

# CRS Report for Congress

## Rural Development Provisions of the 2008 Farm Bill

Updated September 18, 2008

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Prepared for Members and  
Committees of Congress

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## Summary

Congress has expressed its concern with rural communities most directly through periodic omnibus farm bill legislation, most recently in the Food, Conservation, and Energy Act of 2008 (P.L. 110-246). Congress uses periodic farm bills to address emerging rural issues as well as to reauthorize and/or amend a wide range of rural programs administered by USDA's three rural development mission agencies: Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service.

Title VI addresses a wide range of policy issues concerning rural America. In the 2002 farm bill, these issues included provisions such as equity capital development in rural areas, regional economic planning and development, essential community facilities, infrastructure needs, value-added agricultural development, and broadband telecommunications development. The 2008 farm bill considers similar issues and addresses several new ones. The new farm bill expands broadband access in rural areas, creates a new micro-entrepreneurial assistance program and a new rural collaborative investment program, and authorizes three new regional economic development commissions. The bill also authorizes \$120 million for a one-time funding of pending water and wastewater infrastructure projects.

Several programs authorized with mandatory spending in the 2002 farm bill are reauthorized with discretionary funding in the new farm bill (Rural Firefighters and Emergency Personnel, Rural Strategic Investment Program, Rural Business Investment Program, and the Access to Broadband Services in Rural Areas). The Value-Added Grants Program, similarly authorized in the 2002 farm bill, is also reauthorized by P.L. 110-246 with \$15 million of mandatory funding and \$40 million of discretionary funding. A side-by-side comparison of House- and Senate-passed provisions and the 2002 and 2008 farm bills is provided at the end of the report in the **Appendix**.

The 2008 farm bill also modifies the 2002 definition of "rural" to include "areas rural in character." This modification in the definition of "rural" establishes criteria for defining rural areas contiguous to urban areas. The bill further directs the Secretary of Agriculture to produce a report within two years on the various definitions of "rural" used by USDA in providing assistance. The report will also assess the impacts these various definitions have on the delivery of rural development programs with the objective of better targeting assistance where it is most needed.

The 2008 farm bill also reauthorizes and/or amends through FY2012 many long-standing programs funded through annual appropriations — water and waste disposal grants, technical assistance for rural water systems, emergency community water assistance, business opportunity grants, water assistance to Native villages in Alaska, community facilities for Tribal colleges, distance learning and telemedicine.

This report will be updated.

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# Rural Development Provisions of the 2008 Farm Bill

## Policy Background and Overview

While farm commodity issues may occupy center stage in policy discussions of the periodic omnibus farm bills, rural community and economic development are also topics of congressional concern and a separate title within the farm bill. Since 1973, omnibus farm bills have included a rural development title. The most recent is Title VI of the Food, Conservation, and Energy Act of 2008 (P.L. 110-246). Positioning rural areas to better compete in a global economic environment is one of the key issues framing the current debate about the future of rural America. When agricultural production and related businesses dominated rural economies, policies that strengthened and improved agriculture tended to strengthen and improve the well-being of most of America's small communities and rural residents. As the strength of this linkage has declined, the need for new sources of rural economic development has become more apparent to policymakers and rural development practitioners.

Congressional interest in rural policy encompasses a wide range of issues, including agriculture, forestry, and mining, community infrastructure, natural resource conservation and management, medical care, bioenergy and economic development. Current challenges to and reform of existing federal rural policies are evolving in an environment of increasing concern about economic competitiveness, a shift away from agriculture toward manufacturing and services, new federal political strategies, and the emergence of new political interests in farm bill deliberations. A changing rural America is also producing pressures for different policies and raising new questions about what Congress's role should be in shaping rural policy.

Both agriculture and manufacturing issues are increasingly seen as elements of global and regional restructuring, which have significant implications for rural areas, especially those areas where these production sectors remain dominant. Today, nearly 90% of total farm household income comes from off-farm sources.<sup>1</sup> Manufacturing now accounts for about 25% of rural private sector earnings and about 12% of all rural jobs. The service sector, as with the U.S. domestic economy as a whole, now dominates the rural labor market, although the rural service sector differs from the metropolitan service sector in terms of job categories, skills, and wages.

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<sup>1</sup> This figure reflects the significant proportion of small, "life-style" farms whose owners are not primarily involved in production agriculture. For those farms where agricultural production is central to the household's income, the proportion of off-farm income is less.

The rural development title of farm bills generally supports (1) the infrastructure of rural areas, with traditional assistance for housing, electrical generation and transmission, water and wastewater, and community capacity, (2) agricultural development, and (3) rural business creation and expansion. More recently, policymakers have pushed for programs that support innovative and alternative business development, and innovative mechanisms to finance it. Pressure for such alternative approaches is expected to continue as policymakers recognize the changing structure of agriculture and the great diversity among rural communities, with some rural areas growing and prospering, and others falling further behind as their primary industries (including agriculture) either decline or adapt to a global economy. Such adaptation and dislocation over the past decade has often meant fewer rural employment opportunities and significant population outmigration for many rural communities.

To emphasize the importance of agricultural production in the local economies that still characterize many rural areas, legislative support for technologies to help farmers with planting decisions and local investments in industries that will add value to their products have become important aspects of rural development policy. Research is also increasingly focused on improvements in agricultural waste management and environmental protections. Traditional strategies, notably value-added agriculture (e.g., regional food processing plants, cooperatives, organic farming, biofuels) are being promoted by many in the farm sector. While holding promise for agriculture and surrounding communities, there remain limits on the extent to which agriculture and other mature industries can become a significant engine for renewed rural economic prosperity.

While commodity policy dominates much of the debate and most of the funding, production agriculture remains a comparatively small and shrinking part of the rural economy, with less than 8% of the rural population employed in agriculture. There is growing recognition that farmers in many rural areas depend more on a healthy rural economy than the rural economy is dependent on farmers for its vitality. The need to strengthen the capacity of rural areas more generally to compete in a global economy is becoming more widely appreciated as the limitations of commodity subsidies, peripheral manufacturing, and physical infrastructure as mainstays of rural development policy become more obvious.

