



## **Cattle Contract Library Act of 2021**

***Sponsored by: Rep. Dusty Johnson (R-SD)***

**Background:** Market data published by the U.S. Department of Agriculture (USDA) helps provide price discovery and market transparency as producers look to make marketing decisions and gain leverage while negotiating the price of cattle. Unfortunately, USDA is not currently equipped to report on the contract terms utilized in sales transactions categorized as “alternative marketing arrangements” (AMAs). As AMAs continue to grow in popularity, cattlemen are increasingly left in the dark as to the contract terms being offered by packers through these agreements. A cattle contract library could help address this problem.

The concept of a contract library is not new as USDA currently maintains a [pork contract library](#). The idea of creating a contract library for cattle has been supported through extensive research and producer engagement. Last year, USDA released the [“Box Beef & Fed Cattle Price Spread Investigation Report”](#), recommending the creation of a library. The idea was proposed by expert witnesses in two recent hearings before the House Committee on Agriculture: [A Hearing to Review the State of the Livestock Industry](#) and [State of the Beef Supply Chain: Shocks, Recovery, and Rebuilding](#). In a [Joint Statement of Livestock Organizations](#), the Livestock Marketing Association, the National Cattlemen’s Beef Association, U.S. Cattlemen, R-CALF USA, American Farm Bureau Federation, and National Farmers Union all endorsed the creation of a cattle contract library.

**Summary:** The Cattle Contract Library Act of 2021 would direct USDA’s Agriculture Marketing Service to establish a contract library for cattle contracts. The bill amends the Agricultural Marketing Act of 1946 (Livestock Mandatory Reporting) to ensure this information is reported and published along with other ongoing reports authorized by the Act.

The bill instructs USDA to regularly update the library in a user-friendly format and provide weekly or monthly reports as applicable. Additionally, the bill authorizes USDA to issue grants to universities, associations, or other institutions who can work directly with producers to disseminate and analyze data to drive marketing decisions.

### ***The Cattle Contract Library will publish information pertaining to:***

- Type of contract, defined as the classification of contracts for the purchase of fed cattle based on the mechanism used to determine the base price for the fed cattle committed to a packer under the contract, including formula purchases, negotiated grid purchases, forward contracts, and other purchase agreements, as determined by the Secretary
- Duration of the contract, provisions in the contract that may affect the base price of cattle covered by the contract, schedules of premiums or discounts associated with the contract, and transportation arrangements
- The total number of cattle solely committed to the packer each week within the 6-month and 12-month periods following the date of the contract, by reporting region
- In the case of a contract in which a specific number of cattle are not solely committed to the packer, an indication that the contract is an open commitment and any weekly, monthly, annual, or other limitations on the number of cattle that may be delivered to the packer under the contract
- A description of the provisions in the contract that provide for expansion in the committed cattle to be delivered under the contract for the 6- and 12-month periods.

**The Cattle Contract Library Act of 2021 is supported by:** American Farm Bureau Federation, National Cattlemen’s Beef Association, U.S. Cattlemen’s Association, National Farmers Union and the Livestock Marketing Association.

***To cosponsor, please contact John Weber with Rep. Dusty Johnson, [john.weber@mail.house.gov](mailto:john.weber@mail.house.gov)***