

## TITLE I. DAIRY

Title I reflects major changes made in the determination of milk price supports.

### Price Support

The dairy price support features of the 1981 Act are novel additions to farm legislation because they specify actual minimum support prices for milk for each fiscal year, 1982 through 1985. In the past, minimum prices have been specified by legislation as a percent of parity. For example, the 1977 Act set the support level for milk at no less than 80 percent of the parity price. Under the 1981 Act, reverting to price support adjustments based on a percent of parity will depend on supply and demand conditions. If milk product purchases exceed specified dollar or pound constraints, price supports will be adjusted annually according to the specified minimums. From December 22, 1981 to the end of fiscal year 1982 (September 30, 1982), the minimum price support will remain at \$13.10 per hundredweight for milk containing 3.67 percent milk fat. The minimum support level will be \$13.25 for fiscal 1983; \$14.00 for fiscal 1984; and \$14.60 for fiscal year 1985. However, if the Secretary of Agriculture determines at the beginning of the fiscal year that the net cost of Federal dairy price support purchases will be less than \$1 billion for the upcoming year, the minimum price support will be set at 70 percent of parity. In addition, if the Secretary estimates that net Government dairy support purchases will be less than 4.0 billion pounds (milk equivalent) in fiscal year 1983, 3.5 billion pounds in fiscal 1984, or 2.69 billion pounds in fiscal 1985, the minimum price support for the year in question will be 75 percent of parity.

### Price Support Adjustments

For the period beginning December 22, 1981, and ending September 30, 1985, the Secretary of Agriculture is authorized to adjust the level of support above the minimum levels as appropriate. The new provisions do not require that price support adjustments take place on a semi-annual basis. In contrast, the 1977 legislation required adjustments to be made by the Secretary semi-annually, to reflect any estimated change in the parity index. The 1977 Act also gave the Secretary discretionary authority to make quarterly adjustments to reflect any substantial change in the parity index.

### Dairy Indemnity Program

The dairy indemnity program will be continued through September 30, 1985. In 1977, this program was amended to authorize the Secretary of Agriculture to make indemnity payments to dairy farmers who are directed to remove their milk from commercial markets as a result of chemical residues, nuclear radiation, or fallout. Payments will not be made to manufacturers.

### Marketing Order Authorizations and Donations

The 1981 Act extends until December 31, 1985 the authority for seasonal base and Louisville plans and the provisions requiring the convening of a hearing to amend a Federal milk marketing order if one-third or more of the producers supplying the market petition for such a hearing. Class I base plans are scheduled to expire December 31, 1984. Secretarial authorization to donate dairy products to military services and veteran's hospitals is also extended through September 30, 1985.

Reduction of  
Dairy Product  
Inventories

The Secretary of Agriculture, under the 1981 Act, has to reduce inventories of dairy products held by the CCC so as to reduce its expenditures to the estimates used in developing budget outlays for the milk price support program under the Congressional Budget Act of 1974 for the appropriate fiscal year. To do this, the Secretary must utilize, to the fullest extent practicable, all available authorities including the Commodity Credit Corporation (CCC) Charter Act (including exportation of dairy products at not less than prevailing world market prices) and the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). This provision was not included in the 1977 Act.

Dairy Program  
Operation Report

A report on dairy program operations must be prepared and submitted to Congress by the Secretary before January 1, 1983. The report will describe the strengths and weaknesses of existing Federal dairy programs and the possible results of using new programs to control or minimize surplus dairy production. The report must also examine the effect of current and proposed programs on supply and demand, farm income, and consumer cost on a regional basis.

TITLE II. WOOL AND  
MOHAIR

Title II extends the National Wool Act of 1954 through December 31, 1985. This feature of the law requires the Secretary of Agriculture to provide supports for wool and mohair.

Price Support for  
Shorn Wool

Support rates for shorn wool are lowered from 85 percent of the formula rate, the rate required under the 1977 Act, to 77.5 percent. Support at this level will be effective for the marketing years beginning January 1, 1982 and ending December 31, 1985. The formula rate for shorn wool continues to be determined by multiplying 62 cents by the ratio of (1) the average of the parity index for the 3 calendar years immediately preceding the calendar year in which the support price is determined and announced to (2) the average parity index for the 3 calendar years 1958, 1959, 1960, rounded to the nearest full cent. The parity index is defined as the index of prices paid by farmers for commodities and services, including interest, taxes, and farm wage rates.

TITLES III. AND  
IV. WHEAT AND  
FEED GRAINS

The target price and loan and purchase program is continued through the 1985 crop year. Income support is provided through the target price concept, which guarantees eligible producers a direct payment if farm prices received for specified periods of time fall below established target prices. Price supports continue to be provided via the nonrecourse loan and purchase program.

Target Prices  
and Price Support  
Loans for 1982-85  
Crops

Target prices for the 1982 through 1985 wheat crops are established at levels to be not less than \$4.05, \$4.30, \$4.45, and \$4.65 per bushel, respectively. The Secretary is given discretion to establish higher levels based on changes in per acre

costs of production (using a procedure similar to the one provided under the 1977 Act). Under the 1977 Act, wheat target prices were specified only for 2 crop years; the 1977 crop target price was adjusted by the Act even though most features applied to the 1978-81 crops and a 1978 target price was established. Target prices for the 1979 through the 1981 crops were to be determined through a formula based on changes in a 2-year moving average of specified costs of production per bushel. Also, no minimum target price level was given.

Target prices for the 1982 through 1985 corn crops are not to be less than \$2.70, \$2.86, \$3.03, and \$3.18 per bushel, respectively. As with wheat, the Secretary is given discretion to establish higher levels based on changes in per acre costs of production. Under the 1977 Act, corn target prices were specified only for the 1977 and 1978 crops. Target prices for the 1979 through the 1981 crops were to be determined by a formula, based on changes in specified costs of production per bushel. Also, no minimum level was given. (The Agricultural Act of 1980 set the wheat and feed grains target prices for the 1980 crop. These levels were also made the minimum target prices for the 1981 crop, with adjustments for changes in costs of production per bushel mandated.)

