

106TH CONGRESS  
1ST SESSION

# H. R. 2571

To provide for a gradual reduction in the loan rate for peanuts, to repeal peanut quotas for the 2002 and subsequent crops, and to require the Secretary of Agriculture to purchase peanuts and peanut products for nutrition programs only at the world market price.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1999

Mr. SHAYS (for himself, Mr. KANJORSKI, Mr. BARRETT of Wisconsin, Mr. BASS, Mrs. BIGGERT, Mr. BLAGOJEVICH, Mr. BRADY of Pennsylvania, Mr. CAMPBELL, Mr. CASTLE, Mr. COOK, Mr. COX, Mr. COYNE, Mr. CRANE, Mr. ENGLISH, Mr. FRANK of Massachusetts, Mr. FRANKS of New Jersey, Mr. FRELINGHUYSEN, Mr. GEJDENSON, Mr. GEKAS, Mr. GOSS, Mr. HUTCHINSON, Mrs. KELLY, Mr. KOLBE, Mr. LIPINSKI, Mr. LOBIONDO, Mrs. LOWEY, Mr. LUTHER, Mr. MCINTOSH, Mrs. MALONEY of New York, Mr. MEEHAN, Mr. MILLER of Florida, Mr. GEORGE MILLER of California, Mrs. MORELLA, Mr. PALLONE, Mr. PITTS, Mr. PORTER, Mr. PORTMAN, Mrs. ROUKEMA, Mr. ROYCE, Mr. RYAN of Wisconsin, Mr. SALMON, Mr. SANFORD, Mr. SENSENBRENNER, Mr. SMITH of New Jersey, Mr. SUNUNU, Mrs. TAUSCHER, Mr. TOOMEY, Mr. VIS-CLOSKY, Mr. WAMP, and Mr. WEINER) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for a gradual reduction in the loan rate for peanuts, to repeal peanut quotas for the 2002 and subsequent crops, and to require the Secretary of Agriculture to purchase peanuts and peanut products for nutrition programs only at the world market price.

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

3 **SECTION 1. REDUCTION IN LOAN RATES FOR PEANUTS.**

4       Section 155(a) of the Agricultural Market Transition  
5 Act (7 U.S.C. 7271(a)) is amended by striking paragraph  
6 (2) and inserting the following:

7               “(2) LOAN RATE.—The national average quota  
8       loan rate for quota peanuts shall be as follows:

9                       “(A) \$610 per ton for the 1999 crop.

10                      “(B) \$550 per ton for the 2000 crop.

11                      “(C) \$500 per ton for the 2001 crop.”.

12 **SEC. 2. NONRECOURSE LOANS FOR 2002 AND SUBSEQUENT**  
13 **CROPS OF PEANUTS.**

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

17 **“SEC. 155. PEANUT PROGRAM.**

18       “(a) IN GENERAL.—

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

22               “(2) RATE.—In carrying out paragraph (1), the  
23 Secretary shall offer to all peanut producers non-  
24 recourse loans at a level not less than 85 percent of  
25 the simple average price received by producers for

1       peanuts, as determined by the Secretary, during the  
2       marketing year for each of the immediately pre-  
3       ceding 5 crops of peanuts, excluding the year in  
4       which the average price was the highest and the year  
5       in which the average price was the lowest during the  
6       period, but not more than \$350 per ton. The loans  
7       shall be administered at no net cost to the Com-  
8       modity Credit Corporation.

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

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

21               “(5) LOCATION AND OTHER FACTORS.—The  
22       Secretary may make adjustments for the location of  
23       peanuts and such other factors as are authorized by  
24       section 403.

1           “(6) ANNOUNCEMENT.—The Secretary shall  
2           announce the level of support for each crop of pea-  
3           nuts not later than the February 15 preceding the  
4           marketing year for which the level of support is  
5           being determined.

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

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

11       **SEC. 3. ELIMINATION OF PEANUT QUOTAS FOR 2002 AND**  
12                               **SUBSEQUENT CROPS OF PEANUTS.**

13          (a) IN GENERAL.—Part VI of subtitle B of title III  
14          of the Agricultural Adjustment Act of 1938 (7 U.S.C.  
15          1357 et seq.) is repealed.

16          (b) CONFORMING AMENDMENTS.—

17               (1) DEFINITIONS.—Section 301(b) of the Agri-  
18          cultural Adjustment Act of 1938 (7 U.S.C. 1301(b))  
19          is amended—

20                       (A) in paragraph (3)(A), by striking “corn,  
21                       rice, and peanuts” and inserting “corn and  
22                       rice”;

23                       (B) in paragraph (6), by striking subpara-  
24                       graph (C);

25                       (C) in paragraph (10)(A)—

1 (i) by striking “wheat, and peanuts”  
2 and inserting “and wheat”; and

3 (ii) by striking “; 20 per centum in  
4 the case of wheat; and 15 per centum in  
5 the case of peanuts” and inserting “; and  
6 20 percent in the case of wheat”;

7 (D) in paragraph (13)—

8 (i) by striking subparagraphs (B) and  
9 (C); and

10 (ii) in subparagraph (G), by striking  
11 “or peanuts” both places it appears; and

12 (E) in paragraph (16)(A), by striking  
13 “rice, and peanuts” and inserting “and rice”.

14 (2) ADMINISTRATIVE PROVISIONS.—Section 361  
15 of the Agricultural Adjustment Act of 1938 (7  
16 U.S.C. 1361) is amended by striking “peanuts,”.

