

graph (1), the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

**(3) Issuance of orders**

After notice and opportunity for public comment are given as provided in paragraph (2), the Secretary shall issue an order, taking into consideration the comments received, that includes provisions necessary to ensure that the order is in conformity with this chapter. The order shall be issued not later than 180 days following publication of the proposed order.

**(4) Referendum**

The order shall go into effect only if the order is approved by producers, feeders, and importers in a referendum conducted under section 7105 of this title.

**(c) Amendments**

The Secretary, from time to time, may amend any order issued under this chapter.

(Pub. L. 103-407, §4, Oct. 22, 1994, 108 Stat. 4213.)

**§ 7104. Required terms in orders**

**(a) In general**

An order issued under this chapter shall contain the terms and conditions specified in this section.

**(b) Establishment and membership of Board**

**(1) In general**

The order shall provide for the establishment of, and appointment of members to, a National Sheep Promotion, Research, and Information Board to administer the order. Members of the Board shall be appointed by the Secretary from nominations provided in accordance with this subsection. The cumulative number of seats on the Board shall be 120 and shall be apportioned as follows:

**(A) Producers**

Producers shall be appointed to the Board to represent States, with each State represented by the following number of members:

Alabama .....	1
Alaska .....	1
Arizona .....	1
Arkansas .....	1
California .....	5
Colorado .....	4
Connecticut .....	1
Delaware .....	1
Florida .....	1
Georgia .....	1
Hawaii .....	1
Idaho .....	2
Illinois .....	1
Indiana .....	1
Iowa .....	2
Kansas .....	1
Kentucky .....	1
Louisiana .....	1
Maine .....	1
Maryland .....	1
Massachusetts .....	1
Michigan .....	1
Minnesota .....	2
Mississippi .....	1

Missouri .....	1
Montana .....	5
Nebraska .....	1
Nevada .....	1
New Hampshire .....	1
New Jersey .....	1
New Mexico .....	2
New York .....	1
North Carolina .....	1
North Dakota .....	2
Ohio .....	1
Oklahoma .....	1
Oregon .....	2
Pennsylvania .....	1
Rhode Island .....	1
South Carolina .....	1
South Dakota .....	4
Tennessee .....	1
Texas .....	10
Utah .....	3
Vermont .....	1
Virginia .....	1
Washington .....	1
West Virginia .....	1
Wisconsin .....	1
Wyoming .....	5

**(B) Feeders**

The feeder sheep industry shall be represented on the Board by 10 members.

**(C) Importers**

Importers shall be represented on the Board by 25 members.

**(D) Alternates**

The order shall provide that a unit represented by only 1 member may have an alternate member appointed to ensure representation at meetings of the Board.

**(2) Nominations**

**(A) Producers**

The Secretary shall appoint producers to represent units established under paragraph (1)(A) from nominations submitted by eligible organizations certified under subsection (c)(3). An eligible organization may submit only nominations from the membership of the organization for the unit in which the organization is located. To be represented on the Board, each eligible organization shall submit to the Secretary at least 1.5 nominations for each appointment to the Board for which the unit is entitled to representation, as determined under paragraph (1)(A). If a unit is entitled to 1 appointment on the Board, the unit shall submit at least 2 nominations for the appointment.

**(B) Feeders**

The Secretary shall appoint representatives of the feeder sheep industry to seats established under paragraph (1)(B) from nominations submitted by qualified national organizations that represent the feeder sheep industry. To be represented on the Board, the industry shall provide at least 1.5 nominations for each appointment to the Board for which the feeder sheep industry is entitled to representation, as determined under paragraph (1)(B).

**(C) Importers**

The Secretary shall appoint importers to seats established under paragraph (1)(C)

from nominations submitted by qualified organizations that represent importers, as determined by the Secretary. To be represented on the Board, importers shall provide at least 1.5 nominations for each appointment to the Board for which importers are entitled to representation, as determined under paragraph (1)(C).

**(c) Method for obtaining nominations**

**(1) Initially established Board**

**(A) Producer nominations**

The Secretary shall solicit nominations for each seat on the initially established Board to which a unit is entitled to representation from eligible organizations certified under paragraph (3). If no such organization exists in the unit, the Secretary shall solicit nominations for appointments in such manner as the Secretary determines appropriate.

