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APPROVED
JUL 25 1975

THE WHITE HOUSE
WASHINGTON
July 25, 1975

ACTION
Last Day: August 4

*Placed 7/26/75
To Archives
7/28*

MEMORANDUM FOR
FROM:
SUBJECT:

THE PRESIDENT
JIM CANNON *JMC*
S. 435 - Wheat Marketing Year Change

Attached for your consideration is S. 435, sponsored by Senators Young, Bellmon and Dole, which changes the marketing year for wheat to the period June 1 through May 31 from the current period of July 1 through June 30. The bill would enable the Department of Agriculture to make a more accurate analysis of the wheat situation, particularly in the case of year-end wheat carryover stocks.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign S. 435 at Tab A.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 25 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 435 - Wheat marketing year change
Sponsor - Sen. Young (R) North Dakota, Sen. Bellmon (R)
Oklahoma, and Sen. Dole (R) Kansas

Last Day for Action

August 4, 1974 - Monday

Purpose

Changes the marketing year for wheat to the period June 1 through May 31 from the current period of July 1 through June 30.


Agency Recommendations

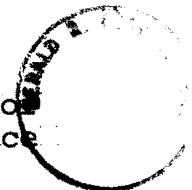
Office of Management and Budget Approval

Department of Agriculture Approval

Discussion

S. 435 would change the marketing year for wheat to the period June 1 through May 31 from the current period of July 1 through June 30. This marketing year change reflects the growing trend of early wheat production made possible by technological advances. It would enable Agriculture to make a more accurate analysis of the wheat situation, particularly in the case of year-end wheat carryover stocks.


James F. C. Hyde, Jr.
Acting Assistant Director
for Legislative Reference



Enclosures

To -
J. Covermough
7-25-75
11:45 a.m.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 25 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 435 - Wheat marketing year change
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James F. C. Hyde, Jr.
Acting Assistant Director
for Legislative Reference

Enclosures

Date: July 25

Time: noon

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 25

Time: 2:00pm
~~3:00pm~~

SUBJECT:

S. 435 Wheat marketing year change

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

OK Paul Leach



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James H. Cannon
for the President

Date: July 25

Time: noon

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 25

Time: 2:00 pm
3:00 pm

SUBJECT:

S. 435 Wheat marketing year change

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection. -- Ken Lazarus 7/25/75

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

John H. Cavanaugh
for the President



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 25

Time: noon

FOR ACTION: Paul Leach *ok*
Max Friedersdorf
Ken Lazarus *ok*

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 25

Time: 200
300pm

SUBJECT:

S. 435 Wheat marketing year change

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

WASHINGTON

July 25, 1975

MEMORANDUM FOR: THE STAFF SECRETARY
FROM: MAX L. FRIEDERSDORF *M. L.*
SUBJECT: S. 345 - Wheat Marketing year change

The Office of Legislative Affairs concurs in the attached.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

July 24, 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

In reply to the request of your office, the following report is submitted on the enrolled enactment S. 435 "To amend Section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1-June 30, to June 1-May 31."

This Department recommends that the President approve the bill.

Technology associated with wheat production has greatly advanced the time of wheat harvest; in some years as much as 40 percent of the winter wheat crop is harvested prior to July 1. The shift of the marketing year to begin June 1 is a rational change which has the active support of the Department's data users. Upon enactment of this bill, the Department plans to shift the date of its summer quarter grain stocks survey to June 1 from July 1 for all commodities, beginning in 1976.

Sincerely,

A handwritten signature in cursive script that reads "Carl L. Butz".

Carl L. Butz
Secretary

WHEAT MARKETING YEAR CHANGE

JULY 14, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FOLEY, from the Committee on Agriculture,
submitted the following

REPORT

[To accompany S. 435]

The Committee on Agriculture, to whom was referred the bill (S. 435), to amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1–June 30, to June 1–May 31, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

S. 435 changes the marketing year for wheat to the period June 1 through May 31 from July 1 through June 30, as currently provided for in the Agricultural Adjustment Act of 1938, as amended.

NEED FOR THE LEGISLATION

The marketing year for wheat is changed in the bill to reflect changes that have occurred in wheat production over the course of the last number of years. Technology associated with wheat production has greatly advanced the time of wheat harvest with as much as 40 percent of the winter wheat crop harvested in some years prior to July 1.

The marketing year is used by the Department in relating wheat statistics to the harvesting and marketing of the annual crop and in making supply and demand estimates for wheat. The change in the beginning of the marketing year would make the U.S. Department of Agriculture's statistical summary of the wheat situation more

accurate, particularly it would make its estimates of year-end wheat carryover stocks more representative of actual market conditions. Under the existing July-June marketing year, the statistical summary often presents an inaccurate statement of the supply availability since a significant amount of the new crop is processed and exported prior to July 1.

The Committee does not believe that the change in the marketing year would have an adverse effect on deficiency and disaster payments for wheat under the Agricultural Act of 1949. Payments are related to the difference between the target price for wheat of \$2.05 per bushel (as adjusted for the 1976 and 1977 crops) and the market prices during the first 5 months of the marketing year—July thru November under the current law, June thru October under S. 435. The bill would have the effect of substituting the month of June for the month of November in the formula. The price of wheat has been lower more frequently in June in the past than in November. However, it is believed in the future the price could go either way depending on supply and demand situations.

