

104TH CONGRESS
1ST SESSION

H. R. 2189

To amend the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 to provide price support and national poundage quotas for the 1996 through 2000 crops of peanuts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 1995

Mr. CHAMBLISS (for himself, Mr. BISHOP, Mr. DE LA GARZA, Mr. ROSE, Mrs. CLAYTON, Mr. BAESLER, Mrs. THURMAN, Mr. FARR, Mr. STENHOLM, Mr. LUCAS, Ms. MCKINNEY, Mr. LATHAM, Mr. THOMPSON, Mr. KINGSTON, Mr. HEFNER, Mr. NORWOOD, Mr. SISISKY, Mr. FUNDERBURK, Mr. RICHARDSON, Mr. LEWIS of Georgia, Mr. JONES, Mr. BREWSTER, Mr. BURR, Mr. PETERSON of Florida, Mr. HEINEMAN, Mr. TEJEDA, Mr. WATTS of Oklahoma, Ms. BROWN of Florida, Mr. HASTINGS of Florida, Mr. CLYBURN, Mr. PASTOR, Mrs. MEEK of Florida, and Mr. LEWIS of Kentucky) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 to provide price support and national poundage quotas for the 1996 through 2000 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. NATIONAL POUNDAGE QUOTAS AND ACREAGE**
2 **ALLOTMENTS.**

3 Section 358-1 of the Agricultural Adjustment Act of
4 1938 (7 U.S.C. 1358-1) is amended to read as follows:

5 **“SEC. 358-1. NATIONAL POUNDAGE QUOTAS AND ACREAGE**
6 **ALLOTMENTS FOR PEANUTS.**

7 “(a) NATIONAL POUNDAGE QUOTAS.—

8 “(1) ESTABLISHMENT.—The national poundage
9 quota for peanuts for each marketing year shall be
10 established by the Secretary at a level that is equal
11 to the quantity of peanuts (in tons) that the Sec-
12 retary estimates will be devoted in each such mar-
13 keting year to domestic edible and related uses, ex-
14 cluding seed. The Secretary shall also include in his
15 annual estimate of domestic edible and related uses,
16 the estimated quantity of peanuts and peanut prod-
17 ucts to be imported into the United States for the
18 marketing year for which the quota is being estab-
19 lished.

20 “(2) ANNOUNCEMENT.—The national poundage
21 quota for a marketing year shall be announced by
22 the Secretary not later than December 15 preceding
23 the marketing year.

24 “(3) APPORTIONMENT AMONG STATES.—The
25 national poundage quota established under para-
26 graph (1) shall be apportioned among the States so

1 that the poundage quota allocated to each State
2 shall be equal to the percentage of the national
3 poundage quota allocated to farms in the State for
4 1995.

5 “(b) FARM POUNDAGE QUOTAS.—

6 “(1) IN GENERAL.—

7 “(A) ESTABLISHMENT.—A farm poundage
8 quota for each marketing year shall be estab-
9 lished—

10 “(i) for each farm that had a farm
11 poundage quota for peanuts for the 1995
12 marketing year;

13 “(ii) if the poundage quota appor-
14 tioned to a State under subsection (a)(3)
15 for any such marketing year is larger than
16 the quota for the immediately preceding
17 marketing year, for each other farm on
18 which peanuts were produced for market-
19 ing in at least 2 of the 3 immediately pre-
20 ceding crop years, as determined by the
21 Secretary; and

22 “(iii) as approved and determined by
23 the Secretary under section 358c, for each
24 farm on which peanuts are produced in

1 connection with experimental and research
2 programs.

3 “(B) QUANTITY.—The farm poundage
4 quota for each marketing year for each farm
5 described in subparagraph (A)(i) shall be the
6 same as the farm poundage quota for the farm
7 for the immediately preceding marketing year,
8 as adjusted under paragraph (2), but not in-
9 cluding any increases resulting from the alloca-
10 tion of quotas voluntarily released for one year
11 under paragraph (7). The farm poundage
12 quota, if any, for each marketing year for each
13 farm described in subparagraph (A)(ii) shall be
14 equal to the quantity of peanuts allocated to the
15 farm for the year under paragraph (2).

16 “(C) TRANSFERS.—For purposes of this
17 subsection, if the farm poundage quota, or any
18 part thereof, is permanently transferred in ac-
19 cordance with section 358a or 358b, the receiv-
20 ing farm shall be considered as possessing the
21 farm poundage quota (or portion thereof) of the
22 transferring farm for all subsequent marketing
23 years.

24 “(2) ADJUSTMENTS.—

1 “(A) ALLOCATION OF INCREASED QUOTA
2 GENERALLY.—Except as provided in subpara-
3 graph (C), if the poundage quota apportioned
4 to a State under subsection (a)(3) of any mar-
5 keting year is increased over the poundage
6 quota apportioned to farms in the State for the
7 immediately preceding marketing year, the in-
8 crease shall be allocated proportionately, based
9 on farm production history for peanuts for the
10 3 immediately preceding years, among—

11 “(i) all farms in the State for each of
12 which a farm poundage quota was estab-
13 lished for the marketing year immediately
14 preceding the marketing year for which the
15 allocation is being made; and

16 “(ii) all other farms in the State on
17 each of which peanuts were produced in at
18 least 2 of the 3 immediately preceding crop
19 years, as determined by the Secretary.

20 “(B) DECREASE.—If the poundage quota
21 apportioned to a State under subsection (a)(3)
22 for any marketing year is decreased from the
23 poundage quota apportioned to farms in the
24 State under subsection (a)(3) for the imme-
25 diately preceding marketing year, the decrease

1 shall be allocated among all the farms in the
2 State for each of which a farm poundage quota
3 was established for the marketing year imme-
4 diately preceding the marketing year for which
5 the allocation is being made.

6 “(C) SPECIAL RULE ON TENANT’S SHARE
7 OF INCREASED QUOTA.—Subject to terms and
8 conditions prescribed by the Secretary, on
9 farms that were leased to a tenant for peanut
10 production, the tenant shall share equally with
11 the owner of the farm in that percentage of the
12 quota referred to in subparagraph (A) and oth-
13 erwise allocated to the farm as the result of the
14 tenant’s production on the farm of additional
15 peanuts. Not later than April 1 of each year or
16 as soon as practicable, the tenant’s share of any
17 such quota shall be allocated to a farm within
18 the county owned by the tenant or sold by the
19 tenant to the owner of any farm within the
20 county and permanently transferred to that
21 farm. Any quota not so disposed of as provided
22 in this subparagraph shall be allocated to other
23 quota farms in the State under paragraph (6)
24 as part of the quota reduced from farms in the
25 State due to the failure to produce the quota.

