

the following: "Notwithstanding the provisions of subsection (a), any loss attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Disaster Relief Act of 1970 may, at the election of the taxpayer, be deducted for the taxable year immediately preceding the taxable year in which the disaster occurred."; and

84 Stat. 1744.  
42 USC 4401  
note.

(2) inserting before the period in the second sentence a comma and the following: "based on facts existing at the date the taxpayer claims the loss".

(b) Section 6405 of such Code (relating to reports of refunds and credits to the Joint Committee on Internal Revenue Taxation) is amended by adding at the end thereof the following new subsection:

68A Stat. 792.  
26 USC 6405.

"(d) REFUNDS ATTRIBUTABLE TO CERTAIN DISASTER LOSSES.—If any refund or credit of income taxes is attributable to the taxpayer's election under section 165 (h) to deduct a disaster loss for the taxable year immediately preceding the taxable year in which the disaster occurred, the Secretary or his delegate is authorized in his discretion to make the refund or credit, to the extent attributable to such election, without regard to the provisions of subsection (a) of this section. If such refund or credit is made without regard to subsection (a), there shall thereafter be submitted to such Joint Committee a report containing the matter specified in subsection (a) as soon as the Secretary or his delegate shall determine the correct amount of the tax for the taxable year for which the refund or credit is made."

Ante, p. 656.

Report to congressional committee.

(c) The amendment made by subsection (a) shall apply to disasters occurring after December 31, 1971, in taxable years ending after such date. The amendment made by subsection (b) shall apply with respect to refunds or credits made after July 1, 1972.

Effective dates.

Approved August 29, 1972.

## Public Law 92-419

### AN ACT

To provide for improving the economy and living conditions in rural America.

August 30, 1972  
[H. R. 12931]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Development Act of 1972".*

Rural Development Act of 1972.

## TITLE I—AMENDMENTS TO THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

SEC. 101. SHORT TITLE.—Section 301(a) of the Consolidated Farmers Home Administration Act of 1961 is amended to read as follows:

75 Stat. 307.  
7 USC 1921  
note.

"(a) This title may be cited as the 'Consolidated Farm and Rural Development Act'."

SEC. 102. RURAL ENTERPRISE LOANS.—Section 304 of the Consolidated Farmers Home Administration Act of 1961 is amended by—

75 Stat. 308;  
82 Stat. 770.  
7 USC 1924.

(1) inserting "(a)" before the first sentence and striking out "(a)" and "(b)" in the first sentence; and

(2) adding at the end of section a new subsection as follows:  
 “(b) Loans may also be made or insured under this subtitle to residents of rural areas without regard to the requirements of clauses (2) and (3) of section 302 to acquire or establish in rural areas small business enterprises to provide such residents with essential income.”

SEC. 103. APPRAISALS.—Section 305 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out “normal” in the first and second sentences and striking out the last sentence.

SEC. 104. ESSENTIAL RURAL COMMUNITY FACILITIES.—Section 306 (a) (1) of the Consolidated Farmers Home Administration Act of 1961 is amended (1) by inserting after “corporations not operated for profit,” the following: “Indian tribes on Federal and State reservations and other federally recognized Indian tribes,”; and (2) by striking out “and recreational developments” and inserting in lieu thereof “recreational developments, and essential community facilities including necessary related equipment”.

SEC. 105. GRANTS FOR WATER AND WASTE DISPOSAL SYSTEMS.—Section 306 (a) (2) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out “\$100,000,000” and inserting in lieu thereof “\$300,000,000”.

SEC. 106. PLANNING REQUIREMENTS.—The first sentence of section 306 (a) (3) of the Consolidated Farmers Home Administration Act of 1961 is amended to read as follows: “No grant shall be made under paragraph (2) of this subsection in connection with any project unless the Secretary determines that the project (i) will serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed, (ii) is designed and constructed so that adequate capacity will or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, and (iii) is necessary for an orderly community development consistent with a comprehensive community water, waste disposal, or other development plan of the rural area and not inconsistent with any planned development provided in any State, multijurisdictional, county, or municipal plan approved by competent authority for the area in which the rural community is located. and the Secretary shall require the submission of all applications for financial assistance under this section to the multijurisdictional substate areawide general purpose planning and development agency that has been officially designated as a clearinghouse agency under Office of Management and Budget Circular A-95 and to the county or municipal government having jurisdiction over the area in which the proposed project is to be located for review and comment within a designated period of time not to exceed 30 days concerning among other considerations, the effect of the project upon the areawide goals and plans of such agency or government. No loan under this section shall be made that is inconsistent with any multijurisdictional planning and development district areawide plan of such agency. The Secretary is authorized to reimburse such agency or government for the cost of making the required review.”

75 Stat. 307;  
84 Stat. 1862.  
7 USC 1922.

7 USC 1925.

79 Stat. 931;  
84 Stat. 1855.  
7 USC 1926.

82 Stat. 770.

SEC. 107. EXTENSION.—In the second sentence of section 306(a)(3) of the Consolidated Farmers Home Administration Act of 1961 strike out “1971” and insert “1973”.

79 Stat. 931;  
82 Stat. 770.  
7 USC 1926.

SEC. 108. WATER AND WASTE DISPOSAL PLANNING GRANTS.—Paragraph (6) of section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by—

- (1) striking out “\$15,000,000” and inserting in lieu thereof “\$30,000,000”;
- (2) striking out “official”; and
- (3) striking out “sewer” and inserting in lieu thereof “waste disposal”.

SEC. 109. DEFINITIONS.—Section 306(a)(7) of the Consolidated Farmers Home Administration Act of 1961 is amended to read as follows:

“(7) As used in this title, the terms ‘rural’ and ‘rural area’ shall not include any area in any city or town which has a population in excess of ten thousand inhabitants, except that for purposes of loans and grants for private business enterprises under sections 304(b), 310B, and 312 (b), (c), and (d) the terms ‘rural’ and ‘rural area’ may include all territory of a State, the Commonwealth of Puerto Rico and the Virgin Islands, that is not within the outer boundary of any city having a population of fifty thousand or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than one hundred persons per square mile, as determined by the Secretary of Agriculture according to the latest decennial census of the United States: *Provided*, That special consideration for such loans and grants shall be given to areas other than cities having a population of more than twenty-five thousand.

Ante, p. 657.  
Post, pp. 663,  
665.

SEC. 110. REPEAL OF MAXIMUM SIZE LOAN.—Section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out paragraph (5).

SEC. 111. RURAL DEVELOPMENT PLANNING GRANTS.—Section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof a new paragraph as follows:

“(11) The Secretary may make grants, not to exceed \$10,000,000 annually, to public bodies or such other agencies as he may select to prepare comprehensive plans for rural development or such aspects of rural development as he may specify.”

