available for domestic use, in accordance with regulations issued by the Secretary, if doing so does not substantially increase costs to the CCC. Additional peanuts received under loan can be sold for domestic edible use. The price must cover all government costs and cannot be less than 100 percent of the quota loan rate if sold and paid for during the harvest season (with written consent of the producer), 105 percent of the quota loan rate if sold before December 31 of the marketing year, and 107 percent of the quota loan rate if sold after December 31.



## **Title IX—Sugar**

Susan L. Pollack

The sugar title continues the price support program for sugarcane and sugar beets. Mandatory domestic marketing controls for sugarcane, sugar beets, and crystalline fructose are triggered if USDA projects imports will fall below 1.25 million short tons, raw value.

### **Price Support Loans**

The price of sugarcane continues to be supported through loans on raw cane sugar at a level no lower than the minimum national average loan rate set at 18 cents per pound, raw value, for the 1991-95 crops. The price support level for refined beet sugar is set at an amount based on the weighted average of producer returns for sugar beets relative to sugarcane for the most recent 5-year period plus an amount that covers fixed marketing expenses for sugar beet processors. (Because sugarcane and sugar beets require processing into sugar before any reliable crop valuation can be assigned, the loan program is administered through processors who are required to pay producers at least the support price.) The 1990 Budget Act provides for a 1-percent assessment on all sugar processed, based on the loan rate for raw cane sugar, to be paid by sugarcane and sugar beet producers through processors.

The Secretary may increase the support price from the previous crop's price based on such factors that are determined appropriate, including changes during the 2 preceding crop years in the cost of sugar products, the cost of domestic sugar production, or other circumstances that may adversely affect production. If the support price is not increased, the Secretary must submit a report containing the findings, decision, and supporting data to Congress.

The Secretary must announce the loan rate as far in advance of the beginning of each fiscal year (October 1) as is practicable. Loans must not be made available before the beginning of the fiscal year and must mature by the end of 9 months or the end of the fiscal year, whichever is earlier.

In areas where sugar beets are normally harvested during the last 3 months of the fiscal year (July through September), the Secretary must make available, to each sugar beet loan borrower who made and repaid a loan during the 3 months, a supplementary nonrecourse loan (in addition to the initial one). In each case, the supplementary loan must be made available by October 1 of the next fiscal year, at the same rate as the initial loan. The supplementary loan matures in 9 months less the time the initial loan was in effect.

### **Marketing Quotas for Sugar and Crystalline Fructose**

All sugarcane refiners, sugar beet processors, and manufacturers of crystalline fructose made from corn must provide monthly import, distribution, and stock level information to the Secretary as required. Any person willfully failing or refusing to provide, or falsely providing such information, will be subject to a fine of up to \$10,000 for each violation. The Secretary must publish a monthly composite of the data provided by the refiners, processors, and manufacturers.

### **Sugar Estimates**

Before the beginning of each fiscal year for 1992-96, the Secretary must estimate annual U.S. sugar consumption, the quantity of sugar available from carry-in stocks or from domestically produced sugarcane or sugar beets for domestic consumption, and U.S. sugar imports based on the difference between estimated consumption and the estimated quantity available from domestically produced

sugarcane and sugar beets and carry-in stocks. Reestimates of consumption, availability, and imports for a fiscal year must be made by the beginning of each quarter.

### Allotments

For any fiscal year in which the Secretary estimates that sugar imports for U.S. consumption (based on the difference between estimated consumption and estimated available sugar from domestic production and carry-in stocks) will be less than 1.25 million short tons, raw value, the Secretary must establish marketing allotments on domestically produced sugarcane and sugar beets for sugar processors at a level that will bring sugar imports up to at least this amount.

If the Secretary establishes marketing allotments for sugar in a fiscal year, the Secretary must also establish allotments for crystalline fructose made from corn. These allotments are not to exceed the equivalent of 200,000 short tons of sugar, raw value, for that year.

Whenever sugar allotments are in effect, the total amount of sugar marketed by a processor, plus the amount pledged by the processor as collateral for a price support loan which is not subsequently redeemed, cannot exceed the amount the processor was allocated. This does not apply to any sale of sugar by a processor to enable other sugar processors to fulfill their assigned allocations. Manufacturers of crystalline fructose may not market such fructose in excess of their allotments. Restrictions or allotments cannot be established on the marketing of liquid fructose made from corn.