1 “(3) QUOTA NOT PRODUCED.—

2 “(A) IN GENERAL.—Insofar as practicable
3 and on such fair and equitable basis as the Sec-
4 retary may by regulation prescribe, the farm
5 poundage quota established for a farm for any
6 marketing year shall be reduced to the extent
7 that the Secretary determines that the farm
8 poundage quota established for the farm for
9 any 2 of the 3 marketing years preceding the
10 marketing year for which the determination is
11 being made was not produced, or considered
12 produced, on the farm.

13 “(B) EXCLUSIONS.—For purposes of this
14 paragraph, the farm poundage quota for any
15 such preceding marketing year shall not include
16 any increase resulting from the allocation of
17 quotas voluntarily released for 1 year under
18 paragraph (7).

19 “(4) QUOTA CONSIDERED PRODUCED.—For
20 purposes of this subsection, the farm poundage
21 quota shall be considered produced on a farm if—

22 “(A) the farm poundage quota was not
23 produced on the farm because of drought, flood,
24 or any other natural disaster, or any other con-

1 dition beyond the control of the producer, as
2 determined by the Secretary; or

3 “(B) the farm poundage quota for the
4 farm was either leased to another owner or op-
5 erator of a farm within the same county for
6 transfer to such farm for only 1 of the 3 mar-
7 keting years immediately preceding the market-
8 ing year for which the determination is being
9 made or the farm poundage quota was released
10 voluntarily under paragraph (7) for only 1 of
11 the 3 marketing years immediately preceding
12 the marketing year for which the determination
13 is being made. The farm poundage quota shall
14 not be considered produced for more than one
15 marketing year out of the three immediately
16 preceding marketing years under this subpara-
17 graph.

18 “(5) QUOTA PERMANENTLY RELEASED.—Not-
19 withstanding any other provision of law—

20 “(A) the farm poundage quota established
21 for a farm under this subsection, or any part of
22 the quota, may be permanently released by the
23 owner of the farm, or the operator with the per-
24 mission of the owner; and

1 “(B) the poundage quota for the farm for
2 which the quota is released shall be adjusted
3 downward to reflect the quota that is so re-
4 leased.

5 “(6) ALLOCATION OF QUOTAS REDUCED OR RE-
6 LEASED.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), the total quantity of the
9 farm poundage quotas reduced or voluntarily
10 released from farms in a State for any market-
11 ing year under paragraphs (3) and (5) shall be
12 allocated, as the Secretary may by regulation
13 prescribe, to other farms in the State as pro-
14 vided in subparagraph (B) on which peanuts
15 were produced in at least 2 of the 3 crop years
16 immediately preceding the year for which the
17 allocation is being made.

18 “(B) SET-ASIDE FOR FARMS WITH NO
19 QUOTA.—The total amount of farm poundage
20 quota to be allocated in the State under sub-
21 paragraph (A) shall be allocated to farms in the
22 State for which no farm poundage quota was
23 established for the immediately preceding year’s
24 crop. The allocation to any such farm shall not
25 exceed the average farm production of peanuts

1 for the 3 immediately preceding years during
2 which peanuts were produced on the farm. Any
3 farm quota pounds remaining after allocation to
4 farms under this subparagraph shall be allo-
5 cated to farms in the State on which poundage
6 quotas were established for the immediately
7 preceding year's crop.

8 “(7) QUOTA TEMPORARILY RELEASED.—

9 “(A) IN GENERAL.—The farm poundage
10 quota, or any portion thereof, established for a
11 farm for a marketing year may be voluntarily
12 released to the Secretary to the extent that the
13 quota, or any part thereof, will not be produced
14 on the farm for the marketing year. Any farm
15 poundage quota so released in a State shall be
16 allocated to other farms in the State on such
17 basis as the Secretary may by regulation pre-
18 scribe.

19 “(B) EFFECTIVE PERIOD.—Except as oth-
20 erwise provided in this section, any adjustment
21 in the farm poundage quota for a farm under
22 subparagraph (A) shall be effective only for the
23 marketing year for which it is made and shall
24 not be taken into consideration in establishing
25 a farm poundage quota for the farm from which

1 the quota was released for any subsequent mar-
2 keting year.

3 “(8) TRANSFER OF ADDITIONAL PEANUTS.—
4 Additional peanuts on a farm from which the quota
5 poundage was not harvested and marketed may be
6 transferred to the quota loan pool for pricing pur-
7 poses on such basis as the Secretary shall by regula-
8 tion provide, except that the poundage of such pea-
9 nuts so transferred shall not exceed the difference in
10 the total peanuts meeting quality requirements for
11 domestic edible use as determined by the Secretary
12 marketed from the farm and the total farm pound-
13 age quota, excluding quota pounds transferred to the
14 farm in the fall.

15 Peanuts transferred under provisions of this
16 paragraph shall be supported at a total of not less
17 than 70 percent of the quota support rate for the
18 marketing years in which such transfers occur and
19 such transfers for a farm shall not exceed 25 per-
20 cent of the total farm quota pounds, excluding
21 pounds transferred in the fall.

22 “(9) TEMPORARY QUOTA ALLOCATION.—

23 “(A) Temporary allocation of quota pounds
24 for the marketing year only in which the crop
25 is planted shall be made to producers as pro-

1 vided in this subsection. The temporary quota
2 allocation shall be equal to the pounds of seed
3 peanuts planted on the farm as may be ad-
4 justed under regulations that shall be pre-
5 scribed by the Secretary. The temporary alloca-
6 tion of quota pounds under this paragraph shall
7 be in addition to the farm quota pounds estab-
8 lished under paragraph (1).

9 “(B) The allocation of quota pounds to
10 producers under the provisions of this sub-
11 section shall be performed in such a manner as
12 will not result in a net decrease in quota
13 pounds on a farm in excess of 3 percent, after
14 temporary seed quota is added, from the basic
15 farm quota in 1996 and such decrease shall
16 occur one time only and shall be applicable to
17 the 1996 marketing year only.

18 “(C) Implementation of provisions in this
19 subsection may continue so long as doing so
20 does not result in increased cost to the Com-
21 modity Credit Corporation by displacement of
22 quota peanuts by additional peanuts in the do-
23 mestic market, increased losses in the Associa-
24 tion loan pools or other such increases in cost.

1 “(D) Nothing in this paragraph shall alter
2 or change in any way the requirements of sec-
3 tion 358e(b).

4 “(c) FARM YIELDS.—

5 “(1) IN GENERAL.—For each farm for which a
6 farm poundage quota is established under subsection
7 (b), and when necessary for purposes of this Act, a
8 farm yield of peanuts shall be determined for each
9 such farm.

10 “(2) QUANTITY.—The yield shall be equal to
11 the average of the actual yield per acre on the farm
12 for each of the 3 crop years in which yields were
13 highest on the farm out of the 5 crop years 1973
14 through 1977.