SEC. 112. PRIORITY FOR CERTAIN WATER FACILITY AND WASTE DISPOSAL LOANS AND GRANTS.—Section 306(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof the following:

“(12) In the making of loans and grants for community waste disposal and water facilities under paragraphs (1) and (2) of this subsection the Secretary shall accord highest priority to the application of any municipality or other public agency (including an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group) in a rural community having a population not in excess of five thousand five hundred and which, in the case of water facility

loans, has a community water supply system, where the Secretary determines that due to unanticipated diminution or deterioration of its water supply, immediate action is needed, or in the case of waste disposal, has a community waste disposal system, where the Secretary determines that due to unanticipated occurrences the system is not adequate to the needs of the community. The Secretary shall utilize the Soil Conservation Service in rendering technical assistance to applicants under this paragraph to the extent he deems appropriate."

SEC. 113. INTEREST RATES ON RURAL DEVELOPMENT LOANS.—Section 307(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting before the period at the end of the second sentence thereof the following: "; except that loans (other than loans to public bodies or nonprofit associations (including Indian tribes on Federal and State reservations and other federally recognized Indian tribal groups) for community facilities, or loans of a type authorized by section 306(a)(1) prior to its amendment by the Rural Development Act of 1972) made or insured under section 304(b), 306(a)(1), or 310B shall—

75 Stat. 308.  
7 USC 1927.

*Ante*, pp. 657,  
658.  
*Post*, p. 663.

(1) when made other than as guaranteed loans, bear interest at a rate, prescribed by the Secretary, not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the private market for similar loans and considering the Secretary's insurance of the loans, plus an additional charge, prescribed by the Secretary, to cover the Secretary's losses and cost of administration, which charge shall be deposited in the Rural Development Insurance Fund: *Provided*, That the rate so prescribed shall be adjusted to the nearest one-eighth of 1 per centum; and

(2) when made as guaranteed loans, bear interest at such rate as may be agreed upon by the borrower and the lender".

SEC. 114. ESCROW PAYMENTS.—Section 307(a) of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting before the period at the end the following: ", and borrowers under this title shall prepay to the Secretary as escrow agent such taxes and insurance as he may require, on such terms and conditions as he may prescribe".

*Supra*.

SEC. 115. AGRICULTURAL CREDIT INSURANCE FUND AMENDMENTS.—(a) Section 309(f) of the Consolidated Farmers Home Administration Act of 1961 is amended by—

75 Stat. 309;  
82 Stat. 771.  
7 USC 1929.

(1) changing "\$100,000,000" to "\$500,000,000" in paragraph (1);

(2) changing paragraph (2) by—

(A) striking out "the interest" and inserting in lieu thereof "amounts";

(B) changing "prepayments" to "payments" in all three places; and

(C) inserting after "until due" the following: "or until the next agreed annual or semiannual remittance date".

(3) striking out "section 335(a) in connection with insured loans." in paragraph (5) and inserting in lieu thereof "connection with insured loans, including the difference between interest payable by borrowers and interest to which insured lenders or insured holders are entitled under agreements with the Secretary included in contracts of insurance."

(4) inserting in paragraph (5) after "to pay" the following: "for contract services,".

(b) Section 309 of such Act is amended by adding at the end thereof the following new subsections:

“(g) (1) The assets and liabilities of, and authorizations applicable to, the Farmers Home Administration direct loan account created by section 338 (c) and the Emergency Credit Revolving Fund referred to in section 326 are hereby transferred to the fund, and such account and such revolving fund are hereby abolished. Such assets and their proceeds, including loans made out of the fund pursuant to this section, shall be subject to the provisions of this section, section 308, the last sentence of section 306(a) (1), and the last sentence of section 307.

“(2) From time to time, and at least at the close of each fiscal year, the Secretary shall pay from the fund into the Treasury as miscellaneous receipts interest on the value as determined by the Secretary, with the approval of the Comptroller General, of the Government’s equity transferred to the fund pursuant to the first sentence of this subsection plus the cumulative amount of appropriations made available after enactment of this provision as capital and for administration of the programs financed from the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of loans made or insured from the fund, adjusted to the nearest one-eighth of 1 per centum. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. If at any time the Secretary determines that moneys in the fund exceed present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury.

“(h) The Secretary may provide financial assistance to borrowers for purposes provided in this title by guaranteeing loans made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency.”

SEC. 116. RURAL DEVELOPMENT INSURANCE FUND.—The Consolidated Farmers Home Administration Act of 1961 is amended by inserting the following new section after section 309:

“SEC. 309A. (a) There is hereby created the Rural Development Insurance Fund (hereinafter in this section referred to as the ‘Insurance Fund’) which shall be used by the Secretary as a revolving fund for the discharge of the obligations of the Secretary under contracts guaranteeing or insuring rural development loans. For the purpose of this section ‘rural development loans’ shall be those provided for by sections 304(b), 306(a) (1), 310B, and 312(b), except loans (other than for water systems and waste disposal facilities) of a type authorized by section 306(a) (1) prior to its amendment by the Rural Development Act of 1972.

“(b) The assets and liabilities of the Agricultural Credit Insurance Fund referred to in section 309(a) applicable to loans for water systems and waste disposal facilities under section 306(a) (1) are hereby transferred to the Insurance Fund. Such assets (including the proceeds thereof) and liabilities and rural development loans guaranteed or insured pursuant to this title shall be subject to the provisions of this section and section 308.

“(c) Moneys in the Insurance Fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the Insurance Fund or invested in direct obligations of the United States or obligations guaranteed by the United States. The Secretary may purchase with money in the Insurance Fund any notes issued by the Secretary to the Secretary of the Treasury for the purpose of obtaining money for the Insurance Fund.

*Ante*, p. 660.

Transfer of funds.

80 Stat. 167.  
7 USC 1988.  
7 USC 1966.

7 USC 1928.

7 USC 1926,  
1927.

Guaranteed loans.

*Supra*.

“Rural development loans.”

*Ante*, p. 658.  
*Post*, pp. 663,  
665.

Transfer of funds.  
7 USC 1929.

Notes, purchasing authority.

Notes, issuing authority.

“(d) The Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds necessary for discharging obligations under this section and for making loans, advances, and authorized expenditures out of the Insurance Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the average maturities of rural development loans made, guaranteed, or insured under this title. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and, for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary hereunder. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

40 Stat. 288;  
85 Stat. 5.  
31 USC 774.

“(e) Notes and security acquired by the Secretary in connection with rural development loans made, guaranteed, or insured under this title or transferred by subsection (b) of this section shall become a part of the Insurance Fund. Notes may be held in the Insurance Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof at the balance due thereon, or on such other basis as the Secretary may determine from time to time. All net proceeds from such collections, including sales of notes or property, shall be deposited in and become a part of the Insurance Fund.

Loan service charges.

“(f) The Secretary shall deposit in the Insurance Fund any charges collected for loan services provided by the Secretary as well as charges assessed for losses and costs of administration in connection with making, guaranteeing, or insuring rural development loans under this title.

Use of funds.

