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GRAIN STANDARDS AND WAREHOUSE IMPROVEMENT ACT OF 2000

AUGUST 25, 2000.—Ordered to be printed

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

REPORT

The Committee on Agriculture, Nutrition, and Forestry, having considered an original bill to amend the United States Grain Standards Act to extend the authority of the Secretary of Agriculture to collect fees, extend the authorization of appropriations, and to improve the administration of that Act, to amend the United States Warehouse Act to authorize the issuance of electronic receipts, and for other purposes, reports favorably thereon and recommends that the bill do pass.

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I. PURPOSE, NEED AND BACKGROUND

The United States Grain Standards Act was enacted in 1916 as a means of eliminating confusion resulting from the use of many different sets of grain standards applied by different grain inspection organizations operating without national coordination and supervision. Operating within the United States Department of Agriculture (USDA), the Grain Inspection Packers and Stockyards Administration (GIPSA) sets and administers official grain standards and conducts grain inspection services.

The Act authorizes GIPSA to establish standards of “kind, class, quality and condition for corn, wheat, rye, oats, barley, flax seed, sorghum, soybeans, mixed grain and such other grains as in the administrator’s judgment the usages of the trade may warrant and permit.” The GIPSA Administrator is authorized to develop standards or procedures for accurate weighing and weight certification and controls for grain shipped in interstate or foreign commerce. The Act also establishes certain performance requirements for grain inspection and weighing equipment. The certainty of these standards and the credibility and integrity of the inspection system has allowed our domestic and international markets to flourish as a result.

The credibility and integrity of United States grain inspection must be maintained to allow U.S. producers to continue to supply the world through our marketing system. This bill will reauthorize the collection of fees, the Grain Inspection Advisory Committee, and funding until September 30, 2005.

In order to keep up with advances in technology, GIPSA needs flexibility in the way that commodity samples can be obtained. Grain marketing patterns, quality attributes, and quality testing methods are changing rapidly. New quality traits developed through biotechnology have increased the speed of change. This bill will provide flexibility needed by GIPSA to continue to maintain an efficient sampling system.

In general, under current law, only one official federal inspection agency can operate within geographic boundaries. The 1993 amendments to the Grain Standards Act provided for a pilot program that allowed for more than one official inspection agency within a single geographic area at interior locations. These programs were successful in facilitating the marketing of grain without jeopardizing the integrity of the system. This bill will permanently authorize this policy.

The Warehouse Act was originally enacted in 1916, and was subsequently amended in 1919, 1923, and 1931. However, since that time, the authorizing legislation for this program has seen little change. At the same time, U.S. agriculture and our society have seen drastic changes since the early part of the 20th century.

The U.S. Warehouse Act does not mandate participation by warehouse operators that it regulates; it simply offers those who apply and qualify for licenses an alternative to state regulation. Currently, warehouse licenses may be issued for the storage of cotton, grain, tobacco, wool, dry beans, nuts, syrup and cottonseed. According to the U.S. Department of Agriculture, 45.5 percent of the U.S. off-farm grain and rice storage capacity and 49.5 percent of the total cotton storage capacity is licensed under the Warehouse Act. In general, the paper warehouse receipts that are issued under the Warehouse Act are documents of title and represent ownership of the stored commodity.

This bill will make this program more relevant to today’s agricultural marketing system. The legislation would authorize and standardize electronic documents and allow their transfer from buyer to seller across state and international boundaries. This new paperless flow of agricultural commodities from farm gate to end-user would provide significant savings and efficiencies for farmers across the nation.

In 1992, the Congress directed the Secretary of Agriculture to establish electronic warehouse receipts for only the cotton industry. Since that time participation in the electronic-based program has grown to over half of the U.S. cotton crop. In 1996, for example, nearly 12 million bales of cotton, out of the total crop of approximately 19 million bales, were represented by electronic warehouse receipts. Recently, the cotton industry estimated that this electronic system saves them \$5 to \$15 per bale, a savings of over \$275 million per year. The legislation extends this electronic warehouse receipt program to all agricultural commodities covered by the U.S. Warehouse Act. This reduced paperwork, increased efficiency, and substantial time savings will make U.S. agriculture more competitive in world markets. This Act will help GIPSA continue these high standards and increase the economic efficiency of the U.S. grain marketing system.

The Committee believes that the U.S. government should focus on establishing rules and regulations under which private operators of electronic document systems can compete. This legislation envisions the federal government acting as an umpire over multiple private electronic document systems. This is the type of system currently in place for electronic cotton warehouse receipts and it has proven to work in that area.

In addition to numerous advantages, electronic warehouse receipts present particular challenges with respect to the integrity and security of documents and transactions. Accordingly, the Committee expects the Secretary to evaluate carefully any forms of fraud or misuse that may potentially be associated with electronic warehouse receipts and to ensure that the Department's regulations governing electronic warehouse receipts require adequate protection against fraud or misuse.

The Committee recognizes that the structure of the world grain market is changing rapidly and the U.S. grain marketing system will have to change in response to it. An increasing share of the grain and oilseeds that will be produced by American farmers in the coming years will incorporate unique characteristics whose value would not be fully realized if those crops are sold into an undifferentiated commodity market. A number of alternative outlets for selling differentiated products into both domestic and international markets currently exist, but not all of them may be equally accessible to all producers in all regions of the country.

Certification of testing laboratories and validation of testing methods will be an important component of differentiating types of specialized grain. The Committee supports the efforts in this area that the Department has already undertaken. However, as the grain industry continues to refine its capacity to deliver grain on an identity preserved basis, the Department must continue to strive to give confidence to buyers and sellers involved in these transactions, thus enhancing opportunities for producers to capture a larger portion of the retail dollar.

With demand for identity preservation increasing, the Committee requests the Secretary to conduct a study on the availability of grain-handling facilities (on-farm and off-farm) capable of storing and moving grains and oilseeds on an identity-preserved basis, both nationally and regionally, and the capacity to maintain that identity throughout the marketing channel.

II. SECTION-BY-SECTION ANALYSIS

Section 1. Short title and table of contents

TITLE I. GRAIN STANDARDS

Section 101. Sampling for export grain

This section provides GIPSA with more flexibility in obtaining samples of export grain. Currently, samples of export grain can only be obtained after final elevation of the grain. Historically, this has been a requirement due to the breakage that can occur as the grain goes through an export elevator. In many cases, this sampling procedure is still appropriate. However, for value enhanced traits (e.g. protein) that are not affected by handling, sampling and testing prior to final elevation may be more appropriate. Often it is not a simple process to perform these tests in a field environment. Grain marketing patterns, quality attributes, and quality testing methods are changing rapidly. These changes are being expedited by quality traits developed through biotechnology and new testing methods. In response to these breakthroughs, new grain marketing programs are evolving that require measurement of additional, more complex, quality attributes. Also, in order to maintain an efficient and effective marketing system in the United States, grain merchants are relying more on identity-preserved programs to assure acceptable quality with limited testing. These merchants may need quality results on identity-preserved grain prior to final elevation. Flexibility in obtaining samples would not jeopardize the representativeness of the samples obtained for inspection.

Section 102. Geographic boundaries for official agencies

This section allows, under certain conditions, more than one official agency to perform inspection and weighing services within a single geographic area at interior locations. The 1993 amendments provided for pilot programs to test such a change. These programs were successful in that they facilitated the marketing of grain without jeopardizing integrity of the system. This section will give the Secretary the authority to develop criteria similar to the current pilot programs.

Section 103. Authorization to collect fees

This section extends, through the fiscal year 2005, the authority of the Secretary to charge user fees assessed for inspection supervision and to invest sums collected.

Section 104. Testing of equipment

This section eliminates the requirement for mandatory annual testing for all equipment used in sampling, grading, inspection, and weighing. Annual testing is not necessary or appropriate for all such equipment.

Section 105. Limitation on administrative and supervisory costs

This section provides that the administrative and supervisory costs for services, performed through fiscal year 2005, would remain subject to a ceiling of 30 percent of total costs for such serv-

ices (excluding the costs of standardization, compliance, and foreign monitoring activities).

Section 106. Licenses and authorizations

This section allows GIPSA to contract inspection and weighing functions.

Section 107. Grain additives

This section prohibits disguising the quality of grain as a result of the introduction of nongrain substances and other identified grains. The prohibition would include the introduction of nongrain substances such as cinnamon, vanilla, and bleach, and could apply to all grain whether officially inspected or not. This prohibition will enhance the integrity of the national grain marketing system.

Section 108. Authorization of appropriations

The section extends, through fiscal year 2005, the authorization for appropriations to cover standardization, compliance, foreign monitoring activities and any other expenses necessary to carry out the provisions of the Act which are not obtained from fees and sales of samples.

Section 109. Advisory committee

This section maintains an advisory committee through fiscal year 2005. This committee represents the industry and advises the Secretary in administering the Act.

Section 110. Conforming amendments

This section makes necessary conforming amendments

TITLE II. WAREHOUSES

Section 201. Storage of agricultural products in warehouses

This section amends the U.S. Warehouse Act as follows:

Section 1. Short title

This Act may be cited as the “United States Warehouse Act.”

Section 2. Definitions

This section defines terms used in bill.

Section 3. Powers of Secretary

Subsection (a). This subsection gives the Secretary authority over:

Federally licensed warehouse operators, persons approved by the Secretary to engage in certain activities (i.e., a state licensed warehouse operator that has opted to participate in Federal electronic warehouse receipts), and a person claiming an interest in commodity stored in a warehouse by means of an electronic warehouse receipt.

Subsection (b). This subsection authorizes the Secretary to specify what commodities may be stored in Federally licensed warehouses.

Subsections (c) and (d). These subsections authorize the Secretary to conduct investigations and inspections of any person or warehouse licensed under this Act.

Subsection (e). This subsection authorizes the Secretary to determine the suitability of a warehouse for storage of commodities.

Subsection (f). This subsection authorizes the Secretary to classify warehouses according to their geographical location and their functions.

Subsection (g). This subsection authorizes the Secretary to prescribe the duties of a warehouse operator relative to the commodities stored or handled in the warehouse.

Subsection (h). This subsection authorizes the Secretary to establish 1 or more systems for the filing, storage, and conveyance of warehouse receipts.

Subsection (i). This subsection authorizes the Secretary to conduct examinations and audits of warehouses.

Subsection (j). This subsection authorizes the Secretary to issue a Federal warehouse license if the Secretary determines that the warehouse is suitable for the proposed activities and commodities and the warehouse operator agrees to comply with the requirements of the Secretary.

Subsection (k). This subsection authorizes the Secretary to grant a license to a person to inspect, sample, classify, or weigh a commodity.

Subsection (l). This subsection authorizes the Secretary to examine the papers and accounts of a warehouse operator.

Subsection (m). This subsection authorizes the Secretary to enter into cooperative agreements with States to perform various activities related to warehouses.

Section 4. Imposition and collection of fees

This subsection authorizes the Secretary to assess and collect fees from Federally licensed warehouse operators.