COMMITTEE CONSIDERATION

The Subcommittee on Livestock and Grains met to consider S. 435 on May 20 and June 13, 1975. Testimony was received in support of the bill from a spokesman for the U.S. Department of Agriculture. Statements were also submitted in support of the bill by the American Farm Bureau Federation and the National Association of Wheat Growers. In its consideration of the bill a question was raised concerning the effect that the change in the marketing year would have on the rate of payments which may be received by wheat producers as deficiency payments under the wheat program. A compilation was obtained of the average prices received by farmers for wheat for the 20-year period, 1955 through 1974. During this period the November price was higher than the June price in 16 years and the June price was higher than the November price in only 4 of the years involved. Thus, if the market price for wheat should fall below the target price of \$2.05 per bushel (as adjusted for 1976 and 1977), it appears unlikely that the deficiency payments would be reduced as a result of the change in the marketing year, as provided for in S. 435.

The Committee considered making the bill effective on June 1, 1976, but decided to report the bill without amendment, since it was determined that it would not cause any difficulties in administration of the wheat program if S. 435 were to become effective with the marketing year beginning June 1, 1975.

The bill was ordered favorably reported by the Subcommittee by a unanimous vote and similarly was ordered reported by the full Committee on June 26 by a unanimous voice vote, both actions having been taken in the presence of a quorum.

ADMINISTRATION POSITION

On May 19, 1975, Richard A. Ashworth, Deputy Under Secretary of Agriculture, submitted the following letter in support of S. 435:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 19, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This will reply to your request of May 2, 1975 for a report on S. 435, a bill "To amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1-June 30, to June 1-May 31."

The Department supports the passage of the bill.

The proposed change has a great deal of merit. Technology associated with wheat production has greatly advanced the time of wheat harvest with as much as 40 percent of the winter wheat crop harvested in some years prior to July 1. In most years, a significant amount of new crop wheat is processed or exported prior to July 1, and this creates serious unknowns as to the utilization of the grain for individual crop years. The shift of the marketing year to begin June 1 would minimize the utilization unknowns associated with individual crop years. The harvest of durum wheat and other spring wheat does not present similar problems because of the timing of spring wheat harvest.

The designation of June 1 as the beginning of the marketing year for wheat would require the conduct of a wheat stocks survey as of June 1. This survey is now conducted as of July 1 as an integral part of the stocks survey for the other grain and oilseed commodities for which stocks data are provided. As soon as feasible after enactment of the bill, it is proposed to shift the date of the stocks survey for all commodities concerned to June 1. A shift to June 1 should present no additional problems in the collection of farm and off-farm stocks, as the same basic survey procedures followed on July 1 would also be used for a June 1 survey. The shift of all commodities would not involve additional costs to the Department.

It will not be practical at this date to shift all commodities to the June 1 date in 1975. If the legislation is passed, it is proposed to maintain the July 1 stocks survey date for wheat and all other commodities in 1975 and to shift all commodities to a June 1 date in 1976 at no additional cost.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD A. ASHWORTH,
Deputy Under Secretary.

CURRENT AND FIVE SUBSEQUENT FISCAL YEAR COST ESTIMATE

Pursuant to clause 7 of Rule XIII of the Rules of the House of Representatives, the Committee estimates that there should not be any additional cost incurred by the Federal Government during the current and the five subsequent fiscal years as a result of the enactment of S. 435. A shift in the date for the beginning of the marketing year should not result in additional costs in the collection of statistics for the computation needed to make supply and demand estimates. The Committee is unable to determine whether the bill will result in any increase in deficiency payments since market prices are currently above the level of target prices and it is not clear to what extent, if any, market prices might fall below target prices, in the future and if so whether the price of wheat in June would be different than the price of wheat in November.

The same cost estimate was submitted to the Committee by the Department of Agriculture.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4), Rule XI of the Rules of the House of Representatives, the Committee estimates that enactment of S. 435 will have no inflationary impact on the national economy.

BUDGET ACT COMPLIANCE (SECTION 208 AND SECTION 403)

The provisions of clause 1(3)(B) and clause 1(3)(C) of Rule XI of the House of Representatives and section 308(a) and section 403 of the Congressional Budget Act of 1974 (relating to estimates of new budget authority or new or increased tax expenditures and the estimate and comparison prepared by the Director of the Congressional Budget Office), are not considered applicable because the bill should have no effect on existing spending estimates for fiscal year 1976.

OVERSIGHT STATEMENT

No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b)(2) of Rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by S. 435.

No specific oversight activities, other than the hearings accompanying the Committee's consideration of S. 435 and related bills, were made by the Committee, within the definition of Rule XI of the House of Representatives.

CHANGES IN EXISTING LAW

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938

* * * * *

SEC. 301(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES—For the purposes of this title. . . .

(7) "Marketing year" means, in the case of the following commodities, the period beginning on the first and ending with the second date specified below:

Corn, October 1–September 30;

Cotton, August 1–July 31;

Rice, August 1–July 31;

Tobacco (flue-cured), July 1–June 30;

Tobacco (other than flue-cured), October 1–September 30;

[Wheat, July 1–June 30.]

Wheat, June 1–May 31.

○



Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To amend section 301(b) (7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1-June 30, to June 1-May 31.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301 (b) (7) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "Wheat, July 1-June 30" and inserting in lieu thereof "Wheat, June 1-May 31".

SEC. 2. The amendment made by the first section of this Act shall become effective June 1, 1975.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

July 23, 1975

Dear Mr. Director:

The following bills were received at the White House on July 23rd:

S.J. Res. 41
S.J. Res. 42
B. 435

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.