

AMENDMENTS

1972—Pub. L. 92-318 inserted “, and the term ‘State’ when used in this chapter shall include the Virgin Islands and Guam” before period at end.

EFFECTIVE DATE OF 1972 AMENDMENT

Amendment by Pub. L. 92-318 effective after June 30, 1970, see section 506(n) of Pub. L. 92-318, set out as a note under section 326a of this title.

§ 1627. Appointment of personnel; compensation; employment of specialists

The Secretary of Agriculture shall have the power to appoint, remove, and fix, in accordance with existing law, the compensation of such officers and employees, and to make such expenditures as he deems necessary, including expenditures for rent outside the District of Columbia, travel, supplies, books, equipment, and such other expenditures as may be necessary to the administration of this chapter: *Provided*, That the Secretary of Agriculture may appoint any technically qualified person, firm, or organization by contract or otherwise on a temporary basis and for a term not to exceed six months in any fiscal year to perform research, inspection, classification, technical, or other special services, without regard to the civil-service laws.

(Aug. 14, 1946, ch. 966, title II, § 208, 60 Stat. 1091.)

CODIFICATION

Provisions that authorized the Secretary of Agriculture to “fix the compensation” of any technically qualified person, firm, or organization by contract or otherwise on a temporary basis and for a term not to exceed six months in any fiscal year to perform research, inspection, classification, technical or other special services, without regard to the “Classification Act of 1923, as amended” were omitted as obsolete. Sections 1202 and 1204 of the Classification Act of 1949, 63 Stat. 972, 973 repealed the 1923 Act and all laws or parts of laws inconsistent with the 1949 Act. While section 1106(a) of the 1949 Act provided that references in other laws to the 1923 Act should be held and considered to mean the 1949 Act, it did not have the effect of continuing the exceptions contained in this subsection because of section 1106(b) which provided that the application of the 1949 Act to any position, officer, or employee shall not be affected by section 1106(a). The Classification Act of 1949 was repealed by Pub. L. 89-554, § 8(a), Sept. 6, 1966, 80 Stat. 632 (of which section 1 revised and enacted Title 5, U.S.C., into law). Section 5102 of Title 5, now contains the applicability provisions of the 1949 Act, and section 5103 of Title 5 authorizes the Office of Personnel Management to determine the applicability to specific positions and employees.

§ 1627a. Sheep production and marketing grant program

(a) Establishment

The Secretary of Agriculture, acting through the Administrator of the Agricultural Marketing Service, shall establish a competitive grant program for the purposes of strengthening and enhancing the production and marketing of sheep and sheep products in the United States, including through—

- (1) the improvement of—
 - (A) infrastructure;
 - (B) business; and
 - (C) resource development; and
- (2) the development of innovative approaches to solve long-term needs.

(b) Eligibility

The Secretary shall make grants under this section to at least one national entity, the mission of which is consistent with the purpose of the grant program.

(c) Funding

Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section \$1,500,000 for fiscal year 2014, to remain available until expended.

(Aug. 14, 1946, ch. 966, title II, § 209, as added Pub. L. 113-79, title XII, § 12102(a), Feb. 7, 2014, 128 Stat. 978.)

§ 1627b. National Sheep Industry Improvement Center

(a) Definitions

In this section:

(1) Board

The term “Board” means the Board of Directors established under subsection (f).

(2) Center

The term “Center” means the National Sheep Industry Improvement Center established under subsection (b).

(3) Eligible entity

The term “eligible entity” means an entity that promotes the betterment of the United States sheep or goat industries and that is—

- (A) a public, private, or cooperative organization;
- (B) an association, including a corporation not operated for profit;
- (C) a federally recognized Indian Tribe; or
- (D) a public or quasi-public agency.

(4) Fund

The term “Fund” means the National Sheep Industry Improvement Center Revolving Fund established under subsection (e).

(5) Intermediary

The term “intermediary” means a financial institution receiving Center funds for establishing a revolving fund and relending to an eligible entity.

(b) Establishment of Center

The Secretary shall establish a National Sheep Industry Improvement Center.

(c) Purposes

The purposes of the Center shall be to—

- (1) promote strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance production and marketing of sheep or goat products in the United States;
- (2) optimize the use of available human capital and resources within the sheep or goat industries;
- (3) provide assistance to meet the needs of the sheep or goat industry for infrastructure development, business development, production, resource development, and market and environmental research;
- (4) advance activities that empower and build the capacity of the United States sheep

or goat industry to design unique responses to the special needs of the sheep or goat industries on both a regional and national basis; and

(5) adopt flexible and innovative approaches to solving the long-term needs of the United States sheep or goat industry.