The 1981 Act requires that payment rates for grain sorghum, oats, and, if designated by the Secretary, barley, be set at such rates as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn. This differs from the 1977 Act in as much as payment rates for oats are now required.

Nonrecourse loans and purchases will continue to be available to wheat and feed grain producers. The minimum level for the 1982-85 wheat crops is set at \$3.55 per bushel. The Secretary is given the authority to raise the loan rate to maintain the competitive relationship of wheat to other grains. Corn's price support minimum is established at \$2.55 per bushel for the 1982-85 crops.

If the average market price for corn or wheat is not more than 105 percent of the loan level in any marketing year, the Secretary may reduce the loan and purchase level for the next marketing year, but by no more than 10 percent in any year and no lower than \$3.00 for wheat and \$2.00 for corn. If the Secretary takes the allowable reduction action, emergency compensation must be made by increasing the target price payments for the affected crop by an amount that the Secretary determines will provide the same total return to producers as if the action on the loan and purchase rate had not been made. If there are no target price payments in effect, then separate payments must be made. Payment limitations will not apply for this emergency compensation. The authority to adjust loans downward when market prices fall near the loan level was also included in the 1977 Act. This provision is intended to help avoid the accumulation of large government-owned stocks as well as helping to keep U.S. produced grains competitive in world markets.

Loans will once again be available for the 1982-85 crops of grain sorghum, barley, oats, and rye, at such levels as the Secretary determines are fair and reasonable in relation to the level for corn, taking into consideration the feeding value of such commodities in relation to corn and other factors. The 1977 Act also required that transportation costs be taken into consideration in establishing the grain sorghum loan rate.

National Program  
Acreage

Under the 1981 Act (as in the 1977 Act), the national program acreage (NPA) for wheat and feed grains is the number of harvested acres the Secretary determines (based on the weighted national average farm program yields) is required to meet estimated domestic and export needs (less imports) plus any desired increase or decrease in carryover stocks. The NPA for wheat for a particular crop year is to be announced by the Secretary no later than August 15 of the preceding calendar year. The NPA for feed grains must be announced by November 15 of the preceding calendar year. The NPA may be adjusted at a later time, with the adjustment based on the most recent information, for purposes of calculating the program allocation factor. The NPA is not required whenever a reduction in acreage program (RAP) is in effect.

Program Allocation  
Factor

*NPA  
Total Harvested*

The program allocation factor (as in the 1977 Act) may range between 80 and 100 percent. The exact percentage will be determined by dividing the NPA by the number of acres that the Secretary estimates will be harvested in the current year. The allocation factor is used for determining the farm program acreage. The allocation factor is not required whenever a RAP is in effect.

Farm Program  
Acreage

The individual farm program acreage for deficiency payment purposes will once again be determined by multiplying the allocation factor by the number of acres planted for harvest on the individual farm. If a RAP is in effect, then the individual farm program acreage shall be the acreage planted on the farm for harvest within the permitted acreage base.

Farm Program  
Payment Yields  
and Proven Yields

The farm program payment yield for each crop of wheat and feed grains will once again be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat and/or feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as he finds fair and reasonable. The proven yield provision is continued. This ensures that no reduction in yield can be forced on farmers who can prove a yield higher than their program yield. The Secretary has the authority to establish national, State, or county program yields based on historic yields adjusted for abnormal factors or, when the data are not available, the Secretary must estimate the actual yield for the crop year in question. If any of these yields are established, the total of the farm program payment yields shall equal the national, State, or county program payment yield.

Deficiency  
Payments

Under the 1981 Act (as in the 1977 Act), deficiency payments will be made to producers of each wheat and feed grain crop if the

national weighted average market price received by farmers during the first 5 months of the marketing year is below the established target price for that crop year. The payment rate is determined by the difference between the target price and the higher of the national weighted average market price or the loan level.

Payments for the 1982-85 wheat and feed grain crops will again be determined by multiplying the payment rate in each year times the farm program acreage times the farm program payment yield established for the farm. The total quantity of any crop on which payments will be made to a producer on a farm will be reduced by the quantity on which a disaster payment is made. This means that a producer cannot be paid twice on the same bushel of production.

Disaster Program Provisions

Under the 1981 Act, producers will generally not automatically be entitled to disaster payments if crop insurance is available to them under the Federal Crop Insurance Act. (This restriction was not included in the 1977 Act.) However, even if crop insurance is available the Secretary may make disaster payments to producers on a farm whenever the Secretary determines that the following conditions have been met: (1) As the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat, feed grains, or other nonconserving crop, or from reduced yields, and that such losses have created an economic emergency for the producer; (2) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems with respect to the Federal crop insurance program; and (3) Additional assistance must be made available to such producers to alleviate the economic emergency.

If the above conditions are met, prevented planting payments will be made on the basis of the smaller of either the acreage intended to be planted to wheat or feed grains, or the acreage planted for harvest of wheat or feed grains (including any acreage which the producer was prevented from planting to wheat, feed grains, or other nonconserving crops) in the immediately preceding year. The payment calculation is 75 percent of the farm program payment yield for the farm times one-third of the target price for wheat and/or feed grains. Low-yield payments will be made if the total quantity of wheat or feed grains harvested on any farm is less than the potential production obtained by multiplying 60 percent of the farm program yield by the acreage planted for harvest. The payment calculation is 50 percent of the target price for the deficit in production below the 60 percent level.

