

Calendar No. 767106TH CONGRESS
2^D SESSION**S. 3001****[Report No. 106-391]**

To amend the United States Grain Standards Act to extend the authority of the Secretary of Agriculture to collect fees, extend the authorization of appropriations, and improve the administration of that Act, to amend the United States Warehouse Act to authorize the issuance of electronic warehouse receipts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 25, 2000

Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry, reported under authority of the order of the Senate of July 26, 2000, the following original bill; which was read twice and placed on the calendar

A BILL

To amend the United States Grain Standards Act to extend the authority of the Secretary of Agriculture to collect fees, extend the authorization of appropriations, and improve the administration of that Act, to amend the United States Warehouse Act to authorize the issuance of electronic warehouse receipts, 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 “Grain Standards and Warehouse Improvement Act of
 4 2000”.

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

Sec. 1. Short title; table of contents.

TITLE I—GRAIN STANDARDS

- Sec. 101. Sampling for export grain.
- Sec. 102. Geographic boundaries for official agencies.
- Sec. 103. Authorization to collect fees.
- Sec. 104. Testing of equipment.
- Sec. 105. Limitation on administrative and supervisory costs.
- Sec. 106. Licenses and authorizations.
- Sec. 107. Grain additives.
- Sec. 108. Authorization of appropriations.
- Sec. 109. Advisory committee.
- Sec. 110. Conforming amendments.

TITLE II—WAREHOUSES

- Sec. 201. Storage of agricultural products in warehouses.

TITLE III—MISCELLANEOUS

- Sec. 301. Energy generation, transmission, and distribution facilities efficiency grants in rural communities with extremely high energy costs.
- Sec. 302. Carry forward adjustment.
- Sec. 303. Fees and penalties for mediation and arbitration of disputes involving agricultural products moving in foreign commerce under multinational entities.
- Sec. 304. Community facilities grant program for rural communities with extreme unemployment and severe economic depression.
- Sec. 305. Eligibility for business and industry loans.
- Sec. 306. State agricultural loan mediation programs.
- Sec. 307. Adjustments to nutrition programs.

7 **TITLE I—GRAIN STANDARDS**

8 **SEC. 101. SAMPLING FOR EXPORT GRAIN.**

9 Section 5(a)(1) of the United States Grain Standards
 10 Act (7 U.S.C. 77(a)(1)) is amended by striking “(on the

1 basis” and all that follows through “from the United
2 States)”.

3 **SEC. 102. GEOGRAPHIC BOUNDARIES FOR OFFICIAL AGEN-**
4 **CIES.**

5 (a) INSPECTION AUTHORITY.—Section 7(f)(2) of the
6 United States Grain Standards Act (7 U.S.C. 79(f)(2))
7 is amended by striking “conduct pilot programs to”.

8 (b) WEIGHING AUTHORITY.—Section 7A(i) of the
9 United States Grain Standards Act (7 U.S.C. 79a(i)) is
10 amended in the last sentence by striking “conduct pilot
11 programs to”.

12 **SEC. 103. AUTHORIZATION TO COLLECT FEES.**

13 (a) INSPECTION AND SUPERVISORY FEES.—Section
14 7(j)(4) of the United States Grain Standards Act (7
15 U.S.C. 79(j)(4)) is amended in the first sentence by strik-
16 ing “2000” and inserting “2005”.

17 (b) WEIGHING AND SUPERVISORY FEES.—Section
18 7A(l)(3) of the United States Grain Standards Act (7
19 U.S.C. 79a(l)(3)) is amended in the first sentence by strik-
20 ing “2000” and inserting “2005”.

21 **SEC. 104. TESTING OF EQUIPMENT.**

22 Section 7B(a) of the United States Grain Standards
23 Act (7 U.S.C. 79b(a)) is amended in the first sentence
24 by striking “but at least annually and”.

1 **SEC. 105. LIMITATION ON ADMINISTRATIVE AND SUPER-**
2 **VISORY COSTS.**

3 Section 7D of the United States Grain Standards Act
4 (7 U.S.C. 79d) is amended—

5 (1) by striking “2000” and inserting “2005”;

6 and

7 (2) by striking “40 per centum” and inserting
8 “30 percent”.

9 **SEC. 106. LICENSES AND AUTHORIZATIONS.**

10 Section 8(a)(3) of the United States Grain Standards
11 Act (7 U.S.C. 84(a)(3)) is amended by inserting “inspec-
12 tion, weighing,” after “laboratory testing,”.

13 **SEC. 107. GRAIN ADDITIVES.**

14 Section 13(e)(1) of the United States Grain Stand-
15 ards Act (7 U.S.C. 87b(e)(1)) is amended by inserting “,
16 or prohibit disguising the quality of grain,” after “sound
17 and pure grain”.

18 **SEC. 108. AUTHORIZATION OF APPROPRIATIONS.**

19 Section 19 of the United States Grain Standards Act
20 (7 U.S.C. 87h) is amended by striking “2000” and insert-
21 ing “2005”.

22 **SEC. 109. ADVISORY COMMITTEE.**

23 Section 21(e) of the United States Grain Standards
24 Act (7 U.S.C. 87j(e)) is amended by striking “2000” and
25 inserting “2005”.

