

Comparison of Senate Bills S.949, S.3229 and S.4030 as they Relate to the Ultra-Thin Cash Market

(Working Paper: Updated April 13, 2022)

Prepared by R-CALF USA

Both Senate Bills S.949 and S.3229 apply only to packers with multiple plants. Senate Bill S.4030 applies only to packers slaughtering 5% or more of the national fed cattle slaughter volume, a threshold likely only met by each of the “Big 4” packers.

Spot Market Protection Bill (S.949)	Compromise Bill (S.3229)	Modified Compromise Bill (S.4030)
Requires cattle slaughter within 14 days.	Requires cattle slaughter within 14 days.	Requires cattle slaughter within 14 days.
Establishes a minimum percentage of negotiated cash purchases in federal law.	Delegates to the USDA the authority to set minimum purchases through federal agency rulemaking.	Delegates to the USDA the authority to set minimum purchases through federal agency rulemaking.
Sets minimum cash purchase requirement by each packing plant at 50%.	Delegates to the USDA the authority to establish the level of minimum purchases but allows USDA to set those minimums as low as the average levels they had been during the past 18 months.	Delegates to the USDA the authority to establish the level of minimum purchases but allows USDA to set those minimums as low as the average levels they had been during calendar years 2020 and 2021.
The minimum purchase requirement applies only to negotiated cash market sales, for which the price of the animal is known at the time of the sale. Auction and video sales are included.	The minimum purchase requirements USDA would establish apply to both negotiated cash market sales and negotiated grid market sales, even though the latter is different because it is typically based on a not-yet published reported cash price for the current week. Auction and video sales are likely included.	The minimum purchase requirements USDA would establish apply to both negotiated cash market sales and negotiated grid market sales, even though the latter is different because it is typically based on a not-yet published reported cash price for the current week. Auction and video sales are included.
Requires each packing plant to achieve the 50% minimum on a weekly basis. Dairy and foreign-born cattle are not included.	Delegates to the USDA the authority to set regional minimums for each week.	Delegates to the USDA the authority to set regional minimums that must be met within a period of between seven and 30 days. Packers violating mandatory minimum requirements (as determined each week) may be subject to a \$90,000 fine for each violation.

<p>The 50% minimum cash purchase level applies to each packing plant in the United States regardless of which cattle procurement region the packer purchases from.</p>	<p>Delegates to the USDA the authority to establish different minimums only in regions in which the packing plant is located and directs USDA to consider the volume of pre-existing contractual arrangements in each region before determining minimum purchasing requirements. No minimum cash purchase level shall exceed three times the lowest regional mandatory minimum. Does not apply to plants outside the 5-Area procurement regions. Nine of the 24 plants owned by JBS, Tyson, Cargill, and National (Marfrig), the “Big 4,” are outside the 5-Area procurement regions.</p>	<p>Delegates to the USDA the authority to divide the continental U.S. into between five and seven regions. Each covered packer is required to meet the mandatory minimums assigned to its respective region, but are not required to purchase their requisite minimums within their region. Each region may differ with respect to their assigned mandatory minimums, but no region can be assigned a mandatory minimum of more than 50%.</p>
<p>The minimum cash purchase requirement would take effect upon enactment of the bill.</p>	<p>Delegates to the USDA the authority to establish the effective date of minimum purchase requirements but states it must be done within two years.</p>	<p>Delegates to the USDA the authority to establish the effective date of minimum purchase requirements but states it must be done within two years.</p>
<p>Prevents sales from producers who are affiliated with a packer subject to the bill from counting toward the minimum cash percentage.</p>	<p>The Bill is silent on this issue.</p>	<p>The Bill is silent on this issue.</p>
<p>Grants to each State the authority to set minimum cash purchase requirements at a higher level than required by federal law.</p>	<p>The Bill is silent on this issue.</p>	<p>The Bill is silent on this issue.</p>