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(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

**H. R.**

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

IN THE HOUSE OF REPRESENTATIVES

Mrs. HARTZLER introduced the following bill; which was 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.

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. SHORT TITLE.**

4 This Act may be cited as the “Optimizing the Cattle  
5 Market Act of 2021”.

6 **SEC. 2. SENSE OF CONGRESS.**

7 It is the sense of the Congress that there is a need  
8 for expedited reauthorization of the Livestock Mandatory  
9 Reporting program of the Department of Agriculture, in-

1 cluding formula base prices subject to the same reporting  
2 requirements as negotiated cash and the creation of a con-  
3 tract library.

4 **SEC. 3. CATTLE CONTRACT LIBRARY.**

5 (a) IN GENERAL.—Title II of the Packers and Stock-  
6 yards Act, 1921, is amended by inserting after section 223  
7 (7 U.S.C. 198b) the following:

8 **“Subtitle C—Cattle Contracts**

9 **“SEC. 231. DEFINITIONS.**

10 “In this subtitle:

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

16 “(2) CONTRACT.—

17 “(A) IN GENERAL.—Subject to subpara-  
18 graph (B), the term ‘contract’ means any  
19 agreement, written or oral, between a packer  
20 and a producer for the purchase of fed cattle  
21 for slaughter.

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

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

6           “(4) FORMULA MARKETING ARRANGEMENT.—  
7 The term ‘formula marketing arrangement’ means  
8 the advance commitment of cattle for slaughter—

9           “(A) by any means other than through a  
10 negotiated purchase, negotiated grid purchase,  
11 or forward contract; and

12           “(B) using a method for calculating  
13 price—

14           “(i) under which the price is deter-  
15 mined at a future date;

16           “(ii) the basis of which is a price es-  
17 tablished for a specified market, which  
18 may be based on any publicly reported  
19 price, including plant average price, re-  
20 gional price, downstream price, or some  
21 other mutually agreeable price source; and

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

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

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

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

7                   “(ii) other comparable publicly avail-  
8                   able prices; or

9           “(B) any other contract for the purchase  
10           of fed cattle, executed in advance of slaughter,  
11           as determined by the Secretary.

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

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

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

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

24           “(8) NEGOTIATED PURCHASE.—The term ‘ne-  
25           gotiated purchase’ means a purchase of fed cattle

1 (commonly known as a ‘cash’ or ‘spot market’ pur-  
2 chase) by a packer from a producer under which—

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

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

11 “(9) PACKER.—The term ‘packer’ has the  
12 meaning given the term in section 221 of the Agri-  
13 cultural Marketing Act of 1946 (7 U.S.C. 1635d).

14 “(10) PRODUCER.—The term ‘producer’ means  
15 a person engaged in the business of selling cattle to  
16 a packer for slaughter.

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

19 “(12) TYPE OF CONTRACT.—

20 “(A) IN GENERAL.—The term ‘type of con-  
21 tract’ means the classification of a contract for  
22 the purchase of cattle—

23 “(i) into 1 of the categories described  
24 in subparagraph (B); and

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

3                   “(B) CATEGORIES.—The categories for  
4                   classification of a type of contract are the fol-  
5                   lowing:

6                   “(i) Formula marketing arrangement.

7                   “(ii) Forward contract.

8                   “(iii) Negotiated grid purchase con-  
9                   tract.

10 **“SEC. 232. CATTLE CONTRACT LIBRARY.**

11           “(a) IN GENERAL.—Subject to the availability of ap-  
12           propriations to carry out this section, the Secretary shall  
13           establish and maintain a library or catalog of each type  
14           of contract offered by packers to producers for the pur-  
15           chase of all or part of the production of the producers  
16           of fed cattle (including cattle that are purchased or com-  
17           mitted for delivery), including any schedules of premiums  
18           or discounts associated with the contract.

19           “(b) INFORMATION COLLECTION.—

20                   “(1) IN GENERAL.—To maintain the library or  
21                   catalog established under subsection (a), the Sec-  
22                   retary shall obtain information from each packer on  
23                   each type of existing contract of the packer by re-  
24                   quiring a filing or other form of information submis-  
25                   sion from each packer.

