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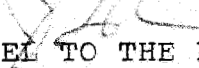
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THE WHITE HOUSE

WASHINGTON

February 28, 1986

MEMORANDUM FOR DAVID L. CHEW  
STAFF SECRETARY AND DEPUTY ASSISTANT  
TO THE PRESIDENT

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Aid for Northern Ireland  
and the Republic of Ireland

Counsel's Office has reviewed the above-referenced bill, message to Congress, and analysis and finds no objection to them from a legal perspective.

# WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Russ Chew

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Proposed aid for Northern Ireland +  
the Republic of Ireland

### ROUTE TO:

### ACTION

### DISPOSITION

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUHOLL</u>		<u>ORIGINATOR</u>	<u>86 02 26</u>			<u>1 1</u>
		Referral Note:				
<u>cust 18</u>		<u>R</u>	<u>86 10 21 26</u>		<u>S</u>	<u>86 10 21 28</u>
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		Referral Note:				

#### ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

#### DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

#### FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/26/86 ACTION/CONCURRENCE/COMMENT DUE BY: February 28th

SUBJECT: PROPOSED AID FOR NORTHERN IRELAND AND THE REPUBLIC OF IRELAND

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CHAVEZ	<input type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STEELMAN	<input type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	THOMAS	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	<u>CLERK</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
KINGON	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LACY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please give your comments/recommendations on the attached Bill, Message to Congress and Section-by-Section Analysis to my office by Friday, February 28th. Thanks.

RESPONSE:



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT FEB 26 1986

FROM: James C. Miller III *J.C.M.*  
Director

SUBJECT: Proposed Aid for Northern Ireland and the  
Republic of Ireland

Attached for your approval is a proposed five-year, \$250 million, assistance package for Northern Ireland and the Republic of Ireland requested by the Secretary of State. This program would help support the economic and social development of Northern Ireland and the Republic, which have suffered from the effects of violence in recent years. This program grows out of the November 15, 1985, agreement between the United Kingdom and the Republic relating to the political status of Northern Ireland, and its citizens. The package has two components:

1. Direct contributions to an international fund established by the Anglo-Irish Intergovernmental Council for economic development projects in Northern Ireland and the Republic.
  - For the first contribution a \$20 million 1986 supplemental appropriation would be sought for the Economic Support Fund, which provides U.S. foreign aid loans and grants. The \$20 million increase in 1986 outlays resulting from this supplemental is offset by the rescission proposals transmitted in the 1987 Budget. This is because total outlay savings from the 1986 rescissions proposed in the 1987 Budget exceed total additional outlays from 1986 supplementals proposed in the budget by an amount in excess of \$20 million.
  - For a second \$20 million contribution to the Anglo-Irish fund in 1987, amounts already requested in the budget for the Economic Support Fund would be shifted to Ireland. Only authorizing legislation is required to target the assistance to the Ireland fund.
2. Provision for the use of other foreign aid funds and authorities to provide grants, loans and loan guarantees to Northern Ireland and the Republic. Proposed authorizing legislation is included in this package to accomplish this.

Other Executive Office agencies having a substantive interest in these proposals have been consulted. They agree with the recommendations.

RECOMMENDATION

That you sign the letters transmitting these proposals to the Congress.

Attachments





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

The President

The White House

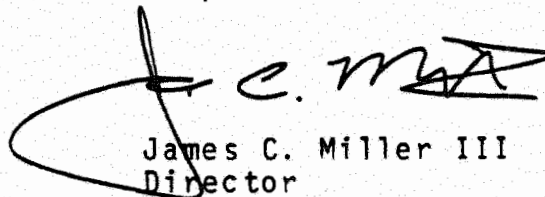
Sir:

I have the honor to submit for your consideration a request for supplemental appropriations for fiscal year 1986 in the amount of \$20,000,000 for the Economic Support Fund. These funds are intended for a cash transfer to an international fund to be established by the Anglo-Irish Intergovernmental Council for economic development projects in Northern Ireland and the Republic of Ireland.

Proposed authorizing legislation for a five-year program of economic assistance for Northern Ireland and the Irish Republic including a second cash transfer to the Anglo-Irish Council fund in 1987 is concurrently being transmitted to the Congress.

I have carefully reviewed the proposal contained in this document and am satisfied that this request is necessary at this time. I recommend, therefore, that this proposal be transmitted to the Congress.

Respectfully,

A handwritten signature in black ink, appearing to read "J. C. Miller III". The signature is stylized and includes a large, sweeping flourish that loops back under the name.

James C. Miller III  
Director

Enclosures

FUNDS APPROPRIATED TO THE PRESIDENT  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
ECONOMIC SUPPORT FUND

For an additional amount for the "Economic Support Fund",  
\$20,000,000.

This proposal would provide for the first year cash component of a proposed five-year program of economic assistance to Northern Ireland and the Republic of Ireland. This program would complement recent agreements made between the United Kingdom and the Republic of Ireland concerning economic development in the area. The \$20 million increase in 1986 outlays resulting from this supplemental appropriation is offset by the rescission proposals transmitted in the FY 1987 Budget because total outlays for 1986 rescission proposals requested in the 1987 Budget exceed total outlays for 1986 supplementals proposed in the Budget by an amount in excess of \$20 million.

THE WHITE HOUSE  
WASHINGTON

The Speaker of the  
House of Representatives

Sir:

I ask the Congress to consider a request for supplemental appropriations for fiscal year 1986 in the amount of \$20,000,000 for the Economic Support Fund.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Enclosures



## A BILL

To provide economic support for the Agreement Between the Government of Ireland and the Government of the United Kingdom, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled

### SHORT TITLE

SECTION 1. This Act may be cited as the "Northern Ireland and Ireland Assistance Act of 1986".

### STATEMENT OF PURPOSE

SEC. 2. The Congress finds that the Agreement Between the Government of Ireland and the Government of the United Kingdom dated November 15, 1985, is a clear demonstration of British and Irish determination to make progress concerning the complex situation in Northern Ireland. The Congress strongly supports the Agreement reached by these two governments and is particularly encouraged that these two neighbors, faithful friends of the United States of America, have joined together to rebuild a land that has too often been the scene of economic and human misery. In recognition of our ties of kinship, history, and commitment to democratic values, the Congress believes that the United States should participate in this renewed commitment to social and economic progress in Northern Ireland and affected areas of the Republic of Ireland. To that end, the Congress

finds that through the end of fiscal year 1990, \$250,000,000 of development and economic resources and authority available under the Foreign Assistance Act of 1961 should be used to provide support to carry out the purposes of the Agreement, which will be implemented through the Intergovernmental Conference of the Anglo-Irish Intergovernmental Council and other appropriate agencies.

#### PROVISION OF ASSISTANCE

SEC. 3. (a) In addition to other authorities contained in the Foreign Assistance Act of 1961 or any other Act, the following authorities may be used to provide support and assistance to carry out the purposes of section 2 of this Act:

(1) Section 108 of the Foreign Assistance Act of 1961 (regarding the Private Sector Revolving Fund);

(2) Section 221 through 223 of the Foreign Assistance Act of 1961 (regarding the Housing Guaranty Program);

(3) (Title IV of Chapter 2 of Part I) of the Foreign Assistance Act of 1961 (regarding the Overseas Private Investment Corporation) without regard to the limitation contained in clause (2) of section 231 of that Act; and

(4) Section 661 of the Foreign Assistance Act of 1961 (regarding the Trade and Development Program).

(b) Assistance made available to carry out the purposes of this Act may be provided, for the purpose of implementing this Act, notwithstanding any other provision of law.

SEC. 4. In addition to amounts otherwise authorized to be appropriated for the fiscal year 1987 to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, there are authorized to be appropriated \$20,000,000 to carry out such provisions with respect to Northern Ireland and affected areas in the Republic of Ireland.

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TO THE CONGRESS OF THE UNITED STATES:

I transmit herewith for the consideration of the Congress proposed legislation, entitled the "Northern Ireland and Ireland Assistance Act of 1986," to provide support of the United States to the Anglo-Irish Agreement on Northern Ireland.

