

114TH CONGRESS
2D SESSION

S. 3201

To prohibit certain practices relating to certain commodity promotion programs, to require greater transparency by those programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 13, 2016

Mr. LEE (for himself and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To prohibit certain practices relating to certain commodity promotion programs, to require greater transparency by those programs, 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 “Commodity Checkoff
5 Program Improvement Act of 2016”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) the generic programs to promote and pro-
9 vide research and information for an agricultural

1 commodity (commonly known as “checkoff pro-
2 grams”) are intended to increase demand for all of
3 that agricultural commodity and benefit all assessed
4 producers of that agricultural commodity;

5 (2) although the laws establishing checkoff pro-
6 grams broadly prohibit the use of funds in any man-
7 ner for the purpose of influencing legislation or gov-
8 ernment action, checkoff programs have repeatedly
9 been shown to use funds to influence policy directly
10 or by partnering with organizations that lobby;

11 (3) the unlawful use of checkoff programs funds
12 benefits some agricultural producers while harming
13 many others;

14 (4) to more effectively prevent Boards from
15 using funds for unlawful purposes, strict separation
16 of engagement between the Boards and policy enti-
17 ties is necessary;

18 (5) conflicts of interest in the checkoff pro-
19 grams allow special interests to use checkoff pro-
20 gram funds for the benefit of some assessed agricul-
21 tural producers at the expense of many others;

22 (6) prohibiting conflicts of interest in checkoff
23 programs is necessary to ensure the proper and law-
24 ful operation of the checkoff programs;

1 (7) checkoff programs are designed to promote
2 agricultural commodities, not to damage other types
3 of agricultural commodities through anticompetitive
4 conduct or otherwise;

5 (8) prohibiting anticompetitive and similar con-
6 duct is necessary to ensure proper and lawful oper-
7 ation of checkoff programs;

8 (9) lack of transparency in checkoff programs
9 enables abuses to occur and conceals abuses from
10 being discovered; and

11 (10) requiring transparency in the expenditure
12 of checkoff program funds is necessary to prevent
13 and uncover abuses in checkoff programs.

14 **SEC. 3. DEFINITIONS.**

15 In this Act:

16 (1) BOARD.—The term “Board” means a
17 board, committee, or similar entity established to
18 carry out a checkoff program or an order issued by
19 the Secretary under a checkoff program.

20 (2) CHECKOFF PROGRAM.—The term “checkoff
21 program” means a program to promote and provide
22 research and information for a particular agricul-
23 tural commodity without reference to specific pro-
24 ducers or brands, including a program carried out
25 under any of the following:

1 (A) The Cotton Research and Promotion
2 Act (7 U.S.C. 2101 et seq.).

3 (B) The Potato Research and Promotion
4 Act (7 U.S.C. 2611 et seq.).

5 (C) The Egg Research and Consumer In-
6 formation Act (7 U.S.C. 2701 et seq.).

7 (D) The Beef Research and Information
8 Act (7 U.S.C. 2901 et seq.).

9 (E) The Wheat and Wheat Foods Re-
10 search and Nutrition Education Act (7 U.S.C.
11 3401 et seq.).

12 (F) The Floral Research and Consumer
13 Information Act (7 U.S.C. 4301 et seq.).

14 (G) Subtitle B of the Dairy Production
15 Stabilization Act of 1983 (7 U.S.C. 4501 et
16 seq.).

17 (H) The Honey Research, Promotion, and
18 Consumer Information Act (7 U.S.C. 4601 et
19 seq.).

20 (I) The Pork Promotion, Research, and
21 Consumer Information Act of 1985 (7 U.S.C.
22 4801 et seq.).

23 (J) The Watermelon Research and Pro-
24 motion Act (7 U.S.C. 4901 et seq.).

1 (K) The Pecan Promotion and Research
2 Act of 1990 (7 U.S.C. 6001 et seq.).

3 (L) The Mushroom Promotion, Research,
4 and Consumer Information Act of 1990 (7
5 U.S.C. 6101 et seq.).

6 (M) The Lime Research, Promotion, and
7 Consumer Information Act of 1990 (7 U.S.C.
8 6201 et seq.).

9 (N) The Soybean Promotion, Research,
10 and Consumer Information Act (7 U.S.C. 6301
11 et seq.).

12 (O) The Fluid Milk Promotion Act of 1990
13 (7 U.S.C. 6401 et seq.).

14 (P) The Fresh Cut Flowers and Fresh Cut
15 Greens Promotion and Information Act of 1993
16 (7 U.S.C. 6801 et seq.).

17 (Q) The Sheep Promotion, Research, and
18 Information Act of 1994 (7 U.S.C. 7101 et
19 seq.).

20 (R) Section 501 of the Federal Agriculture
21 Improvement and Reform Act of 1996 (7
22 U.S.C. 7401).

23 (S) The Commodity Promotion, Research,
24 and Information Act of 1996 (7 U.S.C. 7411 et
25 seq.).

