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**APPROVED**  
**FEB 16 1976**

*Signed*  
*2/16/76*

THE WHITE HOUSE  
WASHINGTON

ACTION

Last Day: February 17

February 16, 1976

*Posted*  
*2/17*

*J. Archives*

*2/17*

MEMORANDUM FOR	THE PRESIDENT
FROM:	JIM CANNON <i>(initials)</i>
SUBJECT:	H.R. 8529 - Rice Production Act of 1975

Attached for your consideration is H.R. 8529, sponsored by Representative Mathis and three others, which eliminates direct Federal controls on rice production and provides income protection to certain producers through guaranteed target prices, minimum loan levels and disaster payments.

A detailed discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Bill Seidman, Counsel's Office (Lazarus), NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 8529 at Tab B.





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

FEB 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8529 - Rice Production  
Act of 1975  
Sponsors - Rep. Mathis (D) Georgia and 3 others

Last Day for Action

February 17, 1976 - Tuesday

Purpose

Eliminates direct Federal controls on rice production and provides income protection to certain producers through guaranteed target prices, minimum loan levels, and disaster payments.

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval
Council of Economic Advisers	Approval(Informally)

Discussion

Under existing law, the Secretary of Agriculture controls the production and sale of rice through price supports, acreage allotments, and marketing quotas for each crop year in an attempt to balance supply and demand. However, since the law establishes both a minimum acreage allotment and a minimum support price, the Federal Government frequently acquires rice which the market cannot absorb at the support price. The nature of Federal controls on rice production is such that allotment holders are the only producers when marketing quotas are in effect -- entry is closed to new producers regardless of their relative



efficiency. However, in years when no marketing quotas are proclaimed, producers not having allotments may grow rice, but they would not benefit from the price support program which is available to the allotment holders. Under no circumstances are any disaster payments now available for rice growers.

Although marketing quotas were not imposed on allotment holders in 1975 and some 2,800,000 acres of rice were planted, restrictive acreage allotments (the 1,653,000 acre minimum) and marketing quotas have been imposed on the 1976 crop under the current law. The rice program is heavily dependent on P.L. 480, because much more rice is produced than can be sold either domestically or for cash in export markets.

The Administration has consistently argued that fundamental policy changes are needed to update the existing rice program and bring it into conformity with the law covering wheat, feed grains, and cotton producers. Under the Agriculture Acts of 1970 and 1973, the producers of these latter commodities have obtained greater flexibility and freedom in managing their enterprises plus a higher level of competitiveness in world agricultural markets.

Accordingly, the Administration submitted legislation to the 94th Congress that would permit the rice industry to:

1. Produce in response to market demands and compete more aggressively for new markets.
2. Improve growers' income opportunities without export subsidies or other intervention by the government.
3. Provide a more equitable basis of opportunity for rice growing.

Specifically, the Administration proposal provided



for:

1. Suspending the present acreage allotment, marketing quota, and price support program for the 1976 and 1977 crops of rice.
2. Target prices (7¢/lb.), price support loans (5¢/lb.), and freedom to plant. Deficiency payments (difference between the target price and the market price) would be made to eligible producers. Production would be controlled by acreage set asides (the rice program would then be similar to that for wheat, feed grains, and cotton under the 1973 Agriculture Act).
3. A 2,000,000 acreage base for payments to the old allotment holders (pre-1976); only these allotment holders would be eligible for the government support payments cited above while new growers would be entirely subject to free market pricing action and would receive no government subsidy whatsoever.
4. A rice research program.

Conceptually, the enrolled bill is consistent with the Administration's proposal as outlined above and would create a less rigid and controlled environment for the rice producer. However, several features of H.R. 8529 constitute a significant deviation from the Administration's proposal as the enrolled bill would:

1. Set higher target prices -- at 8¢/lb. -- and higher loan rates -- 6¢/lb. -- with annual adjustments reflecting the change in farm production costs (the Administration proposal provided for annual adjustment, but only for the 1977 crop);
2. Establish a 1,800,000 acreage base for payments to the old allotment holders (pre-1976).

3. Require disaster payments for allotment holding rice producers who are prevented from planting or if they suffer losses after planting because of natural disasters. As in the case of support payments, new rice growers could not receive such protection.
4. Limit support or disaster payments to any individual in one crop year to \$55,000.

In supporting the Administration's rice proposal before Congress, Agriculture opposed both the one cent higher target price and loan levels, including adjustments for the 1976 crop, on the grounds that the Administration support levels were adequate to maintain farm income. The disaster payment feature was opposed because the Administration has submitted legislation to the 94th Congress which would substitute an expanded crop insurance program for all existing commodity disaster payment provisions and would encourage private underwriters to offer all-risk insurance covering most farm commodities.

In reporting on H.R. 8529, neither the Senate nor the House Agriculture Committee took note of the Administration's concerns. The Senate Committee expressed the view that the bill would reasonably maintain rice producers' income while ensuring competitive prices for export and further noted that:

" ... rice farmers would be permitted to produce in accordance with their own calculation of what is most profitable and in the best interests of their individual enterprises."

H.R. 8529 passed in the House and Senate by 311 to 104 and by 76 to 12, respectively.

#### Agency Views

Both Agriculture and the Council of Economic Advisers recommended approval of the enrolled bill. CEA best summarized the position taken by both agencies

in their enrolled bill letters:

" ... While the bill would entail additional budget costs because the prices specified for making deficiency payments (target price) is above current market prices, the economic gains outweigh these costs. Compared to existing legislation, the new rice bill will yield lower prices to consumers and end the misallocation of resources caused by artificial restrictions of production. While impossible to estimate precisely, we believe the benefits of the lower prices and more efficient resource allocation will substantially outweigh the budget costs."

With respect to budget impact, Agriculture estimated that "net government outlays under this bill will be approximately the same as under current legislation, \$1.4 billion over a five-year period compared with \$1.5 billion under current law." For fiscal years 1976 and 1977, Agriculture estimates that there would be a net increase in outlays of \$4 million under the enrolled bill.

We concur in the agencies' analyses and recommendations. However, we think it is important to point out that the "freedom to plant" concept embodied in the enrolled bill carries several potential costs for the Administration.

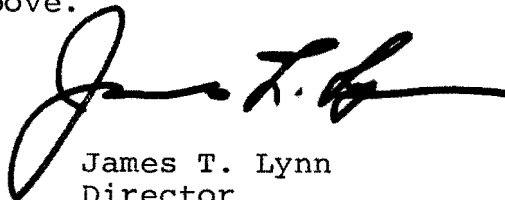
First, the target price and loan levels could lead to significantly higher deficiency payments and loan outlays if Agriculture's somewhat optimistic projections for rice demand do not materialize.

Second, the price support protection provided to allotment holders exceeds the total cost of rice production. In contrast, target prices and loan levels covering wheat, feed grains and cotton do not cover the total cost of production. This relationship will be noted in Congress when the 1973 Agriculture Act comes up for renewal in 1977, and

other major commodity groups can be expected to seek protection similar to that for rice.

Third, the extension of disaster payment protection to rice allotment holders will make it even more difficult for the Administration to gain support for its proposed reform legislation to place farm commodity disaster protection on a self-insuring basis.

Thus, the bill presents some very substantial risks. It is not an easy call. Nevertheless, on balance, we believe that the desirability of movement to unrestricted production and management flexibility outweighs the potential liabilities cited above.

A handwritten signature in black ink, appearing to read "James T. Lynn". The signature is fluid and cursive, with a large initial "J" and a long horizontal stroke at the end.

James T. Lynn  
Director

Enclosures



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: February 12

Time: 2:00pm

FOR ACTION: Paul Leach  
 Bill Seidman *ok*  
 Max Friedersdorf *ok*  
 Ken Lazarus *ok*  
*WSC ok (Harmato)*

cc (for information): Jack Marsh  
 Jim Cavanaugh

FROM THE STAFF SECRETARY

DUE: Date: February 16

Time: 3:00pm

SUBJECT:

H.R. 8529 - Rice Production Act of 1975

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

\_\_\_\_\_  
 K. R. COLE, JR.  
 For the President



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

February 9, 1976

Honorable James T. Lynn  
Director, Office of  
Management and Budget

Dear Mr. Lynn:

In reply to the request of your office, the following report is submitted on the enrolled bill H.R. 8529, the "Rice Production Act of 1975." The bill provides for the unrestricted production of rice for 1976 and 1977 crops of rice and thus grants rice farmers the same management flexibility that producers of other major crops now enjoy.

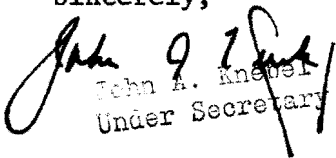
The Department recommends that the President approve the bill.

The rice program embodied in H.R. 8529 is a great improvement over the current program. Under present legislation, rice production would be severely restricted in 1976. Also, the rapidly escalating support price for rice would have made U.S. rice noncompetitive in the world market. In addition, it is projected that some U.S. industrial consumers of rice would have turned to imports of cheaper foreign rice. The lower support provided for by H.R. 8529 will allow U.S. rice to remain highly competitive.

H.R. 8529 will end a system that restricts production to a few producers in specified regions. While traditional rice growers will retain a degree of income protection under this bill, rice production will be a viable alternative for any producer whose evaluation of his own production capabilities and of market demand would indicate that it was a profitable alternative. This will result in a more efficient allocation of resources as well as permit the kind of long range planning that is required for efficient production. Most importantly, H.R. 8529 provides the rice producer with a freedom that is compatible with that enjoyed by producers of other commodities.

The Department estimates that net government outlays under this bill will be approximately the same as under current legislation, \$1.4 billion over a five-year period compared with \$1.5 billion under current law. A detailed cost summary is enclosed. Beyond budget impact, the crucial factor is that under this bill the U.S. will be producing more rice, more efficiently, in a world where food scarcity increases daily. And, those decisions will be made by farmers rather than by government edict.

Sincerely,

  
John A. Knepper  
Under Secretary



Enclosure

Rice: Summary of Net Government Outlays of Current and H.R. 8529.

	Current	:	
	Program	:	H.R. 8529
-----Million Dollars-----			
<u>Deficiency Payments</u>			
1976	--		26
1977	--		25
1978	--		35
1979	--		51
1980	--		<u>80</u>
5-Year	--		217
<u>Loans and Purchases</u>			
1976	11		--
1977	-12		--
1978	--		--
1979	15		--
1980	<u>91</u>		<u>--</u>
5-Year Total	105		--
<u>PL-480 Costs</u>			
1976	258		238
1977	266		238
1978	277		238
1979	292		238
1980	<u>312</u>		<u>238</u>
5-Year Total	1,405		1,190
<u>Totals</u>			
1976	269		264
1977	254		263
1978	277		273
1979	307		289
1980	<u>403</u>		<u>318</u>
5-Year Total	1,510		1,407

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: February 13

Time: 6:00pm

FOR ACTION: Paul Leach  
Bill Seidman  
Max Friedersdorf  
Ken Lazarus ✓

cc (for information): Jack Marsh  
Jim Cavanaugh

FROM THE STAFF SECRETARY

DUE: Date: February 16

Time: noon

SUBJECT:

H.R. 8529 - Rice Production Act of 1975

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No objection.  
RR for KL*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

*[Faint stamp]*

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: February 13

Time: 6:00pm

FOR ACTION: Paul Leach  
Bill Seidman  
Max Friedersdorf  
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DUE: Date: February 16

Time: noon

SUBJECT:

H.R. 8529 - Rice Production Act of 1975

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*Approved  
JWS*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

SEARCHED \_\_\_\_\_  
SERIALIZED \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

February 16, 1976

MEMORANDUM FOR: JIM CAVANAUGH  
FROM: MAX L. FRIEDERSDORF *M.L.*  
SUBJECT: H.R. 8529 - Rice Production Act of 1975

The Office of Legislative Affairs concurs with the agencies  
that the subject bill be signed.

Attachments

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

FEB 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8529 - Rice Production  
Act of 1975  
Sponsors - Rep. Mathis (D) Georgia and 3 others

Last Day for Action

February 17, 1976 - Tuesday

Purpose


Eliminates direct Federal controls on rice production and provides income protection to certain producers through guaranteed target prices, minimum loan levels, and disaster payments.

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval
Council of Economic Advisers	Approval (informally)

Discussion

Under existing law, the Secretary of Agriculture controls the production and sale of rice through price supports, acreage allotments, and marketing quotas for each crop year in an attempt to balance supply and demand. However, since the law establishes both a minimum acreage allotment and a minimum support price, the Federal Government frequently acquires rice which the market cannot absorb at the support price. The nature of Federal controls on rice production is such that allotment holders are the only producers when marketing quotas are in effect -- entry is closed to new producers regardless of their relative

To: J. Conaway  
2-12-76  
1:45 J.M.  


## RICE PRODUCTION ACT OF 1975

NOVEMBER 3, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FOLEY, from the Committee on Agriculture,  
submitted the following

### REPORT

together with

### DISSENTING AND ADDITIONAL VIEWS

[To accompany H.R. 8529]

The Committee on Agriculture, to whom was referred the bill (H.R. 8529), to establish improved programs for the benefit of producers and consumers of rice, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 6, line 22, strike "1975" and insert in lieu thereof "1976".

Page 8, lines 19 through 21, strike "each cooperator with respect to a quantity of rice determined by multiplying the allotment of the cooperator for the crop" and insert in lieu thereof "cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment".

Page 9, lines 10 through 12, strike "each cooperator with respect to a quantity of rice determined by multiplying the allotment of the cooperator for the crop" and insert in lieu thereof "cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment".

Page 9, line 21, strike "acres of the producer" and insert in lieu thereof "acreage allotments of producers on the farm".

Page 10, line 9 insert immediately before "farm acreage allotment" the words "acreage allotments of producers on the farm or of the".

Page 10, line 18, strike out the word "shall" and insert in lieu thereof the word "may".

Page 16, line 22, strike "shortage" and insert in lieu thereof "storage".



Page 17, line 4, strike out the period and insert the following: “, with priority consideration for Land Grant Universities, State Experiment Stations, and other agricultural institutions of higher learning.”

Page 17, line 6, strike out “any fiscal year” and insert in lieu thereof “the period ending September 30, 1976.”

Page 17, line 7, after the words “section.” Insert the following: “No funds authorized by this section shall be used for advertising or promotional activities.”

Page 17, line 25, and page 18, line 1, strike the words “a cooperator shall be a person who has a rice acreage allotment” and insert in lieu thereof “a cooperator shall be a person who produces rice on a farm for which a farm acreage allotment has been established or to which a producer acreage allotment has been allocated”.

#### BRIEF EXPLANATION OF THE LEGISLATION

H.R. 8529, as amended, provides for—

1. A two-year rice program covering the 1976 and 1977 crops.
2. Suspension of marketing quotas and marketing quota penalties and removal of restrictions on production of rice by new producers.
3. A national acreage allotment of 1.8 million acres as a base for determining the amount of loans and payments to be made to cooperators.
4. The national allotment to be apportioned to farms and, in producer States and administrative areas, to producers on the basis of allotments established for the 1975 crop.
5. Farm and producer allotments may be sold, leased or transferred to other farms or producers in the same administrative area.
6. Deficiency payments, loans and purchases to be made available only to cooperators and only on allotted acreages.
7. A target price of \$8 per cwt. to be used for the purpose of making payments; the price to be adjusted for the 1976 crop for changes in the index of prices paid by farmers from date of enactment of the Act to July 31, 1976, and for the 1977 crop for changes in the index of prices in the year ending July 31, 1977. Further adjustments are authorized for changes in yields.
8. A payment rate equal to the difference between the target price and the higher of the loan rate or rice market price during the period August-December of the marketing year.
9. Disaster payments to cooperators who, as a result of a disaster or condition beyond their control, are prevented from planting the allotment of rice or other nonconserving crop or who are not able to harvest two-thirds of the allotment times the established farm yield.
10. Nonrecourse loans and purchases to be available on the 1976 crop at a rate of \$6 per cwt. adjusted for changes in the index of prices paid to farmers in the period between the date of enactment of the act and July 31, 1976. Further adjustments could be made to reflect changes in yields. Similar adjustments would be made in the loan rate to determine the loan rate for the 1977 crop.
11. A set-aside program similar to that authorized on wheat, feed grain and cotton is authorized if it is estimated that the carryout for the marketing year will exceed 15 percent of the total supply for that year.

12. Cooperators to comply with a set-aside program to qualify for deficiency payments or to be eligible for loans on purchases on their crop.

13. A payment limitation of \$55,000 on payments to any person under the rice program for each of the crop years 1976 and 1977.

14. National and regional rice research programs to be carried out by the Secretary with priority consideration for land grant universities and State Experiment Stations with an authorization of \$1,000,000 for the period ending September 30, 1976. No funds could be used for advertising or promotion.

#### PURPOSE AND NEED FOR THE LEGISLATION

The purpose of the Rice Production Act of 1975 is to establish for rice the producer-freedom and market-oriented policy which was provided for other farm commodities under the Agriculture and Consumer Protection Act of 1973. This legislation offers an opportunity for the rice farmer to grow this staple commodity with a minimum of Government control and interference. This proposed program will make it possible for anyone to grow rice if he wishes. The farmer may decide on the basis of market considerations how much rice he should grow.

The shift from closed to open rice production which this legislation provides clearly recognizes the special importance of the historic rice farmer. The investment of the traditional grower who pioneered and persevered in the production of rice over the last 20 years is protected by the target price mechanism and the increase in the minimum acreage allotment from 1.65 million acres to 1.8 million acres. The extension of loan eligibility only for the historic producers provides an additional measure of price protection in that they will be afforded an opportunity to obtain funds while they are holding their crop for sale. The new farmer will grow rice based on his evaluation of supply-demand conditions in the marketplace.

The production flexibility which this legislation provides will have the beneficial effect of encouraging the rice industry to expand its overseas markets. Each year American rice is shipped to over 100 countries in the world. Approximately 60 percent of the U.S. rice crop is exported. In order to assure future export expansion American rice must be competitive and the rice flow must be stable and reliable. The uncertainty as to whether or not the Department of Agriculture will impose acreage controls and marketing quotas on the rice crop will stifle the growth and development of a healthy and stable export market. It is imperative that U.S. rice remain competitive on the world market, and this objective can best be achieved by an increase in rice production in this country. It should also be emphasized that the dollars we receive from rice exports will contribute substantially to easing our balance of payments problem which has been precipitated by the high price of oil from the OPEC countries.

In considering this legislative proposal the Committee recognized the strong probability of the reimposition of marketing quotas and acreage allotments by the Department of Agriculture at the beginning of 1976. Such a course of action would result in a cutback in production from the present level of 2.8 million acres to approximately 1.65

million acres—a 41 percent reduction. This would not only mean a substantial loss of foreign exchange as a consequence of decreased exports but it would also have the effect of driving up the price of rice to the consumer by one-third to one-half.

In 1974 this country exported slightly over 1 billion worth of rice. Several new markets have been created for American rice and other market possibilities loom on the horizon. In 1974 Middle East countries purchased almost 700,000 tons of American rice. This contrasts sharply with the 140,000 tons they bought from us the previous year. There is every reason to believe that the United States can count on continued strong Middle East demand.

The Soviet Union has expressed an interest in buying a minimum of 100,000 tons of rice from the United States. Cuba will most likely be purchasing large quantities of rice from the United States as such time as it resumes normal trade relations with this country. In pre-Castro days Cuba bought over 6 million hundredweight of rice annually.

Rice exports totaled 69.5 million hundredweight in 1974 of rough rice—25 percent higher than the highest previous export record set in the 1971–1972 crop year.

Rice is the staple food in the diet of over two-thirds of the world population, and it is in these areas that the population explosion is taking place. Consumption of rice is increasing in these countries at a rate of over 1 percent a year. About 6 million more people are being added to the consumption each year, requiring about 7½ million tons more rice annually.

In the case of P.L. 480 rice, Bangladesh and South Korea are expected to purchase most of the rice that was formerly programmed for Cambodia and South Vietnam. The Department hopes to export 800,000 metric tons of rice under this program.

In sum, the rice export market offers enormous potential for the United States. This bill will equip the United States to meet this challenge to the advantage of producers and the overall economy of this country.

One of the features of the bill which generated considerable controversy during the Committee deliberations was the \$55,000 payment limitation. The Committee feels that an explanation is in order. For many years under basic agricultural legislation there were no payment limitations for such agricultural commodities as wheat, feed grains, and cotton. The Agricultural Act of 1970 provided for the imposition of a \$55,000 payment limitation to be applied to the 1971 crop and subsequent crops. The Agriculture and Consumer Protection Act of 1973 lowered that amount to \$20,000 to be applied to the 1974 crop and subsequent crops. Since rice has never come under a program similar to wheat, feed grains and cotton programs, these figures were never applicable to that commodity. It is felt by the Committee that since other agricultural commodities started out at the \$55,000 limit level and then ultimately worked their way down to the \$20,000 figure, the same evolutionary procedure should apply to rice. As the life of the bill expires in two years, the Committee will have the opportunity to reassess the \$55,000 payment limitation with a view to bringing it into conformity with the agricultural commodities that fall under the Agriculture and Consumer Protection Act of 1973.

In agreeing to the \$55,000 payment limitation, the Committee also took into consideration the cost per acre of producing rice versus the cost per acre of producing other agricultural commodities. Figures were cited showing that there is a substantially larger investment involved in rice production than is the case in other food crops.