17 (3) ADJUSTMENT OF QUOTAS.—Section 371 of  
18 the Agricultural Adjustment Act of 1938 (7 U.S.C.  
19 1371) is amended—

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

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

1           (4) REPORTS AND RECORDS.—Section 373 of  
2 the Agricultural Adjustment Act of 1938 (7 U.S.C.  
3 1373) is amended—

4           (A) in subsection (a), by striking the first  
5 sentence and inserting the following new sen-  
6 tence: “This subsection shall apply to ware-  
7 housemen, processors, and common carriers of  
8 corn, wheat, cotton, rice, or tobacco, and all  
9 ginnerers of cotton, all persons engaged in the  
10 business of purchasing corn, wheat, cotton, rice,  
11 or tobacco from producers, and all persons en-  
12 gaged in the business of redrying, prizing, or  
13 stemming tobacco for producers.”; and

14           (B) in subsection (b), by striking “pea-  
15 nuts,”.

16           (5) REGULATIONS.—Section 375(a) of the Agri-  
17 cultural Adjustment Act of 1938 (7 U.S.C. 1375(a))  
18 is amended by striking “peanuts,”.

19           (6) EMINENT DOMAIN.—The first sentence of  
20 section 378(c) of the Agricultural Adjustment Act of  
21 1938 (7 U.S.C. 1378(c)) is amended by striking  
22 “cotton, tobacco, and peanuts,” and inserting “cot-  
23 ton and tobacco,”.

24           (c) LIABILITY.—A provision of this section or an  
25 amendment made by this section shall not affect the liabil-

1 ity of any person under any provision of law as in effect  
2 before the application of the provision of this section or  
3 the amendment in accordance with this section.

4 (d) APPLICATION.—This section and the amend-  
5 ments made by this section shall apply beginning with the  
6 2002 crop of peanuts.

7 **SEC. 4. PURCHASE OF PEANUTS FOR NUTRITION PRO-**  
8 **GRAMS.**

9 Section 14 of the National School Lunch Act (42  
10 U.S.C. 1762a) is amended by adding at the end the fol-  
11 lowing:

12 “(h) PURCHASE OF PEANUTS FOR NUTRITION PRO-  
13 GRAMS.—

14 “(1) DEFINITIONS.—In this subsection—

15 “(A) ADDITIONAL PEANUTS.—The term  
16 ‘additional peanuts’ has the meaning given the  
17 term in section 358–1(e) of the Agricultural  
18 Adjustment Act of 1938 (7 U.S.C. 1358–1(e)).

19 “(B) COVERED PROGRAM.—The term ‘cov-  
20 ered program’ means—

21 “(i) a program established under this  
22 Act;

23 “(ii) a program established under the  
24 Child Nutrition Act of 1966 (42 U.S.C.  
25 1771 et seq.);

1           “(iii) the emergency food assistance  
2           program established under the Emergency  
3           Food Assistance Act of 1983 (7 U.S.C.  
4           7501 et seq.);

5           “(iv) the food distribution program on  
6           Indian reservations established under sec-  
7           tion 4(b) of the Food Stamp Act of 1977  
8           (7 U.S.C. 2013(b));

9           “(v) the commodity distribution pro-  
10          gram established under section 4 of the  
11          Agriculture and Consumer Protection Act  
12          of 1973 (Public Law 93–86; 7 U.S.C. 612c  
13          note);

14          “(vi) the commodity supplemental  
15          food program established under section 5  
16          of the Agriculture and Consumer Protec-  
17          tion Act of 1973 (Public Law 93–86; 7  
18          U.S.C. 612c note); and

19          “(vii) a nutrition program carried out  
20          under part C of title III of the Older  
21          Americans Act of 1965 (42 U.S.C. 3030e  
22          et seq.).

23           “(2) PURCHASES.—Notwithstanding any other  
24          provision of law, in purchasing peanuts or peanut



1 products to carry out a covered program, the Sec-  
2 retary shall—

3 “(A) purchase the peanuts or peanut prod-  
4 ucts at a price that is not more than the pre-  
5 vailing world market price for peanuts or pea-  
6 nut products produced in the United States, as  
7 determined by the Secretary; and

8 “(B) in the case of peanut purchases, pur-  
9 chase only additional peanuts.

10 “(3) DOMESTIC EDIBLE USE.—Notwithstanding  
11 any other provision of law, additional peanuts pur-  
12 chased by the Secretary to carry out a covered pro-  
13 gram shall not be considered to be peanuts for do-  
14 mestic edible use under the Agricultural Adjustment  
15 Act of 1938 (7 U.S.C. 1281 et seq.) or Agricultural  
16 Market Transition Act (7 U.S.C. 7201 et seq.).

17 “(4) SUPPLY.—The Secretary shall take such  
18 actions as are necessary to ensure, to the maximum  
19 extent practicable, that an adequate supply of addi-  
20 tional peanuts is available to carry out covered pro-  
21 grams.

22 “(5) PENALTIES.—Notwithstanding any other  
23 provision of law, a person that produces additional  
24 peanuts that are sold to the Secretary, or sells addi-  
25 tional peanuts to the Secretary, for a covered pro-

1       gram shall not be subject to a penalty or other sanc-  
2       tion for the production or sale of the additional pea-  
3       nuts.”.

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