This legislative proposal calls for a five-year program of \$250,000,000 that would be taken from a number of existing economic programs including Housing Guarantees and the Private Sector Revolving Fund, which are administered by the Agency for International Development, the investment insurance program of the Overseas Private Investment Corporation, and the Trade and Development Program.

In addition, the authorization of \$20 million for the Economic Support Fund for 1987 is proposed, which will be within the total amount for that fund currently requested in the 1987 Budget. This would provide a cash contribution to an international economic development fund for Northern Ireland and the Republic of Ireland under the auspices of the Anglo-Irish Intergovernmental Council. A supplemental appropriation request for 1986 for an initial contribution to this Anglo-Irish fund is concurrently being transmitted to the Congress.

I urge the Congress to act without delay on this important legislation. I am confident our efforts, together with those of the Governments of the United Kingdom and Ireland, will help to promote economic and social development in Ireland, thereby constructing a durable framework that would provide a promise of peace for the people of Northern Ireland.

THE WHITE HOUSE,

## SECTION-BY-SECTION ANALYSIS

The bill, the "Northern Ireland and Ireland Assistance Act of 1986", expresses Congressional support for the agreement reached by the Government of the United Kingdom and the Government of Ireland on November 15, 1985, which provides the promise of peace for the people of the area and commits those governments to a program to promote the economic development of Northern Ireland and affected areas of the Republic of Ireland. Section 2 of the bill sets forth a finding by the Congress that there should be a five-year program of economic assistance in support of that commitment, and that \$250,000,000 of development and economic assistance resources and authority should be used for this purpose.

Section 3 authorizes use of AID's Private Sector Revolving Fund, the Housing Guaranty Program, activities of the Overseas Private Investment Corporation, and the Trade and Development Program as programs that could be used to provide economic assistance to Northern Ireland and Ireland. Economic aid appropriations and Export-Import Bank support for U.S. export sales to this area are also contemplated to meet this commitment. The actual amounts made available through each of the programs during the five year period will depend on future authorized levels of activity for each program and the number, size, and types of projects that are generated. Section 3(b) permits assistance authorized to carry out this Act to be used notwithstanding any other provision of law. This is not intended to affect the total amount of resources or credit authority available for the programs from which assistance will be provided.


In addition to these programs, Development and Economic Support Fund (ESF) assistance may also be provided. An additional \$20 million of previously authorized Economic Support Fund assistance will be requested as a supplemental appropriation for FY 1986. Section 4 authorizes the appropriation of \$20 million of ESF funds for FY 1987.

THE WHITE HOUSE

WASHINGTON

March 3, 1986

MEMORANDUM FOR DAVID L. CHEW  
STAFF SECRETARY AND DEPUTY ASSISTANT  
TO THE PRESIDENT

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 4130: Veterans Administration Home Loan  
Guarantee Sequester "baseline" for FY 1986

Counsel's Office has reviewed the above-referenced enrolled bill  
and finds no objection to it from a legal perspective.



## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Dave Chew

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: H.R. 4130 - Veterans Administration Home Loan Guarantee Sequester "baseline" for FY 1986

ROUTE TO:	ACTION	Tracking Date	Type of Response	Disposition Code	Completion Date
Office/Agency (Staff Name)	Action Code	YY/MM/DD	Code	Code	YY/MM/DD
<u>CUTROLL</u>	ORIGINATOR	<u>86103103</u>			<u>1 1</u>
<u>Cut 18</u>	Referral Note: <u>R</u>	<u>86103103</u>		<u>586103104</u>	<u>1 1</u>
	Referral Note:	<u>1 1</u>		<u>CDR</u>	<u>1 1</u>
	Referral Note:	<u>1 1</u>			<u>1 1</u>
	Referral Note:	<u>1 1</u>			<u>1 1</u>

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|---|---|
| <p><b>ACTION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Appropriate Action</li> <li>C - Comment/Recommendation</li> <li>D - Draft Response</li> <li>F - Furnish Fact Sheet to be used as Enclosure</li> <li>I - Info Copy Only/No Action Necessary</li> <li>R - Direct Reply w/Copy</li> <li>S - For Signature</li> <li>X - Interim Reply</li> </ul> | <p><b>DISPOSITION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Answered</li> <li>B - Non-Special Referral</li> <li>C - Completed</li> <li>S - Suspended</li> </ul> |
|---|---|
- FOR OUTGOING CORRESPONDENCE:**  
 Type of Response = Initials of Signer  
 Code = "A"  
 Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOP).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/3/86 ACTION/CONCURRENCE/COMMENT DUE BY: c.o.b. March 4th

SUBJECT: H.R. 4130 - Veterans Administration Home Loan Guarantee  
Sequester "baseline" for fiscal year 1986

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input type="checkbox"/>	<input type="checkbox"/>
MILLER	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please give your recommendations to my office by close of business Tuesday, March 4th. Thanks.

RESPONSE:



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAR 03 1986

REC MAR -3

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 4130 - Veterans Administration home loan guarantee sequester "baseline" for fiscal year 1986  
Sponsors - Rep. Shelby (D) Alabama and 3 others

Last Day for Action

Tuesday - March 11, 1986

Purpose

Increases to \$18.2 billion the estimated level of new Veterans Administration (VA) home loan guarantee commitments in fiscal year 1986 (the so-called "baseline") for purposes of the Gramm-Rudman-Hollings sequester order.

Agency Recommendations

Office of Management and Budget	Approval
Veterans Administration	Approval

Discussion

H.R. 4130 would provide that, for purposes of the fiscal year 1986 Gramm-Rudman-Hollings (G-R-H) sequester order, the VA home loan guarantee commitments level would be \$18.2 billion reduced by 4.3%. The bill is strongly supported by veterans' groups, mortgage bankers, and the real estate community. It passed the House by 386-0 and the Senate by voice vote.

Under the VA home loan guaranty program, the agency guarantees loans to eligible veterans for the purchase of homes of up to \$110,000 in value with no down payment required. VA charges a loan origination fee, currently 1% of the mortgage principal.

Although it is an entitlement program, VA home loan guarantees were not exempt from sequestration under G-R-H. The baseline for the program for purposes of the 1986 G-R-H sequester order was set at \$12.0 billion, the average of a Congressional Budget Office estimate of \$11.9 billion and an Office of Management and Budget (i.e., VA) estimate of \$12.1 billion. When reduced by the G-R-H sequestration of 4.3%, the result is an allowable loan guarantee commitment level of \$11.6 billion in 1986.



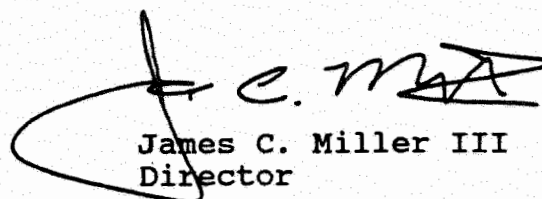
Since those estimates were made, VA has revised its estimate of the program level upward substantially to \$18.2 billion, the level in H.R. 4130. In making its earlier estimate, the agency had failed to anticipate the extent of the decline in interest rates and its impact on loan demand.

H.R. 4130 was considered by Congress on an expedited basis because VA had announced publicly that under the current G-R-H sequester level, it would take a series of actions, to be effective on March 1, 1986, that would have limited veterans' ability to obtain VA home loan guarantees. VA also stated that it would have to suspend the home loan guaranty program around April 1, 1986, when VA estimated it would reach the \$11.6 billion maximum sequester program level. However, VA recently withdrew its planned actions publicly after the Congress began to consider legislation to raise the baseline.

Initially, the Administration sought to couple support for an increase in the sequester baseline with an increase in the program's loan origination fee as proposed in the 1987 Budget; i.e., increasing the present 1% fee to 2% in fiscal year 1987, rising gradually to 3.8% in 1990. The Congress, however, showed no interest in attaching the Budget proposal to this bill. Before the House floor action, therefore, the Administration indicated that it did not object to passage of H.R. 4130, but also urged quick adoption of the Budget proposal.

Because of the 1% origination fee, increasing the loan guaranty program commitment level will increase receipts and reduce the deficit in 1986. However, the increase in defaults in the 1987-1991 period associated with a higher 1986 baseline will result in higher outlays in the outyears.

