

sory committee to aid in implementing the research and service work authorized under the act of Aug. 14, 1946, and set forth functions of such committee.

**§ 1629. Establishment of committees to assist in research and service programs**

In the furtherance of the research and service work authorized by this Act, the Secretary of Agriculture may, in addition to the national advisory committee, establish appropriate committees, including representatives of producers, industry, government and science, to assist in effectuating specific research and service programs.

(Aug. 14, 1946, ch. 966, title III, §302, 60 Stat. 1091.)

REFERENCES IN TEXT

This Act, referred to in text, is act Aug. 14, 1946, ch. 966, 60 Stat. 1082, which enacted this chapter and sections 427h to 427j of this title and amended section 427 of this title. For complete classification of this Act to the Code, see Tables.

The national advisory committee, referred to in text, was established by section 1628 of this title, which was subsequently repealed by Pub. L. 93-86, §2, Aug. 10, 1973, 87 Stat. 246.

CODIFICATION

Section was not enacted as part of the Agricultural Marketing Act of 1946 which comprises this chapter.

**§ 1630. Omitted**

CODIFICATION

Section, act June 4, 1956, ch. 355, title V, §508, 70 Stat. 241, which provided for availability of appropriations for committee expenses in effectuating research and service work, was from the Department of Agriculture and Farm Credit Administration Appropriation Act, 1957, and was not repeated in subsequent appropriation acts. Similar provisions were contained in the following prior appropriation acts:

May 23, 1955, ch. 43, title V, §509, 69 Stat. 64.

June 29, 1954, ch. 409, title V, §509, 68 Stat. 319.

**§ 1631. Protection for purchasers of farm products**

**(a) Congressional findings**

Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the products, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

**(b) Declaration of purpose**

The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

**(c) Definitions**

For the purposes of this section—

(1) The term "buyer in the ordinary course of business" means a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products.

(2) The term "central filing system" means a system for filing effective financing statements or notice of such financing statements on a statewide basis and which has been certified by the Secretary of the United States Department of Agriculture; the Secretary shall certify such system if the system complies with the requirements of this section; specifically under such system—

(A) effective financing statements or notice of such financing statements are filed with the office of the Secretary of State of a State;

(B) the Secretary of State records the date and hour of the filing of such statements;

(C) the Secretary of State compiles all such statements into a master list—

(i) organized according to farm products;

(ii) arranged within each such product—

(I) in alphabetical order according to the last name of the individual debtors, or, in the case of debtors doing business other than as individuals, the first word in the name of such debtors; and

(II) in numerical order according to the social security number, or other approved unique identifier, of the individual debtors or, in the case of debtors doing business other than as individuals, the Internal Revenue Service taxpayer identification number, or other approved unique identifier, of such debtors, except that the numerical list containing social security or taxpayer identification numbers may be encrypted for security purposes if the Secretary of State provides a method by which an effective search of the encrypted numbers may be conducted to determine whether the farm product at issue is subject to 1 or more liens; and

(III) geographically by county or parish; and

(IV) by crop year;

(iii) containing the information referred to in paragraph (4)(D);

(D) the Secretary of State maintains a list of all buyers of farm products, commission merchants, and selling agents who register with the Secretary of State, on a form indicating—

(i) the name and address of each buyer, commission merchant and selling agent;

(ii) the interest of each buyer, commission merchant, and selling agent in receiving the lists described in subparagraph (E); and

(iii) the farm products in which each buyer, commission merchant, and selling agent has an interest;

(E) the Secretary of State distributes regularly as prescribed by the State to each

buyer, commission merchant, and selling agent on the list described in subparagraph (D) a copy in written or printed form of those portions of the master list described in subparagraph (C) that cover the farm products in which such buyer, commission merchant, or selling agent has registered an interest except that—

(i) the distribution of the portion of the master list may be in electronic, written, or printed form; and

(ii) if social security or taxpayer identification numbers on the master list are encrypted, the Secretary of State may distribute the master list only—

(I) by compact disc or other electronic media that contains—

(aa) the recorded list of debtor names; and

(bb) an encryption program that enables the buyer, commission merchant, and selling agent to enter a social security number for matching against the recorded list of encrypted social security or taxpayer identification numbers; and

(II) on the written request of the buyer, commission merchant, or selling agent, by paper copy of the list to the requestor;

(F) the Secretary of State furnishes to those who are not registered pursuant to (2)(D) of this section<sup>1</sup> oral confirmation within 24 hours of any effective financing statement on request followed by written confirmation to any buyer of farm products buying from a debtor, or commission merchant or selling agent selling for a seller covered by such statement.

