

PUBLIC LAW 107-171—MAY 13, 2002

FARM SECURITY AND RURAL INVESTMENT
ACT OF 2002

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TITLE VI—RURAL DEVELOPMENT

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SEC. 6001. ELIGIBILITY OF RURAL EMPOWERMENT ZONES AND RURAL ENTERPRISE COMMUNITIES FOR DIRECT AND GUARAN- TEED LOANS FOR ESSENTIAL COMMUNITY FACILITIES.

Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) is amended by inserting after the first sentence the following: “The Secretary may also make or insure loans to communities that have been designated as rural empowerment zones or rural enterprise communities pursuant to part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986, or as rural enterprise communities pursuant to section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105-277; 112 Stat. 2681, 2681-37), to provide for the installation or improvement of essential community facilities including necessary related equipment, and to furnish financial assistance or other aid in planning projects for such purposes.”.

SEC. 6002. WATER OR WASTE DISPOSAL GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended—

(1) by striking “(2) The” and inserting the following:

“(2) WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.—

“(A) AUTHORITY.—

“(i) IN GENERAL.—The”;

(2) by striking “aggregating not to exceed \$590,000,000 in any fiscal year”;

(3) by striking “The amount” and inserting the following:

“(ii) AMOUNT.—The amount”;

(4) by striking “paragraph” and inserting “subparagraph”;

(5) by striking “The Secretary shall” and inserting the following:

“(iii) GRANT RATE.—The Secretary shall”; and

(6) by adding at the end the following:

“(B) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

“(i) IN GENERAL.—The Secretary may make grants to qualified private, nonprofit entities to capitalize revolving funds for the purpose of providing financing to eligible entities for—

“(I) predevelopment costs associated with proposed water and wastewater projects or with existing water and wastewater systems; and

“(II) short-term costs incurred for replacement equipment, small-scale extension services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

“(ii) ELIGIBLE ENTITIES.—To be eligible to obtain financing from a revolving fund under clause (i), an

eligible entity must be eligible to obtain a loan, loan guarantee, or grant under paragraph (1) or this paragraph.

“(iii) MAXIMUM AMOUNT OF FINANCING.—The amount of financing made to an eligible entity under this subparagraph shall not exceed—

“(I) \$100,000 for costs described in clause (i)(I);
and

“(II) \$100,000 for costs described in clause (i)(II).

“(iv) TERM.—The term of financing provided to an eligible entity under this subparagraph shall not exceed 10 years.

“(v) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that may be used by a grant recipient for administrative costs incurred under this subparagraph.

“(vi) ANNUAL REPORT.—A nonprofit entity receiving a grant under this subparagraph shall submit to the Secretary an annual report that describes the number and size of communities served and the type of financing provided.

“(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph \$30,000,000 for each of fiscal years 2002 through 2007.”.

SEC. 6003. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended—

- (1) by striking “\$7,500,000” and inserting “\$15,000,000”;
and
(2) by striking “2002” and inserting “2007”.

SEC. 6004. CHILD DAY CARE FACILITIES.

Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by adding at the end the following:

“(C) RESERVATION OF FUNDS FOR CHILD DAY CARE FACILITIES.—

“(i) IN GENERAL.—For each fiscal year, not less than 10 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas.

“(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.”.

SEC. 6005. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end the following:

“(22) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

“(A) IN GENERAL.—The Secretary shall establish a national rural water and wastewater circuit rider program that is based on the rural water circuit rider program of the National Rural Water Association that (as of the date of enactment of this paragraph) receives funding from the Secretary, acting through the Rural Utilities Service.

“(B) RELATIONSHIP TO EXISTING PROGRAM.—The program established under subparagraph (A) shall not affect the authority of the Secretary to carry out the circuit rider program for which funds are made available under the heading “RURAL COMMUNITY ADVANCEMENT PROGRAM” in title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (115 Stat. 719).

“(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph \$15,000,000 for fiscal year 2003 and each fiscal year thereafter.”.

SEC. 6006. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 6005) is amended by adding at the end the following:

“(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

“(A) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

“(B) PRIORITY.—In determining which organizations will receive a grant under this paragraph, the Secretary shall give priority to an organization that—

“(i) serves a rural area that, during the most recent 5-year period—

“(I) had a net out-migration of inhabitants, or other population loss, from the rural area that equals or exceeds 5 percent of the population of the rural area; or

“(II) had a median household income that is less than the nonmetropolitan median household income of the applicable State; and

“(ii) has a history of providing substantive assistance to local governments and economic development organizations.

“(C) FEDERAL SHARE.—A grant provided under this paragraph shall be for not more than 75 percent of the cost of providing assistance described in subparagraph (A).

“(D) MAXIMUM AMOUNT OF GRANTS.—The amount of a grant provided to an organization under this paragraph shall not exceed \$100,000.

“(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph \$30,000,000 for each of fiscal years 2003 through 2007.”.

SEC. 6007. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOPMENT LOANS.

(a) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)) (as amended by section 6006) is amended by adding at the end the following:

7 USC 1926.

“(24) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—

“(A) IN GENERAL.—The Secretary may guarantee a loan made to finance a community facility or water or waste facility project in a rural area, including a loan financed by the net proceeds of a bond described in section 142(a) of the Internal Revenue Code of 1986.

“(B) REQUIREMENTS.—To be eligible for a loan guarantee under subparagraph (A), an individual or entity offering to purchase the loan shall demonstrate to the Secretary that the person has—

“(i) the capabilities and resources necessary to service the loan in a manner that ensures the continued performance of the loan, as determined by the Secretary; and

“(ii) the ability to generate capital to provide borrowers of the loan with the additional credit necessary to properly service the loan.”

(b) LOAN GUARANTEES FOR CERTAIN LOANS.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

“(h) LOAN GUARANTEES FOR CERTAIN LOANS.—The Secretary may guarantee loans made under subsection (a) to finance the issuance of bonds for the projects described in section 306(a)(24).”

SEC. 6008. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 6007(a)) is amended by adding at the end the following:

“(25) TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.—

“(A) IN GENERAL.—The Secretary may make grants to tribal colleges and universities (as defined in section 316 of the Higher Education Act of 1965 (20 U.S.C. 1059c)) to provide the Federal share of the cost of developing specific tribal college or university essential community facilities in rural areas.

“(B) FEDERAL SHARE.—

“(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall, by regulation, establish the maximum percentage of the cost of the facility that may be covered by a grant under this paragraph.

Regulation.

“(ii) MAXIMUM AMOUNT.—The amount of a grant provided under this paragraph for a facility shall not exceed 75 percent of the cost of developing the facility.

“(iii) GRADUATED SCALE.—The Secretary shall provide for a graduated scale of the percentages of the cost covered by a grant made under this paragraph that provides higher percentages for facilities in

communities that have lower community population and income levels, as determined by the Secretary.

“(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph \$10,000,000 for each of fiscal years 2003 through 2007.”.

SEC. 6009. EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) is amended—

(1) in the section heading, by inserting “**AND IMMINENT**” after “**EMERGENCY**”;

(2) in subsection (a)—

(A) in paragraph (1), by inserting “, or when such a decline is imminent” before the semicolon at the end; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking “acute” and inserting “acute, or imminent,”; and

(ii) in subparagraph (B), by striking “decline” and inserting “decline, or imminent decline,”;

(3) in subsection (c)(2), by striking “occurred” and inserting “occurred, or will occur,”;

(4) in subsection (d), by striking paragraph (1) and inserting the following:

“(1) **IN GENERAL.**—Grants made under this section may be used—

“(A) for waterline extensions from existing systems, laying of new waterlines, repairs, significant maintenance, digging of new wells, equipment replacement, and hook and tap fees;

“(B) for any other appropriate purpose associated with developing sources of, treating, storing, or distributing water;

“(C) to assist communities in complying with the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or the Safe Drinking Water Act (42 U.S.C. 300f et seq.); and

“(D) to provide potable water to communities through other means.”;

(5) in subsection (f)(2), by striking “\$75,000” and inserting “\$150,000”;

(6) in subsection (h)—

(A) in the second sentence of paragraph (1), by striking “decline” and inserting “decline, or imminent decline,”; and

(B) by striking paragraph (2) and inserting the following:

“(2) **TIMING OF REVIEW OF APPLICATIONS.**—

“(A) **SIMPLIFIED APPLICATION.**—The application process developed by the Secretary under paragraph (1) shall include a simplified application form that will permit expedited consideration of an application for a grant filed under this section.

“(B) **PRIORITY REVIEW.**—In processing applications for any water or waste grant or loan authorized under this title, the Secretary shall afford priority processing to an application for a grant under this section to the extent

funds will be available for an award on the application at the conclusion of priority processing.

“(C) TIMING.—The Secretary shall, to the maximum extent practicable, review and act on an application under this section within 60 days after the date on which the application is submitted to the Secretary.”; and

(7) by striking subsection (i) and inserting the following:

“(i) FUNDING.—

“(1) RESERVATION.—

“(A) IN GENERAL.—For each fiscal year, not less than 3 nor more than 5 percent of the total amount made available to carry out section 306(a)(2) for the fiscal year shall be reserved for grants under this section.

“(B) RELEASE.—Funds reserved under subparagraph (A) for a fiscal year shall be reserved only until July 1 of the fiscal year.

“(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under paragraph (1), there is authorized to be appropriated to carry out this section \$35,000,000 for each of fiscal years 2003 through 2007.”.

SEC. 6010. WATER AND WASTE FACILITY GRANTS FOR NATIVE AMERICAN TRIBES.

Section 306C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926c) is amended by striking subsection (e) and inserting the following:

“(e) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated—

“(A) for grants under this section, \$30,000,000 for each fiscal year;

“(B) for loans under this section, \$30,000,000 for each fiscal year; and

“(C) in addition to grants provided under subparagraph (A), for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), \$20,000,000 for each fiscal year.

“(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under paragraph (1)(C).”.

SEC. 6011. GRANTS FOR WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking “and 2002” and inserting “through 2007”.

SEC. 6012. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

(a) IN GENERAL.—The Consolidated Farm and Rural Development Act is amended by inserting after section 306D (7 U.S.C. 1926d) the following:

7 USC 1926e.

“SEC. 306E. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

“(a) **DEFINITION OF ELIGIBLE INDIVIDUAL.**—In this section, the term ‘eligible individual’ means an individual who is a member of a household the members of which have a combined income (for the most recent 12-month period for which the information is available) that is not more than 100 percent of the median nonmetropolitan household income for the State or territory in which the individual resides, according to the most recent decennial census of the United States.

“(b) **GRANTS.**—

“(1) **IN GENERAL.**—The Secretary may make grants to private nonprofit organizations for the purpose of providing loans to eligible individuals for the construction, refurbishing, and servicing of individual household water well systems in rural areas that are or will be owned by the eligible individuals.

“(2) **TERMS OF LOANS.**—A loan made with grant funds under this section—

“(A) shall have an interest rate of 1 percent;

“(B) shall have a term not to exceed 20 years; and

“(C) shall not exceed \$8,000 for each water well system described in paragraph (1).

“(3) **ADMINISTRATIVE EXPENSES.**—A recipient of a grant made under this section may use grant funds to pay administrative expenses associated with providing the assistance described in paragraph (1), as determined by the Secretary.

“(c) **PRIORITY IN AWARDING GRANTS.**—In awarding grants under this section, the Secretary shall give priority to an applicant that has substantial expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.

“(d) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2003 through 2007.”.

7 USC 1926e
note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) takes effect on October 1, 2002.

SEC. 6013. LOANS AND LOAN GUARANTEES FOR RENEWABLE ENERGY SYSTEMS.

Section 310B(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)(3)) is amended by inserting “and other renewable energy systems (including wind energy systems and anaerobic digestors for the purpose of energy generation)” after “solar energy systems”.

SEC. 6014. RURAL BUSINESS ENTERPRISE GRANTS.

Section 310B(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(c)(1)) is amended—

(1) by striking “(1) **IN GENERAL.**—The Secretary” and inserting the following:

“(1) **GRANTS.**—

“(A) **IN GENERAL.**—The Secretary”; and

(2) by adding at the end the following:

“(B) SMALL AND EMERGING PRIVATE BUSINESS ENTERPRISES.—

“(i) IN GENERAL.—For the purpose of subparagraph (A), a small and emerging private business enterprise shall include (regardless of the number of employees or operating capital of the enterprise) an eligible nonprofit entity, or other tax-exempt organization, with a principal office in an area that is located—

“(I) on land of an existing or former Native American reservation; and

“(II) in a city, town, or unincorporated area that has a population of not more than 5,000 inhabitants.

“(ii) USE OF GRANT.—An eligible nonprofit entity, or other tax exempt organization, described in clause (i) may use assistance provided under this paragraph to create, expand, or operate value-added processing in an area described in clause (i) in connection with production agriculture.

“(iii) PRIORITY.—In making grants under this paragraph, the Secretary shall give priority to grants that will be used to provide assistance to eligible nonprofit entities and other tax exempt organizations described in clause (i).”

SEC. 6015. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended—

(1) in paragraph (5)(F), before the period at the end the following: “, except that the Secretary shall not require non-Federal financial support in an amount that is greater than 5 percent in the case of a 1994 institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103-382))”; and

(2) in paragraph (9), by striking “2002” and inserting “2007”.

SEC. 6016. GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)) is amended by adding at the end the following:

“(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$5,000,000 for each of fiscal years 2002 through 2007.”

SEC. 6017. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by striking subsection (g) and inserting the following:

“(g) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

“(1) DEFINITION OF BUSINESS AND INDUSTRY LOAN.—In this subsection, the term ‘business and industry loan’ means a business and industry direct or guaranteed loan that is made or guaranteed by the Secretary under subsection (a)(1).

“(2) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

“(A) IN GENERAL.—The Secretary may guarantee a business and industry loan to individual farmers or ranchers for the purpose of purchasing capital stock of a farmer or rancher cooperative established for the purpose of processing an agricultural commodity.

“(B) PROCESSING CONTRACTS DURING INITIAL PERIOD.—A cooperative described in subparagraph (A) for which a farmer or rancher receives a guarantee to purchase stock under subparagraph (A) may contract for services to process agricultural commodities, or otherwise process value-added agricultural products, during the 5-year period beginning on the date of the startup of the cooperative in order to provide adequate time for the planning and construction of the processing facility of the cooperative.

“(C) FINANCIAL INFORMATION.—Financial information required by the Secretary from a farmer or rancher as a condition of making a business and industry loan guarantee under this paragraph shall be provided in the manner generally required by commercial agricultural lenders in the area.

“(3) LOANS TO COOPERATIVES.—

“(A) IN GENERAL.—The Secretary may make or guarantee a business and industry loan to a cooperative organization that is headquartered in a metropolitan area if the loan is used for a project or venture described in subsection (a) that is located in a rural area or a loan guarantee that meets the requirements of paragraph (6).

“(B) REFINANCING.—A cooperative organization that is eligible for a business and industry loan shall be eligible to refinance an existing business and industry loan with a lender if—

“(i) the cooperative organization—

“(I) is current and performing with respect to the existing loan; and

“(II) is not, and has not been, in payment default, or the collateral of which has not been converted, with respect to the existing loan; and

“(ii) there is adequate security or full collateral for the refinanced loan.

“(4) LOAN APPRAISALS.—The Secretary may require that any appraisal made in connection with a business and industry loan be conducted by a specialized appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

“(5) FEES.—The Secretary may assess a 1-time fee for any guaranteed business and industry loan in an amount that does not exceed 2 percent of the guaranteed principal portion of the loan.

“(6) LOAN GUARANTEES IN NONRURAL AREAS.—

“(A) IN GENERAL.—The Secretary may guarantee a business and industry loan to a cooperative organization for a facility that is not located in a rural area if—

“(i) the primary purpose of the loan guarantee is for a facility to provide value-added processing for agricultural producers that are located within 80 miles of the facility;

“(ii) the applicant demonstrates to the Secretary that the primary benefit of the loan guarantee will be to provide employment for residents of a rural area; and

“(iii) the total amount of business and industry loans guaranteed for a fiscal year under this paragraph does not exceed 10 percent of the business and industry loans guaranteed for the fiscal year under subsection (a)(1).

“(B) PRINCIPAL AMOUNTS.—The principal amount of a business and industry loan guaranteed under this paragraph may not exceed \$25,000,000.

“(7) INTANGIBLE ASSETS.—In determining whether a cooperative organization is eligible for a guaranteed business and industry loan, the Secretary may consider the market value of a properly appraised brand name, patent, or trademark of the cooperative.

“(8) LIMITATIONS ON LOAN GUARANTEES FOR COOPERATIVE ORGANIZATIONS.—

“(A) PRINCIPAL AMOUNT.—

“(i) IN GENERAL.—Subject to clause (ii), the principal amount of a business and industry loan made to a cooperative organization and guaranteed under this subsection shall not exceed \$40,000,000.

“(ii) USE.—To be eligible for a guarantee under this subsection for a business and industry loan made to a cooperative organization, the principal amount of the any such loan in excess of \$25,000,000 shall be used to carry out a project—

“(I) in a rural area; and

“(II) that provides for the value-added processing of agricultural commodities.

“(B) APPLICATIONS.—If a cooperative organization submits an application for a guarantee under this subsection of a business and industry loan with a principal amount that is in excess of \$25,000,000, the Secretary—

“(i) shall review and, if appropriate, approve the application; and

“(ii) may not delegate the approval authority.

“(C) MAXIMUM AMOUNT.—The total amount of business and industry loans made to cooperative organizations and guaranteed for a fiscal year under this subsection with principal amounts that are in excess of \$25,000,000 may not exceed 10 percent of the business and industry loans guaranteed for the fiscal year under subsection (a)(1).”.

SEC. 6018. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 5006) is amended by adding at the end the following:

“SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

7 USC 1936a.

“If, after making a loan or a grant described in section 381E(d), the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available

no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

“(1) will be carried out in the same area as the original project or activity;

“(2) meets the criteria for a loan or a grant described in section 381E(d); and

“(3) satisfies such additional requirements as are established by the Secretary.”.

SEC. 6019. SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.

Section 333A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a) (as amended by section 5307) is amended by striking subsection (g) and inserting the following:

“(g) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

“(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

“(A) farmer program loans the principal amount of which is \$125,000 or less; and

“(B) business and industry guaranteed loans under section 310B(a)(1) the principal amount of which is—

“(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, \$400,000 or less; and

“(ii) in the case of a loan guarantee made during any subsequent fiscal year—

“(I) \$400,000 or less; or

“(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, \$600,000 or less.

“(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 306(a) the grant award amount or principal loan amount, respectively, of which is \$300,000 or less.

“(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary shall—

“(A) consult with commercial and cooperative lenders; and

“(B) ensure that—

“(i) the form can be completed manually or electronically, at the option of the lender;

“(ii) the form minimizes the documentation required to accompany the form;

“(iii) the cost of completing and processing the form is minimal; and

“(iv) the form can be completed and processed in an expeditious manner.”.

SEC. 6020. DEFINITION OF RURAL AND RURAL AREA.

(a) IN GENERAL.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by adding at the end the following:

“(13) RURAL AND RURAL AREA.—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, the terms ‘rural’ and ‘rural area’ mean any area other than—

“(i) a city or town that has a population of greater than 50,000 inhabitants; and

“(ii) the urbanized area contiguous and adjacent to such a city or town.

“(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1), (2), and (24) of section 306(a), the terms ‘rural’ and ‘rural area’ mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

“(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), (21), and (24) of section 306(a), the terms ‘rural’ and ‘rural area’ mean a city, town, or unincorporated area that has a population of not more than 20,000 inhabitants.

“(D) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS; NATIONAL RURAL DEVELOPMENT PARTNERSHIP.—In sections 306(a)(23) and 378, the term ‘rural area’ means—

“(i) all the territory of a State that is not within the boundary of any standard metropolitan statistical area; and

“(ii) all territory within any standard metropolitan statistical area within a census tract having a population density of less than 20 persons per square mile, as determined by the Secretary according to the most recent census of the United States as of any date.

“(E) RURAL BUSINESS INVESTMENT PROGRAM.—In subtitle H, the term ‘rural area’ means an area that is located—

“(i) outside a standard metropolitan statistical area; or

“(ii) within a community that has a population of 50,000 inhabitants or less.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by striking paragraph (7).

(2) Section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(3) Section 735 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (112 Stat. 2681-29) is repealed.

7 USC 2009 note.

SEC. 6021. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 5321) is amended by adding at the end the following:

7 USC 2008m.

“SEC. 378. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

“(a) DEFINITIONS.—In this section:

“(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term ‘agency with rural responsibilities’ means any executive agency (as defined in section 105 of title 5, United States Code) that implements a Federal law, or administers a program, targeted at or having a significant impact on rural areas.