As was noted in the congressional debate, H.R. 4130 does not alter the basic G-R-H sequester procedure. We do not believe this bill should be viewed as a precedent for other changes in the G-R-H sequester, because it would merely correct a technical error in estimation.



James C. Miller III  
Director

Enclosures

# Ninety-ninth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday, the twenty-first day of January,  
one thousand nine hundred and eighty-six*

## An Act

To establish, for the purpose of implementing any order issued by the President for fiscal year 1986 under any law providing for sequestration of new loan guarantee commitments, a guaranteed loan limitation amount applicable to chapter 37 of title 38, United States Code, for fiscal year 1986.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of implementing any order issued by the President for fiscal year 1986 under any law providing for sequestration of new loan guarantee commitments, the guaranteed loan limitation amount applicable for that fiscal year to loan guarantee commitments under chapter 37 of title 38, United States Code, is an amount equal to \$18,200,000,000 reduced by 4.3 percent.*

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

March 7, 1986

The President today signed H.R. 4130 which increases to \$18.2 billion the estimated level of new Veterans Administration (VA) home loan guarantee commitments in fiscal year 1986 (the so-called "baseline") for purposes of the Gramm-Rudman-Hollings sequester order.

# # #




THE WHITE HOUSE

WASHINGTON

March 18, 1986

MEMORANDUM FOR DAVID L. CHEW  
STAFF SECRETARY AND DEPUTY ASSISTANT  
TO THE PRESIDENT

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 3851: Alaska Lands Act Amendment

Counsel's Office has reviewed the above-referenced enrolled bill and finds no objection to it from a legal perspective.

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Naue Chew

MI Mail Report User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Enrolled Bill H.R. 3851 - Alaska Lands Act Amendment

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>CUTROLL</u>	<u>ORIGINATOR</u>	<u>86,03,18</u>		<u>1 1</u>
	Referral Note:			
<u>uat 18</u>	<u>R</u>	<u>86,03,18</u>	<u>S</u>	<u>86,03,19</u>
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	Referral Note:			

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**FOR OUTGOING CORRESPONDENCE:**

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Comments: \_\_\_\_\_

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## WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/17/86 ACTION/CONCURRENCE/COMMENT DUE BY: Wed., 3/19/86

SUBJECT: ENROLLED BILL H.R. 3851 - Alaska Lands Act Amendment

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input type="checkbox"/>	<input type="checkbox"/>
MILLER	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**  
 Would you please submit your comments on the attached enrolled bill by Wednesday, March 19. Thank you.

**RESPONSE:**

1986 MAR 18 11 7: 24

David L. Chew  
 Staff Secretary  
 Ext. 2702



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAR 17 1986

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3851 - Alaska Lands Act Amendment  
Sponsor - Rep. Young (R) Alaska

Last Day for Action

March 24, 1986 - Monday

Purpose

Extends for one year a statute of limitations provision of the Alaska National Interest Lands Conservation Act of 1980.

Agency Recommendations

Office of Management and Budget	Approval
Department of the Interior	Approval
Department of Agriculture	Approval
Department of Justice	No objection (Informally)

Discussion

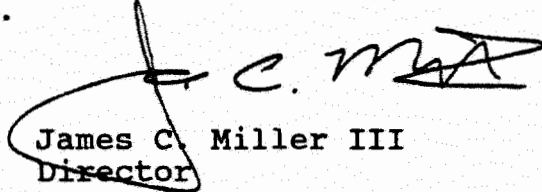
Under the Alaska Statehood Act, the State of Alaska gained ownership of submerged lands under navigable rivers and lakes in the State, except those that had already been reserved. Under the Alaska Native Claims Settlement Act, Native Corporations were granted selection rights to specified amounts of land, to be transferred by the Secretary of the Interior. The beds of nonnavigable streams and lakes count against these rights. The problem is that since no final decisions have been made whether the vast majority of the innumerable rivers, lakes, and streams in Alaska are in fact navigable, the Native Corporations are hesitant to finalize their selections because, if the State were later to successfully challenge findings by the Secretary that submerged lands selected by the Corporations were under navigable waters instead of nonnavigable waters, the State would gain title to these submerged lands, thereby precluding the Corporations from obtaining all the land to which they are entitled.

The Alaska National Interest Lands Conservation Act of 1980 dealt with this issue, by granting all parties five years to contest conveyances of submerged lands to Native Corporations and findings by the Secretary that the waters covering such lands are



nonnavigable. The State has challenged the constitutionality of this statute of limitations, and that case is still pending. Moreover, in December 1983, the Department of the Interior announced new rules for surveying and conveying submerged lands in Alaska. As a result of these factors, no final settlement of the navigability and land ownership issues has been reached, and in order to protect its rights, the State filed motions of intent to litigate all pending navigability decisions prior to the expiration of the statute of limitations on December 2, 1985. Hundreds of conveyances made since 1980 are involved.

H.R. 3851 would extend the statute of limitations for one year, until December 2, 1986. This would allow the State time to determine which of the hundreds of cases it wishes to pursue, and which to let stand. The result would be for less litigation against the United States. Accordingly, we recommend that you approve the enrolled bill, which passed both Houses of the Congress by voice vote.



James C. Miller III  
Director

Enclosures

H. R. 3851

# Ninety-ninth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday, the twenty-first day of January,  
one thousand nine hundred and eighty-six*

## An Act

To amend section 901 of the Alaska National Interest Lands Conservation Act.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (a) of section 901 of the Alaska National Interest Lands Conservation Act (Public Law 96-487) is hereby amended by striking the words "five years after the date of execution" each time such words occur in such subsection, and by inserting in lieu thereof in each instance the words "six years after the date of execution".

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

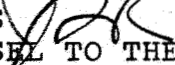


THE WHITE HOUSE

WASHINGTON

March 19, 1986

MEMORANDUM FOR DAVID L. CHEW  
STAFF SECRETARY AND DEPUTY ASSISTANT  
TO THE PRESIDENT

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 1614: Food Security Improvements  
Act of 1986 and Signing Statement

Counsel's Office has reviewed the above-referenced enrolled bill and signing statement. This bill amends the Food Security Act of 1985, Pub. L. 99-198. Section 1113 of that Act purports to require the President to appoint a Special Assistant for Agricultural Trade and Food Aid (changed to Special Assistant for Agricultural Trade and Food Assistance by H.R. 1614). The Administration consistently and vigorously opposed this provision in discussions with Congress as an intrusion on the President's traditional authority to structure the White House staff in his own discretion, although no mention of the provision was made in the signing statement for Pub. L. 99-198.

Section 4 of the present bill requires the President to appoint the initial Special Assistant for Trade and Food Aid not later than May 1, 1986. If a policy decision has been made not to proceed with the appointment contemplated by Section 1113 of Pub. L. 99-198, this new deadline will make it more difficult to adhere to that decision. Those who have made or will make that policy decision should consider whether our intentions should now be spelled out in a signing statement.

With respect to the draft signing statement, delete "by Concurrent Resolution, has" in the third paragraph.

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING**
- H - INTERNAL**
- I - INCOMING**  
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: David Chew

**MI Mail Report** User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: H.R. 1614 - Food Security Improvements Act of 1986 and Signing Statement

ROUTE TO:	ACTION		DISPOSITION		
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUHOLL</u>	ORIGINATOR	<u>86,03,13</u>			<u>1 1</u>
<u>CUat 18</u>	Referral Note: <u>R</u>	<u>86,03,13</u>			<u>5 86,03,14</u>
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| <p><b>ACTION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Appropriate Action</li> <li>C - Comment/Recommendation</li> <li>D - Draft Response</li> <li>F - Furnish Fact Sheet to be used as Enclosure</li> <li>I - Info Copy Only/No Action Necessary</li> <li>R - Direct Reply w/Copy</li> <li>S - For Signature</li> <li>X - Interim Reply</li> </ul> | <p><b>DISPOSITION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Answered</li> <li>B - Non-Special Referral</li> <li>C - Completed</li> <li>S - Suspended</li> </ul> <p><b>FOR OUTGOING CORRESPONDENCE:</b></p> <ul style="list-style-type: none"> <li>Type of Response = Initials of Signer</li> <li>Code = "A"</li> <li>Completion Date = Date of Outgoing</li> </ul> |
|---|--|

Comments: \_\_\_\_\_



### WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/13/86 ACTION/CONCURRENCE/COMMENT DUE BY: March 14th

SUBJECT: H.R. 1614 - FOOD SECURITY IMPROVEMENTS ACT OF 1986  
AND SIGNING STATEMENT

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/> P SS	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CLERK	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please give your recommendations to my office by Friday, March 14th. Thanks.

