

105TH CONGRESS  
1ST SESSION

# S. 1535

To provide marketing quotas and a market transition program for the 1997 through 2001 crops of quota and additional peanuts, to terminate marketing quotas for the 2002 and subsequent crops of peanuts, and to make nonrecourse loans available to peanut producers for the 2002 and subsequent crops of peanuts, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 13, 1997

Mr. SANTORUM (for himself, Mr. LAUTENBERG, Mr. DEWINE, Mr. CHAFEE, Mr. COATS, Mr. GREGG, Mr. FEINGOLD, and Mr. SPECTER) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To provide marketing quotas and a market transition program for the 1997 through 2001 crops of quota and additional peanuts, to terminate marketing quotas for the 2002 and subsequent crops of peanuts, and to make nonrecourse loans available to peanut producers for the 2002 and subsequent crops of peanuts, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Peanut Program Improvement Act of 1997”.

4 (b) TABLE OF CONTENTS.—The table of contents of  
5 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—MARKETING QUOTAS FOR PEANUTS

Sec. 101. Marketing quotas for 1997 through 2001 crops of peanuts.

Sec. 102. Termination of marketing quotas for 2002 and subsequent crops of  
peanuts.

TITLE II—MARKET TRANSITION PROGRAMS FOR PEANUTS

Sec. 201. Market transition program for 1997 through 2001 crops of quota and  
additional peanuts.

Sec. 202. Nonrecourse loans for 2002 and subsequent crops of peanuts.

TITLE III—IMPLEMENTATION

Sec. 301. Regulations.

Sec. 302. Application.

6 **TITLE I—MARKETING QUOTAS**  
7 **FOR PEANUTS**

8 **SEC. 101. MARKETING QUOTAS FOR 1997 THROUGH 2001**  
9 **CROPS OF PEANUTS.**

10 Effective beginning with the 1997 crop of peanuts,  
11 part VI of subtitle B of title III of the Agricultural Adjust-  
12 ment Act of 1938 (7 U.S.C. 1357 et seq.) is amended to  
13 read as follows:

14 **“PART VI—MARKETING QUOTAS—PEANUTS**

15 **“SEC. 357. DEFINITIONS.**

16 “In this part:

17 “(1) ADDITIONAL PEANUTS.—The term ‘addi-  
18 tional peanuts’ means, for any marketing year—

1 “(A) any peanuts—

2 “(i) that are marketed by a person  
3 who possesses a poundage quota that has  
4 been established; and

5 “(ii) that are in excess of the market-  
6 ings of quota peanuts for the person for  
7 the year; or

8 “(B) all peanuts marketed for which no  
9 poundage quota has been established in accord-  
10 ance with section 358(b).

11 “(2) CRUSHING.—The term ‘crushing’ means  
12 the processing of peanuts to extract oil for food uses  
13 and meal for feed uses, or the processing of peanuts  
14 by crushing or otherwise when authorized by the  
15 Secretary.

16 “(3) DOMESTIC EDIBLE USE.—The term ‘do-  
17 mestic edible use’ means use for milling to produce  
18 domestic food peanuts (other than a use described in  
19 paragraph (2)) and for seed and use on a farm, ex-  
20 cept that the Secretary may exempt from this para-  
21 graph seeds of peanuts that—

22 “(A) are unique strains; and

23 “(B) are not commercially available.

1           “(4) **MARKETING YEAR.**—The term ‘marketing  
2           year’ means, in the case of peanuts, the 12-month  
3           period beginning August 1 and ending July 31.

4           “(5) **PERSON.**—The term ‘person’ means a pro-  
5           ducer, owner, or operator who possesses a quota es-  
6           tablished under section 358(b) or who is involved in  
7           the production of additional peanuts.

8           “(6) **QUOTA PEANUTS.**—The term ‘quota pea-  
9           nuts’ means, for any marketing year, any peanuts  
10          produced by a person who possesses a poundage  
11          quota, as determined under section 358(b), that—

12                   “(A) are eligible for domestic edible use as  
13                   determined by the Secretary;

14                   “(B) are marketed or considered marketed  
15                   from a farm, excluding undermarketings; and

16                   “(C) do not exceed the poundage quota for  
17                   the year.

18   **“SEC. 358. NATIONAL POUNDAGE QUOTAS FOR 1997**  
19                   **THROUGH 2001 CROPS OF PEANUTS.**

20           “(a) **NATIONAL POUNDAGE QUOTAS.**—

21                   “(1) **ESTABLISHMENT.**—The Secretary shall es-  
22                   tablish the national poundage quota for peanuts for  
23                   each of the 1997 through 2001 marketing years.

24                   “(2) **ADVISORY COMMITTEE.**—The Secretary  
25                   shall establish the national poundage quota after

1 considering recommendations from an all-industry  
2 advisory committee appointed by the Secretary.

3 “(3) LEVEL.—The Secretary shall establish the  
4 national poundage quota at a level that is equal to  
5 the quantity of peanuts (in tons) that the Secretary  
6 estimates will be devoted in each marketing year re-  
7 ferred to in paragraph (1) to domestic edible and  
8 related uses, plus a reasonable quantity of peanuts,  
9 as determined by the Secretary, for carryover to en-  
10 sure continuity of supply between marketing years.  
11 In establishing the quota, the Secretary shall take  
12 into account—

13 “(A) any stocks of peanuts on hand in the  
14 inventory of the Commodity Credit Corporation;

15 “(B) peanuts or products of peanuts im-  
16 ported into the United States;

17 “(C) projected purchases of additional pea-  
18 nuts by the Department of Defense and other  
19 Federal and State agencies; and

20 “(D) additional peanuts used for domestic  
21 edible use in a quantity equal to the projected  
22 imports of peanuts, products of peanuts, and  
23 peanut-containing products.