**(B) Feeder and importer nominations**

The Secretary shall solicit nominations for each seat for which feeders or importers are entitled to representation from organizations that represent feeders and importers, respectively. In determining whether an organization is eligible to submit nominations under this subparagraph, the Secretary shall determine whether—

- (i) the active membership of the organization includes a significant number of feeders or importers in relation to the total membership of the organization;
- (ii) there is evidence of stability and permanency of the organization; and
- (iii) the organization has a primary and overriding interest in representing the feeder or importer segment of the sheep industry.

**(2) Subsequent appointment**

**(A) Producer nominations**

The solicitation of nominations for subsequent appointment to the Board from eligible organizations certified under paragraph (3) shall be initiated by the Secretary, with the Board securing the nominations for the Secretary.

**(B) Feeder and importer nominations**

The solicitation of feeder and importer nominations for seats on the Board shall be made by the Secretary in accordance with paragraph (1)(B).

**(3) Certification of organizations**

**(A) In general**

The eligibility of any organization to represent producers, and to participate in the making of nominations to represent producers under this section, shall be certified by the Secretary. The Secretary shall certify any organization that the Secretary determines meets the eligibility criteria established by the Secretary under this paragraph. An eligibility determination of the Secretary under this paragraph shall be final.

**(B) Basis for certification**

Certification under this paragraph shall be based, in addition to other available infor-

mation, on a factual report submitted by the organization, that shall contain information considered relevant and specified by the Secretary, including—

- (i) the geographic territory covered by the active membership of the organization;
- (ii) the nature and size of the active membership of the organization, including the proportion of the total number of active producers represented by the organization;
- (iii) evidence of stability and permanency of the organization;
- (iv) sources from which the operating funds of the organization are derived;
- (v) the functions of the organization; and
- (vi) the ability and willingness of the organization to further the aims and objectives of this chapter.

**(C) Primary considerations**

A primary consideration in determining the eligibility of an organization under this paragraph shall be whether—

- (i) the membership of the organization consists primarily of producers who own a substantial quantity of sheep; and
- (ii) an interest of the organization is in the production of sheep.

**(d) Administration**

**(1) Terms**

Each appointment to the Board shall be for a term of 3 years, except that appointments to the initially established Board shall be proportionately for 1-year, 2-year, and 3-year terms. No person may serve more than 2 consecutive 3-year terms, except that an elected officer of the Board shall not be subject to this sentence while the officer holds office.

**(2) Compensation**

A Board member shall serve without compensation, but shall be reimbursed for the reasonable expenses of the member incurred in performing the duties of the Board.

**(3) Meetings**

The order shall provide for at least an annual meeting of the Board and such additional meetings of the Board as may be required.

**(e) Powers and duties of Board**

The order shall define the powers and duties of the Board and shall include the power and duty—

- (1) to elect officers of the Board, including a Chairperson, Vice Chairperson, and Secretary;
- (2) to administer the order in accordance with the terms and provisions of the order;
- (3) to recommend regulations to effectuate the terms and provisions of the order;
- (4) to elect members of the Board to serve on the Executive Committee;
- (5) to approve or reject budgets submitted by the Executive Committee;
- (6) on approval, to submit the budgets to the Secretary for the approval or disapproval of the Secretary;
- (7) to contract with entities, if necessary, to carry out plans or projects in accordance with this chapter;

(8) to conduct programs of promotion, research, consumer information, education, industry information, and producer information;

(9) to receive, investigate, and report to the Secretary complaints of violations of the order;

(10) to recommend to the Secretary amendments to the order;

(11) to provide the Secretary with prior notice of meetings of the Board to permit the Secretary, or a designated representative, to attend the meetings;

(12) to provide, not less than annually, a report to producers, feeders, and importers accounting for funds expended by the Board and describing programs carried out under this chapter, and to make the report available to the public on request;

(13) to establish 7 regions that, to the extent practicable, contain geographically contiguous States and approximately equal numbers of producers and sheep production;

(14) to employ or retain necessary staff; and

(15) to invest funds in accordance with subsection (k).

**(f) Budgets**

**(1) In general**

The order shall provide that the Board shall review budgets submitted by the Executive Committee, on a fiscal year basis, of anticipated expenses and disbursements by the Board, including probable costs of administration and promotion, research, consumer information, education, industry information, and producer information projects. On approval by the Board, the Board shall submit the budget to the Secretary for the approval of the Secretary.

**(2) Limitation**

No expenditure of funds may be made by the Board unless the expenditure is authorized under a budget or budget amendment approved by the Secretary.