(3) The term “commission merchant” means any person engaged in the business of receiving any farm product for sale, on commission, or for or on behalf of another person.

(4) The term “effective financing statement” means a statement that—

(A) is an original or reproduced copy of the statement, or, in the case of a State which (under the applicable State law provisions of the Uniform Commercial Code) allows the electronic filing of financing statements without the signature of the debtor, is an electronically reproduced copy of the statement;

(B) other than in the case of an electronically reproduced copy of the statement, is signed, authorized, or otherwise authenticated by the debtor, and filed with the Secretary of State of a State by the secured party;

(C) contains,

(i) the name and address of the secured party;

(ii) the name and address of the person indebted to the secured party;

(iii) the social security number, or other approved unique identifier, of the debtor or, in the case of a debtor doing business

other than as an individual, the Internal Revenue Service taxpayer identification number, or other approved unique identifier, of such debtor; and

(iv) a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable, and the name of each county or parish in which the farm products are produced or located;

(D) must be amended in writing, within 3 months, similarly signed, authorized, or otherwise authenticated by the debtor and filed, to reflect material changes;

(E) remains effective for a period of 5 years from the date of filing, subject to extensions for additional periods of 5 years each by re-filing or filing a continuation statement within 6 months before the expiration of the initial 5 year period;

(F) lapses on either the expiration of the effective period of the statement or the filing of a notice signed, authorized, or otherwise authenticated by the secured party that the statement has lapsed, whichever occurs first;

(G) is accompanied by the requisite filing fee set by the Secretary of State; and

(H) substantially complies with the requirements of this subparagraph even though it contains minor errors that are not seriously misleading.

(5)<sup>2</sup> The term “farm product” means an agricultural commodity such as wheat, corn, soybeans, or a species of livestock such as cattle, hogs, sheep, horses, or poultry used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk, and eggs), that is in the possession of a person engaged in farming operations.

(6) The term “knows” or “knowledge” means actual knowledge.

(7) The term “security interest” means an interest in farm products that secures payment or performance of an obligation.

(8) The term “selling agent” means any person, other than a commission merchant, who is engaged in the business of negotiating the sale and purchase of any farm product on behalf of a person engaged in farming operations.

(9) The term “State” means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(10) The term “person” means any individual, partnership, corporation, trust, or any other business entity.

(11) The term “Secretary of State” means the Secretary of State or the designee of the State.

(5)<sup>3</sup> The term “approved unique identifier” means a number, combination of numbers and

<sup>1</sup>So in original. Probably should be “pursuant to subparagraph (D)”.

<sup>2</sup>So in original. Another par. (5) follows par. (11).

<sup>3</sup>So in original. Another par. (5) follows par. (4).

letters, or other identifier selected by the Secretary of State using a selection system or method approved by the Secretary of Agriculture.

**(d) Purchases free of security interest**

Except as provided in subsection (e) of this section and notwithstanding any other provision of Federal, State, or local law, a buyer who in the ordinary course of business buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though the security interest is perfected; and the buyer knows of the existence of such interest.

**(e) Purchases subject to security interest**

A buyer of farm products takes subject to a security interest created by the seller if—

(1)(A) within 1 year before the sale of the farm products, the buyer has received from the secured party or the seller written notice of the security interest organized according to farm products that—

(i) is an original or reproduced copy thereof;

(ii) contains,

(I) the name and address of the secured party;

(II) the name and address of the person indebted to the secured party;

(III) the social security number, or other approved unique identifier, of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number, or other approved unique identifier, of such debtor; and

(IV) a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable, crop year, and the name of each county or parish in which the farm products are produced or located;

(iii) must be amended in writing, within 3 months, similarly signed, authorized, or otherwise authenticated and transmitted, to reflect material changes;