1 (T) The Canola and Rapeseed Research,
2 Promotion, and Consumer Information Act (7
3 U.S.C. 7441 et seq.).

4 (U) The National Kiwifruit Research, Pro-
5 motion, and Consumer Information Act (7
6 U.S.C. 7461 et seq.).

7 (V) The Popcorn Promotion, Research,
8 and Consumer Information Act (7 U.S.C. 7481
9 et seq.).

10 (W) The Hass Avocado Promotion, Re-
11 search, and Information Act of 2000 (7 U.S.C.
12 7801 et seq.).

13 (3) CONFLICT OF INTEREST.—The term “con-
14 flict of interest” means a direct or indirect financial
15 interest in a person or entity that performs a service
16 for, or enters into a contract or agreement with, a
17 Board for anything of economic value.

18 (4) SECRETARY.—The term “Secretary” means
19 the Secretary of Agriculture.

20 **SEC. 4. PROHIBITIONS; PUBLICATION OF BUDGETS AND**
21 **DISBURSEMENTS.**

22 (a) PROHIBITIONS.—

23 (1) IN GENERAL.—A Board shall not enter into
24 any contract or agreement to carry out checkoff pro-
25 gram activities with a party that engages in activi-

1 ties for the purpose of influencing any government
2 policy or action that relates to agriculture.

3 (2) CONFLICT OF INTEREST.—A Board shall
4 not engage in, and shall prohibit the employees and
5 agents of the Board, acting in their official capacity,
6 from engaging in, any act that may involve a conflict
7 of interest.

8 (3) OTHER PROHIBITIONS.—A Board shall not
9 engage in, and shall prohibit the employees and
10 agents of the Board, acting in their official capacity,
11 from engaging in—

12 (A) any anticompetitive activity;

13 (B) any unfair or deceptive act or practice;

14 or

15 (C) any act that may be disparaging to an-
16 other agricultural commodity or product.

17 (b) PUBLICATION OF BUDGETS AND DISBURSE-
18 MENTS.—

19 (1) IN GENERAL.—The Board shall publish and
20 make available for public inspection all budgets and
21 disbursements of funds entrusted to the Board that
22 are approved by the Secretary, immediately on ap-
23 proval by the Secretary.

24 (2) REQUIRED DISCLOSURES.—In carrying out
25 paragraph (1), the Board shall disclose—

1 (A) the amount of the disbursement;

2 (B) the purpose of the disbursement, in-
3 cluding the activities to be funded by the dis-
4 bursement;

5 (C) the identity of the recipient of the dis-
6 bursement; and

7 (D) the identity of any other parties that
8 may receive the disbursed funds, including any
9 contracts or subcontractors of the recipient of
10 the disbursement.

11 (c) AUDITS.—

12 (1) PERIODIC AUDITS BY INSPECTOR GENERAL
13 OF USDA.—

14 (A) IN GENERAL.—Not later than 2 years
15 after the date of enactment of this Act, and not
16 less frequently than every 5 years thereafter,
17 the Inspector General of the Department of Ag-
18 riculture shall conduct an audit to determine
19 the compliance of each checkoff program with
20 this section during the period of time covered
21 by the audit.

22 (B) SUBMISSION OF REPORTS.—On com-
23 pletion of each audit under subparagraph (A),
24 the Inspector General of the Department of Ag-
25 riculture shall—

1 (i) prepare a report describing the
2 audit; and

3 (ii) submit the report described in
4 clause (i) to—

5 (I) the appropriate committees of
6 Congress, including the Subcommittee
7 on Antitrust, Competition Policy and
8 Consumer Rights of the Committee on
9 the Judiciary of the Senate; and

10 (II) the Comptroller General of
11 the United States.

12 (2) AUDIT BY COMPTROLLER GENERAL.—

13 (A) IN GENERAL.—Not earlier than 3
14 years, and not later than 5 years, after the date
15 of enactment of this Act, the Comptroller Gen-
16 eral of the United States shall—

17 (i) conduct an audit to assess—

18 (I) the status of actions taken for
19 each checkoff program to ensure com-
20 pliance with this section; and

21 (II) the extent to which actions
22 described in subclause (I) have im-
23 proved the integrity of a checkoff pro-
24 gram; and

1 (ii) prepare a report describing the
2 audit conducted under clause (i), including
3 any recommendations for—

4 (I) strengthening the effect of ac-
5 tions described in clause (i)(I); and

6 (II) improving Federal legislation
7 relating to checkoff programs.

8 (B) CONSIDERATION OF INSPECTOR GEN-
9 ERAL REPORTS.—The Comptroller General of
10 the United States shall consider reports de-
11 scribed in paragraph (1)(B) in preparing any
12 recommendations in the report under subpara-
13 graph (A)(ii).

14 **SEC. 5. SEVERABILITY.**

15 If any provision of this Act or the application of such
16 provision to any person or circumstance is held to be un-
17 constitutional, the remainder of this Act, and the applica-
18 tion of the provision to any other person or circumstance,
19 shall not be affected.

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