## **Issues Influencing the Rural Development Title**

Emerging policy issues surround the question of whether current farm policies, which rely heavily on commodity support payments and subsidies to a few production sectors, help, hinder, or have little impact on the future development of economically viable rural communities. Rural manufacturing, which tends to be lower-skilled and lower-waged, is also undergoing restructuring with the loss of manufacturing to foreign competition. While transformation to a service economy continues in rural America, service employment in many rural areas tends to be in lower-wage personal services rather than business and producer services. Continuing population and economic decline in many farming and rural areas is compelling policymakers and rural areas to create new sources of competitive advantage, innovative ways of providing public services to sparse populations, and new ways of integrating agriculture into changing rural economies.

More recently, economic development efforts in some areas have targeted various entrepreneurial strategies and microenterprise development. These approaches attempt to capitalize on a particular area's distinctive social, economic, and environmental assets and advantages to build endogenously on existing local and regional strengths. Developing a local and regional entrepreneurial culture seems to be an important approach in these efforts' successes. Linking public and private sources to build "business incubators" is a common strategy, as is developing new commercial ties with area colleges and universities. Communities are also applying such entrepreneurial energy to making their local governments, schools, and hospitals more efficient through, for example, telecommunication innovations.

The trends noted above suggest a range of issues that are important in shaping the provisions of the rural development title of the 2008:

- Conservation and environmental restoration as rural employment opportunities
- Stemming rural population out-migration
- Vertical integration and coordination of agriculture into supply networks and their implication for rural areas
- Developing rural entrepreneurial capacity
- Rebuilding an aging rural physical infrastructure
- Public service delivery innovations in sparsely populated areas
- Increasing suburbanization and the conflicts between agriculture and suburban development
- Human capital deficiencies in rural areas
- Regional-based efforts for economic development
- Connecting businesses and rural communities with broadband telecommunications infrastructure

The rural development title of the 2008 farm bill has taken shape against this backdrop of shifts in the rural economy, widespread and long-term poverty in some rural areas, outmigration in other rural areas, dwindling economic opportunity in rural areas, gaps in critical infrastructure, and a growing appreciation in many quarters of the limits of existing rural development programs to respond to the great diversity of rural places and socioeconomic circumstances. Such issues give rise to several policy relevant questions.

- How effective are current federal programs in improving the competitive position of rural areas?
- Can broad-based federal rural programs be better targeted to the critical needs of particular rural areas?
- How might regional funding approaches be better integrated into federal policy for rural areas?
- How can federal policies better assist entrepreneurial efforts in rural communities?
- How might the biofuels emphasis in the upcoming farm bill be connected to rural development programs?

## Federal Rural Development Programs

More than 88 programs administered by 16 different federal agencies target rural economic development. The Rural Development Policy Act of 1980 (P.L. 96-355), however, named USDA as the lead federal agency for rural development. USDA administers most of the existing rural development programs and has the highest average of program funds going directly to rural counties (approximately 50%).<sup>2</sup> Three agencies are responsible for USDA's rural development mission area: the Rural Housing Service (RHS), the Rural Business-Cooperative Service (RBS), and the Rural Utilities Service (RUS). An Office of Community Development provides community development support through Rural Development's field offices.

It is important to note that most loan and grant programs administered by USDA Rural Development are funded through annual (discretionary) appropriations. The rural development title of omnibus farm bills does not address every program administered by the three USDA mission agencies. These various programs are "permanently" authorized, often through amendments to the Consolidated Farm and Rural Development Act of 1972 (the ConAct, P.L. 87-128) or the Rural Electrification Act of 1936 and are funded through annual appropriations. The 1996 farm bill (P.L. 104-127) authorized the first provision in the rural development title funded by mandatory spending, the Fund for Rural America, which expired in 2002. The 2002 farm bill (P.L. 107-171) authorized six new programs supported through mandatory spending. Mandatory funding for most of these programs, however, was largely blocked by appropriators between 2002 and 2007. Several of the programs were funded instead through discretionary appropriations, although in amounts less than the original authorization. The 2008 farm bill has provisions supported by mandatory spending, although in lesser amounts than were proposed in the House and Senate-passed versions of the farm bill.

### Title VI of the Food, Conservation, and Energy Act of 2008 (P.L. 110-246)

**New Provisions.** Several programs authorized in the 2002 farm bill are reauthorized in the two bills. The **Appendix** provides a complete side-by-side comparison of current law with the provisions in the House and Senate bills and the enacted bill. Unlike the 2002 farm bill, the rural development provisions of P.L. 110-246 contain only three programs with mandatory funding: Value-Added Product Grants (\$15 million); the Microenterprise Assistance Program (\$15 million); and a one-time funding of pending water and waste water projects (\$120 million). Several programs that were authorized to receive mandatory funding in the 2002 farm bill were reauthorized in P.L. 110-246 with discretionary funding (e.g., the Rural Strategic Investment Program and the Rural Firefighters and Emergency Medical Personnel Program).

Concerns about how effectively USDA targets its rural development loan and grant assistance have been a recurring consideration by policymakers and rural

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<sup>2</sup> More information on individual USDA Rural Development programs can be found in CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

development practitioners. The general concern is that rural development funding may not be targeted to the neediest rural communities because of the way rural is defined. Section 6018 directs the Secretary to assess the varying **definitions of “rural” used by USDA** and to describe the effects these different definitions have on USDA Rural Development programs. The provision directs the Secretary to make recommendations for ways to better target rural development funds. Section 6018 further establishes a new definition of “areas rural in character” that specifies the characteristics of eligible rural areas lying within a Bureau of the Census-defined “urban area.” The provision also permits the Under Secretary for Rural Development discretion in determining whether individual rural areas should fall under the new definition.

Other new provisions in the rural development title include the following programs.