15 “(3) APPRAISED YIELDS.—If peanuts were not
16 produced on the farm in at least 3 years during the
17 5-year period or there was a substantial change in
18 the operation of the farm during the period (includ-
19 ing a change in operator, lessee who is an operator,
20 or irrigation practices), the Secretary shall have a
21 yield appraised for the farm. The appraised yield
22 shall be that quantity determined to be fair and rea-
23 sonable on the basis of yields established for similar
24 farms that are located in the area of the farm and
25 on which peanuts were produced, taking into consid-

1 eration land, labor, and equipment available for the
2 production of peanuts, crop rotation practices, soil
3 and water, and other relevant factors.

4 “(d) REFERENDUM RESPECTING POUNDAGE
5 QUOTAS.—

6 “(1) IN GENERAL.—Not later than December
7 15 of each calendar year, the Secretary shall con-
8 duct a referendum of producers engaged in the pro-
9 duction of quota peanuts in the calendar year in
10 which the referendum is held to determine whether
11 the producers are in favor of or opposed to poundage
12 quotas with respect to the crops of peanuts produced
13 in the 5 calendar years immediately following the
14 year in which the referendum is held, except that, if
15 as many as two-thirds of the producers voting in any
16 referendum vote in favor of poundage quotas, no ref-
17 erendum shall be held with respect to quotas for the
18 second, third, fourth, and fifth years of the period.

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

22 “(3) VOTE AGAINST QUOTAS.—If more than
23 one-third of the producers voting in the referendum
24 vote against quotas, the Secretary also shall pro-
25 claim that poundage quotas will not be in effect with

1 respect to the crop of peanuts produced in the cal-
2 endar year immediately following the calendar year
3 in which the referendum is held.

4 “(e) DEFINITIONS.—For the purposes of this part
5 and title I of the Agricultural Act of 1949 (7 U.S.C. 1441
6 et seq.):

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

9 “(A) any peanuts that are marketed from
10 a farm for which a farm poundage quota has
11 been established and that are in excess of the
12 marketings of quota peanuts from the farm for
13 the year; and

14 “(B) all peanuts marketed from a farm for
15 which no farm poundage quota has been estab-
16 lished in accordance with subsection (b).

17 “(2) CRUSHING.—The term ‘crushing’ means
18 the processing of peanuts to extract oil for food uses
19 and meal for feed uses, or the processing of peanuts
20 by crushing or otherwise when authorized by the
21 Secretary.

22 “(3) DOMESTIC EDIBLE USE.—The term ‘do-
23 mestic edible use’ means use for milling to produce
24 domestic food peanuts (other than those described in
25 paragraph (2)) and use on a farm, except that the

1 Secretary may exempt from this definition seeds of
2 peanuts that are used to produce peanuts excluded
3 under section 358d(c), are unique strains, and are
4 not commercially available.

5 “(4) QUOTA PEANUTS.—The term ‘quota pea-
6 nuts’ means, for any marketing year, any peanuts
7 produced on a farm having a farm poundage quota,
8 as determined in subsection (b), that—

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

11 “(B) are marketed or considered marketed
12 from a farm; and

13 “(C) do not exceed the farm poundage
14 quota of the farm for the year.

15 “(f) CROPS.—Notwithstanding any other provision of
16 law, this section shall be effective only for the 1996
17 through 2000 crops of peanuts.”.

18 **SEC. 2. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE**

19 **QUOTA.**

20 Section 358b of the Agricultural Adjustment Act of
21 1938 (7 U.S.C. 1358b) is amended to read as follows:

22 **“SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUND-**
23 **AGE QUOTA FOR PEANUTS.**

24 “(a) IN GENERAL.—

1 “(1) AUTHORITY.—Subject to such terms, con-
2 ditions, or limitations as the Secretary may pre-
3 scribe, the owner, or operator with the permission of
4 the owner, of any farm for which a farm poundage
5 quota has been established under this Act may sell
6 or lease all or any part of the poundage quota to any
7 other owner or operator of a farm within the same
8 county for transfer to the farm, except that any such
9 lease of poundage quota may be entered into in the
10 fall or after the normal planting season—

11 “(A) with the owner or operator of another
12 farm located within the same county or located
13 in a different county within the same state;

14 “(B) if not less than 90 percent of the
15 basic quota (the farm quota exclusive of tem-
16 porary quota transfers), plus any poundage
17 quota transferred to the farm under this sub-
18 section, has been planted or considered planted
19 on the farm from which the quota is to be
20 leased; and

21 “(C) under such terms and conditions as
22 the Secretary may by regulation prescribe.

23 In the case of a fall transfer or a transfer after the
24 normal planting season by a cash lessee, the land-
25 owner shall not be required to sign the transfer au-

1 thorization. A fall transfer or a transfer after the
2 normal planting season may be made not later than
3 72 hours after the peanuts that are the subject of
4 the transfer are inspected and graded. Fall transfers
5 of quota pounds shall not affect the farm quota his-
6 tory for the transferring or receiving farm and shall
7 not result in reducing the farm poundage quota on
8 the transferring farm.

9 “(2) TRANSFERS TO OTHER SELF-OWNED
10 FARMS.—The owner or operator of a farm may
11 transfer all or any part of the farm poundage quota
12 to any other farm owned or controlled by the owner
13 or operator that is in the same county or any other
14 county within the same State and that had a farm
15 poundage quota for the preceding year’s crop, pro-
16 vided that both the transferring and the receiving
17 farms were under the control of the owner or opera-
18 tor for at least 3 crop years prior to the crop year
19 in which the farm poundage quota is to be trans-
20 ferred. Any farm poundage quota transferred under
21 this paragraph shall not result in any reduction in
22 the farm poundage quota for the transferring farm
23 if sufficient acreage is planted on the receiving farm
24 to produce the quota pounds transferred.

1 “(3) TRANSFERS IN STATES WITH SMALL
2 QUOTAS.—Notwithstanding paragraph (1) and (2),
3 in the case of any State for which the poundage
4 quota allocated to the State was less than 10,000
5 tons for the preceding year’s crop, all or any part of
6 a farm poundage quota may be transferred by sale
7 or lease or otherwise from a farm in one county to
8 a farm in another county in the same State.

9 “(4) TRANSFERS BY SALE IN STATES WITH
10 LARGE QUOTAS.—In the case of a State for which
11 the poundage quota allocated to the State was
12 10,000 tons or greater for the previous year, the
13 owner, or operator with permission of the owner, of
14 a farm located in the State for which a farm pound-
15 age quota has been established under section 358-
16 1 may sell all or any part of the farm poundage
17 quota to any other eligible owner or operator of a
18 farm within the same State. No more than 15 per-
19 cent of the total poundage quota within a county as
20 of January 1, 1996 may be sold and transferred out-
21 side of the county during calendar year 1996 under
22 this paragraph. Beginning January 1, 1997, no
23 more than 5 percent of the total poundage quota
24 within a county as of January 1 of a calendar year
25 may be sold and transferred outside of the county

1 during such calendar year under this paragraph. No
2 more than an aggregate of 30 percent of the total
3 poundage quota within a county may be sold and
4 transferred outside the county under this paragraph.
5 Quota poundage sold and transferred under this
6 paragraph may not be leased or sold to another farm
7 owner or operator within the same State for a period
8 of 5 years following the original transfer to the
9 farm.