Any processor or manufacturer who violates his or her allotments will be liable to the Commodity Credit Corporation (CCC) for a civil penalty in an amount equal to three times the U.S. market value of the quantity involved, at the time of the violation.

### Establishment of Marketing Allotments

Whenever marketing allotments are required, the Secretary must establish the overall allotment amount, for each fiscal year, by deducting 1,250,000 short tons (minimum imports) and private and CCC carry-in stocks of sugar from estimated sugar consumption. The overall allotment quantity must be adjusted to the maximum extent practicable to prevent CCC accumulation of sugar. The overall allotment amount must be allocated between sugar derived from sugarcane and sugar beets. The Secretary must establish fair and equitable percentage factors for these allocations based on past marketings, processing and refining capacity, and the ability to market the sugar covered under the allotments.

The marketing allotments must be equal to the product of the overall allotment amount times the established percentage factor. Sugarcane allotments must be further allocated equitably among Louisiana, Florida, Hawaii, Texas, and Puerto Rico on the basis of past marketings (average of the 2 highest years of production for each State from 1985-89), processing and refining capacity, and the ability of processors to market the sugar.

The Secretary must adjust or suspend marketing allotments based on changes in the quarterly reestimates. For any increase or decrease in allotments, the amount allocated to processors must be increased or decreased by the same percentage. Whenever an allotment is required to be reduced, if all or any individual processors market (or pledge for a price support loan) an amount that exceeds the reduction, the amount of excess marketed must be deducted from the next marketing allotment, if any, established the next time for the processor or State.

## Allocation

The Secretary must allocate each marketing allotment among affected processors, following a notice and hearing, by considering processing capacity, past marketings of sugar (for beet sugar from any or all of the 1985-89 crops), and the ability of each processor to market the sugar covered by that allocated portion. Marketing allotments may only be filled with sugar processed from domestically produced sugarcane and sugar beets. In addition, a marketing allotment for cane sugar may be filled only from sugarcane grown in the State covered by the allotment.

When allotments are in effect, if the Secretary determines that certain sugarcane processors will be unable to market the State's allotment for the fiscal year, the Secretary must first reassign the estimated excess (called the deficit) proportionately to other processors' allocations within the State. Second, the Secretary must reassign the excess to other States depending on their capacity to fill the portion of the deficit to be assigned to them. The reassigned amount to each State would be allocated among its processors in proportion to their allocation. Third, if the deficit still cannot be eliminated, the Secretary must reassign the remainder to imports.

For sugar beet processors, a deficit reassignment would go first to other sugar beet processors, depending on their capacity, with the remainder going to imports. Processors receiving a reassigned quantity for a fiscal year must have their allocations increased to reflect the reassignment.

Processors who are assigned allotments must provide the Secretary with adequate assurances that the allocations will be shared fairly and equitably among the producers they serve, reflecting the producers' production histories. The Secretary must resolve, through arbitration, any dispute over sharing a processor's allocation.

## Proportionate Shares

States that have over 250 sugarcane producers must share allotments proportionately among producers if the Secretary determines that production in the State would otherwise exceed the State's allotment plus normal carryover.

To determine proportionate shares for any crop of sugarcane, the Secretary must:

- Establish the State's per acre yield goal at a level, not less than the State's average per acre yield for the preceding 5 years, that will ensure an adequate net return per pound to producers.
- Convert the State allotment for the year involved into a State acreage allotment for the crop. This is done by dividing the State allotment by the per acre yield goal for the State.
- Establish a uniform reduction percentage for the crop by dividing the State acreage allotment by the sum of all acreage bases in the State (as determined by the Secretary) that is estimated would otherwise be harvested for sugarcane production.
- Apply the uniform reduction percentage to the acreage base for each farm covered by the State allotment to determine the farm's proportionate share for the crop. The acreage base is determined as the number of acres equal to the average of acreage planted and considered planted for harvest on the farm in each of the 5 preceding crop years. (Acreage unable to be harvested because of natural disaster, or other condition beyond the producer's control, are considered harvested to sugarcane.)

Any producer knowingly harvesting sugarcane on acreage in excess of the farm's proportionate share (or otherwise violating this regulation) will be liable to the CCC for a civil penalty in an amount equal to three times the U.S. market value (at the time of the violation) of the quantity of sugar involved in the violation, based on the per acre yield goal. The Secretary may waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet the other requirements does not adversely affect the operation of proportionate shares.