- Section 6015 authorizes loans and loan guarantees for **locally or regionally produced agricultural food products** — those products that travel less than 400 miles between production and marketing. Priority is given to projects benefitting underserved communities, i.e., those with limited access to affordable, healthy foods and with high rates of poverty or food insecurity.
- Section 6022 authorizes a **Rural Microentrepreneur Assistance Program**. The program will provide financial assistance to microenterprises (sole proprietorships or businesses with fewer than 10 full-time employees). The program will target economically disadvantaged microentrepreneurs, i.e., those who could compete in the private sector but have been impaired because of lack of credit opportunities and limited equity capital options. Grants will be provided to microenterprise development organizations to support the development of entrepreneurial activities in rural areas. These qualified organizations are required to match at least 15% of the federal grant. Mandatory funding is authorized at \$4 million annually for FY2009-FY2011, \$3 million for FY2012, and discretionary spending at \$40 million annually (FY2009-FY2012).
- Sections 6301-6305 establish the **Housing Assistance Council Authorization Act**. This authorizes \$10 million annually (FY2009-FY2011) for the Department of Housing and Urban Development to provide financial assistance to the Housing Assistance Council (HAC) to assist community-based housing development organizations in undertaking community development and affordable housing projects in rural areas. The HAC is an independent, nonprofit organization that has supported local organizations in rural housing development since 1971.
- Section 6028 authorizes a **Rural Collaborative Business Investment Program** and provides \$135 million in spending. The provision would create **Regional Investment Strategy Grants, Rural Innovation Grants, and a Rural Endowment Loan**

**Program.** The provision also directs the Secretary to appoint a **National Rural Investment Board**, create a **Rural Philanthropic Institute**, and a **National Institute on Regional Rural Competitiveness and Entrepreneurship**. The program would provide rural regions with a financial vehicle to develop and implement local strategies for innovation.

**Other Major Provisions.** In addition to these newly authorized programs, the rural development title also includes other provisions to create or to reauthorize and/or amend a wide variety of loan and grant programs that provide further assistance in four key areas: (1) broadband and telecommunications, (2) rural utilities infrastructure, (3) business and community development, and (4) regional development.

### **Broadband and Telecommunications.**

- Section 6110 reauthorizes the **Access to Broadband Telecommunications Services in Rural Areas**. The program was originally authorized in the 2002 farm bill (Section 6103) and funded by mandatory authorization. Its effectiveness, however, was limited by difficulties in implementation. The provision makes changes in defining eligible rural communities, makes provisions for prioritizing loans, and reduces equity requirement on broadband providers offering service to unserved areas. Appropriations are authorized at \$25 million annually (FY2008-FY2012). The provision also requires annual reporting on the extent of participation in the loan and loan guarantee program. The measure further authorizes the Secretary to designate a National Center for Rural Telecommunications Assessment and authorizes discretionary funding for the center at \$1 million annually (Section 6111).
- Section 6201 reauthorizes the **Distance Learning and Telemedicine Loan and Grant Program**, which provides funding to educational and medical facilities. The provision will also emphasize library connectivity as an objective of program funding.
- Section 6112 authorizes a **Comprehensive Rural Broadband Strategy**. The provision directs the Secretary of Agriculture to develop a comprehensive strategy for enhancing broadband service to rural areas.

### **Rural Utilities Infrastructure.**

- Section 6001 reauthorizes **Water, Waste Disposal and Wastewater Facility Grants** through 2012. Discretionary funding is provided under the utilities account of Rural Community Advancement Program (RCAP). This is the largest program in the RCAP portfolio. Section 6011 amends the current interest rate schedule for water and waste water loans by setting rates to a proportion of a municipal bond index. .

- Section 6006 reauthorizes the **Rural Water and Wastewater Circuit Rider Program**, which provides technical assistance to rural water systems. Funding is authorized at \$25 million annually (FY2008-2012).
- Section 6008 reauthorizes the **Emergency and Imminent Community Water Assistance Grant Program**, which provides funding to rural communities facing threats to the provision of potable water. It is also funded under the utilities account of RCAP.
- Section 6009 reauthorizes **Water Systems for Rural and Native Villages in Alaska**. This provision targets funding under the utilities account of RCAP for Alaskan native communities.
- Section 6008 reauthorizes grants to nonprofit organizations for the construction and refurbishing of **household well water systems**. The program targets well systems for low-income individuals in rural areas.
- Section 6029 provides \$120 million in mandatory funding for **Pending Water and Wastewater Loan and Grant Applications**. This would be a one-time expenditure designed to remove some of the current backlog of applications.

### **Business and Community Development.**

- Section 6003 reauthorize **Rural Business Opportunity Grants**, which are used for economic planning and technical support and training for rural businesses.
- Section 6007 reauthorize **Tribal College and University Essential Community Facilities** through 2012. This program targets funding under the Community Facilities Program, an RCAP account, to tribal facilities. Essential facilities include those that support public safety infrastructure and provide community health care.
- Section 6013 reauthorizes **Rural Cooperative Development Grants**. This provision permits multi-year grants (up to three years) for awards to rural cooperative centers. It provides a 20% set-aside for rural centers working with socially disadvantaged communities when the appropriation level exceeds \$7.5 million.
- Section 6016 reauthorizes the **Appropriate Technology Transfer for Rural Areas Program (ATTRA)**. The program supports a cooperative agreement between the Rural Business-Cooperative Service and the University of Arkansas to provide information and technical support for sustainable and organic agricultural production. authorize \$5 million annually.

- Section 6204 reauthorizes the **Rural Firefighters and Emergency Medical Service Assistance Program**. Originally authorized by the 2002 farm bill, the measure provides grants to enable entities to provide improved emergency medical assistance in rural areas. It also provides grants to pay the cost of training emergency personnel to respond to hazardous materials and bioagents in rural areas. Unlike the 2002 farm bill, which provided mandatory funding, the provision is authorized for discretionary funding up to \$30 million annually (FY2008-FY2012).
- Section 6202 reauthorizes the **Value-Added Agricultural Market Development Program**. This provision targets funding for “mid-tier value chains” which are local and regional supply networks linking independent producers with businesses and cooperatives. It also reserves 10% of the Value-Added Products Grants for projects benefitting beginning or socially disadvantaged farmers and ranchers. Mandatory funding is authorized at \$15 million to be available until expended. An additional \$40 million annually (FY2008-FY2012) in discretionary funding is also authorized. The measure also prioritizes loans that contribute to opportunities for beginning farmers and ranchers, socially disadvantaged farmers or ranchers, and small and medium-size family farms.
- Other provisions include \$2 million annually (FY2008-FY2012) in grants to nonprofit organizations for **Expansion of Employment Opportunities for Individuals with Disabilities in Rural Areas** (Section 6023). Section 6027 reauthorizes the **Rural Business Investment Program** through 2012. This program was authorized in the 2002 farm bill and given mandatory spending. The reauthorization provides a total of \$50 million.