10 “(b) CONDITIONS.—Transfers (including transfer by
11 sale or lease) of farm poundage quotas under this section
12 shall be subject to all of the following conditions:

13 “(1) LIENHOLDERS.—No transfer of the farm
14 poundage quota from a farm subject to a mortgage
15 or other lien shall be permitted unless the transfer
16 is agreed to by the lienholders, except that no such
17 agreement shall be necessary in the event of all
18 lease, if the operator had the lienholder’s agreement
19 for a previous spring cash lease.

20 “(2) TILLABLE CROPLAND.—No transfer of the
21 farm poundage quota shall be permitted if the coun-
22 ty committee established under section 8(b) of the
23 Soil Conservation and Domestic Allotment Act (16
24 U.S.C. 590h(b)) determines that the receiving farm

1 does not have adequate tillable cropland to produce
2 the farm poundage quota.

3 “(3) RECORD.—No transfer of the farm pound-
4 age quota shall be effective until a record thereof is
5 filed with the county committees of the counties
6 from which transferred and to which transferred and
7 the committees determined that the transfer com-
8 plies with this section.

9 “(4) OTHER TERMS.—Such other terms and
10 conditions that the Secretary may by regulation pre-
11 scribe.

12 “(c) CROPS.—Notwithstanding any other provision of
13 law, this section shall be effective only for the 1996
14 through 2000 crops of peanuts.”.

15 **SEC. 3. MARKETING PENALTIES; DISPOSITION OF ADDI-**
16 **TIONAL PEANUTS.**

17 Section 358e of the Agricultural Adjustment Act of
18 1938 (7 U.S.C. 1359a) is amended to read as follows:

19 **“SEC. 358e. MARKETING PENALTIES AND DISPOSITION OF**
20 **ADDITIONAL PEANUTS.**

21 “(a) MARKETING PENALTIES.—

22 “(1) IN GENERAL.—

23 “(A) MARKETING PEANUTS IN EXCESS OF
24 QUOTA.—The marketing of any peanuts for do-
25 mestic edible use in excess of the farm pound-

1 age quota for the farm on which the peanuts
2 are produced shall be subject to penalty at a
3 rate equal to 140 percent of the support price
4 for quota peanuts for the marketing year in
5 which the marketing occurs. The penalty shall
6 not apply to the marketing of breeder or Foun-
7 dation seed peanuts grown and marketed by a
8 publicly owned agricultural experiment station
9 (including a State operated seed organization)
10 under such regulations as the Secretary may
11 prescribe.

12 “(B) MARKETING YEAR.—For purposes of
13 this section, the marketing year for peanuts
14 shall be the 12-month period beginning August
15 1 and ending July 31.

16 “(C) MARKETING ADDITIONAL PEA-
17 NUTS.—The marketing of any additional pea-
18 nuts from a farm shall be subject to the same
19 penalty unless the peanuts, in accordance with
20 regulations established by the Secretary, are—

21 “(i) placed under loan at the addi-
22 tional loan rate in effect for the peanuts
23 under section 108B of the Agricultural Act
24 of 1949 and not redeemed by the produc-
25 ers;

1 “(ii) marketed through an area mar-
2 keting association designated pursuant to
3 section 108B(c)(1) of the Agricultural Act
4 of 1949; or

5 “(iii) marketed under contracts be-
6 tween handlers and producers pursuant to
7 subsection (f).

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

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

22 “(4) APPLICATION OF QUOTA.—Peanuts pro-
23 duced in a calendar year in which farm poundage
24 quotas are in effect for the marketing year begin-
25 ning therein shall be subject to the quotas even

1 though the peanuts are marketed prior to the date
2 on which the marketing year begins.

3 “(5) FALSE INFORMATION.—If any producer
4 falsely identifies, fails to accurately certify planted
5 acres, or fails to account for the disposition of any
6 peanuts produced on the planted acres, a quantity of
7 peanuts equal to the greater of the farm’s average
8 or actual yield, as determined by the Secretary,
9 times the planted acres, shall be deemed to have
10 been marketed in violation of permissible uses of
11 quota and additional peanuts. Any penalty payable
12 under this paragraph shall be paid and remitted by
13 the producer.

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

24 “(7) DE MINIMIS VIOLATIONS.—Errors in
25 weight that do not exceed one-tenth of 1 percent in

1 the case of any one marketing document shall not be
2 considered to be marketing violations except in cases
3 of fraud or conspiracy.

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

5 “(1) QUOTA PEANUTS.—Only quota peanuts
6 may be retained for use as seed or for other uses on
7 a farm. When peanuts are so retained, such reten-
8 tion shall be considered as marketings of quota pea-
9 nuts, except that the Secretary may exempt from
10 consideration as marketings of quota peanuts seeds
11 of peanuts for the quantity involved that are used to
12 produce peanuts excluded under section 358d(c), are
13 unique strains, and are not commercially available.

14 “(2) ADDITIONAL PEANUTS.—Additional pea-
15 nuts shall not be retained for use on a farm and
16 shall not be marketed for domestic edible use, except
17 as provided in subsection (g).

18 “(3) SEED.—Except as provided in paragraph
19 (1), seed for planting of any peanut acreage in the
20 United States shall be obtained solely from quota
21 peanuts marketed or considered marketed for do-
22 mestic edible use.

23 “(c) MARKETING PEANUTS WITH EXCESS QUAN-
24 TITY, GRADE, OR QUALITY.—On a finding by the Sec-
25 retary that the peanuts marketed from any crop for do-

1 mestic edible use by a handler are larger in quantity or
2 higher in grade or quality than the peanuts that could rea-
3 sonably be produced from the quantity of peanuts having
4 the grade, kernel content, the quality of the quota peanuts
5 acquired by the handler from the crop for the marketing
6 year, the handler shall be subject to a penalty equal to
7 140 percent of the loan level for quota peanuts on the
8 quantity of peanuts that the Secretary determines are in
9 excess of the quantity, grade, or quality of the peanuts
10 that could reasonably have been produced from the pea-
11 nuts so acquired.

12 “(d) SUPERVISION OF HANDLERS OF ADDITIONAL
13 PEANUTS.—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), the Secretary shall require that the han-
16 dling and disposal of additional peanuts be super-
17 vised by agents of the Secretary or by area market-
18 ing associations designated pursuant to section
19 108B(c)(1) of the Agricultural Act of 1949.

20 “(2) SUPERVISION BY NONHANDLERS.—

21 “(A) IN GENERAL.—Supervision of the
22 handling and disposal of additional peanuts by
23 a handler shall not be required under para-
24 graph (1) if the handler agrees in writing, prior
25 to any handling or disposal of the peanuts, to

1 comply with regulations that the Secretary shall
2 issue.