(d) Strategic plan

(1) In general

The Center shall submit to the Secretary an annual strategic plan for the delivery of financial assistance provided by the Center.

(2) Requirements

A strategic plan shall identify—

(A) goals, methods, and a benchmark for measuring the success of carrying out the plan and how the plan relates to the national and regional goals of the Center;

(B) the amount and sources of Federal and non-Federal funds that are available for carrying out the plan;

(C) funding priorities;

(D) selection criteria for funding; and

(E) a method of distributing funding.

(e) Revolving Fund

(1) Establishment

There is established in the Treasury the National Sheep Industry Improvement Center Revolving Fund. The Fund shall be available to the Center, without fiscal year limitation, to carry out the authorized programs and activities of the Center under this section.

(2) Contents of Fund

There shall be deposited in the Fund—

(A) such amounts as may be appropriated, transferred, or otherwise made available to support programs and activities of the Center;

(B) payments received from any source for products, services, or property furnished in connection with the activities of the Center;

(C) fees and royalties collected by the Center from licensing or other arrangements relating to commercialization of products developed through projects funded, in whole or part, by grants, contracts, or cooperative agreements executed by the Center;

(D) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Center;

(E) donations or contributions accepted by the Center to support authorized programs and activities; and

(F) any other funds acquired by the Center.

(3) Use of Fund

(A) In general

The Center may use amounts in the Fund to make direct loans, loan guarantees, cooperative agreements, equity interests, investments, repayable grants, and grants to eligible entities, either directly or through an intermediary, in accordance with a strategic plan submitted under subsection (d).

(B) Continued existence

The Center shall manage the Fund in a manner that ensures that sufficient amounts

are available in the Fund to carry out subsection (c). The Fund is intended to furnish the initial capital for a revolving fund that will eventually be privatized for the purposes of assisting the United States sheep and goat industries.

(C) Diverse area

The Center shall, to the maximum extent practicable, use the Fund to serve broad geographic areas and regions of diverse production.

(D) Administration

The Center may not use more than 10 percent of the amounts in the portfolio of the Center for each fiscal year for the administration of the Center. The portfolio shall be calculated at the beginning of each fiscal year and shall include a total of—

(i) all outstanding loan balances;

(ii) the Fund balance;

(iii) the outstanding balance to intermediaries; and

(iv) the amount the Center paid for all equity interests.

(E) Influencing legislation

None of the amounts in the Fund may be used to influence legislation.

(F) Accounting

To be eligible to receive amounts from the Fund, an entity must agree to account for the amounts using generally accepted accounting principles.

(G) Uses of Fund

The Center may use amounts in the Fund to—

(i) participate with Federal and State agencies in financing activities that are in accordance with a strategic plan submitted under subsection (d), including participation with several States in a regional effort;

(ii) participate with other public and private funding sources in financing activities that are in accordance with the strategic plan, including participation in a regional effort;

(iii) provide security for, or make principal or interest payments on, revenue or general obligation bonds issued by a State, if the proceeds from the sale of the bonds are deposited in the Fund;

(iv) accrue interest;

(v) guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates for a project that is in accordance with the strategic plan;

(vi) sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Center; or

(vii) purchase equity interests.

(4) Loans

(A) Rate

A loan from the Fund may be made at an interest rate that is below the market rate or may be interest free.

(B) Term

The term of a loan may not exceed the shorter of—

- (i) the useful life of the activity financed; or
- (ii) 40 years.

(C) Source of repayment

The Center may not make a loan from the Fund unless the recipient establishes an assured source of repayment.

(D) Proceeds

All payments of principal and interest on a loan made from the Fund shall be deposited into the Fund.

(5) Maintenance of effort

The Center shall use the Fund only to supplement and not to supplant Federal, State, and private funds expended for rural development.

(f) Board of Directors**(1) In general**

The management of the Center shall be vested in a Board of Directors.

(2) Powers

The Board shall—

- (A) be responsible for the general supervision of the Center;
- (B) review any contract, direct loan, loan guarantee, cooperative agreement, equity interest, investment, repayable grant, and grant to be made or entered into by the Center and any financial assistance provided to the Center;
- (C) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and
- (D) develop and establish a budget plan and a long-term operating plan to carry out the goals of the Center.