### **Regional Development.**

- Section 6025 reauthorizes the **Delta Regional Authority**, a federal-state partnership serving a 240-county/parish area in an eight-state region of the Mississippi delta. Section 6024 authorizes \$3 million annually (FY2008-FY2012) for grants to support health care services, health education programs, health care job training programs, and development and expansion of **public health-related facilities in the Delta region**.
- Section 6026 reauthorizes the **Northern Great Plains Regional Authority (NGPRA)**, which covers Iowa, North and South Dakota, Minnesota, and Nebraska. The provision authorizes the NGPRA to organize and operate without a federal member if no such individual is nominated within 180 days of enacting the bill. The provision also eliminates prioritization of activities to be funded by the program and the requirement that 75% of the authority’s funding go to “distressed counties and isolated areas.”

- Section 6206 directs the Secretary of Agriculture, in coordination with the Secretary of Transportation, to conduct a **Study of Rural Transportation Issues** regarding the movement of agricultural products, renewable fuels, and economic development in rural America.
- While not a provision of Title VI, Section 14217 authorizes the creation of three new regional economic development and infrastructure commissions: **(1) the Northern Border Regional Commission; (2) the Southeast Crescent Regional Commission; and (3) the Southwest Border Regional Commission.** Funding is authorized at \$30 million annually (FY2008-FY2012) for each commission.

## Appendix: Side-by-Side Comparison of Rural Development Provisions in the House- and Senate-Passed Farm Bills with the 2002 and 2008 Farm Bills

CURRENT LAW/POLICY	HOUSE-PASSED BILL (H.R. 2419)	SENATE-PASSED SUBSTITUTE AMENDMENT (H.R. 2419)	NEW LAW (P. L. 110-246)
“Farm Security and Rural Investment Act of 2002” [7 U.S.C. 7901 note]	“Farm, Nutrition, and Bioenergy Act of 2007” [Sec. 1]	“Food and Energy Security Act of 2007” [Sec. 1]	
<b>TITLE VI: RURAL DEVELOPMENT</b>			
<b>Defining Rural Eligibility</b>			
Sec. 343(a) of the Consolidated Farm and Rural Development Act (Con Act), as amended, defines rural as any area other than a city or town with a population greater than 50,000 and the urbanized area contiguous and adjacent to such a city or town. [7 U.S.C. 1991(a)]	Directs USDA to submit a report to the Agriculture Committees: (1) assessing the varying definitions of rural used by USDA; (2) describing the effect of varying definitions on USDA’s programs; and (3) recommending changes to better target funds through rural development programs. [Sec. 6001]	Creates a standard definition of rural area that <i>excludes</i> (1) cities of 50,000 or more, (2) any urbanized area contiguous and adjacent to a city of 50,000 or more, and (3) any collection of contiguous census blocks with a specific housing density, or adjacent to a city of 50,000 or urban area. [Sec. 6020]	Adopts the Senate provision but deletes the housing density criterion from the definition of “rural.” Permits USDA to include “areas rural in character” if meet certain non-urban criteria (excluding Honolulu, HI, and San Juan, PR). Does not change eligibility for water and waste water funding. [Sec. 6018]
No comparable provision.	Authorizes USDA to review socio-economic variables as factors in awarding rural development loans and grants, and to issue regulations. [Sec. 6014]	No comparable provision.	Deletes the House provision.
<b>Rural Infrastructure: Water and Waste Disposal</b>			
The 2002 farm bill amended the Con Act to authorize USDA to make water and wastewater grants for development projects for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Authorizes \$30 million in annual appropriations for FY2002-07.[7 U.S.C.	Reauthorizes through 2012. [Sec. 6002]	Reauthorizes through 2012. [Sec. 6001]	Reauthorizes through 2012. [Sec. 6001]

CURRENT LAW/POLICY	HOUSE-PASSED BILL (H.R. 2419)	SENATE-PASSED SUBSTITUTE AMENDMENT (H.R. 2419)	NEW LAW (P. L. 110-246)
<i>1926(a)(2)(B)(vii)]</i>			
The Con Act, as amended, sets interest rate levels not to exceed current market yields for outstanding municipal obligations. Low-income rural residents receive interest rates below this maximum level. <i>[7 U.S.C. 1927 (a)(3) (A)]</i>	No comparable provision	Senate provision establishes interest rates for water and waste water loans based on a market index of loans to ensure that interest rates for intermediate and poverty rate loans are tied to the current market rate. The poverty rate is set at 60% of the market rate and the intermediate rate is set at 80% of the market rate. <i>[Sec. 12602]</i>	Adopts the Senate provision. <i>[Sec. 6011]</i>
The 2002 farm bill amended the Con Act to authorize appropriations for a water/wastewater circuit rider program, providing technical assistance based on a National Rural Water Association program. <i>[7 U.S.C. 1926(a)(22)(C)]</i> Authorizes appropriations of \$15 million for FY2003 and each year thereafter.	Reauthorizes through 2012, authorizing \$25 million for FY2008. <i>[Sec. 6004]</i>	Reauthorizes through 2012, authorizing \$20 million for FY2008. <i>[Sec. 6004]</i>	Adopts the House provision. <i>[Sec. 6006]</i>
The 2002 farm bill amended the Con Act to authorize USDA to provide Emergency and Imminent Community Water Assistance Grants to rural areas and small communities comply with the Water Pollution Control Act or Safe Drinking Water Act. <i>[7 U.S.C. 1926a(i)(2)]</i> Authorizes an appropriation of \$35 million annually for FY2003-07.	Reauthorizes through FY2012. <i>[Sec. 6006]</i>	Reauthorizes through FY2012. <i>[Sec. 6011]</i>	Reauthorizes through FY2012. <i>[Sec. 6008]</i>
No comparable provision.	No comparable provision.	Provides \$135 million in mandatory spending for pending water/wastewater loans, grants and emergency community assistance grants, to be available until expended. <i>[Sec. 6033]</i>	Adopts the Senate provision. Provides \$120 million in mandatory spending. <i>[Sec. 6029]</i>