Recommended Voluntary Reduction

Producers will receive any required deficiency payments on 100 percent of their harvested acreage if they voluntarily reduce their acreage planted for harvest on the farm from the acreage base established for the farm, in line with the percentage recommended by the Secretary when he announces the national

wheat and feed grain program acreages. (This process does not apply whenever a RAP is in effect.) Other program requirements in effect would have to be met to qualify for program benefits. Also, the Secretary is required to provide equitable treatment to producers who do reduce their current year's wheat or feed grain acreage, but by an amount less than recommended. These provisions differ from the ones in the 1977 Act inasmuch as the acreage reduction is a percentage of the established farm acreage base and not the previous year's plantings.

### Acreage Reduction

The 1981 Act continues, but modifies, the authority of the Secretary to require a reduction in the acreage planted to wheat and/or feed grains. The announcement for either an acreage limitation or set-aside program must be made by August 15 for wheat and November 15 for feed grains. The limitation will be determined by applying a uniform percentage reduction to the wheat and/or feed grains acreage base for each farm. The acreage base for each crop for any farm will be the acreage planted for harvest (including any acreage which the producers were prevented from planting to wheat, feed grains, or other nonconserving crop because of conditions beyond the control of the producers) in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted for harvest in the 2 crop years immediately preceding the year for which the determination is made. The Secretary may make adjustments to reflect other factors he determines should be considered in determining a fair and equitable base.

When an acreage limitation program is in effect, a percentage of the acres on each farm will be devoted to conservation uses. The percentage of acres devoted to conservation will be equal to the figure obtained by multiplying the number of acres required to be withdrawn by the number of acres actually planted divided by the number of acres authorized to be planted under the limitation. The NPA, allocation factor, and voluntary reduction will not be applicable in any year in which an acreage limitation program is in effect. The acreage planted for harvest within the limitation will be the individual farm program acreage. Malting barley may be exempt from any acreage limitation requirements.

The Secretary also has the option to operate a set-aside program rather than acreage limitation. If announced, producers would have to set-aside and devote to conservation purposes acreage equal to a specified percentage of the acreage planted for harvest. The Secretary may make adjustments in individual set-asides to account for abnormal factors affecting production. In addition, if a set-aside program is established, the Secretary may limit the acreage planted to wheat and/or feed grains. Conservation practices must be in accordance with regulations issued by the Secretary.

The Secretary may permit all or any part of the reduced or set-aside acreage to be devoted to certain designated crops for harvest if he determines that such production (1) is needed to provide adequate supplies, (2) is not likely to increase the

cost of the price support programs, and (3) will not adversely affect farm income.

If an acreage limitation or set-aside program is in effect, producers must participate in such programs as a condition of eligibility for loans, purchases, and payments.

In addition, the Secretary may also offer producers a paid land diversion program if he determines that such payments will assist in obtaining necessary adjustments in total acreage. This program can be offered whether or not an acreage limitation or set-aside program is in effect. Furthermore, the diverted cropland (in addition to any reduced or set-aside acreage if such a program is in effect) must be devoted to approved conservation practices. Amounts payable to producers under this program may be determined by bids submitted by producers for diversion contracts.

The main difference between the previously discussed provisions and those included in the 1977 Act (as amended) is that acreage limitation programs are based on a percentage of the newly established crop acreage base concept and not on the current year's total plantings or that acreage planted for harvest. Furthermore, the Secretary may make use of the normal planted acreage (referred to as normal crop acreage (NCA) under the 1977 Act) concept only when a set-aside is in effect. The NCA is used to limit the total acreage planted to wheat, feed grains and/or other designated NCA crops on an individual farm and it is to be determined as provided by the Secretary. Under the 1977 Act (as amended), the Secretary had the authority to use the NCA concept even when a set-aside program was not in effect. In addition, the total acreage of NCA crops planted, plus set-aside and diverted acreage (if these two programs were in effect) could not exceed a farmer's total NCA.

Under the 1981 Act, the total acreage planted to wheat and/or feed grains will not be required to be within a farmer's NCA unless a set-aside is in effect. Then the set-aside, diverted, and planted acreage cannot exceed the farm's NCA. Set-aside acreage is still based on a percentage of the current year's planted acreage for harvest. Although set-asides appear to be crop specific, a farmer can again plant more of the crop in question. This can be done by changing crop mixes. For example, suppose a farmer has a 100 acre (assuming this is also his NCA) farm. In 1981, this farmer planted 50 percent wheat and 50 percent soybeans. Say now that on August 15, 1981, the Secretary announced a 10 percent set-aside for the 1982 wheat crop. If the farmer believed that, for whatever reason, it would be more profitable for him to grow more wheat in 1982, but still wanted to remain eligible for program benefits, he could do so by reducing his soybean acreage. For example, he could plant 54.5 acres of wheat and 40 acres of soybeans, set-aside 10 percent of his wheat acreage (5.5 acres) and still be eligible for wheat program benefits even though he plants 4.5 acres more wheat than what he planted in 1981. This crop shifting would not be possible if an acreage limitation program were in effect since the acreage reduction is based on a percentage of the specific crop acreage base determined from previous crop year(s) planted acreage.

Wildlife Plots  
or Habitats

Any set-aside, reduced acreage, or diverted acreage may again be used for wildlife food plots or habitats as per the Secretary's standards. As in the 1977 Act, the Secretary may provide for payments for part of the cost.

Cross-compliance

Compliance with program provisions for any commodity may be required as a condition of eligibility for loans, purchases, or payments if a set-aside is in effect, but not if an acreage limitation program is in effect.

TITLE V. COTTON

Title V extends the cotton program, with some modifications, through the 1985 crop year.

Target Prices for  
1982-85 Crops

The target price for upland cotton cannot be less than 71 cents per pound for the 1982 crop, 76 cents per pound for the 1983 crop, 81 cents per pound for the 1984 crop, and 86 cents per pound for the 1985 crop. However, the actual target prices will be the higher of the minimum levels plus any adjustment for changes in cost of production, or 120 percent of the loan level. Any cost of production adjustment is to be based on changes in the variable, machinery ownership, and general farm overhead costs per acre for the 2 crop years immediately preceding the year in question from the 2 crop years immediately preceding the year previous to the one in question.