“(g) The Secretary may utilize the Insurance Fund—

“(1) to make rural development loans which could be insured under this title whenever he has a reasonable assurance that they can be sold without undue delay, and he may sell and insure such loans;

“(2) to pay amounts to which the holder of insured notes is entitled on loans heretofore or hereafter insured accruing between the date of any payments by the borrower and the date of transmittal of any such payments to the holder. In the discretion of the Secretary, payments other than final payments need not be remitted to the holder until due or until the next agreed annual or semiannual remittance date;

“(3) to pay to the holder of insured notes any defaulted installment, or upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loan;

“(4) to purchase notes in accordance with contracts of insurance heretofore or hereafter entered into by the Secretary;

“(5) to make payments in compliance with the Secretary's obligations under contracts of guarantee entered into by him;

“(6) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections or necessary to obtain credit reports on applicants or borrowers, expenses for necessary services, including construction inspections, commercial appraisals, loan servicing, consulting business advisory or other commercial and

technical services, and other program services, and other expenses and advances authorized in section 335(a) of this title in connection with insured loans. Such items may be paid in connection with guaranteed loans after or in connection with acquisition by the Secretary of such loans or security therefor after default, to an extent determined by the Secretary to be necessary to protect the interest of the Government, or in connection with grants and any other activity authorized in this title;

75 Stat. 315.  
7 USC 1985.

“(7) to pay the difference between interest payments by borrowers and interest to which holders of insured notes are entitled under contracts of insurance heretofore or hereafter entered into by the Secretary; and

“(8) to pay the Secretary’s costs of administration of the rural development loan program, including costs of the Secretary incidental to guaranteeing rural development loans under this title.

“(h) When any loan is sold out of the Insurance Fund as an insured loan, the interest or other income thereon paid to an insured holder shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1954.”

68A Stat. 5.  
26 USC 1.

SEC. 117. INSURED WATERSHED AND RESOURCE CONSERVATION AND DEVELOPMENT LOANS.—Subtitle A of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end a new section as follows:

75 Stat. 307.  
7 USC 1922.

“SEC. 310A. Loans meeting the requirements of the Watershed Protection and Flood Prevention Act or title III of the Bankhead-Jones Farm Tenant Act may be insured, or made to be sold and insured, in accordance with and subject to sections 308 and 309, the last sentence of section 306(a) (1), and the last sentence of section 307 of this title.”

16 USC 1001  
note.  
7 USC 1010.

SEC. 118. RURAL INDUSTRIALIZATION ASSISTANCE.—(a) Subtitle A of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof, after section 310A as added by this Act, a new section as follows:

7 USC 1928,  
1929, 1926, 1927.

“SEC. 310B. (a) The Secretary may also make and insure loans to public, private, or cooperative organizations organized for profit or nonprofit, to Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, or to individuals for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities, including pollution abatement and control. Such loans, when originated, held, and serviced by other lenders, may be guaranteed by the Secretary under this section without regard to subsections (a) and (c) of section 333.

Post, p. 666.

“(b) The Secretary may make grants, not to exceed \$50,000,000 annually, to eligible applicants under this section for pollution abatement and control projects in rural areas. No such grant shall exceed 50 per centum of the development cost of such a project.

Pollution abatement projects, grants.

“(c) The Secretary may also make grants, not to exceed \$50,000,000 annually, to public bodies for measures designed to facilitate development of private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services and fees.

Private business enterprises, development grants.

“(d) The Secretary may participate in joint financing to facilitate development of private business enterprises in rural areas with the Economic Development Administration, the Small Business Administration, and the Department of Housing and Urban Development and other Federal and State agencies and with private and quasi-public financial institutions, through joint loans to applicants eligible under subsection (a) for the purpose of improving, developing, or financing

business, industry, and employment and improving the economic and environmental climate in rural areas or through joint grants to applicants eligible under subsection (c) for such purposes, including in the case of loans or grants the development, construction, or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refining, service and fees.

Restrictions.  
Ante, pp. 657,  
663; Post, p. 665.

(1) No financial or other assistance shall be extended under any provision of sections 304(b), 310B, and 312(b) that is calculated to or is likely to result in the transfer from one area to another of any employment or business activity provided by operations of the applicant, but this limitation shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations unless there is reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

(2) No financial or other assistance shall be extended under any provision of sections 304(b), 310B, and 312(b) which is calculated to or likely to result in an increase in the production of goods, materials, or commodities, or the availability of services or facilities in the area, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises, unless such financial or other assistance will not have an adverse effect upon existing competitive enterprises in the area.

(3) No financial or other assistance shall be extended under any provision of sections 304(b), 310B, and 312(b) if the Secretary of Labor certifies within 60 days after the matter has been submitted to him by the Secretary of Agriculture that the provisions of paragraph (1) and (2) of this subsection have not been complied with. The Secretary of Labor shall, in cooperation with the Secretary of Agriculture, develop a system of certification which will insure the expeditious processing of requests for assistance under this section."

(b) Section 333 of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting "310B," in paragraph (b) after "306."

75 Stat. 314.  
7 USC 1983.

7 USC 1922.

79 Stat. 498.  
42 USC 1487.

SEC. 119. GUARANTEED RURAL HOUSING LOANS.—Subtitle A of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof a new section as follows:

"SEC. 310C. (a) Rural Housing Loans which (1) are guaranteed by the Secretary under section 517(a)(2) of the Housing Act of 1949, (2) are made by other lenders approved by the Secretary to provide dwellings in rural areas for the applicants' own use, and (3) bear interest and other charges at rates not above the maximum rates prescribed by the Secretary of Housing and Urban Development for loans made by private lenders for similar purposes and guaranteed by the Secretary of Housing and Urban Development under the National Housing Act or superseding legislation shall not be subject to sections 501(c) and 502(b)(3) of the Housing Act of 1949."

48 Stat. 1246.  
12 USC 1701.

63 Stat. 432,  
433.

42 USC 1471,  
1472.

42 USC 1471.

"(b) For the purposes of title V of the Housing Act of 1949, as amended, a guarantee of payment given under the color of law by the Department of Hawaiian Home Lands (or its successor in function) shall be found by the Secretary reasonably to assure repayment of any indebtedness so guaranteed."



SEC. 120. YOUNG FARMERS' LOANS.—(a) Section 311 of the Consolidated Farmers Home Administration Act of 1961 is amended by—

(1) inserting “(a)” before the first word; and

(2) adding at the end of the section a new subsection as follows:

“(b) (1) Loans may also be made under this subtitle without regard to the requirements of clauses (2) and (3) of subsection (a) to youths who are rural residents to enable them to operate enterprises in connection with their participation in 4-H Clubs, Future Farmers of America, and similar organizations and for the purposes specified in section 312.

“(2) A person receiving a loan under this subsection who executes a promissory note therefor shall thereby incur full personal liability for the indebtedness evidenced by such note in accordance with its terms free of any disability of minority.

“(3) For loans under this subsection the Secretary may accept the personal liability of a cosigner of the promissory note in addition to the borrowers' personal liability.”

(b) Section 312 of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting “(a)” after “311”.

SEC. 121. RURAL ENTERPRISE OPERATING LOANS.—Section 312 of the Consolidated Farmers Home Administration Act of 1961, as amended by this title, is amended by—

(1) inserting “(a)” before the first word; and

(2) further amending subsection (a) (as so designated by paragraph (1)) by striking out “and (9) for loan closing costs.” and by inserting in lieu thereof the following: “(9) loan closing costs. and (10) for assisting farmers or ranchers in effecting additions to or alterations in the equipment, facilities, or methods of operation of their farms or ranches in order to comply with the applicable standards promulgated pursuant to section 6 of the Occupational Safety and Health Act of 1970 or standards adopted by a State pursuant to a plan approved under section 18 of the Occupational Safety and Health Act of 1970, if the Secretary determines that any such farmer or rancher is likely to suffer substantial economic injury due to such compliance without assistance under this paragraph.”