CURRENT LAW/POLICY	HOUSE-PASSED BILL (H.R. 2419)	SENATE-PASSED SUBSTITUTE AMENDMENT (H.R. 2419)	NEW LAW (P. L. 110-246)
<p>The Con Act, as amended, authorizes USDA to make grants for water systems for rural and native villages in Alaska. Authorizes appropriations of \$30 million annually for FY2001-07. [7 U.S.C. 1926d(d)(1)]</p>	<p>Reauthorizes through FY2012. [Sec. 6007]</p>	<p>Reauthorizes through FY2013. Amends program to provide grants to the Denali Commission for solid waste management and for rural drinking water sites in Alaska (not more than 5% of total program funding). [Sec. 6012]</p>	<p>Adopts the House provision with an amendment to provide \$1.5 million annually FY2008-2012 to the Denali Commission for solid waste management. [Sec. 6009]</p>
<p>The 2002 farm bill amended the Con Act to authorize USDA to make grants to private nonprofits for loans to eligible low-income individuals to construct, refurbish, and service household water well systems in rural areas (giving priority to certain applicants). Authorizes appropriations of \$10 million annually for FY2003-07. [7 U.S.C. 1926e(d)]</p> <p>No comparable provision.</p>	<p>Reauthorizes through FY2012. Amends program to authorize USDA to make grants to private non-profits for loans to eligible low-income individuals. [Sec. 6008]</p> <p>No comparable provision</p>	<p>Reauthorizes through FY2012. [Sec. 6013]</p> <p>Amends the ConAct to authorize grants to develop wells in isolated rural areas. Provides \$10 million annually FY2008-2012. [Sec. 6013]</p>	<p>Adopts the House provision with amendment striking consideration of matching funds and increasing the assistance limit for each well from \$8,000 to \$11,000. [Sec. 6010]</p> <p>Deletes Senate provision.</p>
<p>The 2002 farm bill amended the Con Act to establish a SEARCH grant program, providing technical assistance for water and waste disposal facilities. [7 U.S.C. 2009ee]</p>	<p>No comparable provision.</p>	<p>Reauthorizes SEARCH grants and amends program. Provides up to 4% of funds available for water, waste disposal, and essential community facilities to financially distressed communities. Directs USDA to develop a simplified application for applicants. [Sec. 6010]</p>	<p>Adopts Senate provision. [Sec. 6002]</p>
<b>Rural Broadband and Telecommunications Development</b>			
<p>The 2002 farm bill amended the Con Act to authorize grants to acquire radio transmitters to increase rural coverage by all-hazards weather radio broadcasts of the National</p>	<p>Reauthorizes grants through FY2012. [Sec. 6018]</p>	<p>Reauthorizes grants through FY2012. [Sec. 6026]</p>	<p>Reauthorizes grants through FY2012. [Sec. 6021]</p>

CURRENT LAW/POLICY	HOUSE-PASSED BILL (H.R. 2419)	SENATE-PASSED SUBSTITUTE AMENDMENT (H.R. 2419)	NEW LAW (P. L. 110-246)
Oceanic and Atmospheric Administration. Authorizes appropriation of such sums as needed for FY2002-07. <i>[7 U.S.C. 2008p]</i>			
The 2002 farm bill amended the Rural Electrification Act (REA) of 1936 <i>[7 U.S.C. 901 et seq.]</i> by authorizing USDA to provide loans and loan guarantees for the costs of providing broadband service to rural areas, as part of the Enhancement of Access to Broadband Service in Rural Areas provisions. <i>[7 U.S.C. 950bb]</i>	Reauthorizes through FY2012. Redefines eligibility and prioritizes loan applications to areas based on number of service providers. Amends definition of rural area. Limits loan terms to 35 years. Extends authority to provide loans to FY2012. Authorizes a National Center for Rural Telecommunications Assessment and authorizes \$1 million in appropriations annually. <i>[Sec. 6023]</i>	Reauthorizes through FY2012. Redefines eligibility and prioritizes loan applications. Prohibits loans to areas served by 3 or more providers. Authorizes \$25 million annually (FY2008-12). Authorizes a National Center for Rural Telecommunications Assessment and authorizes \$1 million in appropriations annually. <i>[Sec. 6110]</i> Establishes which areas are eligible for REA assistance. <i>[Sec. 6105]</i>	Adopts the Senate provision with modifications. Permits assistance to areas with more than 3 providers under certain conditions. Gives highest priority to applicants serving the most rural residents. Prohibits eligibility to providers res serving more than 20% of the market. Permits USDA to require cost-share funding. <i>[Sec. 6110]</i> Adopts House and Senate measure to authorize National Center for Rural Telecommunications. <i>[Sec. 6111]</i> . Adopts Senate provision defining REA eligibility. Eligible rural areas exclude town of 20,000 or more. <i>[Sec. 6104]</i>
Sec. 601(a) <i>et seq.</i> of the REA, as amended, authorizes USDA to provide loans and loan guarantees to electric utilities to serve customers in rural areas. <i>[7 U.S.C. 950bb(b)]</i>	Authorizes the Community Connect Grant Program to provide broadband service for education, public safety, and health care in rural areas. Authorizes appropriations of \$25 million annually (FY2008-12). <i>[Sec. 6024]</i>	Authorizes the Connect the Nation Act and creates a competitive matching grant program to encourage state initiatives for public-private partnerships <i>[Sec. 6201]</i> and authorizes grants to encourage state initiatives <i>[Sec. 6202]</i> to provide broad-band service to rural areas. Authorizes appropriations of \$40 million annually (FY2008-12).	Does not adopt either provision.
Sec. 2333 of the 1990 farm bill (Food, Agriculture, Conservation, and Trade Act, P.L. 101-624) provides grants to non-commercial television that serve rural areas. <i>[7 U.S.C. 950aaa-2]</i> Also, Sec. 2335A	Reauthorizes the grant program to assist rural public television stations in making the transition from analog to digital broadcast equipment. <i>[Sec. 6028]</i> Reauthorizes Telemedicine and Distance Learning Services in	Reauthorizes appropriations through FY2012. Amends provision: (1) adds library connectivity and public television station digital conversion into the notification; (2) species requirements on how financial	Adopts the Senate provision with modifications that only libraries are added as eligible entities. Makes public television stations eligible for funding for high-speed telecommunications for educational