For the purposes of establishing proportionate shares, the Secretary may transfer a producer's production history of land owned, operated, or controlled to any other parcel of his or her land (if requested by the producer). If the owner is unable to use all or part of the farm's proportionate share for reasons beyond the owner's control, the Secretary may reserve, for up to 3 years, the farm's production history with respect to the shares. The shares may be distributed to other farm owners or operators without accruing production history.

The Secretary may revise or amend any allocation of a marketing allotment or any proportionate share on an individual basis.

Anyone knowingly violating USDA regulations will be subject to a civil penalty of up to \$5,000 for each violation.

#### **Reports on Quota Allocations to Countries Importing Sugar**

The 1990 Act requires that the Secretary report to the President and Congress the extent, if any, of sugar imports from Cuba by any country that is a net importer of sugar and has been allocated a share of the U.S. sugar import quota. The report is due 90 days after the law is enacted and by August 1 each year thereafter, through 1995. Beginning with the 1991-92 import quota year, the President must report to Congress, by January 1 of each year, the countries that are net importers of sugar derived from sugarcane and sugar beets which have a quota allocation for the current quota year, the countries which have certified that they do not import any Cuban sugar for reexport to the United States, and any action taken by the President regarding countries which violated this limitation in the previous quota year.

## **Title X--Honey**

Susan L. Pollack

The 1990 Act amends the 1949 Act to provide a price support program for honey producers. Price support may be provided through loans, purchases, or other operations. The 1990 Act also amends the 1949 Act to limit the amount of price support loan which can be forfeited to the Commodity Credit Corporation (CCC) and to establish payment limitation provisions for 1991-95.

### **Price Supports**

The minimum price support rate is set at 53.8 cents per pound for the next 5 years. The 1990 Budget Act amends the 1949 Act to include a nonrefundable marketing assessment, on a per pound basis, of 1 percent of the national price support level to be remitted by producers and producer-packers of honey to the CCC.

The Secretary may make price support available through loans and may permit a producer to repay a loan at a level lower than the price support rate if it will minimize loan forfeitures, prevent stock buildup, reduce government storage costs, and maintain the competitiveness of honey in domestic and export markets.

### **Loan Deficiency Payments**

Producers eligible to obtain a price support loan but who choose instead to forgo it, may receive loan deficiency payments in return. The loan deficiency payment is determined by multiplying the loan payment rate times the quantity of honey the producer could have placed under loan. The loan payment rate is the amount by which the crop's loan level exceeds the repayment rate. Payments may be made with commodity certificates.

If a person knowingly pledges adulterated or imported honey as collateral for a loan, that person will be ineligible to participate in the program for the 3 crop years after the determination is made.

### **Payment and Loan Forfeiture Limitations**

The amount of payments a person may receive in a crop year under this program may not exceed:

\$200,000 for 1991,  
\$175,000 for 1992,  
\$150,000 for 1993, and  
\$125,000 for 1994 and each subsequent crop year.

These levels are also the maximum levels for the value of the honey which is pledged as collateral for a CCC price support loan that a person may forfeit for each crop. Payment limitations for the honey program are separate from the combined limit of \$250,000 per person for other commodity payments (see "Title XI--General Commodity Provisions").

## **Title XI--General Commodity Provisions**

Susan L. Pollack

This title contains the general provisions for commodity programs. It includes provisions relating to crop acreage bases, planting flexibility, program payment yields, and payment limitations.

### **Acreage Base and Yield System**

This provision prescribes a system for establishing crop acreage bases and program payment yields for wheat, corn, grain sorghum, oats, barley, upland cotton, and rice programs that is efficient, equitable, flexible, and predictable.

#### **Crop Acreage Bases**

For wheat, corn, grain sorghum, oats, and barley, the crop acreage base equals the average of the acreage planted and considered planted for harvest on the farm for the 5 preceding crop years. The sum of the crop acreage bases may not exceed the cropland on the farm, except where double cropping is practiced. Double cropping must have been practiced for at least 3 of the 5 preceding crop years for which the base was calculated in order to be eligible for this exemption.