(3) Composition

The Board shall be composed of—

- (A) 7 voting members, of whom—
 - (i) 4 members shall be active producers of sheep or goats in the United States;
 - (ii) 2 members shall have expertise in finance and management; and
 - (iii) 1 member shall have expertise in lamb, wool, goat, or goat product marketing; and
- (B) 2 nonvoting members, of whom—
 - (i) 1 member shall be the Under Secretary of Agriculture for Rural Development; and
 - (ii) 1 member shall be the Under Secretary of Agriculture for Research, Education, and Economics.

(4) Nomination**(A) Nominating body**

The Secretary shall appoint the voting members of the Board from nominations submitted by organizations described in subparagraph (B).

(B) National organizations

A national organization is described in this subparagraph if the organization—

- (i) consists primarily of active sheep or goat producers in the United States; and
- (ii) has as the primary interest of the organization the production of sheep or goats in the United States.

(5) Term of office**(A) In general**

Subject to subparagraph (B), the term of office of a voting member of the Board shall be 3 years.

(B) Staggered initial terms

The initial voting members of the Board (other than the chairperson of the initially established Board) shall serve for staggered terms of 1, 2, and 3 years, as determined by the Secretary.

(C) Reappointment

A voting member may be reappointed for not more than one additional term.

(6) Vacancy**(A) In general**

A vacancy on the Board shall be filled in the same manner as the original Board.

(B) Reappointment

A voting member appointed to fill a vacancy for an unexpired term may be reappointed for one full term.

(7) Chairperson**(A) In general**

The Board shall select a chairperson from among the voting members of the Board.

(B) Term

The term of office of the chairperson shall be 2 years.

(8) Annual meeting**(A) In general**

The Board shall meet not less than once each fiscal year at the call of the chairperson or at the request of the executive director appointed under subsection (g)(1).

(B) Location

The location of a meeting of the Board shall be established by the Board.

(9) Voting**(A) Quorum**

A quorum of the Board shall consist of a majority of the voting members.

(B) Majority vote

A decision of the Board shall be made by a majority of the voting members of the Board.

(10) Conflicts of interest**(A) In general**

Except as provided in subparagraph (D), a member of the Board shall not vote on any matter respecting any application, contract, claim, or other particular matter pending before the Board in which, to the knowledge of the member, an interest is held by—

- (i) the member;
- (ii) any spouse of the member;

- (iii) any child of the member;
- (iv) any partner of the member;
- (v) any organization in which the member is serving as an officer, director, trustee, partner, or employee; or
- (vi) any person with whom the member is negotiating or has any arrangement concerning prospective employment or with whom the member has a financial interest.

(B) Removal

Any action by a member of the Board that violates subparagraph (A) shall be cause for removal from the Board.

(C) Validity of action

An action by a member of the Board that violates subparagraph (A) shall not impair or otherwise affect the validity of any otherwise lawful action by the Board.

(D) Disclosure**(i) In general**

If a member of the Board makes a full disclosure of an interest and, prior to any participation by the member, the Board determines, by majority vote, that the interest is too remote or too inconsequential to affect the integrity of any participation by the member, the member may participate in the matter relating to the interest, except as provided in subparagraph (E)(iii).

(ii) Vote

A member that discloses an interest under clause (i) shall not vote on a determination of whether the member may participate in the matter relating to the interest.

(E) Remands**(i) In general**

The Secretary may vacate and remand to the Board for reconsideration any decision made pursuant to subsection (e)(3)(H) if the Secretary determines that there has been a violation of this paragraph or any conflict of interest provision of the bylaws of the Board with respect to the decision.

(ii) Reasons

In the case of any violation and remand of a funding decision to the Board under clause (i), the Secretary shall inform the Board of the reasons for the remand.

(iii) Conflicted members not to vote on remanded decisions

If a decision with respect to a matter is remanded to the Board by reason of a conflict of interest faced by a Board member, the member may not participate in any subsequent decision with respect to the matter.

(11) Compensation**(A) In general**

A member of the Board shall not receive any compensation by reason of service on the Board.

(B) Expenses

A member of the Board shall be reimbursed for travel, subsistence, and other nec-

essary expenses incurred by the member in the performance of a duty of the member.

(12) Bylaws

The Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Center.

(13) Public hearings

Not later than 1 year after April 4, 1996, the Board shall hold public hearings on policy objectives of the program established under this section.

(14) Organizational system

The Board shall provide a system of organization to fix responsibility and promote efficiency in carrying out the functions of the Board.

(15) Use of Department of Agriculture

The Board may, with the consent of the Secretary, utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Center.

(g) Officers and employees**(1) Executive director****(A) In general**

The Board shall appoint an executive director to be the chief executive officer of the Center.

