IN THE SENATE OF THE UNITED STATES

Mrs. FISCHER introduced the following bill; which was read twice and referred to the Committee on __________________

A BILL

To amend the Packers and Stockyards Act, 1921, to establish a cattle contract library, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Cattle Market Transparency Act of 2020”.

SEC. 2. CATTLE CONTRACT LIBRARY.

Title II of the Packers and Stockyards Act, 1921, is amended by inserting after section 223 (7 U.S.C. 198b) the following:
“Subtitle C—Cattle Contracts

SEC. 231. DEFINITIONS.

“In this subtitle:

“(1) BASE PRICE.—The term ‘base price’ means the price paid for cattle delivered to a packer, before application of any premiums or discounts, expressed in dollars per hundred pounds of carcass weight.

“(2) CONTRACT.—

“(A) IN GENERAL.—Subject to subparagraph (B), the term ‘contract’ means any agreement, written or oral, between a packer and a producer for the purchase of fed cattle for slaughter.

“(B) EXCLUSION.—The term ‘contract’ does not include a contract for a negotiated purchase.

“(3) FED CATTLE.—The term ‘fed cattle’ means a steer or heifer that has been finished on a ration of roughage and feed concentrates, such as grains, protein meal, grass (forage), and other nutrient-rich feeds, prior to slaughter.

“(4) FORMULA MARKETING ARRANGEMENT.—The term ‘formula marketing arrangement’ means the advance commitment of cattle for slaughter—
“(A) by any means other than through a negotiated purchase, negotiated grid purchase, or forward contract; and

“(B) using a method for calculating price—

“(i) under which the price is determined at a future date;

“(ii) the basis of which is a price established for a specified market, which may be based on any publicly reported price, including plant average price, regional price, downstream price, or some other mutually agreeable price source; and

“(iii) that may include a grid or nongrid price.

“(5) FORWARD CONTRACT.—The term ‘forward contract’ means—

“(A) an agreement for the purchase of fed cattle, executed in advance of slaughter, under which the base price is established by reference to—

“(i) prices quoted on the Chicago Mercantile Exchange; or

“(ii) other comparable publicly available prices; or
“(B) any other contract for the purchase
of fed cattle, executed in advance of slaughter,
as determined by the Secretary.

“(6) HEIFER.—The term ‘heifer’ means a bo-
vine female that has not given birth to a calf.

“(7) NEGOTIATED GRID PURCHASE.—The term
‘negotiated grid purchase’ means a purchase of fed
cattle by a packer from a producer under which—

“(A) the buyer-seller interaction results in
a negotiated base price, which may be adjusted
by premiums and discounts; and

“(B) the cattle are scheduled for delivery
to the packer not more than 14 days after the
date on which the agreement for purchase is
made.

“(8) NEGOTIATED PURCHASE.—The term ‘ne-
gotiated purchase’ means a purchase of fed cattle
(commonly known as a ‘cash’ or ‘spot market’ pur-
chase) by a packer from a producer under which—

“(A) the buyer-seller interaction that re-
results in the purchase and the agreement on the
actual base price for the purchase occur on the
same day; and

“(B) the cattle are scheduled for delivery
to the packer not more than 30 days after the
date on which the agreement for purchase is
made.

“(9) PACKER.—The term ‘packer’, with respect
to a contract, means a packer that slaughters cattle
at 1 or more federally inspected processing plants,
each of which—

“(A) slaughters an average of not less than
125,000 head of cattle per year during the 5
calendar years immediately preceding the date
on which the contract is executed; or

“(B) has not slaughtered cattle during
those immediately preceding 5 calendar years
but has the capacity to slaughter not less than
125,000 head of cattle per year, as determined
by the Secretary.

“(10) PRODUCER.—The term ‘producer’ means
a person engaged, directly or through an inter-
mediary, in the business of selling cattle to a packer
for slaughter.

“(11) STEER.—The term ‘steer’ means a bovine
male castrated before reaching sexual maturity.

“(12) TYPE OF CONTRACT.—

“(A) IN GENERAL.—The term ‘type of con-
tract’ means the classification of a contract for
the purchase of cattle—
“(i) into 1 of the categories described in subparagraph (B); and

“(ii) by determining the base price of the cattle.

“(B) CATEGORIES.—The categories for classification of a type of contract are the following:

“(i) Formula marketing arrangement.

“(ii) Forward contract.

“(iii) Negotiated grid purchase contract.

“SEC. 232. CATTLE CONTRACT LIBRARY.

“(a) IN GENERAL.—Subject to the availability of appropriations to carry out this section, the Secretary shall establish and maintain a library or catalog of each type of contract offered by packers to producers for the purchase of all or part of the production of the producers of fed cattle (including cattle that are purchased or committed for delivery), including any schedules of premiums or discounts associated with the contract.

“(b) INFORMATION COLLECTION.—

“(1) IN GENERAL.—To maintain the library or catalog established under subsection (a), the Secretary shall obtain information from each packer on each type of existing contract of the packer by re-
quiring a filing or other form of information submission from each packer.

“(2) CONTRACTED CATTLE NUMBERS.—Information that shall be submitted to the Secretary by a packer under paragraph (1) shall include, with respect to each existing contract of a packer—

“(A) the type of contract; and

“(B) a description of the provisions in the contract that provide for expansion in the numbers of fed cattle to be delivered under the contract for the 6-month and 12-month periods following the date of the contract.