For upland cotton and rice, the crop acreage base equals the average of the acreage planted and considered planted for the 3 preceding crop years. Upland cotton and rice producers who did not participate in the 1989, 1990, and 1991 programs can calculate their crop acreage bases for 1991 (for those who first planted in 1989) and 1992 (for those who first planted in 1990) as the average of the acreage planted and considered planted for the 5 preceding crop years, excluding the years in which no crop was planted, but not greater than the average of the preceding 2 years.

The Secretary must adjust the crop acreage base to reflect crop rotation practices and conservation compliance requirements. The county committee may adjust a crop acreage base for a program crop if it would otherwise be adversely affected by conditions beyond a producer's control.

A producer who receives a deficiency payment for any crop year is prohibited from using the acreage planted or considered planted to any program crop or extra-long staple (ELS) cotton crop on the farm to increase any crop acreage base for the subsequent years.

**Acreage Considered Planted.** Acreage considered planted includes (1) reduced and diverted acreage on the farm; (2) acreage producers could not plant due to natural disaster or other conditions beyond the control of the producer; (3) acreage equal to the difference between the permitted acreage for a program crop and the acreage actually planted, if the acreage was devoted to conserving uses or production of commodities permitted under the 0/92 or 50/92 provisions; (4) acreage planted to approved crops under the planting flexibility provision; (5) acreage determined by the Secretary to be necessary to establish a fair and equitable crop acreage base; (6) the crop acreage base, if the producer forgoes payments and certifies that no acreage was planted to the crop or fruits and vegetables; and (7) any adjustment in the farm's crop acreage base because of conditions beyond the producer's control.

**Construction of Planting History.** To determine the crop acreage base for 1991 and subsequent years, the county committee must construct a planting history for each crop for a farm if its planting records for any of the 5 preceding crop years are incomplete or unavailable, or the program crop was not planted on the farm for up to 4 of the 5 crop years.

**Prevented Planting.** If producers are unable to plant a program crop because of circumstances beyond their control, such as a natural disaster, or if the crop is destroyed before harvest, producers may then plant another crop, including another program crop, on the acreage. This will be considered as planting to the original program crop for which the base was established.

### **Planting Flexibility**

Producers are allowed to plant up to 25 percent of the crop acreage base to any commodity, except fruits, vegetables, potatoes, dry edible beans, peas, and lentils, without losing any of the crop's acreage base. The 1990 Budget Act amends the 1949 Act to reduce the acreage on which deficiency payments would be paid by an amount equal to 15 percent of the crop acreage base for the 1991-95 crop years. This acreage is called normal flex acreage (see triple base provision in Appendix I). The remaining 10 percent is called optional flex acreage. The crops which may be planted for harvest are any other program crop, any oilseed, any industrial or experimental crop designated by the Secretary, and any other crop except any fruits and vegetable crops not designated by the Secretary as a crop used for industrial or experimental purposes or for which no substantial production or market exists. The Secretary may prohibit the planting of any specific crop. For each crop year, a list of commodities not allowed must be made available. Crops planted on flexible acreage may be eligible for nonrecourse and marketing loans, but not deficiency payments.

If soybean plantings are permitted on flexible acreage, producers may plant no more than 15 percent of the base to soybeans without losing base acreage if, on January 1 of any calendar year, the Secretary estimates that the soybean price will be less than 105 percent of the soybean loan level during the following marketing year.

**Planting in Excess of Permitted Acreage.** A producer participating in a commodity program is allowed to plant the program crop in excess of its permitted acreage without losing benefits if the acreage overplanted is not more than 25 percent of the farm's crop acreage bases for other program crops, and the producer agrees to reduce the other program crops' permitted acreage by the amount of overplanting.

**Loan Eligibility.** A producer who plants an acceptable alternative crop on a crop acreage base and does not participate in the program for this different crop is eligible for available nonrecourse and marketing loans, purchases, or loan deficiency payments for the alternative crop, if the producer plants the alternative program crop on no more than 25 percent of the base of the original crop, and agrees to reduce the original crop's permitted acreage for the particular crop year. However, the producer is not eligible for deficiency payments on this overplanted acreage.

### **Farm Program Payment Yields**

The Secretary must establish farm program payment yields for the 1991-95 crops either as the program payment yields for the 1990 crop, or as an average of the harvested yield for the preceding 5 years (dropping the highest and lowest yield years and any year in which a crop was not planted).