24 “(4) ANNOUNCEMENT.—The national poundage  
25 quota for a marketing year shall be announced by

1 the Secretary not later than the December 15 pre-  
 2 ceding the marketing year.

3 “(b) POUNDAGE QUOTAS.—

4 “(1) IN GENERAL.—

5 “(A) ESTABLISHMENT.—A poundage  
 6 quota for each of the 1997 through 2001 mar-  
 7 keting years shall be established—

8 “(i) for a person if—

9 “(I)(aa) the person held a quota  
 10 in the previous marketing year; or

11 “(bb) in the case of the 1995  
 12 marketing year, quota was assigned to  
 13 the farm of the person;  
 14 unless the quota was sold; and

15 “(II) the person has produced or  
 16 marketed, or is considered to have  
 17 produced or marketed, peanuts in at  
 18 least 2 of the 3 immediately preceding  
 19 marketing years, as determined by the  
 20 Secretary; or

21 “(ii) as approved and determined by  
 22 the Secretary for each person who pro-  
 23 duces peanuts in connection with experi-  
 24 mental and research programs.

25 “(B) QUANTITY.—

1 “(i) IN GENERAL.—The poundage  
2 quota for each of the 1997 through 2001  
3 marketing years shall not be increased—

4 “(I) for undermarketings from  
5 any previous years; or

6 “(II) as the result of the alloca-  
7 tion of quotas voluntarily released for  
8 1 year under paragraph (6).

9 “(ii) INCREASED QUOTA.—The pound-  
10 age quota, if any, for each of the 1997  
11 through 2001 marketing years, shall be  
12 equal to the quantity of peanuts allocated  
13 under paragraph (2).

14 “(C) TRANSFERS.—For purposes of this  
15 subsection, if the poundage quota, or any part  
16 of the quota, is permanently transferred in ac-  
17 cordance with this Act, the receiving person  
18 shall be considered as possessing the poundage  
19 quota (or part of the quota) of the transferring  
20 person as of the date of the transfer and for all  
21 subsequent marketing years.

22 “(2) ADJUSTMENTS.—

23 “(A) ALLOCATION OF INCREASED QUOTA  
24 GENERALLY.—If the national poundage quota  
25 for any of the 1997 through 2001 marketing

years is increased over the national poundage quota for the immediately preceding marketing year, the increase shall be allocated, proportionately, among persons who possess quota if the persons produced peanuts in at least 2 of the 3 immediately preceding marketing years, as determined by the Secretary.

“(B) DECREASE.—If the national poundage quota for any of the 1997 through 2001 marketing years is decreased from the national poundage quota for the immediately preceding marketing year, the decrease shall be allocated, proportionately, among persons who possess a quota if the persons produced peanuts in at least 2 of the 3 immediately preceding marketing years, as determined by the Secretary.

“(3) QUOTA NOT PRODUCED.—

“(A) IN GENERAL.—Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the poundage quota established for a person for any of the 1997 through 2001 marketing years shall be reduced to the extent that the Secretary determines that the poundage quota established for the person for any 2 of the 3 marketing



1 years preceding the marketing year for which  
2 the determination is being made was not pro-  
3 duced, or considered produced.

4 “(B) EXCLUSIONS.—For the purposes of  
5 this paragraph, the poundage quota for any  
6 such preceding marketing year shall not in-  
7 clude—

8 “(i) any increases for undermarketing  
9 of quota peanuts from previous years; or

10 “(ii) any increase resulting from the  
11 allocation of quotas voluntarily released for  
12 1 year under paragraph (6).

13 “(4) QUOTA CONSIDERED PRODUCED.—For  
14 purposes of this subsection, the poundage quota  
15 shall be considered produced by a person if—

16 “(A) the poundage quota was not produced  
17 because of drought, flood, or any other natural  
18 disaster, or any other condition beyond the con-  
19 trol of the person, as determined by the Sec-  
20 retary; or

21 “(B) the poundage quota for the person  
22 was released voluntarily under paragraph (6)  
23 for only 1 of the 3 marketing years immediately  
24 preceding the marketing year for which the de-  
25 termination is being made.

1 “(5) QUOTA PERMANENTLY RELEASED.—

2 “(A) IN GENERAL.—The poundage quota  
3 established for a person, or any part of the  
4 quota, may be permanently released.

5 “(B) ADJUSTMENT OF QUOTA.—The  
6 poundage quota for the person for which the  
7 quota is released shall be adjusted downward to  
8 reflect the quota that is released.

9 “(C) UNUSED QUOTA.—Any quota not  
10 produced, considered produced, or not leased or  
11 sold shall be considered permanently released.

12 “(6) QUOTA TEMPORARILY RELEASED.—

13 “(A) IN GENERAL.—The poundage quota,  
14 or any portion of the quota, established for a  
15 person for a marketing year may be voluntarily  
16 released to the Secretary to the extent that the  
17 quota, or any part of the quota, will not be pro-  
18 duced by the person for the marketing year.  
19 Any poundage quota so released shall be allo-  
20 cated to other persons on such basis as the Sec-  
21 retary may by regulation prescribe.

22 “(B) EFFECTIVE PERIOD.—Except as oth-  
23 erwise provided in this section, any adjustment  
24 in the poundage quota for a person under sub-  
25 paragraph (A) shall be effective only for the

1 marketing year for which the adjustment is  
2 made and shall not be taken into consideration  
3 in establishing a poundage quota for the person  
4 from which the quota was released for any sub-  
5 sequent marketing year.