“(2) COORDINATING COMMITTEE.—The term ‘Coordinating Committee’ means the National Rural Development Coordinating Committee established by subsection (c).

“(3) PARTNERSHIP.—The term ‘Partnership’ means the National Rural Development Partnership continued by subsection (b).

“(4) STATE RURAL DEVELOPMENT COUNCIL.—The term ‘State rural development council’ means a State rural development council that meets the requirements of subsection (d).

“(b) PARTNERSHIP.—

“(1) IN GENERAL.—The Secretary shall continue the National Rural Development Partnership composed of—

“(A) the Coordinating Committee; and

“(B) State rural development councils.

“(2) PURPOSES.—The purposes of the Partnership are to empower and build the capacity of States and rural communities to design flexible and innovative responses to their own special rural development needs, with local determinations of progress and selection of projects and activities.

“(3) GOVERNING PANEL.—

“(A) IN GENERAL.—A panel consisting of representatives of the Coordinating Committee and State rural development councils shall be established to lead and coordinate the strategic operation, policies, and practices of the Partnership.

“(B) ANNUAL REPORTS.—In conjunction with the Coordinating Committee and State rural development councils, the panel shall prepare and submit to Congress an annual report on the activities of the Partnership.

“(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership may be that of a partner and facilitator, with Federal agencies authorized—

“(A) to cooperate with States to implement the Partnership;

“(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

“(C) to ensure that the head of each agency with rural responsibilities designates a senior-level agency official to represent the agency on the Coordinating Committee and directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

“(D) to enter into cooperative agreements with, and to provide grants and other assistance to, the Coordinating Committee and State rural development councils.

“(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

Establishment.

“(1) ESTABLISHMENT.—The Secretary shall establish a National Rural Development Coordinating Committee within the Department of Agriculture.

“(2) COMPOSITION.—The Coordinating Committee shall be composed of—

“(A) 1 representative of each agency with rural responsibilities; and

“(B) representatives, approved by the Secretary, of—

“(i) national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

“(ii) national public interest groups;

“(iii) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee; and

“(iv) the private sector.

“(3) DUTIES.—The Coordinating Committee shall—

“(A) support the work of the State rural development councils;

“(B) facilitate coordination of rural development policies, programs, and activities among Federal agencies and with those of State, local, and tribal governments, the private sector, and nonprofit organizations;

“(C) review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas and gather and provide related information;

“(D) develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments; and

“(E) require each State rural development council receiving funds under this section to submit an annual report on the use of the funds, including a description of strategic plans, goals, performance measures, and outcomes for the State rural development council of the State.

“(4) FEDERAL PARTICIPATION IN COORDINATING COMMITTEE.—

“(A) IN GENERAL.—A Federal employee shall fully participate in the governance and operations of the Coordinating Committee, including activities related to grants, contracts, and other agreements, in accordance with this section.

“(B) CONFLICTS.—Participation by a Federal employee in the Coordinating Committee in accordance with this paragraph shall not constitute a violation of section 205 or 208 of title 18, United States Code.

“(5) ADMINISTRATIVE SUPPORT.—The Secretary may provide such administrative support for the Coordinating Committee as the Secretary determines is necessary to carry out the duties of the Coordinating Committee.

“(6) PROCEDURES.—The Secretary may prescribe such regulations, bylaws, or other procedures as are necessary for the operation of the Coordinating Committee.

“(d) STATE RURAL DEVELOPMENT COUNCILS.—

“(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to recognize a State rural development council.

“(2) COMPOSITION.—A State rural development council shall—

“(A) be composed of representatives of Federal, State, local, and tribal governments, nonprofit organizations, regional organizations, the private sector, and other entities committed to rural advancement; and

“(B) have a nonpartisan and nondiscriminatory membership that—

“(i) is broad and representative of the economic, social, and political diversity of the State; and

“(ii) shall be responsible for the governance and operations of the State rural development council.

“(3) DUTIES.—A State rural development council shall—

“(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the State;

“(B) monitor, report, and comment on policies and programs that address, or fail to address, the needs of the rural areas of the State;

“(C) as part of the Partnership, in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments; and

“(D)(i) provide to the Coordinating Committee an annual plan with goals and performance measures; and

“(ii) submit to the Coordinating Committee an annual report on the progress of the State rural development council in meeting the goals and measures.

“(4) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

“(A) IN GENERAL.—A State Director for Rural Development of the Department of Agriculture, other employees of the Department, and employees of other Federal agencies with rural responsibilities shall fully participate as voting members in the governance and operations of State rural development councils (including activities related to grants, contracts, and other agreements in accordance with this section) on an equal basis with other members of the State rural development councils.

“(B) CONFLICTS.—Participation by a Federal employee in a State rural development council in accordance with this paragraph shall not constitute a violation of section 205 or 208 of title 18, United States Code.

“(e) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

“(1) DETAIL OF EMPLOYEES.—

“(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail to the Secretary for the support of the Partnership 1 or more employees of the agency with rural responsibilities without reimbursement for a period of up to 1 year.

“(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

“(2) ADDITIONAL SUPPORT.—The Secretary may provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

“(3) INTERMEDIARIES.—The Secretary may enter into a contract with a qualified intermediary under which the intermediary shall be responsible for providing administrative and technical assistance to a State rural development council, including administering the financial assistance available to the State rural development council.

“(f) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), a State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount that is not less than 33 percent of the amount of Federal funds received from a Federal agency under subsection (g)(2).

“(2) EXCEPTIONS TO MATCHING REQUIREMENT FOR CERTAIN FEDERAL FUNDS.—Paragraph (1) shall not apply to funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance received by a State rural development council from a Federal agency that are used—

“(A) to support 1 or more specific program or project activities; or

“(B) to reimburse the State rural development council for services provided to the Federal agency providing the funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance.

“(3) DEPARTMENT’S SHARE.—The Secretary shall develop a plan to decrease, over time, the share of the Department of Agriculture of the cost of the core operations of State rural development councils.

“(g) FUNDING.—

“(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2003 through 2007.

“(2) FEDERAL AGENCIES.—

“(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an agency, along with other agencies, to provide funds to the Coordinating Committee or a State rural development council in order to carry out the purposes of this section, a Federal agency may make grants, gifts, or contributions to, provide technical assistance to, or enter into contracts or cooperative agreements with, the Coordinating Committee or a State rural development council.

“(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that have an impact on rural areas to provide assistance to, and enter into contracts with, the Coordinating Committee or a State rural development council, as described in subparagraph (A).

“(3) CONTRIBUTIONS.—The Coordinating Committee and a State rural development council may accept private contributions.

“(h) TERMINATION.—The authority provided under this section shall terminate on the date that is 5 years after the date of enactment of this section.”.

SEC. 6022. RURAL TELEWORK.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6021) is amended by adding at the end the following:

7 USC 2008n.

“SEC. 379. RURAL TELEWORK.

“(a) DEFINITIONS.—In this section:

“(1) ELIGIBLE ORGANIZATION.—The term ‘eligible organization’ means a nonprofit entity, an educational institution, an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or any other organization, in a rural area (except for the institute), that meets the requirements of this section and such other requirements as are established by the Secretary.

“(2) INSTITUTE.—The term ‘institute’ means a rural telework institute established using a grant under subsection (b).

“(3) TELEWORK.—The term ‘telework’ means the use of telecommunications to perform work functions at a rural work center located outside the place of business of an employer.

“(b) RURAL TELEWORK INSTITUTE.—

Grants.

“(1) IN GENERAL.—The Secretary shall make 1 or more grants to an eligible organization to pay the Federal share of the cost of establishing and operating a national rural telework institute to carry out projects described in paragraph (2).

“(2) PROJECTS.—The institute shall use grant funds received under this subsection to carry out a 5-year project—

“(A) to serve as a clearinghouse for telework research and development;

“(B) to conduct outreach to rural communities and rural workers;

“(C) to develop and share best practices in rural telework throughout the United States;

“(D) to develop innovative, market-driven telework projects and joint ventures with the private sector that employ workers in rural areas in jobs that promote economic self-sufficiency;

“(E) to share information about the design and implementation of telework arrangements;

“(F) to support private sector businesses that are transitioning to telework;

“(G) to support and assist telework projects and individuals at the State and local level; and

“(H) to perform such other functions as the Secretary considers appropriate.

“(3) NON-FEDERAL SHARE.—

“(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization

has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to—

“(i) during each of the first, second, and third years of a project, 30 percent of the amount of the grant; and

“(ii) during each of the fourth and fifth years of the project, 50 percent of the amount of the grant.

“(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use any Federal funds made available to the Indian tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

“(C) FORM.—The non-Federal contributions required under subparagraph (A) may be in the form of in-kind contributions, including office equipment, office space, computer software, consultant services, computer networking equipment, and related services.

“(c) TELEWORK GRANTS.—

“(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall make grants to eligible organizations to pay the Federal share of the cost of—

“(A) obtaining equipment and facilities to establish or expand telework locations in rural areas; and

“(B) operating telework locations in rural areas.

“(2) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible organization shall submit to the Secretary, and receive the approval of the Secretary of, an application for the grant that demonstrates that the eligible organization has adequate resources and capabilities to establish or expand a telework location in a rural area.

“(3) NON-FEDERAL SHARE.—

“(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to 50 percent of the amount of the grant.

“(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

“(C) SOURCES.—The non-Federal contributions required under subparagraph (A)—

“(i) may be in the form of in-kind contributions, including office equipment, office space, computer software, consultant services, computer networking equipment, and related services; and

“(ii) may not be made from funds made available for community development block grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

“(4) DURATION.—The Secretary may not provide a grant under this subsection to expand or operate a telework location in a rural area after the date that is 3 years after the establishment of the telework location.

“(5) AMOUNT.—The amount of a grant provided to an eligible organization under this subsection shall be not less than \$1,000,000 and not more than \$2,000,000.

“(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—An eligible organization that receives funds under this section shall be subject to the provisions of Federal law (including regulations) administered by the Secretary of Labor or the Equal Employment Opportunity Commission that govern the responsibilities of employers to employees.

Deadline.

“(e) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

“(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section \$30,000,000 for each of fiscal years 2002 through 2007, of which \$5,000,000 shall be provided to establish and support an institute under subsection (b).”.

SEC. 6023. HISTORIC BARN PRESERVATION.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6022) is amended by adding at the end the following:

7 USC 2008o.

“SEC. 379A. HISTORIC BARN PRESERVATION.

“(a) DEFINITIONS.—In this section:

“(1) BARN.—The term ‘barn’ means a building (other than a dwelling) on a farm, ranch, or other agricultural operation for—

“(A) housing animals;

“(B) storing or processing crops;

“(C) storing and maintaining agricultural equipment;

or

“(D) serving an essential or useful purpose related to agricultural activities conducted on the adjacent land.

“(2) ELIGIBLE APPLICANT.—The term ‘eligible applicant’ means—

“(A) a State department of agriculture (or a designee);

“(B) a national or State nonprofit organization that—

“(i) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; and

“(ii) has experience or expertise, as determined by the Secretary, in the identification, evaluation, rehabilitation, preservation, or protection of historic barns; and

“(C) a State historic preservation office.

“(3) HISTORIC BARN.—The term ‘historic barn’ means a barn that—

“(A) is at least 50 years old;

“(B) retains sufficient integrity of design, materials, and construction to clearly identify the barn as an agricultural building; and

“(C) meets the criteria for listing on National, State, or local registers or inventories of historic structures.

“(4) SECRETARY.—The term ‘Secretary’ means the Secretary, acting through the Under Secretary of Rural Development.

“(b) PROGRAM.—The Secretary shall establish a historic barn preservation program—

“(1) to assist States in developing a list of historic barns;

“(2) to collect and disseminate information on historic barns;

“(3) to foster educational programs relating to the history, construction techniques, rehabilitation, and contribution to society of historic barns; and

“(4) to sponsor and conduct research on—

“(A) the history of barns; and

“(B) best practices to protect and rehabilitate historic barns from the effects of decay, fire, arson, and natural disasters.

“(c) GRANTS.—

“(1) IN GENERAL.—The Secretary may make grants to, or enter into contracts or cooperative agreements with, eligible applicants to carry out an eligible project under paragraph (2).

“(2) ELIGIBLE PROJECTS.—A grant under this subsection may be made to an eligible applicant for a project—

“(A) to rehabilitate or repair a historic barn;

“(B) to preserve a historic barn through—

“(i) the installation of a fire protection system, including fireproofing or fire detection system and sprinklers; and

“(ii) the installation of a system to prevent vandalism; and

“(C) to identify, document, and conduct research on a historic barn to develop and evaluate appropriate techniques or best practices for protecting historic barns.

“(3) REQUIREMENTS.—An eligible applicant that receives a grant for a project under this subsection shall comply with any standards established by the Secretary of the Interior for historic preservation projects.

“(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.”.

SEC. 6024. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6023) is amended by adding at the end the following:

“SEC. 379B. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

7 USC 2008p.

“(a) IN GENERAL.—The Secretary, acting through the Administrator of the Rural Utilities Service, may make grants to public and nonprofit entities, and borrowers of loans made by the Rural Utilities Service, for the Federal share of the cost of acquiring radio transmitters to increase coverage of rural areas by the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration.

“(b) ELIGIBILITY.—To be eligible for a grant under this section, an applicant shall provide to the Secretary—

“(1) a binding commitment from a tower owner to place the transmitter on a tower; and

“(2) a description of how the tower placement will increase coverage of a rural area by the all hazards weather radio

broadcast system of the National Oceanic and Atmospheric Administration.

“(c) FEDERAL SHARE.—A grant provided under this section shall be not more than 75 percent of the total cost of acquiring a radio transmitter, as described in subsection (a).

“(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.”.

SEC. 6025. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6024) is amended by adding at the end the following:

7 USC 2008q.

“SEC. 379C. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.

“(a) IN GENERAL.—The Secretary shall make grants to nonprofit organizations, or to a consortium of nonprofit organizations, agribusinesses, State and local governments, agricultural labor organizations, farmer or rancher cooperatives, and community-based organizations with the capacity to train farm workers.

“(b) USE OF FUNDS.—An entity to which a grant is made under this section shall use the grant to train farm workers to use new technologies and develop specialized skills for agricultural development.

“(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$10,000,000 for each of fiscal years 2002 through 2007.”.

SEC. 6026. RURAL COMMUNITY ADVANCEMENT PROGRAM.

(a) NATIONAL RESERVE PROGRAM.—Section 381E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d) is amended—

(1) in subsection (b)—

(A) by striking paragraph (4); and

(B) by redesignating paragraph (5) as paragraph (4);

(2) by striking subsection (e);

(3) by redesignating subsections (f) through (h) as subsections (e) through (g), respectively; and

(4) in subsection (g) (as so redesignated), by striking “subsection (g) of this section” and inserting “subsection (f)”.

(b) RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.—Section 381O of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009n) is repealed.

(c) CONFORMING AMENDMENTS.—Section 381G of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009f(a)) is amended—

(1) in subsection (a), by striking “section 381E(g)” each place it appears and inserting “section 381E(f)”; and

(2) in subsection (b)(1), by striking “section 381E(h)” and inserting “section 381E(g)”.

SEC. 6027. DELTA REGIONAL AUTHORITY.

(a) VOTING.—Section 382B(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-1(c)) is amended by striking paragraph (1) and inserting the following:

“(1) IN GENERAL.—

“(A) TEMPORARY METHOD.—During the period beginning on the date of enactment of this subparagraph and ending on December 31, 2004, a decision by the Authority shall require the affirmative vote of the Federal cochairperson and a majority of the State members (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.

Effective date.
Termination date.

“(B) PERMANENT METHOD.—Effective beginning on January 1, 2005, a decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.”

Effective date.

(b) AUTHORITY TO ISSUE REGULATIONS.—Section 382B(e)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-1(e)(4)) is amended by striking “and rules” and inserting “, rules, and regulations”.

(c) ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.—Section 382C(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-2(b)) is amended by striking paragraph (3).

(d) SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.—Section 382D of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-3) is amended to read as follows:

“SEC. 382D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

“(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

“(1) the States or communities lack the economic resources to provide the required matching share; or

“(2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region.

“(b) FEDERAL GRANT PROGRAM FUNDING.—Notwithstanding any provision of law limiting the Federal share, the areas eligible for assistance, or the authorizations of appropriations of any Federal grant program, and in accordance with subsection (c), the Authority, with the approval of the Federal cochairperson and with respect to a project to be carried out in the region—

“(1) may increase the Federal share of the costs of a project under the Federal grant program to not more than 90 percent (except as provided in section 382F(b)); and

“(2) shall use amounts made available to carry out this subtitle to pay the increased Federal share.

“(c) CERTIFICATIONS.—

“(1) IN GENERAL.—In the case of any project for which all or any portion of the basic Federal share of the costs of the project is proposed to be paid under this section, no Federal contribution shall be made until the Federal official administering the Federal law that authorizes the Federal grant program certifies that the project—

“(A) meets (except as provided in subsection (b)) the applicable requirements of the applicable Federal grant program; and

“(B) could be approved for Federal contribution under the Federal grant program if funds were available under the law for the project.

“(2) CERTIFICATION BY AUTHORITY.—

“(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this Act in accordance with section 382I—

“(i) shall be controlling; and

“(ii) shall be accepted by the Federal agencies.

“(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project described in paragraph (1), any finding, report, certification, or documentation required to be submitted with respect to the project to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of the Federal grant program under which the project is carried out shall be accepted by the Federal cochairperson.”

(e) GRANTS TO LOCAL DEVELOPMENT AGENCIES.—Section 382E(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-4(b)(1)) is amended by striking “may” and inserting “shall”.

(f) APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.—Section 382I of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-8) is amended—

(1) in subsection (a), by inserting “and approved” after “reviewed”; and

(2) in subsection (d), by striking “VOTES FOR DECISIONS.—” and inserting “APPROVAL OF GRANT APPLICATIONS.—”.

(g) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-12(a)) is amended by striking “2002” and inserting “2007”.

(h) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa-13) is amended by striking “2002” and inserting “2007”.

(i) DELTA REGION AGRICULTURAL ECONOMIC DEVELOPMENT.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6025) is amended by adding at the end the following:

7 USC 2008r.

“SEC. 379D. DELTA REGION AGRICULTURAL ECONOMIC DEVELOPMENT.

“(a) IN GENERAL.—The Secretary may make grants to assist in the development of state-of-the-art technology in animal nutrition (including research and development of the technology) and value-added manufacturing to promote an economic platform for the Delta region (as defined in section 382A) to relieve severe economic conditions.

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$7,000,000 for each of fiscal years 2002 through 2007.”.

(j) DEFINITION OF LOWER MISSISSIPPI.—Section 4(2)(I) of the Delta Development Act (42 U.S.C. 3121 note; Public Law 100-460) is amended by inserting “Butler, Conecuh, Escambia, Monroe,” after “Russell,”.

SEC. 6028. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

**“Subtitle G—Northern Great Plains
Regional Authority**

“SEC. 383A. DEFINITIONS.

7 USC 2009bb.

“In this subtitle:

“(1) **AUTHORITY.**—The term ‘Authority’ means the Northern Great Plains Regional Authority established by section 383B.

“(2) **FEDERAL GRANT PROGRAM.**—The term ‘Federal grant program’ means a Federal grant program to provide assistance in—

“(A) implementing the recommendations of the Northern Great Plains Rural Development Commission established by the Northern Great Plains Rural Development Act (7 U.S.C. 2661 note; Public Law 103-318);

“(B) acquiring or developing land;

“(C) constructing or equipping a highway, road, bridge, or facility;

“(D) carrying out other economic development activities; or

“(E) conducting research activities related to the activities described in subparagraphs (A) through (D).

“(3) **INDIAN TRIBE.**—The term ‘Indian tribe’ has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

“(4) **REGION.**—The term ‘region’ means the States of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota.

“SEC. 383B. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

7 USC 2009bb-1.

“(a) **ESTABLISHMENT.**—

“(1) **IN GENERAL.**—There is established the Northern Great Plains Regional Authority.

“(2) **COMPOSITION.**—The Authority shall be composed of—

“(A) a Federal member, to be appointed by the President, by and with the advice and consent of the Senate;

“(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority; and

“(C) a member of an Indian tribe, who shall be a chairperson of an Indian tribe in the region or a designee of such a chairperson, to be appointed by the President, by and with the advice and consent of the Senate.