If a farm program payment yield is more than 10 percent lower than the 1985 crop year level, the Secretary must make deficiency payments available to producers in an amount that will give the same return as if the yield was not more than 10 percent under the 1985 level. The payments must be made available by the time final deficiency payments are made.

If a commodity was not produced or no farm program payment yield was established for a farm for any year between the 1981 and 1985 crop years (or, as appropriate 1986 through 1990), the yield will be established based on the average yield for similar farms in the area.

Determining Yields. To determine the farm program payment yields for 1991-95, the farm program payment yield for the 1986 crop year will be used. The actual yield per harvested acre will be used for each subsequent year. (The 1986 yield may not be reduced more than 10 percent of the 1985 crop year level for the farm.) If actual yield data are not available, the county committee may assign a yield based on yields of similar farms in the area (producers may provide actual yield data to the committee). The county committee may adjust any yield if it does not accurately reflect the farm's productive potential. County committees are not permitted to establish any new irrigated program payment yields for the 1991 or subsequent crops.

The Secretary must maintain the yield data for at least 5 crop years. The data must be maintained in a way which will enable it to be used, if needed, in administering the commodity programs.

#### Planting and Production History of Farms

Each county committee may require a producer who seeks to establish a crop acreage base for a farm or a farm program payment yield for a crop year to provide the farm's planting and production history for the preceding 5 years.

#### Establishing Bases and Yields by County Committee

A county committee may establish the crop acreage base and farm program payment yield for a farm for the 1991-95 program crops which otherwise could not be established under this provision. No crop acreage bases or farm program payment yields will be established if the producer is subject to sanctions for cultivating highly erodible land or converted wetlands.

The Secretary must establish an administrative appeals procedure to review determinations made regarding crop acreage bases and farm program payment yields.

#### **Payment Limitations**

For each of the 1991-95 crops, the total amount of payments a person may receive under one or more of the annual commodity programs (including oilseeds) may not exceed (1) \$50,000 for deficiency and diversion payments; (2) \$75,000 for gains realized from repaying a loan at a lower level than the original loan level, loan deficiency payments (except honey), and any wheat or feed grain emergency compensation payments resulting from a reduction of the basic loan level (Findley payments); and (3) a total of \$250,000 for the above two limits and any payment for resource adjustment (excluding diversion payments) or public access for recreation, and any inventory reduction payments. Total disaster payments are limited to \$100,000. Separate limitations are set for honey, wool, mohair, and conservation programs.

#### Eligibility Requirements

The 1990 Act amends the Food Security Act of 1985 to continue the "actively engaged in farming," "foreign person," and payment limitation provisions. In addition, the following provisions were added.

Spouses. A married couple is considered as one person for payment limitation purposes, except (1) when each brings a separate farming operation into the marriage and continues to operate it separately, and (2) at the Secretary's discretion, if the spouse does not hold, directly or indirectly, a substantial beneficial interest in more than one entity engaged in farm operations (including entities belonging to the spouses themselves) if these entities also receive farm program payments as separate persons. An entity is a corporation, joint stock company, association, limited partnership, irrevocable



trust, revocable trust, estate, charitable organization, or other similar organization including any such organization participating in the farming operation as a partner in a general partnership, a participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar organization. If a married couple falls within this exception and meets the other requirements necessary to be considered a separate person, then they may elect to be considered as two persons.

Growers of Hybrid Seeds. When determining whether growers of hybrid seeds are considered to be actively engaged in farming to qualify as a person for the purposes of this provision, the Secretary is not to consider the existence of a hybrid seed contract.

Irrevocable Trusts. In order for an irrevocable trust to be considered a separate person, the irrevocable trust must not (1) allow for modification or termination of the trust by the grantor; (2) allow the grantor to have any future, contingent, or remainder interest in the corpus of the trust; or (3) 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.

#### Education Program

USDA must carry out an education program to train Agricultural Stabilization and Conservation Service (ASCS) personnel in the fair, accurate, and uniform application of the payment limitation provisions and regulations to individual farming operations. The State ASCS office must make the initial determination concerning payment limitation applications for farm operations consisting of more than five persons, subject to the Secretary's review.

#### Treatment of Multiyear Farm Program Contract Payments

The Secretary may make payments to a new landowner (transfer of land due to previous owner's death) under a multiyear contract for a conservation reserve, wetland reserve, or environmental easement up to the amount the previous owner was entitled to receive under the contract at the time of death.

