

116TH CONGRESS  
2D SESSION

# H. R. 7501

To amend the Agricultural Marketing Act of 1946 to foster efficient markets and increase competition and transparency among packers that purchase livestock from producers.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 9, 2020

Mrs. AXNE (for herself, Ms. FINKENAUER, and Mr. LOEBSACK) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend the Agricultural Marketing Act of 1946 to foster efficient markets and increase competition and transparency among packers that purchase livestock from producers.

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. SPOT MARKET PURCHASES OF LIVESTOCK BY**  
4 **PACKERS.**

5 Chapter 5 of subtitle B of the Agricultural Marketing  
6 Act of 1946 (7 U.S.C. 1636 et seq.) is amended—

7 (1) by redesignating section 260 (7 U.S.C.  
8 1636i) as section 261; and

1 (2) by inserting after section 259 the following:

2 **“SEC. 260. SPOT MARKET PURCHASES OF LIVESTOCK BY**  
3 **PACKERS.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) COVERED PACKER.—

6 “(A) IN GENERAL.—The term ‘covered  
7 packer’ means a packer that is required under  
8 this subtitle to report to the Secretary each re-  
9 porting day information on the price and quan-  
10 tity of livestock purchased by the packer.

11 “(B) EXCLUSION.—The term ‘covered  
12 packer’ does not include a packer that owns  
13 only 1 livestock processing plant.

14 “(2) LIVESTOCK.—The term ‘livestock’ does not  
15 include—

16 “(A) pork;

17 “(B) poultry;

18 “(C) a dairy-bred, dairy-bred cross, or beef  
19 animal over 30 months of age; or

20 “(D) a foreign-born beef animal.

21 “(3) NONAFFILIATED PRODUCER.—The term  
22 ‘nonaffiliated producer’ means a producer of live-  
23 stock—

24 “(A) that sells livestock to a packer;

1           “(B) that has less than 1 percent equity  
2 interest in the packer, which packer has less  
3 than 1 percent equity interest in the producer;

4           “(C) that has no officers, directors, em-  
5 ployees, or owners that are officers, directors,  
6 employees, or owners of the packer;

7           “(D) that has no fiduciary responsibility to  
8 the packer; and

9           “(E) in which the packer has no equity in-  
10 terest.

11           “(4) SPOT MARKET SALE.—

12           “(A) IN GENERAL.—The term ‘spot mar-  
13 ket sale’ means a purchase and sale of livestock  
14 by a packer from a producer—

15           “(i) under an agreement that specifies  
16 a firm base price that may be equated with  
17 a fixed dollar amount on the date the  
18 agreement is entered into;

19           “(ii) under which the livestock are  
20 slaughtered not more than 14 days after  
21 the date on which the agreement is entered  
22 into; and

23           “(iii) under circumstances in which a  
24 reasonable competitive bidding opportunity

1           exists on the date on which the agreement  
2           is entered into.

3           “(B) REASONABLE COMPETITIVE BIDDING  
4           OPPORTUNITY.—For the purposes of subpara-  
5           graph (A)(iii), circumstances in which a reason-  
6           able competitive bidding opportunity shall be  
7           considered to exist if—

8                   “(i) no written or oral agreement pre-  
9                   cludes the producer from soliciting or re-  
10                  ceiving bids from other packers; and

11                  “(ii) no circumstance, custom, or  
12                  practice exists that—

13                          “(I) establishes the existence of  
14                          an implied contract (as determined in  
15                          accordance with the Uniform Com-  
16                          mercial Code); and

17                          “(II) precludes the producer from  
18                          soliciting or receiving bids from other  
19                          packers.

20           “(b) GENERAL RULE.—Of the quantity of livestock  
21           that is slaughtered by a covered packer during each re-  
22           porting week in each plant, the covered packer shall  
23           slaughter not less than 50 percent of the quantity through  
24           spot market sales from nonaffiliated producers.

1       “(c) NONPREEMPTION.—Notwithstanding section  
2 259, this section does not preempt any requirement of a  
3 State or political subdivision of a State that requires a  
4 covered packer to purchase on the spot market a greater  
5 percentage of the livestock purchased by the covered pack-  
6 er than is required under this section.

7       “(d) RELATIONSHIP TO OTHER PROVISIONS.—Noth-  
8 ing in this section affects the interpretation of any other  
9 provision of this Act, including section 202.”.

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