
6. AGRICULTURAL MARKETING ACT

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The Act of June 15, 1929; 46 Stat. 11

The Agricultural Marketing Act is the short title for this Act. See section 15(f)

CHAP. 24.—AN ACT TO ESTABLISH A FEDERAL FARM BOARD TO PROMOTE THE EFFECTIVE MERCHANDISING OF AGRICULTURAL COMMODITIES IN INTERSTATE AND FOREIGN COMMERCE, AND TO PLACE AGRICULTURE ON A BASIS OF ECONOMIC EQUALITY WITH OTHER INDUSTRIES.

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

DECLARATION OF POLICY

SECTION 1. [12 U.S.C. 1141] (a) That it is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products—

(1) by minimizing speculation.

(2) by preventing inefficient and wasteful methods of distribution.

(3) by encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies.

(4) by aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.

(b) There shall be considered as a surplus for the purposes of this Act any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such commodity.

(c) The Federal Farm Board¹ shall execute the powers vested in it by this Act only in such manner as will, in the judgment of

¹The Federal Farm Board has been replaced by the Farm Credit Administration. References to the Federal Farm Board in this Act are deemed to be references to the Farm Credit Administration pursuant to Ex. Ord. No. 6084, March 27, 1933 (12 U.S.C. 2241 note prec.).

the board, aid to the fullest practicable extent in carrying out the policy above declared.

【Section 2 repealed by section 19 of the Act of August 6, 1953 (67 Stat. 400).】

【Section 3 repealed. See 48 Stat. 265.】

GENERAL POWERS OF BOARD

SEC. 4. 【12 U.S.C. 1141b】 The board—

(1) shall maintain its principal office within the Washington, D.C.-Maryland-Virginia standard metropolitan statistical area, and such other offices in the United States as in its judgment are necessary.

(2) shall have an official seal which shall be judicially noticed.

(3) shall make an annual report to Congress upon the administration of this Act and any other matter relating to the better effectuation of the policy declared in section 1, including recommendations for legislation.

(4) may make such regulations as are necessary to execute the functions vested in it by this Act.

(5) may appoint and fix the salaries of a secretary and such experts, and, in accordance with the Classification Act of 1923, as amended, and subject to the provisions of the civil service laws, such other officers and employees, as are necessary to execute such functions.

(6) may make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as are necessary to execute such functions. Expenditures by the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board.

(7) may sell at public or private sale to the highest responsible bidder, upon such terms and after such public advertisement as the Farm Credit Administration may deem in the public interest, any property, real or personal, or any interest therein, acquired by the United States on account of or as a result of any loans made from the revolving fund authorized by section 6 of this Act, as amended; may lease any such property, pending its sale, on such terms and for such period, not in excess of five years, as the Farm Credit Administration may deem in the public interest; and may incur and pay, from the said revolving fund, obligations and expenses for the operation, upkeep, maintenance, repair, disposition, insurance, and protection of any such property: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any purchase or service on account of such property.

SPECIAL POWERS OF BOARD

SEC. 5. 【12 U.S.C. 1141c】 The board is authorized and directed—

(1) to promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof.

(2) to encourage the organization, improvement in methods, and development of effective cooperative associations.

(3) to keep advised from any available sources and make reports as to crop prices, experiences, prospects, supply, and demand, at home and abroad.

REVOLVING FUND

SEC. 6. [12 U.S.C. 1141d] There is hereby authorized to be appropriated the sum of \$500,000,000 which shall be made available by the Congress as soon as practicable after the approval of this Act and shall constitute a revolving fund to be administered by the board as provided in this Act. Any and all funds derived from the sale, lease, operation, or other disposition of any property, real or personal, acquired by the United States on account of or as a result of any loan made pursuant to the provisions of this Act, shall be covered into and become a part of said revolving fund. Effective upon enactment of this sentence the sum authorized to be appropriated for the aforesaid revolving fund is reduced from \$500,000,000 to \$150,000,000 and any amount in said fund in excess of \$150,000,000 (including any amount thereof used to purchase capital stock in the central and regional banks for cooperatives) shall be credited to miscellaneous receipts of the Treasury.

LOANS TO COOPERATIVE ASSOCIATIONS

SEC. 7. [12 U.S.C. 1141e] (a) Upon application by any cooperative association the board is authorized to make loans to it from the revolving fund to assist in—

(1) the effective merchandising of agricultural commodities and food products thereof and the financing of its operations;

(2) the construction or acquisition by purchase or lease, or refinancing the cost of such construction or acquisition, of physical facilities.

(b) No loan shall be made to any cooperative association unless, in the judgment of the board, the loan is in furtherance of the policy declared in section 1 and the cooperative association applying for the loan has an organization and management, and business policies, of such character as to insure the reasonable safety of the loan and the furtherance of such policy.