6 “(7) RELEASED QUOTA.—Any poundage quota  
7 permanently released may not be reallocated in the  
8 subsequent marketing year.

9 “(c) REFERENDUM RESPECTING POUNDAGE  
10 QUOTAS.—

11 “(1) IN GENERAL.—Not later than December  
12 15, 1997, the Secretary shall conduct a referendum  
13 of all producers engaged in the production of pea-  
14 nuts to determine whether the producers are in favor  
15 of or opposed to poundage quotas with respect to the  
16 crops of peanuts produced in the remaining market-  
17 ing years authorized by this part, except that, if as  
18 many as  $\frac{2}{3}$  of the producers voting in any referen-  
19 dum vote in favor of poundage quotas, no referen-  
20 dum shall be held with respect to quotas for the re-  
21 maining marketing years authorized by this part.  
22 Each producer voting in the referendum may cast 1  
23 vote.

1           “(2) PROCLAMATION.—The Secretary shall pro-  
2       claim the result of the referendum within 30 days  
3       after the date on which the referendum is held.

4           “(3) VOTE AGAINST QUOTAS.—If more than  $\frac{1}{3}$   
5       of the producers voting in the referendum vote  
6       against quotas, the Secretary shall proclaim that  
7       poundage quotas will not be in effect for the remain-  
8       ing marketing years authorized by this part.

9       **“SEC. 358A. SALE, LEASE, OR TRANSFER OF POUNDAGE**  
10                   **QUOTA FOR 1997 THROUGH 2001 CROPS OF**  
11                   **PEANUTS.**

12       “(a) IN GENERAL.—Subject to such terms and condi-  
13       tions as the Secretary may prescribe, a person for which  
14       a poundage quota has been established under this Act may  
15       sell, lease, or transfer all or any part of the poundage  
16       quota to any other owner, operator, or producer of peanuts  
17       without geographic limitation. Sales, leases, or transfers  
18       shall be allowed so as to rationalize production for owners,  
19       operators, or producers in areas or regions that may be  
20       the most efficient and productive.

21       “(b) TREATMENT OF LESSORS.—For purposes of  
22       this part, a lessor who is a person who leases all or any  
23       part of a poundage quota for a marketing year shall be  
24       considered to have produced or marketed the quota for  
25       that marketing year.

1       “(c) LIMITS.—A sale, lease, or transfer of poundage  
2 quotas under this section shall be subject to the following  
3 conditions:

4           “(1) LIENHOLDERS.—No transfer of the  
5 poundage quota from a farm subject to a mortgage  
6 or other lien is effective unless the transfer is agreed  
7 to by the lienholders.

8           “(2) RECORD.—No transfer of the poundage  
9 quota shall be effective until the Secretary and all  
10 lienholders are given notice of the transfer, as deter-  
11 mined by the Secretary.

12           “(3) LIMITATION.—The Secretary may not es-  
13 tablish a limitation on the quantity or geographical  
14 location of poundage quota that may be transferred.

15           “(4) OTHER TERMS.—The Secretary may es-  
16 tablish by regulation other terms and conditions.

17 **“SEC. 358B. MARKETING PENALTIES AND DISPOSITION OF**  
18 **ADDITIONAL PEANUTS FOR 1997 THROUGH**  
19 **2001 CROPS OF PEANUTS.**

20       “(a) MARKETING PENALTIES.—

21           “(1) IN GENERAL.—

22           “(A) MARKETING PEANUTS IN EXCESS OF  
23 QUOTA.—The marketing of any peanuts for do-  
24 mestic edible use in excess of the poundage  
25 quota for a person shall be subject to a penalty

1 at a rate equal to 140 percent of the support  
2 price for quota peanuts for the marketing year  
3 in which the marketing occurs. The penalty  
4 shall not apply to the marketing of breeder or  
5 Foundation seed peanuts grown and marketed  
6 by a publicly owned agricultural experiment sta-  
7 tion (including a State operated seed organiza-  
8 tion), nor to additional peanuts marketed under  
9 contracts between handlers and producers  
10 under subsection (e).

11 “(B) MARKETING ADDITIONAL PEA-  
12 NUTS.—The marketing of any additional pea-  
13 nuts shall be subject to the same penalty as the  
14 penalty prescribed in subparagraph (A) unless  
15 the peanuts, in accordance with regulations es-  
16 tablished by the Secretary, are—

17 “(i) placed under loan at the addi-  
18 tional loan rate in effect for the peanuts  
19 under section 155 of the Agricultural Mar-  
20 ket Transition Act (7 U.S.C. 7271) and  
21 not redeemed by the producers;

22 “(ii) marketed or used for seed in ac-  
23 cordance with regulations issued by the  
24 Secretary, and under the supervision of  
25 agents designated by the Secretary; or

1                   “(iii) marketed under contracts be-  
2                   tween handlers and producers pursuant to  
3                   subsection (e).

4                   “(2) PAYER.—The penalty shall be paid by the  
5                   person who buys or otherwise acquires the peanuts  
6                   from the producer or, if the peanuts are marketed  
7                   by the producer through an agent, the penalty shall  
8                   be paid by the agent. The person or agent may de-  
9                   duct an amount equivalent to the penalty from the  
10                  price paid to the producer.

11                  “(3) FAILURE TO COLLECT.—If the person re-  
12                  quired to collect the penalty fails to collect the pen-  
13                  alty, the person and all persons entitled to share in  
14                  the peanuts marketed from the farm or the proceeds  
15                  of the marketing shall be jointly and severally liable  
16                  with the person who failed to collect the penalty for  
17                  the amount of the penalty.