1 **SEC. 110. CONFORMING AMENDMENTS.**

2 (a) Section 8 of the United States Grain Standards
3 Act of 1976 (7 U.S.C. 79 note; Public Law 94–582) is
4 amended—

5 (1) by striking “(a)”; and

6 (2) by striking subsection (b).

7 (b) Sections 23, 24, and 25 of the United States
8 Grain Standards Act of 1976 (7 U.S.C. 87e–1, 7 U.S.C.
9 76 note; Public Law 94–582) are repealed.

10 (c) Section 27 of the United States Grain Standards
11 Act of 1976 (7 U.S.C. 74 note; Public Law 94–582) is
12 amended by striking “; and thereafter” and all that fol-
13 lows and inserting a period.

14 **TITLE II—WAREHOUSES**

15 **SEC. 201. STORAGE OF AGRICULTURAL PRODUCTS IN**
16 **WAREHOUSES.**

17 The United States Warehouse Act (7 U.S.C. 241 et
18 seq.) is amended to read as follows:

19 **“SECTION 1. SHORT TITLE.**

20 “This Act may be cited as the ‘United States Ware-
21 house Act’.

22 **“SEC. 2. DEFINITIONS.**

23 “In this Act:

24 “(1) **AGRICULTURAL PRODUCT.**—The term ‘ag-
25 ricultural product’ means an agricultural commodity,

1 as determined by the Secretary, including a pro-
2 cessed product of an agricultural commodity.

3 “(2) APPROVAL.—The term ‘approval’ means
4 the consent provided by the Secretary for a person
5 to engage in an activity authorized by this Act.

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

8 “(4) ELECTRONIC DOCUMENT.—The term ‘elec-
9 tronic document’ means a document authorized
10 under this Act generated, sent, received, or stored by
11 electronic, optical, or similar means, including elec-
12 tronic data interchange, electronic mail, telegram,
13 telex, or telecopy.

14 “(5) ELECTRONIC RECEIPT.—The term ‘elec-
15 tronic receipt’ means a receipt that is authorized by
16 the Secretary to be issued or transmitted under this
17 Act in the form of an electronic document.

18 “(6) HOLDER.—

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

23 “(B) INCLUSION.—The term ‘holder’ in-
24 cludes a person that has possession of a receipt

1 or electronic document as a creditor of another
2 person.

3 “(7) PERSON.—The term ‘person’ means—

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

6 “(B) a State; and

7 “(C) a political subdivision of a State.

8 “(8) RECEIPT.—The term ‘receipt’ means a
9 warehouse receipt issued in accordance with this
10 Act, including an electronic receipt.

11 “(9) SECRETARY.—The term ‘Secretary’ means
12 the Secretary of Agriculture.

13 “(10) WAREHOUSE.—The term ‘warehouse’
14 means a structure or other approved storage facility,
15 as determined by the Secretary, in which any agri-
16 cultural product may be stored or handled for the
17 purposes of interstate or foreign commerce.

18 “(11) WAREHOUSE OPERATOR.—The term
19 ‘warehouse operator’ means a person that is lawfully
20 engaged in the business of storing or handling agri-
21 cultural products.

22 **“SEC. 3. POWERS OF SECRETARY.**

23 “(a) IN GENERAL.—The Secretary shall have exclu-
24 sive power, jurisdiction, and authority, to the extent that
25 this Act applies, with respect to—

1 “(1) each warehouse operator licensed under
2 this Act;

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

5 “(3) each person claiming an interest in an ag-
6 ricultural product by means of an electronic docu-
7 ment or electronic receipt subject to this Act.

8 “(b) COVERED AGRICULTURAL PRODUCTS.—The
9 Secretary shall specify, after an opportunity for notice and
10 comment, those agricultural products for which a ware-
11 house license may be issued under this Act.

12 “(c) INVESTIGATIONS.—The Secretary may inves-
13 tigate the storing, warehousing, classifying according to
14 grade and otherwise, weighing, and certifying of agricul-
15 tural products.

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

20 “(e) SUITABILITY FOR STORAGE.—The Secretary
21 may determine whether a licensed warehouse, or a ware-
22 house for which a license is applied for under this Act,
23 is suitable for the proper storage of the agricultural prod-
24 uct or products stored or proposed for storage in the ware-
25 house.

1 “(f) CLASSIFICATION.—The Secretary may classify a
2 licensed warehouse, or a warehouse for which a license is
3 applied for under this Act, in accordance with the owner-
4 ship, location, surroundings, capacity, conditions, and
5 other qualities of the warehouse and as to the kinds of
6 licenses issued or that may be issued for the warehouse
7 under this Act.

8 “(g) WAREHOUSE OPERATOR’S DUTIES.—Subject to
9 the other provisions of this Act, the Secretary may pre-
10 scribe the duties of a warehouse operator operating a
11 warehouse licensed under this Act with respect to the
12 warehouse operator’s care of and responsibility for agricul-
13 tural products stored or handled by the warehouse oper-
14 ator.