**(g) Executive Committee**

**(1) Establishment**

The order shall establish an Executive Committee to administer the terms and provisions of the order, as provided in this subsection, under the direction of the Board and consistent with the policies determined by the Board.

**(2) Membership**

The Executive Committee shall be composed of 14 members, of which—

(A) 11 members shall be elected by the Board on an annual basis, of which—

(i) 7 members shall represent producers, with 1 member representing each of the regions established in the order;

(ii) 1 member shall represent feeders; and

(iii) 3 members shall represent importers; and

(B) 3 members shall be the Chairperson, Vice Chairperson, and Secretary of the Board.

**(3) Powers and duties**

**(A) Plans or projects**

The Executive Committee shall develop plans or projects of promotion, research,

consumer information, education, industry information, and producer information, which shall be paid for with assessments collected by the Board. The plans or projects shall not become effective until the plans or projects are approved by the Secretary.

**(B) Budgets**

The Executive Committee shall be responsible for developing and submitting to the Board, for the approval of the Board, budgets, on a fiscal year basis, of the anticipated expenses and disbursements of the Board, including probable costs of promotion, research, consumer information, education, industry information, and producer information projects. The Board shall approve or disapprove a budget submitted by the Executive Committee, and, if approved, shall submit the budget to the Secretary for the approval of the Secretary.

**(4) Terms**

A term of appointment to the Executive Committee shall be for 1 year.

**(5) Chairperson**

The Chairperson of the Board shall serve as Chairperson of the Executive Committee.

**(6) Quorum**

A quorum of the Executive Committee shall consist of 8 members.

**(h) Expenses, contracts, and agreements**

**(1) Expenses**

The order shall provide that the Board shall be responsible for all expenses of the Board and the Executive Committee.

**(2) Contracts and agreements**

A contract or agreement entered into by the Board under subsection (e)(7) shall provide that—

(A) the contracting party shall develop and submit to the Board a plan or project, together with a budget or budgets that provides estimated costs to be incurred for the plan or project;

(B) the plan or project, and the contract or agreement, shall not become effective until the plan or project has been approved by the Secretary; and

(C) the contracting party shall—

(i) keep accurate records of all of the transactions of the party;

(ii) account for funds received and expended, including staff time, salaries, and expenses expended on behalf of Board activities;

(iii) make periodic reports to the Board of activities conducted; and

(iv) make such other reports as the Board or the Secretary may require.

**(i) Assessments**

**(1) Sheep purchases**

**(A) In general**

The order shall provide that each person making payment to a producer or feeder for sheep purchased from the producer or feeder shall, in the manner prescribed by the order,

collect an assessment from the producer or feeder on each sheep sold by the producer or feeder.

**(B) Processing**

Any person purchasing sheep for processing shall collect the assessment from the seller and remit the assessment to the Board in the manner prescribed by the order.

**(C) Rate**

**(i) In general**

Except as provided in clause (ii), the rate of assessment under this paragraph shall be 1 cent per pound of live sheep sold.

**(ii) Exception**

The rate of assessment under this paragraph may be raised or lowered not more than  $\frac{1}{100}$  of a cent per pound in any 1 year, as recommended by the Executive Committee and approved by the Board and the Secretary, except that the rate of assessment under this paragraph shall not exceed 2.5 cents per pound of live sheep sold.

**(2) Wool purchases**

**(A) In general**

The order shall provide that each person making payment to a producer, feeder, or handler of wool for wool purchased from the producer, feeder, or handler shall, in the manner prescribed by the order, collect an assessment on each pound of greasy wool sold.

**(B) Processing**

Any person purchasing greasy wool for processing shall collect the assessment and remit the assessment to the Board in the manner prescribed by the order.

**(C) Rate**

**(i) In general**

Except as provided in clause (ii), the rate of assessment under this paragraph shall be 2 cents per pound of greasy wool.

**(ii) Exception**

The rate of assessment under this paragraph may be raised or lowered not more than  $\frac{2}{10}$  of a cent per pound in any 1 year, as recommended by the Executive Committee and approved by the Board and the Secretary, except that the rate of assessment under this paragraph shall not exceed 4 cents per pound of greasy wool.

**(3) Direct processing**

The order shall provide that any person processing or causing to be processed sheep or sheep products of that person's own production and marketing shall—

(A) pay an assessment on the sheep or sheep products at the time of sale at a rate equivalent to the rate provided for in paragraph (1) or (2), as appropriate; and

(B) remit the assessment to the Board in the manner prescribed by the order.