(3) adding at the end of the section new subsections as follows:

“(b) Loans may also be made under this subtitle to residents of rural areas without regard to the requirements of clauses (2) and (3) of section 311(a) to operate in rural areas small business enterprises to provide such residents with essential income.

“(c) Loans may also be made to eligible applicants under this subtitle for pollution abatement and control projects in rural areas.

“(d) The Secretary may make grants, not to exceed \$25,000,000 annually, to eligible applicants under this subtitle for pollution abatement and control projects in rural areas. No such grant shall exceed 50 per centum of the development cost of such a project.”

SEC. 122. MAXIMUM SIZE.—Section 313 of the Consolidated Farmers Home Administration Act of 1961 is amended by changing “\$35,000” to “\$50,000”.

SEC. 123. INSURED OPERATING LOANS.—Subtitle B of the Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof a new section as follows:

“SEC. 317. Loans meeting the requirements of this subtitle (except section 312(b)) may be insured, or made to be sold and insured, in accordance with and subject to sections 308 and 309 and the last sentence of section 307 of this title.”

SEC. 124. AMENDMENTS TO SECTION 331.—Section 331 of the Consolidated Farmers Home Administration Act of 1961, is amended—

(1) by inserting before the semicolon, in paragraph (a), the

75 Stat. 310.  
7 USC 1941.

82 Stat. 771.  
7 USC 1942.  
Liability.

84 Stat. 1593.  
29 USC 655.  
29 USC 667.

*Supra.*

Pollution abatement.

75 Stat. 310.  
7 USC 1943.

7 USC 1941.

*Supra.*

7 USC 1928.  
*Ante*, pp. 660,  
661.  
7 USC 1927.  
7 USC 1981.

Report to  
President, trans-  
mittal to Con-  
gress.

following: “. and until January 1, 1975, make contracts for services incident to making, insuring, collecting, and servicing loans and property as determined by the Secretary to be necessary for carrying out the purposes of this title; (and the Secretary shall prior to June 30, 1974, report to the Congress through the President on the experience in using such contracts, together with recommendations for such legislation as he may see fit)”; and

(2) by changing the period at the end of any lettered paragraph thereof to a semicolon and adding at the end of such section the following additional paragraphs:

Fidelity bonds.

“(g) Obtain fidelity bonds protecting the Government against fraud and dishonesty of officers and employees of the Farmers Home Administration in lieu of faithful performance of duties bonds under section 14, title 6, United States Code, and regulations issued pursuant thereto, but otherwise in accordance with the provisions thereof;

Ante, p. 202.

Interest pay-  
ments.

“(h) Not require borrowers to pay interest accrued after December 31, 1972, on interest which is not more than 90 days overdue on any loan held or insured by the Farmers Home Administration;

“(i) Consent to the transfer of property securing any loan or financed by any loan or grant made, insured, or held by the Secretary under this title, or the provisions of any other law administered by the Farmers Home Administration, upon such terms as he deems necessary to carry out the purpose of the loan or grant or to protect the financial interest of the Government.”

75 Stat. 314.  
7 USC 1983.

SEC. 125. CREDIT ELSEWHERE DETERMINATION.—Paragraph (a) of section 333 is amended by inserting after “in writing” the following: “, and the Secretary shall determine.”

7 USC 1961.

SEC. 126. REPEAL OF COUNTY COMMITTEE APPROVAL REQUIREMENT FOR ASSOCIATION AND DISTRICT LOANS.—Section 333(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out the words “said sections” and inserting “section 321 (b) (2)”.

7 USC 1985.

SEC. 127. DISPOSITION OF REAL PROPERTY.—Section 335(c) of the Consolidated Farmers Home Administration Act of 1961 is amended by—

(1) striking out “subtitle A” in the first sentence and inserting in lieu thereof “the provisions of any law administered by the Farmers Home Administration”;

(2) striking out “the provisions of subtitle A” in the second sentence and inserting in lieu thereof “such provisions”;

(3) striking out in the fourth sentence “of at least 20 per centum” and “not more than five annual”; and

(4) adding at the end of the fourth sentence before the period the following: “, but not in any event at rates and terms more favorable than those legally permissible for eligible borrowers”.

Definitions.

76 Stat. 632;  
80 Stat. 809.  
7 USC 1991.

SEC. 128. (a) GUARANTEE OF LOANS.—Section 343 of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting at the end thereof before the period the following: “, and (4) the word ‘insure’ as used in this title includes guarantee, which means to guarantee the payment of a loan originated, held, and serviced by a private financial agency or other lender approved by the Secretary, and (5) the term ‘contract of insurance’ includes a contract of guarantee”.

(b) Section 307(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by changing “shall” to “may” in the second sentence.

75 Stat. 308.  
7 USC 1927.

7 USC 1921  
note.

SEC. 129. ORDER OF PREFERENCE, EXTENT OF GUARANTY.—The Consolidated Farmers Home Administration Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 344. No loan (other than one to a public body or nonprofit association (including Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups) for community facilities or one of a type authorized by section 306(a)(1) prior to its amendment by the Rural Development Act of 1972) shall be made by the Secretary either for sale as an insured loan or otherwise under section 304(b), 306(a)(1), 310B, 312(b), or 312(c) unless the Secretary shall have determined that no other lender is willing to make such loan and assume 10 per centum of any loss sustained thereon. No contract guaranteeing any such loan by such other lender shall require the Secretary to participate in more than 90 per centum of any loss sustained thereon."

Loan limitations.

79 Stat. 931;  
84 Stat. 1855.  
7 USC 1926.  
*Ante*, pp. 657,  
658, 663, 665.

## TITLE II—AMENDMENTS TO THE WATERSHED PROTECTION AND FLOOD PREVENTION ACT, AS AMENDED

SEC. 201. AMENDMENTS TO PUBLIC LAW 83-566.—The Watershed Protection and Flood Prevention Act (68 Stat. 666), as amended, is amended as follows:

16 USC 1001  
note.

(a) Section 1 is amended by striking out the words "the purpose of preventing such damages and of furthering the conservation, development, utilization, and disposal of water, and thereby of preserving and protecting the Nation's land and water resources" and substituting therefor the words "the purpose of preventing such damages, of furthering the conservation, development, utilization, and disposal of water, and the conservation and utilization of land and thereby of preserving, protecting, and improving the Nation's land and water resources and the quality of the environment."

(b) Section 2 is amended by substituting a comma for the word "or" after clause (1) and adding after the phrase "(2) the conservation, development, utilization, and disposal of water" a comma and the following: "or

70 Stat. 1088.  
16 USC 1002.

"(3) the conservation and proper utilization of land".

