

UNITED STATES WAREHOUSE ACT FISCAL YEAR 2024

ANNUAL REPORT

**WAREHOUSE AND
COMMODITY
MANAGEMENT
DIVISION**

FAIR TRADE PRACTICES PROGRAM

April 2025



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Acknowledgments

The Agricultural Marketing Service (AMS) administers programs that create domestic and international marketing opportunities for U.S. producers of food, fiber, and specialty crops. AMS also provides the agriculture industry with valuable services to ensure the quality and availability of wholesome food for consumers across the country.

AMS administers all provisions and activities regulated under the United States Warehouse Act (USWA) from within the Fair Trade Practices Program through the direction and supervision of the Director of the Warehouse and Commodity Management Division.

USWA valued customers are agricultural commodity warehouses that acquire USWA licenses. USWA license holders provide services and security to commodity depositors, which include farmers, cooperatives, merchandisers, banks, investors, Commodity Credit Corporation (CCC), and other entities.

USWA stakeholders, including industry associations that represent warehouse operators and other agricultural sectors, are valued partners that work closely with WCMD to support program delivery, improve operations, and quickly remediate any issues.



Introduction

The USWA was enacted in 1916 to stabilize and standardize the agricultural commodity warehouse system. The Act provides for the licensing of public warehouse operators in the business of storing agricultural products, examination of such federally licensed warehouses, and collection of fees to sustain the operation and administration of these efforts. Participation in the USWA program is voluntary. Participants may choose to obtain licensing under the USWA to meet State or other industry requirements.

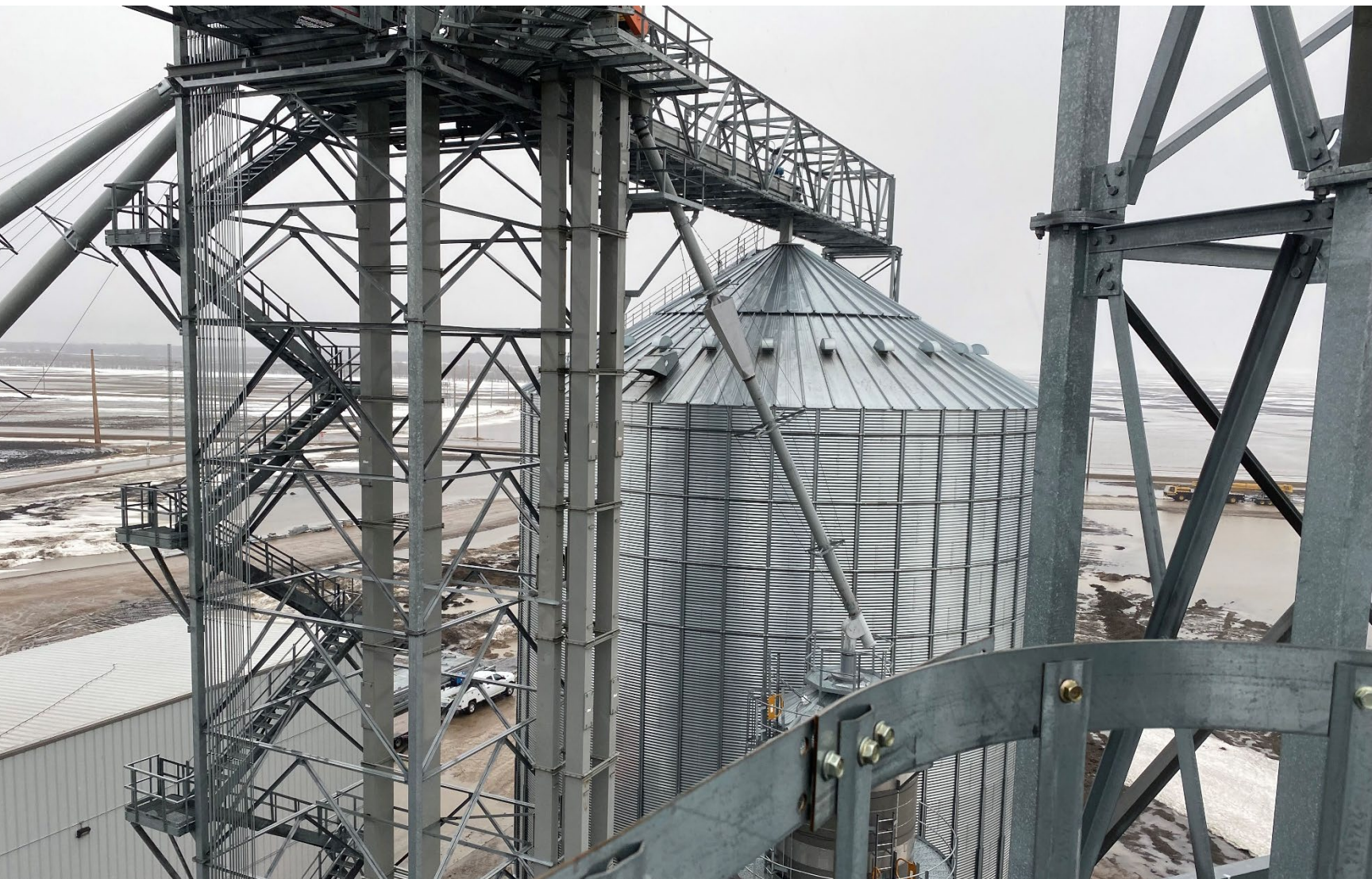
The USWA has been instrumental in the development, growth, and maintenance of a public commodity warehousing system. It provides a foundation for commerce and trade by permitting Federal Reserve member-banks to provide loans to farmers on the security of their harvested crops stored in federal warehouses as collateral. USWA negotiable warehouse receipts are widely used and greatly valued by the public banking system, Commodity Credit Corporation (CCC), and Commodity Exchanges. Regulations issued under the authority of the Act (7 CFR Part 869) offer protection and a safety net to agricultural producers across the United States. The Act has been a primary tool used to facilitate standardization in business practices throughout the industry. Warehouse operators who apply must meet the USDA standards established within the USWA and its regulations, observe rules for licensing, and pay associated user-fees.