**(4) Exports**

The order shall provide that any person exporting live sheep or greasy wool shall—

(A) pay the assessment on the sheep or greasy wool at the time of export at a rate equivalent to the rate provided for in paragraph (1) or (2), as appropriate; and

(B) remit the assessment to the Board in the manner prescribed by the order.

**(5) Imports**

**(A) In general**

The order shall provide that any person importing sheep or sheep product, and any person importing wool or products containing wool, into the United States shall pay an assessment to the Board in the manner prescribed by the order, except that this paragraph shall not apply to raw wool that is imported into the United States.

**(B) Collection**

The Customs Service shall collect the assessment required under this paragraph and remit the assessment to the Secretary for disbursement to the Board.

**(C) Rate for sheep and sheep products**

**(i) In general**

Except as provided in subparagraph (B), the rate of assessment under this paragraph for sheep and sheep products shall be—

(I) in the case of a live sheep, 1 cent per pound; and

(II) in the case of a sheep product, the equivalent of 1 cent per pound of live sheep, as determined by the Secretary in consultation with the domestic sheep industry.

**(ii) Exception**

The rate of assessment under this subparagraph may be raised or lowered not more than  $\frac{1}{100}$  cent per pound in any 1 year, as recommended by the Executive Committee and approved by the Board and the Secretary, except that the rate of assessment under this subparagraph shall not exceed 2.5 cents per pound.

**(D) Rate for wool and wool products**

**(i) In general**

Except as provided in clause (ii), the rate of assessment under this paragraph for wool and products containing wool, shall be 2 cents per pound of degreased wool or the equivalent of degreased wool.

**(ii) Exception**

The rate of assessment under this subparagraph may be raised or lowered not more than  $\frac{2}{10}$  cent per pound in any 1 year, as recommended by the Executive Committee and approved by the Board and the Secretary, except that the rate of assessment under this subparagraph shall not exceed 4 cents per pound of degreased wool or the equivalent of degreased wool.

**(6) Qualified State sheep boards**

**(A) In general**

Except as provided in subparagraph (B), the order shall provide that 20 percent of the total assessments collected by the Board on

the marketing of domestic sheep and domestic sheep products in any 1 year from a State shall be returned to the qualified State sheep board of the State.

**(B) Exception**

No qualified State sheep board shall receive less than \$2,500 under subparagraph (A) in any year.

**(7) De minimis imports**

The Secretary may issue regulations that—

(A) exclude certain imported materials or products that contain de minimis content levels of sheep or sheep products; and

(B) waive the assessment due on the materials or products.

**(8) Use of assessments**

**(A) In general**

The order shall provide that assessments received by the Board shall be used by the Board for the payment of expenses incurred in administering the order, with authorization for a reasonable reserve.

**(B) Reimbursement of Secretary**

The Secretary shall be reimbursed for costs incurred in implementing and administering the order.

**(j) Books and records of Board**

**(1) In general**

The order shall require the Board to—

(A) maintain such books and records as the Secretary may prescribe, which shall be available to the Secretary for inspection and audit;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Board.

**(2) Audit**

The Board shall cause books and records of the Board related to the order to be audited by an independent auditor at the end of each fiscal year. The Board shall submit a report of the audit to the Secretary.

**(k) Investment of funds**

**(1) In general**

The order shall provide that the Board may invest, pending disbursement, funds the Board receives under the order, only in—

(A) obligations of the United States or any agency of the United States;

(B) general obligations of any State or any political subdivision of a State;

(C) any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States.

**(2) Use of income**

Income from any investment under paragraph (1) may be used for any purpose for which the invested funds may be used.

**(l) Prohibition on use of funds**

**(1) In general**

Except as provided in paragraph (2), the order shall prohibit any funds collected by the

Board under the order from being used in any manner for the purpose of influencing legislation or government action or policy.

**(2) Exceptions**

Paragraph (1) shall not apply to—

(A) the development and recommendation to the Secretary of amendments to the order; or

(B) the communication to appropriate government officials, in response to a request made by the officials, of information relating to the conduct, implementation, or results of promotion, research, consumer information, education, industry information, or producer information activities under the order.

**(3) False or misleading claims**

A plan or project conducted under this chapter shall not make false or misleading claims on behalf of sheep or sheep products or against a competing product.