18                  “(4) APPLICATION OF QUOTA.—Peanuts pro-  
19                  duced in a calendar year in which poundage quotas  
20                  are in effect for the marketing year beginning in the  
21                  calendar year shall be subject to the quotas even  
22                  though the peanuts are marketed prior to the date  
23                  on which the marketing year begins.

24                  “(5) FALSE INFORMATION.—If any producer  
25                  falsely identifies, fails to accurately certify planted

1        acres, or fails to account for the disposition of any  
2        peanuts produced on the planted acres, a quantity of  
3        peanuts equal to the greater of the average or actual  
4        yield of the farm, as determined by the Secretary,  
5        multiplied by the number of planted acres, shall be  
6        deemed to have been marketed in violation of per-  
7        missible uses of quota and additional peanuts. Any  
8        penalty payable under this paragraph shall be paid  
9        and remitted by the producer.

10        “(6) UNINTENTIONAL VIOLATIONS.—The Sec-  
11        retary shall authorize, under such regulations as the  
12        Secretary shall issue, the county committees estab-  
13        lished under section 8(b) of the Soil Conservation  
14        and Domestic Allotment Act (16 U.S.C. 590h(b)) to  
15        waive or reduce marketing penalties provided for  
16        under this subsection in cases which the committees  
17        determine that the violations that were the basis of  
18        the penalties were unintentional or without knowl-  
19        edge on the part of the parties concerned.

20        “(7) DE MINIMIS VIOLATIONS.—An error in  
21        weight that does not exceed  $\frac{1}{10}$  of 1 percent in the  
22        case of any 1 marketing document shall not be con-  
23        sidered to be a marketing violation except in a case  
24        of fraud or conspiracy.

25        “(b) USE OF QUOTA AND ADDITIONAL PEANUTS.—



1           “(1) QUOTA PEANUTS.—Quota peanuts may be  
2       retained for use on a farm. If the peanuts are used  
3       on the farm, the peanuts shall be considered mar-  
4       keted.

5           “(2) ADDITIONAL PEANUTS.—Additional pea-  
6       nuts may be sold for seed or used on a farm and  
7       may not be marketed for domestic edible use, except  
8       as provided in subsection (e) and section 155(a)(5)  
9       of the Agricultural Market Transition Act (7 U.S.C.  
10      7271(a)(5)). If the peanuts are used on the farm,  
11      the peanuts shall be considered marketed.

12          “(c) MARKETING PEANUTS WITH EXCESS QUAN-  
13      TITY, GRADE, OR QUALITY.—On a finding by the Sec-  
14      retary that the peanuts marketed from any crop for do-  
15      mestic edible use by a handler are larger in quantity or  
16      higher in grade or quality than the peanuts that could rea-  
17      sonably be produced from the quantity of peanuts having  
18      the grade, kernel content, and quality of the quota peanuts  
19      acquired by the handler from the crop for the marketing,  
20      the handler shall be subject to a penalty equal to 140 per-  
21      cent of the loan level for quota peanuts on the quantity  
22      of peanuts that the Secretary determines are in excess of  
23      the quantity, grade, or quality of the peanuts that could  
24      reasonably have been produced from the peanuts so ac-  
25      quired.

1       “(d) HANDLING AND DISPOSAL OF ADDITIONAL  
2 PEANUTS.—

3               “(1) IN GENERAL.—A handler who provides  
4 adequate assurances to the Secretary under para-  
5 graph (3) shall be eligible to handle, process, and ex-  
6 port additional peanuts.

7               “(2) SUPERVISION BY HANDLERS.—

8                       “(A) IN GENERAL.—Supervision of the  
9 handling and disposal of additional peanuts by  
10 a handler shall not be required if the handler  
11 agrees in writing, prior to any handling or dis-  
12 posal of the peanuts, to comply with regulations  
13 that the Secretary shall issue.

14                      “(B) REGULATIONS.—The regulations is-  
15 sued by the Secretary shall include the follow-  
16 ing:

17                               “(i) TYPES OF EXPORTED OR  
18 CRUSHED PEANUTS.—Handlers of shelled  
19 or milled peanuts may export or crush—

20                                       “(I) sound split kernel additional  
21 peanuts purchased by the handler  
22 that are discounted due to the per-  
23 centage of sound splits per pound;

24                                       “(II) sound mature kernel addi-  
25 tional peanuts in an amount equal to

1 the poundage of the additional pea-  
 2 nuts purchased by the handler, less  
 3 the total poundage of sound split ker-  
 4 nel peanuts; and

5 “(III) the remaining quantity of  
 6 additional peanuts purchased by the  
 7 handler.

8 “(ii) DOCUMENTATION.—A handler  
 9 shall ensure that any additional peanuts  
 10 exported or crushed are evidenced by on-  
 11 board bills of lading or other appropriate  
 12 documentation as may be required by the  
 13 Secretary.

14 “(iii) LOSS OF PEANUTS.—If a han-  
 15 dler suffers a loss of peanuts as a result of  
 16 fire, flood, or any other condition beyond  
 17 the control of the handler, the portion of  
 18 the loss allocated to contracted additional  
 19 peanuts shall not be greater than the por-  
 20 tion of the total peanut purchases of the  
 21 handler for the year for export or crushing.

22 “(iv) SHRINKAGE ALLOWANCE.—

23 “(I) IN GENERAL.—The obliga-  
 24 tion of a handler to export or crush  
 25 peanuts in quantities described in this

1 subparagraph shall be reduced by a  
2 shrinkage allowance, to be determined  
3 by the Secretary, to reflect actual dol-  
4 lar value shrinkage experienced by  
5 handlers in commercial operations, ex-  
6 cept that the allowance shall not be  
7 less than 4 percent.