RESPONSE:

1986 MAR 10 PM 12:20



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 13, 1986

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1614 - Food Security Improvements  
Act of 1986  
Sponsors - Rep. Foley (D) Washington and 8 others

Last Day for Action

March 24, 1986 - Monday

Purpose

Makes numerous changes to the Food Security Act of 1985.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Department of Agriculture	Approval (Informally)
Department of State	Approval
Office of Personnel Management	Approval (Informal)
Agency for International Development	No objection (Informal)
United States Trade Representative	No objection (Informal)
Department of Commerce	No objection (Informal)
Department of Energy	No comment (Informal)
Department of the Treasury	Cites concerns (Informal)
Council of Economic Advisers	Disapproval

Discussion

Since enactment of the Food Security Act of 1985 last December, several of its provisions have proven to be confusing and unpopular with farmers. The congressional debate over whether and how to modify the Food Security Act added to the confusion and delayed implementation of the Act. The product of these deliberations, H.R. 1614, includes a variety of amendments to the Food Security Act, most of which were included in the enrolled bill with no hearings and very little opportunity for the Administration to express its views on the legislation.

Each section of H.R. 1614 is explained in the attachment to this memorandum, which was prepared by the Department of Agriculture. The major features are discussed below.

### Nonprogram Crops

The Food Security Act allows producers of crops subject to price support programs (i.e., wheat, feed grains, cotton, and rice, the so-called "program crops") to plant some nonprogram crops instead, and still receive the same deficiency payment benefits as if they had planted all program crops, if certain conditions are met. This provision was designed as an incentive for (1) reduced production of program crops, the overproduction of which raises program costs and (2) increased production of nonprogram crops. Producers of nonprogram crops oppose this, because it introduces federally-subsidized competition that will probably reduce the prices for their crops. Section 2 of H.R. 1614 would restrict this provision to certain crops for which there is little or no current domestic production, and also require a finding by the Secretary of Agriculture that the provision would not adversely affect farm income or increase the costs of price support programs. The effect of this section of the enrolled bill would be to remove the incentive for reduced production of program crops, which would increase Federal outlays by about \$300 million over fiscal years 1986-1988.

### Farm Program Payment Yields

One of the key determinants of the amount of program benefits paid to a farmer is the program payment yield figure, the quantity of grain calculated to be harvested per acre. In order to gain the Administration's support for the Food Security Act while it was in conference last December, the conferees agreed to determine program payment yields by statutory formula based on a five-year moving average of previous program yields. Some farmers have strongly objected that this unreasonably reduced program benefits.

Section 3 of H.R. 1614 would require the Secretary to compensate farmers with in-kind payments of surplus commodities if the formula mandated by the Food Security Act results in yields for 1986 crops that are more than three percent below the yields for the 1985 crops. For 1987 crops, the enrolled bill would require in-kind payments to offset reductions in program payment yields greater than five percent below those for 1985 crops. For 1988, 1989, and 1990 crops, reductions in program payment yields would be limited to ten percent below the program payment yields for 1985 crops. These restrictions would increase Federal outlays by about \$450 million over fiscal years 1986-1988.

### Targeted Export Assistance

The Food Security Act of 1985 requires \$325 million in cash or surplus agricultural commodities acquired by the Commodity Credit Corporation (CCC) under the Department's price support programs to be used annually from fiscal year 1986 to 1990 to assist the exports of United States agricultural commodities that have suffered adverse effects from foreign subsidies or import quotas. Section 5 of H.R. 1614 would reduce these requirements during fiscal years 1986-1988 to \$110 million annually. Depending upon what assumptions are made regarding the extent to which this program will result in new exports instead of displacing current shipments, this provision could reduce Federal outlays over fiscal years 1986-1988 by anywhere from zero to \$250 million.

### Export Enhancement Program

¶The Food Security Act of 1985 requires that a total of \$2 billion of CCC commodities be used over fiscal years 1986-1988 to promote United States agricultural exports. In your signing statement on the bill, you mentioned this provision as one of the items that must be changed, because a program of this size could not be implemented without (1) risking an agricultural trade war and (2) subsidizing exports in a fashion that would conflict with United States national security interests.

Responding to your request, section 6 of H.R. 1614 would reduce the size of the program to between \$1 billion and \$1.5 billion in CCC commodities. This reduction should reduce the threat to our trade policy and our national security. The cost savings depend upon the extent to which the program produces new exports, with a range of savings from zero to \$375 million over fiscal years 1986-1988.

### Increased Dairy Assessments

Under your February 1, 1986, sequestration order issued to comply with the Balanced Budget and Emergency Deficit Control Act of 1985, the dairy support price was reduced 4.3 percent on March 1. This will effectively reduce the market price for some butter, cheese, and dry milk sold in this country by a similar amount. Elements of the dairy industry would prefer to pay for the savings required by the Gramm-Rudman-Hollings Act (GRH) by increasing the assessments paid by dairy producers to cover part of the costs of the dairy herd reduction program, instead of through the reduced support price, because the increased assessments would not affect the market price for dairy products.



In response to these concerns, section 10 of H.R. 1614 would require that any savings necessary under your sequestration order be attained through increased assessments from April 1 through September 30, 1986, instead of reduced support prices. This provision would not affect Federal outlays. It would, however, forego substantial consumer savings from reduced market prices for dairy products.

#### Advance Commodity Loans

Section 13 of H.R. 1614 expresses the sense of Congress that the Secretary of Agriculture make advance recourse loans under the 1986 crop price support programs, as authorized by the Food Security Act of 1985.

If implemented, this section could increase Federal outlays by anywhere from \$.5 to \$1 billion over fiscal years 1986-1987. This provision was subject to intensive negotiations between the Administration and the Congress with the result that the language as finally enacted is clearly discretionary. There is no intention to implement this section, as emphasized in the attached draft signing statement.

#### Agency Views

The Department of the Treasury is concerned that the reduction in the Export Enhancement Program from \$2 billion to \$1 billion may not be enough to prevent undesirable trade policy effects. While we also would have preferred to see the program reduced further or eliminated entirely, it was not possible to achieve this result in the negotiations with Congress. Moreover, we are confident that the program as modified by H.R. 1614 would not significantly affect United States trade objectives.

The Council of Economic Advisers (CEA) recommends disapproval of the enrolled bill because:

- it does not include all the modifications to the Food Security Act of 1985 that you recommended in your signing statement on that legislation;
- the nonprogram crop provision of H.R. 1614 "greatly waters down" provisions of the 1985 Act designed to move American agriculture towards a free market orientation; and
- the bill could, if fully implemented, raise Federal outlays by over \$1 billion over fiscal years 1986-1987.

We agree that the bill does not go far enough. We disagree, however, that this is reason to disapprove the enrolled bill, given the climate currently prevailing in Congress regarding

farm issues. With respect to the nonprogram crop issue, we disagree that H.R. 1614 moves agriculture away from a market orientation. From the perspective of producers of nonprogram crops, it was the provision of the Food Security Act introducing Federal subsidies for such crops that marked a dramatic departure from a market orientation in their production. Scaling back that provision, as the enrolled bill would do, would restore the market orientation in this sector of the agricultural economy.

Finally, with respect to CEA's cost estimates, we have been advised by CEA staff that the \$1 billion figure includes the cost of the advance commodity loans section. There is widespread agreement, however, that the Secretary of Agriculture will not implement this section of the enrolled bill. Accordingly, CEA staff estimates that the rest of the bill would cost about \$300-\$400 million over fiscal years 1986-1987.

<sup>1</sup>We estimate the bill's total net costs to be from \$125 to \$750 million over fiscal years 1986-1988, depending on whether the export provisions produce new exports or displace existing shipments, as discussed above.