(iv) will lapse on either the expiration period of the statement or the transmission of a notice signed, authorized, or otherwise authenticated by the secured party that the statement has lapsed, whichever occurs first; and

(v) contains any payment obligations imposed on the buyer by the secured party as conditions for waiver or release of the security interest; and

(B) the buyer has failed to perform the payment obligations, or

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the buyer has failed to register with the Secretary of State of such State prior to the purchase of farm products; and

(B) the secured party has filed an effective financing statement or notice that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the buyer—

(A) receives from the Secretary of State of such State written notice as provided in subsection (c)(2)(E) or (c)(2)(F) that specifies both the seller and the farm product being sold by such seller as being subject to an effective financing statement or notice; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement or notice from the secured party by performing any payment obligation or otherwise.

**(f) Law governing “receipt”**

What constitutes receipt, as used in this section, shall be determined by the law of the State in which the buyer resides.

**(g) Commission merchants or selling agents: sales free of or subject to security interest; law governing “receipt”**

(1) Except as provided in paragraph (2) and notwithstanding any other provision of Federal, State, or local law, a commission merchant or selling agent who sells, in the ordinary course of business, a farm product for others, shall not be subject to a security interest created by the seller in such farm product even though the security interest is perfected and even though the commission merchant or selling agent knows of the existence of such interest.

(2) A commission merchant or selling agent who sells a farm product for others shall be subject to a security interest created by the seller in such farm product if—

(A) within 1 year before the sale of such farm product the commission merchant or selling agent has received from the secured party or the seller written notice of the security interest; organized according to farm products, that—

(i) is an original or reproduced copy thereof;

(ii) contains,

(I) the name and address of the secured party;

(II) the name and address of the person indebted to the secured party;

(III) the social security number, or other approved unique identifier, of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number, or other approved unique identifier, of such debtor; and

(IV) a description of the farm products subject to the security interest created by the debtor, including the amount of such products, where applicable, crop year, and the name of each county or parish in which the farm products are produced or located;

(iii) must be amended in writing, within 3 months, similarly signed, authorized, or otherwise authenticated and transmitted, to reflect material changes;

(iv) will lapse on either the expiration period of the statement or the transmission of a notice signed, authorized, or otherwise au-

thenticated by the secured party that the statement has lapsed, whichever occurs first; and

(v) contains any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(B) the commission merchant or selling agent has failed to perform the payment obligations;

(C) in the case of a farm product produced in a State that has established a central filing system—

(i) the commission merchant or selling agent has failed to register with the Secretary of State of such State prior to the purchase of farm products; and

(ii) the secured party has filed an effective financing statement or notice that covers the farm products being sold; or

(D) in the case of a farm product produced in a State that has established a central filing system, the commission merchant or selling agent—

(i) receives from the Secretary of State of such State written notice as provided in subsection (c)(2)(E) or (c)(2)(F) of this section that specifies both the seller and the farm products being sold by such seller as being subject to an effective financing statement or notice; and

(ii) does not secure a waiver or release of the security interest specified in such effective financing statement or notice from the secured party by performing any payment obligation or otherwise.

(3) What constitutes receipt, as used in this section, shall be determined by the law of the State in which the buyer resides.

**(h) Security agreements; identity lists; notice of identity or accounting for proceeds; violations**

(1) A security agreement in which a person engaged in farming operations creates a security interest in a farm product may require the person to furnish to the secured party a list of the buyers, commission merchants, and selling agents to or through whom the person engaged in farming operations may sell such farm product.

(2) If a security agreement contains a provision described in paragraph (1) and such person engaged in farming operations sells the farm product collateral to a buyer or through a commission merchant or selling agent not included on such list, the person engaged in farming operations shall be subject to paragraph (3) unless the person—

(A) has notified the secured party in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or

(B) has accounted to the secured party for the proceeds of such sale not later than 10 days after such sale.

(3) A person violating paragraph (2) shall be fined \$5,000 or 15 per centum of the value or benefit received for such farm product described in the security agreement, whichever is greater.

**(i) Regulations**

The Secretary of Agriculture shall prescribe regulations not later than 90 days after December 23, 1985, to aid States in the implementation and management of a central filing system.