(c) Loans for the construction or acquisition by purchase or lease of physical facilities, or for refinancing the cost of such construction or acquisition¹ shall be subject to the following conditions:

(1) No such loan shall be made in an amount in excess of 60 per centum of the appraised value of the security thereof.

(2) No loan for the purchase or lease of such facilities shall be made unless the Governor of the Farm Credit Administration finds that the purchase price or rent to be paid is reasonable.

(d) Loans for the construction or purchase of physical facilities, together with interest on the loans, shall be repaid upon an amortization plan over a period not in excess of twenty years.

¹ In subsection (c), the misspelled word appears in the Act.

MISCELLANEOUS LOAN PROVISIONS

SEC. 8. [12 U.S.C. 1141f] (a) [Repealed Pub. L. 89-525, § 4(b), Aug. 2, 1966, 80 Stat. 334]

(b) Payments of principal or interest upon any such loan or advance shall be covered into the revolving fund.

(c) Loans to any cooperative association or stabilization corporation shall be made upon the terms specified in this Act and upon such other terms not inconsistent therewith and upon such security as the board deems necessary.

(d) No loan or insurance agreement shall be made by the board if in its judgment the agreement is likely to increase unduly the production of any agricultural commodity of which there is commonly produced a surplus in excess of the annual marketing requirements.

STABILIZATION CORPORATIONS¹

SEC. 9. [12 U.S.C. 1141g] (a) The board may, upon application of the advisory commodity committee for any commodity, recognize as a stabilization corporation for the commodity any corporation if—

(1) The board finds that the marketing situation with respect to the agricultural commodity requires or may require the establishment of a stabilization corporation in order effectively to carry out the policy declared in section 1; and

(2) The board finds that the corporation is duly organized under the laws of a State or Territory; and

(3) The board finds that all the outstanding voting stock or membership interests in the corporation are and may be owned only by cooperative associations handling the commodity; and

(4) The corporation agrees with the board to adopt such by-laws as the board may from time to time require, which by-laws, among other matters, shall permit cooperative associations not stockholders or members of the corporation to become stockholders or members therein upon equitable terms.

(b) Any stabilization corporation for an agricultural commodity (1) may act as a marketing agency for its stockholders or members in preparing, handling, storing, processing, and merchandising for their account any quantity of the agricultural commodity or its food products, and (2) for the purpose of controlling any surplus in the commodity in furtherance of the policy declared in section 1, may prepare, purchase, handle, store, process, and merchandise, otherwise than for the account of its stockholders or members, any quantity of the agricultural commodity or its food products whether or not such commodity or products are acquired from its stockholders or members.

(c) Upon request of the advisory committee for any commodity the board is authorized to make loans from the revolving fund to the stabilization corporation for the commodity for working capital to enable the corporation to act as a marketing agency for its stockholders or members as hereinbefore provided. Not less than 75 per

¹Ex. Ord. No. 6084, March 27, 1933 (12 U.S.C. 2241 note prec.), abolished the authority conferred by this section. The section is no longer included in commercial publications of the United States Code.

centum of all profits derived by a stabilization corporation each year from its operations as such a marketing agency shall be paid into a merchandising reserve fund to be established by the corporation. No such payment shall be required whenever the fund is in such amount as, in the judgment of the board, constitutes a sufficient reserve for such operations of the corporation. Out of the remainder of such profits for the year the corporation shall repay any outstanding loan made under this subdivision and the accrued interest thereon, or if all such loans and accrued interest have been fully repaid, then it may distribute a patronage dividend to its stockholders or members. Such patronage dividend shall be paid to each stockholder or member on the basis of the total volume of the commodity or its products for the year marketed for his account through the corporation.

(d) Upon request of the advisory committee for any commodity the board is authorized to make loans from the revolving fund to the stabilization corporation for the commodity to enable the corporation to control any surplus in the commodity as hereinbefore provided and for meeting carrying and handling charges and other operating expenses in connection therewith. The board shall require a stabilization corporation to establish and maintain adequate reserves from its profits from its surplus control operations before it shall pay any dividends out of such profits. All losses of the corporation from such operations shall be paid from such reserves, or if such reserves are inadequate, then such losses shall be paid by the board as a loan from the revolving fund. Any amounts so loaned for payment of losses shall be repaid into the revolving fund by the corporation from future profits from its surplus control operations. Any stabilization corporation receiving loans under this subdivision for surplus control operations shall exert every reasonable effort to avoid losses and to secure profits, but shall not withhold any commodity from the domestic market if the prices have become unduly enhanced, resulting in distress to domestic consumers. Stockholders or members of the corporation shall not be subject to assessment for any losses incurred in surplus control operations of the corporation.

(e) A stabilization corporation shall keep such accounts, records, and memoranda, and make such reports with respect to its transactions, business methods, and financial condition, as the board may from time to time prescribe; shall permit the board to audit its accounts annually and at such other times as the board deems advisable; and shall permit the board, upon its own initiative or upon written request of any stockholder or member, to investigate the financial condition and business methods of the corporation.