3 “(B) REGULATIONS.—The regulations is-
4 sued by the Secretary under subparagraph (A)
5 shall include the following provisions:

6 “(i) TYPES OF EXPORTED OR
7 CRUSHED PEANUTS.—Handlers of shelled
8 or milled peanuts may export or crush pea-
9 nuts classified by type in all of the follow-
10 ing quantities:

11 “(I) SOUND SPLIT KERNEL PEA-
12 NUTS.—Sound split kernel peanuts
13 purchased by the handler as addi-
14 tional peanuts to which, under price
15 support loan schedules, a mandated
16 deduction with respect to the price
17 paid to the producer of the peanuts
18 would be applied due to the percent-
19 age of the sound splits.

20 “(II) SOUND MATURE KERNEL
21 PEANUTS.—Sound mature kernel pea-
22 nuts (which term includes sound split
23 kernel peanuts and sound whole ker-
24 nel peanuts) in an amount equal to
25 the poundage of the peanuts pur-

1 chased by the handler as additional
2 peanuts, less the total poundage of
3 sound split kernel peanuts described
4 in subclause (I).

5 “(III) REMAINDER.—The re-
6 maining quantity of total kernel con-
7 tent of peanuts purchased by the han-
8 dler as additional peanuts.

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

15 “(iii) LOSS OF PEANUTS.—If a han-
16 dler suffers a loss of peanuts as a result of
17 fire, flood, or any other condition beyond
18 the control of the handler, the portion of
19 the loss allocated to contracted additional
20 peanuts shall not be greater than the por-
21 tion of the handler’s total peanut pur-
22 chases for the year attributable to con-
23 tracted additional peanuts purchased for
24 export or crushing by the handler during
25 the year.

1 “(iv) SHRINKAGE ALLOWANCE.—

2 “(I) IN GENERAL.—The obliga-
3 tion of a handler to export or crush
4 peanuts in quantities described in this
5 subparagraph shall be reduced by a
6 shrinkage allowance, to be determined
7 by the Secretary, to reflect actual dol-
8 lar value shrinkage experienced by
9 handlers in commercial operations, ex-
10 cept that the allowance shall not be
11 less than 4 percent, except as pro-
12 vided in subclause (II).

13 “(II) COMMON INDUSTRY PRAC-
14 TICES.—The Secretary may provide a
15 lower shrinkage allowance for a han-
16 dler who fails to comply with the re-
17 strictions on the use of peanuts, as
18 may be specified by the Commodity
19 Credit Corporation, to take into ac-
20 count common industry practices.

21 “(3) ADEQUATE FINANCES AND FACILITIES.—A
22 handler shall submit to the Secretary adequate fi-
23 nancial guarantees, as well as evidence of adequate
24 facilities and assets, with the facilities under the
25 control and operation of the handler, to ensure the

1 handler's compliance with the obligation to export
2 peanuts.

3 “(4) COMMINGLING OF LIKE PEANUTS.—Quota
4 and additional peanuts of like type and segregation
5 or quality may, under regulations issued by the Sec-
6 retary, be commingled and exchanged on a dollar
7 value basis to facilitate warehousing, handling, and
8 marketing.

9 “(5) PENALTY.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), the failure by a handler to
12 comply with regulations issued by the Secretary
13 governing the disposition and handling of addi-
14 tional peanuts shall subject the handler to a
15 penalty at a rate equal to 140 percent of the
16 loan level for quota peanuts on the quantity of
17 peanuts involved in the violation.

18 “(B) NONDELIVERY.—A handler shall not
19 be subject to a penalty for failure to export ad-
20 ditional peanuts if the peanuts were not deliv-
21 ered to the handler.

22 “(6) REENTRY OF EXPORTED PEANUTS.—

23 “(A) PENALTIES.—If any additional pea-
24 nuts or peanut products manufactured from ad-
25 ditional peanuts exported by a handler are reen-

1 tered into the United States in commercial
2 quantities as determined by the Secretary, the
3 importer thereof shall be subject to a penalty at
4 a rate equal to 140 percent of the loan level for
5 quota peanuts on the quantity of peanuts reen-
6 tered.

7 “(B) RECORDS.—Each person, firm, or
8 handler who imports peanuts into the United
9 States shall maintain such records and docu-
10 ments as are required by the Secretary to en-
11 sure compliance with this subsection.

12 “(e) SPECIAL EXPORT CREDITS.—

13 “(1) IN GENERAL.—The Secretary shall, with
14 due regard for the integrity of the peanut program,
15 promulgate regulations that will permit any handler
16 of peanuts who manufactures peanut products from
17 domestic edible peanuts to export the products and
18 receive credit for the fulfillment of export obligations
19 for the peanut content of the products against which
20 the export credits the handler may thereafter apply,
21 up to the amount thereof, equivalent quantities of
22 additional peanuts of the same type acquired by the
23 handler and used in the domestic edible market. The
24 peanuts so acquired for the domestic edible market
25 as provided in this subsection shall be of the same

1 crop year as the peanuts used in the manufacture of
2 the products so exported.

3 “(2) CERTIFICATION.—Under such regulations,
4 the Secretary shall require all handlers who are pea-
5 nut product manufacturers to submit annual certifi-
6 cations of peanut product content on a product-by-
7 product basis. Any changes in peanut product for-
8 mulas as affecting peanut content shall be recorded
9 within 90 days of the changes. The Secretary shall
10 conduct an annual review of the certifications. The
11 Secretary shall pursue all available remedies with re-
12 spect to persons who fail to comply with this para-
13 graph.

14 “(3) RECORDS.—The Secretary shall require
15 handlers who are peanut product manufacturers to
16 maintain and provide such documents as are nec-
17 essary to ensure compliance with this subsection and
18 to maintain the integrity of the peanut program.

19 “(f) CONTRACTS FOR PURCHASE OF ADDITIONAL
20 PEANUTS.—

21 “(1) IN GENERAL.—Handlers may, under such
22 regulations as the Secretary may issue, contract with
23 producers for the purchase of additional peanuts for
24 crushing or export, or both.

25 “(2) SUBMISSION TO SECRETARY.—

1 “(A) CONTRACT DEADLINE.—Any such
2 contract shall be completed and submitted to
3 the Secretary (or if designated by the Sec-
4 retary, the area marketing association) for ap-
5 proval not later than September 15 of the year
6 in which the crop is produced.

7 “(B) EXTENSION OF DEADLINE.—The
8 Secretary may extend the deadline under sub-
9 paragraph (A) by up to 15 days in response to
10 damaging weather or related condition (as de-
11 fined in section 112 of the Disaster Assistance
12 Act of 1989 (7 U.S.C. 1421 et seq.)). The Sec-
13 retary shall announce the extension no later
14 than September 5 of the year in which the crop
15 is produced.