(c) Section 3 is amended by changing the period at the end of paragraph (5) to a semicolon and adding the following:

16 USC 1003.

"(6) to enter into agreements with landowners, operators, and occupiers, individually or collectively, based on conservation plans of such landowners, operators, and occupiers which are developed in cooperation with and approved by the soil and water conservation district in which the land described in the agreement is situated, to be carried out on such land during a period of not to exceed ten years, providing for changes in cropping systems and land uses and for the installation of soil and water conservation practices and measures needed to conserve and develop the soil, water, woodland, wildlife, and recreation resources of lands within the area included in plans for works of improvement, as provided for in such plans, including watershed or subwatershed work plans in connection with the eleven watershed improvement programs authorized by section 13 of the Act of December 22, 1944 (58 Stat. 887), as amended and supplemented. Applications for assistance in developing such conservation plans shall be made in writing to the soil and water conservation district involved, and the proposed agreement shall be reviewed by such district. In return for such agreements by landowners, operators, and occupiers the Secretary shall agree to share the costs of carrying out those practices and measures set forth in the agreement for which he determines that cost sharing is appropriate and in the public interest. The portion of such costs, including labor, to be shared shall be that part which the Secretary determines is appropriate and in the public interest for the carrying out of the practices and measures set forth in the agreement,

Conservation projects, long-term agreements.

Applications.

Federal cost sharing.

except that the Federal assistance shall not exceed the rate of assistance for similar practices and measures under existing national programs. The Secretary may terminate any agreement with a landowner, operator, or occupier by mutual agreement if the Secretary determines that such termination would be in the public interest, and may agree to such modifications of agreements, previously entered into hereunder, as he deems desirable to carry out the purposes of this paragraph or to facilitate the practical administration of the agreements provided for herein. Notwithstanding any other provision of law, the Secretary, to the extent he deems it desirable to carry out the purposes of this paragraph, may provide in any agreement hereunder for (1) preservation for a period not to exceed the period covered by the agreement and an equal period thereafter of the cropland, crop acreage, and allotment history applicable to land covered by the agreement for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation on the production of any crop; or (2) surrender of any such history and allotments."

74 Stat. 254;  
76 Stat. 608.  
16 USC 1004.

(d) Paragraph (1) of section 4 is amended by inserting after "without cost to the Federal Government" the words "from funds appropriated for the purposes of this act".

Water quality  
management.

(e) Clause A of paragraph (2) of section 4 is amended by striking all words after "fish and wildlife" and substituting therefor the words "development, recreational development, ground water recharge, water quality management, or the conservation and proper utilization of land: *Provided*, That works of improvement for water quality management shall consist primarily of water storage capacity in reservoirs for regulation of streamflow, except that any such storage and water releases shall not be provided as a substitute for adequate treatment or other methods of controlling waste at the source, and shall be consistent with standards and regulations adopted by the Water Resources Council on Federal cost sharing for water quality management, and".

Water storage,  
cost sharing.

(f) All that part of clause (B) of paragraph (2) of section 4 which follows the word "*Provided*," where it first appears therein is amended to read as follows: "That, in addition to and without limitation on the authority of the Secretary to make loans or advancements under section 8, the Secretary may pay for any storage of water for present or anticipated future demands or needs for municipal or industrial water included in any reservoir structure constructed or modified under the provisions of this Act as hereinafter provided: *Provided further*, That the cost of water storage to meet future demands may not exceed 30 per centum of the total estimated cost of such reservoir structure and the local organization shall give reasonable assurances, and there is evidence, that such demands for the use of such storage will be made within a period of time which will permit repayment within the life of the reservoir structure of the cost of such storage: *Provided further*, That the Secretary shall determine prior to initiation of construction or modification of any reservoir structure including such water supply storage that there are adequate assurances by the local organization or by an agency of the State having authority to give such assurances, that the Secretary will be reimbursed the cost of water supply storage for anticipated future demands, and that the local organization will pay not less than 50 per centum of the cost of storage for present water supply demands: *And provided further*, That the cost to be borne by the local organization for anticipated future demands may be repaid within the life of the reservoir structure but in no event to exceed fifty years after the reservoir structure is first used for the storage of water for anticipated future water supply demands, except that (1) no reimbursement of the cost of such water supply storage for anticipated future demands need be made until such supply is first used, and (2) no interest shall be charged on the cost of such water-supply storage

70 Stat. 1090;  
74 Stat. 131.  
16 USC 1006a.

Limitation.

Reimbursement.

for anticipated future demands until such supply is first used, but in no case shall the interest-free period exceed ten years. The interest rate used for purposes of computing the interest on the unpaid balance shall be determined in accordance with the provisions of section 8."

(g) Subsection (4) of section 5 is amended to read as follows: "(4) Any plans for works of improvement involving an estimated Federal contribution to construction costs in excess of \$250,000 or including any structure having a total capacity in excess of twenty-five hundred acre-feet (a) which includes works of improvement for reclamation or irrigation, or which affects public or other lands or wildlife under the jurisdiction of the Secretary of the Interior, (b) which includes Federal assistance for goodwater detention structures, (c) which includes features which may affect the public health, or (d) which includes measures for control or abatement of water pollution, shall be submitted to the Secretary of the Interior, the Secretary of the Army, the Secretary of Health, Education, and Welfare, or the Administrator of the Environmental Protection Agency, respectively, for his views and recommendations at least thirty days prior to transmission of the plan to the Congress through the President. The views and recommendations of the Secretary of the Interior, the Secretary of the Army, the Secretary of Health, Education, and Welfare, and the Administrator of the Environmental Protection Agency, if received by the Secretary prior to the expiration of the above thirty-day period, shall accompany the plan transmitted by the Secretary to the Congress through the President."

70 Stat. 1090;  
74 Stat. 131.  
16 USC 1006a.  
Plans, submittal  
to Federal agen-  
cies, President  
and Congress.  
76 Stat. 609.  
16 USC 1005.

### TITLE III—AMENDMENTS TO THE BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

SEC. 301. BANKHEAD-JONES FARM TENANT ACT AMENDMENTS.—Section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011), is amended by adding at the end thereof the following:

76 Stat. 607;  
84 Stat. 439.

"The Secretary shall also be authorized in providing assistance for carrying out plans developed under this title:

Water storage,  
Federal assist-  
ance.

"(1) To provide technical and other assistance, and to pay for any storage of water for present or anticipated future demands or needs for rural community water supply included in any reservoir structure constructed or modified pursuant to such plans: *Provided*, That the cost of water storage to meet future demands may not exceed 30 per centum of the total estimated cost of such reservoir structure and the public agency or local nonprofit organization shall give reasonable assurances, and there is evidence, that such demands for the use of such storage will be made within a period of time which will permit repayment of the cost of such water supply storage within the life of the reservoir structure: *Provided further*, That the public agency or local nonprofit organization prior to initiation or construction or modification of any reservoir structure including water supply storage, make provision satisfactory to the Secretary to pay for not less than 50 per centum of the cost of storage for present water supply demands, and all of the cost of storage for anticipated future demands: *And provided further*, That the cost to be borne by the public agency or local nonprofit organization for anticipated future demands may be repaid within the life of the reservoir structure but in no event to exceed fifty years after the reservoir structure is first used for the storage of water for anticipated future water supply demands except that (1) no payment on account of such cost need be made until such supply is first used, and (2) no interest shall be charged on such cost until such supply is first used, but in no case shall the interest-free period exceed ten years. The interest rate used for purposes of computing the interest

Limitation.

on the unpaid balance shall be the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which the advancement for such water supply is first made, which are neither due nor callable for redemption for fifteen years from date of issue;

Other Federal assistance.