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authorizes Telemedicine and Distance Learning Services in Rural Areas by providing loans/grants to schools and medical facilities for telecom technologies. [7 U.S.C. 950aaa5]	Rural Areas through FY2012. [Sec. 6029]	assistance is to be used and criteria for prioritizing; (3) requires USDA to notice the amount of financial assistance available to applicants, among other provisions. Renames program the Telemedicine, Library Connectivity, Public Television, and Distance Learning in Rural Areas, and reauthorizes through FY2012. [Sec. 6302]	programming in rural areas. [Sec. 6201]
The Con Act, as amended, authorizes appropriations for grants for broadcasting systems, funded at \$5 million annually (FY2002-07). [7 U.S.C. 1932(f)]	No comparable provision.	Reauthorizes through FY2012. [Sec. 6016]	Reauthorizes through FY2012 [Sec. 6014]
No comparable provision.	Directs USDA to prepare a report that develops a comprehensive national broadband strategy. [Sec. 6031]	Directs the Federal Communications Commission, in coordination with USDA, to submit a report to Congress describing a comprehensive rural broadband strategy. [Sec. 6111] Instructs the U.S. Comptroller General of to conduct a study of the Rural Utilities Service administration and of Federal assistance for broadband programs, with recommendations. [Sec. 6113]	Adopts the Senate provision. Requires an update of the report in the third year following enactment. [Sec. 6112] Adopts Senate provision striking an obsolete reference to dial-up Internet and place the provision in a separate section. [Sec. 6005]. Deletes the Senate provision for a GAO study.
The 2002 farm bill amended the REA to authorize USDA to expand 911 access and make telephone loans for rural emergency services. [7 U.S.C. 940e]	Reauthorizes through FY2012. [Sec. 6022]	Reauthorizes through FY2012. Expands eligibility to emergency communication providers. Authorizes USDA to use funds made available for telephone or broadband loans; requires USDA promulgate regulations [Sec. 6107]	Adopts the Senate provision with modifications to make emergency communication equipment providers eligible for loans. [Sec. 6107]

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<b>Agricultural-Based Rural Economic Development</b>			
<p>The 2002 farm bill amended the Con Act to authorize appropriations for direct and guaranteed loans for rural business development. <i>[7 U.S.C. 1926(a)(11)(D)]</i></p>	<p>Establishes new criteria for loans and loan guarantees, directing USDA to favor projects that support local/regionally produced agricultural products. <i>[Sec. 6010]</i></p>	<p>Similar to the House bill, but also: defines “under-served community;” establishes priorities for projects that support community development and marketing, distributing, storing, aggregating, or processing a locally-produced product; sets a per-facility limit of up to \$250,000 in loan/loan guarantees to modify/update facilities; and requires USDA to submit an annual report to Congress. <i>[Sec. 6017]</i></p>	<p>Adopts the Senate provision with modifications that extend the distance a product can travel and be eligible. Defines “underserved community” and gives priority to entities providing products to these communities. <i>[Sec. 6015]</i></p>
<p>No comparable provision.</p>	<p>Authorizes appropriations for Appropriate Technology Transfer for Rural Areas at \$5 million annually (FY2008-12). <i>[Sec. 6011]</i></p>	<p>Similar to the House bill. <i>[Sec. 6018]</i></p>	<p>Adopts the Senate provision with minor changes to elaborate on the purpose of the program. <i>[Sec. 6016]</i></p>
<p>No comparable provision.</p> <p>Sec. 231 of the Agricultural Risk Protection Act of 2000 <i>[7 U.S.C. 1621]</i>, as amended by the 2002 farm bill, authorizes USDA to make Value-Added Agricultural Product Development Grants to assist agricultural producers to establish businesses to produce value-added agricultural products, and provide for technical assistance and planning.</p>	<p>No comparable provision.</p> <p>Authorizes \$6 million subject to appropriations annually (FY2008-12). <i>[Sec. 6027]</i></p>	<p>Establishes Artisanal Cheese Centers to provide educational technical assistance to eligible cheese manufacturing and marketing businesses. <i>[Sec. 6023]</i></p> <p>Expands the definition of value-added products. Reduces the maximum grant amount to \$300,000. <i>[Sec. 6401]</i></p>	<p>Deletes the provision.</p> <p>Adopts the Senate provision with modification. Reserves 10% of funds for projects benefitting beginning farmers and ranchers and socially disadvantaged farmers and ranchers, and 10% of funds for projects to develop mid-tier value chains. Provides \$15 million in mandatory funding. <i>[Sec. 6202]</i></p>

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No comparable provision.	No comparable provision.	Amends the Con Act to provide reimbursement payments to “geographically disadvantaged farmers” (e.g., AK, HI) for costs associated with transporting or producing an agricultural commodity. <i>[Sec. 6021]</i>	Adopts the Senate provision with technical changes. <i>[Sec. 1621]</i>
The 2002 farm bill amended the Con Act authorizing a program to restore historic barns. <i>[7 U.S.C. 2008o(c)]</i>	Reauthorizes through FY2012 and gives priority to projects that identify, document, and conduct research on historic barns and develop and evaluate appropriate techniques or best practices for protecting historic barns. <i>[Sec. 6017]</i>	Similar to the House bill; also establishes a grant may be made for projects that rehabilitate or repair historic barns; preserve historic barns; and identify, document, survey, and conduct research on historic barns/structures. <i>[Sec. 6025]</i>	Adopts the House provision with technical changes. <i>[Sec. 6020]</i>
The 2002 farm bill authorized an Agricultural Innovation Center Demonstration program. <i>[7 U.S.C. 1621]</i>	Reauthorizes the program and provides \$6 million annually (FY2008-12). <i>[Sec. 6025]</i>	No comparable provision	Adopts the House provision. <i>[Sec. 6203]</i>
<b>Regional Economic Development and Planning</b>			
The Con Act, as amended, authorizes a Delta Regional Authority, providing funds for 240 counties in 8 states in Mississippi Delta. <i>[7 U.S.C. 2009aa-1]</i>	Reauthorizes appropriations through FY2012. <i>[Sec. 6019]</i>	Reauthorizes appropriations through FY2012; amends program to allow for grants for health care facility development. <i>[Sec. 6029]</i>	Adopts the House provision with modifications. Adds counties to be eligible. <i>[Sec. 6025]</i> Establishes separate Health Care Services section and defines eligibility to mean Mississippi River Delta region. <i>[Sec. 6024]</i>
The 2002 farm bill amended the Con Act authorizing the Northern Great Plains Regional Authority to make grants and loans and implement a regional development plan. <i>[7 U.S.C. 2009bb-1]</i>	Amends program to eliminate prioritization of activities to be funded. Modifies federal share of administrative expenses. Eliminates Isolated Areas of Distress designation. <i>[Sec. 6020]</i>	Eliminates requirement of a federal member of the commission, unless appointed. Broadens list of eligible organizations. Provides assistance to states in providing regional plans for renewable energy and transportation. <i>[Sec. 6030]</i>	Adopts the Senate provision with modifications. Requires the Commission to coordinate with tribal leaders if no federal co-chair is names. Defines organizations that may serve in the capacity of federal co-chair. <i>[Sec. 6026]</i>