8 “(II) COMMON INDUSTRY PRAC-  
9 TICES.—The Secretary may provide a  
10 lower shrinkage allowance for a han-  
11 dler who fails to comply with shrink-  
12 age criteria specified by the Secretary,  
13 taking into account common industry  
14 practice.

15 “(3) ADEQUATE FINANCES AND FACILITIES.—A  
16 handler shall submit to the Secretary adequate as-  
17 surances that the handler is fiscally sound. The Sec-  
18 retary shall not require proof of capacity to process  
19 peanuts.

20 “(4) COMMINGLING OF LIKE PEANUTS.—Quota  
21 and additional peanuts of like type and segregation  
22 or quality may, under regulations issued by the Sec-  
23 retary, be commingled and exchanged on a dollar  
24 value basis to facilitate warehousing, handling, and  
25 marketing.

1 “(5) PENALTY.—

2 “(A) IN GENERAL.—Except as provided in  
3 subparagraph (B), the failure by a handler to  
4 comply with regulations issued by the Secretary  
5 governing the disposition and handling of addi-  
6 tional peanuts shall subject the handler to a  
7 penalty at a rate equal to 140 percent of the  
8 loan level for quota peanuts on the quantity of  
9 peanuts involved in the violation.

10 “(B) NONDELIVERY.—A handler shall not  
11 be subject to a penalty for failure to export ad-  
12 ditional peanuts if the peanuts were not deliv-  
13 ered to the handler.

14 “(6) REENTRY OF EXPORTED PEANUTS.—

15 “(A) PENALTY.—If any additional peanuts  
16 exported by a handler are reentered into the  
17 United States in commercial quantities as de-  
18 termined by the Secretary, the importer of the  
19 peanuts shall be subject to a penalty at a rate  
20 equal to 140 percent of the loan level for quota  
21 peanuts on the quantity of peanuts reentered.

22 “(B) RECORDS.—Each person, firm, or  
23 handler who imports peanuts into the United  
24 States shall maintain such records and docu-

1           ments as are required by the Secretary to en-  
 2           sure compliance with this subsection.

3           “(e) CONTRACTS FOR PURCHASE OF ADDITIONAL  
 4 PEANUTS.—

5           “(1) IN GENERAL.—Handlers may, under such  
 6           regulations as the Secretary may issue, contract with  
 7           producers for the purchase of additional peanuts  
 8           for—

9                   “(A) crushing;

10                   “(B) export;

11                   “(C) use as seed;

12                   “(D) sale to the Department of Defense or  
 13           another agency of the Federal, State, or local  
 14           government;

15                   “(E) domestic edible use in a quantity  
 16           equal to the projected imports of peanuts, prod-  
 17           ucts of peanuts, and peanut-containing prod-  
 18           ucts; or

19                   “(F) any combination of the uses referred  
 20           to in subparagraphs (A) through (E).

21           “(2) INFORMATION FOR HANDLING AND PROC-  
 22           ESSING ADDITIONAL PEANUTS.—Any person wishing  
 23           to handle or process additional peanuts as a handler  
 24           shall submit to the Secretary such information as  
 25           the Secretary may require.

1           “(3) SUSPENSION OF RESTRICTIONS ON IM-  
2       PORTED PEANUTS.—Notwithstanding any other pro-  
3       vision of this Act, if the President issues a proclama-  
4       tion under section 404(b) of the Uruguay Round  
5       Agreements Act (19 U.S.C. 3601(b)) expanding the  
6       quantity of peanuts subject to the in-quota rate of  
7       duty under a tariff-rate quota, or under section 22  
8       of the Agricultural Adjustment Act (7 U.S.C. 624),  
9       reenacted with amendments by the Agricultural  
10      Marketing Agreement Act of 1937, temporarily sus-  
11      pending restrictions on the importation of peanuts,  
12      the Secretary shall, subject to such terms and condi-  
13      tions as the Secretary may prescribe, permit a han-  
14      dler, with the written consent of the producer, to  
15      purchase additional peanuts from any producer who  
16      contracted with the handler and to offer the peanuts  
17      for sale for domestic edible use.

18      “(f) ADMINISTRATION.—

19           “(1) INTEREST.—The person liable for payment  
20      or collection of any penalty provided for in this sec-  
21      tion shall be liable also for interest on the penalty  
22      at a rate per annum equal to the rate per annum  
23      of interest that was charged the Commodity Credit  
24      Corporation by the Treasury of the United States on  
25      the date the penalty became due.

1           “(2) DE MINIMIS QUANTITY.—This section shall  
 2           not apply to peanuts produced on any farm on which  
 3           the acreage harvested for peanuts is 1 acre or less  
 4           if the producers who share in the peanuts produced  
 5           on the farm do not share in the peanuts produced  
 6           on any other farm.

7           “(3) LIENS.—Until the amount of the penalty  
 8           provided by this section is paid, a lien on the crop  
 9           of peanuts with respect to which the penalty is in-  
 10          curred, and on any subsequent crop of peanuts sub-  
 11          ject to poundage quotas in which the person liable  
 12          for payment of the penalty has an interest, shall be  
 13          in effect in favor of the United States.

14          “(4) INFORMATION.—A person possessing a  
 15          poundage quota, and a producer of additional pea-  
 16          nuts, shall provide any information required by the  
 17          Secretary to carry out this section.