“(2) To provide, for the benefit of rural communities, technical and other assistance and such proportionate share of the costs of installing measures and facilities for water quality management, for the control and abatement of agriculture-related pollution, for the disposal of solid wastes, and for the storage of water in reservoirs, farm ponds, or other impoundments, together with necessary water withdrawal appurtenances, for rural fire protection, as is determined by the Secretary to be equitable in consideration of national needs and assistance authorized for similar purposes under other Federal programs.”

Report.

SEC. 302. SOIL, WATER AND RELATED RESOURCE DATA.—In recognition of the increasing need for soil, water, and related resource data for land conservation, use, and development, for guidance of community development for a balanced rural-urban growth, for identification of prime agriculture producing areas that should be protected, and for use in protecting the quality of the environment, the Secretary of Agriculture is directed to carry out a land inventory and monitoring program to include, but not be limited to, studies and surveys of erosion and sediment damages, flood plain identification and utilization, land use changes and trends, and degradation of the environment resulting from improper use of soil, water, and related resources. The Secretary shall issue at not less than five-year intervals a land inventory report reflecting soil, water, and related resource conditions.

#### TITLE IV—RURAL COMMUNITY FIRE PROTECTION

SEC. 401. WILDFIRE PROTECTION ASSISTANCE.—In order to shield human and natural resources, financial investments, and environmental quality from losses due to wildfires in unprotected or poorly protected rural areas there is a need to strengthen and synergize Federal, State, and local efforts to establish an adequate protection capability wherever the lives and property of Americans are endangered by wildfire in rural communities and areas. The Congress hereby finds that inadequate fire protection and the resultant threat of substantial losses of life and property is a significant deterrent to the investment of the labor and capital needed to help revitalize rural America, and that well-organized, equipped, and trained firefighting forces are needed in many rural areas to encourage and safeguard public and private investments in the improvement and development of areas of rural America where organized protection against losses from wildfire is lacking or inadequate. To this end, the Secretary of Agriculture is authorized and directed to provide financial, technical, and other assistance to State foresters or other appropriate officials of the several States in cooperative efforts to organize, train, and equip local forces, including those of Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups to prevent, control, and suppress wildfires threatening human life, livestock, wildlife, crops, pastures, orchards, rangeland, woodland, farmsteads, or other improvements, and other values in rural areas as defined in section 306(a)(7) of the Consolidated Farm and Rural Development Act.

Ante, p. 659.  
Cooperative agreements with State officials.

SEC. 402. MATCHING.—The Secretary shall carry out this title in accordance with cooperative agreements, made with appropriate State officials, which include such terms and conditions as the Secretary deems necessary to achieve the purposes of this title. No such agreement shall provide for financial assistance by the Secretary under

this title in any State during any fiscal year in excess of 50 per centum of the total budgeted expenditures or the actual expenditures, whichever is less, of the undertaking of such agreement for such year, including any expenditures of local public and private nonprofit organizations, including Indian tribal groups, participating in the activities covered by the agreement. Payments by the Secretary under any such agreement may be made on the certificate of the appropriate State official that the expenditures provided for under such agreement have been made.

SEC. 403. REPORT.—The Secretary of Agriculture shall submit to the President within two years after the date of enactment of this title a written report detailing the contribution of the rural fire protection program toward achieving the purposes of this title. The Secretary shall also include in such report such recommendations regarding the rural fire protection program as he deems appropriate. The President shall transmit the report to the Congress for review and appropriate action.

Report to  
President, trans-  
mittal to Con-  
gress.

SEC. 404. APPROPRIATIONS.—There is authorized to be appropriated to carry out the provisions of this title \$7,000,000 for each of the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975.

#### TITLE V—RURAL DEVELOPMENT AND SMALL FARM RESEARCH AND EDUCATION

SEC. 501. PURPOSES.—The purpose of this title is to encourage and foster a balanced national development that provides opportunities for increased numbers of Americans to work and enjoy a high quality of life dispersed throughout our Nation by providing the essential knowledge necessary for successful programs of rural development. It is further the purpose of this title—

(a) to provide multistate regional agencies, States, counties, cities, multicounty planning and development of districts, businesses, industries, organizations, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and others involved with public services and investments in rural areas or that provide or may provide employment in these areas the best available scientific, technical, economic, organizational, environmental, and management information and knowledge useful to them, and to assist and encourage them in the interpretation and application of this information to practical problems and needs in rural development;

(b) to provide research and investigations in all fields that have as their purpose the development of useful knowledge and information to assist those planning, carrying out, managing, or investing in facilities, services, businesses, or other enterprises, public and private, that may contribute to rural development;

(c) to enhance the capabilities of colleges and universities to perform the vital public service roles of research, transfer, and practical application of knowledge in support of rural development;

(d) to expand research on innovative approaches to small farm management and technology and extend training and technical assistance to small farmers so that they may fully utilize the best available knowledge on sound economic approaches to small farm operations.

SEC. 502. PROGRAMS AUTHORIZED.—The Secretary of Agriculture (hereafter referred to as the "Secretary") is directed and authorized to conduct in cooperation and in coordination with colleges and universities the following programs to carry out the purposes of this title.

(a) **RURAL DEVELOPMENT EXTENSION PROGRAMS.**—Rural development extension programs shall consist of the collection, interpretation, and dissemination of useful information and knowledge from research and other sources to units of multistate regional agencies, State, county, municipal, and other units of government, multicounty planning and development districts, organizations of citizens contributing to rural development, business, Indian tribes on Federal or State reservations or other federally recognized Indian tribal groups, or industries that employ or may employ people in rural areas. These programs also shall include technical services and educational activity, including instruction for persons not enrolled as students in colleges or universities, to facilitate and encourage the use and practical application of this information. These programs also may include feasibility studies and planning assistance.

(b) **RURAL DEVELOPMENT RESEARCH.**—Rural development research shall consist of research, investigations, and basic feasibility studies in any field or discipline which may develop principles, facts, scientific and technical knowledge, new technology, and other information that may be useful to agencies of Federal, State, and local government, industries in rural areas, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and other organizations involved in rural development programs and activities in planning and carrying out such programs and activities or otherwise be practical and useful in achieving increased rural development.

(c) **SMALL FARM EXTENSION, RESEARCH, AND DEVELOPMENT PROGRAMS.**—Small farm extension and research and development programs shall consist of extension and research programs with respect to new approaches for small farms in management, agricultural production techniques, farm machinery technology, new products, cooperative agricultural marketing, and distribution suitable to the economic development of family size farm operations.

**SEC. 503. APPROPRIATION AND ALLOCATION OF FUNDS.**—(a) There is hereby authorized to be appropriated to carry out the purposes of this title not to exceed \$10,000,000 for the fiscal year ending June 30, 1974, not to exceed \$15,000,000 for the fiscal year ending June 30, 1975, and not to exceed \$20,000,000 for the fiscal year ending June 30, 1976.