**(j) Effective date**

This section shall become effective 12 months after December 23, 1985.

(Pub. L. 99-198, title XIII, §1324, Dec. 23, 1985, 99 Stat. 1535; Pub. L. 104-127, title VI, §662, Apr. 4, 1996, 110 Stat. 1107; Pub. L. 107-171, title X, §10604, May 13, 2002, 116 Stat. 512; Pub. L. 108-447, div. A, title VII, §776, Dec. 8, 2004, 118 Stat. 2849; Pub. L. 110-234, title XIV, §14215, May 22, 2008, 122 Stat. 1466; Pub. L. 110-246, §4(a), title XIV, §14215, June 18, 2008, 122 Stat. 1664, 2228.)

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

Section was enacted as part of the Food Security Act of 1985, and not as part of the Agricultural Marketing Act of 1946 which comprises this chapter.

AMENDMENTS

2008—Subsec. (c)(2)(C)(ii)(II). Pub. L. 110-246, §14215(1), inserted “, except that the numerical list containing social security or taxpayer identification numbers may be encrypted for security purposes if the Secretary of State provides a method by which an effective search of the encrypted numbers may be conducted to determine whether the farm product at issue is subject to 1 or more liens” after “such debtors”.

Subsec. (c)(2)(E). Pub. L. 110-246, §14215(2), substituted “subparagraph (C)” for “paragraph (C)”, inserted “except that—” after “an interest”, and added cls. (i) and (ii) before semicolon at end.

2004—Subsec. (c)(2)(C)(ii)(II), (4)(C)(iii). Pub. L. 108-447, §776(1)(A), (B), inserted “, or other approved unique identifier,” after “social security number” and “identification number”.

Subsec. (c)(5). Pub. L. 108-447, §776(1)(C), added par. (5) defining “approved unique identifier” at end of subsec. (c).

Subsecs. (e)(1)(A)(ii)(III), (g)(2)(A)(ii)(III). Pub. L. 108-447, §776(2), (3), inserted “, or other approved unique identifier,” after “social security number” and “identification number”.

2002—Subsec. (c)(4)(B). Pub. L. 107-171, §10604(a)(1), substituted “signed, authorized, or otherwise authenticated by the debtor,” for “signed”.

Subsec. (c)(4)(C). Pub. L. 107-171, §10604(a)(2), (6), redesignated subpar. (D) as (C) and struck out former subpar. (C) which read as follows: “other than in the case of an electronically reproduced copy of the statement, is signed by the debtor;”.

Subsec. (c)(4)(D). Pub. L. 107-171, §10604(a)(6), redesignated subpar. (E) as (D). Former subpar. (D) redesignated (C).

Subsec. (c)(4)(D)(iii). Pub. L. 107-171, §10604(a)(3)(A), inserted “and” after semicolon at end.

Subsec. (c)(4)(D)(iv). Pub. L. 107-171, §10604(a)(3)(B), substituted “applicable, and the name of each county or parish in which the farm products are produced or located;” for “applicable; and a reasonable description of the property, including county or parish in which the property is located;”.

Subsec. (c)(4)(E). Pub. L. 107-171, §10604(a)(6), redesignated subpar. (F) as (E). Former subpar. (E) redesignated (D).

Pub. L. 107-171, §10604(a)(4), substituted “signed, authorized, or otherwise authenticated by the debtor” for “signed”.

Subsec. (c)(4)(F). Pub. L. 107-171, §10604(a)(6), redesignated subpar. (G) as (F). Former subpar. (F) redesignated (E).

Subsec. (c)(4)(G). Pub. L. 107-171, § 10604(a)(6), redesignated subpar. (H) as (G). Former subpar. (G) redesignated (F).

Pub. L. 107-171, § 10604(a)(5), substituted “notice signed, authorized, or otherwise authenticated” for “notice signed”.

Subsec. (c)(4)(H), (I). Pub. L. 107-171, § 10604(a)(6), redesignated subpar. (I) as (H). Former subpar. (H) redesignated (G).

Subsec. (e)(1)(A)(ii)(III). Pub. L. 107-171, § 10604(b)(1)(A), inserted “and” after semicolon at end.