The average per acre cost for producing rice comes to \$331, according to Doan's Agricultural Report (similar estimates have been made by Texas A&M University and Louisiana State University). This contrasts sharply with the average per acre cost of producing corn (\$183.70), soybeans (\$142.10), wheat (\$127.50), and cotton (\$277.00).

Title II of H.R. 8529, as amended, provides for a rice research program. Rice is a crop of growing importance to the economy of the United States and the economy of the world. Research programs are currently being conducted by the Department of Agriculture through its Agricultural Research Service, Cooperative State Research Service, and Economic Research Service, approximately in the amount of \$1.5 million for the current year. However, this is a small effort in comparison to the Department's overall research on other crops.

The Committee has pinpointed in the bill the areas for which there is the greatest needs—to reduce fertilizer and herbicide usage, to develop varieties of rice more susceptible to complete fertilizer utilization, to improve the resistance of rice plants to disease, to increase the usage of rice and its byproducts, to develop better husbandry practices, to develop more efficient storage practices and to improve domestic and international marketing. The benefits from these efforts should more than offset the costs of the program. For this purpose the Committee has authorized for the period ending September 30, 1976, the amount of \$1 million. This authorization is not intended to be a ceiling on the investment of public funds for research on rice. It is expected that the on-going activities would continue unabated and that Title II would serve to provide an additional impetus for research. In carrying out the program priority consideration should be given to Land Grant Universities, State Experiment Stations and other agricultural institutions of higher learning.

## SECTION-BY-SECTION ANALYSIS

### TITLE I—RICE ALLOTMENTS AND PRICE SUPPORT

#### *Section 101*

This section amends Section 352 of the Agricultural Adjustment Act of 1938 to provide for a temporary rice program covering the 1976 and 1977 crop years, as follows:

Section 352(a). This subsection establishes a national acreage allotment of 1.8 million acres increased from the minimum allotment currently provided under existing law of 1.65 million acres. The allotment would be used as a base for calculating payments, loans and purchases to be made available to cooperators. Marketing quotas are suspended for the 1976 and 1977 crops and thus the allotment would not serve as a limitation on production as is currently the case when marketing quotas are in effect. Under H.R. 8529, producers without allotments could engage in the production of rice but would not be eligible to receive program benefits.

Subsection (b) provides for the national allotment to be apportioned to farms and in producer States and administrative areas to producers on the basis of allotments established for the 1975 crop with adjustments beginning with the 1977 crop to reflect failure to plant 90 percent of the acreage allotment in the previous year. A portion of the national allotment not to exceed 1 percent of the allotment apportioned within each State may be reserved by the State Committee for apportionment to new rice farms and new rice producers, for making adjustments in allotments to correct inequities or prevent hardships and, for making corrections in farm or producer allotments.

Subsection (c) provides that if the acreage planted on a farm is less than 90 percent of the allotment, downward adjustments are required to be made in the allotment for the succeeding crop, except that the reduction cannot exceed 20 percent of the farm or producer allotment for the preceding crop. For the purpose of this provision, an acreage not planted in rice because of a condition beyond the control of the producer is considered as planted to rice. The Secretary may permit producers of rice to have acreages devoted to other crops as devoted to the production of rice to such extent and subject to such terms and conditions as he determines will not impair the effectiveness of the program. If no rice is planted for two consecutive years on a farm which has a farm acreage allotment or by a producer with an allotment, the farm or producer loses the allotment. No farm or producer allotment can be reduced or lost, however, for failure to plant if the cooperators elect not to receive payments for the allotment not planted.

Subsection (d) authorizes the Secretary to permit the transfer of the number of acres in an allotment which cannot be timely planted or replanted because of a condition beyond the control of the producer to another farm in the same or any nearby county in the same administrative area on which one or more persons in the farm from which the transfer is made will be engaged in the production of rice and will share in the proceeds thereof. The history of any allotment so transferred is preserved on the farm from which the transfer is made. The Secretary is authorized for the purpose of determining the amount of payments and loans to be made to establish a farm yield on the farm to which the transfer is made, if there is no established yield for that farm.

Subsection (e) requires the Secretary to permit the owner and operator of any farm for which a farm acreage allotment has been established to sell or lease all or any part of the allotment to any other owner or operator of a farm in the same administrative area or transfer the allotment to another farm owned or controlled by him in the same administrative area. Similarly, producer allotments may be sold or leased to other producers in the same administrative area. In the case of producer allotments, provision is made for apportionment of the allotment if the producer dies, or in the case of a partnership if the partnership is dissolved in a manner similar to current law. Farm allotments may be voluntarily released to the county committee for reapportionment to other farms in the same county in which event the allotment is preserved for history purposes on the farm from which the transfer is made.

Subsection (f) provides that an acreage planted in excess of a farm or producer allotment in 1976 and 1977 cannot be taken into account in establishing farm or producer allotments in future years.

#### *Section 102*

This section adds a new subsection (g) to section 101 of the Agricultural Act of 1949 providing for the Secretary to make available non-recourse loans, purchases and payments under a target price program for the 1976 and 1977 crop years. These benefits would be made available only to cooperators and only on allotted acreages. Cooperators are defined as persons who produce rice on a farm for which a farm acreage allotment has been established or to which a producer allotment has been allocated.

Section 101(g) as added to the 1949 Act contains the following provisions:

Paragraph (1) of subsection (g) establishes a target price to be used in determining payments to be made to cooperators. It provides for the target price to be \$8 per hundredweight in the case of the 1976 crop, adjusted to reflect changes in the index of prices paid by farmers for production items, interest, taxes and wage rates during the period beginning on the date of enactment of the Act and ending July 31, 1976. The target price for the 1977 crop would be the target price for the 1976 crop adjusted to reflect changes in such index in the 12-month period ending July 31, 1977. The Secretary may adjust any increase that he would otherwise make in the target price for the 1976 and 1977 crops to reflect changes in the index of prices to reflect changes in yields.

Paragraph (2) requires the Secretary to make loans and purchases available at a rate of \$6 per cwt. adjusted to reflect changes in the index of prices paid by farmers during the period beginning on the date of enactment of this bill and ending July 31, 1976. The Secretary may further adjust any increase in the loan and purchase rate to reflect a change in yields. Loans and purchases for the 1977 crop are required to be established at a rate that bears the same ratio to the 1976 crop loan rate as the target price for the 1977 crop bears to the 1976 target price.

Loans and purchases may be made available only to cooperators on a farm on a quantity of rice determined by multiplying the allotment by the yield established for the farm.

Paragraph (3) requires the Secretary to make payments available at a rate equal to the amount by which the target price exceeds the higher of the loan rate or the national average market price received by farmers in the first five months of the marketing year for the crop (i.e. August-December). Payments would be made available only to cooperators. Paragraph (4) provides for payment to be made on a quantity of rice determined by multiplying the allotment by the yield established for the farm. The yield for purposes of determining payments and loans is based on the actual yields per harvested acre for the three preceding years, adjusted for abnormal yields in any year caused by a condition beyond the control of the cooperator.

This paragraph also provides for disaster payments under terms and conditions similar to the wheat, feed grains and cotton programs. If producers on a farm are prevented from planting all or any portion of producer or the farm acreage allotment to rice or other non-

conserving crop because of a condition beyond the control of the producer, the Secretary is required to make a payment on the affected acres at the larger of the deficiency payment rate or one-third of the target price. If, because of such condition, the amount of rice producers are able to harvest on a farm is less than two-thirds of the producer or farm acreage allotment times the established yield for the farm, a disaster payment is required to be made for the deficiency in production. The disaster payment would be at the higher of the deficiency payment rate or one-third the established price. No disaster payment can be made, however, on a farm from which an allotment was transferred to another farm because of a natural disaster condition with respect to the transferred acreage. A disaster payment could be made on the farm to which such acres were transferred if that farm qualified under this paragraph. The payment would be calculated, based on the farm yield established on the farm to which such acres were transferred. The disaster payment provisions apply both to administrative areas where allotments are allocated on a farm basis and areas where they are allocated on a producer basis.

Paragraph (5) authorizes but does not require the Secretary to provide for a set-aside program if he estimates (without taking into consideration the effect of the set-aside) that the carry-over of rice at the end of the marketing year will exceed 15 per centum of the total supply of rice for the marketing year beginning in the calendar year in which the crop will be grown. The Secretary must make a preliminary determination before January 1 and a final determination by April 1 of the calendar year in which the crop will be grown of whether a set-aside will be in effect and, if so, the acreage of the set-aside. The determinations must be published in the Federal Register.

If a set-aside is in effect, then as a condition of eligibility for payments, loans and purchases, the cooperators must set-aside and devote to conservation uses the acreage of cropland specified by the Secretary. This shall be such percentage of the allotment (not to exceed 30 per cent) as specified by the Secretary plus the conserving base, if required. In order to adjust acreages of rice to desirable goals, the Secretary may also make land diversion payments, in addition to deficiency payments, to cooperators who to the extent prescribed by the Secretary, devote to conservation uses an acreage of cropland on the farm in addition to that required to be devoted under the regular set-aside program. The Secretary must limit the total acreage diverted so as not to adversely affect the economy of a county or community. Paragraph (5) contains terms and conditions relating to the set-aside which are the same as provided in the wheat, feed grain and cotton program.

Paragraph (6) provides for cooperators to protect the set-aside and additional diverted acreage and authorizes cost sharing by the Secretary for acreages devoted to wildlife food plots or wildlife habitats, and public access payments for allowing hunting, trapping, fishing and hiking by the general public—all in a manner similar to the wheat, feed grain and cotton programs.

Paragraph (7) requires that as a condition to participating in the program the operator of the farm must file an agreement with the Secretary and the cooperators on the farm must comply with the set-aside acreages specified in the agreement. Provision is included authorizing the Secretary to terminate or modify the agreement in emergency situations such as to alleviate a shortage.

Paragraph (8) provides safeguards for tenants and sharecroppers. Paragraph (9) provides that if a cooperator fails to fully comply with the terms and conditions of the program, the Secretary may, nevertheless, make loans, purchases and payments in amounts he deems equitable in relation to the default.

Paragraph (10) authorizes the Secretary to issue regulations deemed necessary to carry out the subsection.

Paragraph (11) provides for the rice program authorized by subsection (g) to be carried out through the Commodity Credit Corporation.

Paragraph (12) makes applicable to the rice program the assignment of payment provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act. That provision is also applicable to the cotton program.

Paragraph (13) provides that the total payments a person can receive under the rice program for any crop year cannot exceed \$55,000. The term "payments" for payment limitation purposes does not include loans or purchases or any part of the payment determined to represent compensation for resource adjustment or public access for recreation. The Secretary is given authority to issue regulations defining the term "person" and prescribing rules determined necessary to assure a fair and reasonable application of the limitation, except that the rules for determining whether corporations and their stockholders may be considered a separate person shall be in accordance with the regulations issued by the Secretary on December 18, 1970, relative to the wheat, feed grain, and cotton programs. The payment limitation does not apply to State agencies which farm lands primarily for a public function.

### *Section 103*

This section suspends for the 1976 and 1977 crops of rice the provisions of law relating to marketing quotas, marketing quota penalties and apportionment of the national acreage allotment.

## TITLE II—RICE RESEARCH

### *Section 201*

This section authorizes the Secretary to carry out regional and national rice research programs. The Secretary in implementing the program can utilize the services of appropriate Federal, State and local governmental and private agencies with priority consideration for land grant universities and State Experimental Stations. There is authorized to be appropriated for the fiscal year ending September 30, 1976, an amount of \$1,000,000 to carry out the rice research program.



No funds, however, can be used for advertising or promotional activities. The amount authorized under Title II is intended not to be a limit on the total rice research effort by USDA; rather the Department is expected to continue its other research efforts unabated.

The program may be for the purpose of reducing excess fertilizer and herbicide usage, developing varieties of rice more susceptible to complete fertilizer utilization, improving resistance of rice plants to disease, increasing the use of rice and its processing byproducts, developing better husbandry practices in production and conservation, developing more efficient rice storage practices, improving domestic and international marketing and benefitting the general welfare.

#### TITLE III—MISCELLANEOUS

##### *Section 301*

This section make inapplicable to the 1976 and 1977 crops Section 377 of the Agricultural Adjustment Act of 1938 which relates to preservation of unused acreage allotments.

##### *Section 302*

This section makes effective for the 1976 and 1977 crops of rice the finality provisions of Section 385 of the 1938 Act applicable to determinations under the rice program. It also authorizes the Secretary in the event a producer dies, becomes incompetent, or disappears before receiving a payment to make the payment as he determines fair and reasonable in all the circumstances.

##### *Section 303*

This section amends the definition of a cooperator under Section 408(b) of the 1949 Act so as to define a rice cooperator for the purpose of making payments, loans and purchases on the 1976 and 1977 crops as a person who produces rice on a farm for which a farm acreage allotment has been established or to which a producer acreage allotment has been allocated, and if a set-aside program is in effect, who has set-aside any acreage required under the program.

##### *Section 304*

This section makes consequential changes in various sections of the Agricultural Act of 1949 to reflect the provisions of H.R. 8529 as amended. The changes are effective for the 1976 and 1977 crops of rice.

#### COMMITTEE CONSIDERATION

The Subcommittee on Oilseeds and Rice held hearings on April 29 and 30, and June 17, 1975, on a number of bills that would change the law governing the rice program. Included among those bills were H.R. 201, H.R. 4741, H.R. 4695, and H.R. 6326. H.R. 201, H.R. 4695, and H.R. 6326 were bills that provided for removing restrictions on rice production and establishing a target price program similar to the wheat, feed grains and cotton programs. They included provisions for target prices, deficiency payments and loans to cooperators and for a set-aside program in the event of excessive production. They differed

as to the target price, loan levels and allotted acreages on which benefits would be calculated.

H.R. 4741 provided for the so-called "Houston plan" which would impose marketing quotas in years in which the total supply of rice exceeds the normal supply by 20 percent—in which event rice production would be restricted to traditional allotment holders. Support would be available through loans on allotments at a minimum of 60 percent of parity, but not less than \$8 per cwt. The allotment would be set at 2 million acres, but would be reduced to a lower level if the total supply exceeded the normal supply by 20 percent.

During the hearings testimony was received from the following members of Congress: Messrs. Bill Alexander, who favored open production and a target price program, and John Breaux, Harold T. Johnson, Robert L. Leggett, B. F. Sisk and John Young, who supported H.R. 4741 and opposed the bills providing for open production and a target price program. Testimony was also received from the Department of Agriculture, farm organizations, rice growers associations, rice millers, brewers, rice merchandisers and consumer representatives. Generally, producers in traditional grower areas favored H.R. 4741 and opposed open production, as did the Farm Bureau and Farmers Union. Most of the other witnesses favored those bills which provided for open production in some cases with suggested changes in the bills.

At the conclusion of the hearings a new bill (H.R. 8137) was introduced in an attempt to compromise some of the issues that arose during the hearings. Business sessions were held by the Subcommittee on June 24 and 26 to review the various provisions of H.R. 8137 and a number of technical amendments were suggested. A new bill, H.R. 8529, was drawn up which included the technical changes discussed by the Subcommittee.

On July 17, 1975, the Subcommittee had a business session in which it considered H.R. 8529. It rejected an amendment in the nature of a substitute which would have changed its provisions so that it conformed with provisions of the Houston plan included in H.R. 4741 and then reported the bill by a vote of 6-1 to the full Committee in the presence of a quorum.

The House Committee on Agriculture held business sessions and considered H.R. 8529 on October 21, 22, 23, and 29, 1975. During consideration of the bill the Committee heard statements from Members of Congress who wished to appear regarding H.R. 8529. Mr. Leggett of California presented a statement for himself, Mr. McFall and Mr. Johnson of California, who accompanied him during his presentation. Mr. Breaux spoke for himself, Mr. Young of Texas, Mr. Pickle and Mr. Brooks, who accompanied him during the session. Mr. Burlison of Missouri also appeared and presented a statement. Additional written statements from Congressman J. J. Pickle and Bill Alexander were included in the record. The statements of Messrs. Leggett, Pickle and Breaux opposed the bill and Messrs. Burlison and Alexander supported the legislation.

In the discussion opponents of H.R. 8529 expressed concern that the target price program would encourage many new producers to enter into the production of rice resulting in overproduction and the consequent fall in the prices of rice.

They estimated that while there were substantial export sales in 1974, there is likely to be a smaller amount this year and next, particularly with the loss of South Vietnam and Cambodia as rice markets. They claimed that the drop in prices that has occurred since 1972 is a result of the increased production attributable to the suspension of marketing quotas during the 1974 and 1975 crops years and that if the price drops further in the future under H.R. 8529, the allotment holders will be protected, but at the expense of increased government costs. In their view non-allotment holders would be seriously affected since they would have acquired expensive machinery needed for rice production and would exert pressure for government assistance through a change in the law or increased P.L. 480 sales. Mr. Poage also commented on the danger that removal of marketing quotas on rice would presage removal of quotas by legislation on tobacco and peanuts in the near future. He stated that the quota programs are important to protection of many small farmers in southern portions of the United States who were destitute in the thirties.

The proponents testified that unless H.R. 8529 or comparable legislation is adopted there would be a cutback of production from 2.8 million acres in 1975 (the production during the period when quotas were suspended) to 1.65 million acres in 1976—a reduction of production of about 40 percent—that would cause a loss in foreign exchange of \$1 billion and increase retail prices of rice by one-third to one-half. They estimated that because of the formula in current legislation it would not be possible to suspend quotas in 1976. The proponents stated their belief that the price would not fall below \$9 per hundredweight, and that export demand would be maintained in the future, if not expanded, as a result of purchases by the Middle East countries with their increased oil earnings, and by the U.S.S.R., South Korea, Bangladesh, and possibly in time, in Cuba. Further, the Peoples Republic of China was purchasing rice from Thailand—thereby removing this supply from the marketplace. Further, if there was expected to be an oversupply in any marketing year, farmers would opt to raise other crops thereby avoiding any substantial glut on the market—in brief the open market would make the decision.

After general consideration of H.R. 8529 was concluded, Mr. Richmond offered an amendment to reduce the payment limitation from \$55,000 to \$20,000. This was defeated by a roll call vote of 10 yeas—15 nays, a quorum being present. Mr. Krebs moved to pass over the bill without prejudice. This was defeated by a roll call vote of 9 yeas—24 nays in the presence of a quorum. The Committee agreed to a number of technical amendments to the bill that were designed to correct clerical errors and to clarify that the payment and loan provisions apply to areas where allotments were allocated on a farm basis as well as to areas on a producer basis.

The Committee then adopted an amendment offered by Mr. Bowen to Title II of the bill which authorizes a rice research program to pro-

vide that the funds authorized for the program would not be used for advertising or promotion and that priority consideration would be given to Land Grant Universities, State Experiment Stations and other agricultural institutions of higher learning. It also adopted an amendment of Mr. Poage by a roll call vote of 29 to 3 to limit the research authorization to the period ending September 30, 1976, and by voice vote an amendment offered by Mr. Moore to make the set-aside program discretionary with the Secretary of Agriculture rather than mandatory.

Additional amendments by Mr. Moore were rejected. One by a vote of 29 to 8 that would have provided set-aside payments and made the set-aside apply to all producers not merely allotment holders and another by a vote of 31 to 6 which would have substituted the "Houston plan" for the provisions of the bill.

H.R. 8529, as amended, was then reported by the Committee with a recommendation that it pass by a roll call vote of 32 to 8 in the presence of a quorum.

#### ADMINISTRATION POSITION

The Department of Agriculture had submitted to the Committee a report on May 23, 1975, in support of H.R. 6326, which suspended current provisions of law regarding acreage allotments, marketing quotas and price support on rice and substituted a program for target prices, loans, deficiency payments and with set-aside authority similar to the feed grains, wheat and upland cotton programs. H.R. 8529, as amended, reported by the Committee differed in some respects from H.R. 6326. On October 20, 1975, the Department commented on some of these differences in the letter reprinted below. One of those provisions—a mandatory set-aside—was changed by the Committee to a discretionary set-aside after receipt of the letter. The Committee discussed later in this report.

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, D.C., October 20, 1975.

HON. THOMAS S. FOLEY,  
*Chairman, Committee on Agriculture, House of Representatives,*  
*Washington, D.C.*

DEAR MR. CHAIRMAN: In view of the need for new rice legislation and the importance of early enactment, the Department is submitting herewith its views on three provisions of H.R. 8529, "The Rice Production Act of 1975". These provisions are in section 102, which amends section 101 of the Agricultural Act of 1949, by adding subsection (g). The three provisions are:

Sec. 101(g) (1) and (2), which would require the establishment of the target price and the loan rate for the 1976 crop at levels reflecting \$8 and \$6 per hundredweight, respectively, adjusted to reflect changes in the index of prices paid, interest, taxes, and wage rates, from the date of enactment of the bill until July 31, 1976.

Sec. 101(g) (4), which relates to disaster payment requirements.

Sec. 101(g)(5), which would require a cropland set-aside for rice in any marketing year for which the ending year carryover is estimated to exceed 15 percent of the total supply.

Base rates for the target price and loan level of \$8 and \$6, respectively, are believed to be more than adequate to maintain farm income and provide interim financing of the rice crop. These rates are well in excess of average production costs. To immediately escalate them to even higher levels—as proposed in H.R. 8529—would establish 1976 crop rates in excess of requirements, and out of line with target prices for other commodities. Rates at these levels could artificially stimulate production of rice above prospective requirements, and thus increase the likelihood of acquisition of excess production by the Commodity Credit Corporation. The Department is opposed to escalation of target and loan levels commencing with the 1976 rice crop.