**(m) Books and records**

**(1) In general**

The order shall require that each person making payment to a producer, feeder, or handler for sheep or sheep products, each importer and exporter of sheep or sheep products, and each person marketing sheep products of the person's own production to maintain, and make available for inspection, such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order.

**(2) Use of information**

**(A) In general**

Information from the records or reports shall be made available to the Secretary for the administration or enforcement of this chapter, or any order or regulation issued under this chapter.

**(B) Other information**

The Secretary shall authorize the use under this chapter of information regarding persons paying producers, feeders, importers, handlers, or processors that is accumulated under a law or regulation other than this chapter or a regulation issued under this chapter.

**(3) Confidentiality**

**(A) In general**

Except as otherwise provided in this chapter, all information obtained under paragraph (1) or (2) shall be kept confidential by all officers and employees of the Department and of the Board.

**(B) Disclosure**

Information referred to in subparagraph (A) may be disclosed only if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a judicial proceeding or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party; and

(iii) the information relates to this chapter.

**(C) General statements**

Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to an order or statistical data collected from the persons, which statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of any person violating any order and a statement of the particular provisions of the order violated by the person.

**(D) Administration**

No information obtained under this chapter may be made available to any agency or officer of the Federal Government for any purpose other than the implementation of this chapter or any investigatory or enforcement action necessary for the implementation of this chapter.

**(E) Penalty**

Any person who willfully violates this paragraph, on conviction, shall be subject to a fine of not more than \$1,000 or to imprisonment for not more than 1 year, or both, and if the person is an officer or employee of the Board or the Department, shall be removed from office.

**(n) Other terms and conditions**

The order shall provide such terms and conditions, not inconsistent with this section, as are necessary to carry out the order, including provisions for the assessment of a penalty for the late payment of an assessment due under the order.

(Pub. L. 103-407, § 5, Oct. 22, 1994, 108 Stat. 4213.)

**§ 7105. Referenda**

**(a) Initial referendum**

**(1) In general**

Following the issuance of an order under section 7103 of this title, the Secretary shall conduct a referendum among producers, feeders, and importers who, during a representative period as determined by the Secretary, have been engaged in the production, feeding, or importation of sheep or sheep products for the purpose of ascertaining whether the order shall go into effect.

**(2) Approval of order**

The order shall become effective only if the Secretary determines that the order has been approved by not less than a majority of the producers, feeders, and importers voting in the referendum or at least  $\frac{2}{3}$  of the production represented by persons voting in the referendum.

**(b) Additional referenda**

**(1) In general**

After the initial referendum, on the request of a representative group comprising 10 percent or more of the producers, feeders, and im-

porters who, during a representative period as determined by the Secretary, have been engaged in the production, feeding, importation, or processing of sheep or sheep products, the Secretary shall conduct a referendum of producers, feeders, and importers to determine whether the producers, feeders, and importers favor the termination or suspension of the order.

**(2) Suspension or termination**

If the Secretary determines that suspension or termination of the order is favored by a majority of the producers, feeders, and importers voting in the referendum or at least  $\frac{2}{3}$  of the production represented by the persons voting in the referendum, the Secretary shall suspend or terminate—

(A) collection of assessments under the order not later than 180 days after the determination; and

(B) the order in an orderly manner as soon as practicable after the determination.

**(c) Procedures**

**(1) Reimbursement**

**(A) In general**

Except as provided in subparagraph (B), the Board shall reimburse the Secretary for any expenses incurred by the Secretary in connection with the conduct of any referendum under this section.

**(B) Federal employee salaries**

The Board shall not be required to reimburse the Secretary for the salaries of Federal employees under subparagraph (A) if the Secretary determines that the reimbursement would be overly burdensome and costly.

**(2) Date**

Each referendum under this section shall be conducted on a date established by the Secretary, under a procedure by which producers, feeders, and importers intending to vote in the referendum shall certify that the producers, feeders, and importers were engaged in the production, feeding, or importation of sheep or sheep products during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum.

**(3) Place**

Referenda under this section shall be conducted at locations determined by the Secretary. Absentee mail ballots shall be furnished by the Secretary on request made in person, by mail, or by telephone.

**(4) Allocation of production**

The Secretary shall determine a method of allocating, by a pro rata percentage of annual projected or actual assessments from importers, the volume of production represented by importers in referenda conducted pursuant to this section.

(Pub. L. 103-407, § 6, Oct. 22, 1994, 108 Stat. 4223.)