Price Support  
Loans for 1982-85  
Crops

Nonrecourse price support loan levels for upland cotton will once again be set at the lower of either 85 percent of the average spot market price for Strict Low Middling 1-1/16" (SLM 1-1/16") upland cotton (micronaire 3.5 through 4.9) at average U.S. location during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year's highest and lowest price or 90 percent of the average adjusted price, for the 15-week period beginning July 1 of the year in which the loan level is announced, of the 5 lowest priced growths quoted for Middling 1-3/32" cotton (Strict Middling 1-1/16" was used in the 1977 Act), C.I.F. (cost, insurance, freight) Northern Europe. In no event shall such loan level be less than 55 cents per pound (minimum level was 48 cents per pound in the 1977 Act).

If for any crop, the average Northern Europe price is less than the average U.S. spot market price, the Secretary may increase the loan level to such a level, but not in excess of the average U.S. spot market price. The loan level for any crop of upland cotton will be determined and announced by the Secretary no later than November 1 of the calendar year preceding the marketing year for which the loan is to be effective. Once announced, the loan level cannot be changed.

Loan Maturity  
and Extension

As under the 1977 Act, price support loans mature 10 months from the first day of the month in which the loan is made. Producers may, during the tenth month of the loan period, extend their loan period for an additional 8 months. However, requests to extend the loan period will not be approved in a month when the average spot market price of SLM 1-1/16" cotton in the preceding month exceeds 130 percent of such average price for the preceding 36-month period.

National Program  
Acreage

As under the 1977 Act, the NPA for upland cotton represents the number of harvested acres needed (based on the weighted national average of the farm program payment yields) to meet domestic and export needs (less imports). The acreage may be adjusted for any desired increase or decrease in carryover stocks. Announcement of the NPA for upland cotton is to be made by the Secretary no later than November 1 (December 15 under the 1977 Act) of the calendar year preceding the year for which such acreage is established. While the Secretary may later adjust the national program acreage for purposes of computing the program allocation factor, such NPA cannot be less than 10 million acres. However, the NPA is not required whenever a RAP is in effect.

Program Allocation  
Factor and Farm  
Program Acreage

A program allocation factor is determined, as in the 1977 Act, by dividing the national upland cotton program acreage by the number of harvested acres, as determined by the Secretary. The allocation factor may not exceed 100 percent. No minimum allocation factor is specified. A farm's program acreage for upland cotton is the product of the allocation factor and the acreage planted to upland cotton on the farm.

Farm Program  
Payment Yields  
and Proven Yields

Individual farm program payment yields for any year are again to be determined on the basis of the actual yield per harvested acre on the farm for the preceding 3 years. Adjustments may be made in yields that are reduced by drought, flood, or other natural disaster. As with wheat and feed grains, producers may prove their actual yield. Also, as with wheat and feed grains, the Secretary may establish national, State, or county program payment yields to which the total of the farm program payment yields must balance.

Deficiency  
Payments

As under the 1977 Act, deficiency payments will be made to producers of each upland cotton crop if the national average price received by farmers for upland cotton, during the calendar year which includes the first 5 months of the marketing year, is below the target price.

The payment rate and the total quantity of upland cotton on which deficiency payments will be made are determined in the same manner as they are under the provisions of the wheat and feed grains programs.

Disaster Program  
Provisions

With respect to the 1982 through 1985 crops of upland cotton, producers will not automatically be entitled to disaster payments if crop insurance is available to them under the Federal Crop Insurance Act (this provision was not included in the 1977 Act). However, as with wheat and feed grains, the Secretary of Agriculture may make disaster payments to producers whenever he determines that certain emergency conditions exist or if Federal crop insurance is not available in an area.

If the above conditions are met, producers who are prevented from planting cotton or other nonconserving crops will receive a per acre payment equal to one-third of the target price on 75 percent of their farm program payment yield. Payments will be made on the smaller of either the acreage intended to be planted in the cur-

rent year, or the acreage planted to cotton for harvest (including any acreage the producer was prevented from planting to cotton or other nonconserving crops) in the preceding year. For low yields, producers will receive a payment equal to one-third of the target price on any loss of production below 75 percent of a production level for the farm established by multiplying the farm's program payment yield by the acreage planted to upland cotton.

Recommended Volun-  
tary Reduction

This provision is identical to that included in the wheat and feed grains programs. (See page 5.)

Acreage Reduction

The 1981 Act continues, but modifies, the authority of the Secretary to require a reduction in the acreage planted to upland cotton. The acreage limitation will be determined by applying a uniform percentage reduction to the upland cotton acreage base for each farm. The acreage base for any farm will be determined in the same manner as are wheat and feed grains. When a RAP is in effect, a percentage of the acreage on each farm will be devoted to conservation uses, in accordance with regulations issued by the Secretary. The Secretary may permit all or any part of the reduced acreage to be devoted to certain designated crops for harvest if he determines that such production is needed to provide adequate supplies, is not likely to increase the cost of the price support programs, and will not adversely affect farm income. The NPA, allocation factor, and voluntary reduction will not be in effect if the acreage limitation authority is used.

If an acreage limitation program is in effect, producers must participate in such programs as a condition of eligibility for loans and payments.

The Secretary may also offer a paid land diversion program to producers if he determines that such payments will assist in obtaining necessary adjustments in total acreage. This program can be offered whether or not an acreage limitation program is in effect. Further, the diverted cropland (in addition to any reduced acreage if such a program is in effect) must be devoted to approved conservation practices. Amounts payable to producers under this program may be determined by bids submitted by producers for diversion contracts. Reduced acreage or diverted acreage may again be used for wildlife food plots or habitats. The Secretary may also pay an appropriate share of the costs of such efforts.