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No comparable provision.	No comparable provision.	Amends the Con Act to authorize a new Northern Border Economic Development Commission (VT, NY, NH, and ME); authorizes appropriations of \$40 million annually (FY2008-12). [Sec. 6034]	Adopts Senate provision. Authorizes 3 additional regional commissions: Northern Border Regional Commission; Southeast Crescent Regional Commission; Southwest Border Regional Commission. Provides \$30 million to each FY2002-2012. [ Sec. 14217]
The Con Act, as amended, authorizes grants to multi-jurisdictional regional planning and development organizations; \$30 million annually through FY2007. [7 U.S.C. 1926(a)(23)]	No comparable provision.	Reauthorizes through FY2012. [Sec. 6005]	Deletes the Senate provision.
The Con Act, as amended, authorizes loans and grants for business and community development. [7 U.S.C. 1932]	No comparable provision.	Directs USDA to continue Rural Economic Area Partnership Zones (NY, ND, and VT) with areas of high unemployment/poverty. [Sec. 6019]	Adopts the Senate provision. [Sec. 6017]
No comparable provision.	Directs USDA, in coordination with the Department of Transportation, to prepare a report on railroad issues regarding the movement of agricultural products, renewable fuels, and economic development. [Sec. 6032]	No comparable provision.	Adopts the Senate provision. [Sec. 6206]
<b>Rural Entrepreneurship and Business Investment Programs</b>			
The 2002 farm bill amended the Con Act to authorize USDA to make Rural Business Opportunity Grants for business development or labor training in rural areas. Authorizes appropriations of \$15 million annually through FY2007. [7 U.S.C. 1926(a)(11)]	Reauthorizes through FY2012. [Sec. 6003]	Similar to the House bill. [Sec. 6002]	Adopts the Senate provision. [Sec. 6003]

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<p>The Con Act, as amended, authorizes appropriations for grants to cooperative development centers. [7 U.S.C. 1932(e)(5)]</p>	<p>Authorizes USDA to give preference to grant applications that establish centers for rural cooperative development that demonstrate specified requirements. Authorizes \$50 million annually (FY2008-12). [Sec. 6009]</p>	<p>Similar to House bill. Allows USDA to award multi-year grants to programs as deemed by the Secretary; establishes a cooperative research program; and creates a reserve for socially disadvantaged communities. [Sec. 6015]</p>	<p>Adopts the Senate provision with minor modifications. [Sec. 6013]</p>
<p>No comparable provision.</p>	<p>Authorizes a new Rural Entrepreneur and Microenterprise Assistance Program. Authorizes \$20 million annually (FY2008-12). [Sec. 6013]</p>	<p>Authorizes a new Rural Microenterprise Assistance Program, with mandatory spending of \$40 million for FY2008, available until expended. [Sec. 6022]</p>	<p>Adopts the House provision with modifications. Provides \$15 million in mandatory funding. [Sec. 6022]</p>
<p>The 2002 farm bill amended the Con Act, authorizing the Rural Strategic Investment Program, providing an equity generating program for rural business development modeled on the Small Business Investment Companies of the Small Business Administration. [7 U.S.C. 2099dd et seq.]</p>	<p>Limits discretionary funding of not more than \$25 million annually FY2008-2012. Adds planning grant eligibility for “rural heritage sites.” [Sec. 6021]</p>	<p>Authorizes a new Rural Collaborative Investment Program, with mandatory spending of \$135 million for grants and administrative activities. [Sec. 6032]</p>	<p>Adopts the Senate provision with modifications to include adding rural heritage as a goal of the program. Authorizes \$135 million in discretionary funds for the period FY2009-2012. [Sec. 6028]</p>
<p>The 2002 farm bill amended the Con Act, authorizing the Rural Business Investment Program to make loans/grants through regional investment boards. [7 U.S.C. 2009cc-5]</p>	<p>No comparable provision.</p>	<p>Reauthorizes through FY2012, with modifications: debentures may be prepaid at any time; distributions may be made to cover tax liability; USDA fees are limited to an application fee of \$500; and USDA will not be required to operate the program with other federal agencies. [Sec. 6031]</p>	<p>Adopts the Senate provision with modifications. Removes provision allowing distributions to cover tax liability. Limits on funding from certain financial institutions is raised to 25%. [Sec. 6027]</p>

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<b>Community Development Programs</b>			
The 2002 farm bill authorizes grants for units of general local government, Indian tribes, to pay the cost of training firefighters and emergency medical personnel. [7 U.S.C. 1621]	Reauthorizes the Rural Firefighters and Emergency Personnel Grant Program, appropriations up to \$30 million annually (FY2008-12). Expands the types of eligible entities. [Sec. 6026]	No comparable provision.	Adopts the House provision with minor modifications. [Sec. 6204]
The 2002 farm bill amended the Con Act to authorize the National Rural Development Partnership, a state-federal partnership of community rural development entities. [7 U.S.C. 2008m]	Reauthorizes through FY2012. [Sec. 6016]	Reauthorizes through FY2012. [Sec. 6024]	Adopts the provision. [Sec. 6019]
The 2002 farm bill amended the Con Act to authorize loans and grants for “essential community facilities” (incl. child day care). [7 U.S.C. 1926(a)(19)]	No comparable provision.	Authorizes \$40 million in mandatory spending for loans, grants, and loan guarantees to construct child day care facility grants. [Sec. 6003]	Adopts the Senate provision, but specifies that the program not receive mandatory funding. [Sec. 6004]
The Con Act, as amended, authorizes the Community Facility Grants Program, limited to \$10 million per fiscal year for grants to local governments, nonprofits, and Indian tribes to provide the federal share of the cost of developing specific essential community facilities authorizes funds for essential community facilities. [7 U.S.C. 1926(a) 19]	No comparable provision	Reserves 0.5% of the funds for community facilities to eligible entities located in freely associated states or outlying areas as defined in the Elementary and Secondary Education Act of 1965. [Sec. 6008]	Deletes the Senate provision.
The Con Act, as amended, authorizes funds for essential community facilities; the maximum amount of a community facility grant cannot exceed 75% of the project costs. [7 U.S.C. 1926(a) 19B]	No comparable provision	Amends to give priority for community facility projects that are carried out with a non-Federal share of funds that is substantially greater than the minimum requirement, as determined by USDA regulation. [Sec. 6009]	Deletes the Senate provision