The fees authorized in this section are intended to offset the cost of administering this Act. The Committee believes that such fees should be as low as possible and that there should be a direct correlation between the amount of the fee and the cost (to USDA) of performing a regulatory function under this Act. For example, fees should not be so large that they hinder the use of electronic warehouse receipts or other electronic documents. The Committee is unsure about the effect that a per transaction fee might have on the economic benefits and efficiencies of electronic receipts, and expects USDA to consult with the House and Senate Agriculture Committees prior to implementing a per transaction fee for the storage or handling of any agricultural product.

Section 5. Quality and value standards

This section authorizes the Secretary to determine standards to establish the value and quality of commodities stored or handled in warehouses.

Section 6. Bonding and other financial assurance requirements

This section authorizes the Secretary to require Federally licensed warehouse operators to provide bonds or other financial assurances to secure their performance.

Section 7. Maintenance of records

This section requires warehouse operators and other persons authorized under this Act to maintain records as required by the Secretary.

Section 8. Fair treatment in storage of agricultural products

This section requires a warehouse operator to act in a fair and business-like manner and consistent with the ordinary and usual course of business practices in the area.

Section 9. Commingling of agricultural products

This section allows for the commingling of agricultural products (except cotton).

Section 10. Transfer of stored agricultural products

This section allows a warehouse operator to transfer stored or handled commodities to another warehouse for storage, although the warehouse operator is still liable for producing an equivalent amount of the stored commodity at the request of the holder of the warehouse receipt.

Section 11. Issuance of receipts and other documents

Subsections (a)–(d). These subsections authorize the issuance of warehouse receipts for commodities stored in a warehouse.

Subsection (e). Electronic Warehouse Receipts.

Paragraph (1). This paragraph authorizes the Secretary to establish a system of electronic warehouse receipts for commodities (except cotton, which has its own system for electronic warehouse receipts in subsection (f)).

Paragraph (2). This paragraph authorizes the Secretary to establish 1 or more systems for the filing, storage, and conveyance of electronic warehouse receipts.

Paragraph (3). The person to whom an electronic receipt is issued is considered to be in possession of the receipt.

Paragraph (4). Security Interests.

(A) Perfection of Interest. A security interest, whether established under State or Federal law, in grain represented by an electronic receipt may be perfected only through procedures established by the Secretary.

(B) Effect of Recordation. A security interest in a stored commodity is established through recordation of the security interest in a manner as prescribed by the Secretary.

(C) Priority. The priority of multiple security interests in stored commodity is determined by the applicable Federal or State law.

(D) Encumbrances.

(i) In the case of a warehouse operator licensed under State law that is participating in the Federal electronic warehouse receipt program, a security interest, lien, or other encumbrance can be recorded only if it is authorized under State law and recorded in a manner as prescribed by the Secretary.

(ii) In the case of a warehouse operator licensed under Federal law, or that is not licensed at all (e.g., a warehouse operator in California), a security interest, lien, or other encumbrance can be recorded only in a manner as prescribed by the Secretary.

Paragraph (5). A person taking possession of a stored commodity is subject only to security interests that have been recorded in a manner as prescribed by the Secretary for electronic warehouse receipts.

Paragraph (6). An electronic receipt shall be accepted in all commerce. A warehouse operator is not required to issue an electronic receipt.

Paragraph (7). An electronic receipt has the same legal effect as a paper receipt.

Paragraph (8). A State licensed warehouse operator may opt in or out of the Federal electronic receipt program.

Paragraph (9). This paragraph restates that a State licensed warehouse operator may opt out of the Federal electronic receipt program.

Subsection (f) (only applicable to cotton, restates current law for cotton electronic warehouse receipts). This subsection is essentially the same as for the previous subsection, except that for cotton, state licensed warehouses must participate in the Federal electronic warehouse receipts program.

Paragraph (1). This paragraph authorizes the Secretary to establish 1 or more central filing systems for the filing, storage, and conveyance of electronic warehouse receipts. If a warehouse operator lacks the facilities to participate, participation in electronic receipts is not required.

Paragraph (2). A security interest in a stored commodity is established through recordation of the security interest in a manner as prescribed by the Secretary. Also, this paragraph establishes which person has a possessory interest in the commodity. The person designated on the receipt is considered to be in possession of the receipt. The priority of multiple security interests in a stored commodity is determined by the applicable Federal or State law. This subsection is applicable to cotton electronic warehouse receipts covering cotton stored in a cotton warehouse, regardless of whether the warehouse storing the cotton is participating in the Federal program.

Paragraph (3). A cotton warehouse operator, upon demand, shall produce the cotton covered by the electronic receipt, if payment is provided at the time of the demand.

Section 12. Conditions for delivery of agricultural products

A warehouse operator shall deliver the stored commodity to the holder of the electronic receipt upon demand for the delivery of the commodity. Payment can be requested at the time of delivery. The electronic receipt is to be canceled when the commodity is properly delivered.

Section 13. Suspension or revocation of licences

Subsequent to proper notice and an opportunity for a hearing, a license can be suspended or revoked.

Section 14. Public information

Information collected by the Secretary is confidential, except that the name of a warehouse operator whose license has been suspended or revoked may be provided to the public.

Section 15. Penalties for noncompliance

A monetary penalty of \$25,000 or up to 100% of the value of the agricultural product involved may be assessed for noncompliance with the regulations of the Secretary.

Section 16. Jurisdiction and arbitration

This section provides that district courts of the United States shall have exclusive jurisdiction over actions brought under this Act.

Section 17. Regulations

This section requires the Secretary to promulgate regulations.

Section 18. Authorization of appropriations

This section authorizes appropriations.

TITLE III. MISCELLANEOUS

Section 301. Energy generation, transmission and distribution facilities efficiency grants in rural communities with extremely high energy costs

This section authorizes the Secretary to make grants and loans to improve the efficiency of energy distribution in areas where the cost of home energy is at least 275 percent of the national average.

Section 302. Carry forward adjustment

This provision amends tobacco language included in the Agricultural Risk Protection Act that was signed by the President on June 20, 2000. It establishes a limitation on the amount of under marketings (marketing less tobacco than is allowed by the assigned quota) of burley tobacco that can be applied toward the calculation of quota size in the subsequent year.

Section 303. Fees for mediation and arbitration of disputes involving fruits and vegetables moving in foreign commerce under multinational entities

This section authorizes USDA to receive fees from customers that contract with it to provide arbitration services for disputes involving the shipment of fruits and vegetables across national boundaries.

Section 304. Community facilities grant program for rural communities with extreme unemployment and severe economic depression

This section authorizes the Secretary to make grants to provide for the federal share of essential community facilities in rural communities in which the employment rate is extremely high based on Bureau of Labor Statistics information.

Section 305. Eligibility for business and industry loans

This section provides an exception so that guaranteed business and industry loans can be made to finance projects (but not new construction) in a town with a population in excess of 50,000 if the project is for the processing of agricultural commodities and the

primary economic beneficiaries of the project are agricultural producers.

Section 306. State agricultural loan mediation programs

This section reauthorizes the State loan mediation program through 2005.

Section 305. Adjustments to nutrition programs

This section contains two technical amendments to the WIC law. The first would clarify that Alaska is eligible to exercise the state option to exclude cost-of-living adjustments for military personnel in high cost areas outside the continental US. The second amendment would simplify a WIC pilot project by allowing fewer WIC agencies to participate in the project, if they so choose. This section also fixes a section heading in the School Lunch Act and removes an extra “and” found in the statute.

III. LEGISLATIVE HISTORY AND COMMITTEE VOTE

LEGISLATIVE HISTORY

The Senate Agriculture, Nutrition, and Forestry Committee held a full committee hearing on Thursday, February 1, 2000. The purpose of this hearing was to address oversight issues of the Grain Inspection, Packers and Stockyards Administration (GIPSA).

Administration testimony was provided by Mr. Michael Dunn, Under Secretary for Marketing and Regulatory Programs and Mr. James Baker, GIPSA Administrator. They were accompanied by Mr. David Shipman, Deputy Administrator of the Federal Grain Inspection Program. The following panel discussed the current authorities of GIPSA and reauthorization of the Grain Standards Act: Mr. Bert Farrish, President, Columbia Grain representing the North American Export Grain Association, Portland, Oregon; Mr. Robert Smigelski, The Anderson, Incorporated, representing the National Grain and Feed Association, Maumee, Ohio; Mr. Mike Clark, National Corn Growers Association, also represented the concerns of the American Soybean Association and the National Association of Wheat Growers, Homer, Illinois; and Mr. Dennis Wiese, National Farmers Union, Flandreau, South Dakota.

The witnesses testified that in order for the Federal system to be a reliable business partner, GIPSA must have the flexibility to act quickly and to anticipate changes because the grain trade is dynamic. With the growth of inherent traits in commodities that bring value to end-uses, tests and standards must be developed to help identify and preserve the true quality of the commodity. All agreed that the credibility and integrity of the official system is very important to grain handlers and to U.S. exporters.

COMMITTEE VOTE

In compliance with paragraph 7 of rule XXVI of the Standing Rules of the Senate, the following statements are made concerning the votes of the Committee in its consideration of the bill:

The Committee met in open session on Tuesday, June 20, 2000 and, in the presence of a quorum, ordered that the bill be favorably reported by a voice vote.

IV. REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the following evaluation is made concerning the regulatory impact of enacting this legislation:

According to industry sources, there are at least 7,500 to 8,000 wheat and feed grain handling facilities and exporters and 512 cotton exporters, mills and warehouses that could be impacted by this legislation. This legislation reauthorizes current law allowing the continued collection of fees for mandatory grain inspection and weighing services for exports. Domestic grain handlers can request this service on a voluntary basis from designated inspection agencies. Lowering the ceiling for administrative expenses may decrease costs for exporters. Greater flexibility is provided in the methods for sampling commodities. Greater cost efficiency could also come from providing the Grain Inspection Packers and Stockyards Administration the authority to contract for the commodity weighing and inspection functions. Another effective measure would allow, under certain conditions, more than one official agency to perform inspection and weighing services within a single geographic area at interior locations. Finally the bill eliminates a requirement for annual testing for some equipment used in sampling, grading, inspection and weighing.

This legislation also authorizes the use of electronic warehouse receipts for grain commodities stored in licensed warehouses. According to the U.S. Department of Agriculture, there are currently 908 federally licensed grain warehouses, many with multiple facilities. Under this legislation, all licensed warehouses would have the option to use electronic warehouse receipts, increasing efficiency and reducing paperwork. The cotton industry has used electronic warehouse receipts for the past eight years and has realized approximately \$1 billion in savings due to process timeliness and cost effectiveness. Providing the option of electronic warehouse receipts will help the U.S. commodity industry be competitive in the global marketplace.

In the miscellaneous provisions of the bill, the Secretary of Agriculture is authorized to assess and collect reasonable fees to mediate and arbitrate disputes arising between parties in foreign commerce. This is a voluntary service. The bill also extends the authorization of funding for state mediation programs under which participation is voluntary.

There should be no adverse impact on the personal privacy of individuals affected by this legislation.

V. BUDGETARY IMPACT STATEMENT

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the following letter has been received from the Congressional Budget Office regarding the budgetary impact of the bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 27, 2000.

Hon. RICHARD G. LUGAR,
Chairman, Committee on Agriculture, Nutrition, and Forestry,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Grain Standards and Warehouse Improvement Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Jim Langley (for federal costs) and Jean Wooster (for the private-sector impact).