#### **Provisions Related to the Agricultural Act of 1949**

These provisions amend the permanent provisions of the 1949 Act.

#### Deficiency and Diversion Payments

If the Secretary establishes an acreage limitation program for any of the 1991-95 program crops and determines that deficiency payments will likely be made, the Secretary must make advance deficiency payments available to producers for each crop.

Advance Deficiency Payments. The Secretary is required to advance 40-50 percent of the projected deficiency payments for wheat and feed grains, and 30-50 percent for upland cotton and rice. Payments must be made as soon as practicable after a producer enters into a contract to participate in a commodity program. If the final deficiency payment is less than the amount paid to a producer in advance deficiency payments, the producer must repay the difference by the end of the crop's marketing year. If producers fail to comply with the acreage limitation program after receiving the advance payment, they must immediately repay the amount in full plus any interest set by the Secretary.

Payments must be made available based on amounts the Secretary determines would be appropriate to encourage adequate participation in the program. However, payments may not exceed the amount determined by multiplying the estimated payment acreage of the crop times the farm program payment yield times the proportion to be advanced.

Timing of Deficiency Payments. If deficiency payments for wheat, feed grains, or rice are calculated based on the 12-month average price, then 75 percent of the final projected deficiency payment rate (less any advance) must be made immediately following the first 5 months of the marketing year. The remainder of the payments are made at the end of the marketing year.

Land Diversion Payments. If the Secretary makes land diversion payments to assist in adjusting any of the program crops to desirable levels, the Secretary must make at least 50 percent of the payments as soon as possible after the producer agrees to participate in land diversion programs.

Repayment Requirements. For producers suffering financial hardship (as determined by the Secretary) who received advance deficiency payments for 1988 or 1989 crops and must refund at least \$1,500 of these payments, the Secretary shall not charge an annual interest rate on the refund that has not yet been repaid, nor withhold more than one-third of the farm program payments for each of the succeeding crop years. Producers are allowed to make the refund in three equal installments during each of the 1990-92 crop years if they obtain multiperil crop insurance.

#### Commodity Certificates

Interest will be paid to a producer who redeems commodity certificates for cash if the producer holds the certificates more than 150 days. This provision does not apply to certificates issued for the export promotion programs (see "Title XV--Agricultural Trade"). For 180 days after enactment of the 1990 Act, a subsequent certificate holder is allowed to exchange an expired certificate under the same rules as the original holder except no one may redeem more than \$1,000 worth of certificates. In no event can a person receive payment for a certificate in an amount greater than the price paid for it. No expired certificate can be exchanged if the owner purchased it after January 1, 1990.

#### Farmer-Owned Reserve (FOR)

To carry out this program, the Secretary must provide extended price support loans for wheat and feed grains after the 9-month original nonrecourse loan expires. The extended loan level must be at least at the original level. After entry into the FOR, producers may repay the loans at any time, but no later than 27 months from the date the original loan expires, unless the Secretary elects to extend the loans for an additional 6 months.

The Secretary may charge interest on extended loans whenever wheat or feed grain prices equal or exceed 105 percent of the target price for that year. If interest is levied, it may be charged once and interest will continue to accrue for 90 days from the last day the market price equals or exceeds 105 percent of the respective target price.

Storage payments are to be made quarterly at an amount the Secretary determines appropriate to encourage producers to participate. However, storage payments will cease to be made whenever the price of wheat or feed grains equals or exceeds 95 percent of the commodity's current target price and for any 90-day period following the last day the price was at such a level. The Secretary may require producers to repay loans, plus any interest accrued, as well as any other charges which may be required by regulation, before the maturity date if the Secretary determines emergency conditions exist that require the commodity be made available in the market to meet urgent domestic or

international needs. The Secretary must report this determination and reasons for it to the President and the House and Senate agriculture committees at least 14 days before taking action.

The Secretary may permit wheat and corn crops to enter the FOR under two conditions: (1) if for 90 days before December 15 of the year in which the wheat crop is harvested and 90 days before March 15 in the year following the harvest of the corn crop, the average market price is 80 percent of their respective loan rates, or (2) if the projected stocks-to-use ratio is more than 37.5 percent for wheat or 22.5 percent for corn. If both of these conditions are met, then the Secretary must permit entry into the FOR. No direct entry is permitted; producers must first take out an original 9-month loan. A producer may exit at any time by repaying the loan.