(b) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (a) shall be distributed by the Secretary as follows:

(1) 4 per centum to be used by the Secretary for Federal administration, national coordination, and program assistance to the States;

(2) 10 per centum to be allocated by the Secretary to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States;

(3) 20 per centum shall be allocated equally among the States;

(4) 66 per centum shall be allocated to each State, as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the States bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such additional sum is first appropriated.

(c) Funds appropriated under this title may be used to pay salaries and other expenses of personnel employed to carry out the functions



authorized by this title, to obtain necessary supplies, equipment, services, and rent, repair, and maintenance of other facilities needed, but may not be used to purchase or construct buildings.

(d) Payment of funds to any State for programs authorized under section 502(a), (b), and (c) shall be contingent upon the Secretary's approval of an annual plan and budget for programs conducted under each part and compliance with such regulations as the Secretary may issue under this title. Funds shall be available for use by the State in the fiscal year for which appropriated and the next fiscal year following the year for which appropriated. Funds shall be budgeted and accounted for on such forms and at such times as the Secretary shall prescribe.

(e) Funds provided to each State under this title may be used to finance programs through or at private and publicly supported colleges and universities other than the university responsible for administering the programs authorized by this title.

SEC. 504. COOPERATING COLLEGES AND UNIVERSITIES.—(a) Each of the programs authorized by this title shall be organized and conducted by one or more colleges or universities in each State so as to provide a coordinated program in each State.

(b) To assure national coordination with programs under the Smith-Lever Act of 1914 and the Hatch Act (as amended, August 11, 1955), administration of each State program shall be a responsibility of the institution or university accepting the benefits of the Morrill Act of 1862 (12 Stat. 503) as amended. Such administration shall be in association with the programs conducted under the Smith-Lever Act and the Hatch Act. The Secretary shall pay funds available to each State to said institution or university.

(c) All private and publicly supported colleges and universities in a State including the land-grant colleges of 1890 (26 Stat. 417) shall be eligible to conduct or participate in conducting programs authorized under this title. Officials at universities or colleges other than those responsible for administering programs authorized by this title who wish to participate in these programs shall submit program proposals to the university officials responsible for administering these programs and they shall be responsible for approval of said proposals.

(d) The university in each State responsible for administering the program authorized by this title shall designate an official who shall be responsible for programs authorized by each part of section 502 and an official who shall be responsible for the overall coordination of said programs.

(e) The chief administrative officer of the university in each State responsible for administering the program authorized by this title shall appoint a State Rural Development Advisory Council, consisting of not more than fifteen members. The administrative head of agriculture of that university shall serve as chairman. The administrative head of a principal school of engineering in the State shall be a member. There shall be at least ten additional members who shall include persons representing farmers, business, labor, banking, local government, multi-county planning and development districts, public and private colleges and Federal and State agencies involved in rural development.

It shall be the function of the Council to review and approve annual program plans conducted under this title and to advise the chief administrative officer of the university on matters pertaining to the program authorized.

SEC. 505. AGREEMENTS AND PLANS.—(a) Programs authorized under this title shall be conducted as mutually agreed upon by the Secretary and the university responsible for administering said programs in a memorandum of understanding which shall provide for

State programs,  
administration.  
67 Stat. 83.  
69 Stat. 671.  
7 USC 341,  
361a.  
7 USC 301.

7 USC 321 and  
notes.

Program pro-  
posals.

Officials, design-  
nation.

State Rural  
Development  
Advisory Council,  
appointment.

the coordination of the programs authorized under this title, coordination of these programs with other rural development programs of Federal, State, and local government, and such other matters as the Secretary shall determine.

Annual program plan.

(b) Annually said university shall submit to the Secretary an annual program plan for programs authorized under this title which shall include plans for the programs to be conducted by each cooperating and participating university or college and such other information as the Secretary shall prescribe. Each State program must include research and extension activities directed toward identification of programs which are likely to have the greatest impact upon accomplishing the objectives of rural development in both the short and longer term and the use of these studies to support the State's comprehensive program to be supported under this title.

Report to President.

SEC. 506. WITHHOLDING FUNDS.—When the Secretary determines that a State is not eligible to receive part or all of the funds to which it is otherwise entitled because of a failure to satisfy conditions specified in this title, or because of a failure to comply with regulations issued by the Secretary under this title, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the Congress next succeeding a session of the legislature of the State from which funds have been withheld in order that the State may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be covered into the Treasury. If any portion of the moneys received by the designated officers of any State for the support and maintenance of programs authorized by this title shall by any action or contingency be diminished or lost, or be misapplied, it shall be replaced by said State.

SEC. 507. DEFINITIONS.—For the purposes of this title—

(a) "Rural development" means the planning, financing, and development of facilities and services in rural areas that contribute to making these areas desirable places in which to live and make private and business investments; the planning, development, and expansion of business and industry in rural areas to provide increased employment and income; the planning, development, conservation, and use of land, water, and other natural resources of rural areas to maintain or enhance the quality of the environment for people and business in rural areas; and processes and procedures that have said objectives as their major purposes.

(b) The word "State" means the several States and the Commonwealth of Puerto Rico.

SEC. 508. REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this title.

## TITLE VI—MISCELLANEOUS

42 USC 3122.

SEC. 601. LOCATION OF OFFICES IN RURAL AREAS.—Section 901 (b) of the Act of November 30, 1970 (84 Stat. 1383), is amended to read as follows:

"(b) Congress hereby directs the heads of all executive departments and agencies of the Government to establish and maintain departmental policies and procedures giving first priority to the location of new offices and other facilities in rural areas as defined in the private business enterprise exception in section 306 (a) (7) of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926). The President is hereby requested to submit to the Congress not later than September 1 of each fiscal year a report reflecting the efforts during the immediately preceding fiscal year of all executive departments and agencies in carrying out the provisions of this section, citing

Ante, p. 659.  
Report to Congress.

the location of all new facilities, and including a statement covering the basic reasons for the selection of all new locations.”

SEC. 602. DESERTLAND ENTRYMEN.—(a) The first sentence of the Act entitled “An Act to enable the Secretary of Agriculture to extend financial assistance to homestead entrymen, and for other purposes”, approved October 19, 1949 (63 Stat. 883; 7 U.S.C. 1006a), is amended by striking out “homestead entry” and inserting in lieu thereof “homestead or desertland entry”.

(b) The last sentence of the first section of such Act is amended by striking out “reclamation project” and inserting in lieu thereof “reclamation project or to an entryman under the desertland laws”.