15 “(h) SYSTEMS FOR CONVEYANCE OF TITLE IN AGRI-
16 CULTURAL PRODUCTS.—The Secretary may approve 1 or
17 more systems under which title in agricultural products
18 may be conveyed and under which documents relating to
19 the shipment, payment, and financing of the sale of agri-
20 cultural products may be transferred, including convey-
21 ance of receipts and any other written or electronic docu-
22 ments in accordance with a process established by the Sec-
23 retary.

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

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

7 “(2) any State agency that regulates the stor-
8 age of an agricultural product by such a person; or

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

12 “(j) LICENSES FOR OPERATION OF WAREHOUSES.—
13 The Secretary may issue to any warehouse operator a li-
14 cense for the operation of a warehouse in accordance with
15 this Act if—

16 “(1) the Secretary determines that the ware-
17 house is suitable for the proper storage of the agri-
18 cultural product or products stored or proposed for
19 storage in the warehouse; and

20 “(2) the warehouse operator agrees, as a condi-
21 tion of the license, to comply with this Act (includ-
22 ing regulations promulgated under this Act).

23 “(k) LICENSING OF OTHER PERSONS.—

24 “(1) IN GENERAL.—On presentation of satisfac-
25 tory proof of competency to carry out the activities

1 described in this paragraph, the Secretary may issue
2 to any person a Federal license—

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

6 “(B) to sample such an agricultural prod-
7 uct;

8 “(C) to classify such an agricultural prod-
9 uct according to condition, grade, or other class
10 and certify the condition, grade, or other class
11 of the agricultural product; or

12 “(D) to weigh such an agricultural product
13 and certify the weight of the agricultural prod-
14 uct.

15 “(2) CONDITION.—As a condition of a license
16 issued under paragraph (1), the licensee shall agree
17 to comply with this Act (including regulations pro-
18 mulgated under this Act).

19 “(1) EXAMINATION OF BOOKS, RECORDS, PAPERS,
20 AND ACCOUNTS.—The Secretary may examine, using des-
21 ignated officers, employees, or agents of the Department,
22 all books, records, papers, and accounts relating to activi-
23 ties subject to this Act of—

24 “(1) a warehouse operator operating a ware-
25 house licensed under this Act;

1 “(2) a person operating a system for the elec-
2 tronic recording and transfer of receipts and other
3 documents authorized by the Secretary; or

4 “(3) any other person issuing receipts or elec-
5 tronic documents authorized by the Secretary under
6 this Act.

7 “(m) COOPERATION WITH STATES.—The Secretary
8 may—

9 “(1) cooperate with officers and employees of a
10 State who administer or enforce State laws relating
11 to warehouses, warehouse operators, weighers, grad-
12 ers, inspectors, samplers, or classifiers; and

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

16 **“SEC. 4. IMPOSITION AND COLLECTION OF FEES.**

17 “(a) IN GENERAL.—The Secretary shall charge, as-
18 sess, and cause to be collected fees to cover the costs of
19 administering this Act.

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

22 “(c) TREATMENT OF FEES.—All fees collected under
23 this section shall be credited to the account that incurs
24 the costs of administering this Act and shall be available

1 to the Secretary without further appropriation and with-
2 out fiscal year limitation.

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

7 “(e) EFFICIENCIES AND COST EFFECTIVENESS.—

8 “(1) IN GENERAL.—The Secretary shall seek to
9 minimize the fees established under this section by
10 improving efficiencies and reducing costs, including
11 the efficient use of personnel to the extent prac-
12 ticable and consistent with the effective implementa-
13 tion of this Act.

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

17 **“SEC. 5. QUALITY AND VALUE STANDARDS.**

18 “If standards for the evaluation or determination of
19 the quality or value of an agricultural product are not es-
20 tablished under another Federal law, the Secretary may
21 establish standards for the evaluation or determination of
22 the quality or value of the agricultural product under this
23 Act.

1 **“SEC. 6. BONDING AND OTHER FINANCIAL ASSURANCE RE-**
2 **QUIREMENTS.**

3 “(a) IN GENERAL.—As a condition of receiving a li-
4 cense or approval under this Act (including regulations
5 promulgated under this Act), the person applying for the
6 license or approval shall execute and file with the Sec-
7 retary a bond, or provide such other financial assurance
8 as the Secretary determines appropriate, to secure the per-
9 son’s performance of the activities so licensed or approved.

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

16 “(c) ADDITIONAL ASSURANCES.—If the Secretary de-
17 termines that a previously approved bond or other finan-
18 cial assurance is insufficient, the Secretary may suspend
19 or revoke the license or approval covered by the bond or
20 other financial assurance if the person that filed the bond
21 or other financial assurance does not provide such addi-
22 tional bond or other financial assurance as the Secretary
23 determines appropriate.

24 “(d) THIRD PARTY ACTIONS.—Any person injured by
25 the breach of any obligation arising under this Act for
26 which a bond or other financial assurance has been ob-

1 tained as required by this section may sue with respect
2 to the bond or other financial assurance in a district court
3 of the United States to recover the damages that the per-
4 son sustained as a result of the breach.