(f) No loan shall be made to any stabilization corporation unless, in the judgment of the board, the loan is in furtherance of the policy declared in section 1.

【Sections 10 and 11 repealed.】

ADMINISTRATIVE APPROPRIATION

SEC. 12. For expenditures in executing the functions vested in the board by this Act (including salaries and expenses of members,

officers, and employees of the board and per diem compensation and expenses of the commodity committees), incurred prior to July 1, 1930, there is hereby authorized to be appropriated the sum of \$1,500,000. No part of the moneys appropriated in pursuance of this authorization shall be available for expenditures, including loans and advances, for the payment of which the revolving fund or insurance moneys are authorized to be used.

AVOIDANCE OF DUPLICATION

SEC. 13. [12 U.S.C. 1141h] (a) The board shall, in cooperation with any governmental establishment in the Executive branch of the Government, including any field service thereof at home or abroad, avail itself of the services and facilities thereof in order to avoid preventable expense or duplication of effort.

(b) The President may by Executive order direct any such governmental establishment to furnish the board such information and data as such governmental establishment may have pertaining to the functions of the board; except that the President shall not direct that the board be furnished with any information or data supplied by any person in confidence to any governmental establishment in pursuance of any provision of law or of any agreement with a governmental establishment.

(c) The board may cooperate with any State or Territory, or department, agency, or political subdivision thereof, or with any person.

(d) The board shall, through the Secretary of Agriculture, indicate to the appropriate bureau or division of the Department of Agriculture any special problem on which a research is needed to aid in carrying out the provisions of this Act.

(e) The President is authorized, by Executive order, to transfer to or retransfer from the jurisdiction and control of the board the whole or any part of (1) any office, bureau, service, division, commission, or board in the Executive branch of the Government engaged in scientific or extension work, or the furnishing of services, with respect to the marketing of agricultural commodities, (2) its functions pertaining to such work or services, and (3) the records, property, including office equipment, personnel, and unexpended balances of appropriation, pertaining to such work or services.

EXAMINATION OF BOOKS AND ACCOUNTS OF BOARD

SEC. 14. [12 U.S.C. 1141i] Vouchers approved by the chairman of the board for expenditures from the revolving fund pursuant to any loan or advance or from insurance moneys pursuant to any insurance agreement, shall be final and conclusive upon all officers of the Government; except that all financial transactions of the board shall, subject to the above limitations, be examined by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe.

MISCELLANEOUS PROVISIONS

SEC. 15. [12 U.S.C. 1141j] (a) As used in this Act the term "co-operative association" means any association in which farmers act

together in collectively processing, preparing for market, handling and/or marketing the farm products of persons so engaged and also means any association in which farmers act together in collectively purchasing, testing, grading, and/or processing their farm supplies: *Provided, however,* That such associations are operated for the mutual benefit of the members thereof as such producers or purchasers and conform to one or both of the following requirements:

First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein; and

Second. That the association does not pay dividends on stock or membership capital in excess of 8 per centum per annum.

And in any case to the following:

Third. That the association shall not deal in the products of or supplies for non-members to an amount greater in value than such as are handled by it for members.

(b) It shall be unlawful for any member, officer, or employee of the board to speculate, directly or indirectly, in any agricultural commodity or product thereof, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subdivision shall upon conviction thereof be fined not more than \$10,000, or imprisoned not more than ten years, or both.

(c) It shall be unlawful (1) for any cooperative association, stabilization corporation, clearing house association, or commodity committee, or (2) for any director, officer, employee, or member or person acting on behalf of any such association, corporation, or committee, to which or to whom information has been imparted in confidence by the board, to disclose such information in violation of any regulation of the board. Any such association, corporation, or committee, or director, officer, employee, or member thereof, violating this subdivision, shall be fined not more than \$5,000, or imprisoned not more than five years, or both.

(d) That the inclusion in any governmental report, bulletin, or other such publication hereafter issued or published of any prediction with respect to cotton prices is hereby prohibited. Any officer or employee of the United States who authorizes or is responsible for the inclusion in any such report, bulletin, or other publication of any such prediction, or who knowingly causes the issuance or publication of any such report, bulletin, or other publication containing any such prediction, shall, upon conviction thereof, be fined not less than \$500 or more than \$5,000, or imprisoned for not more than five years, or both: *Provided,* That this subdivision shall not apply to the members of the board when engaged in the performance of their duties herein provided.

(e) If any provision of this Act is declared unconstitutional, or the applicability thereof to any person, circumstance, commodity, or class of transactions with respect to any commodity is held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons, circumstances, commodities, and classes of transactions shall not be affected thereby.

(f) This Act may be cited as the "Agricultural Marketing Act."

(g) As used in this Act, the term "agricultural commodity" includes, in addition to other agricultural commodities, crude gum (oleoresin) from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: Gum spirits of turpentine and gum rosin, as defined in the Naval Stores Act, approved March 3, 1923.