#### Conclusion

H.R. 1614 does not go as far as we would like to go in improving the Food Security Act. Since it does substantially reduce the most objectionable threats to our trade policy and national security interests, however, it represents an acceptable compromise. Accordingly, we recommend that you approve the enrolled bill, which passed the Senate by voice vote and the House by a vote of 283 to 97.

James ~~W. [unclear]~~ III  
Director

Enclosures

## SUMMARY

### Food Security Improvements Act of 1986

Section 2 -- Nonprogram Crops: If at least 50 percent of the permitted acreage is planted to the program crop (wheat, feed grains, rice and cotton), producers are eligible to receive deficiency payments on 92 percent of their permitted acreage if the underplanted acreage is devoted to conservation uses. The Secretary has discretion to permit production of certain speciality crops, not currently produced in substantial or adequate quantities, in place of conservation uses only where it will not adversely affect farm income or increase the cost of the price support program. For 1986 crops, exceptions are made for certain other non-program crops planted or contracted before February 26, 1986. Haying and grazing of the conservation use acreage may be permitted if requested by State ASC Committees and it is not determined to have an adverse economic effect.

This section restricts use of non-program crops on underplanted acreage permitted by the Food Security Act of 1985. This reduces potential for underplanting of program crops, thus increasing production. USDA estimates this will increase program outlays by \$300 million during FYs 1986-88. CBO estimates an increase of \$370 million over FYs 1986-1991.

Section 3 -- Farm Program Payment Yields: If for 1986 crops program payment yields for an individual farm are reduced more than 3 percent below the program payment yield for the 1985 crop year, in-kind payments will be made to provide the same total return as if payment yield had been reduced no more than 3 percent. For 1987 crops in-kind payments will be used to offset the effect of reductions in program payment yields in excess of 5 percent below 1985 crop program payment yields. For 1988 and subsequent crop years, if the Secretary utilizes the discretionary authority for basing program yields on a moving average of yields in the previous 5 years (excluding the high and low yields) including actual yields per harvested acre beginning with the 1987 crop, any reductions in program payment yields for the 1986 crop used in the computation would be limited to no more than 10 percent below 1985 crop year levels.

The formula for computing program payment yield specified by the Food Security Act of 1985 is not changed, but the effect of reductions is limited by use of in-kind payments in 1986, 1987 and the 10 percent maximum reduction for the 1986 crop, if discretionary authority is used. The release of additional CCC stocks through in-kind payments may increase subsequent CCC outlays through its impact on market prices (deficiency payments) and loan activity. USDA estimates CCC outlays would increase \$450 million over FYs 1986-88. CBO estimates a \$460 million increase during FYs 1986-91.

Section 4 -- Special Assistant for Agricultural Trade and Food Assistance:

Section 1113 of the Food Security Act of 1985 is amended to change the salary level for the newly established position of Special Assistant to the President for Agricultural Trade and Food Aid. The existing requirement that the position be compensated at Level I of the Executive Pay Schedule is amended to allow the President to establish the basic salary level, provided it is not less than the rate applicable to Level III of the Executive Pay Schedule. Section 4 of this bill also amends the title of this position to "Special Assistant for Agricultural Trade and Food Assistance" and directs the President to make an appointment to the position no later than May 1, 1986.

This will have a negligible impact on outlays.

Section 5 -- Targeted Export Assistance: Section 1124 of the Food Security Act of 1985 is amended to require that not less than \$110 million of CCC funds or commodities are to be used each year as targeted export assistance during fiscal years 1986 through 1988. No change is made in current law for fiscal years 1989 and 1990 requiring that not less than \$325 million of CCC funds or commodities are to be used each year.

Depending on the level of additionality assumed on the targeted Export Assistance Program, the impact on CCC outlays could range from no savings to savings of about \$250 million over FYs 1986-88. CBO estimates a saving of \$330 million over FYs 1986-91.

Section 6 - Development and Expansion of Markets for United States Agricultural Commodities: Section 1127 of the Food Security Act of 1985 is amended to change the mandated levels of CCC commodities to be provided as bonuses through the Export Enhancement Program. The existing provision that not less than \$2.0 billion of CCC commodities are to be provided as bonuses during fiscal years 1986 through 1988 is amended to not less than \$1.0 billion and not more than \$1.5 billion during this period. The existing provision is retained that to the maximum extent practicable these bonus commodities shall be used in equal amounts during each of these years.

Depending on the level of additionality assumed for the Export Enhancement Program, the change in the program level could be budget neutral or it could save \$375 million over FYs 1986-88. CBO estimates a \$500 million saving over FYs 1986-91. CBO assumes additional exports stimulated by the program will be inadequate to offset the quantity of CCC bonus commodities released on the market. Under this assumption the program increases CCC outlays through reducing market prices and increasing loan activity.

Section 7 -- Hay and Grazing on Diverted Wheat and Feed Grain Acreage: For 1986 crops, haying and grazing on diverted wheat or feed grain acres is permitted at the request of State ASC Committees during not less than 5 of the principal growing months. For 1987-1980 crops, grazing could be permitted but not during any 5-consecutive-month period.

This changes the Secretary's announcement for 1986 crops that haying and grazing would not be permitted during the 5 principal growing months. This may affect livestock producers, but would have negligible effect on program costs.

Section 8 -- Protection of Base on Non-program Crop Acreage: Acreage considered to be planted to a program crop for purposes of establishing future crop acreage bases includes underplanted acreage (permitted acres minus actual planted acres) devoted to conservation use or those non-program crops permitted under Section 2. Other non-program crops, except soybeans, peanuts and ELS cotton, grown on underplanted acreage for which no payments were received under Section 2 are included as well. A maximum 50% of permitted acreage in crop years 1986, 1987; 35% in crop year 1988; and 20% in crop year 1989 could be protected in this case.

This slightly restricts the extent to which acreage bases can be maintained when non-program crops are produced. This may have little effect on program costs.

Section 9 -- Market-wide Service Payments: The Secretary would be required to hold a hearing within 60 days after receipt of a proposal to amend a milk marketing order to provide for market-wide service payments. Implementation of a market-wide service payment program would be required within 120 days after a hearing.

The Food Security Act of 1985 provided for such amendments to milk marketing orders to provide for payments to milk handlers for certain services of market-wide benefit; this section would mandate the timeframe for implementation. This has no effect on USDA program outlays.

Section 10 -- Increased Milk Assessments to Meet Deficit Reduction Requirements: Requires increased milk assessments (of up to 12 cents per cwt.) from April 1 through September 30, 1986, in lieu of reductions in price support product purchase payments to reduce net outlays of the dairy price support program in accordance with the February 1, 1986, sequester order issued by the President under the (Gramm-Rudman-Hollings) Balanced Budget and Emergency Deficit Control Act of 1985.

The March 1 - September 30 reduction in purchase payments required by the FY 1986 sequester order would be replaced by the increased assessment on milk marketed. This would not change net program outlays.



Section 11 -- Research on External Combustion Engines: Permits the Commodity Credit Corporation (CCC) to export up to \$30 million of CCC-owned commodities per year to finance research and development on external combustion engines using nonpetroleum fuels.

This would have no effect on CCC outlays, assuming the program is not implemented or is only utilized on a limited scale.

Section 12 -- Quality Control Studies Under the Food Stamp Program: Amends Section 1538 of the Food Security Act of 1985 to change the due date of the required Food Stamp Program Quality Control study reports from one year after enactment of the Farm Bill to one year after the date of the study contract required between USDA and the National Academy of Sciences (NAS). However, no date is specified for entering into the study contract.

The study is estimated to cost \$1 million, but no funds are currently budgeted specifically for this.

Section 13 -- Advance Recourse Loans: Expresses the sense of Congress that the Secretary use authorities provided by the Food Security Act of 1985 to make advance recourse loans to producers participating in 1986 crop price support programs. Advance loans would be limited to the lesser of \$50,000 or 50% of the estimated price support loan (based on program yield and farm program acreage intended to be planted). Loans would be restricted to producers unable to get credit elsewhere to finance production of the 1986 crop. Producers would be required to provide a first lien on the crop covered by the loan as security for the loan and to obtain crop insurance.

While this provision is discretionary, if the advance loans were offered FY 1986 outlays could increase by up to \$3 billion or more. Financial criteria are provided to limit exposure, but ASCS personnel could have a difficult time in applying the criteria to limit the recourse loans. Loans would be provided at 7-8 percent interest compared to 12-14 percent interest through private banks.