1           “(2) CONTRACTED CATTLE NUMBERS.—Infor-  
2           mation that shall be submitted to the Secretary by  
3           a packer under paragraph (1) shall include, with re-  
4           spect to each existing contract of a packer—

5                   “(A) the type of contract; and

6                   “(B) a description of the provisions in the  
7           contract that provide for expansion in the num-  
8           bers of fed cattle to be delivered under the con-  
9           tract for the 6-month and 12-month periods fol-  
10          lowing the date of the contract.

11          “(c) AVAILABILITY OF INFORMATION.—

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

20               “(2) MONTHLY REPORT.—

21                   “(A) IN GENERAL.—Beginning 30 days  
22           after the library or catalog is established under  
23           subsection (a), the Secretary shall make the in-  
24           formation obtained each month in the library or

1 catalog available in a monthly report to pro-  
2 ducers and other interested persons.

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

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

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

20 “(d) MAINTENANCE OF LIBRARY OR CATALOG.—In-  
21 formation in the library or catalog established under sub-  
22 section (a) about types of contracts that are no longer of-  
23 fered or in use shall be removed from the library or cata-  
24 log.



1       “(e) EDUCATIONAL OUTREACH ACTIVITIES.—The  
2 Secretary shall conduct educational outreach activities for  
3 producers on how best to use the cattle contract library  
4 or catalog established under subsection (a).

5       “(f) CONFIDENTIALITY.—The reporting require-  
6 ments for packers under this section shall be subject to  
7 the confidentiality protections provided under section 251  
8 of the Agricultural Marketing Act of 1946 (7 U.S.C.  
9 1636).

10       “(g) VIOLATIONS.—It shall be unlawful and a viola-  
11 tion of this Act for any packer to willfully fail or refuse—

12               “(1) to provide to the Secretary accurate infor-  
13 mation required under this section; or

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

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

19       (b) CONFORMING AMENDMENT.—Section 201 of the  
20 Packers and Stockyards Act, 1921 (7 U.S.C. 191), is  
21 amended by striking “When used in this Act” and insert-  
22 ing “Unless specified otherwise, in this Act,”.

1 **SEC. 4. CASH MARKET ACQUISITION OF CATTLE.**

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

5 **“Subtitle D—Cash Market**  
6 **Acquisition of Cattle**

7 **“SEC. 241. DEFINITIONS.**

8 “In this subtitle:

9 “(1) NEGOTIATED GRID PURCHASE.—The term  
10 ‘negotiated grid purchase’ means a purchase of cat-  
11 tle by a packer from a producer under which—

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

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

19 “(2) NEGOTIATED PURCHASE.—The term ‘ne-  
20 gotiated purchase’ means a purchase of cattle (com-  
21 monly known as a ‘cash’ or ‘spot market’ purchase)  
22 by a packer from a producer under which—

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

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

5           “(3) PACKER.—The term ‘packer’—

6           “(A) has the meaning given the term in  
7           section 221 of the Agricultural Marketing Act  
8           of 1946 (7 U.S.C. 1635d); and

9           “(B) for calendar years beginning on or  
10          after January 1, 2022, includes only a feder-  
11          ally-inspected cattle processing plant that  
12          slaughtered an average of 125,000 head of cat-  
13          tle per year during the immediately preceding 5  
14          calendar years.

15          “(4) PRODUCER.—The term ‘producer’ means a  
16          person engaged in the business of selling cattle to a  
17          packer for slaughter.

18          “(5) REGIONAL MANDATORY MINIMUM.—The  
19          term ‘regional mandatory minimum’ means, for each  
20          reporting region (as designated by the Agricultural  
21          Marketing Service), of the number of transactions  
22          and quantity of cattle purchased for slaughter by a  
23          packer in that region each slaughter week, the min-  
24          imum number of such transactions and the min-  
25          imum percentage of such cattle, respectively, that

1 are required to be purchased through negotiated  
2 purchases or negotiated grid purchases from pro-  
3 ducers.

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

8 **“SEC. 242. REGIONAL MANDATORY MINIMUMS.**

9 “(a) IN GENERAL.—Not later than 2 years after the  
10 date of enactment of this subtitle, the Secretary, in con-  
11 sultation with the Chief Economist, shall establish—

12 “(1) regional mandatory minimums for the pur-  
13 pose of enhancing price discovery and transparency  
14 for cattle market participants; and

15 “(2) methods for establishing those regional  
16 mandatory minimums, which shall be publicly avail-  
17 able.