18          “(5) PENALTIES.—

19                 “(A) PROCEDURES.—The liability for and  
 20                 the amount of any penalty assessed under this  
 21                 section shall be determined in accordance with  
 22                 such procedures as the Secretary may prescribe  
 23                 by regulation. The facts constituting the basis  
 24                 for determining the liability for or amount of  
 25                 any penalty assessed under this section, when



1           officially determined in conformity with the ap-  
2           plicable regulations prescribed by the Secretary,  
3           shall be final and conclusive and shall not be  
4           reviewable by any other officer or agency of the  
5           Federal Government.

6           “(B) JUDICIAL REVIEW.—Nothing in this  
7           section prohibits any court of competent juris-  
8           diction from reviewing any determination made  
9           by the Secretary with respect to whether the de-  
10          termination was made in conformity with the  
11          applicable law.

12          “(6) REDUCTION OF PENALTIES.—The Sec-  
13          retary may reduce the amount of any penalty as-  
14          sessed against a handler under this section by any  
15          appropriate amount, including, in an appropriate  
16          case, eliminating the penalty entirely, if the Sec-  
17          retary finds that the violation on which the penalty  
18          is based was minor or inadvertent, and that the re-  
19          duction of the penalty will not impair the operation  
20          of the peanut program.

21   **“SEC. 358C. EXPERIMENTAL AND RESEARCH PROGRAMS**  
22           **FOR PEANUTS.**

23          “(a) IN GENERAL.—The Secretary may permit a por-  
24          tion of the national poundage quota for peanuts estab-  
25          lished under section 358(a) to be provided to land-grant

1 institutions identified in the Act of May 8, 1914 (38 Stat.  
 2 372, chapter 79; 7 U.S.C. 341 et seq.), and colleges eligi-  
 3 ble to receive funds under the Act of August 30, 1890  
 4 (26 Stat. 419, chapter 841; 7 U.S.C. 321 et seq.), includ-  
 5 ing Tuskegee Institute and, as appropriate, the Agricul-  
 6 tural Research Service of the Department of Agriculture,  
 7 to be used for experimental and research purposes.

8 “(b) QUANTITY.—The quantity of the quota allocated  
 9 to an institution under this section shall not exceed the  
 10 quantity of the quota held by each such institution during  
 11 the 1995 marketing year.

12 “(c) LIMITATION.—The director of an agricultural  
 13 experiment station shall be required to ensure, to the ex-  
 14 tent practicable, that participating farm operators or pro-  
 15 ducers who do not produce quota peanuts under sub-  
 16 section (a) in excess of the quantity needed for experi-  
 17 mental and research purposes.

18 **“SEC. 358D. CROPS.**

19 “This part shall be effective only for the 1997  
 20 through 2001 crops of peanuts.”.

21 **SEC. 102. TERMINATION OF MARKETING QUOTAS FOR 2002**

22 **AND SUBSEQUENT CROPS OF PEANUTS.**

23 (a) IN GENERAL.—Effective beginning with the 2002  
 24 crop of peanuts, part VI of subtitle B of title III of the

1 Agricultural Adjustment Act of 1938 (7 U.S.C. 1357 et  
2 seq.) is repealed.

3 (b) CONFORMING AMENDMENTS.—

4 (1) ADMINISTRATIVE PROVISIONS.—Section 361  
5 of the Agricultural Adjustment Act of 1938 (7  
6 U.S.C. 1361) is amended by striking “peanuts,”.

7 (2) ADJUSTMENT OF QUOTAS.—Section 371 of  
8 the Agricultural Adjustment Act of 1938 (7 U.S.C.  
9 1371) is amended—

10 (A) in the first sentence of subsection (a),  
11 by striking “peanuts,”; and

12 (B) in the first sentence of subsection (b),  
13 by striking “peanuts”.

14 (3) REPORTS AND RECORDS.—Section 373 of  
15 the Agricultural Adjustment Act of 1938 (7 U.S.C.  
16 1373) is amended—

17 (A) in the first sentence of subsection  
18 (a)—

19 (i) by striking “peanuts,” each place  
20 it appears;

21 (ii) by inserting “and” after “from  
22 producers,”; and

23 (iii) by striking “for producers, all”  
24 and all that follows through the period at

1 the end of the sentence and inserting “for  
2 producers.”; and

3 (B) in subsection (b), by striking “pea-  
4 nuts,”.

5 (4) EMINENT DOMAIN.—Section 378(c) of the  
6 Agricultural Adjustment Act of 1938 (7 U.S.C.  
7 1378(c)) is amended in the first sentence—

8 (A) by striking “cotton,” and inserting  
9 “cotton and”; and

10 (B) by striking “and peanuts,”.

11 (c) CROPS.—This section and the amendments made  
12 by this section shall become effective beginning with the  
13 2002 crop of peanuts.

## 14 **TITLE II—MARKET TRANSITION** 15 **PROGRAMS FOR PEANUTS**

### 16 **SEC. 201. MARKET TRANSITION PROGRAM FOR 1997** 17 **THROUGH 2001 CROPS OF QUOTA AND ADDI-** 18 **TIONAL PEANUTS.**

19 Effective beginning with the 1997 crop of peanuts,  
20 section 155 of the Agricultural Market Transition Act (7  
21 U.S.C. 7271) is amended to read as follows:

#### 22 **“SEC. 155. PEANUT PROGRAM.**

23 **“(a) QUOTA PEANUTS.—**

1           “(1) IN GENERAL.—The Secretary shall make  
2           nonrecourse loans available to producers of each of  
3           the 1997 through 2001 crops of quota peanuts.