“(3) **COCHAIRPERSONS.**—The Authority shall be headed by—

“(A) the Federal member, who shall serve—

“(i) as the Federal cochairperson; and

“(ii) as a liaison between the Federal Government and the Authority;

“(B) a State cochairperson, who—

“(i) shall be a Governor of a participating State in the region; and

“(ii) shall be elected by the State members for a term of not less than 1 year; and

“(C) the member of an Indian tribe, who shall serve—

- “(i) as the tribal cochairperson; and
 “(ii) as a liaison between the governments of Indian tribes in the region and the Authority.
- “(b) ALTERNATE MEMBERS.—
- President. “(1) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal cochairperson.
- “ (2) STATE ALTERNATES.—
- “ (A) IN GENERAL.—The State member of a participating State may have a single alternate, who shall be—
- “(i) a resident of that State; and
 “(ii) appointed by the Governor of the State.
- “ (B) QUORUM.—A State alternate member shall not be counted toward the establishment of a quorum of the members of the Authority in any case in which a quorum of the State members is required to be present.
- President. “(3) ALTERNATE TRIBAL COCHAIRPERSON.—The President shall appoint an alternate tribal cochairperson, by and with the advice and consent of the Senate.
- “ (4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any member of the Authority, shall be delegated to any person who is not—
- “(A) a member of the Authority; or
 “(B) entitled to vote in Authority meetings.
- “(c) VOTING.—
- “ (1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(D)) to be effective.
- “ (2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—
- “(A) a modification or revision of an Authority policy decision;
 “(B) approval of a State or regional development plan;
 and
 “(C) any allocation of funds among the States.
- “ (3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—
- “(A) a responsibility of the Authority; and
 “(B) conducted in accordance with section 383I.
- “ (4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal, State, or Indian tribe member for whom the alternate member is an alternate.
- “(d) DUTIES.—The Authority shall—
- “(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region, giving due consideration to other Federal, State, tribal, and local planning and development activities in the region;
 “(2) not later than 220 days after the date of enactment of this subtitle, establish priorities in a development plan for the region (including 5-year regional outcome targets);
 “(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal,
- Deadline.

State, tribal, and local agencies, universities, local development districts, and other nonprofit groups;

“(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;

“(5) work with State, tribal, and local agencies in developing appropriate model legislation;

“(6)(A) enhance the capacity of, and provide support for, local development districts in the region; or

“(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

“(7) encourage private investment in industrial, commercial, and other economic development projects in the region; and

“(8) cooperate with and assist State governments with economic development programs of participating States.

“(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

“(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

“(2) authorize, through the Federal, State, or tribal cochairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testimony should be taken or evidence received under oath;

“(3) request from any Federal, State, tribal, or local agency such information as may be available to or procurable by the agency that may be of use to the Authority in carrying out the duties of the Authority;

“(4) adopt, amend, and repeal bylaws and rules governing the conduct of business and the performance of duties of the Authority;

“(5) request the head of any Federal agency to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

“(6) request the head of any State agency, tribal government, or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

“(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

“(A) making arrangements or entering into contracts with any participating State government or tribal government; or

“(B) otherwise providing retirement and other employee benefit coverage;

“(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

“(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry

out Authority duties, including any contracts, leases, or cooperative agreements with—

“(A) any department, agency, or instrumentality of the United States;

“(B) any State (including a political subdivision, agency, or instrumentality of the State);

“(C) any Indian tribe in the region; or

“(D) any person, firm, association, or corporation; and

“(10) establish and maintain a central office and field offices at such locations as the Authority may select.

“(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

“(1) cooperate with the Authority; and

“(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying out this subtitle, in accordance with applicable Federal laws (including regulations).

“(g) ADMINISTRATIVE EXPENSES.—

“(1) FEDERAL SHARE.—The Federal share of the administrative expenses of the Authority shall be—

“(A) for fiscal year 2002, 100 percent;

“(B) for fiscal year 2003, 75 percent; and

“(C) for fiscal year 2004 and each fiscal year thereafter, 50 percent.

“(2) NON-FEDERAL SHARE.—

“(A) IN GENERAL.—The non-Federal share of the administrative expenses of the Authority shall be paid by non-Federal sources in the States that participate in the Authority.

“(B) SHARE PAID BY EACH STATE.—The share of administrative expenses of the Authority to be paid by non-Federal sources in each State shall be determined by the Authority.

“(C) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (B).

“(D) DELINQUENT STATES.—If a State is delinquent in payment of the State’s share of administrative expenses of the Authority under this subsection—

“(i) no assistance under this subtitle shall be provided to the State (including assistance to a political subdivision or a resident of the State); and

“(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

“(h) COMPENSATION.—

“(1) FEDERAL AND TRIBAL COCHAIRPERSONS.—The Federal cochairperson and the tribal cochairperson shall be compensated by the Federal Government at the annual rate of basic pay prescribed for level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

“(2) ALTERNATE FEDERAL AND TRIBAL COCHAIRPERSONS.—The alternate Federal cochairperson and the alternate tribal cochairperson—

“(A) shall be compensated by the Federal Government at the annual rate of basic pay prescribed for level V of the Executive Schedule described in paragraph (1); and

“(B) when not actively serving as an alternate, shall perform such functions and duties as are delegated by

the Federal cochairperson or the tribal cochairperson, respectively.

“(3) STATE MEMBERS AND ALTERNATES.—

“(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by State law.

“(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other than the State for services provided by the member or alternate member to the Authority.

“(4) DETAILED EMPLOYEES.—

“(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to or supplementation of salary for services provided to the Authority from—

“(i) any source other than the State, tribal, local, or intergovernmental agency from which the person was detailed; or

“(ii) the Authority.

“(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than \$5,000, imprisoned not more than 1 year, or both.

“(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

“(5) ADDITIONAL PERSONNEL.—

“(A) COMPENSATION.—

“(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Authority to carry out the duties of the Authority.

“(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

“(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

“(i) the carrying out of the administrative duties of the Authority;

“(ii) direction of the Authority staff; and

“(iii) such other duties as the Authority may assign.

“(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee detailed to the Authority under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

“(i) CONFLICTS OF INTEREST.—

“(1) IN GENERAL.—Except as provided under paragraph (2), no State member, Indian tribe member, State alternate, officer, or employee of the Authority shall participate personally and substantially as a member, alternate, officer, or employee of the Authority, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other matter in which, to knowledge of the member, alternate, officer, or employee—

“(A) the member, alternate, officer, or employee;

“(B) the spouse, minor child, partner, or organization (other than a State or political subdivision of the State or the Indian tribe) of the member, alternate, officer, or employee, in which the member, alternate, officer, or employee is serving as officer, director, trustee, partner, or employee; or

“(C) any person or organization with whom the member, alternate, officer, or employee is negotiating or has any arrangement concerning prospective employment; has a financial interest.

“(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, Indian tribe member, alternate, officer, or employee—

“(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

“(B) makes full disclosure of the financial interest; and

“(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that the Authority may expect from the State member, Indian tribe member, alternate, officer, or employee.

“(3) VIOLATION.—Any person that violates this subsection shall be fined not more than \$10,000, imprisoned not more than 2 years, or both.

“(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract, loan, or grant of or by the Authority in relation to which the Authority determines that there has been a violation of any provision under subsection (h)(4) or subsection (i) of this subtitle, or sections 202 through 209 of title 18, United States Code.

7 USC 2009bb-2. **“SEC. 383C. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.**

“(a) IN GENERAL.—The Authority may approve grants to States, Indian tribes, local governments, and public and nonprofit organizations for projects, approved in accordance with section 383I—

“(1) to develop the transportation and telecommunication infrastructure of the region for the purpose of facilitating economic development in the region (except that grants for this purpose may be made only to States, Indian tribes, local governments, and nonprofit organizations);

“(2) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

“(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

“(4) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities; and

“(5) to otherwise achieve the purposes of this subtitle.

“(b) FUNDING.—

“(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

“(A) entirely from appropriations to carry out this section;

“(B) in combination with funds available under another Federal grant program; or

“(C) from any other source.

“(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and to complement other Federal, State, and tribal resources in the region, Federal funds available under this subtitle shall be focused on the activities in the following order or priority:

“(A) Basic public infrastructure in distressed counties and isolated areas of distress.

“(B) Transportation and telecommunication infrastructure for the purpose of facilitating economic development in the region.

“(C) Business development, with emphasis on entrepreneurship.

“(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

“SEC. 383D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

7 USC 2009bb-3.

“(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

“(1) they lack the economic resources to provide the required matching share; or

“(2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region.

“(b) FEDERAL GRANT PROGRAM FUNDING.—Notwithstanding any provision of law limiting the Federal share, the areas eligible for assistance, or the authorizations of appropriations, under any Federal grant program, and in accordance with subsection (c), the Authority, with the approval of the Federal cochairperson and with respect to a project to be carried out in the region—

“(1) may increase the Federal share of the costs of a project under any Federal grant program to not more than 90 percent (except as provided in section 383F(b)); and

“(2) shall use amounts made available to carry out this subtitle to pay the increased Federal share.

“(c) CERTIFICATIONS.—

“(1) IN GENERAL.—In the case of any project for which all or any portion of the basic Federal share of the costs of the project is proposed to be paid under this section, no Federal contribution shall be made until the Federal official administering the Federal law that authorizes the Federal grant program certifies that the project—

“(A) meets (except as provided in subsection (b)) the applicable requirements of the applicable Federal grant program; and

“(B) could be approved for Federal contribution under the Federal grant program if funds were available under the law for the project.

“(2) CERTIFICATION BY AUTHORITY.—

“(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this Act in accordance with section 383I—

“(i) shall be controlling; and

“(ii) shall be accepted by the Federal agencies.

“(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project described in paragraph (1), any finding, report, certification, or documentation required to be submitted with respect to the project to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of the Federal grant program under which the project is carried out shall be accepted by the Federal cochairperson.

7 USC 2009bb-4. **“SEC. 383E. LOCAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS AND NORTHERN GREAT PLAINS INC.**

“(a) DEFINITION OF LOCAL DEVELOPMENT DISTRICT.—In this section, the term ‘local development district’ means an entity—

“(1) that—

“(A) is a planning district in existence on the date of enactment of this subtitle that is recognized by the Economic Development Administration of the Department of Commerce; or

“(B) is—

“(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

“(ii) governed by a policy board with at least a simple majority of members consisting of—

“(I) elected officials or employees of a general purpose unit of local government who have been appointed to represent the government; or

“(II) individuals appointed by the general purpose unit of local government to represent the government;

“(iii) certified to the Authority as having a charter or authority that includes the economic development of counties or parts of counties or other political subdivisions within the region—

“(I) by the Governor of each State in which the entity is located; or

“(II) by the State officer designated by the appropriate State law to make the certification; and

“(iv)(I) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

“(II) a nonprofit agency or instrumentality of a State or local government;

“(III) a public organization established before the date of enactment of this subtitle under State law for creation of multi-jurisdictional, area-wide planning organizations; or

“(IV) a nonprofit association or combination of bodies, agencies, and instrumentalities described in subclauses (I) through (III); and

“(2) that has not, as certified by the Federal cochairperson—

“(A) inappropriately used Federal grant funds from any Federal source; or

“(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

“(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

“(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section.

“(2) CONDITIONS FOR GRANTS.—

“(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative expenses of the local development district receiving the grant.

“(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a State agency certified as a local development district for a period greater than 3 years.

“(C) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

“(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

“(1) operate as a lead organization serving multicounty areas in the region at the local level; and

“(2) serve as a liaison between State, tribal, and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens that—

“(A) are involved in multijurisdictional planning;

“(B) provide technical assistance to local jurisdictions and potential grantees; and

“(C) provide leadership and civic development assistance.

“(d) NORTHERN GREAT PLAINS INC.—Northern Great Plains Inc., a nonprofit corporation incorporated in the State of Minnesota to implement the recommendations of the Northern Great Plains Rural Development Commission established by the Northern Great

Plains Rural Development Act (7 U.S.C. 2661 note; Public Law 103-318)—

“(1) shall serve as an independent, primary resource for the Authority on issues of concern to the region;

“(2) shall advise the Authority on development of international trade;

“(3) may provide research, education, training, and other support to the Authority; and

“(4) may carry out other activities on its own behalf or on behalf of other entities.

7 USC 2009bb-5. **“SEC. 383F. DISTRESSED COUNTIES AND AREAS AND NONDISTRESSED COUNTIES.**

Deadline.

“(a) DESIGNATIONS.—Not later than 90 days after the date of enactment of this subtitle, and annually thereafter, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

“(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration;

“(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

“(3) as isolated areas of distress, areas located in nondistressed counties (as designated under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

“(b) DISTRESSED COUNTIES.—

“(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations made available under section 383M for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

“(2) FUNDING LIMITATIONS.—The funding limitations under section 383D(b) shall not apply to a project to provide transportation or telecommunication or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

“(c) NONDISTRESSED COUNTIES.—

“(1) IN GENERAL.—Except as provided in paragraph (2), no funds shall be provided under this subtitle for a project located in a county designated as a nondistressed county under subsection (a)(2).

“(2) EXCEPTIONS.—

“(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 383E(b).

“(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the funding prohibition under paragraph (1) to—

“(i) a multicounty project that includes participation by a nondistressed county; or

“(ii) any other type of project; if the Authority determines that the project could bring significant benefits to areas of the region outside a nondistressed county.

“(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress for assistance to be effective, the designation shall be supported—

“(i) by the most recent Federal data available;

or

“(ii) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

“(d) TRANSPORTATION, TELECOMMUNICATION, AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 383M for transportation, telecommunication, and basic public infrastructure projects authorized under paragraphs (1) and (3) of section 383C(a).

“SEC. 383G. DEVELOPMENT PLANNING PROCESS.

7 USC 2009bb-6.

“(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

“(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, objectives, and priorities identified in the regional development plan developed under section 383B(d)(2).

“(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State may—

“(1) consult with—

“(A) local development districts; and

“(B) local units of government; and

“(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

“(d) PUBLIC PARTICIPATION.—

“(1) IN GENERAL.—The Authority and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this subtitle.

“(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

“SEC. 383H. PROGRAM DEVELOPMENT CRITERIA.

7 USC 2009bb-7.

“(a) IN GENERAL.—In considering programs and projects to be provided assistance under this subtitle, and in establishing a priority ranking of the requests for assistance provided to the Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable, consideration of—

“(1) the relationship of the project or class of projects to overall regional development;

“(2) the per capita income and poverty and unemployment and outmigration rates in an area;

“(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

“(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

“(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area to be served by the project; and

“(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

“(b) NO RELOCATION ASSISTANCE.—No financial assistance authorized by this subtitle shall be used to assist a person or entity in relocating from one area to another, except that financial assistance may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

“(c) MAINTENANCE OF EFFORT.—Funds may be provided for a program or project in a State under this subtitle only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this subtitle, for the same type of program or project in the same area of the State within the region, will not be reduced as a result of funds made available by this subtitle.

7 USC 2009bb-8. **“SEC. 383I. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.**

“(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this subtitle shall be reviewed by the Authority.

“(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this subtitle shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

“(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

“(1) describes ways in which the project complies with any applicable State development plan;

“(2) meets applicable criteria under section 383H;

“(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

“(4) otherwise meets the requirements of this subtitle.

“(d) VOTES FOR DECISIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 383B(c) shall be required for approval of the application.

7 USC 2009bb-9. **“SEC. 383J. CONSENT OF STATES.**

“Nothing in this subtitle requires any State to engage in or accept any program under this subtitle without the consent of the State.

7 USC
2009bb-10. **“SEC. 383K. RECORDS.**

“(a) RECORDS OF THE AUTHORITY.—

“(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

“(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the Comptroller General and the Inspector General of the Department of Agriculture).

“(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

“(1) IN GENERAL.—A recipient of Federal funds under this subtitle shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report to the Authority on the transactions and activities to the Authority.

“(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector General of the Department of Agriculture, and the Authority).

“(c) ANNUAL AUDIT.—The Inspector General of the Department of Agriculture shall audit the activities, transactions, and records of the Authority on an annual basis.

“SEC. 383L. ANNUAL REPORT.

“Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to Congress a report describing the activities carried out under this subtitle.

Deadline.
7 USC
2009bb-11.

“SEC. 383M. AUTHORIZATION OF APPROPRIATIONS.

“(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this subtitle \$30,000,000 for each of fiscal years 2002 through 2007, to remain available until expended.

“(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

“(c) MINIMUM STATE SHARE OF GRANTS.—Notwithstanding any other provision of this subtitle, for any fiscal year, the aggregate amount of grants received by a State and all persons or entities in the State under this subtitle shall be not less than $\frac{1}{3}$ of the product obtained by multiplying—

“(1) the aggregate amount of grants under this subtitle for the fiscal year; and

“(2) the ratio that—

“(A) the population of the State (as determined by the Secretary of Commerce based on the most recent decennial census for which data are available); bears to

“(B) the population of the region (as so determined).

7 USC
2009bb-12.

“SEC. 383N. TERMINATION OF AUTHORITY.

“The authority provided by this subtitle terminates effective October 1, 2007.”.

7 USC
2009bb-13.

SEC. 6029. RURAL BUSINESS INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 6028) is amended by adding at the end the following:

“Subtitle H—Rural Business Investment Program

7 USC 2009cc.

“SEC. 384A. DEFINITIONS.

“In this subtitle:

“(1) ARTICLES.—The term ‘articles’ means articles of incorporation for an incorporated body or the functional equivalent or other similar documents specified by the Secretary for other business entities.

“(2) DEVELOPMENTAL VENTURE CAPITAL.—The term ‘developmental venture capital’ means capital in the form of equity capital investments in rural business investment companies with an objective of fostering economic development in rural areas.

“(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

“(A) IN GENERAL.—The terms ‘employee welfare benefit plan’ and ‘pension plan’ have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

“(B) INCLUSIONS.—The terms ‘employee welfare benefit plan’ and ‘pension plan’ include—

“(i) public and private pension or retirement plans subject to this subtitle; and

“(ii) similar plans not covered by this subtitle that have been established, and that are maintained, by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

“(4) EQUITY CAPITAL.—The term ‘equity capital’ means common or preferred stock or a similar instrument, including subordinated debt with equity features.

“(5) LEVERAGE.—The term ‘leverage’ includes—

“(A) debentures purchased or guaranteed by the Secretary;

“(B) participating securities purchased or guaranteed by the Secretary; and

“(C) preferred securities outstanding as of the date of enactment of this subtitle.

“(6) LICENSE.—The term ‘license’ means a license issued by the Secretary as provided in section 384D(e).

“(7) LIMITED LIABILITY COMPANY.—The term ‘limited liability company’ means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

“(8) MEMBER.—The term ‘member’ means, with respect to a rural business investment company that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company.

“(9) OPERATIONAL ASSISTANCE.—The term ‘operational assistance’ means management, marketing, and other technical assistance that assists a rural business concern with business development.

“(10) PARTICIPATION AGREEMENT.—The term ‘participation agreement’ means an agreement, between the Secretary and a rural business investment company granted final approval

under section 384D(e), that requires the rural business investment company to make investments in smaller enterprises in rural areas.

“(11) PRIVATE CAPITAL.—

“(A) IN GENERAL.—The term ‘private capital’ means the total of—

“(i)(I) the paid-in capital and paid-in surplus of a corporate rural business investment company;

“(II) the contributed capital of the partners of a partnership rural business investment company; or

“(III) the equity investment of the members of a limited liability company rural business investment company; and

“(ii) unfunded binding commitments from investors that meet criteria established by the Secretary to contribute capital to the rural business investment company, except that—

“(I) unfunded commitments may be counted as private capital for purposes of approval by the Secretary of any request for leverage; but

“(II) leverage shall not be funded based on the commitments.

“(B) EXCLUSIONS.—The term ‘private capital’ does not include—

“(i) any funds borrowed by a rural business investment company from any source;

“(ii) any funds obtained through the issuance of leverage; or

“(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

“(I) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored enterprise established prior to the date of enactment of this subtitle;

“(II) funds invested by an employee welfare benefit plan or pension plan; and

“(III) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners, or members of the rural business investment company).

“(12) QUALIFIED NONPRIVATE FUNDS.—The term ‘qualified nonprivate funds’ means any—

“(A) funds directly or indirectly invested in any applicant or rural business investment company on or before the date of enactment of this subtitle, by any Federal agency, other than the Department of Agriculture, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term ‘private capital’; and

“(B) funds invested in any applicant or rural business investment company by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended

by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or rural business investment company.