The main differences between the previously discussed provisions and those included in the 1977 Act (as amended) are: Acreage reduction is based on a percentage of the newly established acreage base concept and not on the current year's acreage planted for harvest since provisions for a cropland set-aside are not included; and the NCA provision has been eliminated. Another major change in the cotton program is that cross-compliance between different commodity programs may no longer be required as a condition of eligibility for program benefits under the upland cotton program.

Special World  
Import Quota

Similar to provisions under the 1977 Act, the 1981 Act provides for a special limited global import quota. The amount of quota is to equal a 21-day domestic mill supply of cotton and will be opened up for any month in which the average spot market price of SLM 1-1/16" cotton exceeds 130 percent of such average spot market price for the preceding 36 month period. A 90-day period from the effective beginning day of the quota will be allowed for cotton entering the United States under the quota.

If a quota has been established under this provision during the previous 12-month period, the amount of the next quota will be limited to the smaller of 21 days of domestic mill consumption or the amount of cotton required to increase the cotton supply to 130 percent of demand.

Skiprow Planting

Skiprow rules for classifying acreage to upland cotton and the area skipped in effect under the 1977 Act are continued by the 1981 Act.

CCC Sales Price  
Restriction

As under the 1977 Act, the CCC minimum sales price cannot be less than 115 percent of the loan rate in effect for SLM 1-1/16" upland cotton, with adjustments for grade, quality, location, and other value factors as determined by the Secretary, plus carrying charges.

Extra-Long Staple  
Cotton

The loan level for extra-long staple (ELS) cotton is to be not less than 75 percent (85 percent under the 1977 Act as amended) nor more than 125 percent (135 percent under the 1977 Act as amended) in excess of the loan level established for SLM 1-1/16" upland cotton if marketing quotas have been approved and 50 percent in excess of the loan if quotas have not been approved. The provisions relating to price support payments have been deleted.

Price Support  
Adjustments

Beginning with the 1982 crop of upland cotton, the loan program requires quality differences (premiums and discounts for grade, staple, and micronaire) be established by the Secretary by giving equal weights to (1) loan differences for the preceding crop and (2) market differences for such crop in the 9 designated U.S. spot markets. The Secretary may adjust such differentials, according to recommendations made by a new study committee established by this Act, to accurately reflect the actual market value of upland cotton produced in the United States.

TITLE VI. RICE

The 1981 Act repeals the previously used rice acreage allotment and marketing quota system.

Target Price for  
1982-85 Crops

The target price for rice cannot be less than \$10.85 per hundred weight (cwt.) for the 1982 crop, \$11.40 per cwt. for the 1983 crop, \$11.90 per cwt. for the 1984 crop, and \$12.40 per cwt. for the 1985 crop. Target prices may also be adjusted to reflect changes in the per acre cost of production.

Price Support  
Loans for 1982-85  
Crops

The loan and purchase level for each of the 1982-85 crops is to be established, as under the 1977 Act, at a level which bears the same ratio to the previous loan level that the current year's target price bears to the previous target price. For example, if the target price increases by 5 percent from one year to the next, then the loan rate would also increase by 5 percent. The rice loan can be adjusted downward if the Secretary determines that the loan established by formula would discourage exports and result in excessive domestic rice stocks. The rice loan may not be reduced below \$8 per cwt. (\$6.31 per cwt. under the 1977 Act). The loan and purchase level must be announced by March 1.

National Program  
Acreage

The Secretary shall announce a NPA for each of the 1982 through 1985 crops of rice. (Provisions regarding the NPA, allocation factor, and voluntary reduction will not apply and may not be announced for those years when a RAP is in effect). The announcement must be made by January 31 of each calendar year for the crop harvested in that year. The NPA for rice represents the number of harvested acres needed (based on the weighted national average of the farm program payment yields) to meet domestic and export needs (less imports). This acreage may be adjusted for any desired increase or decrease in carry-over stocks. The Secretary may revise the NPA later, with the adjustment based on the most recent information, for purposes of calculating the program allocation factor.

Program Allo-  
cation Factor  
and Farm  
Program Acreage

A program allocation factor will be determined for rice by dividing the national rice program acreage by the number of harvested acres, as determined by the Secretary. The allocation factor may not exceed 100 percent nor be less than 80 percent. A farm's program acreage for rice will be the product of the allocation factor and the acreage planted to rice for harvest on the farm. However, if a RAP is in effect, then the individual farm program acreage shall be the acreage planted on the farm for harvest within the permitted acreage base.

Farm Program  
Yields

Individual farm program yields for any year will be determined on the basis of the actual yield per harvested acre on the farm for the preceding 3 years. Adjustments may be made in yields that are reduced by drought, flood, or other condition beyond the control of the producer. If no rice was produced, the yield shall be determined using comparable farms.

Deficiency  
Payments

Deficiency payments will be made to producers of each rice crop if the national average price received by farmers for rice during the first 5 months of the marketing year is below the target price.

The payment rate will be determined as the difference between the target price and the higher of the national average price received for rice or the loan level. The total deficiency payment amount will then be the payment rate times the farm program acreage for rice times the farm program payment yield established for the farm. Under previous legislation, the payment rate was multiplied by the acreage planted within a farm's allotment, this product was then multiplied by the program yield.

The total quantity of rice on which deficiency payments will be made to a producer in any crop year will be reduced by the quantity of rice on which any disaster payment is made. As with wheat, feed grains, and cotton, this means that a producer cannot be paid twice for the same unit of production. The adjustment procedure is identical to that specified for wheat and feed grains.

Disaster Program Provisions

Producers will not automatically be entitled to disaster payments on their 1982-85 rice crops if crop insurance is available to them under the Federal Crop Insurance Act (this provision was not included in the 1977 Act). However, as with wheat and feed grains, the Secretary of Agriculture may make disaster payments to producers whenever he determines that certain emergency conditions exist or if Federal crop insurance is not available in a given area.