Outlays in FY 1987 would be reduced as advance loans are repaid. However, a significant portion of the borrowers could be facing bankruptcy and foreclosure and be forced to default. Therefore, total CCC outlays could increase by \$0.5 to \$1.0 billion over the FY 1986-87 period, if the program were implemented.

Section 14 -- U.S. Warehouse Act Amendment: Permits licensed warehouses to transfer stored agricultural products to other licensed warehouses when temporary space shortages exist subject to terms prescribed by the Secretary."

This would have no significant budgetary impact.

Section 15 -- Emergency Reserve for African Famine Relief: Title II of Public Law 99-10, which made available \$225 million as an Emergency Reserve for African Famine Relief through September 30, 1986, is amended to require the Administrator of the Agency for International Development to submit to Congress before April 15, 1986, a plan on how this reserve would be used if the President were to certify that it is essential for famine relief in Africa this year.

This would have no budgetary impact.

Section 16 -- Section 416 Overseas Donation Program: Section 416(b) of the Agricultural Act of 1949 is amended to require that for fiscal year 1986 the Secretary shall make an estimate of expected year-end levels of CCC uncommitted stocks by March 31, 1986. In addition, a determination by the Secretary of the amount of such stocks that shall be made available for Section 416 programming during fiscal year 1986 shall be published in the Federal Register by March 31, 1986.

This would have no budgetary impact.

ADDITIONAL COST OF FARM PROGRAM MODIFICATIONS  
FY 1986-1988

	Outlays or Savings (\$ Mil.)	CCC Commodities				Book Value CCC Commodities (\$ Mil.)
		Corn (M bu)	Wheat (M bu)	Cotton (T bales)	Rice (M cwt)	
Dairy Asses.	0					
Yields, 3% 1986 Crop						
Corn	163	85				225
Wheat	87		36			133
Cotton	34			125		34
Rice	7				1	10
TOTAL	<u>291</u>					<u>402</u>
Yields, 1.5% 1987 Crop						
Corn	83	46				122
Wheat	49		22			81
Cotton	24			96		25
Rice	2				.3	3
TOTAL	<u>158</u>					<u>231</u>
Underplanting 1986 Crop	200					
Underplanting 1987 Crop	<u>100</u>					
Total Net Outlays without Assuming Export Program Offsets	<u>749</u>					
EEP, Reduction from \$2 bil. to \$1 bil	-375					1,000
TEA, Reduction from \$325 mil. to \$110 mil. each year FY 86, 87, 88	-250					330
Total Net Assuming Export Program Offsets	<u>124</u>					

STATEMENT BY THE PRESIDENT

Today, I have signed into law H.R. 1614, the Food Security Improvements Act of 1986. This legislation makes changes to several provisions contained in the Food Security Act of 1985, which was enacted last December.

In signing the Food Security Act of 1985 into law, I indicated my Administration's strong objections to several features contained in that legislation. One provision was the mandatory three-year payment-in-kind export promotion program which requires the United States to give away \$2 billion worth of commodities to encourage American exports. I stated that "(a) program of this size and nature threatens to precipitate an agricultural commodity trade war with our allies. Moreover, it may well be impossible to fulfill the \$2 billion goal over the next three years without subsidizing exports in a manner which will be contrary to the national security interests of the United States." I am pleased to note that H.R. 1614 reduces this program from \$2 billion over the next three years to \$1 billion. This reduction will allow the United States to encourage export promotion without threatening our trade policy or our national security.

I am also pleased to note that the Congress [by Concurrent Resolution, has] revised language that had been adopted earlier relating to so-called advance recourse loans to make clear that this program is completely discretionary. The program is ill-advised and unnecessary, and my Administration will not use its discretion to implement it.

Although this legislation does not go nearly far enough in correcting deficiencies contained in the Food Security Act of 1985, it nonetheless represents an acceptable compromise and for that reason I have signed it into law.



# Ninety-ninth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday, the twenty-first day of January, one thousand nine hundred and eighty-six*

## An Act

Entitled the "Food Security Improvements Act of 1986".

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the "Food Security Improvements Act of 1986".

### SEC. 2. NONPROGRAM CROPS.

(a) WHEAT.—Section 107D(c)(1) of the Agricultural Act of 1949 (as added by section 308 of the Food Security Act of 1985) is amended—

(1) in subparagraph (C), by striking out "or nonprogram crops" each place it appears in clauses (i) and (iv) and inserting in lieu thereof "(except as provided in subparagraph (K))";

(2) in subparagraph (C)(iii), by striking out the last sentence and inserting in lieu thereof the following new sentence: "To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (K))."; and

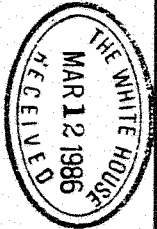
(3) by striking out subparagraph (K) and inserting in lieu thereof the following new subparagraph:

"(K)(i) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (C) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

"(I) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

"(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

"(ii)(I) Except as provided in subclause (II), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions



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as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (C) in such State to be devoted to haying and grazing.

“(II) Haying and grazing shall not be permitted for any crop under subclause (I) if the Secretary determines that haying and grazing would have an adverse economic effect.”

(b) **FEED GRAINS.**—Section 105C(c)(1) of the Agricultural Act of 1949 (as added by section 401 of the Food Security Act of 1985) is amended—

(1) in subparagraph (B), by striking out “or nonprogram crops” each place it appears in clauses (i) and (iv) and inserting in lieu thereof “(except as provided in subparagraph (I))”;

(2) in subparagraph (B)(iii), by striking out the last sentence and inserting in lieu thereof the following new sentence: “To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (I)).”; and

(3) by striking out subparagraph (I) and inserting in lieu thereof the following new subparagraph:

“(I)(i) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

“(I) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

“(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

“(ii)(I) Except as provided in subclause (II), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) in such State to be devoted to haying and grazing.

“(II) Haying and grazing shall not be permitted for any crop under subclause (I) if the Secretary determines that haying and grazing would have an adverse economic effect.”

(c) **COTTON.**—Section 103A(c)(1) of the Agricultural Act of 1949 (as added by section 501 of the Food Security Act of 1985) is amended—

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(1) in subparagraph (B), by striking out "or nonprogram crops" each place it appears in clauses (i) and (iv) and inserting in lieu thereof "(except as provided in subparagraph (G))";

(2) in subparagraph (B)(iii), by striking out the last sentence and inserting in lieu thereof the following new sentence: "To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (G))."; and

(3) by striking out subparagraph (G) and inserting in lieu thereof the following new subparagraph:

"(G)(i) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

"(I) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

"(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

"(ii)(I) Except as provided in subclause (II), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) in such State to be devoted to haying and grazing.

"(II) Haying and grazing shall not be permitted for any crop under subclause (I) if the Secretary determines that haying and grazing would have an adverse economic effect."

(d) RICK.—Section 101A(c)(1) of the Agricultural Act of 1949 (as added by section 601 of the Food Security Act of 1985) is amended—

(1) in subparagraph (B), by striking out "or nonprogram crops" each place it appears in clauses (i) and (iv) and inserting in lieu thereof "(except as provided in subparagraph (G))";

(2) in subparagraph (B)(iii), by striking out the last sentence and inserting in lieu thereof the following new sentence: "To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (G))."; and

(3) by striking out subparagraph (G) and inserting in lieu thereof the following new subparagraph:

“(G)(i) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

“(I) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

“(II) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

“(ii)(I) Except as provided in subclause (II), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) in such State to be devoted to haying and grazing.

“(II) Haying and grazing shall not be permitted for any crop under subclause (I) if the Secretary determines that haying and grazing would have an adverse economic effect.”