18 “(b) DURATION.—Regional mandatory minimums es-  
19 tablished for each reporting region under subsection  
20 (a)(1)—

21 “(1) may be weekly or on another periodic  
22 basis, as determined by the Secretary;

23 “(2) shall account for improbable events with  
24 profound consequences (commonly referred to as  
25 ‘black swan events’); and

1           “(3) shall be applicable for not more than a 24-  
2           month period.

3           “(c) PUBLIC INPUT.—In carrying out subsection (a),  
4           the Secretary shall make all proposed regional mandatory  
5           minimums and proposed methods for establishing those  
6           minimums subject to a notice and comment period.

7           “(d) CONSIDERATIONS.—In carrying out subsection  
8           (a) for each reporting region, the Secretary, in consulta-  
9           tion with the Chief Economist, shall consider the following  
10          factors:

11           “(1) The number of packers in the reporting re-  
12          gion.

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

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

17           “(4) The number of pricing transactions (pens  
18          of cattle sold) in the reporting region.

19           “(e) LAND-GRANT RESEARCH.—In carrying out sub-  
20          section (a), the Secretary, in consultation with the Chief  
21          Economist, shall take into account relevant research con-  
22          ducted by land-grant colleges and universities (as defined  
23          in section 1404 of the National Agricultural Research, Ex-  
24          tension, and Teaching Policy Act of 1977 (7 U.S.C.  
25          3103)).

1 “(f) BIENNIAL REVIEW.—On establishing regional  
2 mandatory minimums under subsection (a)(1), the Sec-  
3 retary—

4 “(1) shall review the regional mandatory mini-  
5 mumms not less frequently than once every 2 years;  
6 and

7 “(2) may, in consultation with the Chief Econo-  
8 mist, modify the regional mandatory minimums  
9 after—

10 “(A) making the proposed modification  
11 subject to a notice and comment period; and

12 “(B) consulting with representatives of the  
13 United States cattle and beef industry.

14 “(g) ENFORCEMENT.—On establishing regional man-  
15 datory minimums under subsection (a)(1), the Secretary  
16 shall—

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

19 “(2) enforce this section in accordance with sec-  
20 tion 203.

21 “(h) COST-BENEFIT ANALYSIS.—Not later than 3  
22 years after establishing regional mandatory minimums  
23 under subsection (a)(1), the Secretary, in consultation  
24 with the Chief Economist, shall conduct a quantifiable,

1 data-driven cost-benefit analysis regarding the operation  
2 and effect of those regional mandatory minimums.”.

3 **SEC. 5. 14-DAY CATTLE SLAUGHTER.**

4 (a) DEFINITION OF CATTLE COMMITTED.—Section  
5 221(1) of the Agricultural Marketing Act of 1946 (7  
6 U.S.C. 1635d(1)) is amended by striking “7-day” and in-  
7 serting “14-day”.

8 (b) MANDATORY REPORTING FOR LIVE CATTLE.—  
9 Section 222(c) of the Agricultural Marketing Act of 1946  
10 (7 U.S.C. 1635e(c)) is amended—

11 (1) in paragraph (1)—

12 (A) by striking subparagraphs (B) and  
13 (C); and

14 (B) by redesignating subparagraph (D) as  
15 subparagraph (B);

16 (2) by redesignating paragraph (2) as para-  
17 graph (3); and

18 (3) by inserting after paragraph (1) the fol-  
19 lowing:

20 “(2) PRIOR DAY REPORTING.—

21 “(A) IN GENERAL.—The corporate officers  
22 or officially designated representatives of each  
23 packer processing plant shall report to the Sec-  
24 retary, for each business day of the packer  
25 processing plant, not later than 10:00 a.m.

1 Central Time on each reporting day, the infor-  
2 mation from the prior business day described in  
3 subparagraph (B).

4 “(B) INFORMATION REQUIRED.—The in-  
5 formation required under subparagraph (A)  
6 shall be, with respect to the prior business day,  
7 the number of cattle, organized by cattle type,  
8 scheduled for delivery to a packer processing  
9 plant for slaughter for each of the next 14 cal-  
10 endar days.”.