Subsec. (e)(1)(A)(ii)(IV). Pub. L. 107-171, § 10604(b)(1)(B), substituted “crop year, and the name of each county or parish in which the farm products are produced or located;” for “crop year, county or parish, and a reasonable description of the property; and”.

Subsec. (e)(1)(A)(iii). Pub. L. 107-171, § 10604(b)(2), substituted “similarly signed, authorized, or otherwise authenticated” for “similarly signed”.

Subsec. (e)(1)(A)(iv). Pub. L. 107-171, § 10604(b)(3), substituted “notice signed, authorized, or otherwise authenticated” for “notice signed”.

Subsec. (e)(1)(A)(v). Pub. L. 107-171, § 10604(b)(4), inserted “contains” before “any payment”.

Subsec. (e)(3)(A). Pub. L. 107-171, § 10604(b)(5)(A), substituted “subsection” for “subparagraph”.

Subsec. (e)(3)(B). Pub. L. 107-171, § 10604(b)(5)(B), substituted a period for “; and” at end.

Subsec. (g)(2)(A)(ii)(III). Pub. L. 107-171, § 10604(c)(1)(A), inserted “and” after semicolon at end.

Subsec. (g)(2)(A)(ii)(IV). Pub. L. 107-171, § 10604(c)(1)(B), substituted “crop year, and the name of each county or parish in which the farm products are produced or located;” for “crop year, county or parish, and a reasonable description of the property, etc.; and”.

Subsec. (g)(2)(A)(iii). Pub. L. 107-171, § 10604(c)(2), substituted “similarly signed, authorized, or otherwise authenticated” for “similarly signed”.

Subsec. (g)(2)(A)(iv). Pub. L. 107-171, § 10604(c)(3), substituted “notice signed, authorized, or otherwise authenticated” for “notice signed”.

Subsec. (g)(2)(A)(v). Pub. L. 107-171, § 10604(c)(4), inserted “contains” before “any payment”.

1996—Subsec. (c)(4)(A). Pub. L. 104-127, § 662(1), substituted “of the statement, or, in the case of a State which (under the applicable State law provisions of the Uniform Commercial Code) allows the electronic filing of financing statements without the signature of the debtor, is an electronically reproduced copy of the statement” for “thereof”.

Subsec. (c)(4)(B), (C). Pub. L. 104-127, § 662(2), inserted “other than in the case of an electronically reproduced copy of the statement,” before “is”.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

#### TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

### § 1632. Repealed. Pub. L. 107-171, title VII, § 7303, May 13, 2002, 116 Stat. 455

Section, Pub. L. 99-198, title XIV, § 1436, Dec. 23, 1985, 99 Stat. 1558, related to market expansion research.

### § 1632a. Value-added agricultural product market development grants

#### (a) Definitions

In this section:

#### (1) Beginning farmer or rancher

The term “beginning farmer or rancher” has the meaning given the term in section 1991(a) of this title.

#### (2) Family farm

The term “family farm” has the meaning given the term in section 761.2 of title 7, Code of Federal Regulations (as in effect on December 30, 2007).

#### (3) Mid-tier value chain

The term “mid-tier value chain” means local and regional supply networks that link independent producers with businesses and cooperatives that market value-added agricultural products in a manner that—

(A) targets and strengthens the profitability and competitiveness of small and medium-sized farms and ranches that are structured as a family farm; and

(B) obtains agreement from an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

#### (4) Socially disadvantaged farmer or rancher

The term “socially disadvantaged farmer or rancher” has the meaning given the term in section 2003(e) of this title.

#### (5) Value-added agricultural product

The term “value-added agricultural product” means any agricultural commodity or product that—

(A)(i) has undergone a change in physical state;

(ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary;

(iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product;

(iv) is a source of farm- or ranch-based renewable energy, including E-85 fuel; or

(v) is aggregated and marketed as a locally-produced agricultural food product; and

(B) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced, marketed, or segregated—

(i) the customer base for the agricultural commodity or product is expanded; and

(ii) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

#### (b) Grant program

##### (1) In general

From amounts made available under paragraph (7), the Secretary shall award competitive grants—

(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—