Producers who are prevented from planting rice or other nonconserving crops and meet the above conditions will receive per acre payments equal to one-third of the target price on 75 percent of their farm program payment yield. Payments will be made on the smaller of either the acreage intended to be planted in the current year, or the acreage planted to rice for harvest (including any acreage the producer was prevented from planting to rice or other nonconserving crop) in the immediately preceding year. For low yields, producers will receive an amount equal to one-third of the target price on any loss of production below 75 percent of a production level that is established for the farm by multiplying the farm's program payment yield by the acreage planted for rice.

Recommended Voluntary Reduction

This provision is identical to that included in the wheat and feed grains programs. (See page 5.)

Acreage Reduction

The Secretary is given the authority to require a reduction in the acreage planted to rice. The acreage limitation will be determined by applying a uniform percentage reduction to the rice acreage base for each farm. Under the 1977 Act, cropland reduction was based on a percentage of a farm's acreage allotment. The acreage base for any farm will be determined as under the provisions of the wheat and feed grains programs. When an acreage limitation program is in effect, a percentage of the acreage on each farm will be devoted to conservation uses, in accordance with regulations issued by the Secretary. However, the Secretary may permit all or any part of the reduced acreage to be devoted to certain designated crops for harvest if he determines that such production is needed to provide adequate supplies, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

The announcement of an acreage limitation program must be made by January 31. As previously stated, if an acreage limitation program is announced, the NPA allocation factor, and voluntary reduction will not be in effect. The farm program acreage would then become the rice planted for harvest within the limitation.

The Secretary may also offer a paid land diversion program to producers if he determines that such payments will assist in obtaining necessary adjustments in total acreage. This program may be offered whether or not an acreage limitation program is in effect. Diverted cropland (in addition to any reduced acreage if such a program is in effect) must be devoted to approved conservation practices. Amounts payable to producers under this program may be determined by bids submitted by producers for diversion contracts. Reduced or diverted acreage may be used for wildlife food plots or habitats. The Secretary may also pay an appropriate share of the cost of such an effort.

If an acreage limitation program is in effect, producers must participate in such program as a condition of eligibility for loans, purchases, and payments. However, cross-compliance between different commodity programs may not be required as a condition of eligibility to receive program benefits under the rice program. Like cotton, the NCA and set-aside concepts also will no longer be used for rice.

#### Rice Futures Report

The Secretary must report to Congress by July 31, 1983, an evaluation of the trading of rice futures on commodity exchanges. The report must assess whether futures prices reflect market prices. Also, the report must examine the feasibility of using a season average farm price for determining the loan rate for rice.

#### TITLE VII. PEANUTS

The 1981 Act suspends acreage allotments for the 1982-85 crops of peanuts. This means that any producer can grow and market peanuts. However, some restrictions on specific uses and marketing of certain peanuts still apply.

#### National Poundage Quota

The national poundage quota will be 1,200,000 tons for the 1982 marketing year; 1,167,300 tons for 1983; 1,134,700 tons for 1984; and 1,100,000 tons for 1985. The national poundage quota will be apportioned among the States based on their 1981 quota allocation. State poundage quotas are to be allocated among the counties in accordance with regulations established by the Secretary, taking into consideration each county's historical production of peanuts. The reduction in the national poundage quota from one year to the next is to be accomplished, if possible, by reducing quotas on farms that have not produced part or all of their quota for specified reasons, other than because of natural disasters, or for a reason prescribed by the Secretary. The minimum national poundage quota in the 1977 Act was gradually adjusted downward from 1,680,000 tons in 1978 to 1,440,000 tons in 1981.

#### Farm Poundage Quota

At the farm level, a poundage quota will be established for each farm having an allotment in 1981. This quota will equal the farm poundage quota for the farm for the 1981 marketing year, reduced by such amounts as are necessary so that the total of all farm poundage quotas will equal the national poundage quotas. In subsequent years the farm poundage quotas for individual farms will be further reduced in such amounts as are necessary to accomplish the overall reduction in the national poundage quota.

Farm quotas may be adjusted for undermarketing of quota peanuts during previous years. These adjustments will not affect the national poundage quota, but they cannot exceed 10 percent of the national poundage quota in any given year.

Quota Peanuts

For any marketing year, quota peanuts are once again those which are eligible for domestic edible use, as determined by the Secretary, marketed or considered marketed from a farm and which do not exceed the farm poundage quota. Domestic edible use means use for milling to produce domestic food peanuts and seed, and use on a farm, except seeds that are determined by the Secretary to be unique strains and not commercially available.

Additional Peanuts

With allotments under suspension, additional peanuts in any marketing year are now defined as those peanuts sold from a farm which are in excess of the amount of quota peanuts marketed from that farm. Additional peanuts are also those marketed from a farm that has no farm base production poundage. Previously, additional peanuts were defined as those peanuts marketed from a farm in any marketing year in excess of the amount of quota peanuts but grown within the farm's acreage allotment.

Peanut Referendum

The Secretary is required to conduct a referendum of peanut farmers involved in the production of quota peanuts in order to determine whether such farmers support or oppose poundage quotas. If two-thirds of the farmers voting, vote in favor of a poundage quota, then no further referendum need be held during a 4 year period. Conversely, if more than one-third of the farmers voting, vote against a poundage quota, then there will be no poundage quota in effect for that year. However, a referendum would have to be held the following year.

Sale, Lease, or Transfer of Farm Poundage Quota

The sale, lease, and transfer of peanut farm poundage quotas within a State will now be permitted if the State's poundage quota is less than 10,000 tons for the 1981 crop. In all other cases farm poundage quotas may be sold, leased, and transferred within a county. In addition, an operator's quota may now be transferred to another farm controlled by the operator, that is either within the same county or in a contiguous county in the same State, and that had a farm poundage quota in 1981. No transfers may be made from a farm subject to a lien unless all claimants agree. Also, the county committee must determine that the farm receiving the farm poundage quota has sufficient tillable cropland to produce the quota.