SEC. 603. COORDINATION OF RURAL DEVELOPMENT ACTIVITIES.—(a) Section 520 of the Revised Statutes (7 U.S.C. 2201) is amended by—

(1) inserting the words “and rural development” after the words “with agriculture”, and;

(2) striking “that word” and inserting in lieu thereof “those terms”;

(b) Section 526 of the Revised Statutes (7 U.S.C. 2204) is amended by—

(1) inserting “(a)” before the first sentence;

(2) inserting the words “and rural development” after the words “concerning agriculture”;

(3) striking out the period at the end of the section and inserting in lieu thereof the following: “; and he shall advise the President, other members of his Cabinet, and the Congress on policies and programs designed to improve the quality of life for people living in the rural and nonmetropolitan regions of the Nation.”; and

(4) adding at the end of the section a new subsection as follows:

“(b) The Secretary of Agriculture is authorized and directed to provide leadership and coordination within the executive branch and shall assume responsibility for coordinating a nationwide rural development program utilizing the services of executive branch departments and agencies and the agencies, bureaus, offices, and services of the Department of Agriculture in coordination with rural development programs of State and local governments. In carrying out this responsibility the Secretary of Agriculture shall establish employment, income, population, housing, and quality of community services and facilities goals for rural development and report annually prior to September 1 to Congress on progress in attaining such goals. The Secretary is authorized to initiate or expand research and development efforts related to solution of problems of rural water supply, rural sewage and solid waste management, rural housing, and rural industrialization.”

Nationwide  
rural development  
program.

Report to Con-  
gress.

(c) (1) The Secretary of Agriculture shall utilize to the maximum extent practicable State, regional, district, county, local, or other Department of Agriculture offices to enhance rural development, and shall to the maximum extent practicable provide directly, or, in the case of agencies outside of the Department of Agriculture, through arrangements with the heads of such agencies, for—

(A) the location of all field units of the Federal Government concerned with rural development in the appropriate Department of Agriculture offices covering the geographical areas most similar to those covered by such field units, and

(B) the interchange of personnel and facilities in each such office to the extent necessary or desirable to achieve the most efficient utilization of such personnel and facilities and provide the most effective assistance in the development of rural areas in accordance with State rural development plans.

(2) The Secretary shall include in the report required by this section a report on progress made in carrying out paragraph (1) of this subsection, together with such recommendations as may be appropriate.

SEC. 604. ADDITIONAL ASSISTANT SECRETARY OF AGRICULTURE.—(a) In addition to the Assistant Secretaries of Agriculture now provided for by law, there shall be one additional Assistant Secretary of Agriculture, who shall be appointed by the President, by and with the advice and consent of the Senate.

80 Stat. 461.

(b) Section 5315(11) of title 5, United States Code, is amended to read as follows:

“(11) Assistant Secretaries of Agriculture (4).”

52 Stat. 31;  
78 Stat. 743.  
16 USC 590h.

SEC. 605. LONG-TERM RURAL ENVIRONMENTAL PROTECTION CONTRACTS.—Subsection (b) of section 8 of the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163; 16 U.S.C. 590a), is further amended by adding a new paragraph at the end thereof as follows:

49 Stat. 1148.  
16 USC 590g.

“In carrying out the purposes of subsection (a) of section 7, the Secretary may enter into agreements with agricultural producers for periods not to exceed ten years, on such terms and conditions as the Secretary deems desirable, creating obligations in advance of appropriations not to exceed such amounts as may be specified in annual appropriation Acts. Such agreements (i) shall be based on conservation plans approved by the soil and water conservation district or districts in which the lands described in the agreements are situated, and (ii) may be modified or terminated by mutual consent if the Secretary determines such action would be in the public interest. The Secretary also may terminate agreements if he determines such action to be in the national interest and provides public notice in ample time to give producers a reasonable opportunity to make arrangements for appropriate changes in the use of their land.”

Termination.

SEC. 606. COST SHARING FOR AGRICULTURE-RELATED POLLUTION PREVENTION AND ABATEMENT MEASURES.—The Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163; 16 U.S.C. 590a), is further amended—

(1) By striking in section 7(a) the word “and” immediately before clause (5), substituting a semicolon for the period at the end of clause (5), and adding the following: “and (6) prevention and abatement of agricultural-related pollution.”

52 Stat. 31.  
16 USC 590h.

(2) By changing the first sentence of section 8(b) to read as follows: “The Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), (4), (5), and (6) of section 7(a) by making payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, the prevention of erosion, or the prevention or abatement of agriculture-related pollution; (2) changes in the use of their land; (3) their equitable share, as determined by the Secretary, of the normal national production of any commodity or commodities required for domestic consumption; (4) their equitable share, as determined by the Secretary, of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7(a); or (5) any combination of the above.”

(3) By inserting in the second paragraph of section 8(b) after the words "soil-building services" in the two places where they occur the words "or pollution prevention or abatement aids" and after the words "soil-conserving practices" the words "or pollution prevention or abatement practices".

55 Stat. 257.  
16 USC 590h.

(4) By striking "or (5)" in the first sentence of section 8(d) and substituting "(5), or (6)".

52 Stat. 33.

(5) By inserting in the proviso of section 8(e) after the words "soil-building or soil-conserving practices" the words "or agriculture-related pollution prevention or abatement practices".

52 Stat. 34;  
56 Stat. 761.

(6) By striking the words "soil-building practices and soil- and water-conserving practices" in the penultimate sentence of section 15 and substituting "soil-building practices, soil- and water-conserving practices, and agriculture-related pollution prevention and abatement practices".

68 Stat. 908.  
16 USC 590o.

Approved August 30, 1972.

## Public Law 92-420

### AN ACT

To amend the Narcotic Addict Rehabilitation Act of 1966, and for other purposes.

September 16, 1972  
[H. R. 9323]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Narcotic Addict Rehabilitation Amendments of 1971".

SEC. 2. Section 2901(d) of title 28, United States Code, is amended to read as follows:

Narcotic Addict  
Rehabilitation  
Amendments of  
1971.  
80 Stat. 1438.

"(d) 'Treatment' includes confinement and treatment in an institution and under supervised aftercare in the community and includes, but is not limited to, medical, educational, social, psychological, and vocational services, corrective and preventive guidance and training, and other rehabilitative services designed to protect the public and benefit the addict by eliminating his dependence on addicting drugs, or by controlling his dependence, and his susceptibility to addiction."

SEC. 3. Section 4251(c) of title 18, United States Code, is amended to read as follows:

"(c) 'Treatment' includes confinement and treatment in an institution and under supervised aftercare in the community and includes, but is not limited to, medical, educational, social, psychological, and vocational services, corrective and preventive guidance and training, and other rehabilitative services designed to protect the public and benefit the addict by eliminating his dependence on addicting drugs, or by controlling his dependence, and his susceptibility to addiction."

SEC. 4. Section 301(b) of the Narcotic Addict Rehabilitation Act of 1966 (80 Stat. 1444; 42 U.S.C. 3411(b)), is amended to read as follows:

"(b) 'Treatment' includes confinement and treatment in a hospital of the Service and under supervised aftercare in the community and includes, but is not limited to, medical, educational, social, psychological, and vocational services, corrective and preventive guidance and training, and other rehabilitative services designed to protect the public and benefit the addict by eliminating his dependence on addicting drugs, or by controlling his dependence, and his susceptibility to addiction."

SEC. 5. This Act shall take effect immediately upon enactment. Sections 2 and 3 shall apply to any case pending in a district court of the United States in which an appearance has not been made prior to the effective date.

Effective date.

Approved September 16, 1972.