4           “(2) DISBURSEMENT.—The Secretary shall ini-  
5           tially disburse only 85 percent of the loans required  
6           under paragraph (1) to producers for the 1997 crop,  
7           and 80 percent of the loans for each of the 1998,  
8           1999, 2000, and 2001 crops, and provide for the  
9           disbursement to producers at maturity of any bal-  
10          ances due the producers on the loans that may re-  
11          main to be settled at maturity. The remainder of  
12          the loans shall be paid only if payment would result  
13          in no net cost to the Commodity Credit Corporation  
14          for the immediately preceding and current crops of  
15          quota peanuts.

16          “(3) SUPPORT RATES.—The national average  
17          quota support rate for quota peanuts shall not be  
18          more than \$610 per ton for the 1997 crop, \$550 per  
19          ton for the 1998 crop, \$515 per ton for the 1999  
20          crop, \$480 per ton for the 2000 crop, and \$445 per  
21          ton for the 2001 crop.

22          “(4) INSPECTION, HANDLING, OR STORAGE.—  
23          The levels of support determined under paragraph  
24          (3) shall not be reduced by any deduction for inspec-  
25          tion, handling, or storage.

1           “(5) MARKETING OF PEANUTS OWNED OR CON-  
 2           TROLLED BY THE COMMODITY CREDIT CORPORA-  
 3           TION.—Any peanuts owned or controlled by the  
 4           Commodity Credit Corporation may be made avail-  
 5           able for domestic edible use, in accordance with reg-  
 6           ulations issued by the Secretary and sales price re-  
 7           strictions applicable to the Corporation.

8           “(6) LOCATION AND OTHER FACTORS.—The  
 9           Secretary may make adjustments for location of pea-  
 10          nuts and such other factors as are authorized by  
 11          section 403.

12          “(b) ADDITIONAL PEANUTS.—The Secretary shall  
 13          make nonrecourse loans available to producers of each of  
 14          the 1997 through 2001 crops of additional peanuts at  
 15          such levels as the Secretary considers appropriate, taking  
 16          into consideration the demand for peanut oil and peanut  
 17          meal, the expected prices of other vegetable oils and pro-  
 18          tein meals, and the demand for peanuts in foreign mar-  
 19          kets, except that the Secretary shall set the support rate  
 20          on additional peanuts at a level estimated by the Secretary  
 21          to ensure that there are no losses to the Commodity Credit  
 22          Corporation on the sale or disposal of the peanuts.

23          “(c) POOLS FOR QUOTA AND ADDITIONAL PEA-  
 24          NUTS.—

1           “(1) IN GENERAL.—The Secretary shall require  
2       a participating marketing association to establish  
3       pools and maintain complete and accurate records  
4       by area and segregation for quota peanuts handled  
5       under loan and for additional peanuts placed under  
6       loan, except that separate pools shall be established  
7       for Valencia peanuts produced in New Mexico.  
8       Bright hull and dark hull Valencia peanuts shall be  
9       considered as separate types for the purpose of es-  
10      tablishing the pools.

11           “(2) NET GAINS.—Net gains on peanuts in  
12      each pool, unless otherwise approved by the Sec-  
13      retary, shall be distributed only to producers who  
14      placed peanuts in the pool and shall be distributed  
15      in proportion to the value of the peanuts placed in  
16      the pool by each producer. Net gains for peanuts in  
17      each pool shall consist of the net gains over and  
18      above the loan indebtedness and other costs or losses  
19      incurred on peanuts placed in the pool.

20           “(3) LOSSES.—A loss in an area quota pool  
21      shall be offset by any gain or profit from other area  
22      quota pools (other than the quota pool for Valencia  
23      peanuts for New Mexico). A quota pool shall be ad-  
24      ministered at no cost to the Commodity Credit Cor-  
25      poration.

1       “(d) DISAPPROVAL OF QUOTAS.—No loan may be  
 2 made available by the Secretary for any crop of peanuts  
 3 with respect to which poundage quotas have been dis-  
 4 approved by producers, as provided for in section 358(c)  
 5 of the Agricultural Adjustment Act of 1938 (7 U.S.C.  
 6 1358(c)).

7       “(e) MARKETING ASSESSMENT.—

8               “(1) DEFINITION OF FIRST PURCHASER.—In  
 9 this subsection, the term ‘first purchaser’ means a  
 10 person acquiring peanuts from a producer, except  
 11 that in the case of peanuts forfeited by a producer  
 12 to the Commodity Credit Corporation, the term  
 13 means the person acquiring the peanuts from the  
 14 Commodity Credit Corporation.

15               “(2) ASSESSMENT.—The Secretary shall pro-  
 16 vide, by regulation, for a nonrefundable marketing  
 17 assessment applicable to each of the 1997 through  
 18 2001 crops of peanuts. The assessment shall be  
 19 made in accordance with this subsection and shall be  
 20 on a per pound basis in an amount equal to 1.2 per-  
 21 cent of the national average quota or additional pea-  
 22 nut support rate per pound, as applicable, for the  
 23 applicable crop. No peanuts shall be assessed more  
 24 than 1.2 percent of the applicable support rate  
 25 under this subsection.



1           “(3) FIRST PURCHASERS.—Except as provided  
2           under paragraphs (4) and (5), the first purchaser of  
3           peanuts shall—

4                   “(A) collect from the producer a marketing  
5                   assessment equal to the quantity of peanuts ac-  
6                   quired multiplied by .65 percent of the applica-  
7                   ble national average support rate;

8                   “(B) pay, in addition to the amount col-  
9                   lected under subparagraph (A), a marketing as-  
10                  ssessment in an amount equal to the quantity of  
11                  peanuts acquired multiplied by .55 percent of  
12                  the applicable national average support rate;  
13                  and

14                  “(C) remit the amounts required under  
15                  subparagraphs (A) and (B) to the Commodity  
16                  Credit Corporation in a manner specified by the  
17                  Secretary.