5 **“SEC. 7. MAINTENANCE OF RECORDS.**

6 “To facilitate the administration of this Act, the fol-
7 lowing persons shall maintain such records and make such
8 reports, as the Secretary may by regulation require:

9 “(1) A warehouse operator that is licensed
10 under this Act.

11 “(2) A person operating a system for the elec-
12 tronic recording and transfer of receipts and other
13 documents that are authorized under this Act.

14 “(3) Any other person issuing receipts or elec-
15 tronic documents that are authorized under this Act.

16 **“SEC. 8. FAIR TREATMENT IN STORAGE OF AGRICULTURAL**
17 **PRODUCTS.**

18 “(a) IN GENERAL.—Subject to the capacity of a
19 warehouse, a warehouse operator shall deal, in a fair and
20 reasonable manner, with persons storing, or seeking to
21 store, an agricultural product in the warehouse if the agri-
22 cultural product—

23 “(1) is of the kind, type, and quality custom-
24 arily stored or handled in the area in which the
25 warehouse is located;

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

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

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

9 **“SEC. 9. COMMINGLING OF AGRICULTURAL PRODUCTS.**

10 “(a) IN GENERAL.—A warehouse operator may com-
11 mingle agricultural products in a manner approved by the
12 Secretary.

13 “(b) LIABILITY.—A warehouse operator shall be sev-
14 erally liable to each depositor or holder for the care and
15 redelivery of the share of the depositor and holder of the
16 commingled agricultural product to the same extent and
17 under the same circumstances as if the agricultural prod-
18 ucts had been stored separately.

19 **“SEC. 10. TRANSFER OF STORED AGRICULTURAL PROD-**
20 **UCTS.**

21 “(a) IN GENERAL.—In accordance with regulations
22 promulgated under this Act, a warehouse operator may
23 transfer a stored agricultural product from one warehouse
24 to another warehouse for continued storage.

1 “(d) PROHIBITION ON ADDITIONAL RECEIPTS OR
2 OTHER DOCUMENTS.—

3 “(1) RECEIPTS.—While a receipt issued under
4 this Act is outstanding and uncanceled by the ware-
5 house operator, no other or further receipt may be
6 issued for the same agricultural product (or any por-
7 tion of the same agricultural product) represented
8 by the outstanding receipt, except as authorized by
9 the Secretary.

10 “(2) OTHER DOCUMENTS.—If a written or elec-
11 tronic document is recorded or transferred under
12 this section, no other similar document in any form
13 shall be issued by any person with respect to the
14 same agricultural product represented by the docu-
15 ment, except as authorized by the Secretary.

16 “(e) ELECTRONIC RECEIPTS AND ELECTRONIC DOC-
17 UMENTS.—Except as provided in subsection (f) and not-
18 withstanding any other provision of Federal or State law:

19 “(1) IN GENERAL.—The Secretary shall pro-
20 mulgate regulations to authorize the issuance of
21 electronic receipts, and the recording and transfer of
22 electronic receipts and other documents, in accord-
23 ance with this subsection.

24 “(2) SYSTEMS FOR ELECTRONIC RECORDING
25 AND TRANSFER.—Electronic receipts and electronic

1 documents issued with respect to an agricultural
2 product may be recorded in, and transferred under,
3 a system or systems maintained in 1 or more loca-
4 tions.

5 “(3) TREATMENT OF HOLDER.—The person
6 designated as a holder of an electronic receipt or
7 other electronic document shall be considered, for
8 the purposes of Federal and State law, to be in pos-
9 session of the receipt or document.

10 “(4) SECURITY INTERESTS.—

11 “(A) PERFECTION OF INTEREST.—Any se-
12 curity interest lawfully asserted by a person
13 under any Federal or State law with respect to
14 an agricultural product that is the subject of an
15 electronic receipt, or an electronic document
16 filed under any system for electronic receipts or
17 other electronic documents issued or filed in ac-
18 cordance with this Act, may be perfected only
19 by recording the security interest in the system
20 in the manner specified by the regulations pro-
21 mulgated under paragraph (1).

22 “(B) EFFECT OF RECORDATION.—The rec-
23 ordation by a person of the person’s security in-
24 terest in any agricultural product included in
25 any system for electronic receipts or other elec-

1 tronic documents issued or filed in accordance
2 with this Act shall, for the purposes of Federal
3 and State law, establish the security interest of
4 the person.

5 “(C) PRIORITY.—If more than 1 security
6 interest exists in an agricultural product cov-
7 ered by an electronic receipt, the priority of the
8 security interests shall be determined by the ap-
9 plicable Federal or State law.

10 “(D) ENCUMBRANCES.—

11 “(i) OPERATORS LICENSED UNDER
12 STATE LAW.—If a warehouse operator li-
13 censed under State law elects to issue an
14 electronic receipt authorized under this
15 subsection, a security interest, lien, or
16 other encumbrance may be recorded on the
17 electronic receipt under this subsection
18 only if the security interest, lien, or other
19 encumbrance is—

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

23 “(II) recorded in a manner pre-
24 scribed by the Secretary.