“(13) RURAL BUSINESS CONCERN.—The term ‘rural business concern’ means—

“(A) a public, private, or cooperative for-profit or non-profit organization;

“(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group; or

“(C) any other person or entity;

that primarily operates in a rural area, as determined by the Secretary.

“(14) RURAL BUSINESS INVESTMENT COMPANY.—The term ‘rural business investment company’ means a company that—

“(A) has been granted final approval by the Secretary under section 384D(e); and

“(B) has entered into a participation agreement with the Secretary.

“(15) SMALLER ENTERPRISE.—The term ‘smaller enterprise’ means any rural business concern that, together with its affiliates—

“(A) has—

“(i) a net financial worth of not more than \$6,000,000, as of the date on which assistance is provided under this subtitle to the rural business concern; and

“(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this subtitle to the rural business concern, of not more than \$2,000,000, after Federal income taxes (excluding any carryover losses), except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

“(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

“(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

“(B) satisfies the standard industrial classification size standards established by the Administrator of the Small

Business Administration for the industry in which the rural business concern is primarily engaged.

“SEC. 384B. PURPOSES.

7 USC 2009cc-1.

“The purposes of the Rural Business Investment Program established under this subtitle are—

“(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

“(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

“(A) to enter into participation agreements with rural business investment companies;

“(B) to guarantee debentures of rural business investment companies to enable each rural business investment company to make developmental venture capital investments in smaller enterprises in rural areas; and

“(C) to make grants to rural business investment companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by rural business investment companies.

“SEC. 384C. ESTABLISHMENT.

7 USC 2009cc-2.

“In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

“(1) enter into participation agreements with companies granted final approval under section 384D(e) for the purposes set forth in section 384B;

“(2) guarantee the debentures issued by rural business investment companies as provided in section 384E; and

“(3) make grants to rural business investment companies, and to other entities, under section 384H.

“SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.

7 USC 2009cc-3.

“(a) **ELIGIBILITY.**—A company shall be eligible to apply to participate, as a rural business investment company, in the program established under this subtitle if—

“(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

“(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

“(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

“(b) **APPLICATION.**—To participate, as a rural business investment company, in the program established under this subtitle, a company meeting the eligibility requirements of subsection (a) shall submit an application to the Secretary that includes—

“(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

“(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

“(3) a description of how the company intends to work with community-based organizations and local entities (including local economic development companies, local lenders, and local investors) and to seek to address the unmet equity capital needs of the communities served;

“(4) a proposal describing how the company intends to use the grant funds provided under this subtitle to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, as necessary, on the staff of the company or from an outside entity;

“(5) with respect to binding commitments to be made to the company under this subtitle, an estimate of the ratio of cash to in-kind contributions;

“(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this subtitle;

“(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

“(8) such other information as the Secretary may require.

Deadline.
Reports.

“(c) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this section, the Secretary shall provide to the applicant a written report describing the status of the application and any requirements remaining for completion of the application.

“(d) MATTERS CONSIDERED.—In reviewing and processing any application under this section, the Secretary—

“(1) shall determine whether—

“(A) the applicant meets the requirements of subsection (e); and

“(B) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subtitle;

“(2) shall take into consideration—

“(A) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

“(B) the general business reputation of the owners and management of the applicant; and

“(C) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

“(3) shall not take into consideration any projected shortage or unavailability of grant funds or leverage.

“(e) APPROVAL; LICENSE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may approve an applicant to operate as a rural business investment company under this subtitle and license the applicant as a rural business investment company, if—

“(A) the Secretary determines that the application satisfies the requirements of subsection (b);

“(B) the area in which the rural business investment company is to conduct its operations, and establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

“(C) the applicant enters into a participation agreement with the Secretary.

“(2) CAPITAL REQUIREMENTS.—

“(A) IN GENERAL.—Notwithstanding any other provision of this subtitle, the Secretary may approve an applicant to operate as a rural business investment company under this subtitle and designate the applicant as a rural business investment company, if the Secretary determines that the applicant—

“(i) has private capital of more than \$2,500,000;

“(ii) would otherwise be approved under this subtitle, except that the applicant does not satisfy the requirements of section 384I(c); and

“(iii) has a viable business plan that—

“(I) reasonably projects profitable operations; and

“(II) has a reasonable timetable for achieving a level of private capital that satisfies the requirements of section 384I(c).

“(B) LEVERAGE.—An applicant approved under subparagraph (A) shall not be eligible to receive leverage under this subtitle until the applicant satisfies the requirements of section 384I(c).

“(C) GRANTS.—An applicant approved under subparagraph (A) shall be eligible for grants under section 384H in proportion to the private capital of the applicant, as determined by the Secretary.

“SEC. 384E. DEBENTURES.

7 USC 2009cc-4.

“(a) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any rural business investment company.

“(b) TERMS AND CONDITIONS.—The Secretary may make guarantees under this section on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

“(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee under this section.

Applicability.

“(d) MAXIMUM GUARANTEE.—Under this section, the Secretary may—

“(1) guarantee the debentures issued by a rural business investment company only to the extent that the total face amount of outstanding guaranteed debentures of the rural business investment company does not exceed the lesser of—

“(A) 300 percent of the private capital of the rural business investment company; or

“(B) \$105,000,000; and

“(2) provide for the use of discounted debentures.

“SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

7 USC 2009cc-5.

“(a) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued

by a rural business investment company and guaranteed by the Secretary under this subtitle, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

“(b) GUARANTEE.—

“(1) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this section.

“(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

“(3) PREPAYMENT OR DEFAULT.—

“(A) IN GENERAL.—In the event a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

“(B) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Secretary only through the date of payment of the guarantee.

“(C) REDEMPTION.—At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

Applicability.

“(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee of a trust certificate issued by the Secretary under this section.

“(d) SUBROGATION AND OWNERSHIP RIGHTS.—

“(1) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

“(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this section.

“(e) MANAGEMENT AND ADMINISTRATION.—

“(1) REGISTRATION.—The Secretary shall provide for a central registration of all trust certificates issued under this section.

“(2) CREATION OF POOLS.—The Secretary may—

“(A) maintain such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle; and

“(B) issue trust certificates to facilitate the creation of those trusts or pools.

“(3) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

“(4) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this section.

“(5) ELECTRONIC REGISTRATION.—Nothing in this subsection prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

“SEC. 384G. FEES.

7 USC 2009cc-6.

“(a) IN GENERAL.—The Secretary may charge such fees as the Secretary considers appropriate with respect to any guarantee or grant issued under this subtitle.

“(b) TRUST CERTIFICATE.—Notwithstanding subsection (a), the Secretary shall not collect a fee for any guarantee of a trust certificate under section 384F, except that any agent of the Secretary may collect a fee approved by the Secretary for the functions described in section 384F(e)(2).

“(c) LICENSE.—

“(1) IN GENERAL.—The Secretary may prescribe fees to be paid by each applicant for a license to operate as a rural business investment company under this subtitle.

“(2) USE OF AMOUNTS.—Fees collected under this subsection—

“(A) shall be deposited in the account for salaries and expenses of the Secretary; and

“(B) are authorized to be appropriated solely to cover the costs of licensing examinations.

“SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.

7 USC 2009cc-7.

“(a) IN GENERAL.—In accordance with this section, the Secretary may make grants to rural business investment companies and to other entities, as authorized by this subtitle, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

“(b) TERMS.—Grants made under this section shall be made over a multiyear period (not to exceed 10 years) under such terms as the Secretary may require.

“(c) USE OF FUNDS.—The proceeds of a grant made under this section may be used by the rural business investment company receiving the grant only to provide operational assistance in connection with an equity or prospective equity investment in a business located in a rural area.

“(d) SUBMISSION OF PLANS.—A rural business investment company shall be eligible for a grant under this section only if the rural business investment company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

“(e) GRANT AMOUNT.—

“(1) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this section to a rural business investment company shall be equal to the lesser of—

“(A) 10 percent of the private capital raised by the rural business investment company; or

“(B) \$1,000,000.

“(2) OTHER ENTITIES.—The amount of a grant made under this section to any entity other than a rural business investment company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to rural business investment companies under this subtitle.

7 USC 2009cc-8. **“SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.**

“(a) ORGANIZATION.—For the purpose of this subtitle, a rural business investment company shall—

“(1) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this subtitle;

“(2)(A) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the rural business investment company; and

“(B) if a limited partnership or a limited liability company, have succession for a period of not less than 10 years; and

“(3) possess the powers reasonably necessary to perform the functions and conduct the activities.

“(b) ARTICLES.—The articles of any rural business investment company—

“(1) shall specify in general terms—

“(A) the purposes for which the rural business investment company is formed;

“(B) the name of the rural business investment company;

“(C) the area or areas in which the operations of the rural business investment company are to be carried out;

“(D) the place where the principal office of the rural business investment company is to be located; and

“(E) the amount and classes of the shares of capital stock of the rural business investment company;

“(2) may contain any other provisions consistent with this subtitle that the rural business investment company may determine appropriate to adopt for the regulation of the business of the rural business investment company and the conduct of the affairs of the rural business investment company; and

“(3) shall be subject to the approval of the Secretary.

“(c) CAPITAL REQUIREMENTS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each rural business investment company shall be not less than—

“(A) \$5,000,000; or

“(B) \$10,000,000, with respect to each rural business investment company authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Secretary under this subtitle.

“(2) EXCEPTION.—The Secretary may, in the discretion of the Secretary and based on a showing of special circumstances and good cause, permit the private capital of a rural business investment company described in paragraph (1)(B) to be less than \$10,000,000, but not less than \$5,000,000, if the Secretary determines that the action would not create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

“(3) ADEQUACY.—In addition to the requirements of paragraph (1), the Secretary shall—

“(A) determine whether the private capital of each rural business investment company is adequate to ensure a reasonable prospect that the rural business investment

company will be operated soundly and profitably, and managed actively and prudently in accordance with the articles of the rural business investment company;

“(B) determine that the rural business investment company will be able to comply with the requirements of this subtitle;

“(C) require that at least 75 percent of the capital of each rural business investment company is invested in rural business concerns and not more than 10 percent of the investments shall be made in an area containing a city of over 150,000 in the last decennial census and the Census Bureau defined urbanized area containing or adjacent to that city;

“(D) ensure that the rural business investment company is designed primarily to meet equity capital needs of the businesses in which the rural business investment company invests and not to compete with traditional small business financing by commercial lenders; and

“(E) require that the rural business investment company makes short-term non-equity investments of less than 5 years only to the extent necessary to preserve an existing investment.

“(d) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each rural business investment company licensed after the date of enactment of this subtitle is sufficiently diversified from and unaffiliated with the ownership of the rural business investment company so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the rural business investment company.

“SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.

7 USC 2009cc-9.

“(a) IN GENERAL.—Except as otherwise provided in this section and notwithstanding any other provision of law, the following banks, associations, and institutions are eligible both to establish and invest in any rural business investment company or in any entity established to invest solely in rural business investment companies:

“(1) Any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

“(2) Any Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

“(b) LIMITATION.—No bank, association, or institution described in subsection (a) may make investments described in subsection (a) that are greater than 5 percent of the capital and surplus of the bank, association, or institution.

“(c) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more than 15 percent of the shares of a rural business investment company, either alone or in conjunction with other System institutions (or affiliates), the rural business investment company shall not provide equity investments in, or provide other financial assistance to, entities that are not otherwise eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et seq.).

7 USC
2009cc-10.

“SEC. 384K. REPORTING REQUIREMENTS.

“(a) **RURAL BUSINESS INVESTMENT COMPANIES.**—Each rural business investment company that participates in the program established under this subtitle shall provide to the Secretary such information as the Secretary may require, including—

“(1) information relating to the measurement criteria that the rural business investment company proposed in the program application of the rural business investment company; and

“(2) in each case in which the rural business investment company under this subtitle makes an investment in, or a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

“(b) **PUBLIC REPORTS.**—

“(1) **IN GENERAL.**—The Secretary shall prepare and make available to the public an annual report on the program established under this subtitle, including detailed information on—

“(A) the number of rural business investment companies licensed by the Secretary during the previous fiscal year;

“(B) the aggregate amount of leverage that rural business investment companies have received from the Federal Government during the previous fiscal year;

“(C) the aggregate number of each type of leveraged instruments used by rural business investment companies during the previous fiscal year and how each number compares to previous fiscal years;

“(D) the number of rural business investment company licenses surrendered and the number of rural business investment companies placed in liquidation during the previous fiscal year, identifying the amount of leverage each rural business investment company has received from the Federal Government and the type of leverage instruments each rural business investment company has used;

“(E) the amount of losses sustained by the Federal Government as a result of operations under this subtitle during the previous fiscal year and an estimate of the total losses that the Federal Government can reasonably expect to incur as a result of the operations during the current fiscal year;

“(F) actions taken by the Secretary to maximize recoupment of funds of the Federal Government expended to implement and administer the Rural Business Investment Program under this subtitle during the previous fiscal year and to ensure compliance with the requirements of this subtitle (including regulations);

“(G) the amount of Federal Government leverage that each licensee received in the previous fiscal year and the types of leverage instruments each licensee used;

“(H) for each type of financing instrument, the sizes, types of geographic locations, and other characteristics of the small business investment companies using the instrument during the previous fiscal year, including the extent to which the investment companies have used the leverage from each instrument to make loans or equity investments in rural areas; and

“(I) the actions of the Secretary to carry out this subtitle.

“(2) PROHIBITION.—In compiling the report required under paragraph (1), the Secretary may not—

“(A) compile the report in a manner that permits identification of any particular type of investment by an individual rural business investment company or small business concern in which a rural business investment company invests; and

“(B) may not release any information that is prohibited under section 1905 of title 18, United States Code.

“SEC. 384L. EXAMINATIONS.

7 USC
2009cc-11.

“(a) IN GENERAL.—Each rural business investment company that participates in the program established under this subtitle shall be subject to examinations made at the direction of the Secretary in accordance with this section.

“(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this section may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

“(c) COSTS.—

“(1) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the rural business investment company examined.

“(2) PAYMENT.—Any rural business investment company against which the Secretary assesses costs under this paragraph shall pay the costs.

“(d) DEPOSIT OF FUNDS.—Funds collected under this section shall—

“(1) be deposited in the account that incurred the costs for carrying out this section;

“(2) be made available to the Secretary to carry out this section, without further appropriation; and

“(3) remain available until expended.

“SEC. 384M. INJUNCTIONS AND OTHER ORDERS.

7 USC
2009cc-12.

“(a) IN GENERAL.—

“(1) APPLICATION BY SECRETARY.—Whenever, in the judgment of the Secretary, a rural business investment company or any other person has engaged or is about to engage in any act or practice that constitutes or will constitute a violation of a provision of this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may apply to the appropriate district court of the United States for an order enjoining the act or practice, or for an order enforcing compliance with the provision, rule, regulation, order, or participation agreement.

“(2) JURISDICTION; RELIEF.—The court shall have jurisdiction over the action and, on a showing by the Secretary that the rural business investment company or other person has engaged or is about to engage in an act or practice described in paragraph (1), a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

“(b) JURISDICTION.—

“(1) IN GENERAL.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as the court considers necessary, take exclusive jurisdiction over the rural business investment company and the assets of the rural business investment company, wherever located.

“(2) TRUSTEE OR RECEIVER.—The court shall have jurisdiction in any proceeding described in paragraph (1) to appoint a trustee or receiver to hold or administer the assets.

“(c) SECRETARY AS TRUSTEE OR RECEIVER.—

“(1) AUTHORITY.—The Secretary may act as trustee or receiver of a rural business investment company.

“(2) APPOINTMENT.—On the request of the Secretary, the court shall appoint the Secretary to act as a trustee or receiver of a rural business investment company unless the court considers the appointment inequitable or otherwise inappropriate by reason of any special circumstances involved.

7 USC
2009cc-13.

“SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

“(a) IN GENERAL.—With respect to any rural business investment company that violates or fails to comply with this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may, in accordance with this section—

“(1) void the participation agreement between the Secretary and the rural business investment company; and

“(2) cause the rural business investment company to forfeit all of the rights and privileges derived by the rural business investment company under this subtitle.

“(b) ADJUDICATION OF NONCOMPLIANCE.—

“(1) IN GENERAL.—Before the Secretary may cause a rural business investment company to forfeit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the rural business investment company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the rural business investment company is located.

“(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Secretary or by the Attorney General.

7 USC
2009cc-14.

“SEC. 384O. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

“(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any rural business investment company violates this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), by reason of the failure of the rural business investment company to comply with this subtitle or by reason of its engaging in any act or practice that constitutes or will constitute a violation of this subtitle, the violation shall also be deemed to be a violation and an unlawful act committed by any person that, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, the violation.

“(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a rural business investment company to engage in any act or practice, or to omit any act or practice, in breach of the fiduciary duty of the officer, director, employee, agent, or participant if, as a result of the act or practice, the rural business investment company suffers or is in imminent danger of suffering financial loss or other damage.

“(c) UNLAWFUL ACTS.—Except with the written consent of the Secretary, it shall be unlawful—

“(1) for any person to take office as an officer, director, or employee of any rural business investment company, or to become an agent or participant in the conduct of the affairs or management of a rural business investment company, if the person—

“(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

“(B) has been found liable in a civil action for damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust; and

“(2) for any person to continue to serve in any of the capacities described in paragraph (1), if—

“(A) the person is convicted of a felony or any other criminal offense involving dishonesty or breach of trust; or

“(B) the person is found liable in a civil action for damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

“SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

7 USC
2009cc-15.

“Using the procedures established by the Secretary for removing or suspending a director or an officer of a rural business investment company, the Secretary may remove or suspend any director or officer of any rural business investment company.

“SEC. 384Q. CONTRACTING OF FUNCTIONS.

7 USC
2009cc-16.

“(a) IN GENERAL.—Notwithstanding any other provision of law, to carry out the day-to-day management and operation of the program authorized by this subtitle on behalf of the Secretary, the Secretary shall enter into an interagency agreement under section 1535 of title 31, United States Code, with another Federal agency that has considerable expertise in operating a program under which capital is provided for equity investments in private sector companies.

“(b) FUNDING.—The costs incurred by a Federal agency entering into an agreement under subsection (a) shall be reimbursed in accordance with section 1535 of title 31, United States Code, from amounts made available under section 384S(a)(2).

“SEC. 384R. REGULATIONS.

7 USC
2009cc-17.

“The Secretary may promulgate such regulations as the Secretary considers necessary to carry out this subtitle.

7 USC
2009cc-18.

“SEC. 384S. FUNDING.

“(a) IN GENERAL.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall make available—

“(1) such sums as may be necessary for the cost of guaranteeing \$280,000,000 of debentures under this subtitle; and

“(2) \$44,000,000 to make grants under this subtitle.

“(b) AVAILABILITY OF FUNDS.—Funds transferred under subsection (a) shall remain available until expended.”.

SEC. 6030. RURAL STRATEGIC INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 6029) is amended by adding at the end the following:

**“Subtitle I—Rural Strategic Investment
Program**

7 USC 2009dd.

“SEC. 385A. PURPOSE.

“The purpose of this subtitle is to establish a rural strategic investment program—

“(1) to provide rural communities with flexible resources to develop comprehensive, collaborative, and locally-based strategic planning processes; and

“(2) to implement innovative community and economic development strategies that optimize regional competitive advantages.

7 USC 2009dd-1.

“SEC. 385B. DEFINITIONS.

“In this subtitle:

“(1) BENCHMARK.—The term ‘benchmark’ means an annual set of strategies and goals of a Regional Board established for the purpose of measuring performance in meeting the regional plan of the Regional Board.

“(2) CONFERENCE.—The term ‘Conference’ means the National Conference on Rural America conducted under section 385H.

“(3) ELIGIBLE AREA.—

“(A) IN GENERAL.—The term ‘eligible area’ means a nonmetropolitan county (as defined by the Secretary) that has a population of 50,000 inhabitants or less.

“(B) INCLUSION.—

“(i) IN GENERAL.—Subject to clause (ii), the term ‘eligible area’ includes an unincorporated or other area of a county that has a population of more than 50,000 inhabitants if the unincorporated area or other area is adjacent to an eligible rural area described in subparagraph (A).

“(ii) PARTICIPATION.—An area described in clause (i) may be represented on a Regional Board.

“(C) EXCLUSION.—The term ‘eligible area’ does not include any area designated by the Secretary as a rural empowerment zone or rural enterprise community.

“(4) INNOVATION GRANT.—The term ‘innovation grant’ means an innovation grant made by the National Board to a Regional Board under section 385G.