Sincerely,

STEVEN LIEBERMAN,
(For Dan L. Crippen, Director).

Enclosure.

Grain Standards and Warehouse Improvement Act of 2000

Summary: This legislation would amend and reauthorize the United States Grain Standards Act. It also would amend the United States Warehouse Act and reauthorize the State Agricultural Loan Mediation Program. Finally, the bill would authorize appropriations for grants for energy generation, transmission, and distribution facilities in rural communities with high energy costs, and for grants and loans under the Community Facilities Grant Program for rural communities with extreme unemployment and severe economic depression.

CBO estimates that implementing the bill would cost \$30 million in 2001 and \$386 million over the 2001–2005 period, subject to the appropriation of the necessary amounts. The bill would authorize the collection and spending of fees for the government's expenses when providing mediation and arbitration services to certain firms involved in international trade of agriculture products, and for certain grain inspection services. Because the bill would affect direct spending pay-as-you-go procedures would apply, but CBO estimates that this provision would not have a significant net budgetary effect in any year.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). State, local, and tribal governments might incur some costs to match the federal grants authorized by this bill, but those costs would be voluntary.

By extending the United States Grain Standards Act, the Grain Standards and Warehouse Improvement Act of 2000 would impose a private-sector mandate as defined by UMRA on grain exporters in the form of fees. CBO estimates that the direct cost of the mandate would be below the annual threshold established by UMRA for private-sector mandates (\$109 million in 2000, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated impact of the bill is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture) and 450 (community and regional development).

	By fiscal year, in million of dollars				
	2001	2002	2003	2004	2005
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ¹					
Estimated Authorization Level	124	126	129	131	134
Estimated Outlays	30	50	80	104	122

¹ In addition, the bill would authorize the collection and spending of fees for certain mediation and inspection services, but CBO estimates the net budgetary effect of these provisions would be negligible each year.

Basis of estimate: For this estimate, CBO assumes that the necessary amounts will be appropriated for each fiscal year and that outlays will follow the pattern of past appropriations for similar activities.

Grain standards

Title I would amend and reauthorize the United States Grain Standards Act through 2005. Under current law the Secretary's authority under this act expires at the end of 2000. CBO estimates that spending under the Grains Standard Act would be \$16 million for 2001, and \$87 million for fiscal years 2001 through 2005, assuming appropriations of the necessary amounts. The Federal Grain Inspection Service (FGIS), an agency of the U.S. Department of Agriculture, is required to officially weigh and inspect most grain exported from the United States. Upon request by private groups, FGIS also provides official inspection and weighing of U.S. grain in domestic commerce. FGIS is authorized to collect fees from grain exporters and private groups requesting such services. The agency is authorized to spend such fees without further appropriation to cover the cost of services performed. This legislation would extend that authority.

Warehouses

Title II would revise the United States Warehouse Act. It also would authorize the use of electronic warehouse receipts for all commodities stored in licensed warehouses. Current law requires the use of paper warehouse receipts, except for cotton. CBO expects that these changes to the act would have a negligible budgetary impact.

Miscellaneous provisions

Title III would authorize appropriations for new programs, including assistance for energy generation, transmission, and distribution facilities, and the development of new community facilities. CBO estimates that implementing these programs would cost about \$15 million in 2001, and about \$300 million over the 2001–2005 period, assuming appropriation of the necessary amounts. This title also would authorize the collection and spending of fees to mediate certain international trading disputes.

Section 301 would authorize grants and loans to states, and other entities to develop, upgrade, and improve the efficiency of energy generation, transmission, and distribution facilities in communities where the average residential expenditure for home energy is at least 275 percent of the national average of such expenditures. The bill would authorize the appropriation of \$50 million for fiscal year 2001 and such sums as necessary for each subsequent year. For this estimate, we assume that funding in subsequent years would remain at the 2001 level, adjusted for anticipated inflation.

This title would authorize the Secretary of Agriculture to assess and collect reasonable fees and late payment penalties to mediate and arbitrate disputes arising between parties in foreign commerce under the jurisdiction of a multinational entity, such as the World Trade Organization. Any fees collected must be deposited into the account that incurred the cost of providing the mediation or arbitration service. There would be no requirement to use such services. Fees and penalties collected would be available to the Secretary without further appropriation, so we estimate that there would be no net change in spending.

Section 304 would authorize grants to develop specified community facilities in rural communities that have unemployment rates greater than the lesser of 500 percent of the average national unemployment rate on the enactment and 200 percent of the average national unemployment rate during the Great Depression. The bill authorizes the appropriation of \$50 million in fiscal year 2001 and such sums as necessary for each subsequent year. For this estimate, we assume that funding in subsequent years would remain at the 2001 level, adjusted for anticipated inflation.

Section 306 would reauthorize the state agricultural loan mediation program through 2005. Under current law, the annual authorization of \$7.5 million for this program will expire in 2000. CBO estimates that the cost of extending this program would cost \$38 million over the 2001–2005 period, assuming appropriation of the authorized amounts.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The bill would affect direct spending by authorizing the Secretary to collect and spend fees for the mediation and arbitration of international disputes involving agricultural products moving in foreign commerce under multinational entities. CBO estimates that this provision would have a negligible net impact in each year.

Estimated impact on state, local, and tribal governments: This bill contains no intergovernmental mandates as defined in UMRA. Title III would authorize new federal spending for grants, which would benefit communities with high energy costs and high unemployment. Any spending by state, local, or tribal governments to match these federal funds would be voluntary.

Estimated impact on the private sector: By extending the United States Grain Standards Act, the Grain Standards and Warehouse Improvement Act of 2000 would impose a private-sector mandate as defined by UMRA on grain exporters in the form of fees. Under current law, the FGIS authority to collect fees from grain exporters requesting its services expires at the end of the fiscal year 2000. This bill would extend that authority through fiscal year 2005. CBO estimates that the direct cost of the mandate would be below the annual threshold established by UMRA for private-sector mandates (\$109 million in 2000, adjusted annually for inflation).

Estimate prepared by: Federal Costs: Jim Langley. Impact on State, Local, and Tribal Governments: Marjorie Miller. Impact on the Private Sector: Jean Wooster.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VI. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made in the bill, as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

UNITED STATES GRAIN STANDARDS ACT

OFFICIAL INSPECTION AND WEIGHING REQUIREMENTS

SEC. 5. (a) Whenever standards or procedures, are effective under section 4 of this Act for any grain—

(1) no person shall ship from the United States to any place outside thereof any lot of such grain, unless such lot is officially weighed and officially inspected [(on the basis of official samples taken after final elevation as near the final spout through which the grain passes as physically practicable as it is being loaded aboard, or while it is in, the final carrier in which it is be transported from the United States)] in accordance with such standards or procedures, and unless a valid official certificate showing the official grade designation

* * * * *

OFFICIAL INSPECTION AUTHORITY AND FUNDING

SEC. 7. * * *

* * * * *

(f)(2) Not more than one official agency or State delegated authority pursuant to subsection (e)(2) of this section for carrying out the inspection provisions of this Act shall be operative at one time for any geographic area as determined by the Secretary to effectuate the objectives stated in section 2 of this Act, except that the Secretary may [conduct pilot programs to] allow more than 1 official agency to carry out inspections within a single geographical area without undermining the policy stated in section 2.

* * * * *

(j)(4) The duties imposed by paragraph (2) on designated official agencies and State agencies described in such paragraph and the investment authority provided by paragraph (3) shall expire on September 30, [2000] 2005. After that date, the fees established by the Secretary pursuant to paragraph (1) shall not cover administrative and supervisory costs related to the official inspection of grain.

WEIGHING AUTHORITY

SEC. 7A. (i) No State or local governmental agency or person other than an authorized employee of the Secretary shall perform official weighing or supervision of weighing for the purposes of this Act except in accordance with the provisions of an unsuspended and unrevoked delegation of authority or designation by the Secretary as provided in this section or as otherwise provided in section 7(i) and subsection (d). Not more than one official agency or State delegated authority pursuant to subsection (c)(2) of this sec-

tion for carrying out the weighing provisions of this Act shall be operative at one time for any geographic area as determined by the Secretary to effectuate the objectives stated in section 2 of this Act, except that the Secretary may [conduct pilot programs to] allow more than 1 official agency to carry out the weighing provisions within a single geographic area without undermining the policy stated in section 2.

* * * * *

(3) The authority provided to the Secretary by paragraph (1) and the duties imposed by paragraph (2) on agencies and other persons described in such paragraph shall expire on September 30, [2000] 2005.

SEC. 7B. (a) The Secretary shall provide for the testing of all equipment used in the sampling, grading, inspection, and weighing for the purpose of official inspection, official weighing, or supervision of weighing of grain located at all grain elevators, warehouses, or other storage or handling facilities at which officials inspection or weighing services are provided under this Act, to be made on a random and periodic basis, [but at least annually and] under such regulations as the Secretary may prescribe, as the Secretary deems necessary to assure the accuracy and integrity of such equipment.

* * * * *

SEC. 7D. The total administrative and supervisory costs which may be incurred under this Act for services performed (excluding standardization, compliance, and foreign monitoring activities) for each of the fiscal years 1989 through [2000] 2005 shall not exceed [40 per centum] 30 percent of the total costs for such activities carried out by the Secretary for such year.

SEC. 8. (a) The Secretary is authorized—

(1) * * *

* * * * *

(3) to contract with any person or government agency to perform specified sampling, laboratory testing, *inspection, weighing*, and similar technical functions * * *

* * * * *

SEC. 13.(e)(1) The Secretary may prohibit the contamination of sound and pure grain, *or prohibit disguising the quality of grain, as a result of the introduction of* * * *

* * * * *

SEC. 19. There are hereby authorized to be appropriated such sums as are necessary for standardization and compliance activities, monitoring in foreign ports grain officially inspected and weighed under this Act, and any other expenses necessary to carry out the provisions of this Act for each of the fiscal years 1988 through [2000] 2005, to the extent that financing is not obtained from fees and sales of samples as provided for in sections 7, 7A, 7B, 16, and 17A * * *

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SEC. 21. (e) The authority provided to the Secretary for the establishment and maintenance of an advisory committee under this section shall expire on September 30, ~~2000~~ 2005 * * *

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UNITED STATES GRAIN STANDARDS ACT OF 1976

* * * * *

OFFICIAL INSPECTION AUTHORITY

SEC. 8. ~~[(a)]~~ Amends 7 of the United States Grain Standards Act.

* * * * *

~~[(b)(1)]~~ In order to provide information for use by the Congress in evaluating the needs of the grain inspection and weighting system at points in the United States other than at export port locations; the Administrator of the Federal Grain Inspection Service, the Director of the Office of Investigation of the United States Department of Agriculture (or such other organization or agency within the Department of Agriculture which may be delegated the authority, in lieu thereof, to conduct investigations on behalf of the Department of Agriculture), and the Comptroller General of the United States shall severally conduct investigations into and study grain inspection and weighting in the interior of the United States. The studies shall address, but are not limited to, the tasks of (A) determining the reliability and effectiveness of present official inspection and weighting procedures in the interior of the United States, and (B) evaluating the operating procedures and management practices of agencies providing grain inspection and weighing services in the interior of the United States, as they relate to the integrity and accuracy of the services.