1 “(ii) OTHER APPLICATIONS.—If a
2 warehouse operator licensed under this
3 Act, or a warehouse operator not licensed
4 under State law, elects to issue an elec-
5 tronic receipt authorized under this sub-
6 section, a security interest, lien, or other
7 encumbrance shall be recorded on the elec-
8 tronic receipt in a manner prescribed by
9 the Secretary.

10 “(5) EFFECT OF PURCHASE OF RECEIPT OR
11 DOCUMENT.—A person purchasing an electronic re-
12 ceipt or electronic document shall take possession of
13 the agricultural product free and clear of all liens,
14 except those liens recorded in the system or systems
15 established under the regulations promulgated under
16 paragraph (1).

17 “(6) ACCEPTANCE.—

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

24 “(B) NO ELECTRONIC RECEIPT RE-
25 QUIRED.—A person shall not be required to

1 issue a receipt or document with respect to an
2 agricultural product in electronic format.

3 “(7) LEGAL EFFECT.—Information created to
4 comply with this Act (including regulations promul-
5 gated under this Act) shall not be denied legal ef-
6 fect, validity, or enforceability on the ground that
7 the information is generated, sent, received, or
8 stored by electronic or similar means.

9 “(8) OPTION FOR STATE LICENSED WARE-
10 HOUSE OPERATORS.—Notwithstanding any other
11 provision of this Act, a State-licensed warehouse op-
12 erator not licensed under this Act may, at the option
13 of the warehouse operator, issue electronic receipts
14 and electronic documents in accordance with this
15 subsection.

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

21 “(A) not to issue electronic receipts au-
22 thorized under this subsection; or

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

1 “(f) ELECTRONIC RECEIPTS AND ELECTRONIC DOC-
2 UMENTS FOR COTTON.—

3 “(1) AUTHORITY.—

4 “(A) CENTRAL FILING.—Notwithstanding
5 any other provision of Federal or State law, the
6 Secretary, or the designated representative of
7 the Secretary, may provide that, in lieu of
8 issuing a receipt for cotton stored in a ware-
9 house licensed under this Act or in any other
10 warehouse, the information required to be in-
11 cluded in a receipt (i) under this Act in the case
12 of a warehouse licensed under this Act or (ii)
13 under any applicable State law in the case of a
14 warehouse not licensed under this Act, shall be
15 recorded instead in 1 or more central filing sys-
16 tems maintained in 1 or more locations in ac-
17 cordance with regulations promulgated by the
18 Secretary.

19 “(B) DELIVERY OF COTTON.—Any record
20 under subparagraph (A) shall include a state-
21 ment that the cotton shall be delivered to a
22 specified person or to the order of the person.

23 “(C) ELECTRONIC TRANSMISSION FACILI-
24 TIES BETWEEN WAREHOUSES AND SYSTEM.—

1 “(i) NONAPPLICABILITY TO WARE-
2 HOUSES WITHOUT FACILITIES.—This sub-
3 section and section 4 shall not apply to a
4 warehouse that does not have facilities to
5 electronically transmit and receive informa-
6 tion to and from a central filing system
7 under this subsection.

8 “(ii) NO REQUIREMENT TO OBTAIN
9 FACILITIES.—Nothing in this subsection
10 requires a warehouse operator to obtain fa-
11 cilities described in clause (i).

12 “(2) RECORDATION AND ENFORCEMENT OF
13 LIENS IN CENTRAL FILING SYSTEM.—Notwith-
14 standing any other provision of Federal or State
15 law:

16 “(A) RECORDATION.—The record of the
17 possessory interests of persons in cotton in-
18 cluded in a central filing system under this
19 subsection—

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

23 “(ii) shall establish the possessory in-
24 terest of persons in the cotton.

25 “(B) ENFORCEMENT.—

1 “(i) POSSESSION OF WAREHOUSE RE-
2 CEIPT.—Any person designated as a holder
3 of an electronic warehouse receipt author-
4 ized under this subsection or section 4
5 shall, for the purpose of perfecting the se-
6 curity interest of the person under Federal
7 or State law with respect to the cotton cov-
8 ered by the warehouse receipt, be consid-
9 ered to be in possession of the warehouse
10 receipt.

11 “(ii) PRIORITY OF SECURITY INTER-
12 ESTS.—If more than 1 security interest ex-
13 ists in the cotton represented by the elec-
14 tronic warehouse receipt, the priority of
15 the security interests shall be determined
16 by applicable Federal or State law.

17 “(iii) APPLICABILITY.—This sub-
18 section is applicable to electronic cotton
19 warehouse receipts and any other security
20 interests covering cotton stored in a cotton
21 warehouse, regardless of whether the ware-
22 house is licensed under this Act.

23 “(3) CONDITIONS FOR DELIVERY ON DEMAND
24 FOR COTTON STORED.—A warehouse operator oper-
25 ating a warehouse covered by this subsection, in the

1 absence of a lawful excuse, shall, without unneces-
 2 sary delay, deliver the cotton stored in the ware-
 3 house on demand made by the person named in the
 4 record in the central filing system as the holder of
 5 the receipt representing the cotton, if the demand is
 6 accompanied by—

7 “(A) an offer to satisfy the valid lien of a
 8 warehouse operator, as determined by the Sec-
 9 retary; and

10 “(B) an offer to provide an acknowledg-
 11 ment in a central filing system under this sub-
 12 section, if requested by the warehouse operator,
 13 that the cotton has been delivered.