16 “(3) FORM.—The contract shall be executed on
17 a form prescribed by the Secretary. The form shall
18 require such information as the Secretary deter-
19 mines appropriate to ensure the proper handling of
20 the additional peanuts, including the identity of the
21 contracting parties, the poundage, and category of
22 the peanuts, the disclosure of any liens, and the in-
23 tended disposition of the peanuts.

24 “(4) INFORMATION FOR HANDLING AND PROC-
25 ESSING ADDITIONAL PEANUTS.—Notwithstanding

1 any other provision of this section, any person wish-
2 ing to handle and process additional peanuts as a
3 handler shall submit to the Secretary (or if des-
4 ignated by the Secretary, the area marketing asso-
5 ciation), such information as may be required under
6 subsection (d) by such date as prescribed by the Sec-
7 retary so as to permit final action to be taken on the
8 application by July 1 of each marketing year.

9 “(5) TERMS.—Each such contract shall contain
10 the final price to be paid by the handler for the pea-
11 nuts involved and a specific prohibition against the
12 disposition of the peanuts for domestic edible or seed
13 use.

14 “(6) SUSPENSION OF RESTRICTIONS ON IM-
15 PORTED PEANUTS.—Notwithstanding any other pro-
16 vision of this Act, if the President issues a proclama-
17 tion under section 404(b) of the Uruguay Round
18 Agreements Act expanding the quantity of peanuts
19 subject to the in-quota rate of duty under a tariff-
20 rate quota, or under section 22 of the Agricultural
21 Adjustment Act (7 U.S.C. 624), reenacted with
22 amendments by the Agricultural Marketing Agree-
23 ment Act of 1937, temporarily suspending restric-
24 tions on the importation of peanuts, the Secretary
25 shall, subject to such terms and conditions as the

1 Secretary may prescribe, permit a handler, with the
2 written consent of the producer, to purchase addi-
3 tional peanuts from any producer who contracted
4 with the handler and to offer the peanuts for sale
5 for domestic edible use.

6 “(g) MARKETING OF PEANUTS OWNED OR CON-
7 TROLLED BY THE COMMODITY CREDIT CORPORATION.—

8 “(1) IN GENERAL.—Subject to section 407 of
9 the Agricultural Act of 1949 (7 U.S.C. 1427), any
10 peanuts owned or controlled by the Commodity
11 Credit Corporation may be made available for do-
12 mestic edible use, in accordance with regulations is-
13 sued by the Secretary, so long as doing so does not
14 result in substantially increased cost to the Com-
15 modity Credit Corporation. Additional peanuts re-
16 ceived under loan shall be offered for sale for domes-
17 tic edible use at prices not less than those required
18 to cover all costs incurred with respect to the pea-
19 nuts for such items as inspection, warehousing,
20 shrinkage, and other expenses, plus—

21 “(A) not less than 100 percent of the loan
22 value of quota peanuts if the additional peanuts
23 are sold and paid for during the harvest season
24 on delivery by and with the written consent of
25 the producer;

1 “(B) not less than 105 percent of the loan
2 value of quota peanuts if the additional peanuts
3 are sold after delivery by the producer but not
4 later than December 31 of the marketing year;
5 or

6 “(C) not less than 107 percent of the loan
7 value of quota peanuts if the additional peanuts
8 are sold later than December 31 of the market-
9 ing year.

10 “(2) ACCEPTANCE OF BIDS BY AREA MARKET-
11 ING ASSOCIATIONS.—

12 “(A) IN GENERAL.—Except as provided in
13 subparagraph (B), for the period from the date
14 additional peanuts are delivered for loan to
15 March 1 of the calendar year following the year
16 in which the additional peanuts were harvested,
17 the area marketing association designated pur-
18 suant to section 108B(c)(1) of the Agricultural
19 Act of 1949 shall have sole authority to accept
20 or reject lot list bids when the sales price, as
21 determined under this subsection, equals or ex-
22 ceeds the minimum price at which the Commu-
23 nity Credit Corporation may sell its stocks of
24 additional peanuts.

1 “(B) MODIFICATION.—The area marketing
2 association and the Community Credit Corpora-
3 tion may agree to modify the authority granted
4 by subparagraph (A) to facilitate the orderly
5 marketing of additional peanuts.

6 “(3) PRODUCER MARKETING AND EXPENSES.—
7 Notwithstanding any other provision of this Act, the
8 Secretary shall, in any determination required under
9 subsections (a)(2) and (b)(1) of section 108B of the
10 Agricultural Act of 1949, include any additional
11 marketing expenses required by law, excluding the
12 amount of any assessment required under the Omni-
13 bus Budget Reconciliation Act of 1990.

14 “(h) ADMINISTRATION.—

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

22 “(2) DE MINIMIS QUANTITY.—This section shall
23 not apply to peanuts produced on any farm on which
24 the acreage harvested for nuts is one acre or less if
25 the producers who share in the peanuts produced on

1 the farm do not share in the peanuts produced on
2 any other farm.

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

10 “(4) PENALTIES.—

11 “(A) PROCEDURES.—Notwithstanding any
12 other provision of law, the liability for and the
13 amount of any penalty assessed under this sec-
14 tion shall be determined in accordance with
15 such procedures as the Secretary by regulation
16 may prescribe. The facts constituting the basis
17 for determining the liability for or amount of
18 any penalty assessed under this section, when
19 officially determined in conformity with the ap-
20 plicable regulations prescribed by the Secretary,
21 shall be final and conclusive and shall not be
22 reviewable by any other officer or agency of the
23 Government.

24 “(B) JUDICIAL REVIEW.—Nothing in this
25 section shall be construed as prohibiting any

1 court of competent jurisdiction from reviewing
2 any determination made by the Secretary with
3 respect to whether the determination was made
4 in conformity with the applicable law and regu-
5 lations.

6 “(C) CIVIL PENALTIES.—All penalties im-
7 posed under this section shall for all purposes
8 be considered civil penalties.

9 “(5) REDUCTION OF PENALTIES.—

10 “(A) IN GENERAL.—Notwithstanding any
11 other provision of law and except as provided in
12 subparagraph (B), the Secretary may reduce
13 the amount of any penalty assessed against
14 handlers under this section by any appropriate
15 amount, including, in an appropriate case,
16 eliminating the penalty entirely, if the Secretary
17 finds that the violation on which the penalty is
18 based was minor or inadvertent, and that the
19 reduction of the penalty will not impair the op-
20 eration of the peanut program.

21 “(B) FAILURE TO EXPORT CONTRACTED
22 ADDITIONAL PEANUTS.—The amount of any
23 penalty imposed on a handler under this section
24 that resulted from the failure to export or crush

1 contracted additional peanuts shall not be re-
2 duced by the Secretary.

3 “(i) CROPS.—Notwithstanding any other provision of
4 law, this section shall be effective only for the 1996
5 through 2000 crops of peanuts.”.