“(5) NATIONAL BOARD.—The term ‘National Board’ means the National Board on Rural America established under section 385D(a).

“(6) NATIONAL PLAN.—The term ‘national plan’ means a national strategic investment plan of the National Board developed under section 385D(d)(3).

“(7) PLANNING GRANT.—The term ‘planning grant’ means a regional strategic investment planning grant made by the National Board to a Regional Board under section 385F.

“(8) PROGRAM.—The term ‘program’ means the rural strategic investment program established under this subtitle.

“(9) REGION.—The term ‘region’ means the eligible areas that—

“(A) are under the jurisdiction of a Regional Board; and

“(B) meet criteria established by the National Board not later than 1 year after the date of enactment of this subtitle.

“(10) REGIONAL BOARD.—The term ‘Regional Board’ means a Regional Investment Board certified under section 385C(a).

“(11) REGIONAL PLAN.—The term ‘regional plan’ means a regional strategic investment plan of a Regional Board developed under section 385C(b)(3)(B).

“SEC. 385C. REGIONAL INVESTMENT BOARDS.

7 USC 2009dd-2.

“(a) IN GENERAL.—The National Board may certify a group representing the interests described in subsection (b)(2)(A) as a Regional Investment Board created to develop and implement a regional strategic investment plan for grants made under this subtitle to promote investment in eligible areas.

“(b) REQUIREMENTS FOR CERTIFICATION.—

“(1) IN GENERAL.—A Regional Board shall meet the requirements of this subsection for certification.

“(2) COMPOSITION.—

“(A) IN GENERAL.—A Regional Board shall be composed of residents of the region that broadly represent diverse public, nonprofit, and private sector interests in investment in the region, including (to the maximum extent practicable) representatives of—

“(i) units of local government (including multijurisdictional units of local government);

“(ii) in the case of regions with Indian populations, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

“(iii) private nonprofit community-based development organizations;

“(iv) regional development organizations;

“(v) private business organizations;

“(vi) other entities and organizations, as determined by the Regional Board; and

“(vii) consortia of entities and organizations described in clauses (i) through (vii).

“(B) LOCAL PUBLIC-PRIVATE REPRESENTATION.—Of the members of a Regional Board, to the maximum extent practicable—

“(i) ½ of the members shall be representatives of units of local government and Indian tribes described in subparagraph (A); and

“(ii) ½ of the members shall be representatives of nonprofit, regional, private, and other entities and organizations described in subparagraph (A).

“(C) EX-OFFICIO MEMBERS.—

“(i) IN GENERAL.—An officer or employee of a Federal or State agency may serve as an ex-officio, non-voting member of a Regional Board representing the agency.

“(ii) CONFLICTS.—Participation by a Federal officer or employee in activities of the Regional Board shall not constitute a violation of section 205 or 208 of title 18, United States Code.

“(D) CERTIFICATION.—To be certified by the National Board, a Regional Board shall demonstrate to the National Board that the Regional Board is broadly representative of the interests described in subparagraph (A).

“(E) APPEALS.—

“(i) IN GENERAL.—Prior to certification of the Regional Board by the National Board, representatives of interests described in subparagraph (A) that participated in the development of a Regional Board may appeal the composition of the Regional Board to the National Board on the ground that—

“(I) the composition of the Regional Board does not adequately reflect the purposes of the program; or

“(II) the selection process for the Regional Board unfairly disadvantaged those interests.

“(ii) ACTION BY NATIONAL BOARD.—The National Board shall act on any appeal of the composition of a Regional Board before taking action on the certification of the Regional Board.

“(3) DUTIES AND PURPOSE.—The organizational documents of the proposed Regional Board shall demonstrate that, on certification, the Regional Board shall—

“(A) create a collaborative, inclusive public-private planning process;

“(B) develop, and submit to the National Board for approval, a regional strategic investment plan that meets the requirements of section 385F, with benchmarks, to promote investment in eligible areas through the use of grants made available under this subtitle;

“(C) implement the approved regional plan;

“(D) provide annual reports to the Secretary and the National Board on progress made in achieving the benchmarks of the regional plan, including an annual financial statement; and

“(E) select a non-Federal organization (such as a regional development organization) in the local area served by the Regional Board that has previous experience in the management of Federal funds to serve as fiscal manager of any funds of the Regional Board.

“SEC. 385D. NATIONAL BOARD ON RURAL AMERICA.

7 USC 2009dd-3.

“(a) ESTABLISHMENT.—**“(1) IN GENERAL.—**The Secretary shall establish a National Board on Rural America to carry out the rural strategic investment program established under this subtitle.**“(2) SUPERVISION AND DIRECTION.—**Except as otherwise provided in this subtitle, the National Board shall be subject to the general supervision and direction of the Secretary.**“(b) COMPOSITION.—****“(1) IN GENERAL.—****“(A) APPOINTMENT.—**In addition to the Secretary or the designee of the Secretary, the National Board shall consist of 14 members appointed by the Secretary from among—**“(i)** representatives of nationally recognized entrepreneurship organizations;**“(ii)** representatives of regional planning and development organizations;**“(iii)** representatives of community-based organizations;**“(iv)** elected members of county governments;**“(v)** elected members of State legislatures;**“(vi)** representatives of the rural philanthropic community; and**“(vii)** representatives of Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)).**“(B) RECOMMENDATIONS.—**In appointing the members of the National Board under subparagraph (A), the Secretary shall consider recommendations made by—**“(i)** the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate;**“(ii)** the Majority Leader of the Senate; and**“(iii)** the Speaker of the House of Representatives.**“(3) TERM OF OFFICE.—****“(A) IN GENERAL.—**Subject to subparagraph (B), the term of office of a member of the National Board appointed under paragraph (1)(A) shall be 4 years.**“(B) STAGGERED INITIAL TERMS.—**Of the initial members of the National Board appointed under paragraph (1)(A), the term of office of—**“(i)** 5 members shall be 4 years;**“(ii)** 5 members shall be 3 years; and**“(iii)** 4 members shall be 2 years.**“(4) INITIAL APPOINTMENTS.—**Not later than 90 days after the date of enactment of this subtitle, the Secretary shall appoint the initial members of the National Board under paragraph (1)(A).**“(5) EX-OFFICIO MEMBERS.—****“(A) SPECIAL ASSISTANT TO THE PRESIDENT FOR RURAL POLICY.—**If appointed by the President under section 6406(1) of the Farm Security and Rural Investment Act of 2002, the Special Assistant to the President for Rural Policy shall serve as an ex-officio, non-voting member of the National Board.

“(B) OTHER MEMBERS.—In consultation with the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Secretary may appoint not more than 3 other officers or employees of the Executive Branch to serve as ex-officio, non-voting members of the National Board.

“(6) VACANCIES.—A vacancy on the National Board shall be filled in the same manner as the original appointment.

“(7) COMPENSATION.—A member of the National Board shall receive no compensation for service on the National Board, but shall be reimbursed for travel and other expenses incurred in carrying out the duties of the member of the National Board in accordance with section 5702 and 5703 of title 5, United States Code.

“(8) CHAIRPERSON.—The National Board shall select a chairperson from among the members of the National Board.

“(9) MEETINGS.—

“(A) TIME AND PLACE.—The National Board shall meet at the call of the chairperson.

“(B) QUORUM.—A quorum of the National Board shall consist of a majority of the members.

“(C) MAJORITY VOTE.—A decision of the National Board shall be made by majority vote.

“(10) FEDERAL STATUS.—For purposes of Federal law, a member of the National Board shall be considered a special Government employee (as defined in section 202(a) of title 18, United States Code).

“(11) CONFLICT OF INTEREST.—

“(A) IN GENERAL.—Except as provided in subparagraph (C), no member of the National Board shall vote on any matter respecting any application for a grant or other particular matter pending before the National Board in which, to the knowledge of the member, the member, spouse, or child of the member, partner, or organization in which the member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

“(B) VIOLATIONS.—A violation of subparagraph (A) by a member of the National Board shall be cause for removal of the member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the National Board in which the member participated.

“(C) EXCEPTION.—Subparagraph (A) shall not apply to the extent a member of the National Board advises the National Board of the nature of the particular matter in which the member proposes to participate, if—

“(i) the member makes a full disclosure of the financial interest; and

“(ii) prior to any participation by the member, the National Board determines, by majority vote of the other members of the National Board, that the financial interest is too remote or too inconsequential to affect the integrity of the services of the member to the National Board in that matter.

“(c) ADMINISTRATIVE SUPPORT.—The Secretary, on a reimbursable basis, may provide such administrative support to the National Board as the Secretary determines is necessary to carry out the duties of the National Board.

“(d) DUTIES.—The National Board shall—

“(1) certify Regional Boards in accordance with section 385C, with the initial certification of Regional Boards occurring not later than 540 days after the date of enactment of this subtitle;

“(2) approve, negotiate, or disapprove each regional plan that is submitted by a Regional Board to the National Board under section 385C;

“(3) develop, and submit to the Secretary for approval, a national strategic investment plan;

“(4) use the amount received from the Secretary under section 385E to make planning grants and innovation grants to Regional Boards and to otherwise carry out the program;

“(5) provide leadership and advice to Regional Boards on issues, best practices, and emerging trends relating to rural development;

“(6) evaluate the progress of each Regional Board in achieving the benchmarks of the regional plan using annual reports submitted under section 385C(b)(3)(D) and any other information that is available to the Regional Board; and

“(7) submit an annual report on the performance of Regional Boards and the program to—

“(A) the Committee on Agriculture of the House of Representatives;

“(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

“(C) the Secretary.

“SEC. 385E. RURAL STRATEGIC INVESTMENT PROGRAM.

7 USC 2009dd-4.

“(a) IN GENERAL.—If the Secretary approves a national strategic investment plan submitted by the National Board, of the funds of the Commodity Credit Corporation, the Secretary shall transfer to the National Board \$100,000,000, to remain available until expended, for the Board to use to make planning grants and innovation grants to Regional Boards and to otherwise carry out this subtitle.

“(b) USE BY NATIONAL BOARD.—Of the amount transferred by the Secretary to the National Board under subsection (a), the National Board shall use—

“(1) not less than \$8,000,000 to make planning grants to Regional Boards under section 385F;

“(2) not less than \$87,000,000 to make innovation grants to Regional Boards under section 385G; and

“(3) the remainder of the funds to carry out section 385H and administer this subtitle (other than section 385H).

“SEC. 385F. REGIONAL STRATEGIC INVESTMENT PLANNING GRANTS.

7 USC 2009dd-5.

“(a) IN GENERAL.—The National Board shall use amounts made available under section 385E(b)(1) to make not fewer than 80 planning grants, on a competitive basis, to applicant Regional Boards to develop, maintain, evaluate, and report progress on regional strategic investment plans in accordance with section 385C and this section.

“(b) REGIONAL PLANS.—A regional plan for a region covered by a Regional Board shall, to the maximum extent practicable, cover—

“(1) basic infrastructure needs of the region;

“(2) basic services within the region;

“(3) opportunities for economic diversification and innovation within the region, with particular attention to entrepreneurial support and innovation;

“(4) the current and future human resource capacity of the region;

“(5) access to market-based financing and venture and equity capital in the region;

“(6) the development of innovative public and private collaborations for investments in the region; and

“(7) other appropriate matters, as determined by the National Board and the Secretary.

“(c) PREFERENCES.—In awarding planning grants, the National Board shall give a preference to planning grants that will be used to address community capacity building and community sustainability.

“(d) AMOUNT.—The total amount of a planning grant made to a Regional Board shall not exceed \$100,000.

“(e) COST SHARING.—

“(1) IN GENERAL.—Subject to paragraphs (2) and (3), the share of the costs of developing, maintaining, evaluating, and reporting on a regional plan funded by a grant under this section shall not exceed 50 percent.

“(2) FORM.—

“(A) IN GENERAL. Except as provided in subparagraph (B), a Regional Board shall pay the grantee share of the costs described in paragraph (1) in the form of cash, services, materials, or other in-kind contributions.

“(B) LIMITATION.—A grantee shall not pay more than 50 percent of the grantee share in the form of services, materials, or other in-kind contributions.

“(3) INCREASED SHARE.—The National Board may increase the share of the costs covered by a planning grant made to a Regional Board under this section if a limited ability of the Regional Board to pay would otherwise create a barrier to full participation in the program.

7 USC 2009dd-6. **“SEC. 385G. INNOVATION GRANTS.**

“(a) IN GENERAL.—The National Board shall use amounts made available under section 385E(b)(2) to make innovation grants, on a competitive basis, to Regional Boards to implement projects that are identified in the regional plans of the Regional Boards.

“(b) ELIGIBILITY.—

“(1) IN GENERAL.—For a Regional Board to be eligible to receive an innovation grant, the National Board shall determine that—

“(A) the regional plan of a Regional Board meets the requirements of this subtitle;

“(B) the management and organizational structure of the Regional Board is sufficient to oversee grant projects;

“(C) the Regional Board will be able to provide the grantee share required under this section; and

“(D) the Regional Board agrees to achieve, to the maximum extent practicable, the performance-based benchmarks of the regional plan.

“(2) RELATIONSHIP TO PLANNING GRANTS.—A Regional Board that meets the requirements of paragraph (1) shall be eligible to receive an innovation grant, regardless of whether the Regional Board receives a planning grant.

“(c) SELECTION.—Subject to subsection (d), of the applications submitted by Regional Boards for innovation grants, the National Board shall, to the maximum extent practicable, select not fewer than 30 regional boards to receive innovation grants.

“(d) PREFERENCES.—In awarding innovation grants, the National Board shall give a preference (in order of priority) to Regional Boards that—

“(1) exhibit collaborative innovation and entrepreneurship, particularly within a public-private partnership;

“(2) represent a broad coalition of interests described in section 385C(b)(2)(A);

“(3) demonstrate a plan to leverage public (Federal and non-federal) and private funds and existing assets, including natural assets and public infrastructure;

“(4) address gaps in existing basic services within a region;

“(5) address economic diversification, including agricultural and non-agriculturally based economies, within a regional framework;

“(6) demonstrate a plan to achieve multijurisdictional regional planning and development, with particular evidence of economic development successes within diverse stakeholder frameworks; or

“(7) meet other community development needs identified by a Regional Board.

“(e) USES.—

“(1) LEVERAGE.—A Regional Board shall prioritize projects, in part, on the degree to which the Regional Board is able to leverage additional funds for the implementation of the projects.

“(2) PURPOSES.—A Regional Board may use an innovation grant provided for a region—

“(A) to support the development of critical infrastructure necessary to facilitate economic development in the region;

“(B) to provide assistance to entities within the region that provide basic public services;

“(C) to assist with job training, workforce development, or other needs related to the development and maintenance of strong local and regional economies;

“(D) to assist in the development of unique new collaborations that link public, private, and philanthropic resources to achieve collaboratively designed regional advancement; and

“(E) to provide support to business investment.

“(3) OTHER DEPARTMENT PROGRAMS.—A Regional Board may not use an innovation grant provided for a region for any purpose for which funding may be obtained under any other rural development program of the Department of Agriculture unless—

“(A) the Regional Board—

“(i) has submitted an application for the funding under the other program; and

“(ii) withdraws the application; and

“(B) the National Board approves use of the innovation grant for that purpose.

“(4) OPERATING EXPENSES.—A Regional Board may use for administrative costs in carrying out programs and activities related to the grant the greater of—

“(A) \$100,000; or

“(B) 5 percent of the amount of an innovation grant provided.

“(f) AMOUNT.—

“(1) IN GENERAL.—The amount of an innovation grant made to a Regional Board shall not exceed \$3,000,000.

“(2) AVAILABILITY.—The amount of an innovation grant made to a Regional Board shall remain available until expended.

“(g) COST SHARING.—

“(1) IN GENERAL.—Subject to paragraphs (2) and (3), the share of the costs of projects covered by an innovation grant made to a Regional Board under this section shall not exceed 75 percent, as determined by the National Board.

“(2) FORM.—A Regional Board may pay the grantee share of the costs of projects covered by an innovation grant in the form of cash or services, materials, or other in-kind contributions.

“(3) WAIVER OF GRANTEE SHARE.—The National Board may waive the grantee share of the costs of projects covered by an innovation grant made to a Regional Board under this section if the National Board determines that such a waiver is appropriate.

“(4) OTHER FEDERAL PROGRAMS.—For the purpose of determining grantee share requirements for any other Federal programs, funds provided for innovation grants shall be considered to be non-Federal funds.

“(h) NEGOTIATION.—The National Board may—

“(1) negotiate with a Regional Board on the substance, size, and scope of a regional plan; and

“(2) approve an innovation grant for an amount that is lower than the amount requested by the Regional Board.

“(i) NONCOMPLIANCE.—If a Regional Board fails to comply with the requirements of this section, the National Board may take such actions as are necessary to obtain reimbursement of unused grant funds.

“(j) OTHER USES.—The National Board may use not more than 5 percent of the amounts made available for innovation grants—

“(1) to provide assistance to interests described in section 385C(b)(2)(A) to obtain certification of a Regional Board;

“(2) to provide assistance for emergent innovative opportunities that are not covered by existing regional plans;

“(3) to provide technical assistance, research, organizational support, and other capacity building infrastructure to support existing Regional Boards;

“(4) to provide assistance for other entrepreneurial opportunities to advance the goals of the program; or

“(5) to advance a more integrative rural policy framework for the United States.

“(k) TRANSFERS.—To ensure maximum use of funds provided under this subtitle, the National Board may transfer not more than 10 percent of the amount of funds made available between planning grants and innovation grants.

“SEC. 385H. NATIONAL CONFERENCE ON RURAL AMERICA.

7 USC 2009dd-7.

“(a) IN GENERAL.—The President shall call and conduct a National Conference on Rural America, which shall be held not earlier than November 1, 2002, and not later than October 30, 2004.

President.
Deadline.

“(b) PURPOSE.—The purpose of the Conference shall be to bring together the resources of governmental agencies and the private and nonprofit sectors to develop—

“(1) policy recommendations and integrative strategies for addressing the unique challenges facing rural areas of the United States; and

“(2) an implementation plan, with outcome-based measurements, for addressing the challenges.

“(c) COMPOSITION.—

“(1) IN GENERAL.—The Conference shall be comprised of—

“(A) representatives of organizations devoted to rural development;

“(B) Members of Congress, including the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate;

“(C) representatives of the Department of Agriculture and other Federal agencies;

“(D) State, local, and tribal elected officials and representatives;

“(E) representatives of colleges and universities, State and tribal extension services, and State rural development councils; and

“(F) individuals with specialized knowledge of and expertise in rural and community development, cooperative business, agricultural credit, venture capital, health care, and rural demography.

“(2) SELECTION.—Of the participants in the Conference described in paragraph (1)—

“(A) $\frac{1}{3}$ of the members shall be selected by the President;

President.

“(B) $\frac{1}{3}$ of the members shall be selected by the Chairman and the ranking member of the Committee on Agriculture of the House of Representatives; and

“(C) $\frac{1}{3}$ of the members shall be selected by the Chairman and the ranking member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

“(3) REPRESENTATION.—In selecting the participants of the Conference, the President and the Chairman of each Committee referred to in paragraph (2) shall ensure, to the maximum extent practicable, that the participants are representative of the ethnic, racial, and linguistic diversity of rural areas of the United States.

“(d) REPORT.—

“(1) REPORT TO PRESIDENT.—Not later than 120 days after the termination of the Conference, the Conference shall submit

Deadline.

to the President a report that contains the findings and recommendations of the Conference, including findings and recommendations to address needs related to—

“(A) telecommunications;

“(B) rural health issues;

“(C) transportation;

“(D) opportunities for economic diversification and innovation within rural America, with particular attention to entrepreneurial support and innovation;

“(E) the current and future human resource capacity of rural America;

“(F) access to market-based financing and venture and equity capital in rural America; and

“(G) the development of innovative public and private collaborations for investments in rural America.

Deadline.

“(2) REPORT MADE PUBLIC AND TO CONGRESS.—Not later than 90 days after receipt by the President, the President shall—

“(A) make the report public; and

“(B) transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the report and a statement of the President containing recommendations for implementing the report.

“(3) PUBLICATION AND DISTRIBUTION.—

“(A) IN GENERAL.—The Conference shall publish and distribute the report described in paragraph (1).

“(B) MANDATORY DISTRIBUTION.—The Conference shall provide a copy of a report published under subparagraph (A), at no cost, to—

“(i) each Federal depository library; and

“(ii) on request, each State, tribal, and local elected official in a rural area of the United States.

Deadline.