The Department remains opposed to mandatory disaster payment provisions such as those embodied in the Agriculture and Consumer Protection Act of 1973, and which have been included in H.R. 8529 as well. In lieu of such provisions, the Department favors legislation such as that which has been introduced as S. 1647. S. 1647 would substitute an expanded crop insurance program for disaster provisions, and would encourage private underwriters to offer all-risk insurance.

The Department is opposed to the provision in Sec. 101(g)(5) which would mandate a set-aside program for rice if the projected ending carryover exceeds 15 percent of the total rice supply. The basic principal of the set-aside concept is to provide discretionary authority to impose a set-aside in the event it is needed to obtain an overall acreage and production balance for a number of important crops. The wording of H.R. 8529 is inconsonant with the more general set-aside provisions included in the Agriculture and Consumer Protection Act of 1973, because it is tied narrowly to rice and because set-aside is mandatory under certain conditions rather than discretionary.

Finally, we wish to emphasize that the Department has not changed its recommendations, as set forth in H.R. 5695, for a target price of 7 cents per pound and a loan level of 5 cents. Support at these levels would not only provide adequate price protection for rice growers, but would also eliminate the need to make deficiency payments.

The Department strongly recommend that consideration be given to amending the listed provisions to make H.R. 8529 mutually acceptable.

A cost analysis for a 5-year period covering the current rice program, H.R. 8529 and H.R. 8529, if amended, is enclosed.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD A. ASHWORTH,  
*Deputy Under Secretary.*

Enclosure.

SUMMARY.—NET GOVERNMENT OUTLAYS OF ALTERNATIVE RICE PROGRAMS

(In millions of dollars)

	Current program	H. R. 8529	1976 target price at \$7 per hundredweight <sup>1</sup>
<b>Deficiency payments:</b>			
1976	-----	36	-----
1977	-----	36	-----
1978	-----	50	-----
1979	-----	71	-----
1980	-----	99	-----
5-yr total	-----	292	-----
<b>Loans and purchases:</b>			
1976	-----	-----	-----
1977	-----	-----	-----
1978	-----	28	-----
1979	-----	99	-----
1980	-----	-----	-----
5-yr total	-----	127	-----
<b>Public Law 480 costs:</b>			
1976	259	238	238
1977	270	238	238
1978	283	238	238
1979	300	238	238
1980	321	238	238
5-yr total	1,433	1,190	1,190
<b>Total:</b>			
1976	259	274	238
1977	270	274	238
1978	283	288	238
1979	328	309	238
1980	420	337	238
5-yr total	1,560	1,482	1,190

<sup>1</sup> Loan level at \$5, escalation of target for 1977 subsequent crops.

CURRENT AND 5 SUBSEQUENT FISCAL YEAR COST ESTIMATES

Pursuant to Clause 7 of Rule XIII of the Rules of the House of Representatives, the Committee estimates the cost to be incurred by the Federal Government during the current and the five subsequent fiscal years as a result of the enactment of this legislation as compared with the current rice program would be as follows:

(In million of dollars)

	Current program	H. R. 8529
<b>Deficiency payments:</b>		
1976	-----	-----
1977	-----	-----
<b>Loans and purchases:</b>		
1976	-----	-----
1977	-----	-----
<b>Public Law 480 costs:</b>		
1976	259	238
1977	270	238
<b>Total:</b>		
1976	259	238
1977	270	238

The question of whether and to what extent disaster payments will be made is dependent, of course, on whether disasters are incurred during the 1976 and 1977 crop years. No estimate has been made for program costs that would be incurred beyond the 1977 crop year since H.R. 8529 is solely a two-year bill.

The USDA has estimated that in addition to the above, deficiency payments in the amount of \$36 million would be incurred under H.R. 8529 during each of the crop years it would be in effect. The Committee disagrees with this estimate since it is of the view that market prices will remain in excess of the target price of H.R. 8529, even with the adjustments required to be made thereunder. Apart from the foregoing, there would be costs incurred of \$1,000,000 during the period ending September 30, 1976, for the rice research program authorized under Title II of the bill. Costs in future years will be dependent on future authorizations voted by Congress.

#### INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4), Rule XI of the Rules of the House of Representatives, the Committee estimates that enactment of H.R. 8529, as amended, will have no inflationary impact on the national economy, since it is anticipated that market prices will be above target prices and loan rates during the 1976 and 1977 crop years.

In fact, enactment of H.R. 8529, as amended, will avoid a sharp increase in rice retail prices that will likely occur from the cutback in acreage devoted to the production of rice that is expected for the 1976 crop in the absence of legislation. At present rice marketing quotas are suspended resulting in rice acreage of approximately 2.8 million acres—it is anticipated that because of current estimates, marketing quotas will be reimposed for the 1976 crop at a level of 1.65 million acres.

#### BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The provisions of clause 1(3)(B) of Rule XI of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority or new or increased tax expenditures) are not considered applicable. There was no estimate and comparison prepared by the Director of the Congressional Budget Office under clause 1(3)(C) of Rule XI of the House of Representatives and section 403 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report.

#### OVERSIGHT STATEMENT

No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b)(2) of Rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 8529, as amended.

No specific oversight activities, other than the hearings accompanying the Committee's consideration of H.R. 8529, as amended, and related bills were made by the Committee, within the definition of clause 2(b)(1) of Rule X of the House.

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, and existing law in which no change is proposed is shown in roman) :

#### AGRICULTURAL ADJUSTMENT ACT OF 1938

[NOTE.—Section 352 below is amended effective for the 1976 and 1977 crops of rice.]

#### [NATIONAL ACREAGE ALLOTMENT

[SEC. 352. The national acreage allotment of rice for any calendar year shall be that acreage which the Secretary determines will, on the basis of the national average yield of rice for the five calendar years immediately preceding the calendar year for which such national average yield is determined, produce an amount of rice adequate, together with the estimated carry-over from the marketing year ending in such calendar year, to make available a supply for the marketing year commencing in such calendar year not less than the normal supply. *Provided, however,* That for 1956 no national acreage allotment shall be established which is less than 85 per centum of the final allotment established for the immediately preceding year. Such national acreage allotment shall be proclaimed not later than December 31 of each year.]

#### NATIONAL ACREAGE ALLOTMENT AND ALLOCATION

*SEC. 352. (a) The Secretary shall establish for each of the 1976 and 1977 crops of rice a national acreage allotment in the amount of one million eight hundred thousand acres.*

*(b) The national acreage allotment for each such crop of rice shall be apportioned by the Secretary to farms, and in producer States and administrative areas, to producers on the basis of the rice allotments established for the 1975 crop as adjusted in accordance with subsection (c) of this section: Provided, That not to exceed 1 per centum of the national acreage allotment apportioned within each State may be reserved by the State committee for (1) apportionment to new rice farms and new rice producers on the basis of the following factors: suitably of the land for the production of rice, the extent to which the farm operator (or producer in the case of a producer allotment) is dependent on income from farming for his livelihood, the production of rice on other farms owned, operated, or controlled by such person, and such other factors as the State committee determines should be considered for the purpose of establishing fair and equitable rice allotments; (2) making adjustment in farm allotments to correct inequities or to prevent hardships; and (3) making corrections in farm or producer allotments.*



(c) (1) If for any crop the total acreage planted to rice on a farm is less than the rice allotment for the farm (or in producer administrative areas, the producer allotments allocated to the farm), the farm or producer allotment used as a base for the succeeding crop shall be reduced by the percentage by which such planted acreage was less than the allotment for the farm, but such reduction shall not exceed 20 per centum of the farm or producer allotment for the preceding crops; except that if not less than 90 per centum of the farm acreage allotment is planted to rice, the farm shall be considered to have an acreage planted to rice equal to 100 per centum of such allotment. For purposes of this paragraph, an acreage on the farm which the Secretary determines was not planted to rice because of drought, flood, other natural disaster, or a condition beyond the control of the producer shall be considered to be an acreage planted to rice. For the purpose of this paragraph, the Secretary may permit producers of rice to have acreage devoted to soybeans, wheat, feed grains, sugar, castor beans, triticale, oats, cotton, rye, or such other crops as the Secretary may deem appropriate, considered as devoted to the production of rice to such extent and subject to such terms and conditions as the Secretary determines will not impair the effective operation of the rice program.

(2) If no acreage is planted (or regarded as planted) to rice for two consecutive crop years on any farm which had a farm acreage allotment for such years or for any producer which had a producer allotment for such years, such farm or producer shall lose its allotment.

(3) Notwithstanding the provisions of paragraphs (1) and (2) of this subsection, no farm or producer allotment shall be reduced or lost through failure to plant, if the cooperators elects not to receive payments for the portion of the farm or producer allotment not planted to which he would otherwise be entitled under the provisions of section 101(g) of the Agricultural Act of 1949.

(d) Notwithstanding any other provision of this Act, if the Secretary determines for any year that, because of drought, flood, other natural disaster, or a condition beyond the control of the person involved in the production of rice, none or only part of the acres of an allotment can be timely planted or replanted by or for such person in such year, the Secretary may authorize for such year the transfer of the total number of such acres which are so affected to another farm in the same or any nearby county, but within the same administrative area, on which one or more persons on the farm from which the transfer is made will be engaged in the production of rice and will share in the proceeds thereof in accordance with such regulations as the Secretary may prescribe. Any allotment, or portion thereof, transferred under this subsection shall be regarded as planted to rice on the farm from which the transfer is made for purposes of establishing future farm allotments. For the purpose of determining the amount of payments and loans made under section 101(g) of the Agricultural Act of 1949 with regard to farms to which allotments, or portions thereof, are transferred under this subsection, the Secretary shall establish a farm yield for any such farm for which there is no established yield.

(e) (1) The Secretary shall permit the owner and operator of any farm for which a farm acreage allotment has been established to sell or lease all or any part, or the right to all or any part of such

allotment, to any other owner or operator of a farm in the same administrative area, or to transfer all or any part of such allotment to any other farm owned or controlled by him in the same administrative area. The Secretary shall also permit the person for whom a producer allotment has been established to sell or lease all or any part of such allotment to any other person in the same administrative area.

(2) (A) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm dies, his history of rice production shall be apportioned in the whole or in part among his heirs or devisees according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such succession of farming operations is furnished the Secretary.

(B) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership's history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners.

(C) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county in amounts determined by the county committee to be fair and reasonable. Any allotment surrendered under this subparagraph shall be regarded for purposes of this subsection as having been planted on the farm from which it was surrendered.

(f) Any acreage planted to rice in excess of the farm or producer acreage allotment in the crop years 1976 and 1977 shall not be taken into account in establishing farm, or producer acreage allotments in any year following such period.

[NOTE.—Sections 353 through 356 below shall not be applicable to the 1976 and 1977 crops of rice.]

#### [APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

[SEC. 353. (a) The national acreage allotment of rice for each calendar year, less a reserve of not to exceed 1 per centum thereof for apportionment by the Secretary as provided in this subsection, shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the five-year period immediately preceding the calendar year for which such national acreage allotment of rice is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for trends in acreage during the applicable period. The Secretary shall provide for the apportionment of the reserve acreage set aside pursuant to this subsection to farms receiving allotments which are inadequate because of an insufficient State or county acreage allotment or because rice was not planted on the farm during all of the preceding five years.

[(b) The State acreage allotment shall be apportioned to farms owned or operated by persons who have produced rice in the State

in any one of the five calendar years immediately preceding the year for which such apportionment is made on the basis of past production of rice in the State by the producer on the farm taking into consideration the acreage allotment previously established in the State for such owners or operators; abnormal conditions affecting acreage; land, labor, and equipment available for the production of rice; crop rotation practices; and the soil and other physical factors affecting the production of rice: *Provided*, That if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the Act, he may provide for the apportionment of part or all of the State acreage allotment to farms on which rice has been produced during any one of such period of years on the basis of the foregoing factors, using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such owners or operators: *Provided further*, That if the Secretary determines that part of the State acreage allotment shall be apportioned on the basis of past production of rice by the producer on the farm and part on the basis of the past production of rice on the farm, he shall divide the State into two administrative areas, to be designated "producer administrative area" and "farm administrative area", respectively, which areas shall be separated by a natural barrier which would prevent each area from being readily accessible to rice producers in one area for producing rice in the other area, and each such area shall be composed of whole counties. Not more than 3 per centum of the State acreage allotment shall be apportioned among farms operated by persons who will produce rice in the State during the calendar year for which the allotment is made but who have not produced rice in the State in any one of the past five years, on the basis of the applicable apportionment factors set forth herein: *Provided*, That in any State in which allotments are established for farms on the basis of past production of rice on the farm such percentage of the State acreage allotment shall be apportioned among the farms on which rice is to be planted during the calendar year for which the apportionment is made but on which rice was not planted during any of the past five years, on the basis of the applicable apportionment factors set forth herein. In determining the eligibility of any producer or farm for an allotment as an old producer or farm under the first sentence of this subsection or as a new producer or farm under the second sentence of this subsection, such producer or farm shall not be considered to have produced rice on any acreage which under subsection (c) (2) is either not to be taken into account in establishing acreage allotments or is not to be credited to such producer. For purposes of this section in States which have been divided into administrative areas pursuant to this subsection the term "State acreage allotment" shall be deemed to mean that part of the State acreage allotment apportioned to each administrative area and the word "State" shall be deemed to mean "administrative area", wherever applicable.

[(c) Notwithstanding any other provisions of this Act—

[(1) If farm acreage allotments are established by using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of

rice by the producer and the acreage allotments previously established for owners or operators, the State acreage allotment shall be apportioned among counties in the State on the same basis as the national acreage allotment is apportioned among the States and the county acreage allotments shall be apportioned to farms on the basis of the applicable factors set forth in subsection (b) of this section: *Provided*, That if the State is divided into administrative areas pursuant to subsection (b) of this section the allotment for each administrative area shall be determined by apportioning the State acreage allotment among counties as provided in this subsection and totaling the allotments for the counties in such area: *Provided*, That the State committee may reserve not to exceed 5 per centum of the State allotment, which shall be used to make adjustments in county allotments for trends in acreage and for abnormal conditions affecting plantings;

[(2) Any acreage planted to rice in excess of the farm acreage allotment shall not be taken into account in establishing State, county, and farm acreage allotments.

In determining the past production of rice by producers on a farm for the purpose of establishing farm acreage allotments for the 1956 and subsequent crops, the acreage of rice on the farm for any year for which farm acreage allotments were in effect shall be divided among the producers thereon in the proportion in which they contributed to the farm acreage allotment.

[(3) [Applicable to 1955 crop only.]

[(4) [Applicable to 1955 crop only.]

[(5) Each of the State acreage allotments for 1956 heretofore proclaimed by the Secretary, after adding thereto any acreage apportioned to farms in the State from the reserve acreage set aside pursuant to subsection (a) of this section, shall be increased by such amount as may be necessary to provide such State with an allotment of not less than 85 per centum of its final allotment established for 1955. Any additional acreage required to provide such minimum allotment shall be additional to the national acreage allotment. In any State having county acreage allotments for 1956, the increase in the State allotment shall be apportioned among counties in the State on the same basis as the State allotment was heretofore apportioned among the counties, but without regard to adjustments for trends in acreage.

[(6) The national acreage allotments of rice for 1957 and subsequent years shall be not less than the national acreage allotment for 1956, including any acreage allotted under paragraph (5) of this subsection, and such national allotments for 1957 and subsequent years shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956.

[(7) If the national acreage allotment for rice for 1966, 1967, 1968, 1969, or 1970 is less than the national acreage allotment for rice for 1965, the Secretary shall formulate and carry out an acreage diversion program for rice for such year designed to support the gross income of rice producers at a level not lower than that for 1965, minus any reduction in production costs resulting from the reduced rice acreage. Under such program conservation payments shall be made to produc-

ers who comply with their rice acreage allotments, devote to an approved conservation use an acreage of cropland on the farm equal to the number of acres determined by multiplying the farm acreage allotment by the diversion factor, and comply with such additional terms and conditions as the Secretary may prescribe. The diversion factor shall be determined by dividing the number of acres by which the national acreage allotment is reduced below the national acreage allotment for 1965 by the number of acres in the national acreage allotment. Notwithstanding the foregoing provisions, the Secretary may permit all or any part of such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flaxseed, if he determines that such production is not likely to increase the cost of the price-support program and will not adversely affect farm income, subject to the condition that payment with respect to diverted acreage devoted to any such crops shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops; but in no event shall the payment exceed one-half the rate which otherwise would be applicable if such acreage were devoted to conservation uses. Such program shall require the producer to take such measures as the Secretary may deem appropriate to keep such diverted acreage free from erosion, insects, weeds, and rodents. The Secretary may make not to exceed 50 per centum of any payments to producers in advance of determination of performance. The Secretary shall provide for the sharing of payments under this paragraph among producers on the farm on a fair and equitable basis as determined by the Secretary. The Commodity Credit Corporation is authorized to utilize its capital funds and other assets for the purpose of making the payments authorized in this paragraph and to pay administrative expenses necessary in carrying out this paragraph.

[(d) The provisions of this part shall not apply to nonirrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed three acres or to rice produced outside the continental United States.

[(e) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of the past production of rice by the producers on the farm or the past production of rice on the farm, as the case may be; acreage allotments previously established for the farm or for the producers on the farm, as the case may be; abnormal conditions affecting acreage; land, labor, water, and equipment available for the production of rice; crop-rotation practices; and the soil and other physical factors affecting the production of rice. Any allotment surrendered under this provision shall be regarded for the purposes of subsection (b) of this section as having been planted on the farm from which surrendered, except that this shall not operate to make the farm from which the allotment was surrendered eligible for an allotment as having rice planted thereon, or to make any producer thereon eligible for an allotment as having produced rice, during the five-year base period.

[(f) (1) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm dies, his history of rice production shall be apportioned in whole or in part among his heirs or devisees according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such succession of farming operations is furnished the Secretary.

[(2) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm withdraws in whole or in part from rice production in favor of a member or members of his family who will succeed to his farming operations that portion of his rice history acreage as may be ascribed to such withdrawal may be transferred to such family member or members, as the case may be, if satisfactory proof of such relationship and succession of farming operations by such family member or members is furnished the Secretary.

[(3) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm permanently withdraws from rice production, his rice history acreage may be transferred to another producer or producers who have had previous rice-producing experience, provided the following conditions are met: (i) The transferee must acquire, except for land, the entire farming operation pertaining to rice, including all production and harvesting equipment, any irrigation equipment not permanently attached to the land; and (ii) the transferee must actually plant at least 90 per centum of his total producer rice acreage allotment, including the allotment determined on the basis of the rice history acreage acquired from the transferor for at least three out of the next four years following the transfer. Failure by the transferee to comply with condition (ii) above shall result in cancellation of the transfer of the rice history acreage. The transferor of rice acreage history under this subsection shall not be eligible for a producer rice acreage allotment for any year subsequent to such transfer, except to the extent that such allotment may be based on rice history acquired in a year (subsequent to the transfer) for which rice acreage allotments are not in effect.

[(4) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership's history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners: *Provided*, That if a partnership was formed in a year in which allotments were in effect and is dissolved in less than three consecutive crop years the partnership became effective, the rice acreage allotment established for the partnership and rice history acreages credited to the partnership for each of the years during its existence shall be divided among the partners in the same proportion that each partner contributed to the allotment established for the partnership at the time such partnership was formed. The rice history acreage credited to each of the partners for the years prior to the time the partnership was formed shall revert to the person to whom it was originally credited.

[(g) Notwithstanding any other provision of this Act, if the Secretary determines for 1973 that because of a natural disaster a portion

of the farm rice acreage allotments in a county cannot be timely planted or replanted in such year, he may authorize for such year the transfer of all or a part of the rice acreage allotment for any farm in the county so affected to another farm in the county or in an adjoining county on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of rice and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Any farm allotment transferred under this subsection shall be deemed to be released acreage for the purpose of acreage history credits under subsection (e) of this section and section 377 of this Act: *Provided*, That, notwithstanding the provisions of subsection (e) of this section, the transfer of any farm allotment under this subsection shall operate to make the farm from which the allotment was transferred eligible for an allotment as having rice planted thereon during the five-year base period.

#### MARKETING QUOTAS

SEC. 354. (a) Whenever in any calendar year the Secretary determines that the total supply of rice for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall not later than December 31 of such calendar year, proclaim such fact and marketing quotas shall be in effect for the crop of rice produced in the next calendar year.

(b) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum by secret ballot of farmers engaged in the production of the immediately preceding crop of rice to determine whether such farmers are in favor of or opposed to such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum and such quotas shall become ineffective.

#### AMOUNT OF FARM MARKETING QUOTA

SEC. 355. The farm marketing quota for any crop of rice shall be the actual production of rice on the farm less the normal production of the acreage planted to rice on the farm in excess of the farm acreage allotment. The normal production from such excess acreage shall be known as the "farm marketing excess": *Provided*, That the farm marketing excess shall not be larger than the amount by which the actual production of rice on the farm exceeds the normal production of the farm acreage allotment if the producer establishes such actual production to the satisfaction of the Secretary.

#### PENALTIES AND STORAGE

SEC. 356. (a) Whenever farm marketing quotas are in effect with respect to any crop of rice the producer shall be subject to a penalty on the farm marketing excess at a rate per pound equal to 50 per centum of the parity price per pound for rice as of June 15 of the calendar year in which such crop is produced. Effective beginning with the 1958 crop, the rate of penalty on rice shall be 65 per centum of

the parity price per pound for rice as of June 15 of the calendar year in which the crop is produced.

(b) The farm marketing excess of rice shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to rice in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section 355, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted marketing excess shall be returned to or allowed the producer.