6 **SEC. 4. EXTENSION OF EXPERIMENTAL AND RESEARCH**
7 **PROGRAMS FOR PEANUTS.**

8 Subsection 358c(d) of the Agricultural Adjustment
9 Act of 1938 (7 U.S.C. 1358c(d)) is amended by striking
10 “1991 through 1995” and inserting “1996 through
11 2000”.

12 **SEC. 5. PRICE SUPPORT PROGRAM.**

13 Section 108B of the Agricultural Act of 1949 (7
14 U.S.C. 1445c-3) is amended to read as follows:

15 **“SEC. 108B. PRICE SUPPORT PROGRAM FOR PEANUTS.**

16 “(a) QUOTA PEANUTS.—

17 “(1) IN GENERAL.—The Secretary shall make
18 price support available to producers through loans,
19 purchases, and other operations on quota peanuts
20 for each crop.

21 “(2) SUPPORT RATES.—The national average
22 quota support rate for each crop of quota peanuts
23 shall be the national average quota support rate for
24 the immediately preceding crop adjusted to reflect
25 any increase or decrease during the calendar year

1 immediately preceding the marketing year for the
2 crop for which a level of support is being deter-
3 mined, in the national average cost of peanut pro-
4 duction, excluding any change in the cost of land,
5 and the cost of any assessments required under sub-
6 section (g), except that in no event shall the national
7 average quota support rate be increased by more
8 than 5 percent of the national average quota support
9 rate for the preceding crop, nor be decreased by
10 more than 5 percent of the national average quota
11 support rate for the preceding crop.

12 “(3) INSPECTION, HANDLING, OR STORAGE.—
13 The levels of support so announced shall not be re-
14 duced by any deductions for inspection, handling, or
15 storage.

16 “(4) LOCATION AND OTHER FACTORS.—The
17 Secretary may make adjustments for location of pea-
18 nuts and such other factors as are authorized by
19 section 403.

20 “(5) ANNOUNCEMENT.—The Secretary shall
21 announce the level of support for quota peanuts of
22 each crop not later than February 15 preceding the
23 marketing year for the crop for which the level of
24 support is being determined.

25 “(b) ADDITIONAL PEANUTS.—

1 “(1) IN GENERAL.—The Secretary shall make
2 price support available to producers through loans,
3 purchases, or other operations on additional peanuts
4 from each crop at such levels as the Secretary finds
5 appropriate, taking into consideration the demand
6 for peanut oil and peanut meal, expected prices of
7 other vegetable oils and protein meals, and the de-
8 mand for peanuts in foreign markets, except that
9 the Secretary shall set the support rate on additional
10 peanuts at a level estimated by the Secretary to en-
11 sure that there are no losses to the Commodity
12 Credit Corporation on the sale or disposal of the
13 peanuts.

14 “(2) ANNOUNCEMENT.—The Secretary shall
15 announce the level of support for additional peanuts
16 of each crop not later than February 15 preceding
17 the marketing year for the crop for which the level
18 of support is being determined.

19 “(c) AREA MARKETING ASSOCIATIONS.—

20 “(1) WAREHOUSE STORAGE LOANS.—

21 “(A) IN GENERAL.—In carrying out sub-
22 sections (a) and (b), the Secretary shall make
23 warehouse storage loans available in each of the
24 three producing areas (described in section
25 1446.95 of title 7 of the Code of Federal Regu-

1 lations (January 1, 1989)) to a designated area
2 marketing association of peanut producers that
3 is selected and approved by the Secretary and
4 that is operated primarily for the purpose of
5 conducting the loan activities. The Secretary
6 may not make warehouse storage loans avail-
7 able to any cooperative that is engaged in oper-
8 ations or activities concerning peanuts other
9 than those operations and activities specified in
10 this section and sections 358d and 358e of the
11 Agricultural Adjustment Act of 1938.

12 “(B) ADMINISTRATIVE AND SUPERVISORY
13 ACTIVITIES.—The area marketing associations
14 shall be used in administrative and supervisory
15 activities relating to price support and market-
16 ing activities under this section and sections
17 358d and 358e of the Agricultural Adjustment
18 Act of 1938.

19 “(C) ASSOCIATION COSTS.—Loans made to
20 the association under this paragraph shall in-
21 clude, in addition to the price support value of
22 the peanuts, such costs as the area marketing
23 association reasonably may incur in carrying
24 out its responsibilities, operations, and activities

1 under this section and sections 358d and 358e
2 of the Agricultural Adjustment Act of 1938.

3 “(2) POOLS FOR QUOTA AND ADDITIONAL PEA-
4 NUTS.—

5 “(A) IN GENERAL.—The Secretary shall
6 require that each area marketing association es-
7 tablish pools and maintain complete and accu-
8 rate records by area and segregation for quota
9 peanuts handled under loan and for additional
10 peanuts placed under loan, except that separate
11 pools shall be established for Valencia peanuts
12 produced in New Mexico. Peanuts physically
13 produced outside the State of New Mexico shall
14 not be eligible for entry into or participation in
15 the New Mexico pools. Bright hull and dark
16 hull Valencia peanuts shall be considered as
17 separate types for the purpose of establishing
18 the pools.

19 “(B) NET GAINS.—Net gains on peanuts
20 in each pool, unless otherwise approved by the
21 Secretary, shall be distributed only to producers
22 who placed peanuts in the pool shall be distrib-
23 uted in proportion to the value of the peanuts
24 placed in the pool by each producer. Net gains

1 for peanuts in each pool shall consist of the fol-
2 lowing:

3 “(i) QUOTA PEANUTS.—For quota
4 peanuts, the net gains over and above the
5 loan indebtedness and other costs or losses
6 incurred on peanuts placed in the pool plus
7 an amount from all additional pool gains
8 equal to any loss on disposition of all pea-
9 nuts in the pool for quota peanuts.

10 “(ii) ADDITIONAL PEANUTS.—For ad-
11 ditional peanuts, the net gains over and
12 above the loan indebtedness and other
13 costs or losses incurred on peanuts placed
14 in the pool for additional peanuts less any
15 amount allocated to offset any loss on the
16 pool for quota peanuts as provided in
17 clause (i).

18 “(d) LOSSES.—Notwithstanding any other provision
19 of this section:

20 “(1) QUOTA PEANUTS PLACED UNDER LOAN.—
21 Any distribution of net gains on additional peanuts
22 (other than net gains on additional peanuts in sepa-
23 rate type pools established under subsection
24 (c)(2)(A) for Valencia peanuts produced in New
25 Mexico) shall be first reduced to the extent of any

1 loss by the Commodity Credit Corporation on quota
2 peanuts placed under loan.

3 “(2) QUOTA LOAN POOLS.—

4 “(A) TRANSFERS FROM ADDITIONAL LOAN
5 POOLS.—The proceeds due any producer from
6 any pool shall be reduced by the amount of any
7 loss that is incurred with respect to peanuts
8 transferred from an additional loan pool to a
9 quota loan pool by such producer under section
10 358–1(b)(8) of the Agricultural Adjustment Act
11 of 1938.