~~[(2)]~~ The Director of the Office of Investigation specifically is directed to study the extent of any irregularities or problem areas under the present inspection and weighing systems and conflicts of interest rules and develop factual summaries of evidence disclosed in the Director's investigations into violations of the United States Grain Standards Act, the grain weighing provisions of the United States Warehouse Act, and related provisions of title 18 of the United States Code: Provided, That the Director shall not submit such summary with respect to any criminal investigation which is pending at the time the reports is due.

~~[(3)]~~ The Administrator of the Federal Grain Inspection Service shall make findings with respect to present grain inspection and weighing agencies at each inland terminal marketing area of the United States at which over fifty million bushels of grain are inspected in an average year, such findings to include (A) results of interviews with shippers who ship grain to and consignees who receive grain from such terminal marketing areas, and (B) a thorough analysis of inspection and weighing error rates of such agencies (which may include the application of statistical tolerances for expected variations), based on existing documentation and the sampling during the investigation of a representative number of randomly selected lots of grain shipped to and from such terminal marketing areas.

[(4) The Director of the Office of Investigation and the Administrator of the Federal Grain Inspection Service shall complete their investigations and study and shall submit their reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate and the Comptroller General not later than thirty months after the effective date of this Act.

[(5) The Comptroller General, in making his investigations and study, shall (A) assess the present grain inspection and weighing systems in the interior of the United States, and (B) evaluate the reports submitted under this subsection by the Director of the Office of Investigation and the Administrator of the Federal Grain Inspection Service. The Comptroller General shall submit a report setting forth the findings of such study and evaluation and his recommendations for changes in the United States Grain Standards Act to such Committees not later than three years after the effective date of this Act.]

* * * * *

[PURCHASE OR LEASE OF INSPECTION EQUIPMENT

[SEC. 23. Notwithstanding the provisions of section 3709 of the Revised Statutes (41 U.S.C. 5) and section 302 of the Federal Property and Administrative Service Act of 1949 (40 U.S.C. 490), the Administrator of the Federal Grain Inspection Service is authorized to negotiate for and purchase or lease, from any person licensed or designated (on the date of enactment of this Act) to perform official inspection functions under the United States Grain Standards Act, at fair market value, any facilities or equipment which the Administrator determines to be necessary for the conduct of official inspection.

[STUDIES OF GRAIN STANDARDS

[SEC. 24 (a) In order to assure that producers, handlers, and transporters of grain are encouraged and rewarded for the production, maintenance, and delivery of high quality grain and grain of the type needed to meet the end-use requirements of domestic and foreign buyers, the Administrator of the Federal Grain Inspection Service shall conduct an investigation and make a study regarding the adequacy of the current grain standards established under the United States Grain Standards Act.

[(b) To determine the items of concern to buyers, both foreign and domestic, and how sellers in the United States might best satisfy those needs, the Administrator may seek the advice of and may employ the services of representatives of the grain industry, land-grant colleges, and other members of the public (without regard to the provisions of title 5 of the United States Code, governing appointments in the competitive service).

[(c) The study shall address specifically, but is not limited thereto, the tasks of determining (A) if standards may be developed that would reduce grading errors and remove, where possible, subjective human judgment from grading by increased utilization of mechanical, electrical, and chemical means of grading, (B) whether grain should be subclassed according to color or other factor not affecting the quality of the grain, (C) whether the protein factor should be

included in the standards, and (D) whether broken grain should be grouped together with foreign material.

[(d) On the basis of the results of such study, the Administrator in accordance with section 4 of the United States Grain Standards Act, shall make such changes in the grain standards as he determines necessary and appropriate, and, not later than two years after the date of enactment of this Act, submit a report to the Congress setting forth the findings of such study and action taken by him as result of the study.]

[TEMPORARY EXERCISE OF POWERS, DUTIES, AND AUTHORIZATIONS

[SEC. 25. The powers, duties, and authorizations established by this Act for the Administrator of the Federal Grain Inspection Service shall in all instances be exercised by the Secretary of Agriculture of the United States during the period between the effective date of this Act and the appointment of the Administrator.]

* * * * *

EFFECTIVE DATE

SEC. 27. This Act shall become effective thirty days after enactment hereof; and thereafter no State or other agency or person shall provide official inspection or official weighing or supervision of weighing under the United States Grain Standards Act, as amended by this Act, at an export port location without a delegation of authority or other authorization under such amended Act, and no agency or person shall provide official inspection service or official weighing or supervision of weighing under such amended Act in any other area without a designation or other authorization under such amended Act, except that any agency or person then providing such service in any area may continue to operate in that area without a delegation or designation or other authorization under such Act but shall be subject to all provisions of the United States Grain Standards Act and regulations thereunder in effect immediately prior to the effective date of this Act, until whichever of the following events occurs first:

[(1) a delegation or designation of such agency or person to perform such services is granted or denied by the Administrator of the Federal Grain Inspection Service pursuant to the United States Grain Standards Act, as amended by this Act; or

[(2) such agency or person, or two or more members of employees thereof, have been or are convicted of a violation of any provision of the United States Grain Standards Act in effect immediately prior to the effective date of this Act; or convicted of any offense proscribed by other Federal law involving the handling, weighing, or official inspection of grain: Provided, That the Administrator may allow such affected agency or person to continue to operate in that area if the Administrator determines that such continued operations are necessary or desirable in carrying out the requirements of this Act: Provided further, That the Administrator shall, within 30 days after making such determination, submit a report to the Committee on Agriculture of the House of Representatives and the Com-

mittee on Agriculture, Nutrition, and Forestry of the Senate detailing the factual bases for such determination; or

[(3) with respect to export port locations the expiration of a period determined by the Administrator of not more than eighteen months following the effective date hereof; or

[(4) with respect to any other area, the expiration of a period as determined by the Administrator of not more than two years following the effective date hereof:

Provided, That the Administrator is authorized and directed to cause official inspection and official weighing of grain pursuant to the provision of the United States Grain Standards Act, as amended by this Act, to be performed by authorized employees of the United States Department of Agriculture or the Service, to begin at any time immediately thereafter the date of enactment of this Act, at those export port locations and export elevators located at export port locations at which the Administrator determines that such performance by such authorized employees is necessary to effectuate the provisions of section 2 of the United States Grain Standards Act, as amended.].

* * * * *

UNITED STATES WAREHOUSE ACT

[That this Act shall be known by the short title of "United States Warehouse Act."

[SEC. 2. That the term "warehouse" as used in this Act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this Act, "person" includes a corporation or partnership or two or more persons having a joint or common interest: "warehouseman" means a person lawfully engaged in the business of storing agricultural products; and "receipt" means a warehouse receipt.

[SEC. 3. That the Secretary of Agriculture is authorized to investigate the storage, warehousing, classifying according to grade and otherwise, weighing, and certification of agricultural products; upon application to him by any person applying for license to conduct a warehouse under this Act, to inspect such warehouse or cause it to be inspected; at any time, with or without application to him, to inspect or cause to be inspected all warehouse licensed under this Act; to determine whether warehouses for which licenses are applied for or have been issued under this Act are suitable for the proper storage of any agricultural product or products; to classify warehouses licensed or applying for a license in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities and as to the kinds of licenses issued or that may be issued for them pursuant to this Act; and to prescribe, within the limitations of this Act, the duties of the warehousemen conducting warehouses licensed under this Act with respect to their care of and responsibility for agricultural products stored therein.

[SEC. 4. That the Secretary of Agriculture, or his designated representative, is authorized, upon application to him, to issue to any warehouseman a license for the conduct of a warehouse or ware-

houses in accordance with this Act and such rules and regulations as may be made hereunder: Provided, That each such warehouse be found suitable for the proper storage of the particular agricultural product or products for which license is applied for, and that such warehouseman agree, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and the rules and regulations prescribed hereunder.

【SEC. 5. That each license issued under sections four and nine of this Act shall terminate as therein provided, or in accordance with the terms of this Act and the regulations thereunder, and may from time to time be modified or extended by written instrument.

【SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this Act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the terms of this Act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this Act, and may, in the discretion of the Secretary of Agriculture, include the requirements of fire and/or other insurance. Whenever the Secretary of Agriculture, or his designated representative, shall determine that a previously approved bond is, or for any cause has become, insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked.

【SEC. 7. That any person injured by the breach of any obligation to secure which a bond is given, under the provisions of sections six or nine, shall be entitled to sue on the bond in his own name in any court of competent jurisdiction to recover the damages he may have sustained by such breach.

【SEC. 8. That upon the filing with and approval by the Secretary of Agriculture, or his designated representative, of a bond, in compliance with this Act, for the conduct of a warehouse, such warehouse may be designated as bonded hereunder; but no warehouse shall be designed as bonded under this Act, and no name or description conveying the impression that it is so bonded, shall be used, until a bond, such as provided for in section 6, has been filed with and approved by the Secretary of Agriculture, or his designated representative, nor unless the license issued under this Act for the conduct of such warehouse remains unsuspended and unrevoked.

【SEC. 9. That the Secretary of Agriculture, or his designated representative, may, under such rules and regulations as he shall prescribe, issue a license to any person not a warehouseman to accept the custody of agricultural products, and to store the same in a warehouse or warehouses owned, operated, or leased by any State,

upon condition that such person agree to comply with and abide by the terms of this Act and the rules and regulations prescribed hereunder. Each person so licensed shall issue receipts for the agricultural products placed in his custody, and shall give bond, in accordance with the provisions of this Act, and the rules and regulations hereunder affecting warehousemen licensed under this Act, and shall otherwise be subject to this Act, and such rules and regulations, to the same extent as is provided for warehousemen licensed hereunder.

【SEC. 10. The Secretary of Agriculture, or the Secretary's designated representative, shall charge, assess, and cause to be collected a reasonable fee for (1) each examination or inspection of a warehouse (including the physical facilities and records thereof and the agricultural products therein) under this Act; (2) each license issued to any person to classify, inspect, grade, sample, or weigh agricultural products stored or to be stored under provisions of this Act; (3) each annual warehouse license issued to a warehouseman to conduct a warehouse under this Act; and (4) each warehouse license amended, modified, extended, or reinstated under this Act. Such fees shall cover, as nearly as practicable, the costs of providing such services and licenses, including administrative and supervisory costs: Provided, That the amount of such fees collected for cotton warehouse inspections shall not exceed \$400,000 in the fiscal year ending September 30, 1982, \$415,000 in the fiscal year ending September 30, 1983, and \$430,000 in the fiscal year ending September 30, 1984. All fees collected shall be credited to the current appropriation account that incurs the costs and shall be available without fiscal year limitation to pay the expenses of the Secretary incident to providing services under this Act. The Secretary may deposit such funds in an interest bearing account with a financial institution. If any interest is earned on this account such interest shall be credited to the account for use by the Secretary in providing such services.

【SEC. 11. That the Secretary of Agriculture, or his designated representative, may upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample, or classify any agricultural product or products, stored or to be stored in a warehouse licensed under this Act, according to condition, grade, or otherwise and to certificate the condition, grade, or other class thereof, or to weigh the same and certificate to a business required to register under subsection (a) and with respect to applicable interstate business if—

* * * * *

【(A) such person has an ownership interest of 10 per centum or more in such business, or

【(B) a business or group of business entities, with respect to which such person is in a control relationship, has an ownership interest of 10 per centum or more in such business.