Marketing Penalties

The penalty for marketing peanuts for domestic edible use in excess of the farm poundage quota is 140 percent of the loan level for quota peanuts. As under previous law, additional peanuts may be purchased from growers solely for the purpose of crushing or export. A penalty of 120 percent of the quota loan level will be assessed if a handler fails to comply with regulations relating to the disposition and handling of additional peanuts.

CCC Resale Price

Any peanuts owned or controlled by the CCC may be made available for domestic use in accordance with regulations established by the Secretary. Additional peanuts received under loan can be

offered for sale for domestic edible use at a price that meets all Government costs and be not less than 100 percent of the quota loan if sold and paid for during the harvest season, but the CCC must have the written consent of the producer; 105 percent of the quota loan if sold by December 31 of the marketing year; and 107 percent of the quota loan if sold after December 31 of the marketing year.

Peanut Price Support

This legislation continues the two-tier price support system for quota and additional peanuts. The Secretary is mandated, in crop year 1982, to establish the support price to reflect the national average cost of production per acre, including the cost of land on a current value basis, but not less than 27.5 cents per pound (\$550 per ton). The support level for each of the following crop years through 1985 will be adjusted to reflect the change, excluding land cost, in the national average cost of peanut production per acre during the calendar year preceding the marketing year in question. This adjustment shall not exceed 6 percent. The adjustment procedure under the 1977 Act was discretionary and included changes in the index of prices paid by producers.

Additional peanuts will again be supported at a level to be determined by the Secretary and announced by February 15. However, the support rate must be set so there will be no losses to the CCC. In no case will price support be made available if the imposition of poundage quotas are rejected in the producer referendum.

TITLE VIII.  
SOYBEANS

The 1981 Act requires the Secretary of Agriculture to establish a loan and purchase program for 1982-85 soybean crops. Beginning with the 1982 marketing year, the loan level for soybeans is established at 75 percent of the simple average price of soybeans received by farmers over the preceding 5 marketing years, excluding the high and low years. However, the Secretary cannot establish the support price at less than \$5.02 per bushel. If the Secretary determines that the average price the producer receives is not more than 105 percent of the loan level in any marketing year, the loan and purchase level may be reduced, but by no more than 10 percent per year, and no lower than \$4.50 per bushel. Such action would be taken to maintain domestic and foreign markets.

The Secretary must make a preliminary announcement of the intended level of price support no earlier than 30 days prior to September 1, the beginning of the marketing year. The final level of price support must be announced no later than October 1 for the price support level to be applicable for that marketing year. The final level of support cannot be less than that of the preliminary announcement. Under the 1977 Act, a soybean loan was required but the level was left at the discretion of the Secretary except the loan could not be less than \$4.50 per bushel. The minimum loan level was later amended to \$5.02 per bushel. Soybean acreage reductions cannot be required as a condition of eligibility for price support.

## TITLE IX. SUGAR

The 1981 Act requires the Secretary of Agriculture to support the price of the 1982-85 crops of sugar beets and sugarcane. From December 22, 1981 through March 31, 1982, the Secretary is mandated to support the price of sugarcane through the purchase of processed products in such a way as to approximate a raw sugar price of 16.75 cents per pound and the price of sugar beets at such a level as the Secretary determines to be fair and reasonable in relation to the support level for sugarcane.

Effective October 1, 1982, the Secretary must support the price of domestically grown cane sugar through nonrecourse loans, at levels of not less than 17 cents per pound for raw cane sugar for the 1982 crop, 17.5 cents for the 1983 crop, 17.75 cents for the 1984 crop, and 18 cents for the 1985 crop. Also, effective October 1, 1982, the Secretary is required to support the price of domestically grown sugar beets through nonrecourse loans at levels he determines to be fair and reasonable in relation to the level for loans for raw cane sugar.

The Secretary is to announce the loan rate as far in advance as possible while still consistent with the purposes of this section. Loans must be made and mature within a single fiscal year.

A sugar program was mandated under the 1977 Act for the 1977 and 1978 sugar beet and sugarcane crops. The minimum support level was 13.5 cents and the support was to range between 52.5 and 65 percent of parity.

## TITLE X. GRAIN RESERVES AND NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

Title X extends the producer-held storage program, with some modifications, through the 1985 crop year and establishes a cost of production standards review board.

### Grain Reserves

The 1981 Act requires the Secretary to formulate and administer a producer-held storage program for wheat and feed grains. Under previous legislation, only a wheat storage program was required except for corn for which a reserve was required for the 1981 and 82 crops. The reserve program is to be accomplished through an original or extended price support loan program of 3 to 5 years duration, as in the 1977 Act. Loans made under such a program must be at the same level as the regular loan, but can be made at a higher level than the regular loan as the Secretary deems appropriate. The Secretary may again provide producers storage payments to encourage participation and may waive or adjust interest charges on loans made under this program.

The Secretary may place an upper limit on the amount of wheat and feed grains placed in the reserve, but such upper limit may not be less than 700 million bushels for wheat (the 1977 Act provided for not less than 300 nor not more than 700 million bushels) and 1 billion bushels for feed grains (in the 1977 Act reserve quantities for feed grains were not specified).

Whenever the Secretary determines that the market price for the commodity has attained a specified level (commonly known as the trigger price), the Secretary is authorized to increase the rate of interest on loans that have been made and design other methods to encourage the orderly marketing of wheat and feed grains. Under the 1977 Act, the trigger (or release) price was reached at between 140 and 160 percent of the then current price support level for wheat (this process was changed by the Agricultural Act of 1980 giving the Secretary full discretion in determining trigger prices) or at a level determined by the Secretary for feed grains.

If producers redeem their loans before market prices reach the release level determined by the Secretary, under the 1981 Act for both wheat and feed grains, they will again be subject to penalty: The Secretary may recover storage payments and assess penalty interest or other charges.