(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

(d) Until the penalty on the farm marketing excess is paid, postponed, or avoided, as provided herein, all rice produced on the farm and marketed by the producer shall be subject to the penalty provided by this section and a lien on the entire crop of rice produced on the farm shall be in effect in favor of the United States.

(e) The penalty on the farm marketing excess on any crop of rice may be avoided or postponed by storage or by disposing of the commodity in such other manner, not inconsistent with the purposes of this Act, as the Secretary shall prescribe, including, in the discretion of the Secretary, delivery to Commodity Credit Corporation or any other agency within the Department. The Secretary shall issue regulations governing such storage or other disposition. Unless otherwise specified by the Secretary in such regulations, any quantity of rice so stored or otherwise disposed of shall be of those types and grades which are representative of the entire quantity of rice produced on the farm. Upon failure so to store or otherwise dispose of the farm marketing excess of rice within such time as may be determined under regulations prescribed by the Secretary, the penalty on such excess shall become due and payable. Any rice delivered to any agency of the Department pursuant to this subsection shall become the property of the agency to which delivered and shall be disposed of at the direction of the Secretary in a manner not inconsistent with the purposes of this Act. If the farm marketing excess of rice determined for any farm is delivered to Commodity Credit Corporation or any other agency within the Department, in accordance with regulations prescribed by the Secretary, such farm shall be considered to be in compliance with the rice acreage allotment for such year.

(f) Subject to the provisions of subsection (g) of this section, the penalty upon the farm marketing excess stored pursuant to this section shall be paid by the producer at the time and to the extent of any depletion in the amount so stored except depletion resulting from some cause beyond the control of the producer or from substitution of the commodity authorized by the Secretary.

(g) (1) If the planted acreage of the then current crop of rice for any farm is less than the farm acreage allotment, the amount of the commodity from any previous crop of rice stored to postpone or equal to the normal production of the number of acres by which the farm acreage allotment exceeds the acreage planted to rice.



[(2) If the actual production of the acreage of rice on any farm on which the acreage of rice is within the farm acreage allotment is less than the normal production of the farm acreage allotment, the amount of rice from any previous crop stored to postpone or avoid payment of the penalty shall be reduced by an amount which, together with the actual production of the then current crop will equal the normal production of the farm acreage allotment: *Provided*, That the reduction under this paragraph shall not exceed the amount by which the normal production of the farm acreage allotment less any reduction made under paragraph (1) of this subsection is in excess of the actual production of the acreage planted to rice on the farm.]

[(h) Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of rice produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of rice shall be terminated, effective as of the first day of such marketing year. Such termination shall not abate any penalty previously incurred by a producer or relieve any buyer of the duty to remit penalties previously collected by him.]

\* \* \* \* \*

[NOTE.—Section 377 below shall not be applicable to the 1976 and 1977 crops.]

#### [PRESERVATION OF UNUSED ACREAGE ALLOTMENTS

[SEC. 377. In any case in which, during any year beginning with 1956, the acreage planted to a commodity on any farm is less than the acreage allotment for such farm, the entire acreage allotment for such farm (excluding any allotment released from the farm or reappportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344) shall, except as provided herein, be considered for the purpose of establishing future State, county and farm acreage allotments to have been planted to such commodity in such year on such farm, but the 1956 acreage allotment of any community shall be regarded as planted under this section only if the owner or operator on such farm notified the county committee prior to the sixtieth day preceding the beginning of the marketing year for such commodity of his desire to preserve such allotment: *Provided*, That beginning with the 1960 crop, except for federally owned land, the current farm acreage allotments established for a commodity shall not be preserved as history acreage pursuant to the provisions of this section unless for the current year or either of the two preceding years an acreage equal to 75 per centum or more of the farm acreage allotment for such year or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year, whichever is smaller was actually planted or devoted to the commodity on the farm (or was regarded as planted under provisions of the Soil Bank Act or the Great Plains program): *Provided further*, That this section shall not be applicable in any case, within the period 1956 to 1959, in which the amount of the commodity required to be stored to postpone or avoid payment of

penalty has been reduced because the allotment was not fully planted. Acreage history credits for released or reappportioned acreage shall be governed by the applicable provisions of this title pertaining to the release and reappportionment of acreage allotments.]

\* \* \* \* \*

[NOTE.—Section 385 below is amended effective only with respect to the 1976 and 1977 crops of rice.]

#### FINALITY OF FARMERS PAYMENTS AND LOANS

SEC. 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, payments (including certificates) under the wheat and feed grain set-aside programs, payments under the cotton set-aside program, *payments under the rice program authorized by section 101(g) of the Agricultural Act of 1949*, payment under section 339, loan, or price support operation, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provide by regulations. This section also shall be applicable to payments provided for under section 348 of this title.

#### AGRICULTURAL ACT OF 1949

##### SEC. 101. \* \* \*

[NOTE.—The following new subsection shown below is added to section 101 effective for the 1976 and 1977 crops of rice.]

(g) *Notwithstanding any other provision of law—*

(1) *The established price for the purpose of making payments on rice under this subsection shall be \$8 per hundredweight in the case of the 1976 crop, adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment of the Rice Production Act of 1975, and ending July 31, 1976; for the 1977 crop the established price shall be the established price for the 1976 crop adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the twelve-month period immediately preceding July 31, 1977: Provided, That any increase that would otherwise be made in the established price for the 1976 and 1977 crops to reflect a change in the index of prices paid by farmers may be further adjusted to reflect any change in (i) the national average yield per acre of rice for the three calendar years preceding the year for which the determination is made, over (ii) the*

national average yield per acre for the three calendar years preceding the year previous to the one for which the determination is made.

(2) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases on the 1976 crop of rice at a rate equal to \$6 per hundredweight, adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment of the Rice Production Act of 1975 and ending July 31, 1976: Provided, That any increase in the rate of loans and purchases for the 1976 crop to reflect a change in the index of prices paid by farmers may be further adjusted to reflect the change described in the proviso in paragraph (1) of this subsection. Loans and purchases for the 1977 crop shall be established at such rate as bears the same ratio to the loan rate for the 1976 crop as the established price for the 1977 crop bears to the established price for the 1976 crops. The loans and purchases for the 1976 and 1977 crops shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment by the yield established for the farm, as determined in the manner described in the second sentence of paragraph (4) of this subsection.

(3) The Secretary shall make available to cooperators payments for each of the 1976 and 1977 crops of rice grown in the several States of the United States at a rate equal to the amount by which the established price for the crop of rice exceeds the higher of—

(A) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary; or

(B) the loan level determined under paragraph (2) for such crop.

(4) the payments for the 1976 and 1977 crops shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment by the yield established for the farm. The yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years: Provided, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or condition beyond the control of the cooperator. If the Secretary determines that the persons involved in producing rice on a farm are prevented from planting all or any portion of the acreage allotments of producers on the farm or farm acreage allotment to rice or other nonconserving crop, because of droughts, flood, or other natural disaster or condition beyond the control of the producer, the rate of payment with regard to such acres so affected shall be the larger of (A) the foregoing rate, or (B) one-third of the established price, except that the Secretary shall make no payment pursuant to this sentence on a farm from which acres were transferred under section 352(d) of the Agricultural Adjustment Act of 1938 with respect to the transferred acreage. If the Secretary determines that, because of such disaster or condition, the total quantity of rice which the persons involved in producing rice are able to harvest on any farm is less than 66 $\frac{2}{3}$  per centum of the acreage allotments of producers on the farm or of the farm acreage allotment times the yield of rice es-

tablished for the farm, the rate of payment for the deficiency in production below 100 per centum shall be the larger of (A) the foregoing rate, or (B) one-third of the established price. Any payment made under the previous two sentences with regard to acres transferred under section 352(d) of the Agricultural Adjustment Act of 1938 shall be calculated with respect to the farm yield established on the farm to which such acres were transferred.

(5) (A) The Secretary may provide for a set-aside of cropland for a crop of rice if he estimates (without taking into consideration the effect of a set-aside), that the carryover of rice for the marketing year beginning in the calendar year immediately following the calendar year in which such crop will be grown will exceed 15 per centum of the total supply of rice for the marketing year beginning in the calendar year in which such crop will be grown. The Secretary shall make a preliminary determination prior to the beginning of the calendar year in which such crop will be grown and a final determination not later than April 1 of the calendar year in which such crop is grown of whether a set-aside shall be in effect and, if so, the acreage of cropland required to be set aside. The determinations and estimates on which they are based shall be published in the Federal Register at the time they are made. If a set-aside of cropland is in effect under this paragraph, then as a condition of eligibility for payments, loans and purchases under this subsection, the cooperators must set aside and devote to conservation uses an acreage of cropland equal to (i) such percentage of the farm acreage allotment as may be specified by the Secretary (not to exceed 30 per centum of the farm acreage allotment), plus, if required by the Secretary, (ii) the acreage of cropland on the farm devoted in preceding years to soil conserving uses, as determined by the Secretary. The Secretary shall permit cooperators to plant and graze sweet sorghum on set-aside acreage. The Secretary may permit, subject to such terms and conditions as he may prescribe, all or any part of the set-aside acreage to be devoted to hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if he determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

(B) To assist in adjusting the acreage of rice to desirable goals, the Secretary may make land diversion payments, in addition to the payments authorized in paragraph (3) of this subsection, to cooperators on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in addition to that required to be devoted under subparagraph (A) of this paragraph. The land diversion payments for a farm shall be at such rate or rates as the Secretary determines to be fair and reasonable taking into consideration the diversion undertaken by the cooperator and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to adversely affect the economy of the county or local community.

(6) The rice program formulated under this subsection shall require the cooperators to take such measures as the Secretary may deem appropriate to protect the set-aside acreage and the additional diverted acreage from erosion, insects, weeds, and rodents. Such acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentences. The Secretary may provide for an additional payment on such acreage in the amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the cooperator agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

(7) If the operator of the farm desires to participate in the program formulated under this subsection, he shall file his agreement to do so no later than such date as the Secretary may prescribe. Payments under this subsection shall be made available to cooperators on such farm only if such cooperators set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator of the farm agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the cooperators on the farm, terminate or modify any such agreement entered into pursuant to this subsection if he determines such action necessary because of any emergency created by drought or other disaster, or in order to alleviate a shortage in the supply of rice.

(8) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers including provision for sharing, on a fair and equitable basis, in payments under this subsection.

(9) In the case in which the failure of a cooperator to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as he determines to be equitable in relation to the seriousness of the default.

(10) The Secretary is authorized to issue such regulations as he determines necessary to carry out the provisions of this subsection.

(11) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

(12) The provisions of subsection 8 (g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

(13) Notwithstanding any other provision of law—

(A) The total amount of payments which a person shall be entitled to receive during a crop year under the rice program shall not exceed \$55,000.

(B) The term 'payments' as used in this paragraph shall not include loans or purchases, or any part of any payment which is determined by the Secretary to represent compensation for resource adjustment or public access for recreation.

(C) If the Secretary determines that the total amount of payments which will be earned by any person under the program in effect for any crop will be reduced under this section, the set-aside acreage for the farm or farms on which such persons will be sharing in payments earned under such program shall be reduced to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(D) The Secretary shall issue regulations defining the term "person" and prescribing such rules as he determines necessary to assure a fair and reasonable application of such limitation: Provided, That the provisions of this paragraph which limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970.

\* \* \* \* \*

#### DEFINITIONS

SEC. 408. \* \* \*

#### COOPERATOR

(b) A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn or wheat to a producer outside the commercial corn-producing or wheat-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary: *Provided*, That for upland cotton a cooperator shall be a producer on whose farm the acreage planted to such cotton does not exceed the cooperator percentage, which shall be in the case of the 1966 crop, 87.5 per centum of such farm acreage allotment and, in the case of each of the 1967 through 1970 crops, such percentage, not less than 87.5 or more than 100 per centum, of such farm acreage allotment as the Secretary may specify for such crop, except that in the case of small farms (i.e., farms on which the acreage allotment is 10 acres or less, or on which the projected farm yield times the acreage allotment is 3,600 pounds or less, and the acreage allotment has not been reduced under section 344(m)) the acreage of cotton on the farm shall not be required to be reduced below the farm acreage allotment: *And provided*, That for the 1971 through 1977 crops of upland cotton a cooperator shall be a producer on a farm on which a farm base acreage allotment has been established who has set aside the acreage required under section 103(e) [.] : *Provided further*, That for the 1976 and 1977 crops of rice, a cooperator shall be a person who produces rice on a farm for which a farm acreage allotment has been established or to which a producer acreage allotment has been allocated and, if a set-aside is in effect, who has set aside any acreage required under section 101 (g).

For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

\* \* \* \* \*

【NOTE.—The following new subsection shown below is added to Section 408 effective only with respect to the 1976 and 1977 crops of rice.】

*Reference to Terms Made Available to Rice*

(m) *Reference made in sections 402, 403, 406, 407, and 416 to terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for rice under this Act, and references made to the terms 'price support', 'price support operation', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for such rice in this Act.*”

DISSENTING VIEWS OF HON. GEORGE E. BROWN, JR., OF CALIFORNIA, HON. JOHN KREBS, AND HON. W. R. POAGE

The Rice Production Act of 1975, H.R. 8529, was reported out of Agriculture Committee without an adequate resolution of much conflicting information extremely relevant to the need for this legislation. As we studied statistics concerning production costs, net profits (past and present), carry-over and future markets, it became increasingly clear that this bill could very well have a disastrous effect on certain small rice farmers, while the resulting price-depressing surpluses would not reach the hungry of other nations, nor result in a great reduction in retail market prices on the domestic markets. Our reasoning for this conclusion is based on many factors.

The present rice program is a coordinated system of allotments, price supports through loans, and quotas when necessary. The Secretary of Agriculture has the authority to decide whether the present and future markets and estimated surpluses require the application of quotas for the coming marketing year or show a need for even greater production. If demand is high, as has been the case in the last 2 years, open production is allowed. The Rice Production Act amends this system by legislating open production as an imperative. Anyone can produce rice, but only the present allotment holders will receive the target price deficiency payments and the loan guarantees if prices fall below the \$8 target price level and the \$6 loan level. In addition, if the Secretary of Agriculture estimates that a rice surplus of 15 percent or more of annual production will occur, he is authorized to order the set-aside of rice crop-land by growers under allotment, but not by new growers without allotments, in order to reduce surplus.

We feel that these provisions will encourage greater surpluses that we have seen before. Even in the last two years, which have been virtual open production due to the increased world demand reaction from the food crisis, planted acreage increased by 600,000 acres and production levels increased by approximately 29.6 million hundredweight. Much of the resulting surplus was siphoned off by the large export market demand which was a temporary response to the critical food crisis and the increased food budgets of the wealthy oil-producing nations of the Middle-East. This year the USDA predicts an 18.2 million hundredweight carry-over because world markets are tightening and crops are exceptional. This estimate is 8 million over the “safe” level of 10 million hundredweight. Due to this surplus, prices are dropping already. Recent P. L. 480 sales to Bangladesh were at the low price of \$6.90 a hundredweight, which is below the cost of production for our Texas, Louisiana, and California producers, and barely above the cost to our Arkansas and Mississippi producers.



Simultaneously, the retail price in our markets over these last two years has increased from 14.8 cents to 35.5 cents per pound, while the farmer is receiving 2.1 cents per pound less than he was in August of 1973.

We list these statistics because we believe that allowing open production with no threat of future quotas will encourage an additional increase in surpluses. Such a carry-over will force the allotment growers to set-aside land, at which time even more producers will enter the market knowing that other land has been withdrawn—all leading to even greater surpluses. The price will drop so low that the small rice farmers in Texas, California and Louisiana will no longer be able to continue. They will be forced to end a livelihood which has meant 20 to 30 years of hard work and peaceful living.

If we could honestly believe that this would bring more food to the starving of the world, then the bill might be partially defensible, though one need not destroy small farmers to achieve surpluses. But this legislation provides no new markets or mechanisms to distribute the new surpluses. Other rice producing countries have also had record crops this year and are exporting small amounts and we have lost our usual markets of Indochina, Iraq and Indonesia. Consequently, some rice will rot in the field, while the rest is sold at bankruptcy prices. We do not see this as the way to help rice production or help consumers.

In addition, the USDA projects the cost of this legislation to the government, and thus to the taxpayers, to be between \$78 and \$168 million in the first year, escalating to a possible \$883 million by 1981 if surpluses increase as they are expected to do and prices drop to \$5 per hundredweight. We believe this is a very real possibility, and something the Committee should have studied in greater depth before voting on this legislation.

Many of these statistics and much of this controversy has evolved since the subcommittee hearings on the bill. World markets change quickly, especially in these days of an energy crisis which is reducing the food import budgets of those countries most seriously affected. We encouraged the Committee to postpone action on this bill for a few months until a greater understanding of the market situation and of rice production in general can be ascertained by all the Members. It refused to do so.

Rice production and marketing is a complicated business at best, and due to the controversial characteristics of this bill, we urge the House to defeat it or return it to the Committee for further study.

GEORGE E. BROWN, JR.  
W. R. POAGE.  
JOHN KREBS.

#### DISSENTING VIEWS OF HON. JOHN B. BRECKINRIDGE

I am opposed to H.R. 8529, the Rice Production Act of 1975, for the reason that, if enacted, it will in my opinion adversely affect the livelihood of the established rice producers-farmers who over the years have accepted the burden of adjusting their production to effective demand at fair prices to producers and consumers.

In addition to rice producers, the producers of tobacco and peanuts have also chosen to jointly and severally in a similar move, adjust their production to the amounts needed. These commodities are produced in relatively limited areas because of soil and climate factors.

These programs have served the nation well. They should be retained and modified as needed—for so long a time as the producers are willing to rationalize production in line with domestic and foreign requirements.

JOHN B. BRECKINRIDGE.

(35)

## ADDITIONAL VIEWS OF HON. FREDERICK RICHMOND

H.R. 8529, is in the long-run interest of consumers and farmers and will help insure our ability to meet international food needs. It will encourage full utilization of our rice acreage and should tend to bring about lower retail prices. However, the bill contains a major inequity which I believe must be corrected before it can be considered fair to our small farmers and taxpayers in general.

The bill as reported by the Committee provides for a \$55,000 limit on deficiency payments to individual producers. This means that every rice producer could receive up to \$55,000 if the price of rice falls below the target price set in the bill.

Meanwhile, other major commodities such as wheat, corn and soybeans have \$20,000 payment limitations. It is unfair to treat rice producers more favorably. A higher payment limitation doesn't affect smaller producers; it is a provision that can only favor larger, corporate growers, not family farms.

The USDA estimates that reducing the payment limitation to \$20,000 in the rice bill could save the U.S. Treasury \$27 million over five years. Whatever payments are made under this Act, if there are payments, they would be reduced by 10 percent with a \$20,000 limit per person.

Supporters of the \$55,000 limit state that rice producers have higher costs and thus more to lose, and should have a higher payment limit. But according to statistics provided by the bill's supporters, which show production costs of \$331/acre, and average yields of 45 hundred weight/acre, a \$20,000 limit is more than enough. If the price of rice drops to \$6/cwt, the government will have to pay farmers \$2/cwt in deficiency payments, or an average of \$90/acre. With the \$6/cwt loan rate in this bill, the farmer is assured of an additional \$270/acre, for a total of \$360/acre, or more than his production cost. Based on the common practice of utilizing 200 acres in rice production, the average farmer could expect to receive a maximum \$18,000 payment. So a \$20,000 limitation makes sense, and will insure rice farmers against losses due to market fluctuations.

I will be offering an amendment on the House floor to reduce the payment limitation to \$20,000. This amendment was defeated in committee by a 10-15 vote, and I feel the full House should consider this question further. Considering the potential savings involved, and the lack of impact on small rice farmers, it appears to me that such an amendment is both sound and equitable. The treatment given other commodities and the potential for abuse which exists in the bill as presently worded indicate the need for corrective action.

FRED RICHMOND.

## DISSENTING VIEWS OF HON. W. HENSON MOORE

The provisions of H.R. 8529, a bill "to establish improved programs for the benefit of producers and consumers of rice", will not, in my opinion, promote beneficial progress for either producers or consumers as advocates of the bill allege. I am opposed to the enactment of this legislation, because in the long run, the rice industry will suffer greater economic woes than it faces today.

As a Member of the House Agriculture Committee's Oilseeds and Rice Subcommittee, I listened to testimony that indicated this bill would increase rice production and consumption and still protect the present rice-growing industry. I must argue that the facts do not support these assumptions. The complexity of the rice industry has caused changes to occur since the Subcommittee first considered legislation affecting rice production. Costs of production have risen and indications have shown that consumption will be down and no new markets will appear to soak-up increased stores of rice. I, for one, would favor additional hearings on this bill so that determinations could be made as to the true merit of H.R. 8529.

In Southwest Louisiana today, a rice farmer can expect to incur total costs of production per acre of \$316.02 while he only receives \$333.19 for the rice produced. This leaves a net return of only \$17.17 for each acre of land farmed. With wages, machinery and fertilizer costs spiraling upward, how can we justify increasing rice production when there are no markets that could accept additional rice? The farmer will be the one to suffer when his return drops to nothing because the price of rice has dropped.

On October 14, 1975, the Department of Agriculture estimated that the carryover from the 1975-1976 rice crop would approach 18.2 million hundredweight. This would be an increase of over 11 million hundredweight over the 1974-1975 crop. H.R. 8529 would encourage overproduction by guarantees offered by the government which will eventually be needed by new producers of rice. Farmers who are presently producing unprofitable crops, such as cotton in many areas, will switch to rice under this bill and when they find that inflation and a loss of market force their returns downward, they will come running back to Uncle Sam to bail them out through government subsidies. Currently, the government is paying no money to rice farmers and to encourage the chance of government intervention would doom this agricultural industry to dependence upon government aid.