【(3) For purposes of clauses (A) and (B) of paragraph (2) of this subsection, a person shall be considered to own the ownership interest which is owned by his or her spouse, minor children, and relatives living in the same household.

【(c) The Administrator shall issue a certificate of registration to persons who comply with the provisions of this section. The certifi-

cate or registration issued in accordance with this section shall be renewed annually. If there has been any change in the information required under subsection (b), the pe so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

【SEC. 12. That any license issued to any person to inspect, sample, or classify, or to weigh any agricultural product or products under this Act may be suspended or revoked by the Secretary of Agriculture, or his designated representative, whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify, or to weigh any agricultural product or products correctly, or has violated any of the provisions of this Act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

【SEC. 13. That every warehouseman conducting a warehouse licensed under this Act shall receive for storage therein, so far as its capacity permits, any agricultural product of the kind customarily stored therein by him which may be tendered to him in a suitable condition for warehousing, in the usual manner in the ordinary and usual course of business, without making any discrimination between persons desiring to avail themselves of warehouse facilities.

【SEC. 14. That any person who deposits agricultural products for storage in a warehouse licensed under this Act shall be deemed to have deposited the same subject to the terms of this Act and the rules and regulations prescribed hereunder.

【SEC. 15. That any fungible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act shall be inspected and graded by a person duly licensed to grade the same under this Act.

【SEC. 16. That every warehouseman conducting a warehouse licensed under this Act shall keep the agricultural products therein of one depositor so far separate from agricultural products of other depositors, and from other agricultural products of the same depositor for which a separate receipt has been issued, as to permit at all times the identification and redelivery of the agricultural products deposited; but if authorized by agreement or by custom, a warehouseman may mingle fungible agricultural products with other agricultural products of the same kind and grade, and shall be severally liable to each depositor for the care and redelivery of his share of such mass, to the same extent and under the same circumstances as if the agricultural products had been kept separate, but he shall at no time while they are in his custody mix fungible agricultural products of different grades.

【SEC. 17. (a) Except as provided in subsection (b), for all agricultural products stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act original receipts shall be issued

by the warehouseman conducting the same, but no receipts shall be issued except for agricultural products actually stored in the warehouse at the time of the issuance thereof.

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

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

[(c)(1)(A) Notwithstanding any other provision of Federal or State law, the Secretary of Agriculture, or the designated representative of the Secretary, may provide that in lieu of issuing a receipt for cotton stored in a warehouse licensed under this Act or in any other warehouse the information required to be included in a receipt (i) under section 18 in the case of a warehouse licensed under this Act or (ii) under any applicable State law in the case of a warehouse not licensed under this Act shall be recorded instead in a central filing system or systems maintained in one or more locations in accordance with regulations issued by the Secretary.

[(B) Any such record shall state that the cotton shall be delivered to a specified person or to the order of the person.

[(C) This subsection and subsection (d) shall not apply to a warehouse that does not have facilities to electronically transmit and receive information to and from the central filing system. Nothing in this subsection shall be construed as to require a warehouseman to obtain the facilities.

[(2) Notwithstanding any other provision of Federal or State law:

[(A) The record of the possessory interests of persons in cotton included in any such central filing system shall be deemed to be a receipt for the purposes of this Act or State law and shall establish the possessory interest of persons in the cotton.

[(B) Any person designated as a holder of an electronic warehouse receipt authorized under this subsection and subsection (d) shall, for the purpose of perfecting the security interest of the person under Federal or State law with respect to the cotton covered by the warehouse receipt, be considered to be in possession of the warehouse receipt. If more than one security interest exist in the cotton reflected on the electronic warehouse receipt, the priority of the security interests shall be determined by the applicable Federal or State law. This subsection is applicable to electronic cotton warehouse receipts and any other security interests covering cotton stored in a cotton warehouse, regardless of whether the warehouse is licensed under this Act.

[(3) A warehouseman conducting a warehouse covered under this subsection, in the absence of a lawful excuse, shall, without unnecessary delay, deliver the cotton stored in the warehouse on demand made by the person named in the record in the central filing system as the holder of the receipt representing the cotton, if demand is accompanied by—

[(A) an offer to satisfy a valid warehouseman's lien, as determined by the Secretary; and

[(B) an offer to provide an acknowledgment in the central filing system, if requested by the warehouseman, that the cotton has been delivered.

[(d)(1) The Secretary shall (under such regulations as the Secretary may prescribe) charge and provide for the collection of reasonable fees to cover the estimated costs to the Department of Agriculture incident to the functioning and the maintenance of any central filing system or systems referred to in subsection (c) that is administered by the Department of Agriculture.

[(2) The Secretary may provide for the fees to be collected by persons operating the central filing system administered by the Department from those persons recording information in the central filing system at such time and in such manner as may be prescribed in regulations issued by the Secretary.

[(3) The fees shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Secretary incurred in carrying out subsection (c) and this subsection. Any sums collected or received by the Secretary under this Act and deposited to the fund and any late payment penalties collected by the Secretary and credited to the fund may be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments. The interest earned on the sums and any late payment penalties collected by the Secretary shall be credited to the fund and shall be available without fiscal year limitations for the expenses of the Service incurred in carrying out subsection (c) and this subsection.

[SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this Act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: Provided, That such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: Provided further, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the

grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States Warehouse Act and the rules and regulations prescribed thereunder; (i) if the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: Provided, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of this Act as may be required by the Secretary of Agriculture; and (l) the signature of the warehouseman, which may be made by his authorized agent: Provided, That unless otherwise required by the law of the State in which the warehouse is located, when requested by the depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued: Provided, however, The Secretary of Agriculture may in his discretion require that such receipt have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable.

【SEC. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: Provided, That the standards for any agricultural products which have been, or which in future may be, established by or under authority or any other act of Congress shall be, and are hereby, adopted for the purpose of this Act as the official standards of the United States for the agricultural products to which they relate.

【SEC. 20. That while an original receipt issued under this Act is outstanding and uncanceled by the warehouseman issuing the same no other or further receipt shall be issued for the agricultural product covered thereby or for any part thereof, except that in the cause of a lost or destroyed receipt a new receipt, upon the same terms and subject to the same conditions and bearing on its face the number and date of the receipt in lieu of which it is issued, may be issued upon compliance with the statutes of the United States applicable thereto in places under the exclusive jurisdiction of the United States or upon compliance with the laws of any State applicable thereto in any place not under the exclusive jurisdiction of the United States: Provided, That if there be in such case no statute of the United States or law of a State applicable thereto such new receipts may be issued upon the giving of satisfactory security in compliance with the rules and regulations made pursuant to this Act.

【SEC. 21. That a warehouseman conducting a warehouse licensed under this Act, in the absence of some lawful excuse, shall, without unnecessary delay, deliver the agricultural products stored therein upon a demand made either by the holder of a receipt for such agricultural products or by the depositor thereof if such demand be ac-

companied with (a) an offer to satisfy the warehouseman's lien; (b) an offer to surrender the receipt, if negotiable, with such indorsements as would be necessary for the negotiation of the receipt; and (c) a readiness and willingness to sign, when the products are delivered, an acknowledgement that they have been delivered if such signature is requested by the warehouseman.

[SEC. 22. That a warehouseman conducting a warehouse licensed under this Act shall plainly cancel upon the face thereof each receipt returned to him upon the delivery by him of the agricultural products for which the receipt was issued.

[SEC. 23. That every warehouseman conducting a warehouse licensed under this Act shall keep in a place of safety complete and correct records of all agricultural products stored therein and withdrawn therefrom, of all warehouse receipts issued by him, and of the receipts returned to and canceled by him, shall make reports to the Secretary of Agriculture concerning such warehouse and the condition, contents, operation, and business thereof in such form and at such times as he may require, and shall conduct said warehouse in all other respects in compliance with this Act and the rules and regulations made hereunder.

[SEC. 24. That the Secretary of Agriculture is authorized to cause examinations to be made of any agricultural product stored in any warehouse licensed under this Act. Whenever, after opportunity for hearings is given to the warehouseman conducting such warehouse, it is determined that he is not performing fully the duties imposed on him by this Act and the rules and regulations made hereunder, the Secretary may publish his findings.

[SEC. 25. That the Secretary of Agriculture, or his designated representative, may, after opportunity for hearing has been afforded to the license concerned, suspend or revoke any license to any warehouseman conducting a warehouse under this Act, for any violation of or failure to comply with any provision of this Act or of the rules and regulations made hereunder, or upon the ground that unreasonable or exorbitant charges have been made for services rendered. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

[SEC. 26. That the Secretary of Agriculture from time to time may publish the results of any investigations made under section three of this Act; and he shall publish the names and locations of warehouses licensed and bonded and the names and addresses of persons licensed under this Act and lists of all licenses terminated under this Act and the cause therefor.

[SEC. 27. That the Secretary of Agriculture is authorized through officials, employees, or agents of the Department of Agriculture designated by him to examine all books, records, papers, and accounts of warehouses licensed under this Act and of the warehousemen conducting such warehouses relating thereto.

[SEC. 28. That the Secretary of Agriculture shall from time to time make such rules and regulations as he may deem necessary for the efficient execution of the provisions of this Act.

[SEC. 29. That in the discretion of the Secretary of Agriculture he is authorized to cooperate with State officials charged with the enforcement of State laws relating to warehouses, warehousemen, weighers, graders, inspectors, samplers, or classifiers; but the

power, jurisdiction, and authority conferred upon the Secretary of Agriculture under this Act shall be exclusive with respect to all persons securing a license hereunder so long as said license remains in effect. This Act shall not be construed so as to limit the operation of any statute of the United States relating to warehouses or to warehouseman, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States.

【SEC. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use, any license issued by the Secretary of Agriculture, or his designated representative, under this Act, or who shall violate or fail to comply with any provision of section 8 of this Act, or who shall issue or utter a false or fraudulent receipt or certificate, or furnish false or fraudulent information to a central filing system maintained under section 17, or change in any manner an original receipt or certificate subsequently to issuance by a license, or any person who, without lawful authority, shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this Act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse, and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$10,000, or double the value of the products involved if such double value exceeds \$10,000, or imprisoned not more than ten years, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such products to the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive, a false sample of, or who shall willfully mutilate or falsely represent a sample drawn under this Act, or who shall classify, grade, or weigh fraudulently, any agricultural products stored or to be stored under the provisions of this Act, shall be deemed guilty of a misdemeanor, and upon conviction thereof fined not more than \$500, or imprisoned for not more than six months, or both, in the discretion of the court.

【SEC. 31. There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act other than those services for which fees are authorized pursuant to section 10. Such appropriated funds may be used by the Secretary to employ qualified persons not regularly in the service of the United States for temporary assistance in carrying out the provisions of this Act.

【SEC. 32. That if any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not effect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

【SEC. 33. That the right to amend, alter, or repeal this Act is hereby expressly reserved.】

SECTION 1. SHORT TITLE.

This Act may be cited as the “United States Warehouse Act”.

SEC. 2. DEFINITIONS.