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<p>The 2002 farm bill amended the Con Act to authorize USDA to provide cost-share grants to tribal colleges and universities for developing essential community facilities in rural areas and universities, as defined in the Higher Education Act of 1965 for developing essential community facilities in rural areas. Authorizes \$10 million in annual appropriation for FY2003-07. [7 U.S.C.1926(a)(25)]</p>	<p>Reauthorizes through FY2012. Amends program to direct USDA to establish a maximum percentage of the cost of a facility covered by a grant. Caps non-federal support to no more than 5% of the facility's total cost. [Sec. 6005]</p>	<p>Reauthorizes through FY2012. Increases the maximum federal grant tribal colleges and universities receive for the cost of developing essential community facilities in rural areas to 95%. [Sec. 6007]</p>	<p>Adopts the House provision. [Sec. 6007]</p>
<p>No comparable provision.</p>	<p>No comparable provision</p>	<p>Makes technical changes to address funding for cooperative organizations by allowing for business guarantees of loans. [Sec. 6014]</p>	<p>Adopts the Senate provision with technical changes. [Sec. 6012]</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Provides grants to expand rural employment opportunities for individuals with disabilities. Authorizes \$2 million annually (FY2008-12). [Sec. 6028]</p>	<p>Adopts the Senate provision with minor changes. [Sec. 6023]</p>
<p>The Con Act authorizes grants to train farm workers in new technologies and in specialized skills for higher value crops; authorizes appropriations of \$10 million annually through FY2007 [7 U.S.C. 1981q(c)]</p>	<p>No comparable provision.</p>	<p>Reauthorizes through FY2012. [Sec. 6027]</p>	<p>Deletes the Senate provision.</p>
<p>No comparable provision.</p>	<p>Amends the Con Act to authorize grants to improve the technical infrastructure of rural health care facilities at \$30 million annually (FY2008-12). Identifies types of eligible rural health facilities. [Sec. 6012]</p>	<p>Authorizes loans and loan guarantees to improve the technical infrastructure of rural health care facilities. Provides \$50 million in mandatory spending (with at least \$25 million for hospitals with less than 50 acute care beds). [Sec. 6006]</p>	<p>Deletes both House and Senate provisions.</p>

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No comparable provision.	No comparable provision.	Authorizes the Secretary of Housing and Urban Development to provide financial assistance for community-based housing development entities and affordable housing projects, and other requirements. Authorizes appropriations of \$10 million (FY2008); \$15 million annually (FY2009-10). <i>[Secs. 6501-6505]</i>	Adopts the Senate provision with modifications to permit GAO to use private audits for review of the Housing Assistance Council. <i>[Secs. 6301-6305]</i>
<b>Other Rural Development Provisions</b>			
The REA, as amended, authorizes USDA to make loans for rural electrification and telephone services and to assist borrower in implementing improvements to electrical and telephone service. <i>[7 U.S.C. 901 et seq.]</i>	No comparable provision.	Inserts “efficiency and” before “conservation;” makes technical changes to loan and grants for electric generation; establishes fees for baseload generation loan guarantees; defers loan payments for improved energy efficiency; defines “rural” and “farm” for borrowing eligibility; and specifies procedures for borrowers. <i>[Secs. 6101-6104; 6109]</i>	Adopts the Senate provision authorizing energy efficiency program. <i>[Sec. 6101]</i> . Deletes provision for loans and grants for electric generation. <i>[Sec. 6102]</i> . Deletes Senate provision on fees for loan guarantees, but requires a study of electric generating needs in rural areas. <i>[Sec. 6113]</i> . Adopts Senate provision to allow energy audits. <i>[Sec. 6104]</i> . Makes technical changes for certain financing.
<p>The REA, as amended, authorizes USDA to issue bonds for rural electrical generation or telephone purposes. <i>[7 U.S.C. 940c-1(f)]</i></p> <p>The REA, as amended, authorizes USDA to make loans for electrical generation in rural areas. <i>[7 U.S.C. 940f]</i></p>	<p>Reauthorizes through FY2012. <i>[Sec 6030]</i></p> <p>No comparable provision.</p>	<p>Similar to the House bill, but limits guarantees to no more than \$1 billion and establishes technical provisions for bond guarantees. <i>[Sec. 6106]</i></p> <p>Defines “qualified energy source” and permits loans for electrical generation from renewable sources sold to non-rural residents at sets loan rates. <i>[Sec. 6108]</i></p>	<p>Adopts the Senate provision. <i>[Sec. 6106]</i></p> <p>Adopts the Senate provision with modifications. Defines “renewable energy source.” <i>[Sec. 6108]</i></p>

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The REA, as amended, authorizes USDA to make exceptions for electrification borrowers to relieve them of regulatory requirements. [7 U.S.C. 936e]	No comparable provision.	Defines “substantially underserved trust areas” and to authorize USDA to make loan rates as low as 2% to qualified utilities serving these areas. [Sec. 6112]	Adopts the Senate provision with modifications. [Sec. 6105]
Title III of the REA establishes agency funding procedures for direct loans and loan guarantee. [7 U.S.C. 940-c 1]	No comparable provision	Requires the Rural Utility Service (RUS) follow new procedures in dealing with borrowers. Allows USDA to adjust population limitations related to digital mobile wireless service; requires USDA to review bonding requirements for all programs administered by RUS. [Sec 6109]	Adopts the Senate provision regarding bonding requirements and strikes the other provisions. [Sec. 6109]
The 1990 farm bill, as amended, authorizes a rural electronic commerce extension program to provide assistance to rural businesses. [7 U.S.C. 59239e]	No comparable provision.	Reauthorizes through FY2012. [Sec. 6301]	Deletes the Senate provision.
The Housing Act of 1949, as amended, authorizes a loan and grant program to provide housing construction and assistance to farm labor. [42 U.S.C. 1484(f)(3)]	No comparable provision.	Amends program to include aquacultural workers. [Sec. 6420]	Adopts the Senate provision. [Sec. 6205]