H.R. 8529 purports to offer some relief to consumers in the form of reduced prices. In August of 1973, consumers were paying 25.7¢ for each pound of rice they consumed at the same time farmers were receiving only 10.9¢ per pound for the rice they produced. In August of this year, consumer prices had bolted to 44.3¢ per pound and farmer prices fell to 8.8¢ per pound. I think this growing disparity is unfortunate but dramatic proof that increased production (that secondarily may bring more inflation) will not benefit the consumer at all.

A great deal of price produced in this country has been used by the government in P.L. 480 programs to aid foreign countries. I do not see how it can be stated that a world market exists for more rice when the U.S. has lost two of its biggest rice importing nations—South Vietnam and Cambodia. On top of that, there is speculation that Iraq and Iran, two big users of rice, may not increase their imports. To the contrary, rice orders may decrease by those nations. Under P.L. 480 agreements, the United States sells rice to foreign countries whose re-payments to the U.S. are made over to a 20 to 40 year period and at interest rates of only 2-3%. As time goes on, these dollars repaid to the U.S. lose their value and this country suffers not only monetarily but in the marketplace as well.

The present rice situation, itself, does not point to the need for legislation that would expand rice production. World production of rice is up 4% over last year, United States production is up 7% and production in Louisiana is up 5%. One alarming fact present in Louisiana at this point in time is that only 20-22% of this years rice crop has been sold. Due to the glut on the market, rice mills in Southwest Louisiana will probably not be able to finish milling their current rice stores until early fall of next year.

This bill contains sections which I am in disagreement with because they do not treat all rice farmers fairly and could lead to costly burdens to the taxpayer. Section 102 of the bill provides for a discretionary set-aside of cropland when carryover exceeds the total supply of rice by 15%. The problem with this section is that only old growers of rice could be forced into this set-aside program—new growers just beginning production will not be bound by this provision. If farmers in the existing rice industry are made to cut back production and new growers keep glutting the market, there may be no stable market left for traditional producers to return to. A recent USDA estimate of H.R. 8529's program costs due to the \$8.00 target price and \$6.00 loan rate, shows that in the 1976-1977 crop year the government could pay as much as *\$168 million* in subsidies if the price of rice dropped to \$5.00 per hundredweight. History reveals that the expectation of this price drop is not as far-fetched as some would have you believe. Just three years ago when production was 30% less than today the price of rice was indeed \$5.00 per cwt. I believe we all should strive to cut government spending and avoid for the first time direct government payments to rice farmers under a target price program.

In conclusion, I would like to once again emphasize that the facts do not mandate vastly increased rice production. If there was indeed a great world demand, then why aren't we growing more rice now? The market simply doesn't exist at this time for more rice. The current rice program has served well these many years and to alter its status so sharply will deal a crippling blow to farmer and consumer alike. Present supplies of rice are ample enough to meet our world sales and still provide for reasonable retail costs. Inflation and market instability strike their hardest at the small or medium sized farmer. If we couple this with open production and government supported target prices, our present rice industry may not be able to survive the duration of this legislation.

W. HENSON MOORE.

# Calendar No. 534

94TH CONGRESS }  
1st Session }

SENATE

{ REPORT  
No. 94-557

## RICE PRODUCTION ACT OF 1975

DECEMBER 15, 1975.—Ordered to be printed.

Mr. HUDDLESTON, from the Committee on Agriculture and Forestry, submitted the following

### REPORT

[To accompany S. 2260]

The Committee on Agriculture and Forestry, to which was referred the bill (S. 2260) to establish improved programs for the benefit of products and consumers of rice, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### SHORT EXPLANATION

S. 2260 amends existing law for the 1976 and 1977 crops of rice so as to provide a program similar to that in effect for wheat, feed grains, and upland cotton.

Marketing quotas are suspended and unrestricted planting of rice is authorized.

A national acreage allotment of 1.8 million acres is established, which would be used only for determining program benefit recipients and amounts.

A price of \$8 per hundredweight is established for the 1976 crop, adjusted to reflect changes in the index of prices paid by farmers for production items, interest, taxes and wage rates beginning on date of enactment and ending July 31, 1976. The established price for the 1977 crop would be the 1976 price, adjusted for changes in the index during the previous 12-month period. Such established prices for both crops may be further adjusted for changes in yields.

A 1976 loan rate of \$6 per hundredweight is provided for, adjusted as in the case of the established price. For 1977, the loan rate would be adjusted to reflect any change in the established price.

Payments are authorized if the 5-month average market price received by producers falls short of the established price. If the market price is higher than the established price, no payments are made.

Disaster payments are authorized under certain conditions. A set-aside is provided for. Payments are limited to \$55,000 per person. Sales, leases, and transfers of allotments are authorized. And a rice research program is authorized.

#### SUMMARY OF PRINCIPAL PROVISIONS

S. 2260 would—

- (1) Be effective for the 1976 and 1977 crops of rice.
- (2) Provide for an established price of \$8 per hundredweight for the 1976 crop, adjusted to reflect changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment and ending July 31, 1976. The 1977 established price would be the 1976 price adjusted to reflect changes in the index during the 12-month period beginning August 1, 1976 and ending July 31, 1977. Established prices could be further adjusted to reflect any changes in average yields.
- (3) Provide for a 1976 loan rate of \$6 per hundredweight adjusted to reflect index changes during the period beginning on date of enactment and ending July 31, 1976, which would be further adjusted to reflect the same percentage change as the target price change from 1976 to 1977.
- (4) Authorize payments to cooperators equal to the amount by which the target price exceeds the higher of (i) the loan rate or (ii) the national average market price received by farmers during the first five months of the marketing year. Payments would be calculated by multiplying the farm allotment by the payment yield for the farm, which is the actual harvested yield for the preceding three years.
- (5) Authorize disaster payments for producers who are prevented from planting or if losses are suffered after planting.
- (6) Authorize the Secretary to provide for a set-aside of cropland when the projected ending stocks of the marketing year for which the decisions are being made exceeds 15 percent of the total supply. The set-aside could not exceed 30 percent of the farm acreage allotment. Diversion payments are provided for land taken out of production if authorized in excess of the required set-aside.
- (7) Limit payments for rice for a person to \$55,000. The Secretary would issue regulations defining a person.
- (8) Establish a national acreage allotment of 1.8 million acres for each of the two years.
- (9) Apportion the national allotment to farms and producers on the basis of the allotment established for the 1975 crop.
- (10) Reserve not to exceed 1 percent of the national allotment for apportionment to new farms and producers who meet certain conditions and for adjustments and corrections in allotments.
- (11) Provide that if less than 90 percent of the allotted acreage is planted (or regarded as planted) to rice, the base allotment for the following year would be reduced accordingly, but not to exceed 20 percent of the allotment.
- (12) Provide that if no acreage is planted (or regarded as planted) to rice for two consecutive years, the allotment would be lost. However, no allotment would be reduced or lost if the cooperator elects not to receive payments for that portion of the allotment not planted. Sub-

stitution of certain crops would be permitted subject to the Secretary's determination.

- (13) Provide authority for disaster condition transfers of allotments within the same administrative area.
- (14) Authorize sales, leases, and transfers of allotments within the same administrative area.
- (15) Provide authority to promulgate rules and regulations for the withdrawal from production of rice and the transfer of the allotment and history of producer allotments.
- (16) Prohibit acreage planted in excess of the allotment from being taken into account in establishing future allotments.
- (17) Provide for an annual \$1,000,000 rice research program.

#### COMMITTEE CONSIDERATION

On December 3, 1974, the Subcommittee on Agricultural, Production, Marketing, and Stabilization of Prices held hearings on S. 4121, the Rice Act of 1974.

In general, that bill would have amended the law relating to the rice program so as to authorize for the 1975 through 1977 crops of rice a program similar to that in effect for wheat, feed grains, and upland cotton.

Marketing quotas would have been suspended, unrestricted planting was authorized, and acreage allotments would have been used only in determining program payments available to producers. The national acreage allotment would not have been less than two million acres.

The bill provided for a target price of \$8 per hundredweight for the 1975 crop with adjustments for the 1976 and 1977 crops to reflect changes in the index of prices paid by farmers for production items, interest, taxes and farm wage rates. Any indicated increases in target prices could have been further adjusted for changes in yields.

Price support loans were provided for at a level of 60 percent of the target price.

Payments would have been made to cooperators in the amount of the difference between the target price and the average price received by producers for rice, or the loan level whichever was higher. Disaster payments were also authorized.

A rice research program was authorized.

At that time testimony was received from 47 witnesses, including producers, producer organization representatives, all segments of the trade, commercial users, and consumer representatives, as well as the Department of Agriculture and Members of Congress.

On December 18, 1974, after a thorough discussion of the provisions of the bill, it was ordered reported by the Committee without amendment.

It was reported to the Senate on December 19, 1974. However, this was too late for it to be considered by the Senate during the 93rd Congress, which adjourned sine die on December 20, 1974.

On July 31, 1975, a similar bill, S. 2260, was introduced. Hearings on this bill were held on November 14, 1975, by the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices.

On November 14, 1975, the Subcommittee heard from about 45 witnesses, many of whom had appeared at the earlier hearing on S. 4121,

including Members of Congress, producers, producer organization representatives, commercial users, consumer representatives, and the Department of Agriculture.

On December 10, 1975, the Committee ordered S. 2260 reported to the Senate without amendment.

#### PURPOSE AND NEED FOR RICE LEGISLATION

The purpose of this legislation is to replace the present outmoded rice program with a program that will provide rice producers with the same freedom and flexibility that is enjoyed by producers of other commodities under the Agricultural Act of 1970, as amended by the Agriculture and Consumer Protection Act of 1973.

A change in the rice program is long overdue. Under the present program, we encourage production of two to three times as much rice as we consume domestically. At the same time, the annual support price has more often than not been too high to allow our excess production to be competitive on the world market. The traditional remedy to this problem has been payment of export subsidies on rice. While such payments have not been made in three years, the continuation of the present program will almost certainly require them. And yet reinstatement of export subsidies would appear to be unjustifiable given the desire to reduce unnecessary federal expenditures and the opposition to subsidies as unfair and discriminatory. The sole alternative to subsidies would be government acquisition of excess rice and government disposition often on unfavorable terms.

In addition, the current program discourages production of rice by farmers who do not have allotments, regardless of the efficiency with which farmers could produce rice. At the same time, allotment holders are almost obligated to produce for the program often only to maintain allotment history, when many of them could clearly benefit from a reevaluation of their cropping patterns. The proposed legislation would alter this situation.

Furthermore, the bill permits the sale, lease and transfer of allotments. Those farmers who now feel compelled to produce in order to maintain allotment history could take advantage of this opportunity, and thereby no longer be required to plant only to maintain allotments. As a matter of fact, transfers of allotments would add materially to the flexibility of the rice program.

While the income of rice producers would be maintained at a reasonable level, the support price would be such that the United States rice industry would be competitive on the world market even in years such as this, when world production is at a record level. Our ability to export rice at competitive prices is essential for the health and expansion of the industry.

Moreover, rice farmers would be permitted to produce in accordance with their own calculation of what is most profitable and in the best interests of their individual enterprises. The determination of who will produce rice, where rice will be produced, and how much will be produced will no longer belong to the Secretary of Agriculture.

Implementation of this legislation would represent a timely application to rice production and marketing of the principles embodied in the Acts of 1970 and 1973.

#### RICE RESEARCH

Title II of S. 2260 provides for a rice research program. Rice is a crop of growing importance to the economy of the United States and the economy of the world. Research programs are currently being conducted by the Department of Agriculture through its Agricultural Research Service, approximately in the amount of \$1.5 million for the current year. However, this is a small effort in comparison to the Department's overall research on other crops.

The benefits from a thorough rice research program should more than offset the costs of the program. It is expected that the on-going activities would continue unabated and that Title II would serve to provide an additional impetus for research.



TABLE 1.—RICE: ACREAGE AND YIELD, PRICES AND VALUE, SUPPLY AND UTILIZATION, 1960 TO DATE

Unit	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76 <sup>1</sup>
<b>ACREAGE AND YIELD</b>																
Allotment—1,000 acs.	1,652.6	1,618.0	1,817.9	1,818.2	1,818.6	1,818.6	2,000.5	2,000.5	2,400.0	2,160.0	1,836.5	1,836.5	1,836.5	2,222.1	2,100.0	1,803.0
Planted acs.	1,614.0	1,785.0	1,785.7	1,785.6	1,785.6	1,803.8	1,880.3	1,982.3	2,365.6	2,140.6	1,826.0	1,826.0	1,826.0	2,181.3	2,555.0	2,818.0
Harvested acs.	1,594.8	1,770.8	1,722.6	1,722.6	1,722.6	1,792.7	1,967.2	1,970.1	2,353.0	2,128.4	1,817.9	1,817.9	1,817.9	2,170.2	2,536.0	2,802.0
Yield per/harvested Pounds/Acres	3,423	3,411	3,726	3,968	4,098	4,255	4,322	4,537	4,475	4,268	4,618	4,718	4,700	4,274	4,432	4,555
<b>PRICES AND VALUE</b>																
Parity price—\$/per cwt.	5.90	6.00	6.22	6.46	6.33	6.62	6.85	6.87	6.92	7.26	7.47	7.79	8.10	9.33	11.60	13.10
Support price—do.	4.42	4.71	4.71	4.71	4.71	4.80	4.50	4.55	4.60	4.72	4.86	5.07	5.27	6.07	7.54	8.52
Level of support—Percent	75.0	78.5	75.7	72.9	71.4	68.0	65.7	66.2	66.8	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Season average price—\$/per cwt.	4.55	5.14	5.04	5.01	4.90	4.93	4.95	4.97	5.00	4.95	5.17	5.34	6.73	13.80	10.45	68.0
Value of production—Mil. dol.	248.4	278.6	332.6	352.2	358.6	376.2	421.0	444.0	520.0	449.0	433.0	457.0	575.0	1,280.0	1,195.0	1,830.0
<b>SUPPLY AND UTILIZATION (ROUGH RICE)</b>																
Carrying stocks (Aug. 1)—Mil. cwt.	12.1	10.1	5.3	7.7	7.5	7.7	8.2	8.5	8.8	15.3	15.4	18.6	11.4	5.1	7.8	7.1
Production—do.	54.6	54.2	66.0	70.3	73.2	76.3	88.1	89.4	104.1	90.9	83.8	85.8	85.4	92.6	112.4	127.6
Imports—do.	.3	.4	.0	.0	.5	.7	.0	.0	.0	.2	1.5	1.1	.5	0.2	0.2	0.2
Total supply—do.	67.0	64.7	71.3	78.0	81.2	84.7	93.3	97.9	110.9	107.4	101.7	105.5	97.3	98.1	120.2	134.7
Domestic use—do.	26.9	29.5	28.0	28.7	31.1	30.9	31.9	33.6	35.7	34.6	34.4	35.4	35.7	37.0	40.2	41.4-42.2
Commercial exports—do.	9.9	16.4	16.0	22.6	25.0	27.1	29.6	34.7	28.7	24.9	17.8	16.0	25.1	31.8	44.4	34.2-40.4
Aid exports—do.	18.6	12.8	18.5	19.2	17.5	16.2	22.0	22.2	30.5	32.0	4.7	3.5	3.5	17.9	25.1	24.5-24.5
Public Law 480 exports—do.																
Total exports—do.	29.5	29.2	35.5	41.8	42.5	43.3	51.6	56.9	56.2	56.9	46.5	56.9	54.0	49.7	69.5	58.7-64.9
Total utilization—do.	56.4	58.7	63.5	70.5	73.9	74.2	83.5	90.5	91.9	91.5	80.9	92.3	89.7	86.7	109.7	101.1-107.1
Ending stocks—do.	10.1	5.3	7.9	7.5	7.1	8.2	8.5	8.8	16.3	16.4	18.6	11.8	3.1	7.8	7.1	34.6-27.1
Difference unaccounted—do.	+1.5	+1.7	+1.2	-1.1	-1.1	+2.3	+1.3	+1.6	+2.3	-1.5	+2.2	+1.8	+2.5	+3.6	+3.4	-----

<sup>1</sup> Estimated. Sources: USDA.

TABLE 2.—SUMMARY OF RICE PROGRAM

Marketing year (Aug. 1)	National allotment (acres)	Million hundredweight			Per hundredweight		Support as percent parity (percent)	Average price received by farmers (per hundred-weight)	Farm value (millions)	
		Production	Delivery to CCC	Carry-over	CCC stocks	Rice parity				National average support price
1955-56	1,928,334	55.9	23.5	34.0	27.1	5.42	\$4.66	85.0	\$4.81	\$268.5
1956-57	1,652,596	49.5	16.8	20.0	12.5	5.54	4.57	82.5	4.86	240.3
1957-58	1,652,596	42.9	11.0	18.2	12.0	5.75	4.72	82.0	5.11	219.5
1958-59	1,652,596	44.8	6.6	15.7	9.4	4.98	4.48	75.0	4.68	209.4
1959-60	1,652,596	53.6	7.0	12.1	6.9	5.84	4.38	75.0	4.59	246.3
1960-61	1,652,596	54.6	4.9	10.1	4.1	5.90	4.42	75.0	4.55	248.4
1961-62	1,652,596	54.2	( <sup>1</sup> )	5.3	.3	6.00	4.71	78.5	5.14	278.6
1962-63	1,817,856	66.0	1.8	7.7	1.9	6.22	4.71	75.7	5.04	332.6
1963-64	1,818,166	70.3	.8	7.5	1.4	6.46	4.71	72.9	5.01	352.2
1964-65	1,818,166	73.2	.8	7.7	1.0	6.33	4.71	74.4	4.90	358.6
1965-66	1,818,166	76.3	.4	8.3	.6	6.62	4.50	68.0	4.93	376.2
1966-67	2,000,502	85.0	.1	8.5	.1	6.85	4.50	65.7	4.95	421.0
1967-68	2,000,502	89.4	( <sup>1</sup> )	6.8	( <sup>1</sup> )	6.87	4.55	66.2	4.97	444.0
1968-69	2,400,602	104.1	6.3	16.3	6.3	6.92	4.60	66.5	5.00	520.5
1969-70	2,160,542	90.9	2.9	16.4	8.3	7.26	4.72	65.0	4.95	447.2
1970-71	1,836,461	83.8	3.7	18.7	9.4	7.47	4.86	65.0	5.17	433.2
1971-72	1,836,461	84.3	1.3	11.4	2.7	7.79	5.07	65.0	5.24	458.2
1972-73	1,836,461	85.4		5.1		8.10	5.27	65.0	6.73	574.9
1973-74	2,222,118	92.8	( <sup>1</sup> )		( <sup>1</sup> )	9.33	6.07	65.0	13.80	1,278.9
1974-75 <sup>2</sup>	2,100,000	112.4		7.1		11.60	7.54	65.0	10.45	1,230.3
1975-76 <sup>3</sup>	1,802,916	117.6				13.10	8.52	65.0		

<sup>1</sup> Less than 50,000 cwt.  
<sup>2</sup> Estimated.  
<sup>3</sup> Marketing quotas not in effect.  
<sup>4</sup> Preliminary.  
 Source: USDA, November 4, 1975.

TABLE 3.—RICE: ACREAGE ALLOTMENTS AND HARVESTED ACREAGE BY PRINCIPAL RICE PRODUCING STATES 1974 AND 1975  
 (In thousands of acres)

State	1974		1975	
	Acreage allotment <sup>1</sup>	Harvested acreage	Acreage allotment <sup>1</sup>	Harvested acreage
Arkansas	507.0	745.0	435.0	895.0
California	380.9	467.0	327.0	467.0
Louisiana	603.6	673.0	518.0	650.0
Mississippi	59.3	108.0	51.0	165.0
Missouri	6.0	14.0	5.0	17.5
Texas	36.6	562.0	461.0	553.0
National allotment	2,100.0	2,569.0	1,802.9	2,747.5

<sup>1</sup> Marketing quotas were not in effect.  
 Source: USDA.