In this Act:

(1) **AGRICULTURAL PRODUCT.**—*The term “agricultural product” means an agricultural commodity, as determined by the Secretary, including a processed product of an agricultural commodity.*

(2) **APPROVAL.**—*The term “approval” means the consent provided by the Secretary for a person to engage in an activity authorized by this Act.*

(3) **DEPARTMENT.**—*The term “Department” means the Department of Agriculture.*

(4) **ELECTRONIC DOCUMENT.**—*The term “electronic document” means a document authorized under this Act generated, sent, received, or stored by electronic, optical, or similar means, including electronic data interchange, electronic mail, telegram, telex, or telecopy.*

(5) **ELECTRONIC RECEIPT.**—*The term “electronic receipt” means a receipt that is authorized by the Secretary to be issued or transmitted under this Act in the form of an electronic document.*

(6) **HOLDER.**—

(A) **IN GENERAL.**—*The term “holder” means a person, as defined by the Secretary, that has possession in fact or by operation of law of a receipt or any electronic document.*

(B) **INCLUSION.**—*The term “holder” includes a person that has possession of a receipt or electronic document as a creditor of another person.*

(7) **PERSON.**—*The term “person” means—*

(A) *a person (as defined in section 1 of title 1, United States Code);*

(B) *a State; and*

(C) *a political subdivision of a State.*

(8) **RECEIPT.**—*The term “receipt” means a warehouse receipt issued in accordance with this Act, including an electronic receipt.*

(9) **SECRETARY.**—*The term “Secretary” means the Secretary of Agriculture.*

(10) **WAREHOUSE.**—*The term “warehouse” means a structure or other approved storage facility, as determined by the Secretary, in which any agricultural product may be stored or handled for the purposes of interstate or foreign commerce.*

(11) **WAREHOUSE OPERATOR.**—*The term “warehouse operator” means a person that is lawfully engaged in the business of storing or handling agricultural products.*

SEC. 3. POWERS OF SECRETARY.

(a) **IN GENERAL.**—*The Secretary shall have exclusive power, jurisdiction, and authority, to the extent that this Act applies, with respect to—*

(1) *each warehouse operator licensed under this Act;*

(2) each person that has obtained an approval to engage in an activity under this Act; and

(3) each person claiming an interest in an agricultural product by means of an electronic document or electronic receipt subject to this Act.

(b) *COVERED AGRICULTURAL PRODUCTS.*—The Secretary shall specify, after an opportunity for notice and comment, those agricultural products for which a warehouse license may be issued under this Act.

(c) *INVESTIGATIONS.*—The Secretary may investigate the storing, warehousing, classifying according to grade and otherwise, weighing, and certifying of agricultural products.

(d) *INSPECTIONS.*—The Secretary may inspect or cause to be inspected any person or warehouse licensed under this Act and any warehouse for which a license is applied for under this Act.

(e) *SUITABILITY FOR STORAGE.*—The Secretary may determine whether a licensed warehouse, or a warehouse for which a license is applied for under this Act, is suitable for the proper storage of the agricultural product or products stored or proposed for storage in the warehouse.

(f) *CLASSIFICATION.*—The Secretary may classify a licensed warehouse, or a warehouse for which a license is applied for under this Act, in accordance with the ownership, location, surroundings, capacity, conditions, and other qualities of the warehouse and as to the kinds of licenses issued or that may be issued for the warehouse under this Act.

(g) *WAREHOUSE OPERATOR'S DUTIES.*—Subject to the other provisions of this Act, the Secretary may prescribe the duties of a warehouse operator operating a warehouse licensed under this Act with respect to the warehouse operator's care of and responsibility for agricultural products stored or handled by the warehouse operator.

(h) *SYSTEMS FOR CONVEYANCE OF TITLE IN AGRICULTURAL PRODUCTS.*—The Secretary may approve 1 or more systems under which title in agricultural products may be conveyed and under which documents relating to the shipment, payment, and financing of the sale of agricultural products may be transferred, including conveyance of receipts and any other written or electronic documents in accordance with a process established by the Secretary.

(i) *EXAMINATION AND AUDITS.*—The Secretary may conduct an examination, audit, or similar activity with respect to—

(1) any person that is engaged in the business of storing an agricultural product that is subject to this Act;

(2) any State agency that regulates the storage of an agricultural product by such a person; or

(3) any commodity exchange with regulatory authority over the storage of agricultural products that are subject to this Act.

(j) *LICENSES FOR OPERATION OF WAREHOUSES.*—The Secretary may issue to any warehouse operator a license for the operation of a warehouse in accordance with this Act if—

(1) the Secretary determines that the warehouse is suitable for the proper storage of the agricultural product or products stored or proposed for storage in the warehouse; and

(2) the warehouse operator agrees, as a condition of the license, to comply with this Act (including regulations promulgated under this Act).

(k) LICENSING OF OTHER PERSONS.—

(1) IN GENERAL.—On presentation of satisfactory proof of competency to carry out the activities described in this paragraph, the Secretary may issue to any person a Federal license—

(A) to inspect any agricultural product stored or handled in a warehouse subject to this Act;

(B) to sample such an agricultural product;

(C) to classify such an agricultural product according to condition, grade, or other class and certify the condition, grade, or other class of the agricultural product; or

(D) to weigh such an agricultural product and certify the weight of the agricultural product.

(2) CONDITION.—As a condition of a license issued under paragraph (1), the licensee shall agree to comply with this Act (including regulations promulgated under this Act).

(l) EXAMINATION OF BOOKS, RECORDS, PAPERS, AND ACCOUNTS.—The Secretary may examine, using designated officers, employees, or agents of the Department, all books, records, papers, and accounts relating to activities subject to this Act of—

(1) a warehouse operator operating a warehouse licensed under this Act;

(2) a person operating a system for the electronic recording and transfer of receipts and other documents authorized by the Secretary; or

(3) any other person issuing receipts or electronic documents authorized by the Secretary under this Act.

(m) COOPERATION WITH STATES.—The Secretary may—

(1) cooperate with officers and employees of a State who administer or enforce State laws relating to warehouses, warehouse operators, weighers, graders, inspectors, samplers, or classifiers; and

(2) enter into cooperative agreements with States to perform activities authorized under this Act.

SEC. 4. IMPOSITION AND COLLECTION OF FEES.

(a) IN GENERAL.—The Secretary shall charge, assess, and cause to be collected fees to cover the costs of administering this Act.

(b) RATES.—The fees under this section shall be set at a rate determined by the Secretary.

(c) TREATMENT OF FEES.—All fees collected under this section shall be credited to the account that incurs the costs of administering this Act and shall be available to the Secretary without further appropriation and without fiscal year limitation.

(d) INTEREST.—Funds collected under this section may be deposited in an interest bearing account with a financial institution, and any interest earned on the account shall be credited under subsection (c).

(e) EFFICIENCIES AND COST EFFECTIVENESS.—

(1) IN GENERAL.—The Secretary shall seek to minimize the fees established under this section by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act.

(2) *REPORT.*—*The Secretary shall publish an annual report on the actions taken by the Secretary to comply with paragraph (1).*

SEC. 5. QUALITY AND VALUE STANDARDS.

If standards for the evaluation or determination of the quality or value of an agricultural product are not established under another Federal law, the Secretary may establish standards for the evaluation or determination of the quality or value of the agricultural product under this Act.

SEC. 6. BONDING AND OTHER FINANCIAL ASSURANCE REQUIREMENTS.

(a) *IN GENERAL.*—*As a condition of receiving a license or approval under this Act (including regulations promulgated under this Act), the person applying for the license or approval shall execute and file with the Secretary a bond, or provide such other financial assurance as the Secretary determines appropriate, to secure the person's performance of the activities so licensed or approved.*

(b) *SERVICE OF PROCESS.*—*To qualify as a suitable bond or other financial assurance under subsection (a), the surety, sureties, or financial institution shall be subject to service of process in suits on the bond or other financial assurance in the State, district, or territory in which the warehouse is located.*

(c) *ADDITIONAL ASSURANCES.*—*If the Secretary determines that a previously approved bond or other financial assurance is insufficient, the Secretary may suspend or revoke the license or approval covered by the bond or other financial assurance if the person that filed the bond or other financial assurance does not provide such additional bond or other financial assurance as the Secretary determines appropriate.*

(d) *THIRD PARTY ACTIONS.*—*Any person injured by the breach of any obligation arising under this Act for which a bond or other financial assurance has been obtained as required by this section may sue with respect to the bond or other financial assurance in a district court of the United States to recover the damages that the person sustained as a result of the breach.*

SEC. 7. MAINTENANCE OF RECORDS.

To facilitate the administration of this Act, the following persons shall maintain such records and make such reports, as the Secretary may by regulation require:

(1) *A warehouse operator that is licensed under this Act.*

(2) *A person operating a system for the electronic recording and transfer of receipts and other documents that are authorized under this Act.*

(3) *Any other person issuing receipts or electronic documents that are authorized under this Act.*

SEC. 8. FAIR TREATMENT IN STORAGE OF AGRICULTURAL PRODUCTS.

(a) *IN GENERAL.*—*Subject to the capacity of a warehouse, a warehouse operator shall deal, in a fair and reasonable manner, with persons storing, or seeking to store, an agricultural product in the warehouse if the agricultural product—*

(1) *is of the kind, type, and quality customarily stored or handled in the area in which the warehouse is located;*

(2) *is tendered to the warehouse operator in a suitable condition for warehousing; and*

(3) is tendered in a manner that is consistent with the ordinary and usual course of business.

(b) *ALLOCATION*.—Nothing in this section prohibits a warehouse operator from entering into an agreement with a depositor of an agricultural product to allocate available storage space.

SEC. 9. COMMINGLING OF AGRICULTURAL PRODUCTS.

(a) *IN GENERAL*.—A warehouse operator may commingle agricultural products in a manner approved by the Secretary.

(b) *LIABILITY*.—A warehouse operator shall be severally liable to each depositor or holder for the care and redelivery of the share of the depositor and holder of the commingled agricultural product to the same extent and under the same circumstances as if the agricultural products had been stored separately.

SEC. 10. TRANSFER OF STORED AGRICULTURAL PRODUCTS.

(a) *IN GENERAL*.—In accordance with regulations promulgated under this Act, a warehouse operator may transfer a stored agricultural product from 1 warehouse to another warehouse for continued storage.

(b) *CONTINUED DUTY*.—The warehouse operator from which agricultural products have been transferred under subsection (a) shall deliver to the rightful owner of such products, on request at the original warehouse, such products in the quantity and of the kind, quality, and grade called for by the receipt or other evidence of storage of the owner.

SEC. 11. ISSUANCE OF RECEIPTS AND OTHER DOCUMENTS.

(a) *IN GENERAL*.—Subject to subsections (b) and (c) and except as otherwise provided in this Act, at the request of the depositor of an agricultural product stored or handled in a warehouse licensed under this Act, the warehouse operator shall issue a receipt to the depositor as prescribed by the Secretary.

(b) *ACTUAL STORAGE REQUIRED*.—A receipt may not be issued under this section for an agricultural product unless the agricultural product is actually stored in the warehouse at the time of the issuance of the receipt.