12 “(B) OTHER LOSSES.—Losses in area
13 quota pools shall be offset by reducing the gains
14 of any producer in such pool by the amount of
15 pool gains attributed to the same producer from
16 the sale of additional peanuts for export and
17 domestic edible use.

18 “(e) DISAPPROVAL OF QUOTAS.—Notwithstanding
19 any other provision of law, no price support may be made
20 available by the Secretary for any crop of peanuts with
21 respect to which poundage quotas have been disapproved
22 by producers, as provided for in section 358–1(d) of the
23 Agricultural Adjustment Act of 1938.

24 “(f) QUALITY IMPROVEMENT.—

1 “(1) PRICE SUPPORT PEANUTS.—With respect
2 to peanuts under price support loan, the Secretary
3 shall—

4 “(A) promote the crushing of peanuts at a
5 greater risk of deterioration before peanuts of a
6 lesser risk of deterioration;

7 “(B) ensure that all Commodity Credit
8 Corporation loan stocks of peanuts sold for do-
9 mestic edible use must be shown to have been
10 officially inspected by licensed Department of
11 Agriculture inspectors both as farmer stock and
12 shelled or cleaned in-shell peanuts;

13 “(C) continue to endeavor to operate the
14 peanut price support program so as to improve
15 the quality of domestic peanuts and ensure the
16 coordination of activities under the Peanut Ad-
17 ministrative Committee established under Mar-
18 keting Agreement No. 146, regulating the qual-
19 ity of domestically produced peanuts (under the
20 Agricultural Marketing Agreement Act of 1937
21 (7 U.S.C. 601 et seq.)); and

22 “(D) ensure that any changes made in the
23 price support program as a result of this sub-
24 section requiring additional production or han-
25 dling at the farm level shall be reflected as an

1 upward adjustment in the Department of Agri-
2 culture loan schedule.

3 “(2) EXPORTS AND OTHER PEANUTS.—The
4 Secretary shall require that all peanuts, including
5 peanuts imported into the United States, meet all
6 U.S. quality standards under Marketing Agreement
7 No. 146 and that importers of such peanuts fully
8 comply with inspection, handling, storage and proc-
9 essing requirements implemented under Marketing
10 Agreement No. 146. The Secretary shall ensure that
11 peanuts produced for the export market meet qual-
12 ity, inspection, handling, storage and processing re-
13 quirements under Marketing Agreement No. 146.

14 “(g) MARKETING ASSESSMENT.—

15 “(1) IN GENERAL.—The Secretary shall pro-
16 vide, by regulation, for a nonrefundable marketing
17 assessment applicable to each crop of domestically-
18 grown peanuts and peanuts produced outside the
19 United States. The assessment shall be made in ac-
20 cordance with this subsection and shall be on a per
21 pound basis in an amount equal to 1.2 percent of
22 the applicable support rate under this subsection.

23 “(2) FIRST PURCHASERS.—

1 “(A) IN GENERAL.—Except as provided
2 under paragraphs (4) and (5), the first pur-
3 chaser of peanuts shall—

4 “(i) collect from the producer a mar-
5 keting assessment equal to the quantity of
6 peanuts acquired multiplied by .65 percent
7 of the applicable national average support
8 rate;

9 “(ii) pay, in addition to the amount
10 collected under clause (i), a marketing as-
11 sessment in an amount equal to the quan-
12 tity of peanuts acquired multiplied by .55
13 percent of the applicable national average
14 support rate; and

15 “(iii) remit the amounts required
16 under clauses (i) and (ii) to the Commod-
17 ity Credit Corporation in a manner speci-
18 fied by the Secretary.

19 “(B) DEFINITION.—For purposes of this
20 subsection, the term ‘first purchaser’ means a
21 person acquiring peanuts from a producer, ex-
22 cept that in the case of peanuts forfeited by a
23 producer to the Commodity Credit Corporation,
24 such term means the person acquiring the pea-
25 nuts from the Commodity Credit Corporation.

1 “(3) OTHER PEANUTS.—Each importer of pea-
2 nuts for domestic edible use produced outside of the
3 United States shall remit to the Commodity Credit
4 Corporation a nonrefundable marketing assessment
5 in an amount equal to the product obtained by mul-
6 tiplying the number of pounds of peanuts imported
7 by the importer by 1.2 percent of the national aver-
8 age support rate for domestic edible peanuts.

9 “(4) OTHER PRIVATE MARKETINGS.—In the
10 case of a private marketing by a producer directly
11 to a consumer through a retail or wholesale outlet
12 or in the case of a marketing by the producer out-
13 side of the continental United States, the producer
14 shall be responsible for the full amount of the as-
15 sessment and shall remit the assessment by such
16 time as is specified by the Secretary.

17 “(5) LOAN PEANUTS.—In the case of peanuts
18 that are pledged as collateral for a price support
19 loan made under this section, one-half of the assess-
20 ment shall be deducted from the proceeds of the
21 loan. The remainder of the assessment shall be paid
22 by the first purchaser of the peanuts. For purposes
23 of computing net gains on peanuts under this sec-
24 tion, the reduction in loan proceeds shall be treated
25 as having been paid to the producer.

1 “(6) PENALTIES.—If any person fails to collect
2 or remit an assessment required by this subsection
3 or fails to comply with such requirements for record-
4 keeping or otherwise as are required by the Sec-
5 retary to carry out this subsection, the person shall
6 be liable to the Secretary for a civil penalty up to
7 an amount determined by multiplying—

8 “(A) the quantity of peanuts involved in
9 the violation; by

10 “(B) the national average quota peanut
11 price support level for the applicable crop year.

12 “(7) ENFORCEMENT.—The Secretary may en-
13 force this subsection in the courts of the United
14 States.

15 “(h) CROPS.—Notwithstanding any other provision
16 of law, this section shall be effective only for the 1996
17 through 2000 crops of peanuts.”.

18 **SEC. 6. REPORTS AND RECORDS.**

19 Effective only for the 1996 through 2000 crops of
20 peanuts, the first sentence of section 373(a) of the Agri-
21 cultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is
22 amended by inserting before “all brokers and dealers in
23 peanuts” the following: “all producers engaged in the pro-
24 duction of peanuts,”.

1 **SEC. 7. SUSPENSION OF CERTAIN PRICE SUPPORT PROVI-**
 2 **SIONS.**

3 Section 101 of the Agricultural Act of 1949 (7 U.S.C.
 4 1441) shall not be applicable to the 1996 through 2000
 5 crops of peanuts.

6 **SEC. 8. REGULATIONS.**

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

11 (1) is encouraged to comply with subchapter II
 12 of chapter 5 of title 5, United States Code;

13 (2) shall provide public notice through the Fed-
 14 eral Register of any such proposed regulations; and

15 (3) shall allow adequate time for written public
 16 comment prior to the formulation and issuance of
 17 any final regulations.

○

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