“(e) FUNDING.—Not later than 180 days after the establishment of the National Board, the National Board shall transfer not more than \$2,000,000 to the Office of the President to carry out this section, to remain available until expended.”.

SEC. 6031. FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term “application” does not include an application for a loan or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary of Agriculture in effect on the date of enactment of this Act.

(b) USE OF FUNDS.—Subject to subsection (c), the Secretary of Agriculture shall use funds made available under subsection (d) to provide funds for applications that are pending on the date of enactment of this Act for—

(1) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)); and

(2) emergency community water assistance grants under section 306A of that Act (7 U.S.C. 1926a).

(c) LIMITATIONS.—

(1) APPROPRIATED AMOUNTS.—Funds made available under this section shall be available to the Secretary to provide funds

for applications for loans and grants described in subsection (b) that are pending on the date of enactment of this Act only to the extent that funds for the loans and grants appropriated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(2) PROGRAM REQUIREMENTS.—The Secretary may use funds made available under this section to provide funds for a pending application for a loan or grant described in subsection (b) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

(3) PRIORITY.—In providing funding under this section for pending applications for loans or grants described in subsection (b), the Secretary shall provide funding in the following order of priority (until funds made available under this section are exhausted):

(A) Pending applications for water systems.

(B) Pending applications for waste disposal systems.

(d) FUNDING.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall use \$360,000,000 to carry out this section, to remain available until expended.

Subtitle B—Rural Electrification Act of 1936

SEC. 6101. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—The Rural Electrification Act of 1936 is amended by inserting after section 313 (7 U.S.C. 940c) the following:

“SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

7 USC 940c-1.

“(a) IN GENERAL.—Subject to subsection (b), the Secretary shall guarantee payments on bonds or notes issued by cooperative or other lenders organized on a not-for-profit basis if the proceeds of the bonds or notes are used to make loans for any electrification or telephone purpose eligible for assistance under this Act, including section 4 or 201 or to refinance bonds or notes issued for such purposes.

“(b) LIMITATIONS.—

“(1) OUTSTANDING LOANS.—A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total principal amount of such guaranteed bonds or notes outstanding of the lender would exceed the principal amount of outstanding loans of the lender for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this Act.

“(2) GENERATION OF ELECTRICITY.—The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.

“(3) QUALIFICATIONS.—The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

“(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for electrification or telephone purposes;

“(B) the bond or note issued by the lender would not be investment grade quality without a guarantee; or

“(C) the lender has not provided to the Secretary a list of loan amounts approved by the lender that the lender certifies are for eligible purposes described in subsection (a).

“(4) INTEREST RATE REDUCTION.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a lender may not use any amount obtained from the reduction in funding costs as a result of the guarantee of a bond or note under this section to reduce the interest rate on a new or outstanding loan.

“(B) CONCURRENT LOANS.—A lender may use any amount described in subparagraph (A) to reduce the interest rate on a loan if the loan is—

“(i) made by the lender for electrification or telephone projects that are eligible for assistance under this Act; and

“(ii) made concurrently with a loan approved by the Secretary under this Act for such a project, as provided in section 307.

“(c) FEES.—

“(1) IN GENERAL.—A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

“(2) AMOUNT.—The amount of an annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

“(3) PAYMENT.—A lender shall pay the fees required under this subsection on a semiannual basis.

“(4) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—Subject to subsection (e)(2), fees collected under this subsection shall be—

“(A) deposited into the rural economic development subaccount maintained under section 313(b)(2)(A), to remain available until expended; and

“(B) used for the purposes described in section 313(b)(2)(B).

“(d) GUARANTEES.—

“(1) IN GENERAL.—A guarantee issued under this section shall—

“(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

“(B) be fully assignable and transferable; and

“(C) represent the full faith and credit of the United States.

“(2) LIMITATION.—To ensure that the Secretary has the resources necessary to properly examine the proposed guarantees, the Secretary may limit the number of guarantees issued under this section to 5 per year.

“(3) DEPARTMENT OPINION.—On the timely request of a lender, the General Counsel of the Department of Agriculture shall provide the Secretary with an opinion regarding the

validity and authority of a guarantee issued to the lender under this section.

“(e) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

“(2) FEES.—To the extent that the amount of funds appropriated for a fiscal year under paragraph (1) are not sufficient to carry out this section, the Secretary may use up to $\frac{1}{3}$ of the fees collected under subsection (c) for the cost of providing guarantees of bonds and notes under this section before depositing the remainder of the fees into the rural economic development subaccount maintained under section 313(b)(2)(A).

“(f) TERMINATION.—The authority provided under this section shall terminate on September 30, 2007.”.

(b) ADMINISTRATION.—

(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to carry out the amendments made by this section.

(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act, the Secretary shall implement the amendment made by this section.

7 USC 940c-1
note.
Deadline.

SEC. 6102. EXPANSION OF 911 ACCESS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding at the end the following:

“SEC. 315. EXPANSION OF 911 ACCESS.

“(a) IN GENERAL.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary may make telephone loans under this title to borrowers of loans made by the Rural Utilities Service, State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand or improve 911 access and integrated emergency communications systems in rural areas.

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.”.

7 USC 940e.

SEC. 6103. ENHANCEMENT OF ACCESS TO BROADBAND SERVICE IN RURAL AREAS.

(a) IN GENERAL.—The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

“TITLE VI—RURAL BROADBAND ACCESS

“SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

“(a) PURPOSE.—The purpose of this section is to provide loans and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.

“(b) DEFINITIONS.—In this section:

“(1) BROADBAND SERVICE.—The term ‘broadband service’ means any technology identified by the Secretary as having the capacity to transmit data to enable a subscriber to the

Loans.
7 USC 950bb.

service to originate and receive high-quality voice, data, graphics, and video.

“(2) ELIGIBLE RURAL COMMUNITY.—The term ‘eligible rural community’ means any incorporated or unincorporated place that—

“(A) has not more than 20,000 inhabitants, based on the most recent available population statistics of the Bureau of the Census; and

“(B) is not located in an area designated as a standard metropolitan statistical area.

“(c) LOANS AND LOAN GUARANTEES.—

“(1) IN GENERAL.—The Secretary shall make or guarantee loans to eligible entities described in subsection (d) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

“(2) PRIORITY.—In making or guaranteeing loans under paragraph (1), the Secretary shall give priority to eligible rural communities in which broadband service is not available to residential customers.

“(d) ELIGIBLE ENTITIES.—

“(1) IN GENERAL.—To be eligible to obtain a loan or loan guarantee under this section, an entity shall—

“(A) have the ability to furnish, improve, or extend a broadband service to an eligible rural community; and

“(B) submit to the Secretary a proposal for a project that meets the requirements of this section.

“(2) STATE AND LOCAL GOVERNMENTS.—A State or local government (including any agency, subdivision, or instrumentality thereof (including consortia thereof)) shall be eligible for a loan or loan guarantee under this section to provide broadband services to an eligible rural community only if, not later than 90 days after the Administrator has promulgated regulations to carry out this section, no other eligible entity is already offering, or has committed to offer, broadband services to the eligible rural community.

“(3) SUBSCRIBER LINES.—An entity shall not be eligible to obtain a loan or loan guarantee under this section if the entity serves more than 2 percent of the telephone subscriber lines installed in the aggregate in the United States.

“(e) BROADBAND SERVICE.—The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

“(f) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether or not to make a loan or loan guarantee for a project under this section, the Secretary shall use criteria that are technologically neutral.

“(g) TERMS AND CONDITIONS FOR LOANS AND LOAN GUARANTEES.—Notwithstanding any other provision of law, a loan or loan guarantee under subsection (c) shall—

“(1) bear interest at an annual rate of, as determined by the Secretary—

“(A) in the case of a direct loan—

“(i) the cost of borrowing to the Department of the Treasury for obligations of comparable maturity; or

“(ii) 4 percent; and

“(B) in the case of a guaranteed loan, the current applicable market rate for a loan of comparable maturity; and

“(2) have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

“(h) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of any loan made or guaranteed by the Secretary under this Act may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act if the use of the proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

“(i) REPORTS.—Not later than 1 year after the date of enactment of this section, and biennially thereafter, the Administrator shall submit to Congress a report that—

Deadline.

“(1) describes how the Administrator determines under subsection (a)(1) that a service enables a subscriber to originate and receive high-quality voice, data, graphics, and video; and

“(2) provides a detailed list of services that have been granted assistance under this section.

“(j) FUNDING.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

“(A) \$20,000,000 for each of fiscal years 2002 through 2005, to remain available until expended; and

“(B) \$10,000,000 for each of fiscal years 2006 and 2007, to remain available until expended.

“(2) TELEVISION FUNDS.—

“(A) IN GENERAL.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section, without further appropriation any funds made available under section 1011(a)(2)(B) of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1109(a)(2)(B)).

“(B) USE OF TELEVISION FUNDS.—The Secretary shall use any funds received under subparagraph (A) in equal amounts for each remaining fiscal year on receipt of the funds (including the fiscal year of receipt) through fiscal year 2007.

“(3) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available under this subsection, there are authorized to be appropriated such sums as necessary to carry out this section for each of fiscal years 2003 through 2007.

“(4) ALLOCATION OF FUNDS.—

“(A) IN GENERAL.—From amounts made available for each fiscal year under this subsection, the Secretary shall—

“(i) establish a national reserve for loans and loan guarantees to eligible entities in States under this section; and

“(ii) allocate amounts in the reserve to each State for each fiscal year for loans and loan guarantees to eligible entities in the State.

“(B) AMOUNT.—The amount of an allocation made to a State for a fiscal year under subparagraph (A) shall bear the same ratio to the amount of allocations made for all States for the fiscal year as the number of communities with a population of 2,500 inhabitants or less in the State bears to the number of communities with a population of 2,500 inhabitants or less in all States, as determined on the basis of the latest available census.

“(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for a State for a fiscal year under subparagraph (B) that are not obligated by April 1 of the fiscal year shall be available to the Secretary to make loans and loan guarantees under this section to eligible entities in any State, as determined by the Secretary.

“(k) TERMINATION OF AUTHORITY.—No loan or loan guarantee may be made under this section after September 30, 2007.”.

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendment made by subsection (a).

(2) PROCEDURE.—The promulgation of the regulations shall be made without regard to—

(A) the notice and comment provisions of section 553 of title 5, United States Code;

(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(C) chapter 35 of title 44, United States Code (commonly known as the “Paperwork Reduction Act”).

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

7 USC 950bb
note.
Deadline.

Subtitle C—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 6201. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) REPEAL OF CORPORATION AUTHORIZATION.—Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is repealed.

7 USC 5901 note.

(b) DISPOSITION OF ASSETS.—On the date of enactment of this Act—

(1) the assets, both tangible and intangible, of the Alternative Agricultural Research and Commercialization Corporation (referred to in this section as the “Corporation”), including the funds in the Alternative Agricultural Research and

Commercialization Revolving Fund as of the date of enactment of this Act, are transferred to the Secretary of Agriculture; and

(2) notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and any other law that prescribes procedures for procurement, use, and disposal of property by a Federal agency, the Secretary shall have authority to manage and dispose of the assets transferred under paragraph (1) in a manner that, to the maximum extent practicable, provides the best value to the Federal Government.

(c) USE OF ASSETS.—

7 USC 5901 note.

(1) IN GENERAL.—Funds transferred under subsection (b), and any income from assets or proceeds from the sale of assets transferred under subsection (b), shall be deposited in an account in the Treasury, and shall remain available to the Secretary until expended, without further appropriation, to pay—

(A) any claims against, or obligations of, the Corporation; and

(B) the costs incurred by the Secretary in carrying out this section.

(2) FINAL DISPOSITION.—On final disposition of all assets transferred under subsection (b), any funds remaining in the account described in paragraph (1) shall be transferred into miscellaneous receipts in the Treasury.

(d) CONFORMING AMENDMENTS.—

(1) Section 5315 of title 5, United States Code, is amended by striking “Executive Director of the Alternative Agricultural Research and Commercialization Corporation”.

5 USC 5315.

(2) Section 730 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 5902 note; Public Law 104-127) is repealed.

(3) Section 211(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911(b)) is amended by striking paragraph (5).

(4) Section 404(d) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(d)) is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(5) The Herger-Feinstein Quincy Library Group Forest Recovery Act (16 U.S.C. 2104; Public Law 105-277; 112 Stat. 2681-305) is amended by striking subsection (m).

(6) Section 9101(3) of title 31, United States Code, is amended by striking subparagraph (Q).

31 USC 9101.

SEC. 6202. RURAL ELECTRONIC COMMERCE EXTENSION PROGRAM.

Subtitle H of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 1669 (7 U.S.C. 5922) the following:

“SEC. 1670. RURAL ELECTRONIC COMMERCE EXTENSION PROGRAM.

7 USC 5923.

“(a) DEFINITIONS.—In this section:

“(1) DEVELOPMENT CENTER.—The term ‘development center’ means—

“(A) the North Central Regional Center for Rural Development;

“(B) the Northeast Regional Center for Rural Development or its designee;

“(C) the Southern Rural Development Center; and

“(D) the Western Rural Development Center or its designee.

“(2) EXTENSION PROGRAM.—The term ‘extension program’ means the rural electronic commerce extension program established under subsection (b).

“(3) MICROENTERPRISE.—The term ‘microenterprise’ means a commercial enterprise that has 5 or fewer employees, 1 or more of whom own the enterprise.

“(4) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture, acting through the Administrator of the Cooperative State Research, Education, and Extension Service.

“(5) SMALL BUSINESS.—The term ‘small business’ has the meaning given the term ‘small-business concern’ by section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

“(b) ESTABLISHMENT.—The Secretary shall establish a rural electronic commerce extension program to expand and enhance electronic commerce practices and technology to be used by small businesses and microenterprises in rural areas.

“(c) GRANTS.—

“(1) IN GENERAL.—The Secretary shall carry out the program established under subsection (b) by making—

“(A) grants to each of the development centers; and

“(B) competitive grants to land-grant colleges and universities (or consortia of land-grant colleges and universities) and to colleges and universities (including community colleges) with agricultural or rural development programs—

“(i) to develop and facilitate innovative rural electronic commerce business strategies; and

“(ii) to assist small businesses and microenterprises in identifying, adapting, implementing, and using electronic commerce business practices and technologies.

“(2) ELIGIBILITY.—The selection criteria established for grants awarded under paragraph (1)(B) shall include—

“(A) the ability of an applicant to provide training and education on best practices, technology transfer, adoption, and use of electronic commerce in rural communities by small businesses and microenterprises;

“(B) the extent and geographic diversity of the area served by the proposed project or activity under the extension program;

“(C) in the case of a land-grant college or university, the extent of participation of the land-grant college or university in the extension program (including any economic benefits that would result from that participation);

“(D) the percentage of funding and in-kind commitments from non-Federal sources that would be needed by and available for a proposed project or activity under the extension program; and

“(E) the extent of participation of low-income and minority businesses or microenterprises in a proposed project or activity under the extension program.

“(3) NON-FEDERAL SHARE.—

“(A) IN GENERAL.—As a condition of the receipt of funds under this section, a development center or grant applicant shall agree to obtain from non-Federal sources (including State, local, nonprofit, or private sector sources) contributions of an amount equal to 50 percent of the grant amount.

“(B) FORM.—The non-Federal share required under subparagraph (A) may be provided in the form of in-kind contributions.

“(C) EXCEPTION.—The non-Federal share required under subparagraph (A) may be reduced to 25 percent if the grant recipient serves low-income or minority-owned businesses or microenterprises, as determined by the Secretary.

“(d) REPORT.—Not later than 2 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

Deadline.

“(1) the policies, practices, and procedures used to assist rural communities in efforts to adopt and use electronic commerce techniques; and

“(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$60,000,000 for each of fiscal years 2002 through 2007, of which not less than $\frac{1}{3}$ of the amount made available for each fiscal year shall be used to carry out activities under subsection (c)(1)(A).”.

SEC. 6203. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking “2002” and inserting “2007”.

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102-551 (7 U.S.C. 950aaa note) is amended by striking “1997” and inserting “2007”.

Subtitle D—SEARCH Grants for Small Communities

SEC. 6301. DEFINITIONS.

7 USC 2009ee.

In this subtitle:

(1) COUNCIL.—The term “council” means an independent citizens’ council established by a State rural development director under section 6302(c).

(2) ENVIRONMENTAL PROJECT.—

(A) IN GENERAL.—The term “environmental project” means a project that—

(i) improves environmental quality; and

(ii) is necessary to comply with an applicable environmental law (including a regulation).

(B) INCLUSION.—The term “environmental project” includes an initial feasibility study of a project.

(3) REGION.—The term “region” means a geographic area of a State, as determined by the State rural development

director, in coordination with the environmental protection director of the State.

(4) **SEARCH GRANT.**—The term “SEARCH grant” means a grant awarded under section 6302(f).

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

(6) **SMALL COMMUNITY.**—The term “small community” means an incorporated or unincorporated rural community with a population of 2,500 inhabitants or less.

(7) **STATE.**—The term “State” has the meaning given the term in section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009).

7 USC 2009ee-1. **SEC. 6302. SEARCH GRANT PROGRAM.**

(a) **IN GENERAL.**—The Secretary, in coordination with the Administrator of the Environmental Protection Agency, may establish the SEARCH grant program.

(b) **ALLOCATION TO STATE RURAL DEVELOPMENT DIRECTORS.**—

Deadline.

(1) **IN GENERAL.**—Subject to paragraph (2) and section 6304(a)(2), not later than 60 days after the date on which the Director of the Office of Management and Budget apportions any amounts made available under this subtitle for any of fiscal years 2002 through 2007, the Secretary, on request of a State rural development director (in coordination with the environmental protection director of the State), shall allocate to the State rural development director an amount not to exceed \$1,000,000, to be used by the State rural development director to award SEARCH grants under subsection (d).

(2) **GRANTS TO STATES.**—The total amount of funds allocated to State rural development directors in all States other than Alaska, Hawaii, or the 48 contiguous States for a fiscal year under this subsection shall not exceed \$1,000,000.

(c) **INDEPENDENT CITIZENS’ COUNCIL.**—

(1) **ESTABLISHMENT.**—The State rural development director of a State shall establish an independent citizens’ council to carry out the duties described in this section.

(2) **COMPOSITION.**—

(A) **IN GENERAL.**—A council shall be composed of 9 members, appointed by the State rural development director, in coordination with the environmental protection director of the State.

(B) **REPRESENTATION; RESIDENCE.**—Each member of a council shall—

(i) represent an individual region of the State, as determined by the State rural development director; and

(ii) reside in a small community in the State.

(d) **ELIGIBILITY.**—A SEARCH grant shall be awarded under this section only to a small community for 1 or more environmental projects for which the small community—

(1) needs funds to carry out initial feasibility or environmental studies as required by Federal or State law before applying to traditional funding sources; and

(2) demonstrates that the small community has been unable to obtain sufficient funding from traditional funding sources.

(e) APPLICATIONS.—To be eligible to receive a SEARCH grant, a small community in a State shall submit to the State rural development director of the State an application that includes—

(1) a description of the proposed environmental project (including an explanation of how the project would assist the small community in complying with a Federal or State environmental law (including a regulation);

(2) an explanation of why the project is important to the small community;

(3) a description of all actions taken with respect to the project as of the date of the application, including any attempt to secure funding; and

(4) a description of demonstrated need for funding for the project.

(f) AWARDS.—

(1) IN GENERAL.—Not later than May 1 of each fiscal year, a State rural development director, in coordination with the council and the environmental protection director of the State, shall—

Deadline.

(A) review all applications received by the State rural development director under subsection (e); and

(B) award SEARCH grants to small communities based on—

(i) an evaluation of whether the proposed project meets the eligibility criteria under subsection (d); and

(ii) the content of the application.

(2) ADMINISTRATION.—In awarding a SEARCH grant, a State rural development director—

(A) shall award the funds for any recommended environmental project in a timely and expeditious manner; and

(B) shall not award a SEARCH grant to a grantee or project in violation of any Federal or State law (including a regulation).

(3) MATCHING REQUIREMENT.—A small community that receives a SEARCH grant under this section may be required to provide matching funds.

(g) UNEXPENDED FUNDS.—

(1) IN GENERAL.—If, for any fiscal year, any unexpended funds remain after SEARCH grants are awarded by a State rural development director under subsection (f), the State rural development director, in coordination with the environmental protection director of the State, may repeat the application and review process so that any remaining funds are recommended for award, and awarded, not later than July 30 of the fiscal year.

Deadline.

(2) RETENTION OF FUNDS.—

(A) IN GENERAL.—Any unexpended funds that are not awarded under subsection (f) or paragraph (1) shall be retained by the State rural development director for award during the following fiscal year.