(c) *CONTENTS*.—Each receipt issued for an agricultural product stored or handled in a warehouse licensed under this Act shall contain such information, for each agricultural product covered by the receipt, as the Secretary may require by regulation.

(d) *PROHIBITION on Additional Receipts or Other Documents*.—

(1) *RECEIPTS*.—While a receipt issued under this Act is outstanding and uncanceled by the warehouse operator, no other or further receipt may be issued for the same agricultural product (or any portion of the same agricultural product) represented by the outstanding receipt, except as authorized by the Secretary.

(2) *OTHER DOCUMENTS*.—If a written or electronic document is recorded or transferred under this section, no other similar document in any form shall be issued by any person with respect to the same agricultural product represented by the document, except as authorized by the Secretary.

(e) *ELECTRONIC RECEIPTS AND ELECTRONIC DOCUMENTS*.—Except as provided in subsection (f) and notwithstanding any other provision of Federal or State law:

(1) *IN GENERAL.*—The Secretary shall promulgate regulations to authorize the issuance of electronic receipts, and the recording and transfer of electronic receipts and other documents, in accordance with this subsection.

(2) *SYSTEMS FOR ELECTRONIC RECORDING AND TRANSFER.*—Electronic receipts and electronic documents issued with respect to an agricultural product may be recorded in, and transferred under, a system or systems maintained in 1 or more locations.

(3) *TREATMENT OF HOLDER.*—The person designated as a holder of an electronic receipt or other electronic document shall be considered, for the purposes of Federal and State law, to be in possession of the receipt or document.

(4) *SECURITY INTERESTS.*—

(A) *PERFECTION OF INTEREST.*—Any security interest lawfully asserted by a person under any Federal or State law with respect to an agricultural product that is the subject of an electronic receipt, or an electronic document filed under any system for electronic receipts or other electronic documents issued or filed in accordance with this Act, may be perfected only by recording the security interest in the system in the manner specified by the regulations promulgated under paragraph (1).

(B) *EFFECT OF RECORDATION.*—The recordation by a person of the person's security interest in any agricultural product included in any system for electronic receipts or other electronic documents issued or filed in accordance with this Act shall, for the purposes of Federal and State law, establish the security interest of the person.

(C) *PRIORITY.*—If more than 1 security interest exists in an agricultural product covered by an electronic receipt, the priority of the security interests shall be determined by the applicable Federal or State law.

(D) *ENCUMBRANCES.*—

(i) *OPERATORS LICENSED UNDER STATE LAW.*—If a warehouse operator licensed under State law elects to issue an electronic receipt authorized under this subsection, a security interest, lien, or other encumbrance may be recorded on the electronic receipt under this subsection only if the security interest, lien, or other encumbrance is—

(I) authorized by State law to be included on a written warehouse receipt; and

(II) recorded in a manner prescribed by the Secretary.

(ii) *OTHER APPLICATIONS.*—If a warehouse operator licensed under this Act, or a warehouse operator not licensed under State law, elects to issue an electronic receipt authorized under this subsection, a security interest, lien, or other encumbrance shall be recorded on the electronic receipt in a manner prescribed by the Secretary.

(5) *EFFECT OF PURCHASE OF RECEIPT OR DOCUMENT.*—A person purchasing an electronic receipt or electronic document shall take possession of the agricultural product free and clear of all liens, except those liens recorded in the system or systems

established under the regulations promulgated under paragraph (1).

(6) ACCEPTANCE.—

(A) *IN GENERAL.*—An electronic receipt issued, and an electronic document transferred, in accordance with the regulations promulgated under paragraph (1) shall be accepted in any business, market, or financial transaction, whether governed by Federal or State law.

(B) *NO ELECTRONIC RECEIPT REQUIRED.*—A person shall not be required to issue a receipt or document with respect to an agricultural product in electronic format.

(7) *LEGAL EFFECT.*—Information created to comply with this Act (including regulations promulgated under this Act) shall not be denied legal effect, validity, or enforceability on the ground that the information is generated, sent, received, or stored by electronic or similar means.

(8) *OPTION FOR STATE LICENSED WAREHOUSE OPERATORS.*—Notwithstanding any other provision of this Act, a State-licensed warehouse operator not licensed under this Act may, at the option of the warehouse operator, issue electronic receipts and electronic documents in accordance with this subsection.

(9) *APPLICATION.*—This subsection shall not apply to a warehouse operator that is licensed under State law to store agricultural commodities in a warehouse in the State if the warehouse operator elects—

(A) not to issue electronic receipts authorized under this subsection; or

(B) to issue electronic receipts authorized under State law.

(f) *ELECTRONIC RECEIPTS AND ELECTRONIC DOCUMENTS FOR COTTON.*—

(1) *AUTHORITY.*—

(A) *CENTRAL FILING.*—Notwithstanding any other provision of Federal or State law, the Secretary, or the designated representative of the Secretary, may provide that, in lieu of issuing a receipt for cotton stored in a warehouse licensed under this Act or in any other warehouse, the information required to be included in a receipt (i) under this Act in the case of a warehouse licensed under this Act or (ii) under any applicable State law in the case of a warehouse not licensed under this Act, shall be recorded instead in 1 or more central filing systems maintained in 1 or more locations in accordance with regulations promulgated by the Secretary.

(B) *DELIVERY OF COTTON.*—Any record under subparagraph (A) shall include a statement that the cotton shall be delivered to a specified person or to the order of the person.

(C) *ELECTRONIC TRANSMISSION FACILITIES BETWEEN WAREHOUSES AND SYSTEM.*—

(i) *NONAPPLICABILITY TO WAREHOUSES WITHOUT FACILITIES.*—This subsection and section 4 shall not apply to a warehouse that does not have facilities to electronically transmit and receive information to and from a central filing system under this subsection.

(ii) *NO REQUIREMENT TO OBTAIN FACILITIES.*—*Nothing in this subsection requires a warehouse operator to obtain facilities described in clause (i).*

(2) *RECORDATION AND ENFORCEMENT OF LIENS IN CENTRAL FILING SYSTEM.*—*Notwithstanding any other provision of Federal or State law:*

(A) *RECORDATION.*—*The record of the possessory interests of persons in cotton included in a central filing system under this subsection—*

(i) shall be considered to be a receipt for the purposes of this Act and State law; and

(ii) shall establish the possessory interest of persons in the cotton.

(B) *ENFORCEMENT.*—

(i) POSSESSION OF WAREHOUSE RECEIPT.—*Any person designated as a holder of an electronic warehouse receipt authorized under this subsection or section 4 shall, for the purpose of perfecting the security interest of the person under Federal or State law with respect to the cotton covered by the warehouse receipt, be considered to be in possession of the warehouse receipt.*

(ii) PRIORITY OF SECURITY INTERESTS.—*If more than 1 security interest exists in the cotton represented by the electronic warehouse receipt, the priority of the security interests shall be determined by applicable Federal or State law.*

(iii) APPLICABILITY.—*This subsection is applicable to electronic cotton warehouse receipts and any other security interests covering cotton stored in a cotton warehouse, regardless of whether the warehouse is licensed under this Act.*

(3) *CONDITIONS FOR DELIVERY ON DEMAND FOR COTTON STORED.*—*A warehouse operator operating a warehouse covered by this subsection, in the absence of a lawful excuse, shall, without unnecessary delay, deliver the cotton stored in the warehouse on demand made by the person named in the record in the central filing system as the holder of the receipt representing the cotton, if the demand is accompanied by—*

(A) an offer to satisfy the valid lien of a warehouse operator, as determined by the Secretary; and

(B) an offer to provide an acknowledgment in a central filing system under this subsection, if requested by the warehouse operator, that the cotton has been delivered.

SEC. 12. CONDITIONS FOR DELIVERY OF AGRICULTURAL PRODUCTS.

(a) *PROMPT DELIVERY.*—*In the absence of a lawful excuse, a warehouse operator shall, without unnecessary delay, deliver the agricultural product stored or handled in the warehouse on a demand made by—*

(1) the holder of the receipt for the agricultural product; or

(2) the person that deposited the product, if no receipt has been issued.

(b) *PAYMENT TO ACCOMPANY DEMAND IF REQUESTED.*—

(1) IN GENERAL.—*Demand for delivery shall be accompanied by payment of the accrued charges associated with the storage*

of the agricultural product if requested by the warehouse operator.

(2) *SPECIAL RULE FOR COTTON.*—In the case of cotton stored in a warehouse, the warehouse operator shall provide a written request for payment of the accrued charges associated with the storage of the cotton to the holder of the receipt at the time at which demand for the delivery of the cotton is made.

(c) *SURRENDER OF RECEIPT.*—When the holder of a receipt requests delivery of an agricultural product covered by the receipt, the holder shall surrender the receipt to the warehouse operator, in the manner prescribed by the Secretary, to obtain the agricultural product.

(d) *CANCELLATION OF RECEIPT.*—A warehouse operator shall cancel each receipt returned to the warehouse operator upon the delivery of the agricultural product for which the receipt was issued.

SEC. 13. SUSPENSION OR REVOCATION OF LICENSES.

(a) *IN GENERAL.*—After providing notice and an opportunity for a hearing in accordance with this section, the Secretary may suspend or revoke any license issued, or approval for an activity provided, under this Act—

(1) for a material violation of, or failure to comply, with any provision of this Act (including regulations promulgated under this Act); or

(2) on the ground that unreasonable or exorbitant charges have been imposed for services rendered.

(b) *TEMPORARY SUSPENSION.*—The Secretary may temporarily suspend a license or approval for an activity under this Act prior to an opportunity for a hearing for any violation of, or failure to comply with, any provision of this Act (including regulations promulgated under this Act).

(c) *AUTHORITY TO CONDUCT HEARINGS.*—The agency within the Department that is responsible for administering regulations promulgated under this Act shall have exclusive authority to conduct any hearing required under this section.

(d) *JUDICIAL REVIEW.*—

(1) *JURISDICTION.*—A final administrative determination issued subsequent to a hearing may be reviewable only in a district court of the United States.

(2) *PROCEDURE.*—The review shall be conducted in accordance with the standards set forth in section 706(2) of title 5, United States Code.

SEC. 14. PUBLIC INFORMATION.

(a) *IN GENERAL.*—The Secretary may release to the public—

(1) the names, addresses, and locations of all persons that have been licensed under this Act or that have been approved to engage in an activity under this Act;

(2) the results of any investigation made, or hearing conducted, under this Act; and

(3) the names, addresses, and locations of all persons with respect to which a license or approval has been suspended or revoked under section 13, including the reasons for the suspension or revocation.

(b) *CONFIDENTIALITY.*—Except as otherwise provided by law, an officer, employee, or agent of the Department shall not divulge con-

fidential business information obtained during a warehouse examination or other function performed as part of the duties of the officer, employee, or agent under this Act.

SEC. 15. PENALTIES FOR NONCOMPLIANCE.

If a person fails to comply with any requirement of this Act (including regulations promulgated under this Act), the Secretary may assess, on the record after an opportunity for a hearing, a civil penalty—

(1) of not more than \$25,000 per violation, if an agricultural product is not involved in the violation; or

(2) of not more than 100 percent of the value of the agricultural product, if an agricultural product is involved in the violation.

SEC. 16. JURISDICTION AND ARBITRATION.