(B) Tenure

The executive director shall serve at the pleasure of the Board.

(C) Compensation

Compensation for the executive director shall be established by the Board.

(2) Other officers and employees

The Board may select and appoint officers, attorneys, employees, and agents who shall be vested with such powers and duties as the Board may determine.

(3) Delegation

The Board may, by resolution, delegate to the chairperson, the executive director, or any other officer or employee any function, power, or duty of the Board other than voting on a grant, loan, contract, agreement, budget, or annual strategic plan.

(h) Consultation

To carry out this section, the Board may consult with—

- (1) State departments of agriculture;
- (2) Federal departments and agencies;
- (3) nonprofit development corporations;
- (4) colleges and universities;
- (5) banking and other credit-related agencies;
- (6) agriculture and agribusiness organizations; and
- (7) regional planning and development organizations.

(i) Oversight**(1) In general**

The Secretary shall review and monitor compliance by the Board and the Center with this section.

(2) Sanctions

If, following notice and opportunity for a hearing, the Secretary finds that the Board or the Center is not in compliance with this section, the Secretary may—

- (A) cease making deposits to the Fund;
- (B) suspend the authority of the Center to withdraw funds from the Fund; or
- (C) impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this Act and disqualification from receipt of financial assistance under this section.

(3) Rescission of sanctions

The Secretary shall rescind sanctions imposed under paragraph (2) on a finding by the Secretary that there is no longer any failure by the Board or the Center to comply with this section or that the noncompliance will be promptly corrected.

(Aug. 14, 1946, ch. 966, title II, § 210, formerly Pub. L. 87-128, title III, § 375, as added Pub. L. 104-127, title VII, § 759, Apr. 4, 1996, 110 Stat. 1132; amended Pub. L. 106-78, title VIII, § 816, Oct. 22, 1999, 113 Stat. 1182; Pub. L. 106-387, § 1(a) [title VII, § 756], Oct. 28, 2000, 114 Stat. 1549, 1549A-43; Pub. L. 107-76, title VII, § 731, Nov. 28, 2001, 115 Stat. 736; Pub. L. 108-7, div. A, title VII, § 728, Feb. 20, 2003, 117 Stat. 42; Pub. L. 108-199, div. A, title VII, § 726, Jan. 23, 2004, 118 Stat. 35; Pub. L. 108-447, div. A, title VII, § 725, Dec. 8, 2004, 118 Stat. 2842; Pub. L. 110-234, title XI, § 11009(a), (b)(1), May 22, 2008, 122 Stat. 1359; Pub. L. 110-246, § 4(a), title XI, § 11009(a), (b)(1), June 18, 2008, 122 Stat. 1664, 2120, 2121; renumbered act Aug. 14, 1946, § 210, and amended Pub. L. 113-79, title XII, § 12102(b), Feb. 7, 2014, 128 Stat. 979.)

REFERENCES IN TEXT

This Act, referred to in subsec. (i)(2)(C), probably means the Consolidated Farm and Rural Development Act, title III of Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 294, which is classified principally to chapter 50 (§ 1921 et seq.) of this title and of which this section was formerly a part prior to renumbering by Pub. L. 113-79. For classification of this Act to the Code, see Short Title note set out under section 1921 of this title and Tables.

CODIFICATION

Section was formerly classified to section 2008j of this title.

A former subsec. (j)(7) of this section provided for the repeal of this section on the date the Secretary published notice in the Federal Register that the transition plan to privatize the National Sheep Industry Improvement Center had been completed. Although such notice was published in the Federal Register on May 23, 2007, at 72 F.R. 28945, repeal of this section did not take effect because of amendment by Pub. L. 110-246, § 11009(b), repealing subsec. (j) of this section, effective May 1, 2007. See 2008 Amendment and Effective Date of 2008 Amendment notes below.

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.

AMENDMENTS

2014—Subsec. (e)(3)(D). Pub. L. 113-79, § 12102(b)(1)(A), substituted “10 percent” for “3 percent” in introductory provisions.

Subsec. (e)(6). Pub. L. 113-79, § 12102(b)(1)(B), struck out par. (6) which related to funding to carry out this section.

2008—Subsec. (e)(6)(B), (C). Pub. L. 110-246, § 11009(a), added subpars. (B) and (C) and struck out former subpar. (B) which provided for \$27,998,000 out of moneys in the Treasury not otherwise appropriated to carry out this section and former subpar. (C) which authorized appropriation of an additional \$30,000,000.