(B) LIMITATION.—A State SEARCH account that accumulates a balance of unexpended funds described in subparagraph (A) in excess of \$2,000,000 shall be ineligible to receive additional funds for SEARCH grants until such time as the State rural development director awards grants in the amount of the excess.

Deadline.
7 USC 2009ee–2.

SEC. 6303. REPORT.

Not later than 30 days after the end of the first fiscal year for which SEARCH grants are awarded, and annually thereafter, the Secretary shall submit to the Committee on Energy and Commerce and the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) describes the number of SEARCH grants awarded during the fiscal year;

(2) identifies each small community that received a SEARCH grant during the fiscal year;

(3) describes the project or purpose for which each SEARCH grant was awarded, including a statement of the benefit to public health or the environment of the environmental project receiving the grant funds; and

(4) describes the status of each project or portion of a project for which a SEARCH grant was awarded, including a project or portion of a project for which a SEARCH grant was awarded for any previous fiscal year.

7 USC 2009ee–3.

SEC. 6304. FUNDING.

(a) ALLOCATION TO STATE RURAL DEVELOPMENT DIRECTORS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 6302(b) \$51,000,000 for each of fiscal years 2002 through 2007, of which not to exceed \$1,000,000 shall be used to make grants under section 6302(b)(2).

(2) ACTUAL APPROPRIATION.—If funds to carry out section 6302(b) are made available for a fiscal year in an amount that is less than the amount authorized under paragraph (1) for the fiscal year, the Secretary shall divide the appropriated funds for the fiscal year equally among the 50 States.

(b) OTHER EXPENSES.—There are authorized to be appropriated such sums as are necessary to carry out this subtitle (other than section 6302(b)).

Subtitle E—Miscellaneous

SEC. 6401. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

(a) IN GENERAL.—Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively;

(2) by striking subsection (a) and inserting the following:

“(a) DEFINITION OF VALUE-ADDED AGRICULTURAL PRODUCT.—

“(1) IN GENERAL.—The term ‘value-added agricultural product’ means any agricultural commodity or product that—

“(A)(i) has undergone a change in physical state;

“(ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary; or

“(iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product; and

“(B) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced or segregated—

“(i) the customer base for the agricultural commodity or product has been expanded; and

“(ii) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

“(2) INCLUSION.—The term ‘value-added agricultural product’ includes farm- or ranch-based renewable energy.

“(b) GRANT PROGRAM.—

“(1) IN GENERAL.—From amounts made available under paragraph (4), the Secretary shall award competitive grants—

“(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—

“(i) in developing a business plan for viable marketing opportunities for the value-added agricultural product; or

“(ii) in developing strategies that are intended to create marketing opportunities for the producer; and

“(B) to an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture (as determined by the Secretary) to assist the entity—

“(i) in developing a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or

“(ii) in developing strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

“(2) AMOUNT OF GRANT.—

“(A) IN GENERAL.—The total amount provided under this subsection to a grant recipient shall not exceed \$500,000.

“(B) MAJORITY-CONTROLLED PRODUCER-BASED BUSINESS VENTURES.—The amount of grants provided to majority-controlled producer-based business ventures under paragraph (1)(B) for a fiscal year may not exceed 10 percent of the amount of funds that are used to make grants for the fiscal year under this subsection.

“(3) GRANTEE STRATEGIES.—A grantee under paragraph (1) shall use the grant—

“(A) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a value-added agricultural product; or

“(B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

“(4) FUNDING.—Not later than 30 days after the date of enactment of this paragraph, on October 1, 2002, and on each October 1 thereafter through October 1, 2006, of the funds

Deadline.

of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection \$40,000,000, to remain available until expended.”;

(3) in subsection (c)(1) (as redesignated by paragraph (1))—

(A) by striking “subsection (a)(2)” and inserting “subsection (b)(2)”;

(B) by striking “\$5,000,000” and inserting “5 percent”; and

(C) by striking “subsection (a)” and inserting “subsection (b)”;

(4) in subsection (d) (as redesignated by paragraph (1)), by striking “subsections (a) and (b)” and inserting “subsections (b) and (c)”.

(b) **APPLICABILITY.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by subsection (a) apply beginning on October 1, 2002.

(2) **FUNDING.**—Funds made available under section 231(b)(4)(A)(i) of the Agricultural Risk Protection Act of 2000 (as amended by subsection (a)(2)) shall be made available not later than 30 days after the date of enactment of this Act.

7 USC 1621 note.
Effective date.

Deadline.

7 USC 1621 note.

SEC. 6402. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.

(a) **PURPOSE.**—The purpose of this section is to direct the Secretary of Agriculture to establish a demonstration program under which agricultural producers are provided—

(1) technical assistance, consisting of engineering services, applied research, scale production, and similar services, to enable the agricultural producers to establish businesses to produce value-added agricultural commodities or products;

(2) assistance in marketing, market development, and business planning; and

(3) organizational, outreach, and development assistance to increase the viability, growth, and sustainability of businesses that produce value-added agricultural commodities or products.

(b) **DEFINITIONS.**—In this section:

(1) **PROGRAM.**—The term “Program” means the Agriculture Innovation Center Demonstration Program established under subsection (c).

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

(c) **ESTABLISHMENT OF PROGRAM.**—The Secretary shall establish a demonstration program, to be known as the “Agriculture Innovation Center Demonstration Program” under which the Secretary shall—

(1) make grants to assist eligible entities in establishing Agriculture Innovation Centers to enable agricultural producers to obtain the assistance described in subsection (a); and

(2) provide assistance to eligible entities in establishing Agriculture Innovation Centers through the research and technical services of the Department of Agriculture.

(d) **ELIGIBILITY REQUIREMENTS.**—

(1) **IN GENERAL.**—An entity shall be eligible for a grant and assistance described in subsection (c) to establish an Agriculture Innovation Center if—

Grants.

(A) the entity—

(i) has provided services similar to the services described in subsection (a); or

(ii) demonstrates the capability of providing such services;

(B) the application of the entity for the grant and assistance includes a plan, in accordance with regulations promulgated by the Secretary, that outlines—

(i) the support for the entity in the agricultural community;

(ii) the technical and other expertise of the entity; and

(iii) the goals of the entity for increasing and improving the ability of local agricultural producers to develop markets and processes for value-added agricultural commodities or products;

(C) the entity demonstrates that adequate resources (in cash or in kind) are available, or have been committed to be made available, to the entity, to increase and improve the ability of local agricultural producers to develop markets and processes for value-added agricultural commodities or products; and

(D) the Agriculture Innovation Center of the entity has a board of directors established in accordance with paragraph (2).

(2) BOARD OF DIRECTORS.—Each Agriculture Innovation Center of an eligible entity shall have a board of directors composed of representatives of each of the following groups: Establishment.

(A) The 2 general agricultural organizations with the greatest number of members in the State in which the eligible entity is located.

(B) The department of agriculture, or similar State department or agency, of the State in which the eligible entity is located.

(C) Entities representing the 4 highest grossing commodities produced in the State, determined on the basis of annual gross cash sales.

(e) GRANTS AND ASSISTANCE.—

(1) IN GENERAL.—Subject to subsection (i), under the Program, the Secretary shall make, on a competitive basis, annual grants to eligible entities.

(2) MAXIMUM AMOUNT OF GRANTS.—A grant under paragraph (1) shall be in an amount that does not exceed the lesser of—

(A) \$1,000,000; or

(B) twice the dollar amount of the resources (in cash or in kind) that the eligible entity demonstrates are available, or have been committed to be made available, to the eligible entity in accordance with subsection (d)(1)(C).

(3) MAXIMUM NUMBER OF GRANTS.—

(A) FIRST FISCAL YEAR OF PROGRAM.—In the first fiscal year of the Program, the Secretary shall make grants to not more than 5 eligible entities.

(B) SECOND FISCAL YEAR OF PROGRAM.—In the second fiscal year of the Program, the Secretary may make grants to—

(i) the eligible entities to which grants were made under subparagraph (A); and

(ii) not more than 10 additional eligible entities.

(4) STATE LIMITATION.—

(A) IN GENERAL.—Subject to subparagraph (B), in the first 3 fiscal years of the Program, the Secretary shall not make a grant under the Program to more than 1 entity in any 1 State.

(B) COLLABORATION.—Nothing in subparagraph (A) precludes a recipient of a grant under the Program from collaborating with any other institution with respect to activities conducted using the grant.

(f) USE OF FUNDS.—An eligible entity to which a grant is made under the Program may use the grant only for the following purposes (but only to the extent that the use is not described in section 231(d) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106-224)):

(1) Applied research.

(2) Consulting services.

(3) Hiring of employees, at the discretion of the board of directors of the Agriculture Innovation Center of the eligible entity.

(4) The making of matching grants, each of which shall be in an amount not to exceed \$5,000, to agricultural producers, except that the aggregate amount of all such matching grants made by the eligible entity shall be not more than \$50,000.

(5) Legal services.

(6) Any other related cost, as determined by the Secretary.

(g) RESEARCH ON EFFECTS ON THE AGRICULTURAL SECTOR.—

(1) IN GENERAL.—Of the amount made available under subsection (i) for each fiscal year, the Secretary shall use \$300,000 to support research at a university concerning the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets.

(2) RESEARCH ELEMENTS.—Research under paragraph (1) shall systematically examine, using linked, long-term, global projections of the agricultural sector, the potential effects of projects described in subparagraph (A) on—

(A) demand for agricultural commodities;

(B) market prices;

(C) farm income; and

(D) Federal outlays on commodity programs.

(h) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 3 years after the date on which the last of the first 10 grants is made under the Program, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on—

(A) the effectiveness of the Program in improving and expanding the production of value-added agricultural commodities or products; and

(B) the effects of the Program on the economic viability of agricultural producers.

(2) REQUIRED ELEMENTS.—The report under paragraph (1) shall—

Deadline.

(A) include a description of the best practices and innovations found at each of the Agriculture Innovation Centers established under the Program; and

(B) specify the number and type of activities assisted, and the type of assistance provided, under the Program.

(i) FUNDING.—Of the amount made available under section 231(a)(1) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106-224) for each fiscal year, the Secretary shall use to carry out this section—

(1) not less than \$3,000,000 for fiscal year 2002; and

(2) not less than \$6,000,000 for each of fiscal years 2003 and 2004.

SEC. 6403. FUND FOR RURAL AMERICA.

(a) IN GENERAL.—Section 793 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f) is repealed.

(b) CONFORMING AMENDMENT.—Section 2(b)(8)(B) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(8)(B)) is amended in the second sentence by striking “smaller college or university (as described in section 793(c)(2)(ii) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f(c)(2)(ii))” and inserting “college, university, or research foundation maintained by a college or university that ranks in the lowest 1/3 of such colleges, universities, and research foundations on the basis of Federal research funds received”.

SEC. 6404. RURAL LOCAL TELEVISION BROADCAST SIGNAL LOAN GUARANTEES.

(a) IN GENERAL.—Section 1011(a) of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1109(a)) is amended—

(1) by striking “For” and inserting the following:

“(1) AUTHORIZATION OF APPROPRIATIONS.—For”; and

(2) by adding at the end the following:

“(2) COMMODITY CREDIT CORPORATION FUNDS.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, subject to subparagraph (B), in addition to amounts made available under paragraph (1), of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make available for loan guarantees to carry out this title \$80,000,000 for the period beginning on the date of enactment of this paragraph and ending on December 31, 2006, to remain available until expended.

“(B) BROADBAND LOANS AND LOAN GUARANTEES.—

“(i) IN GENERAL.—Amounts made available under subparagraph (A) that are not obligated as of the release date described in clause (ii) shall be available to the Secretary to make loans and loan guarantees under section 601 of the Rural Electrification Act of 1936.

“(ii) RELEASE DATE.—For purposes of clause (i), the release date is the date that is the earlier of—

“(I) the date the Secretary determines that at least 75 percent of the designated market areas (as defined in section 122(j) of title 17, United States Code) not in the top 40 designated market areas described in section 1004(e)(1)(C)(i) of the

Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1103(e)(1)(C)(i)) have access to local television broadcast signals for virtually all households (as determined by the Secretary); or

“(II) December 31, 2006.

“(C) **ADVANCED APPROPRIATIONS.**—Subsections (c) and (h)(1)(B) of section 1004 and section 1005(n)(3)(B) shall not apply to amounts made available under this paragraph.”.

(b) **TECHNICAL AND CONFORMING AMENDMENTS.**—

(1) **APPROVAL OF LOAN GUARANTEES.**—Section 1004 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1103) is amended—

(A) in subsection (b)(1)—

(i) by striking “section 5” and inserting “section 1005”; and

(ii) by striking “section 11” and inserting “section 1011”;

(B) in subsection (d)(1), by striking “section 3” and inserting “section 1003”; and

(C) in the first sentence of subsection (h)(2)(D), by striking “section 5” and inserting “section 1005”.

(2) **ADMINISTRATION OF LOAN GUARANTEES.**—Section 1005 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1104) is amended—

(A) in subsection (a), by striking “sections 3 and 4” and inserting “sections 1003 and 1004”;

(B) in subsection (b)—

(i) in paragraph (1)(D), by striking “section 6(a)(2)” and inserting “section 1006(a)(2)”;

(ii) in paragraph (3), by striking “section 4(d)(3)(B)(iii)” and inserting “section 1004(d)(3)(B)(iii)”;

(C) in subsection (e)(3), by striking “section 4(g)” and inserting “section 1004(g)”.

7 USC 2655.

SEC. 6405. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANT PROGRAM.

(a) **IN GENERAL.**—The Secretary of Agriculture may make grants to units of general local government and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) to pay the cost of training firefighters and emergency medical personnel in firefighting, emergency medical practices, and responding to hazardous materials and bioagents in rural areas.

(b) **USE OF FUNDS.**—

(1) **SCHOLARSHIPS.**—

(A) **IN GENERAL.**—Not less than 60 percent of the amounts made available for competitively-awarded grants under this section shall be used to provide grants to fund partial scholarships for training of individuals at training centers approved by the Secretary.

(B) **PRIORITY.**—In awarding grants under this paragraph, the Secretary shall give priority to grant applicants that provide for training within the region (or locality) of the applicant.

(2) GRANTS FOR TRAINING CENTERS.—

(A) IN GENERAL.—A grant under subsection (a) may be used to provide financial assistance to State and regional centers that provide training for firefighters and emergency medical personnel for improvements to the training facility, equipment, curricula, and personnel.

(B) LIMITATION.—Not more than \$750,000 shall be provided to any single training center for any fiscal year under this paragraph.

(c) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$10,000,000 for each of fiscal years 2003 through 2007, to remain available until expended.

SEC. 6406. SENSE OF CONGRESS ON RURAL POLICY COORDINATION.

It is the sense of Congress that the President should—

(1) appoint a Special Assistant to the President for Rural Policy;

(2) designate within each Federal agency with jurisdiction over rural programs or activities 1 or more senior officers or employees to provide rural policy leadership for the agency; and

(3) create an intergovernmental rural policy working group comprised of—

(A) the Special Assistant to the President for Rural Policy, who should serve as Chairperson; and

(B) the senior officers and employees designated under paragraph (2).

TITLE VII—RESEARCH AND RELATED MATTERS

Subtitle A—Extensions

SEC. 7101. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking “2002” and inserting “2007”.

SEC. 7102. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (a)—

(A) by striking “and” after “economics,”; and

(B) by inserting “, and rural economic, community, and business development” before the period;

(2) in subsection (b)—

(A) in paragraph (1), by inserting “, or in rural economic, community, and business development” before the semicolon;

(B) in paragraph (2), by inserting “, or in rural economic, community, and business development” before the semicolon;

is amended by striking the first sentence and inserting the following: “There is authorized to be appropriated to carry out this Act \$30,000,000 for each of fiscal years 2002 through 2007.”.

(2) **TERMINATION DATE.**—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95-306) is amended by striking “2000” and inserting “2007”.

SEC. 8102. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6704(d)) is amended by striking “2002” and inserting “2007”.

Subtitle C—Miscellaneous Provisions

SEC. 8201. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87-788 (16 U.S.C. 582a et seq.), commonly known as the “McIntire-Stennis Cooperative Forestry Act”.

TITLE IX—ENERGY

SEC. 9001. DEFINITIONS.

7 USC 8101.

In this title:

(1) **ADMINISTRATOR.**—The term “Administrator” means the Administrator of the Environmental Protection Agency.

(2) **BIOBASED PRODUCT.**—The term “biobased product” means a product determined by the Secretary to be a commercial or industrial product (other than food or feed) that is composed, in whole or in significant part, of biological products or renewable domestic agricultural materials (including plant, animal, and marine materials) or forestry materials.

(3) **BIOMASS.**—

(A) **IN GENERAL.**—The term “biomass” means any organic material that is available on a renewable or recurring basis.

(B) **INCLUSIONS.**—The term “biomass” includes—

- (i) agricultural crops;
- (ii) trees grown for energy production;
- (iii) wood waste and wood residues;
- (iv) plants (including aquatic plants and grasses);
- (v) residues;
- (vi) fibers;
- (vii) animal wastes and other waste materials; and
- (viii) fats, oils, and greases (including recycled fats, oils, and greases).

(C) **EXCLUSIONS.**—The term “biomass” does not include—

- (i) paper that is commonly recycled; or
- (ii) unsegregated solid waste.

(4) **RENEWABLE ENERGY.**—The term “renewable energy” means energy derived from—

- (A) a wind, solar, biomass, or geothermal source; or

(B) hydrogen derived from biomass or water using an energy source described in subparagraph (A).

(5) RURAL SMALL BUSINESS.—The term “rural small business” has the meaning that the Secretary shall prescribe by regulation.

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

7 USC 8102.

SEC. 9002. FEDERAL PROCUREMENT OF BIOBASED PRODUCTS.

(a) APPLICATION OF SECTION.—Except as provided in subsection (c), each Federal agency shall comply with the requirements set forth in this section and any regulations issued under this section, with respect to any purchase or acquisition of a procurement item where the purchase price of the item exceeds \$10,000 or where the quantity of such items or of functionally equivalent items purchased or acquired in the course of the preceding fiscal year was \$10,000 or more.

(b) PROCUREMENT SUBJECT TO OTHER LAW.—Any procurement, by any Federal agency, which is subject to regulations of the Administrator under section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962), shall not be subject to the requirements of this section to the extent that such requirements are inconsistent with such regulations.

(c) PROCUREMENT PREFERENCE.—(1) Except as provided in paragraph (2), after the date specified in applicable guidelines prepared pursuant to subsection (e) of this section, each Federal agency which procures any items designated in such guidelines shall, in making procurement decisions, give preference to such items composed of the highest percentage of biobased products practicable, consistent with maintaining a satisfactory level of competition, considering such guidelines.

(2) AGENCY FLEXIBILITY.—Notwithstanding paragraph (1), an agency may decide not to procure such items if the agency determines that the items—

(A) are not reasonably available within a reasonable period of time;

(B) fail to meet the performance standards set forth in the applicable specifications or fail to meet the reasonable performance standards of the procuring agencies; or

(C) are available only at an unreasonable price.

(3) After the date specified in any applicable guidelines prepared pursuant to subsection (e) of this section, contracting offices shall require that, with respect to biobased products, vendors certify that the biobased products to be used in the performance of the contract will comply with the applicable specifications or other contractual requirements.

(d) SPECIFICATIONS.—All Federal agencies that have the responsibility for drafting or reviewing specifications for procurement items procured by Federal agencies shall, within one year after the date of publication of applicable guidelines under subsection (e), or as otherwise specified in such guidelines, assure that such specifications require the use of biobased products consistent with the requirements of this section.

(e) GUIDELINES.—

(1) IN GENERAL.—The Secretary, after consultation with the Administrator, the Administrator of General Services, and the Secretary of Commerce (acting through the Director of

the National Institute of Standards and Technology), shall prepare, and from time to time revise, guidelines for the use of procuring agencies in complying with the requirements of this section. Such guidelines shall—

(A) designate those items which are or can be produced with biobased products and whose procurement by procuring agencies will carry out the objectives of this section;

(B) set forth recommended practices with respect to the procurement of biobased products and items containing such materials and with respect to certification by vendors of the percentage of biobased products used; and

(C) provide information as to the availability, relative price, performance, and environmental and public health benefits, of such materials and items and where appropriate shall recommend the level of biobased material to be contained in the procured product.

(2) CONSIDERATIONS.—In making the designation under paragraph (1)(A), the Secretary shall, at a minimum, consider—

(A) the availability of such items; and

(B) the economic and technological feasibility of using such items, including life cycle costs.