TABLE 4.—RICE, ROUGH: PRICE PER 100 POUNDS RECEIVED BY FARMERS, BY STATES AND UNITED STATES, 1968-75

Year	August	September	October	November	December	January	February	March	April	May	June	July	Season average <sup>1</sup>
<b>Arkansas:</b>													
1968	\$5.30	\$4.75	\$4.90	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20	\$5.07
1969	5.20	4.75	5.00	5.30	5.20	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.32
1970	5.30	5.40	5.40	5.50	5.50	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.41
1971	5.30	5.560	5.70	5.70	5.70	5.80	5.80	5.80	5.80	5.80	5.80	5.70	5.62
1972	5.70	6.70	7.20	7.60	8.20	8.50	8.50	8.50	8.50	8.80	8.80	( <sup>2</sup> )	7.20
1973 <sup>2</sup>	13.70	15.30	16.00	16.00	16.00	16.00	18.00	18.50	16.50	17.00	17.50	( <sup>2</sup> )	15.30
1974 <sup>2</sup>	9.50	9.80	10.00	10.00	9.30	9.80	10.00	10.20	10.00	10.00	10.00	( <sup>2</sup> )	9.60
1975 <sup>2</sup>		8.50										( <sup>2</sup> )	
<b>Louisiana:</b>													
1968	4.80	4.75	4.85	5.00	5.00	4.95	5.10	4.85	4.80	4.65	4.15	4.40	4.83
1969	4.50	4.75	4.70	4.90	4.85	4.85	4.85	4.70	4.85	4.85	5.00	4.65	4.71
1970	4.95	4.90	4.95	4.90	5.00	5.20	5.20	5.00	5.00	5.00	5.00	5.20	4.96
1971	5.00	4.90	4.90	5.00	5.10	5.30	5.40	5.40	5.50	5.50	5.50	5.20	5.05
1972	5.20	6.00	6.80	7.30	7.60	8.00	8.20	8.40	8.80	8.80	( <sup>2</sup> )	( <sup>2</sup> )	6.40
1973 <sup>2</sup>	10.80	12.30	13.30	16.80	14.80	15.50	16.00	16.10	14.10	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	13.45
1974 <sup>2</sup>	9.55	10.10	10.85	11.45	11.35	10.65	11.05	10.75	10.50	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	10.50
1975 <sup>2</sup>	9.55	9.10								( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	
<b>Mississippi:</b>													
1968			5.20	5.20	5.10	5.20	5.40	5.40	5.20	5.20	5.20	5.20	5.20
1969	5.20	4.90	5.20	5.30	5.30	5.30	5.30	5.30	5.30	5.20	5.20	5.20	5.27
1970	5.30	5.20	5.20	5.20	5.40	5.40	5.40	5.30	5.30	5.40	5.40	5.40	5.28
1971	5.40	5.50	5.60	5.60	5.70	5.70	5.70	5.80	5.80	5.80	5.80	5.40	5.63
1972	6.50	6.50	6.00	6.80	7.10	7.50	7.80	7.80	7.60	7.60	8.50	9.00	7.00
1973 <sup>2</sup>	14.50	18.00	14.50	18.00	17.50	16.50	18.00	18.00	14.00	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	17.20
1974 <sup>2</sup>	10.45	10.55	10.45	10.55	9.90	10.00	10.20	10.45	10.00	10.00	( <sup>2</sup> )	( <sup>2</sup> )	10.20
1975 <sup>2</sup>	9.80												
<b>Texas:</b>													
1968	5.30	5.10	5.00	5.10	4.60	4.30	4.30	4.30	4.30	4.50		4.40	4.97
1969	4.40	5.00	4.90	4.80	4.80	4.80	4.75	4.85	4.90	4.75	4.75	4.75	4.88
1970	5.40	5.20	5.10	5.20	4.85	5.30	5.60	5.50	5.50	5.50	5.50	5.40	5.25
1971	5.30	5.20	5.20	5.20	5.30	5.50	5.50	5.50	5.50	5.50	5.50	5.40	5.35
1972	6.50	6.20	6.90	7.10	7.50	7.50	8.00	8.20	8.50	8.50	8.70	11.00	6.44
1973 <sup>2</sup>	11.00	13.70	14.90	16.60	15.60	15.80	16.70	16.70	17.00	17.50	17.50	( <sup>2</sup> )	14.80
1974 <sup>2</sup>	9.80	10.60	11.20	11.80	11.00	10.55	11.35	10.75	11.00	11.00	11.00	11.00	10.70
1975 <sup>2</sup>	10.10	9.80											
<b>United States:<sup>4</sup></b>													
1968	5.06	4.92	5.03	5.09	4.92	4.72	4.84	4.80	4.78	4.90	4.80	4.63	5.00
1969	4.71	4.99	5.23	5.05	4.98	4.99	4.96	5.01	5.00	4.98	5.10	4.80	4.95
1970	5.16	5.18	5.26	5.19	5.09	5.31	5.44	5.36	5.33	5.30	5.20	5.33	5.17
1971	5.15	5.24	5.46	5.25	5.30	5.53	5.55	5.60	5.58	5.57	5.58	5.35	5.34
1972	5.34	6.37	7.05	7.42	7.64	7.84	8.14	8.26	8.51	8.56	8.74	10.80	6.73
1973 <sup>2</sup>	10.90	13.30	14.80	16.70	15.50	15.80	16.90	17.20	15.90	17.20	17.50	( <sup>2</sup> )	13.80
1974 <sup>2</sup>	9.67	9.85	10.25	11.10	10.50	10.30	10.80	10.60	10.50	10.40	10.40	11.00	10.45
1975 <sup>2</sup>	9.80	8.88											

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<sup>1</sup> State and U.S. season average prices include an allowance for unredeemed loans and purchases by the Government, valued at the average loan rate, by States. Monthly prices do not include this allowance.  
<sup>2</sup> Preliminary.

<sup>3</sup> Insufficient sales.  
<sup>4</sup> California is excluded in the monthly averages but is included in the U.S. season average.  
 Source: USDA, October 1975.

## SECTION-BY-SECTION ANALYSIS

## TITLE I—RICE ALLOTMENTS AND PRICE SUPPORT

*Section 101. National acreage allotment and allocation*

This section amends section 352 of the Agricultural Adjustment Act of 1938 to provide for a temporary rice program covering the 1976 and 1977 crop years, as follows:

Subsection (a) of section 352, as amended, establishes a national acreage allotment of 1.8 million acres increased from the minimum allotment currently provided under existing law of 1.65 million acres. The allotment would be used as a base for calculating payments, loans and purchases to be made available to cooperators. Marketing quotas are suspended for the 1976 and 1977 crops and thus the allotment would not serve as a limitation on production as is currently the case when marketing quotas are in effect. Under S. 2260, producers without allotments could engage in the production of rice but would not be eligible to receive program benefits.

Subsection (b) provides for the national allotment to be apportioned to farms, and in producer States and administrative areas, to producers on the basis of allotments established for the 1975 crop with adjustments beginning with the 1977 crop to reflect failure to plant 90 percent of the acreage allotment in the previous year. A portion of the national allotment not to exceed 1 percent of the allotment apportioned within each State may be reserved by the State committee for apportionment to new rice farms and new rice producers, for making adjustments in allotments to correct inequities or prevent hardships, and for making corrections in farm or producer allotments.

Subsection (c) provides that if the acreage planted on a farm is less than 90 percent of the allotment, downward adjustments are required to be made in the allotment for the succeeding crop, except that the reduction cannot exceed 20 percent of the farm or producer allotment for the preceding crop. For the purpose of this provision, an acreage not planted in rice because of a condition beyond the control of the producer is considered as planted to rice. The Secretary may permit producers of rice to have acreages devoted to other crops considered as devoted to the production of rice to such extent and subject to such terms and conditions as he determines will not impair the effectiveness of the program. If no rice is planted for two consecutive years on a farm which has a farm acreage allotment or by a producer with an allotment, the farm or producer loses the allotment. No farm or producer allotment can be reduced or lost, however, for failure to plant if the cooperator elects not to receive payments for the allotment not planted.

Subsection (d) authorizes the Secretary to permit the transfer of the number of acres in an allotment which cannot be timely planted or replanted because of a condition beyond the control of the producer to another farm in the same or any nearby county in the same administrative area on which one or more persons on the farm from which the transfer is made will be engaged in the production of rice and will share in the proceeds thereof. The history of any allotment so transferred is preserved on the farm from which the transfer is made. The Secretary is authorized for the purpose of determining the amount

of payments and loans to be made to establish a farm yield on the farm to which the transfer is made, if there is no established yield for that farm.

Subsection (e) requires the Secretary to permit the owner and operator of any farm for which a farm acreage allotment has been established to sell or lease all or any part of the allotment to any other owner or operator of a farm in the same administrative area or transfer the allotment to another farm owned or controlled by him in the same administrative area. Similarly, producer allotments may be sold or leased to other producers in the same administrative area. In the case of producer allotments, provision is made for apportionment of the allotment if the producer dies, or in the case of a partnership if the partnership is dissolved in a manner similar to current law. Farm allotments may be voluntarily released to the county committee for reapportionment to other farms in the same county, in which event the allotment is preserved for history purposes on the farm from which the transfer is made.

Subsection (f) provides that an acreage planted in excess of a farm or producer allotment in 1975 and 1977 cannot be taken into account in establishing farm or producer allotments in future years.

*Section 102. Payments and loans*

This section adds a new subsection (g) to section 101 of the Agricultural Act of 1949 providing for the Secretary to make available non-recourse loans, purchases, and payments under a target price program for the 1976 and 1977 crop years. These benefits would be made available only to cooperators and only on allotted acreages. Cooperators are defined as persons who produce rice on a farm for which a farm acreage allotment has been established or to which a producer allotment has been allocated.

Section 101(g) as added to the 1949 Act contains the following provisions:

Paragraph (1) of subsection (g) establishes a target price to be used in determining payments to be made to cooperators. It provides for the target price to be \$8 per hundredweight in the case of the 1976 crop, adjusted to reflect changes in the index of prices paid by farmers for production items, interest, taxes and wage rates during the period beginning on the date of enactment of the bill and ending July 31, 1976. The target price for the 1977 crop would be the target price for the 1976 crop, adjusted to reflect changes in such index in the 12-month period ending July 31, 1977. The Secretary may adjust any increase that he would otherwise make in the target price for the 1976 and 1977 crops to reflect changes in yields.

Paragraph (2) requires the Secretary to make loans and purchases available at a rate of \$6 per cwt. adjusted to reflect changes in the index of prices paid by farmers during the period beginning on the date of enactment of this bill and ending July 31, 1976. The Secretary may further adjust any increase in the loan and purchase rate to reflect a change in yields. Loans and purchases for the 1977 crop are required to be established at a rate that bears the same ratio to the 1976 crop loan rate as the target price for the 1977 crops bears to the 1976 target price. Loans and purchases may be made available only to each cooperator on the quantity of rice determined by multiplying the allot-

ment of the cooperator for the crop by the yield established for the farm.

Paragraph (3) requires the Secretary to make payments available at a rate equal to the amount by which the target price exceeds the higher of the loan rate or the national average market price received by farmers during the first five months of the marketing year for the crop (ie., August-December). Payments would be made available only to cooperators. Paragraph (4) provides for payment to be made on a quantity of rice determined by multiplying the allotment of the cooperator for the crop by the yield established for the farm. The yield for purposes of determining payments and loans is based on the actual yields per harvested acre for the three preceding years, adjusted for abnormal yields in any year caused by a condition beyond the control of the cooperator.

Paragraph (3) also provides for disaster payments under terms and conditions similar to the wheat, feed grains, and cotton programs. If producers on a farm are prevented from planting all or any portion of the acres of the producer or the farm acreage allotment to rice or other nonconserving crop because of a condition beyond the control of the producer, the Secretary is required to make a payment on the affected acres at the larger of the deficiency payment rate or one-third of the target price. If, because of such condition, the amount of rice producers are able to harvest on a farm is less than two-thirds of the farm acreage allotment times the established yield for the farm, a disaster payment is required to be made for the deficiency in production. The disaster payment would be at the higher of the deficiency payment rate or one-third the established price. No disaster payment can be made, however, on a farm from which an allotment was transferred to another farm because of a natural disaster condition with respect to the transferred acreage. A disaster payment could be made on the farm to which such acres were transferred if that farm qualified under this paragraph. The payment would be calculated, based on the farm yield established on the farm to which such acres were transferred. The disaster payment provisions apply both to administrative areas where allotments are allocated on a farm basis and areas where they are allocated on a producer basis.

Paragraph (5) authorizes but does not require the Secretary to provide for a set-aside program if he estimates (without taking into consideration the effect of the set-aside) that the carryover of rice at the end of the marketing year will exceed 15 per centum of the total supply of rice for the marketing year beginning in the calendar year in which the crop will be grown. The Secretary must make a preliminary determination before January 1 and a final determination by April 1 of the calendar year in which the crop will be grown or whether a set-aside will be in effect and, if so, the acreage of the set-aside. The determinations must be published in the Federal Register.

If a set-aside is in effect, then as a condition of eligibility for payments, loans and purchases, the cooperator must set aside and devote to conservation uses the acreage of cropland specified by the Secretary. This shall be such percentage of the allotment (not to exceed 30 per cent) as specified by the Secretary plus the conserving base, if required. In order to adjust acreages of rice to desirable goals, the Secretary may also make land diversion payments, in addition to

deficiency payments, to cooperators who, to the extent prescribed by the Secretary, devote to conservation uses an acreage of cropland on the farm in addition to that required to be devoted under the regular set-aside program. The Secretary must limit the total acreage diverted so as not to adversely affect the economy of a county or community. Paragraph (5) contains terms and conditions relating to the set-aside which are the same as provided in the wheat, feed grain, and cotton program.

Paragraph (6) provides for cooperators to protect the set-aside and additional diverted acreage and authorizes cost sharing by the Secretary for acreages devoted to wildlife food plots or wildlife habitats, and public access payments for allowing hunting, trapping, fishing and hiking by the general public—all in a manner similar to the wheat, feed grain, and cotton programs.

Paragraph (7) requires that as a condition to participating in the program the operator of the farm must file an agreement with the Secretary and the cooperators on the farm must comply with the set-aside acreages specified in the agreement. Provision is included authorizing the Secretary to terminate or modify the agreement in emergency situations such as to alleviate a shortage.

Paragraph (8) provides safeguards for tenants and sharecroppers.

Paragraph (9) provides that if a cooperator fails to comply fully with the terms and conditions of the program, the Secretary may, nevertheless, make loans, purchases, and payments in amounts he deems equitable in relation to the default.

Paragraph (10) authorizes the Secretary to issue regulations deemed necessary to carry out the subsection.

Paragraph (11) provides for the rice program authorized by subsection (g) to be carried out through the Commodity Credit Corporation.

Paragraph (12) makes applicable to the rice program the assignment of payment provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act. That provision is also applicable to the cotton program.

Paragraph (13) provides that the total payments a person can receive under the rice program for any crop year cannot exceed \$55,000. The term "payments" for payment limitation purposes does not include loans or purchases or any part of the payment determined to represent compensation for resource adjustment or public access for recreation. The Secretary is given authority to issue regulations defining the term "person" and prescribing rules determined necessary to assure a fair and reasonable application of the limitation, except that the rules for determining whether corporations and their stockholders may be considered a separate person shall be in accordance with the regulations issued by the Secretary on December 18, 1970, relative to the wheat, feed grain, and cotton programs. The payment limitation does not apply to State agencies which farm lands primarily for a public function.

### *Section 103. Suspension of marketing quotas and other provisions*

This section suspends for the 1976 and 1977 crops of rice the provisions of law relating to marketing quotas, marketing quota penalties, and apportionment of the national acreage allotment.

## TITLE II—RICE RESEARCH

*Section 201. Rice research programs*

This section authorizes the Secretary to carry out regional and national rice research programs. The Secretary, in implementing the programs, is to utilize the services of appropriate Federal, State and local governmental and private agencies. There is authorized to be appropriated for any fiscal year not more than \$1,000,000 to carry out the rice research programs. The amount authorized under Title II is intended not to be a limit on the total rice research effort by USDA; rather the Department is expected to continue its other research efforts.

The programs may be for the purpose of reducing excess fertilizer and herbicide usage, developing varieties of rice more susceptible to complete fertilizer utilization, improving resistance of rice plants to disease, increasing the use of rice and its processing byproducts, developing better husbandry practices in production and conservation, developing more efficient rice storage practices, improving domestic and international marketing and benefiting the general welfare.

## TITLE III—MISCELLANEOUS

*Section 301. Unused acreage allotments*

This section makes inapplicable to the 1976 and 1977 crops section 377 of the Agricultural Adjustment Act of 1938, which relates to preservation of unused acreage allotments.

*Section 302. Finality of farmers' payments and loans*

This section makes effective for the 1976 and 1977 crops of rice the finality provisions of section 385 of the 1938 Act applicable to determinations under the rice program. It also authorizes the Secretary in the event a producer dies, becomes incompetent, or disappears before receiving a payment, to make the payment as he determines fair and reasonable in all the circumstances.

*Section 303. Definition of cooperator*

This section amends the definition of a cooperator under section 408(b) of the Agriculture Act of 1949 so as to define a rice cooperator for the purpose of making payments, loans and purchases on the 1976 and 1977 crops as a person who has a rice acreage allotment and, if a set-aside program is in effect, who has set aside any acreage required under the program.

*Section 304. Conforming amendment*

This section makes conforming changes in various sections of the Agricultural Act of 1949 to reflect the provisions of S. 2260. The changes are effective for the 1976 and 1978 crops of rice.

## DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,

Washington, D.C., November 13, 1975.

HON. HERMAN E. TALMADGE,  
Chairman, Committee on Agriculture and Forestry, U.S. Senate,  
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of August 11 for a report and estimated cost of S. 2260, a bill "To establish improved programs for the benefit of products and consumers of rice".

The Department recommends that this bill be enacted *provided* that:

(1) the bill be amended to set the 1976 established price and loan rate of \$7 and \$5 per hundredweight, respectively, without the provision to adjust 1976 levels;

(2) the disaster payment provision be deleted; and

(3) the set-aside authority be amended which would permit the Secretary to provide for a set-aside of cropland if he determines that the supply of rice or other agricultural commodities will, in the absence of a set-aside, likely be excessive.

The established price and loan rate of \$8 and \$6 per hundredweight, respectively, are more than adequate to support farm income and provide interim financing of the rice crop. To immediately escalate the established price and loan rate in 1976—as proposed in S. 2260—would provide levels well in excess of average production costs.

The Department is opposed to mandatory disaster payment provisions, such as those contained in the Agriculture and Consumer Protection Act of 1973 and which are included in S. 2260. The Department favors legislation such as that embodied in S. 1647, which would substitute an expanded crop insurance program for disaster provisions, and would encourage private underwriters to offer all-risk insurance.

The recommended amendment to the set-aside provision would then be consistent with the set-aside authority provided in the Agriculture and Consumer Protection Act of 1973.

An analysis of government outlays for a 5-year period covering the current rice program, S. 2260 and S. 2260, with recommended amendments, is enclosed. As shown on this enclosure, the Department estimates that escalation of the levels in 1976, as provided by S. 2260, would result in deficiency payments in each of the 1976 through 1980 crop years.

The Office of Management and Budget advises that there is no objection to the presentation of this report and that enactment of this legislation, if amended, as recommended above, would be in accord with the President's program.

Sincerely,

RICHARD A. ASHWORTH,  
Deputy Under Secretary.

Enclosure.

## SUMMARY.—NET GOVERNMENT OUTLAYS OF ALTERNATIVE RICE PROGRAMS

(In millions of dollars)

	Current program	S. 2260	1976 target price at \$7 per hundred-weight, lean level at \$5, escalation of target for 1977 subsequent crops
<b>Deficiency payments:</b>			
1976.....		36	
1977.....		36	
1978.....		50	
1979.....		71	
1980.....		99	
5-yr total.....		292	
<b>Loans and purchases:</b>			
1976.....			
1977.....			
1978.....		28	
1979.....		99	
1980.....			
5-yr total.....		127	
<b>Public Law 480 costs:</b>			
1976.....	259	238	238
1977.....	270	238	238
1978.....	283	238	238
1979.....	300	238	238
1980.....	321	238	238
5-yr total.....	1,433	1,190	1,190
<b>Total:</b>			
1976.....	259	274	238
1977.....	270	274	238
1978.....	283	288	238
1979.....	328	309	238
1980.....	420	337	238
5-yr total.....	1,560	1,482	1,190

**COST ESTIMATES**

In accordance with section 252 of the Legislative Reorganization Act of 1970, the Committee finds that obviously, estimates of outlays made at this time for the rice marketing years 1976-77 and 1977-78 are subject to change. There is no way to predict with assurance any of the elements which necessarily are part of such projections. Production of rice, both domestic and worldwide, market requirements at home and abroad, P.L. 480 requirements, and production of other crops, as well as other factors, all are part of the picture.

Therefore, while the Committee finds no reason to disagree with the cost estimates submitted by the Department of Agriculture in their report on S. 2260, which is a two-year bill, there is no assurance that these projections will prevail.

In that letter the Department of Agriculture reports that deficiency payments under the provisions of S. 2260 will total \$36 million for each of two years. These payments would not be made under existing law.

The Department also estimates the outlays for P.L. 480 would total \$238 million for each of two years. This compares with \$259 million in 1976 and \$270 million in 1977 estimated under existing law.

In addition, S. 2260 provides a permanent authorization for additional rice research of up to \$1 million annually. However, such moneys as are approved yearly for research under Title II of the bill will be within the purview of the Appropriations Committees of the two Houses and the Congress.

**CHANGES IN EXISTING LAW**

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

**AGRICULTURAL ADJUSTMENT ACT OF 1938**

\* \* \* \* \*

[NOTE.—Section 352 below is amended effective for the 1976 and 1977 crops of rice.]

**[NATIONAL ACREAGE ALLOTMENT**

**[SEC. 352.** The national acreage allotment of rice for any calendar year shall be that acreage which the Secretary determines will, on the basis of the national average yield of rice for the five calendar years immediately preceding the calendar year for which such national average yield is determined, produce an amount of rice adequate, together with the estimated carry-over from the marketing year ending in such calendar year, to make available a supply for the marketing year commencing in such calendar year not less than the normal supply. *Provided, however,* That for 1956 no national acreage allotment shall be established which is less than 85 per centum of the final allotment established for the immediately preceding year. Such national acreage allotment shall be proclaimed not later than December 31 of each year.]