If entry into the FOR is permitted, the Secretary must specify the maximum quantity allowed; the quantity must be between 300 and 450 million bushels for wheat, and between 600 and 900 million bushels for feed grains. There is no minimum quantity which must be maintained in the FOR.

Whenever grain is stored in the FOR, the Secretary may buy and sell at an equivalent price (allowing for 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 commodities owned or controlled by the Commodity Credit Corporation (CCC). The purchases to offset the sales must be made within 2 market days following the sales. The Secretary must make a daily list available showing price, location, and quantity of the transactions.

If a producer substituted purchased or other commodities for pledged commodities as loan collateral, the Secretary may allow the producer to repay the loan using a commodity certificate that may be exchanged for CCC-owned commodities. The Secretary can do this only if the substituted commodities had been pledged as loan collateral and redeemed in the same county.

To the extent practicable, the Secretary must ensure that storage rates are equivalent to commercial storage rates, taking into account the demand for storage, location, bonding requirements, regulatory compliance, and other factors, subject to CCC budget neutrality.

#### Supplemental Set-Aside and Acreage Limitation Authority

The Secretary may announce and provide for an acreage limitation program for one or more of the 1991-95 crops of wheat and feed grains, if the Secretary determines it is in the public interest because the President imposed export restrictions on the commodity. The Secretary may modify or adjust the program as necessary due to any delay in its being instituted.

#### Disaster Payments

The Secretary may make prevented planting or reduced yield disaster payments for the 1991-95 crops of peanuts, soybeans, sugar beets, and sugarcane. These payments are subject to appropriations by Congress.

If the Secretary determines that the producer of one of these crops is prevented from planting any portion of the farm's acreage because of a natural disaster, or other conditions beyond the producer's control, the Secretary may make prevented planting payments. The payments are calculated by multiplying (1) the number of acres affected, but not to exceed acreage planted to the crop (including acreage the producer was prevented from planting in place of the crop) in the preceding year, times (2) 75 percent of the farm program payment yield, times (3) a payment rate equal to 50 percent of the crop's loan rate.

If, due to the above conditions, a producer was unable to harvest at least 60 percent of the payment yield established by the Secretary for the crop multiplied by the acreage planted for harvest, the Secretary may make reduced yield disaster payments. The payments would be made at a rate equal to 50 percent of the crop's loan level for production losses below 60 percent. The Secretary may adjust these payments if other forms of Federal disaster assistance are provided to the producer for the crop in question.

#### Increase in Support Levels

The Secretary may adjust the 1991-95 support prices to reflect any change during the last calendar year (ending before the beginning of each crop year) in the index of prices paid by farmers for production items, interest, taxes, and wage rates.

#### Adjustment of Support Price

The Secretary may adjust wheat, feed grains, and rice support prices for differences in grade, type, quality, location, and other factors. As is practicable, the adjustments must be made so that the average support price for the commodity will be equal to the level of support under the 1949 Act.

The Secretary may adjust the cotton support price for differences in quality factors or location. Beginning with the 1991 crop, the quality differences (premiums and discounts for quality factors) for the upland cotton loan program must be established by the Secretary by giving equal weight to loan differences for the preceding crop and to market differences for the crop in the designated U.S. spot market.

No loan rate adjustment made for the 1990-95 wheat and feed grain crops applicable to a particular region, State, or county reflecting transportation differentials may increase or decrease the 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.

#### Program Option for 1996 Crops

For the 1996 calendar year, the Secretary may offer to producers of 1996 crops of wheat, feed grains, upland and extra-long staple cottons, rice, or oilseeds, and to dairy producers, the option to participate in commodity programs. Any target price or loan level made available must be set at the same level as the 1995 crop, or for milk, the 1995 calendar year. The Secretary may offer the programs if USDA has not made final announcement of their terms on or before:

June 1, 1995, for wheat;  
September 30, 1995, for feed grains;  
November 1, 1995, for upland cotton;  
December 1, 1995, for ELS cotton;  
January 31, 1996, for rice;  
July 15, 1995, for oilseeds; and  
November 1, 1995 for dairy.

Producers may not participate in these programs unless a new law that provides for loans and purchases for these commodities has been enacted after this law.