14 **“SEC. 12. CONDITIONS FOR DELIVERY OF AGRICULTURAL**
 15 **PRODUCTS.**

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

20 “(1) the holder of the receipt for the agricul-
 21 tural product; or

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

24 “(b) **PAYMENT TO ACCOMPANY DEMAND IF RE-**
 25 **QUESTED.**—

1 “(1) IN GENERAL.—Demand for delivery shall
2 be accompanied by payment of the accrued charges
3 associated with the storage of the agricultural prod-
4 uct if requested by the warehouse operator.

5 “(2) SPECIAL RULE FOR COTTON.—In the case
6 of cotton stored in a warehouse, the warehouse oper-
7 ator shall provide a written request for payment of
8 the accrued charges associated with the storage of
9 the cotton to the holder of the receipt at the time
10 at which demand for the delivery of the cotton is
11 made.

12 “(c) SURRENDER OF RECEIPT.—When the holder of
13 a receipt requests delivery of an agricultural product cov-
14 ered by the receipt, the holder shall surrender the receipt
15 to the warehouse operator, in the manner prescribed by
16 the Secretary, to obtain the agricultural product.

17 “(d) CANCELLATION OF RECEIPT.—A warehouse op-
18 erator shall cancel each receipt returned to the warehouse
19 operator upon the delivery of the agricultural product for
20 which the receipt was issued.

21 **“SEC. 13. SUSPENSION OR REVOCATION OF LICENSES.**

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

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

4 “(2) on the ground that unreasonable or exorbi-
5 tant charges have been imposed for services ren-
6 dered.

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

13 “(c) AUTHORITY TO CONDUCT HEARINGS.—The
14 agency within the Department that is responsible for ad-
15 ministering regulations promulgated under this Act shall
16 have exclusive authority to conduct any hearing required
17 under this section.

18 “(d) JUDICIAL REVIEW.—

19 “(1) JURISDICTION.—A final administrative de-
20 termination issued subsequent to a hearing may be
21 reviewable only in a district court of the United
22 States.

23 “(2) PROCEDURE.—The review shall be con-
24 ducted in accordance with the standards set forth in
25 section 706(2) of title 5, United States Code.

1 **“SEC. 14. PUBLIC INFORMATION.**

2 “(a) IN GENERAL.—The Secretary may release to the
3 public—

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

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

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

14 “(b) CONFIDENTIALITY.—Except as otherwise pro-
15 vided by law, an officer, employee, or agent of the Depart-
16 ment shall not divulge confidential business information
17 obtained during a warehouse examination or other func-
18 tion performed as part of the duties of the officer, em-
19 ployee, or agent under this Act.

20 **“SEC. 15. PENALTIES FOR NONCOMPLIANCE.**

21 “If a person fails to comply with any requirement of
22 this Act (including regulations promulgated under this
23 Act), the Secretary may assess, on the record after an op-
24 portunity for a hearing, a civil penalty—

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

4 “(2) of not more than 100 percent of the value
5 of the agricultural product, if an agricultural prod-
6 uct is involved in the violation.

7 **“SEC. 16. JURISDICTION AND ARBITRATION.**

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

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

16 **“SEC. 17. REGULATIONS.**

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

19 **“SEC. 18. AUTHORIZATION OF APPROPRIATION.**

20 “There are authorized to be appropriated such sums
21 as are necessary to carry out this Act.”.

1 **TITLE III—MISCELLANEOUS**

2 **SEC. 301. ENERGY GENERATION, TRANSMISSION, AND DIS-**
3 **TRIBUTION FACILITIES EFFICIENCY GRANTS**
4 **IN RURAL COMMUNITIES WITH EXTREMELY**
5 **HIGH ENERGY COSTS.**

6 Title I of the Rural Electrification Act of 1936 (7
7 U.S.C. 901 et seq.) is amended by adding at the end the
8 following:

9 **“SEC. 19. ENERGY GENERATION, TRANSMISSION, AND DIS-**
10 **TRIBUTION FACILITIES EFFICIENCY GRANTS**
11 **IN RURAL COMMUNITIES WITH EXTREMELY**
12 **HIGH ENERGY COSTS.**

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

15 “(1) in coordination with State rural develop-
16 ment initiatives, make grants and loans to persons,
17 States, political subdivisions of States, and other en-
18 tities organized under the laws of States to develop,
19 upgrade, and improve the efficiency of energy gen-
20 eration, transmission, and distribution facilities in
21 communities in which the average residential ex-
22 penditure for home energy is at least 275 percent of
23 the national average residential expenditure for
24 home energy (as determined by the Energy Informa-
25 tion Agency using the most recent data available);

1 “(2) make direct payments to the Denali Com-
2 mission established by the Denali Commission Act of
3 1998 (42 U.S.C. 3121 note; Public Law 105–277)
4 to develop, upgrade, and improve the efficiency of
5 energy generation, transmission, and distribution fa-
6 cilities in communities described in paragraph (1);
7 and

8 “(3) make grants to State entities, in existence
9 as of the date of enactment of this section, to estab-
10 lish and support a revolving fund to provide a more
11 cost-effective means of purchasing fuel where the
12 fuel cannot be shipped by means of surface transpor-
13 tation.