**NATIONAL ACREAGE ALLOTMENT AND ALLOCATION**

*SEC. 352. (a) The Secretary shall establish for each of the 1976 and 1977 crops of rice a national acreage allotment in the amount of one million eight hundred thousand acres.*

*(b) The national acreage allotment for each such crop of rice shall be apportioned by the Secretary to farms, and in producer States and administrative areas, to producers on the basis of the rice allotments established for the 1975 crop as adjusted in accordance with subsection (c) of this section: Provided, That not to exceed 1 per centum of the national acreage allotment apportioned within each State may be reserved by the State committee for (1) apportionment to new rice farms and new rice producers on the basis of the following factors: suitability of the land for the production of rice, the extent to which the farm operator (or producer in the case of a producer allotment) is dependent on income from farming for his livelihood, the production of rice on other farms owned, operated, or controlled by such person, and such other factors as the State committee determines should be considered for the purpose of establishing fair and equitable rice allotments; (2)*



making adjustments in farm allotments to correct inequities or to prevent hardships; and (3) making corrections in farm or producer allotments.

(c) (1) If for any crop the total acreage planted to rice on a farm is less than the rice allotment for the farm (or in producer administrative areas, the producer allotments allocated to the farm), the farm or producer allotment used as a base for the succeeding crop shall be reduced by the percentage by which such planted acreage was less than the allotment for the farm, but such reduction shall not exceed 20 per centum of the farm or producer allotment for the preceding crops: except that if not less than 90 per centum of the farm acreage allotment is planted to rice, the farm shall be considered to have an acreage planted to rice equal to 100 per centum of such allotment. For purposes of this paragraph, an acreage on the farm which the Secretary determines was not planted to rice because of drought, flood, other natural disaster, or a condition beyond the control of the producer shall be considered to be an acreage planted to rice. For the purpose of this paragraph, the Secretary may permit producers of rice to have acreage devoted to soybeans, wheat, feed grains, sugar, castor beans, triticale, oats, cotton, rye, or such other crops as the Secretary may deem appropriate, considered as devoted to the production of rice to such extent and subject to such terms and conditions as the Secretary determines will not impair the effective operation of the rice program.

(2) If no acreage is planted (or regarded as planted) to rice for two consecutive crop years on any farm which had a farm acreage allotment for such years or for any producer which had a producer allotment for such years, such farm or producer shall lose its allotment.

(3) Notwithstanding the provisions of paragraphs (1) and (2) of this subsection, no farm or producer allotment shall be reduced or lost through failure to plant, if the cooperator elects not to receive payments for the portion of the farm or producer allotment not planted to which he would otherwise be entitled under the provisions of section 101(g) of the Agricultural Act of 1949.

(d) Notwithstanding any other provisions of this Act, if the Secretary determines for any year that, because of drought, flood, other natural disaster, or a condition beyond the control of the person involved in the production of rice, none or only part of the acres of an allotment can be timely planted or replanted by or for such person in such year, the Secretary may authorize for such year the transfer of the total number of such acres which are so affected to another farm in the same or any nearby county, but within the same administrative area, on which one or more persons on the farm from which the transfer is made will be engaged in the production of rice and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Any allotment, or portion thereof, transferred under this subsection shall be regarded as planted to rice on the farm from which the transfer is made for purposes of establishing future farm allotments. For the purpose of determining the amount of payments and loans made under section 101(g) of the Agricultural Act of 1949 with regard to farms to which allotments, or portions thereof, are transferred under this subsection, the Secretary shall establish a farm yield for any such farm for which there is no established yield.

(e) (1) The Secretary shall permit the owner and operator of any

farm for which a farm acreage allotment has been established to sell or lease all or any part, or the right to all or any part of such allotment, to any other owner or operator of a farm in the same administrative area, or to transfer all or any part of such allotment to any other farm owned or controlled by him in the same administrative area. The Secretary shall also permit the person for whom a producer allotment has been established to sell or lease all or any part of such allotment to any other person in the same administrative area.

(2) (A) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm dies, his history of rice production shall be apportioned in the whole or in part among his heirs or devisees according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such succession of farming operations is furnished the Secretary.

(B) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership's history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners.

(C) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county in amounts determined by the county committee to be fair and reasonable. Any allotment surrendered under this subparagraph shall be regarded for purposes of this subsection as having been planted on the farm from which it was surrendered.

(f) Any acreage planted to rice in excess of the farm or producer acreage allotment in the crop years 1975 and 1977 shall not be taken into account in establishing farm, or producer acreage allotments in any year following such period.

[NOTE.—Sections 353 through 356 below shall not be applicable to the 1976 and 1977 crops of rice.]

#### [APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

[SEC. 353. (a) The national acreage allotment of rice for each calendar year, less a reserve of not to exceed 1 per centum thereof for apportionment by the Secretary as provided in this subsection, shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the five-year period immediately preceding the calendar year for which such national acreage allotment of rice is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for trends in acreage during the applicable period. The Secretary shall provide for the apportionment of the reserve acreage set aside pursuant to this subsection to farms receiving allotments which are inadequate because of an insufficient State or county acreage allotment or because rice was not planted on the farm during all of the preceding five years.

[(b) The State acreage allotment shall be apportioned to farms owned or operated by persons who have produced rice in the State

in any one of the five calendar years immediately preceding the year for which such apportionment is made on the basis of past production of rice in the State by the producer on the farm taking into consideration the acreage allotment previously established in the State for such owners or operators; abnormal conditions affecting acreage; land, labor, and equipment available for the production of rice; crop rotation practices; and the soil and other physical factors affecting the production of rice: *Provided*, That if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the Act, he may provide for the apportionment of part or all of the State acreage allotment to farms on which rice has been produced during any one of such period of years on the basis of the foregoing factors, using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such owners or operators: *Provided further*, That if the Secretary determines that part of the State acreage allotment shall be apportioned on the basis of past production of rice by the producer on the farm and part of the basis of the past production of rice on the farm, he shall divide the State into two administrative areas, to be designated "producer administrative area" and "farm administrative area", respectively, which areas shall be separated by a natural barrier which would prevent each area from being readily accessible to rice producers in one area for producing rice in the other area, and each such area shall be composed of whole counties. Not more than 3 per centum of the State acreage allotment shall be apportioned among farms operated by persons who will produce rice in the State during the calendar year for which the allotment is made but who have not produced rice in the State in any one of the past five years, on the basis of the applicable apportionment factors set forth herein: *Provided*, That in any State in which allotments are established for farms on the basis of past production of rice on the farm such percentage of the State acreage allotment shall be apportioned among the farms on which rice is to be planted during the calendar year for which the apportionment is made but on which rice was not planted during any of the past five years, on the basis of the applicable apportionment factors set forth herein. In determining the eligibility of any producer or farm for an allotment as an old producer or farm under the first sentence of this subsection or as a new producer or farm under the second sentence of this subsection, such producer or farm shall not be considered to have produced rice on any acreage which under subsection (c) (2) is either not to be taken into account in establishing acreage allotments or is not to be credited to such producer. For purposes of this section in States which have been divided into administrative areas pursuant to this subsection the term "State acreage allotment" shall be deemed to mean that part of the State acreage allotment apportioned to each administrative area and the word "State" shall be deemed to mean "administrative area", wherever applicable.

[(c) Notwithstanding any other provisions of this Act—

[(1) If farm acreage allotments are established by using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of

rice by the producer and the acreage allotments previously established for owners or operators, the State acreage allotment shall be apportioned among counties in the State on the same basis as the national acreage allotment is apportioned among the States and the county acreage allotments shall be apportioned to farms on the basis of the applicable factors set forth in subsection (b) of this section: *Provided*, That if the State is divided into administrative areas pursuant to subsection (d) of this section the allotment for each administrative area shall be determined by apportioning the State acreage allotment among counties as provided in this subsection and totaling the allotments for the counties in such area: *Provided*, That the State committee may reserve not to exceed 5 per centum of the State allotment, which shall be used to make adjustments in county allotments for trends in acreage and for abnormal conditions affecting plantings;

[(2) Any acreage planted to rice in excess of the farm acreage allotment shall not be taken into account in establishing State, county, and farm acreage allotments.

In determining the past production of rice by producers on a farm for the purpose of establishing farm acreage allotments for the 1956 and subsequent crops, the acreage of rice on the farm for any year for which farm acreage allotments were in effect shall be divided among the producers thereon in the proportion in which they contributed to the farm acreage allotment.

[(3) [Applicable to 1955 crop only.]

[(4) [Applicable to 1955 crop only.]

[(5) Each of the State acreage allotments for 1956 heretofore proclaimed by the Secretary, after adding thereto any acreage apportioned to farms in the State from the reserve acreage set aside pursuant to subsection (a) of this section, shall be increased by such amount as may be necessary to provide such State with an allotment of not less than 85 per centum of its final allotment established for 1955. Any additional acreage required to provide such minimum allotment shall be additional to the national acreage allotment. In any State having county acreage allotments for 1956, the increase in the State allotment shall be apportioned among counties in the State on the same basis as the State allotment was heretofore apportioned among the counties, but without regard to adjustments for trends in acreage.

[(6) The national acreage allotments of rice for 1957 and subsequent years shall be not less than the national acreage allotment for 1956, including any acreage allotted under paragraph (5) of this subsection, and such national allotments for 1957 and subsequent years shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956.

[(7) If the national acreage allotment for rice for 1966, 1967, 1968, 1969, or 1970 is less than the national acreage allotment for rice for 1965, the Secretary shall formulate and carry out an acreage diversion program for rice for such year designed to support the gross income of rice producers at a level not lower than that for 1965, minus any reduction in production costs resulting from the reduced rice acreage. Under such program con-

servation payments shall be made to producers who comply with their rice acreage allotments, devote to an approved conservation use an acreage of cropland on the farm equal to the number of acres determined by multiplying the farm acreage allotment by the diversion factor, and comply with such additional terms and conditions as the Secretary may prescribe. The diversion factor shall be determined by dividing the number of acres by which the national acreage allotment is reduced below the national acreage allotment for 1965 by the number of acres in the national acreage allotment. Notwithstanding the foregoing provisions, the Secretary may permit all or any part of such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flaxseed, if he determines that such production is not likely to increase the cost of the price-support program and will not adversely affect farm income, subject to the condition that payment with respect to diverted acreage devoted to any such crops shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops; but in no event shall the payment exceed one-half the rate which otherwise would be applicable if such acreage were devoted to conservation uses. Such program shall require the producer to take such measures as the Secretary may deem appropriate to keep such diverted acreage free from erosion, insects, weeds, and rodents. The Secretary may make not to exceed 50 per centum of any payments to producers in advance of determination of performance. The Secretary shall provide for the sharing of payments under this paragraph among producers on the farm on a fair and equitable basis as determined by the Secretary. The Commodity Credit Corporation is authorized to utilize its capital funds and other assets for the purpose of making the payments authorized in this paragraph and to pay administrative expenses necessary in carrying out this paragraph.

[(d) The provisions of this part shall not apply to nonirrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed three acres or to rice produced outside the continental United States.

[(e) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of the past production of rice by the producers on the farm or the past production of rice on the farm, as the case may be; acreage allotments previously established for the farm or for the producers on the farm, as the case may be; abnormal conditions affecting acreage: land, labor, water, and equipment available for the production of rice; crop-rotation practices; and the soil and other physical factors affecting the production of rice. Any allotment surrendered under this provision shall be regarded for the purposes of subsection (b) of this section as having been planted on the farm from which surrendered, except that this shall not operate to make the farm from which the allotment was

surrendered eligible for an allotment as having rice planted thereon, or to make any producer thereon eligible for an allotment as having produced rice, during the five-year base period.

[(f) (1) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm dies, his history of rice production shall be apportioned in whole or in part among his heirs or devisees according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such succession of farming operations is furnished the Secretary.

[(2) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm withdraws in whole or in part from rice production in favor of a member or members of his family who will succeed to his farming operations that portion of his rice history acreage as may be ascribed to such withdrawal may be transferred to such family member or members, as the case may be, if satisfactory proof of such relationship and succession of farming operations by such family member or members is furnished the Secretary.

[(3) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm permanently withdraws from rice production, his rice history acreage may be transferred to another producer or producers who have had previous rice-producing experience, provided the following conditions are met: (i) The transferee must acquire, except for land, the entire farming operation pertaining to rice, including all production and harvesting equipment, any irrigation equipment not permanently attached to the land; and (ii) the transferee must actually plant at least 90 per centum of his total producer rice acreage allotment, including the allotment determined on the basis of the rice history acreage acquired from the transferor for at least three out of the next four years following the transfer. Failure by the transferee to comply with condition (ii) above shall result in cancellation of the transfer of the rice history acreage. The transferor of rice acreage history under this subsection shall not be eligible for a producer rice acreage allotment for any year subsequent to such transfer, except to the extent that such allotment may be based on rice history acquired in a year (subsequent to the transfer) for which rice acreage allotments are not in effect.

[(4) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership's history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners: *Provided*, That if a partnership was formed in a year in which allotments were in effect and is dissolved in less than three consecutive crop years after the partnership became effective, the rice acreage allotment established for the partnership and rice history acreages credited to the partnership for each of the years during its existence shall be divided among the partners in the same proportion that each partner contributed to the allotment established for the partnership at the time such partnership was formed. The rice history acreage credited to each of the partners for



the years prior to the time the partnership was formed shall revert to the person to whom it was originally credited.

[(g) Notwithstanding any other provision of this Act, if the Secretary determines for 1973 that because of a natural disaster a portion of the farm rice acreage allotments in a county cannot be timely planted or replanted in such year, he may authorize for such year the transfer of all or a part of the rice acreage allotment for any farm in the county so affected to another farm in the county or in an adjoining county on which one or more of the producers on the farm from which the transfer is to be made will be engaged in the production of rice and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Any farm allotment transferred under this subsection shall be deemed to be released acreage for the purpose of acreage history credits under subsection (e) of this section and section 377 of this Act: *Provided*, That, notwithstanding the provisions of subsection (e) of this section, the transfer of any farm allotment under this subsection shall operate to make the farm from which the allotment was transferred eligible for an allotment as having rice planted thereon during the five-year base period.

#### MARKETING QUOTAS

[SEC. 354 .(a) Whenever in any calendar year the Secretary determines that the total supply of rice for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall not later than December 31, of such calendar year, proclaim such fact and marketing quotas shall be in effect for the crop of rice produced in the next calendar year.

[(b) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum by secret ballot of farmers engaged in the production of the immediately preceding crop of rice to determine whether such farmers are in favor of or opposed to such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum and such quotas shall become ineffective.

#### AMOUNT OF FARM MARKETING QUOTA

[SEC. 355. The farm marketing quota for any crop of rice shall be the actual production of rice on the farm less the normal production of the acreage planted to rice on the farm in excess of the farm acreage allotment. The normal production from such excess acreage shall be known as the "farm marketing excess": *Provided*, That the farm marketing excess shall not be larger than the amount by which the actual production of rice on the farm exceeds the normal production of the farm acreage allotment if the producer establishes such actual production to the satisfaction of the Secretary.

#### PENALTIES AND STORAGE

[SEC. 356. (a) Whenever farm marketing quotas are in effect with respect to any crop of rice the producer shall be subject to a penalty on the farm marketing excess at a rate per pound equal to 50 per

centum of the parity price per pound for rice as of June 15 of the calendar year in which such crop is produced. Effective beginning with the 1958 crop, the rate of penalty on rice shall be 65 per centum of the parity price per pound for rice as of June 15 of the calendar year in which the crop is produced.

[(b) The farm marketing excess of rice shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to rice in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section 355, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted marketing excess shall be returned to or allowed the producer.

[(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

[(d) Until the penalty on the farm marketing excess is paid, postponed, or avoided, as provided herein, all rice produced on the farm and marketed by the producer shall be subject to the penalty provided by this section and a lien on the entire crop of rice produced on the farm shall be in effect in favor of the United States.

[(e) The penalty on the farm marketing excess on any crop of rice may be avoided or postponed by storage or by disposing of the commodity in such other manner, not inconsistent with the purposes of this Act, as the Secretary shall prescribe, including, in the discretion of the Secretary, delivery to Commodity Credit Corporation or any other agency within the Department. The Secretary shall issue regulations governing such storage or other disposition. Unless otherwise specified by the Secretary in such regulations, any quantity of rice so stored or otherwise disposed of shall be of those types and grades which are representative of the entire quantity of rice produced on the farm. Upon failure so to store or otherwise dispose of the farm marketing excess of rice within such time as may be determined under regulations prescribed by the Secretary, the penalty on such excess shall become due and payable. Any rice delivered to any agency of the Department pursuant to this subsection shall become the property of the agency to which delivered and shall be disposed of at the direction of the Secretary in a manner not inconsistent with the purposes of this Act. If the farm marketing excess of rice determined for any farm is delivered to Commodity Credit Corporation or any other agency within the Department, in accordance with regulations prescribed by the Secretary, such farm shall be considered to be in compliance with the rice acreage allotment for such year.

[(f) Subject to the provisions of subsection (g) of this section, the penalty upon the farm marketing excess stored pursuant to this section shall be paid by the producer at the time and to the extent of any depletion in the amounts so stored except depletion resulting from some cause beyond the control of the producer or from substitution of the commodity authorized by the Secretary.

[(g) (1) If the planted acreage of the then current crop of rice for any farm is less than the farm acreage allotment, the amount of the

commodity from any previous crop of rice stored to postpone or avoid payment of the penalty shall be reduced by an amount equal to the normal production of the number of acres by which the farm acreage allotment exceeds the acreage planted to rice.

[(2) If the actual production of the acreage of rice on any farm on which the acreage of rice is within the farm acreage allotment is less than the normal production of the farm acreage allotment, the amount of rice from any previous crop stored to postpone or avoid payment of the penalty shall be reduced by an amount which, together with the actual production of the then current crop will equal the normal production of the farm acreage allotment: *Provided*, That the reduction under this paragraph shall not exceed the amount by which the normal production of the farm acreage allotment less any reduction made under paragraph (1) of this subsection is in excess of the actual production of the acreage planted to rice on the farm.

[(h) Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of rice produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of rice shall be terminated, effective as of the first day of such marketing year. Such terminating shall not abate any penalty previously incurred by a producer or relieve any buyer of the duty to remit penalties previously collected by him.]

[NOTE.—Section 377 below shall not be applicable to the 1976 and 1977 crops.]

#### [(PRESERVATION OF UNUSED ACREAGE ALLOTMENTS

[SEC. 377. In any case in which, during any year beginning with 1956, the acreage planted to a commodity on any farm is less than the acreage allotment for such farm, the entire acreage allotment for such farm (excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f) (7) (A) of section 344) shall, except as provided herein, be considered for the purpose of establishing future State, county and farm acreage allotments to have been planted to such commodity in such year on such farm, but the 1956 acreage allotment of any commodity shall be regarded as planted under this section only if the owner or operator on such farm notified the county committee prior to the sixtieth day preceding the beginning of the marketing year for such commodity of his desire to preserve such allotment: *Provided*, That beginning with the 1960 crop, except for federally owned land, the current farm acreage allotments established for a commodity shall not be preserved as history acreage pursuant to the provisions of this section unless for the current year or either of the two preceding years acreage equal to 75 per centum or more of the farm acreage allotment for such year or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year, whichever is smaller was actually planted or devoted to the commodity on the farm (or was regarded

as planted under provisions of the Soil Bank Act or the Great Plains program): *Provided further*, That this section shall not be applicable in any case, within the period 1956 to 1959, in which the amount of the commodity required to be stored to postpone or avoid payment of the penalty has been reduced because the allotment was not fully planted. Acreage history credits for released or reapportioned acreage shall be governed by the applicable provisions of this title pertaining to the release and reapportionment of acreage allotments.]

[NOTE.—Section 385 below is amended effective only with respect to the 1976 and 1977 crops of rice.]

#### FINALITY OF FARMERS PAYMENTS AND LOANS

SEC. 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, payments (including certificates) under the wheat and feed grain set-aside programs, payments under the cotton set-aside program, *payments under the rice program authorized by section 101 (g) of the Agricultural Act of 1949*, payment under section 339, loan, or price support operation, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provide by regulations. This section also shall be applicable to payments provided for under section 348 of this title.

#### AGRICULTURAL ACT OF 1949

##### SEC. 101. \* \* \*

[NOTE.—The following new subsection shown below is added to section 101 effective for the 1976 and 1977 crops of rice.]

(g) *Notwithstanding any other provisions, of law—*

(1) *The established price for the purpose of making payments on rice under this subsection shall be \$8 per hundredweight in the case of the 1976 crop, adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment of the Rice Production Act of 1975, and ending July 31, 1976; for the 1977 crop the established price shall be the established price for the 1976 crop adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the twelve-month period immediately preceding July 31, 1977: Provided, That any increase that would otherwise be made in the established price for the 1976 and 1977 crops to reflect a change in the index of prices paid*

by farmers may be further adjusted to reflect any change in (i) the national average yield per acre of rice for the three calendar years preceding the year for which the determination is made, over (ii) the national average yield per acre for the three calendar years preceding the year previous to the one for which the determination is made.

(2) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases on the 1976 crop of rice at a rate equal to \$6 per hundredweight adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment of the Rice Production Act of 1975 and ending July 31, 1976: Provided, That any increase in the rate of loans and purchases for the 1976 crop to reflect a change in the index of prices paid by farmers may be further adjusted to reflect the change described in the proviso in paragraph (1) of this subsection. Loans and purchases for the 1977 crop shall be established at such rate as bears the same ratio to the loan rate for the 1976 crop as the established price for the 1977 crop bears to the established price for the 1976 crops. The loans and purchases for the 1976 crops and 1977 crops shall be made available to each cooperator with respect to a quantity of rice determined by multiplying the allotment of the cooperator for the crop by the yield established for the farm, as determined in the manner described in the second sentence of paragraph (4) of this subsection.