(a) **FEDERAL JURISDICTION.**—A district court of the United States shall have exclusive jurisdiction over any action brought under this Act without regard to the amount in controversy or the citizenship of the parties.

(b) **ARBITRATION.**—Nothing in this Act prevents the enforceability of an agreement to arbitrate that would otherwise be enforceable under chapter 1 of title 9, United States Code.

SEC. 17. REGULATIONS.

The Secretary shall promulgate such regulations as the Secretary considers necessary to carry out this Act.

SEC. 18. AUTHORIZATION OF APPROPRIATION.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

* * * * *

RURAL ELECTRIFICATION ACT OF 1936

TITLE I

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

* * * * *

SEC. 19. ENERGY GENERATION, TRANSMISSION, AND DISTRIBUTION FACILITIES EFFICIENCY GRANTS IN RURAL COMMUNITIES WITH EXTREMELY HIGH ENERGY COSTS.

(a) **IN GENERAL.**—The Secretary, acting through the Rural Utilities Service, may—

(1) in coordination with State rural development initiatives, make grants and loans to persons, States, political subdivisions of States, and other entities organized under the laws of States to develop, upgrade, and improve the efficiency of energy generation, transmission, and distribution facilities in communities in which the average residential expenditure for home energy is at least 275 percent of the national average residential expenditure for home energy (as determined by the Energy Information Agency using the most recent data available);

(2) make direct payments to the Denali Commission established by the Denali Commission Act of 1998 (42 U.S.C. 3121 note; Public Law 105–277) to develop, upgrade, and improve

the efficiency of energy generation, transmission, and distribution facilities in communities described in paragraph (1); and (3) make grants to State entities, in existence as of the date of enactment of this section, to establish and support a revolving fund to provide a more cost-effective means of purchasing fuel where the fuel cannot be shipped by means of surface transportation.

(b) Authorization of Appropriations.—

(1) IN GENERAL.—There are authorized to be appropriated to carry out this section \$50,000,000 for fiscal year 2001 and such sums as are necessary for each subsequent fiscal year.

(2) LIMITATION ON PLANNING AND ADMINISTRATIVE EXPENSES.—Not more than 4 percent of the amounts made available under paragraph (1) may be used for planning and administrative expenses.

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**THE GRAIN STANDARDS AND WAREHOUSE
IMPROVEMENT ACT OF 2000**

* * * * *

SEC. 302. CARRY FORWARD ADJUSTMENT.

The amendments made by section 204(b)(10)(A) of the Agricultural Risk Protection Act of 2000 shall apply beginning with undermarketings of the 2001 crop of burley tobacco and with marketings of the 2002 crop of burley tobacco.

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AGRICULTURAL MARKETING ACT OF 1946

TITLE II

* * * * *

SEC. 203. * * *

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[(e) To] (e) DEVELOPMENT OF NEW MARKETS.—

(1) IN GENERAL.—To foster and assist in the development of new or expanded markets (domestic and foreign) and new and expanded uses and in the moving of larger quantities of agricultural products through the private marketing system to consumers in the United States and abroad.

(2) FEES AND PENALTIES.—

(A) IN GENERAL.—In carrying out paragraph (1), the Secretary may assess and collect reasonable fees and late payment penalties to mediate and arbitrate disputes arising between parties in connection with transactions involving agricultural products moving in foreign commerce under the jurisdiction of a multinational entity.

(B) DEPOSIT.—Fees and penalties collected under subparagraph (A) shall be deposited into the account that incurred the cost of providing the mediation or arbitration service.

(C) AVAILABILITY.—Fees and penalties collected under subparagraph (A) shall be available to the Secretary without further Act of appropriation and shall remain available

until expended to pay the expenses of the Secretary for providing mediation and arbitration services under this paragraph.

(D) NO REQUIREMENT FOR USE OF SERVICES.—No person shall be required by the Secretary to use the mediation and arbitration services provided under this paragraph.

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CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

TITLE III—AGRICULTURAL CREDIT

* * * * *

Sec. 306.(a)(1) The Secretary is also authorized to make or insure loans to associations

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(20) COMMUNITY FACILITIES GRANT PROGRAM FOR RURAL COMMUNITIES WITH EXTREME UNEMPLOYMENT AND SEVERE ECONOMIC DEPRESSION.—

(A) DEFINITION OF NOT EMPLOYED RATE.—In this paragraph, the term “not employed rate”, with respect to a community, means the percentage of individuals over the age of 18 who reside within the community and who are ready, willing, and able to be employed but are unable to find employment, as determined by the department of labor of the State in which the community is located.

(B) GRANT AUTHORITY.—The Secretary may make grants to associations, units of general local government, nonprofit corporations, and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) in a State to provide the Federal share of the cost of developing specific essential community facilities in rural communities with respect to which the not employed rate is greater than the lesser of—

(i) 500 percent of the average national unemployment rate on the date of enactment of this paragraph, as determined by the Bureau of Labor Statistics; or

(ii) 200 percent of the average national unemployment rate during the Great Depression, as determined by the Bureau of Labor Statistics.

(C) FEDERAL SHARE.—Paragraph (19)(B) shall apply to a grant made under this paragraph.

(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this paragraph \$50,000,000 for fiscal year 2001 and such sums as are necessary for each subsequent fiscal year, of which not more than 5 percent of the amount made available for a fiscal year shall be available for community planning and implementation.

(b) The service provided or made available through any such association * * *

* * * * *

SEC. 307. (a)(1) The period for repayment of loans under this subtitle shall not exceed forty years * * *

* * * * *

- (6)(A) Notwithstanding any other provision of this section, * * *
- (B) The authorities referred to in subparagraph (A) are—
- (i) the provisions of section 306(a)(1) relating to loans for recreational developments and essential community facilities,
 - (ii) clause [(1) of section 310B(a)] *section 310B(a)(1)(A)*, and

* * * * *

[Sec. 310B. (a) The] SEC. 310B. RURAL INDUSTRIALIZATION ASSISTANCE.

(a) LOANS FOR PRIVATE BUSINESS ENTERPRISES.—

(1) IN GENERAL.—*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 purposes [of (1) improving] of—*

(A) improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities, including pollution abatement and [control, (2) the conservation, development, and use of] control;

(B) conserving, developing, and using water for aquaculture purposes in rural [areas, (3) reducing] areas;

(C) reducing the reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems, including the modification of existing systems, in rural [areas, and (4) to facilitate] areas; and;

(D) facilitating economic opportunity for industries undergoing adjustment from terminated Federal agricultural price and income support programs or increased competition from foreign trade. [For the purposes of] (2) DEFINITION OF SOLAR ENERGY.—In this subsection, the term “solar energy” means energy derived from sources (other than fossil fuels) and technologies included in the Federal Nonnuclear Energy Research and Development Act of 1974, as amended. [Such loans,] (3) APPLICABILITY OF CERTAIN LIMITATIONS.—Loans under this subsection, when originated, held, and serviced by other lenders, may be guaranteed by the Secretary under this section without regard to paragraphs (1) and (4) of section 333. [As used in]

(4) DEFINITION OF AQUACULTURE.—In this subsection, the term “aquaculture” means the culture or husbandry of aquatic animals or plants by private industry for commercial purposes including the culture and growing of fish by private industry for the purpose of creating or augmenting publicly owned and regulated stocks of fish. [No loan] (5)

LOAN LIMITATION.—No loan may be made, insured, or guaranteed under this subsection that exceeds \$25,000,000 in principal amount.

(6) ELIGIBILITY FOR BUSINESS AND INDUSTRY LOANS.—*Notwithstanding section 381A(1), a loan may be made under paragraph (1)(A) for a project or facility in a city or town with a population in excess of 50,000 inhabitants, and its immediately adjacent urbanized area, if the Secretary determines that—*

(A) the project or facility will be used for the processing of an agricultural commodity;

(B) the loan will be used for purchasing supplies for, re-furbishing, or equipping an existing project or facility, and not for new construction of a project or facility; and

(C) the primary economic beneficiaries of the project or facility will be producers of agricultural commodities.

(b) **SOLID WASTE MANAGEMENT GRANTS.**—The Secretary may make grants to nonprofit organizations for the provision of regional technical assistance to local and regional governments and related agencies for the purpose of reducing or eliminating pollution of water resources and improving the planning and management of solid waste disposal facilities. Grants made under this paragraph for the provision of technical assistance shall be made for 100 per cent of the cost of such assistance.

* * * * *

SEC. 381E. RURAL DEVELOPMENT TRUST FUND

* * * * *

(d) **FUNCTION CATEGORIES.**—The function categories described in this subsection are the following:

(1) **RURAL COMMUNITY FACILITIES.**—The rural community development category consists of all amounts made available for—

(A) community facility direct and guaranteed loans under **[section 306(a)(1)]** *paragraph (19) or (20) of section 306(a)*; or

* * * * *

(3) **RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.**—The rural business and cooperative development category consists of all amounts made available for—

* * * * *

(B) business and industry direct and guaranteed loans under section **[310B(a)(1)]** *section 310B(a)(1)(A)*, or

* * * * *

STATE MEDIATION PROGRAMS

TITLE V—STATE MEDIATION PROGRAMS

Subtitle A—Matching Grants for State Mediation Programs . . .

* * * * *

SEC. 506. There are authorized to be appropriated to carry out this subtitle \$7,500,000 for each of the fiscal years 1988 through **[2000]** *2005*.

* * * * *

CHILD NUTRITION ACT OF 1966

[SEC. 17. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.]

SEC. 17. CHILD AND ADULT CARE FOOD PROGRAM.

SEC. 17. (a) Congress finds that substantial numbers of pregnant

* * * * *

(d)(1) Participation in the program under this section shall be limited to pregnant, postpartum, and breastfeeding women, infants, and children from low-income families who are determined by a competent professional authority to be at nutritional risk

* * * * *

(2)(B) For the purpose of determining income eligibility under this section, any State agency may choose to exclude from income—

(ii) any cost-of-living allowance provided under section 405 of title 37, United States Code, to a member of a uniformed service who is on duty outside the **【continental】** *contiguous States of the United States*

* * * * *

(r) DEMONSTRATION PROJECT RELATING TO USE OF THE WIC PROGRAM FOR IDENTIFICATION AND ENROLLMENT OF CHILDREN IN CERTAIN HEALTH PROGRAMS.—

(1) IN GENERAL.—In accordance with paragraph (2), the Secretary shall establish a demonstration project in **【at least 20 local agencies】** *not more than 20 local agencies* in one State under which costs of nutrition services and administration

* * * * *

RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT

SEC. 17. CHILD AND ADULT CARE FOOD PROGRAM.

(a)(1) GRANT AUTHORITY.—The Secretary may carry out a program to assist States through grants-in-aid and other means to initiate and maintain nonprofit food service programs for children in institutions providing child care

* * * * *

(6) ELIGIBILITY CRITERIA.—No institution shall be eligible to participate in the program unless it satisfies the following criteria:

(C)(ii) in the case of a sponsoring organization, the organization shall employ an appropriate number of monitoring personnel based on the number and characteristics of child care centers and family or group day care homes sponsored by the organization, as approved by the State (in accordance with regulations promulgated by the Secretary), to ensure effective oversight of the operations of the child care centers and family or group day care homes; **【and】**

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