(e) APPLICATION.—In the case of the 1986 crops of wheat, feed grains, upland cotton, and rice, the amendments made by this section shall not apply to any producer who demonstrates to the satisfaction of the Secretary of Agriculture that the producer, before February 26, 1986, planted or contracted to plant for the 1986 crop year a portion of the permitted acreage of the producer to any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

**SEC. 3. FARM PROGRAM PAYMENT YIELDS.**

(a) ESTABLISHED PRICE PAYMENTS FOR 1986 AND 1987 CROP YEARS.—Section 506(b) of the Agricultural Act of 1949 (as added by section 1031 of the Food Security Act of 1985) is amended—

(1) in paragraph (1), by striking out “paragraph (2)” and inserting in lieu thereof “paragraphs (2) and (3)”;

(2) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively; and

(3) by inserting after paragraph (1) the following new paragraph:

“(2)(A) In the case of the 1986 crop year for a commodity, if the farm program payment yield for a farm is reduced more than 3 percent below the farm program payment yield for the 1985 crop year, the Secretary shall make available to producers established

price payments for the commodity (in the form of commodities owned by the Commodity Credit Corporation) in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 3 percent below the farm program payment yield for the 1985 crop year.

“(B) In the case of the 1987 crop year for a commodity, if the farm program payment yield for a farm is reduced more than 5 percent below the farm program payment yield for the 1985 crop year, the Secretary shall make available to producers established price payments for the commodity (in the form of commodities owned by the Commodity Credit Corporation) in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 5 percent below the farm program payment yield for the 1985 crop year.”

(b) FARM PROGRAM PAYMENT YIELDS FOR 1988 AND SUBSEQUENT CROP YEARS.—Section 506(c)(1) of the Agricultural Act of 1949 is amended by adding at the end thereof the following new sentence: “Notwithstanding any other provision of this paragraph, for purposes of establishing a farm program payment yield for any program crop for any farm for the 1988 and subsequent crop years, the farm program payment yield for the 1986 crop year may not be reduced more than 10 percent below the farm program payment yield for the farm for the 1985 crop year.”

**SEC. 4. SPECIAL ASSISTANT FOR AGRICULTURAL TRADE AND FOOD ASSISTANCE.**

(a) CHANGE OF TITLE.—(1) Section 1113 of the Food Security Act of 1985 is amended—

(A) in the caption, by striking out “FOOD AID” and inserting in lieu thereof “FOOD ASSISTANCE”; and

(B) in subsection (a), by striking out “Food Aid” and inserting in lieu thereof “Food Assistance”.

(2) The table of contents in section 2 of such Act is amended by striking out “Food Aid” in the item relating to section 1113 and inserting in lieu thereof “Food Assistance”.

(b) APPOINTMENT OF INITIAL SPECIAL ASSISTANT.—Section 1113(a) of such Act is amended by adding at the end thereof the following new sentence: “The President shall appoint the initial Special Assistant not later than May 1, 1986.”

(c) REMOVAL OF LEVEL I CLASSIFICATION.—Section 5312 of title 5, United States Code, as amended by section 1113(d) of the Food Security Act of 1985, is amended by striking out the item relating to: “Special Assistant for Agricultural Trade and Food Aid.”

(d) COMPENSATION FOR THE SPECIAL ASSISTANT.—Section 1113(d) of the Food Security Act of 1985 is amended to read as follows:

“(d) Compensation for the Special Assistant shall be fixed by the President at an annual rate of basic pay of not less than the rate applicable to positions in level III of the Executive Schedule.”

**SEC. 5. TARGETED EXPORT ASSISTANCE.**

Section 1124 of the Food Security Act of 1985 is amended by striking out subsection (a) and inserting in lieu thereof the following new subsection:

“(a) For export activities authorized to be carried out by the Secretary of Agriculture or the Commodity Credit Corporation, in



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addition to any funds or commodities otherwise required under this Act to be used for such activities—

“(1) for each of the fiscal years ending September 30, 1986, through September 30, 1988, the Secretary shall use under this section not less than \$110,000,000 of funds of, or commodities owned by, the Corporation; and

“(2) for each of the fiscal years ending September 30, 1989, and September 30, 1990, the Secretary shall use under this section not less than \$325,000,000 of funds of, or commodities owned by, the Corporation.”

**SEC. 6. DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES.**

Subsection (i) of section 1127 of the Food Security Act of 1985 is amended to read as follows:

“(i) During the period beginning October 1, 1985, and ending September 30, 1988, the Secretary shall use agricultural commodities and the products thereof referred to in subsection (a) to carry out this section, except that the value of the commodities and products may not be less than \$1,000,000,000, nor more than \$1,500,000,000. To the maximum extent practicable, such commodities shall be used in equal amounts during each of the years in such period.”

**SEC. 7. HAY AND GRAZING ON DIVERTED WHEAT AND FEED GRAIN ACREAGE.**

(a) **WHEAT.**—Subparagraph (C) of section 107D(f)(4) of the Agricultural Act of 1949 (as added by section 308 of the Food Security Act of 1985) is amended to read as follows:

“(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

“(I) hay and grazing during not less than 5 of the principal growing months (as established for a State by the State committee), in the case of the 1986 crop of wheat; and

“(II) grazing, in the case of each of the 1987 through 1990 crops of wheat.

“(ii) In the case of each of the 1987 through 1990 crops of wheat, grazing shall not be permitted for any crop of wheat under clause (i)(II) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.”

(b) **FEED GRAINS.**—Subparagraph (C) of section 105C(f)(4) of the Agricultural Act of 1949 (as added by section 401 of the Food Security Act of 1985) is amended to read as follows:

“(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

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"(I) hay and grazing during not less than 5 of the principal growing months (as established for a State by the State committee), in the case of the 1986 crop of feed grains; and

"(II) grazing, in the case of each of the 1987 through 1990 crops of feed grains.

"(ii) In the case of each of the 1987 through 1990 crops of feed grains, grazing shall not be permitted for any crop of feed grains under clause (i)(II) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act."

**SEC. 8. PROTECTION OF BASE ON NONPROGRAM CROP ACREAGE.**

Section 504(b)(2) of the Agricultural Act of 1949 (as added by section 1031 of the Food Security Act of 1985) is amended—

(1) by redesignating clause (D) as clause (E); and

(2) by striking out clause (C) and inserting in lieu thereof the following new clauses:

"(C) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to conservation uses or the production of commodities permitted under section 107D(c)(1)(K), 105C(c)(1)(I), 103A(c)(1)(G), or 101A(c)(1)(G), as the case may be;

"(D) in the case of each of the 1986 through 1989 crop years, acreage in an amount equal to not to exceed 50 percent of the permitted acreage for a program crop for each of the 1986 and 1987 crop years, 35 percent of the permitted acreage for the 1988 crop year, and 20 percent of the permitted acreage for the 1989 crop year, if—

"(i) the acreage considered to be planted is planted to a crop, other than a program crop, peanuts, soybeans, extra long staple cotton, or commodities specified in clause (C);

"(ii) the producers on the farm plant for harvest to the program crop at least 50 percent of the permitted acreage for such crop; and

"(iii) payments are not received by producers under 107D(c)(1)(C), 105C(c)(1)(B), 103A(c)(1)(B), or 101A(c)(1)(B), as the case may be; and"

**SEC. 9. MARKETWIDE SERVICE PAYMENTS.**

(a) **HEARING.**—Not later than 90 days after receipt of a proposal to amend a milk marketing order in accordance with section 8c(5)(J) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(5)(J)) (as added by section 133 of the Food Security Act of 1985), the Secretary of Agriculture shall conduct a hearing on the proposal.

(b) **IMPLEMENTATION.**—Not later than 120 days after a hearing is conducted under subsection (a), the Secretary shall implement, in accordance with the Agricultural Adjustment Act, a marketwide service payment program under section 8c(5)(J) of such Act that meets the requirements of such Act.

**SEC. 10. INCREASED MILK ASSESSMENTS TO MEET DEFICIT REDUCTION REQUIREMENTS.**

Effective March 1, 1986, section 201(d)(2) of the Agricultural Act of 1949 (as amended by section 101(a) of the Food Security Act of 1985 (Public Law 99-198)) is amended—

(1) in subparagraph (B), by striking out "The" and inserting in lieu thereof "Except as provided in subparagraph (E), the"; and

(2) by adding at the end thereof the following new subparagraph:

"(E)(i) In lieu of any reductions in payments made by the Secretary for the purchase of milk and the products of milk under this subsection during the period beginning March 1, 1986, and ending September 30, 1986, required under the order issued by the President on February 1, 1986, under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), the Secretary shall increase the amount of the reduction required under subparagraph (A) during the period beginning April 1, 1986, and ending September 30, 1986, as the sole means of meeting any reductions required under the order in payments made by the Secretary for the purchase of milk and the products of milk under this subsection.