14 “(b) AUTHORIZATION OF APPROPRIATIONS.—

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

19 “(2) LIMITATION ON PLANNING AND ADMINIS-
20 TRATIVE EXPENSES.—Not more than 4 percent of
21 the amounts made available under paragraph (1)
22 may be used for planning and administrative ex-
23 penses.”.

1 **SEC. 302. CARRY FORWARD ADJUSTMENT.**

2 The amendments made by section 204(b)(10)(A) of
 3 the Agricultural Risk Protection Act of 2000 shall apply
 4 beginning with undermarketings of the 2001 crop of bur-
 5 ley tobacco and with marketings of the 2002 crop of burley
 6 tobacco.

7 **SEC. 303. FEES AND PENALTIES FOR MEDIATION AND ARBI-**
 8 **TRATION OF DISPUTES INVOLVING AGRICUL-**
 9 **TURAL PRODUCTS MOVING IN FOREIGN COM-**
 10 **MERCE UNDER MULTINATIONAL ENTITIES.**

11 Section 203(e) of the Agricultural Marketing Act of
 12 1946 (7 U.S.C. 1622(e)) is amended—

13 (1) by striking “(e) To” and inserting the fol-
 14 lowing:

15 “(e) DEVELOPMENT OF NEW MARKETS.—

16 “(1) IN GENERAL.—To”; and

17 (2) by adding at the end the following:

18 “(2) FEES AND PENALTIES.—

19 “(A) IN GENERAL.—In carrying out para-
 20 graph (1), the Secretary may assess and collect
 21 reasonable fees and late payment penalties to
 22 mediate and arbitrate disputes arising between
 23 parties in connection with transactions involving
 24 agricultural products moving in foreign com-
 25 merce under the jurisdiction of a multinational
 26 entity.

1 “(B) DEPOSIT.—Fees and penalties col-
 2 lected under subparagraph (A) shall be depos-
 3 ited into the account that incurred the cost of
 4 providing the mediation or arbitration service.

5 “(C) AVAILABILITY.—Fees and penalties
 6 collected under subparagraph (A) shall be avail-
 7 able to the Secretary without further Act of ap-
 8 propriation and shall remain available until ex-
 9 pended to pay the expenses of the Secretary for
 10 providing mediation and arbitration services
 11 under this paragraph.

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

16 **SEC. 304. COMMUNITY FACILITIES GRANT PROGRAM FOR**
 17 **RURAL COMMUNITIES WITH EXTREME UNEM-**
 18 **EMPLOYMENT AND SEVERE ECONOMIC DEPRES-**
 19 **SION.**

20 (a) IN GENERAL.—Section 306(a) of the Consoli-
 21 dated Farm and Rural Development Act (7 U.S.C.
 22 1926(a)) is amended by adding at the end the following:

23 “(20) COMMUNITY FACILITIES GRANT PROGRAM
 24 FOR RURAL COMMUNITIES WITH EXTREME UNEM-
 25 EMPLOYMENT AND SEVERE ECONOMIC DEPRESSION.—

1 “(A) DEFINITION OF NOT EMPLOYED
2 RATE.—In this paragraph, the term ‘not em-
3 ployed rate’, with respect to a community,
4 means the percentage of individuals over the
5 age of 18 who reside within the community and
6 who are ready, willing, and able to be employed
7 but are unable to find employment, as deter-
8 mined by the department of labor of the State
9 in which the community is located.

10 “(B) GRANT AUTHORITY.—The Secretary
11 may make grants to associations, units of gen-
12 eral local government, nonprofit corporations,
13 and Indian tribes (as defined in section 4 of the
14 Indian Self-Determination and Education As-
15 sistance Act (25 U.S.C. 450b)) in a State to
16 provide the Federal share of the cost of devel-
17 oping specific essential community facilities in
18 rural communities with respect to which the not
19 employed rate is greater than the lesser of—

20 “(i) 500 percent of the average na-
21 tional unemployment rate on the date of
22 enactment of this paragraph, as deter-
23 mined by the Bureau of Labor Statistics;
24 or

1 “(ii) 200 percent of the average na-
2 tional unemployment rate during the Great
3 Depression, as determined by the Bureau
4 of Labor Statistics.

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

8 “(D) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There are authorized to be appro-
10 priated to carry out this paragraph
11 \$50,000,000 for fiscal year 2001 and such
12 sums as are necessary for each subsequent fis-
13 cal year, of which not more than 5 percent of
14 the amount made available for a fiscal year
15 shall be available for community planning and
16 implementation.”.

17 (b) CONFORMING AMENDMENT.—Section
18 381E(d)(1)(B) of the Consolidated Farm and Rural De-
19 velopment Act (7 U.S.C. 2009d(d)(1)(B)) is amended by
20 striking “section 306(a)(19)” and inserting “paragraph
21 (19) or (20) of section 306(a)”.