Subsec. (j). Pub. L. 110-246, § 11009(b)(1), struck out subsec. (j) which related to privatization of the National Sheep Industry Improvement Center and repeal of this section on the date that the Secretary published notice in the Federal Register that the transition plan for such privatization had been completed.

2004—Subsec. (e)(6)(B). Pub. L. 108-447 substituted “\$27,998,000” for “\$26,998,000”.

Pub. L. 108-199 substituted “\$26,998,000” for “\$26,499,000”.

2003—Subsec. (e)(6)(B). Pub. L. 108-7 substituted “\$26,499,000” for “\$26,000,000”.

2001—Subsec. (e)(6)(B). Pub. L. 107-76 substituted “\$26,000,000” for “\$25,000,000”.

2000—Subsec. (e)(6)(B). Pub. L. 106-387 substituted “\$25,000,000” for “\$20,000,000”.

1999—Subsec. (a)(5). Pub. L. 106-78, § 816(a), added par. (5).

Subsec. (e)(3)(A). Pub. L. 106-78, § 816(b)(1)(A), added subpar. (A) and struck out heading and text of former subpar. (A). Text read as follows: “The Center may use amounts in the Fund to make grants and loans to eligible entities in accordance with a strategic plan submitted under subsection (d) of this section.”

Subsec. (e)(3)(B). Pub. L. 106-78, § 816(b)(1)(B), inserted at end “The Fund is intended to furnish the initial capital for a revolving fund that will eventually be privatized for the purposes of assisting the United States sheep and goat industries.”

Subsec. (e)(3)(D). Pub. L. 106-78, § 816(b)(1)(C), (F), redesignated subpar. (E) as (D) and struck out heading and text of former subpar. (D). Text read as follows: “The Center shall, to the maximum extent practicable, use the Fund to provide a variety of grants and intermediate- and long-term loans.”

Subsec. (e)(3)(E). Pub. L. 106-78, § 816(b)(1)(F), redesignated subpar. (F) as (E). Former subpar. (E) redesignated (D).

Pub. L. 106-78, § 816(b)(1)(D), added subpar. (E) and struck out heading and text of former subpar. (E). Text read as follows: “The Center may not use more than 3 percent of the amounts in the Fund for a fiscal year for the administration of the Center.”

Subsec. (e)(3)(F) to (H). Pub. L. 106-78, § 816(b)(1)(F), redesignated subpars. (G) and (H) as (F) and (G), respectively. Former subpar. (F) redesignated (E).

Subsec. (e)(3)(H)(vii). Pub. L. 106-78, § 816(b)(1)(E), added cl. (vii).

Subsec. (e)(6)(D). Pub. L. 106-78, § 816(b)(2), struck out heading and text of subpar. (D). Text read as follows: “No additional Federal funds shall be used to carry out this section beginning on the earlier of—

- “(i) the date that is 10 years after April 4, 1996; or
- “(ii) the day after a total of \$50,000,000 has been made available under subparagraphs (B) and (C) to carry out this section.”

Subsec. (f)(2)(B). Pub. L. 106-78, § 816(c)(1), added subpar. (B) and struck out former subpar. (B) which read as follows: “review any grant, loan, contract, or cooperative agreement to be made or entered into by the Center and any financial assistance provided to the Center;”.

Subsec. (f)(5)(C). Pub. L. 106-78, § 816(c)(2), added subpar. (C) and struck out heading and text of former subpar. (C). Text read as follows: “A voting member may be reelected for not more than 1 additional term.”

Subsec. (f)(6)(B). Pub. L. 106-78, § 816(c)(3), added subpar. (B) and struck out heading and text of former subpar. (B). Text read as follows: “A member elected to fill a vacancy for an unexpired term may be reelected for 1 full term.”

Subsec. (j). Pub. L. 106-78, §816(d), added subsec. (j).

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, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

Pub. L. 110-234, title XI, §11009(b)(2), May 22, 2008, 122 Stat. 1359, and Pub. L. 110-246, §4(a), title XI, §11009(b)(2), June 18, 2008, 122 Stat. 1664, 2121, provided that: "The amendment made by paragraph (1) [amending this section] takes effect on May 1, 2007."

[Pub. L. 110-234 and Pub. L. 110-246 enacted identical provisions. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246, set out as a note under section 8701 of this title.]

§ 1628. Repealed. Pub. L. 93-86, § 2, Aug. 10, 1973, 87 Stat. 246

Section, acts Aug. 14, 1946, ch. 966, title III, §301, 60 Stat. 1091; Dec. 29, 1967, Pub. L. 90-233, 81 Stat. 752, provided for establishment and staffing of a national advisory 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