(3) The Secretary shall make available to cooperators payments for each of the 1976 and 1977 crops of rice grown in the several States of the United States at a rate equal to the amount by which the established price for the crop of rice exceeds the higher of—

(A) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary; or

(B) the loan level determined under paragraph (2) for such crop.

(4) the payments for the 1976 and 1977 crops shall be made available to each cooperator with respect to a quantity of rice determined by multiplying the allotment of the cooperator for the crop by the yield established for the farm. The yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years: Provided, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or condition beyond the control of the cooperator. If the Secretary determines that the persons involved in producing rice on a farm are prevented from planting all or any portion of the acres of the producer or farm acreage allotment to rice or other nonconserving crop, because of droughts, flood, or other natural disaster or condition beyond the control of the producer, the rate of payment with regard to such acres so affected shall be the larger of (A) the foregoing rate, or (B) one-third of the established price, except that the Secretary shall make no payment pursuant to this sentence on a farm from which acres were transferred under section 352(d) of the Agricultural Adjustment Act of 1938 with respect to the transferred acreage. If the Secretary determines that, because of such disaster or condition, the total quantity of rice which the persons involved in producing rice are able to harvest on any farm

is less than 62 $\frac{2}{3}$  per centum of the farm acreage allotment times the yield of rice established for the farm, the rate of payment for the deficiency in production below 100 per centum shall be the larger of (A) the foregoing rate, or (B) one-third of the established price. Any payment made under the previous two sentences with regard to acres transferred under section 352(d) of the Agricultural Adjustment Act of 1938 shall be calculated with respect to the farm yield established on the farm to which such acres were transferred.

(5) (A) The Secretary may provide for a set-aside of cropland for a crop of rice if he estimates (without taking into consideration the effect of a set-aside), that the carryover of rice for the marketing year beginning in the calendar year immediately following the calendar year in which such crop will be grown will exceed 15 per centum of the total supply of rice for the marketing year beginning in the calendar year in which such crop will be grown. The Secretary shall make a preliminary determination prior to the beginning of the calendar year in which such crop will be grown and a final determination not later than April 1 of the calendar year in which such crop is grown of whether a set-aside shall be in effect and, if so, the acreage of cropland required to be set aside. The determinations and estimates on which they are based shall be published in the Federal Register at the time they are made. If a set-aside of cropland is in effect under this paragraph then, as a condition of eligibility for payments, loans and purchases under this subsection, the cooperators must set aside and devote to conservation uses and acreage of cropland equal to (i) such percentage of the farm acreage allotment as may be specified by the Secretary (not to exceed 30 per centum of the farm acreage allotment), plus, if required by the Secretary, (ii) the acreage of cropland on the farm devoted in preceding years to soil conserving uses, as determined by the Secretary. The Secretary shall permit cooperators to plant and graze sweet sorghum on set-aside acreage. The Secretary may permit subject to such terms and conditions as he may prescribe, all or any part of the set-aside acreage to be devoted to hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if he determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

(B) To assist in adjusting the acreage of rice to desirable goals, the Secretary may make land diversion payments, in addition to the payments authorized in paragraph (3) of this subsection, to cooperators on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in addition to that required to be devoted under subparagraph (A) of this paragraph. The land diversion payments for a farm shall be at such rate or rates as the Secretary determines to be fair and reasonable taking into consideration the diversion undertaken by the cooperator and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to adversely affect the economy of the county or local community.

(6) The rice program formulated under this subsection shall require the cooperators to take such measures as the Secretary may deem

appropriate to protect the set-aside acreage and the additional diverted acreage from erosion, insects, weeds, and rodents. Such acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentences. The Secretary may provide for an additional payment on such acreage in the amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the cooperators agree to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

(7) If the operator of the farm desires to participate in the program formulated under this subsection, he shall file his agreement to do so no later than such date as the Secretary may prescribe. Payments under this subsection shall be made available to cooperators on such farm only if such cooperators set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator of the farm agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the cooperators on the farm, terminate or modify any such agreement entered into pursuant to this subsection if he determines such action necessary because of any emergency created by drought or other disaster, or in order to alleviate a shortage in the supply of rice.

(8) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers including provision for sharing, on a fair and equitable basis, in payments under this subsection.

(9) In the case in which the failure of a cooperator to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as he determines to be equitable in relation to the seriousness of the default.

(10) The Secretary is authorized to issue such regulations as he determines necessary to carry out the provisions of this subsection.

(11) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

(12) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

(13) Notwithstanding any other provision of law—

(A) the total amount of payments which a person shall be entitled to receive during a crop year under the rice program shall not exceed \$55,000;

(B) the term "payments" as used in this paragraph shall not include loans or purchases, or any part of any payment which is determined by the Secretary to represent compensation for resource adjustment or public access for recreation;

(C) if the Secretary determines that the total amount of payments which will be earned by any person under the program in effect for any crop will be reduced under this section, the set-aside acreage for

the farm or farms on which such persons will be sharing in payments earned under such program shall be reduced to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction; and

(D) the Secretary shall issue regulations defining the term "person" and prescribing such rules as he determines necessary to assure a fair and reasonable application of such limitation: Provided, That the provisions of this paragraph which limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970.

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#### DEFINITIONS

SEC. 408. \* \* \*

#### COOPERATOR

(b) A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn or wheat to a producer outside the commercial corn-producing or wheat-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary: Provided, That for upland cotton a cooperator shall be a producer on whose farm the acreage planted to such cotton does not exceed the cooperator percentage, which shall be in the case of the 1966 crop, 87.5 per centum of such farm acreage allotment and, in the case of each of the 1967 through 1970 crops, such percentage, not less than 87.5 or more than 100 per centum, of such farm acreage allotment as the Secretary may specify for such crop, except that in the case of small farms (i.e., farms on which the acreage allotment is 10 acres or less, or on which the projected farm yield times the acreage allotment is 3,600 pounds or less, and the acreage allotment has not been reduced under section 344(m)) the acreage of cotton on the farm shall not be required to be reduced below the farm acreage allotment: And provided, That for the 1971 through 1977 crops of upland cotton a cooperator shall be a producer on a farm on which a farm base acreage allotment has been established who has set aside the acreage required under section 103(e) [ ]: Provided further, That for the 1976 and 1977 crops of rice, a cooperator shall be a person who has a rice acreage allotment and, if a set-aside is in effect, who has set aside any acreage required under section 101(g). For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

\* \* \* \* \*

[NOTE.—The following new subsection shown below is added to section 408 effective only with respect to the 1976 and 1977 crops of rice.]

*Reference to Terms Made Available to Rice*

(m) Reference made in sections 402, 403, 406, 407, and 416 to terms "support price", "level of support", and "level of price support" shall be considered to apply as well to the level of loans and purchases for rice under this Act, and reference made to the terms "price support", "price support operation", and "price support program" in such sections and in section 401 (a) shall be considered as applying as well to the loan and purchase operations for such rice in this Act.

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# Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,  
one thousand nine hundred and seventy-six*

## An Act

To establish improved programs for the benefit of producers and consumers of rice.

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

### SHORT TITLE

SECTION 1. This Act may be cited as the "Rice Production Act of 1975".

### TITLE I—RICE ALLOTMENTS AND PRICE SUPPORT

#### NATIONAL ACREAGE ALLOTMENT AND ALLOCATION

SEC. 101. Effective for the 1976 and 1977 crops of rice, section 352 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"SEC. 352. (a) The Secretary shall establish for each of the 1976 and 1977 crops of rice a national acreage allotment in the amount of one million eight hundred thousand acres.

"(b) The national acreage allotment for each such crop of rice shall be apportioned by the Secretary to farms, and in producer States and administrative areas, to producers on the basis of the rice allotments established for the 1975 crop as adjusted in accordance with subsection (c) of this section: *Provided*, That not to exceed 1 per centum of the national acreage allotment apportioned within each State may be reserved by the State committee for (1) apportionment to new rice farms and new rice producers on the basis of the following factors: suitability of the land for the production of rice, the extent to which the farm operator (or producer in the case of a producer allotment) is dependent on income from farming for his livelihood, the production of rice on other farms owned, operated, or controlled by such person, and such other factors as the State committee determines should be considered for the purpose of establishing fair and equitable rice allotments; (2) making adjustments in farm allotments to correct inequities or to prevent hardship; and (3) making corrections in farm or producer allotments.

"(c) (1) If for any crop the total acreage planted to rice on a farm is less than the rice allotment for the farm (or in producer administrative areas, the producer allotments allocated to the farm), the farm or producer allotment used as a base for the succeeding crop shall be reduced by the percentage by which such planted acreage was less than the allotment for the farm, but such reduction shall not exceed 20 per centum of the farm or producer allotment for the preceding crop; except that if not less than 90 per centum of the farm acreage allotment is planted to rice, the farm shall be considered to have an acreage planted to rice equal to 100 per centum of such allotment. For purposes of this paragraph, an acreage on the farm which the Secretary determines was not planted to rice because of drought, flood, other natural disaster, or a condition beyond the control of the producer shall be



considered to be an acreage planted to rice. For the purpose of this paragraph, the Secretary may permit producers of rice to have acreage devoted to soybeans, wheat, feed grains, sugar, castor beans, triticale, oats, cotton, rye, or such other crops as the Secretary may deem appropriate, considered as devoted to the production of rice to such extent and subject to such terms and conditions as the Secretary determines will not impair the effective operation of the rice program.

“(2) If no acreage is planted (or regarded as planted) to rice for two consecutive crop years on any farm which had a farm acreage allotment for such years or for any producer which had a producer allotment for such years, such farm or producer shall lose its allotment.

“(3) Notwithstanding the provisions of paragraphs (1) and (2) of this subsection, no farm or producer allotment shall be reduced or lost through failure to plant, if the cooperators elect not to receive payments for the portion of the farm or producer allotment not planted to which he would otherwise be entitled under the provisions of section 101(g) of the Agricultural Act of 1949.

“(d) Notwithstanding any other provision of this Act, if the Secretary determines for any year that, because of drought, flood, other natural disaster, or a condition beyond the control of the person involved in the production of rice, none or only part of the acres of an allotment can be timely planted or replanted by or for such person in such year, the Secretary may authorize for such year the transfer of the total number of such acres which are so affected to another farm in the same or any nearby county, but within the same administrative area, on which one or more persons on the farm from which the transfer is made will be engaged in the production of rice and will share in the proceeds thereof, in accordance with such regulations as the Secretary may prescribe. Any allotment, or portion thereof, transferred under this subsection shall be regarded as planted to rice on the farm from which the transfer is made for purposes of establishing future farm allotments. For the purpose of determining the amount of payments and loans made under section 101(g) of the Agricultural Act of 1949 with regard to farms to which allotments, or portions thereof, are transferred under this subsection, the Secretary shall establish a farm yield for any such farm for which there is no established yield.

“(e) (1) The Secretary shall permit the owner and operator of any farm for which a farm acreage allotment has been established to sell or lease all or any part, or the right to all or any part of such allotment, to any other owner or operator of a farm in the same administrative area, or to transfer all or any part of such allotment to any other farm owned or controlled by him in the same administrative area. The Secretary shall also permit the person for whom a producer allotment has been established to sell or lease all or any part of such allotment to any other person in the same administrative area.

“(2) (A) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm dies, his history of rice production shall be apportioned in the whole or in part among his heirs or devisees according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such succession of farming operations is furnished the Secretary.



“(B) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership’s history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners.

“(C) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county in amounts determined by the county committee to be fair and reasonable. Any allotment surrendered under this subparagraph shall be regarded for purposes of this subsection as having been planted on the farm from which it was surrendered.

“(f) Any acreage planted to rice in excess of the farm or producer acreage allotment in the crop years 1976 and 1977 shall not be taken into account in establishing farm, or producer acreage allotments in any year following such period.”.

PAYMENTS AND LOANS

SEC. 102. Effective for the 1976 and 1977 crops of rice, section 101 of the Agricultural Act of 1949 is amended by adding the following new subsection at the end thereof:

“(g) Notwithstanding any other provision of law—

“(1) The established price for the purpose of making payments on rice under this subsection shall be \$8 per hundredweight in the case of the 1976 crop, adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment of the Rice Production Act of 1975, and ending July 31, 1976; for the 1977 crop the established price shall be the established price for the 1976 crop adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the twelve-month period immediately preceding July 31, 1977: *Provided*, That any increase that would otherwise be made in the established price for the 1976 and 1977 crops to reflect a change in the index of prices paid by farmers may be further adjusted to reflect any change in (i) the national average yield per acre of rice for the three calendar years preceding the year for which the determination is made, over (ii) the national average yield per acre for the three calendar years preceding the year previous to the one for which the determination is made.

“(2) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases on the 1976 crop of rice at a rate equal to \$6 per hundredweight, adjusted to reflect any changes in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning on the date of enactment of the Rice Production Act of 1975 and ending July 31, 1976: *Provided*, That any increase in the rate of loans and purchases for the 1976 crop to reflect a change in the index of prices paid by farmers may be further adjusted to reflect the change described in the proviso in paragraph (1) of this subsection. Loans and purchases for the 1977 crop shall be established at such rate as bears the same ratio to the loan rate for the 1976 crop as the established price for the 1977 crop bears to the established price for the 1976

crops. The loans and purchases for the 1976 and 1977 crops shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment by the yield established for the farm, as determined in the manner described in the second sentence of paragraph (4) of this subsection.

“(3) The Secretary shall make available to cooperators payments for each of the 1976 and 1977 crops of rice grown in the several States of the United States at a rate equal to the amount by which the established price for the crop of rice exceeds the higher of—

“(A) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary; or

“(B) the loan level determined under paragraph (2) for such crop.

“(4) The payments for the 1976 and 1977 crops shall be made available to cooperators on a farm with respect to a quantity of rice determined by multiplying the allotment by the yield established for the farm. The yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years: *Provided*, That the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or condition beyond the control of the cooperator. If the Secretary determines that the persons involved in producing rice on a farm are prevented from planting all or any portion of the acreage allotments of producers on the farm or farm acreage allotment to rice or other nonconserving crop, because of droughts, flood, or other natural disaster or condition beyond the control of the producer, the rate of payment with regard to such acres so affected shall be the larger of (A) the foregoing rate, or (B) one-third of the established price, except that the Secretary shall make no payment pursuant to this sentence on a farm from which acres were transferred under section 352(d) of the Agricultural Adjustment Act of 1938 with respect to the transferred acreage. If the Secretary determines that, because of such disaster or condition, the total quantity of rice which the persons involved in producing rice are able to harvest on any farm is less than 66 $\frac{2}{3}$  per centum of the acreage allotments of producers on the farm or of the farm acreage allotment times the yield of rice established for the farm, the rate of payment for the deficiency in production below 100 per centum shall be the larger of (A) the foregoing rate, or (B) one-third of the established price. Any payment made under the previous two sentences with regard to acres transferred under section 352(d) of the Agricultural Adjustment Act of 1938 shall be calculated with respect to the farm yield established on the farm to which such acres were transferred.

“(5) (A) The Secretary may provide for a set-aside of cropland for a crop of rice if he estimates (without taking into consideration the effect of a set-aside), that the carryover of rice for the marketing year beginning in the calendar year immediately following the calendar year in which such crop will be grown will exceed 15 per centum of the total supply of rice for the marketing year beginning in the calendar year in which such crop will be grown. The Secretary shall make a preliminary determination prior to the beginning of the calendar year in which such crop will be grown and a final determination not later than April 1 of the calendar year in which such crop is grown of whether a set-aside shall be in effect and, if so, the acreage of crop-

land required to be set aside. The determinations and estimates on which they are based shall be published in the Federal Register at the time they are made. If a set-aside of cropland is in effect under this paragraph then, as a condition of eligibility for payments, loans and purchases under this subsection, the cooperators must set aside and devote to conservation uses an acreage of cropland equal to (i) such percentage of the farm acreage allotment as may be specified by the Secretary (not to exceed 30 per centum of the farm acreage allotment), plus, if required by the Secretary, (ii) the acreage of cropland on the farm devoted in preceding years to soil conserving uses, as determined by the Secretary. The Secretary shall permit cooperators to plant and graze sweet sorghum on set-aside acreage. The Secretary may permit, subject to such terms and conditions as he may prescribe, all or any part of the set-aside acreage to be devoted to hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if he determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

“(B) To assist in adjusting the acreage of rice to desirable goals, the Secretary may make land diversion payments, in addition to the payments authorized in paragraph (3) of this subsection, to cooperators on a farm who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in addition to that required to be devoted under subparagraph (A) of this paragraph. The land diversion payments for a farm shall be at such rate or rates as the Secretary determines to be fair and reasonable taking into consideration the diversion undertaken by the cooperator and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to adversely affect the economy of the county or local community.

“(6) The rice program formulated under this subsection shall require the cooperators to take such measures as the Secretary may deem appropriate to protect the set-aside acreage and the additional diverted acreage from erosion, insects, weeds, and rodents. Such acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentences. The Secretary may provide for an additional payment on such acreage in the amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the cooperator agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

“(7) If the operator of the farm desires to participate in the program formulated under this subsection, he shall file his agreement to do so no later than such date as the Secretary may prescribe. Payments under this subsection shall be made available to cooperators on such farm only if such cooperators set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres

which the operator of the farm agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the cooperators on the farm, terminate or modify any such agreement entered into pursuant to this subsection if he determines such action necessary because of any emergency created by drought or other disaster, or in order to alleviate a shortage in the supply of rice.

“(8) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers including provision for sharing, on a fair and equitable basis, in payments under this subsection.

“(9) In the case in which the failure of a cooperator to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as he determines to be equitable in relation to the seriousness of the default.

“(10) The Secretary is authorized to issue such regulations as he determines necessary to carry out the provisions of this subsection.

“(11) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

“(12) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

“(13) Notwithstanding any other provision of law—

“(A) The total amount of payments which a person shall be entitled to receive during a crop year under the rice program shall not exceed \$55,000.

“(B) The term ‘payments’ as used in this paragraph shall not include loans or purchases, or any part of any payment which is determined by the Secretary to represent compensation for resource adjustment or public access for recreation.

“(C) If the Secretary determines that the total amount of payments which will be earned by any person under the program in effect for any crop will be reduced under this section, the set-aside acreage for the farm or farms on which such persons will be sharing in payments earned under such program shall be reduced to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

“(D) The Secretary shall issue regulations defining the term ‘person’ and prescribing such rules as he determines necessary to assure a fair and reasonable application of such limitation: *Provided*, That the provisions of this paragraph which limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970.”

#### SUSPENSION OF MARKETING QUOTAS AND OTHER PROVISIONS

SEC. 103. Sections 353, 354, 355, and 356 of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1976 and 1977 crops of rice.

H. R. 8529—7

## TITLE II—RICE RESEARCH

SEC. 201. (a) The Secretary of Agriculture may, under rules prescribed by such Secretary, carry out regional and national research programs with regard to rice for the following purposes:

- (1) to reduce fertilizer and herbicide usage in excess of production needs;
  - (2) to develop varieties of rice more susceptible to complete fertilizer utilization;
  - (3) to improve the resistance of rice plants to disease and to enhance their conservation and environmental qualities;
  - (4) to increase the usage of rice and its processing byproducts;
  - (5) to develop better husbandry practices in production and conservation of rice;
  - (6) to develop more efficient rice storage practices;
  - (7) to improve domestic and international marketing of rice;
- and
- (8) to benefit the general welfare.

(b) The Secretary shall, in implementing the program authorized in subsection (a), utilize the technical and related services of appropriate Federal, State, local governmental, and private agencies, with priority consideration for land grant universities, State experiment stations, and other agricultural institutions of higher learning.

(c) There is authorized to be appropriated not more than \$1,000,000 for the period ending September 30, 1976, to carry out the provisions of this section. No funds authorized by this section shall be used for advertising or promotional activities.

## TITLE III—MISCELLANEOUS

## UNUSED ACREAGE ALLOTMENTS

SEC. 301. Section 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1976 and 1977 crops of rice.

## FINALITY OF FARMERS' PAYMENTS AND LOANS

SEC. 302. Effective only with respect to the 1976 and 1977 crops of rice, section 385 of the Agricultural Adjustment Act of 1938 is amended in the first sentence thereof by inserting immediately after "cotton set-aside program," the following: "payments under the rice program authorized by section 101(g) of the Agricultural Act of 1949,".

## DEFINITION OF COOPERATOR

SEC. 303. Section 408(b) of the Agricultural Act of 1949 is amended by striking out the period at the end of the first sentence and inserting in lieu thereof the following: " : *Provided further*, That for the 1976 and 1977 crops of rice, a cooperator shall be a person who produces rice on a farm for which a farm acreage allotment has been established or to which a producer acreage allotment has been allocated and, if a set-aside is in effect, who has set aside any acreage required under section 101(g)."

## H. R. 8529—8

## CONFORMING AMENDMENT

SEC. 304. Effective only with respect to the 1976 and 1977 crops of rice, section 408 of the Agricultural Act of 1949 is amended by adding at the end thereof the following new subsection:

“Reference to Terms Made Available to Rice

“(m) Reference made in sections 402, 403, 406, 407, and 416 to terms ‘support price’, ‘level of support’, and ‘level of price support’ shall be considered to apply as well to the level of loans and purchases for rice under this Act, and references made to the terms ‘price support’, ‘price support operation’, and ‘price support program’ in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for such rice in this Act.”

*Speaker of the House of Representatives.*

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