1 **SEC. 305. ELIGIBILITY FOR BUSINESS AND INDUSTRY**
 2 **LOANS.**

3 (a) IN GENERAL.—Section 310B of the Consolidated
 4 Farm and Rural Development Act (7 U.S.C. 1932) is
 5 amended—

6 (1) by striking “SEC. 310B. (a) The” and in-
 7 serting the following:

8 **“SEC. 310B. RURAL INDUSTRIALIZATION ASSISTANCE.**

9 “(a) LOANS FOR PRIVATE BUSINESS ENTER-
 10 PRISES.—

11 “(1) IN GENERAL.—The”; and

12 (2) in subsection (a)—

13 (A) by striking “of (1) improving” and in-
 14 serting the following: “of—

15 “(A) improving”;

16 (B) by striking “control, (2) the conserva-
 17 tion, development, and use of” and inserting
 18 the following: “control;

19 “(B) conserving, developing, and using”;

20 (C) by striking “areas, (3) reducing” and
 21 inserting the following: “areas;

22 “(C) reducing”;

23 (D) by striking “areas, and (4) to facili-
 24 tate” and inserting the following: “areas; and”;

25 “(D) facilitating”;

1 (E) by striking “For the purposes of” and
2 inserting the following:

3 “(2) DEFINITION OF SOLAR ENERGY.—In”;

4 (F) by striking “Such loans,” and insert-
5 ing the following:

6 “(3) APPLICABILITY OF CERTAIN LIMITA-
7 TIONS.—Loans under this subsection,”;

8 (G) by striking “As used in” and inserting
9 the following:

10 “(4) DEFINITION OF AQUACULTURE.—In”;

11 (H) by striking “No loan” and inserting
12 the following:

13 “(5) LOAN LIMITATION.—No loan”; and

14 (I) by adding at the end the following:

15 “(6) ELIGIBILITY FOR BUSINESS AND INDUS-
16 TRY LOANS.—Notwithstanding section 381A(1), a
17 loan may be made under paragraph (1)(A) for a
18 project or facility in a city or town with a population
19 in excess of 50,000 inhabitants, and its immediately
20 adjacent urbanized area, if the Secretary determines
21 that—

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

24 “(B) the loan will be used for purchasing
25 supplies for, refurbishing, or equipping an exist-

1 ing project or facility, and not for new construc-
2 tion of a project or facility; and

3 “(C) the primary economic beneficiaries of
4 the project or facility will be producers of agri-
5 cultural commodities.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 307(a)(6)(B)(ii) of the Consolidated
8 Farm and Rural Development Act (7 U.S.C.
9 1927(a)(6)(B)(ii)) is amended by striking “clause
10 (1) of section 310B(a)” and inserting “section
11 310B(a)(1)(A)”.

12 (2) Section 381E(d)(3)(B) of the Consolidated
13 Farm and Rural Development Act (7 U.S.C.
14 2009d(d)(3)(B)) is amended by striking “section
15 310B(a)(1)” and inserting “section 310B(a)(1)(A)”.

16 (c) REGULATIONS.—Not later than 30 days after the
17 date of enactment of this Act, the Secretary of Agriculture
18 shall promulgate interim final regulations to implement
19 the amendments made by this section.

20 **SEC. 306. STATE AGRICULTURAL LOAN MEDIATION PRO-**
21 **GRAMS.**

22 Section 506 of the Agricultural Credit Act of 1987
23 (7 U.S.C. 5106) is amended by striking “2000” and in-
24 serting “2005”.

1 **SEC. 307. ADJUSTMENTS TO NUTRITION PROGRAMS.**

2 (a) COST-OF-LIVING ALLOWANCES FOR MEMBERS OF
3 UNIFORMED SERVICES.—Section 17(d)(2)(B)(ii) of the
4 Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(ii))
5 is amended by striking “continental” and inserting “con-
6 tiguous States of the”.

7 (b) DEMONSTRATION PROJECT.—Effective October
8 1, 2000, section 17(r)(1) of the Child Nutrition Act of
9 1966 (42 U.S.C. 1786(r)(1)) is amended by striking “at
10 least 20 local agencies” and inserting “not more than 20
11 local agencies”.

12 (c) CHILD AND ADULT CARE FOOD PROGRAM.—Sec-
13 tion 17 of the Richard B. Russell National School Lunch
14 Act (42 U.S.C. 1766) is amended—

15 (1) by striking the section heading and all that
16 follows through “SEC. 17.” and inserting the fol-
17 lowing:

18 **“SEC. 17. CHILD AND ADULT CARE FOOD PROGRAM.”;**

19 and

20 (2) in subsection (a)(6)(C)(ii), by striking
21 “and” at the end.

Calendar No. 767

106TH CONGRESS
2D SESSION

S. 3001

[Report No. 106-391]

A BILL

To amend the United States Grain Standards Act to extend the authority of the Secretary of Agriculture to collect fees, extend the authorization of appropriations, and improve the administration of that Act, to amend the United States Warehouse Act to authorize the issuance of electronic warehouse receipts, and for other purposes.

AUGUST 25, 2000

Reported, read twice, and placed on the calendar