“(c) AVAILABILITY OF INFORMATION.—

“(1) IN GENERAL.—The Secretary shall make available to producers and other interested persons information on the types of contracts in the library or catalog established under subsection (a), including notice (on a real-time basis, if practicable) of the types of contracts that are being offered by packers to, and are open to acceptance by, producers for the purchase of fed cattle.

“(2) MONTHLY REPORT.—

“(A) IN GENERAL.—Beginning 30 days after the library or catalog is established under subsection (a), the Secretary shall make the in-
formation obtained each month in the library or
catalog available in a monthly report to pro-
ducers and other interested persons.

“(B) CONTENTS.—The monthly report de-
scribed in subparagraph (A) shall include—

“(i) an estimate by the Secretary of
the total number of fed cattle committed
under contracts for delivery to packers
within the 6-month and 12-month periods
following the date of the report, organized
by reporting region and type of contract;
and

“(ii) an estimate by the Secretary of
the total maximum number of fed cattle
that may be delivered within the 6-month
and 12-month periods following the date of
the report, based on the provisions de-
scribed in subsection (c)(2)(B) in existing
contracts, organized by reporting region
and type of contract.

“(d) MAINTENANCE OF LIBRARY OR CATALOG.—In-
formation in the library or catalog established under sub-
section (a) about types of contracts that are no longer of-
fered or in use shall be removed from the library or cata-
log.
“(e) CONFIDENTIALITY.—The reporting requirements for packers under this section shall be subject to the confidentiality protections provided under section 251 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636).

“(f) VIOLATIONS.—It shall be unlawful and a violation of this Act for any packer to willfully fail or refuse—

“(1) to provide to the Secretary accurate information required under this section; or

“(2) to comply with any other requirement of this section.

“(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this section.”.

SEC. 3. CASH MARKET ACQUISITION OF CATTLE.

Title II of the Packers and Stockyards Act, 1921 (7 U.S.C. 191 et seq.) (as amended by section 2), is amended by adding at the end the following:

"Subtitle D—Cash Market Acquisition of Cattle

SEC. 241. DEFINITIONS.

"In this subtitle:

“(1) NEGOTIATED GRID PURCHASE.—The term ‘negotiated grid purchase’ means a purchase of cattle by a packer from a producer under which—
“(A) the buyer-seller interaction results in
a negotiated base price, which may be adjusted
by premiums and discounts; and
“(B) the cattle are scheduled for delivery
to the packer not more than 14 days after the
date on which the agreement for purchase is
made.
“(2) NEGOTIATED PURCHASE.—The term ‘ne-
gotiated purchase’ means a purchase of cattle (com-
monly known as a ‘cash’ or ‘spot market’ purchase)
by a packer from a producer under which—
“(A) the buyer-seller interaction that re-
sults in the purchase and the agreement on the
actual base price for the purchase occur on the
same day; and
“(B) the cattle are scheduled for delivery
to the packer not more than 30 days after the
date on which the agreement for purchase is
made.
“(3) PACKER.—The term ‘packer’ does not in-
clude a packer that owns only 1 livestock processing
plant.
“(4) PRODUCER.—The term ‘producer’ has the
meaning given the term in section 212 of the Agri-
"(5) REGIONAL MANDATORY MINIMUM.—The term ‘regional mandatory minimum’ means, for each reporting region (as designated by the Agricultural Marketing Service), of the quantity of cattle purchased for slaughter by a packer in that region each slaughter week, the minimum percentage of such cattle that is required to be purchased through negotiated purchases or negotiated grid purchases from producers.

"(6) SLAUGHTER WEEK.—The term ‘slaughter week’ has the meaning given the term ‘current slaughter week’ in section 212 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635a).

"SEC. 242. REGIONAL MANDATORY MINIMUMS.

"(a) IN GENERAL.—Not later than 1 year after the date of enactment of this subtitle, the Secretary shall establish regional mandatory minimums for the purpose of enhancing price discovery and transparency for cattle market participants.

"(b) PUBLIC INPUT.—In carrying out subsection (a), the Secretary shall make each proposed regional mandatory minimum subject to a notice and comment period.

"(c) CONSIDERATIONS.—In carrying out subsection (a) for each reporting region, the Secretary shall consider the following factors:
“(1) The number of packers in the reporting region.

“(2) The availability of cattle in the reporting region.

“(3) Pre-existing contractual arrangements of packers in the reporting region.

“(d) ENFORCEMENT.—On establishing regional mandatory minimums under subsection (a), the Secretary shall—

“(1) regularly monitor compliance by packers with those regional mandatory minimums; and

“(2) enforce this section in accordance with section 203.”.

SEC. 4. 14-DAY CATTLE SLAUGHTER.

(a) DEFINITION OF CATTLE COMMITTED.—Section 221(1) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635d(1)) is amended by striking “7-day” and inserting “14-day”.

(b) DAILY REPORTING.—Section 222(c)(1) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635e(c)(1)) is amended by adding at the end the following:

“(E) Packer purchase commitments, which shall be equal to the number of cattle, organized by cattle type, scheduled for delivery to a
packer for slaughter for each of the next 14 calendar days.”.

SEC. 5. PUBLIC AVAILABILITY OF INFORMATION.
Section 251(a) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) in the matter preceding subparagraph (A) (as so redesignated), by striking “The Secretary shall make available to the public information” and inserting the following:

“(1) IN GENERAL.—The Secretary shall make available to the public all information”; and

(3) by adding at the end the following:

“(2) EFFECT.—Nothing in this section permits the Secretary, or any officer or employee of the Secretary, to withhold from the public the information, statistics, and documents described in paragraph (1).”.