The rate of interest charged participants in the program will not be less than the rate of interest charged the CCC by the U.S. Treasury except the Secretary may waive or adjust such interest as he determines necessary. Under the 1977 legislation, the rate of interest charged was to be determined by the Secretary, based upon the rate charged the CCC by the U.S. Treasury--no minimum rate was specified.

Loans may be called prior to the maturity date only if the Secretary determines that emergency conditions exist which require that such commodities be made available in the market to meet urgent domestic or international needs and the Secretary reports his intentions to call the loans to the President and the Senate and House agriculture committees at least 14 days before taking such action. In contrast, under the 1977 Act (as amended), the loan could be called under conditions prescribed by the Secretary.

Whenever the reserve loan program is in effect, the CCC cannot sell any of its stocks of wheat or feed grains at less than 110 percent of the release level. Under the 1977 Act (as amended) the CCC could not sell any of its stocks of wheat or feed grains at less than 105 percent of the then current call level if a reserve was in effect. This restriction will not apply to sales of corn used for gasohol production, commodities which have substantially deteriorated, or to sales or disposals from the emergency feed program or disaster reserve.

#### Disaster Reserve

The disaster reserve provisions will generally be discretionary rather than mandatory.

National Agricultural Cost of Production Standards Review Board

This section provides for the establishment of an 11 member board consisting of: 7 members who are engaged in commercial agricultural production of one or more major commodities; 3 members, who by virtue of education, training or experience, have knowledge of the costs associated with production; and lastly, 1 member from the Department of Agriculture who is familiar with the methodology used by the Department in determining cost of production calculations. The 11 board members (appointed by the Secretary) will be given staggered terms and meet at least twice annually to review the cost of production methodology used by the Department in price support programs. The board will also review the adequacy of the parity formula. The board may make recommendations to the Secretary as needed. If the recommendations are not followed by the Secretary, he must respond to the board within 120 days with reasons for declining the board's recommendations.

Within 90 days after December 31 of each year, and just before the authority creating the board ends on September 30, 1985, the board must submit a report to both houses of Congress outlining the board's activities, and any findings and recommendations made to the Secretary during the reporting period.

TITLE X.  
MISCELLANEOUS

Title XI contains a variety of sections which do not interact completely with any other title. Provisions under this title are new unless otherwise indicated.

Payment Limits

Payment limits are continued through the 1985 crops at their current level--\$50,000 for all payments, except disaster payments, per person, per year. The disaster payment limit is also continued at \$100,000 per person, per year. The payment limit affects the wheat, feed grains, upland cotton, and rice programs but does not include loans or purchases. Payment limitations will continue to not apply to lands owned by States or any political subdivision or agency of any State if the land is farmed primarily to further a public function.

Payment Review

The 1981 Act has made permanent the 1977 Act provision that the facts instituting the basis for any payments made under the wheat, feed grain, upland cotton, or rice programs, any Soil Conservation Act payments, or any loan or price support operation, when determined in conformity with applicable regulations prescribed by the Secretary or CCC shall be final and not subject to review by any other officer or agency of the Government.

CCC Purchase and Resale Price

CCC's commodity purchase price will not exceed the minimum resale price for unrestricted use rather than the current support price as in previous law. The minimum resale price for any CCC stock of wheat, corn, grain sorghum, barley, oats, and rye, whenever the reserve program is not in effect, will be not less than 115 percent of the current national average loan rate adjusted for market differentials plus reasonable carrying charges.

Supplemental Set-aside and Acreage Limitation Authority

For the 1982 through 1985 wheat and feed grains crops, the Secretary has authority to announce either set-aside or acreage limitation provisions if such action is needed because of an embargo ordered by the Executive branch of the Federal Government.

Special Wheat Program

The special wheat acreage grazing and hay program authority will continue through the 1985 crop year.

Normally Planted Acreage

Whenever a set-aside program is in effect for wheat and/or feed grains during crop years 1982 through 1985, the Secretary may require producers not to exceed the acreage on the farm normally planted to designated crops as reduced by the set-aside or diverted acreage. Failure to comply would result in ineligibility for loans, purchases, and payments. If this option is utilized, the Secretary may increase deficiency payments by an amount deemed appropriate to compensate producers. If no deficiency payments are being made, the Secretary may provide for special payments. Land diversion payments must be taken into account when the payments are being determined.

Emergency Feed Program

The emergency feed provision of the Agricultural Act of 1949, which offers CCC-owned feed at reduced prices for economic emergencies or at full charge during natural disasters under certain terms, is continued but on a discretionary rather than a mandatory basis. The 1977 Act instituted an additional new emergency feed program for producers for livestock maintenance during times of substantial reduction of feed grown by the individual producer as a result of natural disaster. Under this program, rather than CCC-owned feed being offered, producers are compensated at a rate not to exceed 50 percent of the cost of the additional feed purchased as a result of the disaster. This program is also continued and extended to poultry producers under the 1981 legislation.

Normal Supply

If the Secretary determines that the supply of wheat, corn, upland cotton, or rice during the marketing year applicable to the 1982 through 1985 crops, is not likely to be excessive and production control provisions are not necessary then the total supply of the commodity will be deemed to not exceed normal supply. The Secretary may not make any determination to the contrary for the marketing year in question.

Nonquota Tobacco Subject to Quota

Beginning with the 1982 crop, any type of tobacco, without an effective marketing quota, produced in an area where tobacco with a quota is produced shall be subject to that area's quota. If more than one quota is in effect in an area, the quota with the highest price support will be the determining quota. The following tobaccos are exempt from this provision: Maryland (type 32) if produced on a farm for which the type 32 quota was in effect in the past; nonquota cigar filler (type 41) produced in Pennsylvania; nonquota cigar wrapper (type 61) produced in Connecticut and Massachusetts and type 62 produced in Georgia and Florida; and nonquota tobacco produced in a quota area but readily distinguished from quota types.