(3) FINAL GUIDELINES.—The Secretary shall prepare final guidelines under this section within 180 days after the date of enactment of this Act.

Deadline.

(f) OFFICE OF FEDERAL PROCUREMENT POLICY.—The Office of Federal Procurement Policy, in cooperation with the Secretary, shall implement the requirements of this section. It shall be the responsibility of the Office of Federal Procurement Policy to coordinate this policy with other policies for Federal procurement to implement the requirements of this section, and, every two years beginning in 2003, to report to the Congress on actions taken by Federal agencies and the progress made in the implementation of this section, including agency compliance with subsection (d).

Reports.

(g) PROCUREMENT PROGRAM.—(1) Within one year after the date of publication of applicable guidelines under subsection (e), each Federal agency shall develop a procurement program which will assure that items composed of biobased products will be purchased to the maximum extent practicable and which is consistent with applicable provisions of Federal procurement law.

Deadline.

(2) Each procurement program required under this subsection shall, at a minimum, contain—

(A) a biobased products preference program;

(B) an agency promotion program to promote the preference program adopted under subparagraph (A); and

(C) annual review and monitoring of the effectiveness of an agency's procurement program.

(3) In developing the preference program, the following options shall be considered for adoption:

(A) CASE-BY-CASE POLICY DEVELOPMENT.—Subject to the limitations of subsection (c)(2) (A) through (C), a policy of awarding contracts to the vendor offering an item composed of the highest percentage of biobased products practicable. Subject to such limitations, agencies may make an award to a vendor offering items with less than the maximum biobased products content.

(B) MINIMUM CONTENT STANDARDS.—Minimum biobased products content specifications which are set in such a way

as to assure that the biobased products content required is consistent with the requirements of this section, without violating the limitations of subsection (c)(2) (A) through (C).

Federal agencies shall adopt one of the options set forth in subparagraphs (A) and (B) or a substantially equivalent alternative, for inclusion in the procurement program.

(h) LABELING.—

(1) IN GENERAL.—The Secretary, in consultation with the Administrator, shall establish a voluntary program under which the Secretary authorizes producers of biobased products to use the label “U.S.D.A. Certified Biobased Product”.

Deadline.

(2) ELIGIBILITY CRITERIA.—Within one year after the date of enactment of this Act, the Secretary, in consultation with the Administrator, shall issue criteria for determining which products may qualify to receive the label under paragraph (1). The criteria shall encourage the purchase of products with the maximum biobased content, and should, to the maximum extent possible, be consistent with the guidelines issued under subsection (e).

(3) USE OF THE LABEL.—The Secretary shall ensure that the label referred to in paragraph (1) is used only on products that meet the criteria issued pursuant to paragraph (2).

(4) RECOGNITION.—The Secretary shall establish a voluntary program to recognize Federal agencies and private entities that use a substantial amount of biobased products.

(i) LIMITATION.—Nothing in this section shall apply to the procurement of motor vehicle fuels or electricity.

(j) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

(2) FUNDING FOR TESTING OF BIOBASED PRODUCTS.—

(A) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use \$1,000,000 for each of fiscal years 2002 through 2007 to support testing of biobased products to carry out this section.

(B) USE OF FUNDS.—Amounts made available under subparagraph (A) may be used to support contracts or cooperative agreements with entities that have experience and special skills to conduct such testing.

(C) PRIORITY.—At the discretion of the Secretary, the Secretary may give priority to the testing of products for which private sector firms provide cost sharing for the testing.

7 USC 8103.

SEC. 9003. BIOREFINERY DEVELOPMENT GRANTS.

(a) PURPOSE.—The purpose of this section is to assist in the development of new and emerging technologies for the use of biomass, including lignocellulosic biomass, so as to—

(1) develop transportation and other fuels, chemicals, and energy from renewable sources;

(2) increase the energy independence of the United States;

(3) provide beneficial effects on conservation, public health, and the environment;

(4) diversify markets for raw agricultural and forestry products; and

(5) create jobs and enhance the economic development of the rural economy.

(b) DEFINITIONS.—In this section:

(1) ADVISORY COMMITTEE.—The term “Advisory Committee” means the Biomass Research and Development Technical Advisory Committee established by section 306 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106-224).

(2) BIOREFINERY.—The term “biorefinery” means equipment and processes that—

(A) convert biomass into fuels and chemicals; and

(B) may produce electricity.

(3) BOARD.—The term “Board” means the Biomass Research and Development Board established by section 305 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106-224).

(4) INDIAN TRIBE.—The term “Indian tribe” has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(c) GRANTS.—The Secretary shall award grants to eligible entities to assist in paying the cost of development and construction of biorefineries to carry out projects to demonstrate the commercial viability of 1 or more processes for converting biomass to fuels or chemicals.

(d) ELIGIBLE ENTITIES.—An individual, corporation, farm cooperative, association of farmers, national laboratory, institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)), State or local energy agency or office, Indian tribe, or consortium comprised of any of those entities shall be eligible to receive a grant under subsection (c).

(e) COMPETITIVE BASIS FOR AWARDS.—

(1) IN GENERAL.—The Secretary shall award grants under subsection (c) on a competitive basis after consulting the Board and Advisory Committee.

(2) SELECTION CRITERIA.—

(A) IN GENERAL.—In selecting projects to receive grants under subsection (c), the Secretary—

(i) shall select projects based on the likelihood that the projects will demonstrate the commercial viability of a new and emerging process for converting biomass into fuels, chemicals, or energy; and

(ii) may consider the likelihood that the projects will produce electricity.

(B) FACTORS.—The factors to be considered under subparagraph (A) may include—

(i) the potential market for the product or products;

(ii) the level of financial participation by the applicants;

(iii) the availability of adequate funding from other sources;

(iv) the beneficial impact on resource conservation, public health, and the environment;

(v) the participation of producer associations and cooperatives;

(vi) the timeframe in which the project will be operational;

(vii) the potential for rural economic development;

(viii) the participation of multiple eligible entities;
and

(ix) the potential for developing advanced industrial biotechnology approaches.

(f) **COST SHARING.**—

(1) **IN GENERAL.**—The amount of a grant for a project awarded under subsection (c) shall not exceed 30 percent of the cost of the project.

(2) **FORM OF GRANTEE SHARE.**—

(A) **IN GENERAL.**—The grantee share of the cost of a project may be made in the form of cash or the provision of services, material, or other in-kind contributions.

(B) **LIMITATION.**—The amount of the grantee share of the cost of a project that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share determined under paragraph (1).

(g) **CONSULTATION.**—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(h) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.

7 USC 8104.

SEC. 9004. BIODIESEL FUEL EDUCATION PROGRAM.

(a) **ESTABLISHMENT.**—The Secretary shall, under such terms and conditions as are appropriate, make competitive grants to eligible entities to educate governmental and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

(b) **ELIGIBLE ENTITIES.**—To receive a grant under subsection (a), an entity—

(1) shall be a nonprofit organization or institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

(2) shall have demonstrated knowledge of biodiesel fuel production, use, or distribution; and

(3) shall have demonstrated the ability to conduct educational and technical support programs.

(c) **CONSULTATION.**—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(d) **FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$1,000,000 for each of fiscal years 2003 through 2007.

7 USC 8105.

SEC. 9005. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

Grants.

(a) **IN GENERAL.**—The Secretary shall make competitive grants to eligible entities to carry out a program to assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology and resources.

(b) **ELIGIBLE ENTITIES.**—Entities eligible to carry out a program under subsection (a) are—

(1) a State energy or agricultural office;

(2) a regional or State-based energy organization or energy organization of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

(3) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) or other institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

(4) a rural electric cooperative or utility;

(5) a nonprofit organization; and

(6) any other entity, as determined by the Secretary.

(c) MERIT REVIEW.—

Establishment.

(1) MERIT REVIEW PROCESS.—The Secretary shall establish a merit review process to review applications for grants under subsection (a) that uses the expertise of other Federal agencies, industry, and nongovernmental organizations.

(2) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under subsection (a), the Secretary shall consider—

(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

(B) the geographic scope of the program proposed by the eligible entity;

(C) the number of farmers, ranchers, and rural small businesses to be assisted by the program;

(D) the potential for energy savings and environmental and public health benefits resulting from the program; and

(E) the plan of the eligible entity for educating farmers, ranchers, and rural small businesses on the benefits of energy efficiency and renewable energy development.

(d) USE OF GRANT FUNDS.—

(1) REQUIRED USES.—A recipient of a grant under subsection (a) shall use the grant funds to conduct and promote energy audits for farmers, ranchers, and rural small businesses to provide farmers, ranchers, and rural small businesses recommendations on how to improve energy efficiency and use renewable energy technology and resources.

(2) PERMITTED USES.—In addition to the uses described in paragraph (1), a recipient of a grant may use the grant funds to make farmers, ranchers, and rural small businesses aware of, and ensure that they have access to—

(A) financial assistance under section 9006; and

(B) other Federal, State, and local financial assistance programs for which farmers, ranchers, and rural small businesses may be eligible.

(e) COST SHARING.—A recipient of a grant under subsection (a) that conducts an energy audit for a farmer, rancher, or rural small business under subsection (d)(1) shall require that, as a condition of the energy audit, the farmer, rancher, or rural small business pay at least 25 percent of the cost of the audit.

(f) USE OF COST-SHARE FUNDS.—Funds collected by a recipient of a grant under subsection (e) as a result of activities carried out using the grant funds shall be used to conduct activities authorized under this section, as approved by the Secretary.

(g) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

Deadline.

(h) **REPORTS.**—Not later than 4 years after the date of enactment of this Act, the Secretary shall submit to Congress a report on the implementation of this section.

(i) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.

7 USC 8106.

SEC. 9006. RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

(a) **IN GENERAL.**—In addition to exercising authority to make loans and loan guarantees under other law, the Secretary shall make loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to—

- (1) purchase renewable energy systems; and
- (2) make energy efficiency improvements.

(b) **ELIGIBILITY.**—To be eligible to receive a grant under subsection (a), a farmer, rancher, or rural small business shall demonstrate financial need as determined by the Secretary.

(c) **COST SHARING.**—

(1) **IN GENERAL.**—

(A) **GRANTS.**—The amount of a grant shall not exceed 25 percent of the cost of the activity funded under subsection (a).

(B) **MAXIMUM AMOUNT OF COMBINED GRANT AND LOAN.**—The combined amount of a grant and loan made or guaranteed shall not exceed 50 percent of the cost of the activity funded under subsection (a).

(2) **FACTORS.**—In determining the amount of a grant or loan, the Secretary shall take into consideration, as applicable—

(A) the type of renewable energy system to be purchased;

(B) the estimated quantity of energy to be generated by the renewable energy system;

(C) the expected environmental benefits of the renewable energy system;

(D) the extent to which the renewable energy system will be replicable;

(E) the amount of energy savings expected to be derived from the activity, as demonstrated by an energy audit comparable to an energy audit under section 9005;

(F) the estimated length of time it would take for the energy savings generated by the activity to equal the cost of the activity; and

(G) other factors as appropriate.

(d) **INTEREST RATE.**—

(1) **IN GENERAL.**—A loan made by the Secretary under subsection (a) shall bear interest at the rate equivalent to the rate of interest charged on Treasury securities of comparable maturity on the date the loan is approved.

(2) **DURATION.**—The interest rate for each loan will remain in effect for the term of the loan.

(e) **CONSULTATION.**—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(f) **FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section \$23,000,000 for each of fiscal years 2003 through 2007.

SEC. 9007. HYDROGEN AND FUEL CELL TECHNOLOGIES.

7 USC 8107.

(a) **IN GENERAL.**—The Secretary and the Secretary of Energy shall enter into a memorandum of understanding under which the Secretary and the Secretary of Energy shall cooperate in the application of hydrogen and fuel cell technology programs for rural communities and agricultural producers.

Memorandum.

(b) **DISSEMINATION OF INFORMATION.**—Under the memorandum of understanding, the Secretary shall work with the Secretary of Energy to disseminate information to rural communities and agricultural producers on potential applications of hydrogen and fuel cell technologies.

SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.

(a) **FUNDING.**—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106-224) is amended—

- (1) in section 307, by striking subsection (f);
- (2) by redesignating section 310 as section 311; and
- (3) by inserting after section 309 the following:

26 USC 7624
note.
26 USC 7624
note.

“SEC. 310. FUNDING.

“(a) **FUNDING.**—Of funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this title—

- “(1) \$5,000,000 for fiscal year 2002; and
- “(2) \$14,000,000 for each of fiscal years 2003 through 2007; to remain available until expended.

“(b) **AUTHORIZATION OF APPROPRIATIONS.**—In addition to amounts transferred under subsection (a), there are authorized to be appropriated to carry out this title \$49,000,000 for each of fiscal years 2002 through 2007.”.

(b) **TERMINATION OF AUTHORITY.**—Section 311 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106-224) (as redesignated by subsection (a)) is amended by striking “December 31, 2005” and inserting “September 30, 2007”.

SEC. 9009. COOPERATIVE RESEARCH AND EXTENSION PROJECTS.

Section 221 of the Agricultural Risk Protection Act of 2000 (114 Stat. 407) is amended—

- (1) by redesignating subsection (d) as subsection (f); and
- (2) by inserting after subsection (c) the following:

7 USC 6711.

“(d) COOPERATIVE RESEARCH.—

“(1) **IN GENERAL.**—Subject to the availability of appropriations, the Secretary, in cooperation with departments and agencies participating in the U.S. Global Change Research Program (which may use any of their statutory authorities) and with eligible entities, may carry out research to promote understanding of—

- “(A) the flux of carbon in soils and plants (including trees); and
- “(B) the exchange of other greenhouse gases from agriculture.

“(2) **ELIGIBLE ENTITIES.**—Research under this subsection may be carried out through the competitive awarding of grants and cooperative agreements to colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 1303)).

“(3) **COOPERATIVE RESEARCH PURPOSES.**—Research conducted under this subsection shall encourage collaboration among scientists with expertise in the areas of soil science,

agronomy, agricultural economics, forestry, and other agricultural sciences to focus on—

“(A) developing data addressing carbon losses and gains in soils and plants (including trees) and the exchange of methane and nitrous oxide from agriculture;

“(B) understanding how agricultural and forestry practices affect the sequestration of carbon in soils and plants (including trees) and the exchange of other greenhouse gases, including the effects of new technologies such as biotechnology and nanotechnology;

“(C) developing cost-effective means of measuring and monitoring changes in carbon pools in soils and plants (including trees), including computer models;

“(D) evaluating the linkage between federal conservation programs and carbon sequestration;

“(E) developing methods, including remote sensing, to measure the exchange of carbon and other greenhouse gases sequestered, and to evaluate leakage, performance, and permanence issues; and

“(F) assessing the applicability of the results of research conducted under this subsection for developing methods to account for the impact of agricultural activities (including forestry) on the exchange of greenhouse gases.

“(4) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2002 through 2007.

“(e) EXTENSION PROJECTS.—

“(1) IN GENERAL.—The Secretary, in cooperation with departments and agencies participating in the U.S. Global Change Research Program (which may use any of their statutory authorities), and local extension agents, experts from institutions of higher education that offer a curriculum in agricultural and biological sciences, and other local agricultural or conservation organizations, may implement extension projects (including on-farm projects with direct involvement of agricultural producers) that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and the exchange of greenhouse gas emissions from agriculture which demonstrate the feasibility of methods of measuring and monitoring—

“(A) changes in carbon content and other carbon pools in soils and plants (including trees); and

“(B) the exchange of other greenhouse gases.

“(2) EXTENSION PROJECT RESULTS.—The Secretary may disseminate to farmers, ranchers, private forest landowners, and appropriate State agencies in each State information concerning—

“(A) the results of projects under this subsection; and

“(B) the manner in which the methods used in the projects might be applicable to the operations of the farmers, ranchers, private forest landowners, and State agencies.

“(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2002 through 2007.”.

SEC. 9010. CONTINUATION OF BIOENERGY PROGRAM.

7 USC 8108.

(a) **DEFINITIONS.**—In this section:

(1) **BIOENERGY.**—The term “bioenergy” means—

- (A) biodiesel; and
- (B) fuel grade ethanol.

(2) **BIODIESEL.**—The term “biodiesel” means a monoalkyl ester that meets the requirements of an appropriate American Society for Testing and Materials standard.

(3) **ELIGIBLE COMMODITY.**—The term “eligible commodity” means—

(A) wheat, corn, grain sorghum, barley, oats, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard, crambe, sesame seed, and cottonseed;

(B) a cellulosic commodity (such as hybrid poplar and switch grass);

(C) fats, oils, and greases (including recycled fats, oils, and greases) derived from an agricultural product; and

(D) any animal byproduct (in addition to oils, fats, and greases) that may be used to produce bioenergy, as determined by the Secretary.

(4) **ELIGIBLE PRODUCER.**—The term “eligible producer” means a producer that uses an eligible commodity to produce bioenergy.

(b) **BIOENERGY PROGRAM.**—

(1) **CONTINUATION.**—The Secretary shall continue the program under part 1424 of title 7, Code of Federal Regulations (or any successor regulation), under which the Secretary makes payments to eligible producers to encourage increased purchases of eligible commodities for the purpose of expanding production of such bioenergy and supporting new production capacity for such bioenergy.

(2) **CONTRACTS.**—To be eligible to receive a payment, an eligible producer shall—

(A) enter into a contract with the Secretary to increase bioenergy production for 1 or more fiscal years; and

(B) submit to the Secretary such records as the Secretary may require as evidence of increased purchase and use of eligible commodities for the production of bioenergy.

(3) **PAYMENT.**—

(A) **IN GENERAL.**—Under the program, the Secretary shall make payments to eligible producers, based on the quantity of bioenergy produced by the eligible producer during a fiscal year that exceeds the quantity of bioenergy produced by the eligible producer during the preceding fiscal year.

(B) **PAYMENT RATE.**—

(i) **PRODUCERS OF LESS THAN 65,000,000 GALLONS.**—An eligible producer that produces less than 65,000,000 gallons of bioenergy shall be reimbursed 1 feedstock unit for every 2.5 feedstock units of eligible commodity used for increased production.

(ii) **PRODUCERS OF 65,000,000 OR MORE GALLONS.**—An eligible producer that produces 65,000,000 or more gallons of bioenergy shall be reimbursed 1 feedstock unit for every 3.5 feedstock units of eligible commodity used for increased production.

(C) **QUARTERLY PAYMENTS.**—The Secretary shall make payments to an eligible producer for each quarter of the fiscal year.

(4) **PRORATION.**—If the amount made available for a fiscal year under subsection (c) is insufficient to allow the payment of the amount of the payments that eligible producers (that apply for the payments) otherwise would receive under this subsection, the Secretary shall prorate the amount of the funds among all such eligible producers.

(5) **OVERPAYMENTS.**—If the total amount of payments that an eligible producer receives for a fiscal year under this section exceeds the amount that the eligible producer should have received under this subsection, the eligible producer shall repay the amount of the overpayment to the Secretary, with interest (as determined by the Secretary).

(6) **LIMITATION.**—No eligible producer shall receive more than 5 percent of the total amount made available under subsection (c) for a fiscal year.

(7) **OTHER REQUIREMENTS.**—To be eligible to receive a payment under this subsection, an eligible producer shall meet other requirements of Federal law (including regulations) applicable to the production of bioenergy.

(c) **FUNDING.**—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

(1) not more than \$150,000,000 for each of fiscal years 2003 through 2006; and

(2) \$0 for fiscal year 2007.

TITLE X—MISCELLANEOUS

Subtitle A—Crop Insurance

SEC. 10001. EQUAL CROP INSURANCE TREATMENT OF POTATOES AND SWEET POTATOES.

Section 508(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(2)) is amended in the first sentence by striking “and potatoes” and inserting “, potatoes, and sweet potatoes”.

SEC. 10002. CONTINUOUS COVERAGE.

Section 508(e)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(4)) is amended—

(1) in the paragraph heading, by striking “TEMPORARY PROHIBITION” and inserting “PROHIBITION”; and

(2) by striking “through 2005” and inserting “and subsequent”.

SEC. 10003. QUALITY LOSS ADJUSTMENT PROCEDURES.

Section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)) is amended—

(1) in paragraph (3)—

(A) by striking “The Corporation” and inserting the following:

“(A) **REVIEW.**—The Corporation”; and

(B) by striking “Based on” and inserting the following:

“(B) **PROCEDURES.**—Effective beginning not later than the 2004 reinsurance year, based on”; and

Effective date.