18           “(4) OTHER PRIVATE MARKETINGS.—In the  
19           case of a private marketing by a producer directly  
20           to a consumer through a retail or wholesale outlet  
21           or in the case of a marketing by the producer out-  
22           side of the continental United States, the producer  
23           shall be responsible for the full amount of the as-  
24           sessment and shall remit the assessment by such  
25           time as is specified by the Secretary.

1           “(5) LOAN PEANUTS.—In the case of peanuts  
 2           that are pledged as collateral for a loan made under  
 3           this section,  $\frac{1}{2}$  of the assessment shall be deducted  
 4           from the proceeds of the loan. The remainder of the  
 5           assessment shall be paid by the first purchaser of  
 6           the peanuts. For the purposes of computing net  
 7           gains on peanuts under this section, the reduction  
 8           in loan proceeds shall be treated as having been paid  
 9           to the producer.

10           “(6) PENALTIES.—If any person fails to collect  
 11           or remit the reduction required by this subsection or  
 12           fails to comply with such requirements for record-  
 13           keeping or otherwise as are required by the Sec-  
 14           retary to carry out this subsection, the person shall  
 15           be liable to the Secretary for a civil penalty up to  
 16           an amount determined by multiplying—

17                   “(A) the quantity of peanuts involved in  
 18                   the violation; by

19                   “(B) the national average quota support  
 20                   rate for the applicable crop year.

21           “(7) ENFORCEMENT.—The Secretary may en-  
 22           force this subsection in the courts of the United  
 23           States.

1 “(f) COMMODITY CREDIT CORPORATION.—The Sec-  
 2 retary shall carry out the program authorized by this sec-  
 3 tion through the Commodity Credit Corporation.

4 “(g) CROPS.—This section shall be effective for the  
 5 1997 through 2001 crops of peanuts.”.

6 **SEC. 202. NONRECOURSE LOANS FOR 2002 AND SUBSE-**  
 7 **QUENT CROPS OF PEANUTS.**

8 Effective beginning with the 2002 crop of peanuts,  
 9 section 155 of the Agricultural Market Transition Act (7  
 10 U.S.C. 7271) is amended to read as follows:

11 **“SEC. 155. PEANUT PROGRAM.**

12 “(a) IN GENERAL.—

13 “(1) LOANS.—The Secretary shall make non-  
 14 recourse loans available to producers of peanuts for  
 15 each of the 2002 and subsequent crops of peanuts.

16 “(2) RATE.—In carrying out paragraph (1), the  
 17 Secretary shall offer to all peanut producers non-  
 18 recourse loans at a level not less than 85 percent of  
 19 the simple average price received by producers for  
 20 peanuts, as determined by the Secretary, during the  
 21 marketing year for each of the immediately preced-  
 22 ing 5 crops of peanuts, excluding the year in which  
 23 the average price was the highest and the year in  
 24 which the average price was the lowest during the  
 25 period, but not more than \$350 per ton. The loans

1 shall be administered at no net cost to the Commod-  
2 ity Credit Corporation.

3 “(3) INSPECTION, HANDLING, OR STORAGE.—  
4 The levels of support determined under paragraph  
5 (2) shall not be reduced by any deduction for inspec-  
6 tion, handling, or storage.

7 “(4) MARKETING OF PEANUTS OWNED OR CON-  
8 TROLLED BY THE COMMODITY CREDIT CORPORA-  
9 TION.—Any peanuts owned or controlled by the  
10 Commodity Credit Corporation may be made avail-  
11 able for domestic edible use, in accordance with reg-  
12 ulations issued by the Secretary, so long as doing so  
13 results in no net cost to the Commodity Credit Cor-  
14 poration.

15 “(5) LOCATION AND OTHER FACTORS.—The  
16 Secretary may make adjustments for the location of  
17 peanuts and such other factors as are authorized by  
18 section 403.

19 “(6) ANNOUNCEMENT.—The Secretary shall  
20 announce the level of support for each crop of pea-  
21 nuts not later than the February 15 preceding the  
22 marketing year for which the level of support is  
23 being determined.

1       “(b) COMMODITY CREDIT CORPORATION.—The Sec-  
 2       retary shall carry out the program authorized by this sec-  
 3       tion through the Commodity Credit Corporation.

4       “(c) CROPS.—This section shall be effective for each  
 5       of the 2002 and subsequent crops of peanuts.”.

## 6       **TITLE III—IMPLEMENTATION**

### 7       **SEC. 301. REGULATIONS.**

8       The Secretary of Agriculture shall issue such regula-  
 9       tions as are necessary to carry out this Act and the  
 10      amendments made by this Act.

### 11      **SEC. 302. APPLICATION.**

12      (a) CROPS.—Except as otherwise specifically pro-  
 13      vided in this Act, this Act and the amendments made by  
 14      this Act shall apply beginning with the 1997 crop of pea-  
 15      nuts.

16      (b) PRIOR CROPS.—Except as otherwise specifically  
 17      provided and notwithstanding any other provision of law,  
 18      this Act and the amendments made by this Act shall not  
 19      affect the authority of the Secretary of Agriculture to  
 20      carry out a market transition or production adjustment  
 21      program for any of the 1991 through 1996 crops of pea-  
 22      nuts established under a provision of law in effect imme-  
 23      diately before the enactment of this Act.

