

108TH CONGRESS
1ST SESSION

S. RES. 127

Expressing the sense of the Senate that the Secretary of Agriculture should reduce the interest rate on loans to processors of sugar beets and sugarcane by 1 percent to a rate equal to the cost of borrowing to conform to the intent of Congress.

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2003

Mr. COLEMAN submitted the following resolution; which was referred to the Committee on Agriculture, Nutrition, and Forestry

RESOLUTION

Expressing the sense of the Senate that the Secretary of Agriculture should reduce the interest rate on loans to processors of sugar beets and sugarcane by 1 percent to a rate equal to the cost of borrowing to conform to the intent of Congress.

Whereas section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283) established the monthly Commodity Credit Corporation interest rate applicable to loans provided for agricultural commodities by the Corporation at 100 basis points greater than the rate determined under the applicable interest rate formula in effect on October 1, 1995;

Whereas the interest rate formula in effect on October 1, 1995, for agricultural commodity loans reflected the in-

terest rate charged to the Commodity Credit Corporation by the Treasury for the applicable month;

Whereas the interest rate charged to the Commodity Credit Corporation by the Treasury for a month is based on the 4- to 5-week average price of 1-year constant maturity securities sold on the market by the Treasury in the previous month;

Whereas the Commodity Credit Corporation had used such cost of borrowing interest rates for all commodity loans since January 1, 1982, and this practice was understood by Congress when enacting section 163 of the Federal Agriculture Improvement and Reform Act of 1996;

Whereas section 1401(c)(2) of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171) amended section 163 of the Federal Agriculture Improvement and Reform Act of 1996 to provide that raw cane sugar, refined beet sugar, and in-process sugar eligible for a loan under section 156 of that Act (7 U.S.C. 7272) shall not be considered an agricultural commodity for the purposes of section 163 of that Act;

Whereas Congress intended that loans to processors of sugar be exempted from the 100-basis point surcharge and that the loans should be subject to interest at the rate that is charged to the Commodity Credit Corporation by the Treasury for the applicable month;

Whereas, during deliberations on the Farm Security and Rural Investment Act of 2002, the Congressional Budget Office estimated the cost of eliminating the interest rate surcharge on loans to processors of sugar at \$5,000,000 per year in reduced revenues and Congress enacted the amendment to section 163 of the Federal Agriculture Im-

provement and Reform Act of 1996 with this understanding of its purpose and effect;

Whereas the final regulations of the Commodity Credit Corporation to implement the sugar loan program recognized that the amendment of section 163 of the Federal Agriculture Improvement and Reform Act of 1996 by section 1401(c)(2) of the Farm Security and Rural Investment Act of 2002 eliminated the requirement that the Commodity Credit Corporation add 1 percentage point to the interest rate as calculated by the procedure in place prior to October 1, 1995; and

Whereas the Commodity Credit Corporation regulations require that a loan to a processor of sugar beets or sugarcane be subject to interest at rates equal to those applicable to all other agricultural commodities, including the 100-basis point surcharge, notwithstanding the clear intent of Congress in enacting section 1401(c)(2) of the Farm Security and Rural Investment Act of 2002: Now, therefore, be it

- 1 *Resolved*, That it is the sense of the Senate that the
- 2 Secretary of Agriculture should reduce the interest rate
- 3 on loans to processors of sugar beets and sugarcane by
- 4 100 basis points to a rate equal to the cost of borrowing
- 5 from the Treasury to conform to the intent of Congress
- 6 in enacting the Farm Security and Rural Investment Act
- 7 of 2002 (Public Law 107-171).