"(ii) The aggregate amount of any increased reduction under clause (i) shall be equal, to the extent practicable, to the aggregate amount of the reduction that would otherwise be required under the order referred to in clause (i) in payments made by the Secretary for the purchase of milk and the products of milk under this subsection during the period beginning March 1, 1986, and ending September 30, 1986, except that the amount of any increased reduction under clause (i) may not exceed 12 cents per hundredweight of milk marketed."

**SEC. 11. RESEARCH ON EXTERNAL COMBUSTION ENGINES.**

Section 4(m) of the Commodity Credit Corporation Charter Act is amended by adding at the end thereof a new sentence as follows: "Notwithstanding any other provision of this Act, the Corporation may, in the exercise of its power to remove and dispose of surplus agricultural commodities, export, or cause to be exported, not to exceed such amounts of commodities owned by the Corporation as will enable the Corporation to finance research and development of external combustion engines using fuel other than that derived from petroleum and petroleum products. The total value of commodities exported annually for the purposes of the research authorized by the preceding sentence may not exceed \$30,000,000."

**SEC. 12. QUALITY CONTROL STUDIES UNDER THE FOOD STAMP PROGRAM.**

Section 1538 of the Food Security Act of 1985 is amended—

(1) in subsection (a)(3), by striking out "of enactment of this Act" and inserting in lieu thereof "the Secretary and the National Academy of Sciences enter into the contract required under paragraph (2)";

(2) in subsection (c)(1), by striking out "18 months after the date of enactment of this Act" and inserting in lieu thereof "6 months after the date on which the results of both studies required under subsection (a)(3) have been reported"; and

(3) in subsection (c)(2), by striking out "2 years after the date of enactment of this Act" and inserting in lieu thereof "6

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months after the date on which the results of both studies required under subsection (a)(3) have been reported.”.

SEC. 13. ADVANCE RECOURSE LOANS.

(a) It is the sense of Congress that the Secretary of Agriculture carry out a program authorized by section 424 of the Agricultural Act of 1949. Such program, if implemented, shall provide for the following:

(1) Advance recourse loans shall be made available only to those producers of a commodity who are unable to obtain sufficient credit elsewhere to finance the production of the 1986 crop of that commodity, taking into consideration prevailing private and cooperative rates and terms for loans for similar purposes (as determined by the Secretary) in the community in or near which the applicant resides. A producer who has received a commitment or been furnished sufficient credit or a loan for production of the 1986 crop of a commodity shall not be eligible for an advance recourse loan to finance the production of that commodity for such crop year.

(2) Advance recourse loans shall be made available to producers of a commodity at the applicable nonrecourse loan rate for the commodity (as determined by the Secretary). Within the limits set out in paragraphs (5) and (7), advance recourse loans shall be available—

(A) to producers of wheat, feed grains, cotton, and rice who agree to participate in the program announced for the commodity on an amount of the commodity equal to one-half of the farm program yield for the commodity multiplied by the farm program acreage intended to be planted to the commodity for harvest in 1986, as determined by the Secretary;

(B) to producers of tobacco and peanuts who are on a farm for which a marketing quota or poundage quota has been established on an amount of the commodity equal to one-half of the farm marketing quota or poundage quota for the commodity, as determined by the Secretary; and

(C) to producers of other commodities on an amount of the commodity equal to one-half of the farm yield for the commodity multiplied by the farm acreage intended to be planted to the commodity for harvest in 1986, as determined by the Secretary.

(3) An advance recourse loan under section 424 shall come due at such time immediately following harvest as the Secretary determines appropriate. Each loan contract entered into under section 424 shall specify the date on which the loan is to come due.

(4)(A) The Secretary shall establish procedures, when practicable, under which a producer, simultaneously with repayment of his recourse loan, may obtain a nonrecourse loan on his crop (as otherwise provided for in the Agricultural Act of 1949) in an amount sufficient to repay his recourse loan.

(B) In cases in which nonrecourse loans under such Act are not normally made available directly to producers, the Secretary shall establish procedures under which a producer may repay a recourse loan at the same time the producer receives advances or other payment from the producer's disposition of his crop.

(5) Advance recourse loans shall be made available as needed solely to cover costs involved in the production of the 1986 crop that are incurred or are outstanding on or after the date of enactment of this section.

(6) To obtain an advance recourse loan, the producer on a farm must—

(A) provide as security for the loan a first lien on the crop covered by the loan or provide such other security as may be available to the producer and determined by the Secretary to be adequate to protect the Government's interests; and

(B) obtain multiperil crop insurance, if available, to protect the crop that serves as security for the loan.

If a producer does not have multiperil crop insurance and is located in a county in which the signup period for multiperil crop insurance has expired, the producer shall be required to obtain other crop insurance, if available.

(7) The total amount in advance recourse loans that may be made to a producer under section 424 may not exceed \$50,000.

(8) An advance recourse loan may be made available only to a producer who agrees to comply with such other terms and conditions determined appropriate by the Secretary and consistent with the provisions of section 424.

(b) The Secretary shall carry out the program provided for under section 424 through the Commodity Credit Corporation, using the services of the Agricultural Stabilization and Conservation Service and the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to make determinations of eligibility with respect to the credit test under subsection (a)(1), and determinations as to the sufficiency of security under subsection (a)(6). The Secretary may use such committees for such other purposes as the Secretary determines appropriate in carrying out section 424.

(c) It is further the sense of Congress that the Secretary of Agriculture issue or, as appropriate, amend regulations to implement any program established under section 424 as soon as practicable, but not later than 15 days after the date of enactment of this Act. Loans and other assistance provided under such program shall be made available beginning on the date such regulations are issued or amended.

**SEC. 14. TRANSFER OF AGRICULTURAL PRODUCTS STORED IN WAREHOUSES.**

Section 17 of the United States Warehouse Act (7 U.S.C. 259) is amended—

(1) by striking out "That" and inserting in lieu thereof "(a) Except as provided in subsection (b),"; and

(2) by adding at the end thereof the following new subsection:  
"(b)(1) Notwithstanding any other provision of this Act, if a warehouseman because of a temporary shortage lacks sufficient space to store the agricultural products of all depositors in a licensed warehouse, the warehouseman may, in accordance with regulations issued by the Secretary of Agriculture and subject to such terms and conditions as the Secretary may prescribe, transfer stored agricultural products for which receipts have been issued out of such warehouse to another licensed warehouse for continued storage.



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"(2) The warehouseman of a licensed warehouse from which agricultural products have been transferred under paragraph (1) shall deliver to the rightful owner of such products, on request, at the licensed warehouse where first deposited, such products in the amount, and of the kind, quality, and grade, called for by the receipts or other evidence of storage of such owner."

SEC. 15. PLAN FOR THE USE OF AFRICA FAMINE RELIEF.

Title II of the Act of April 4, 1985, entitled "An Act Making urgent supplemental appropriations for the fiscal year ending September 30, 1985, for emergency famine relief and recovery in Africa, and for other purposes", Public Law 99-10, is amended by striking out "the Administrator" and all that follows through "Africa." and inserting in lieu thereof the following: "the President certifies that the use of such funds is essential to famine relief in Africa. The Administrator of the Agency for International Development shall prepare and submit to Congress before April 15, 1986, a plan specifying how such additional funds for African famine relief would be used. The plan shall ensure, among other things, that the funds for the reserve, if utilized, shall be available to cover all costs for inland transportation of food only as are necessary for its timely delivery."

SEC. 16. ESTIMATION OF COMMODITY CREDIT CORPORATION UNCOMMITTED STOCK.

Section 416(b)(10)(B) of the Agricultural Act of 1949 is amended—

(1) by inserting before the period at the end of the second sentence the following: "or, in the case of fiscal year 1986, prior to March 31, 1986"; and

(2) by inserting before the period at the end of the third sentence the following: "or, in the case of fiscal year 1986, March 31, 1986".

*Thomas S. Down*  
Speaker of the House of Representatives.

*Strom Thurmond*  
Vice President of the United States and  
President of the Senate *pro tempore*