The USWA statute requires the Secretary of Agriculture to publish an annual report on the actions taken each year to improve efficiencies and reduce costs to minimize user-fees. The FY 2024 USWA Annual Report provides an

overview of program operations, financial status, and actions taken to improve efficiencies and reduce costs.

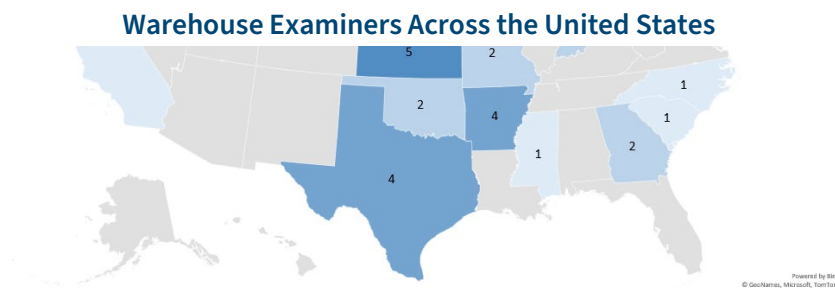
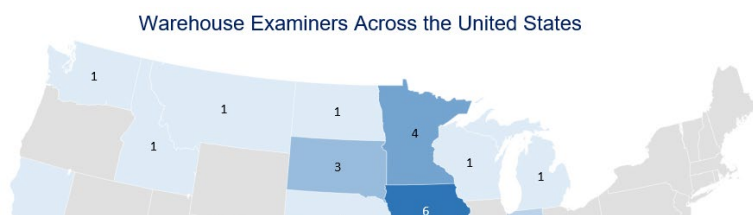
Purpose of the United States Warehouse Act:

- provide protection for depositors of agricultural products;
- offer a nationwide uniform regulatory system for storing agricultural products;
- maintain integrity and acceptability of warehouse receipts in the commodity and financial marketplaces;
- facilitate interstate and global commerce for the marketing of agricultural products;
- provide safe storage of agricultural products at reasonable rates; and
- require warehouse operators to accept agricultural products for storage with impartiality.



The Warehouse and Commodity Management Division (WCMD) has four organizational components: the Office of the Division Director; the Examination Branch; the License and Storage Contract Branch; and the Commodity Management Branch.

USWA services are delivered by staff in WCMD's Examination Branch and the License and Storage Contract Branch with leadership provided by the Office of the Director. WCMD also conducts various activities on behalf of the Commodity Credit Corporation (CCC) and other USDA programs.



Employees and Locations

WCMD staff supporting USWA activities are strategically located throughout the United States. Warehouse examiners are distributed for effective and efficient delivery of on-site services. Staff supporting USWA administrative functions work out of offices located in Washington, DC and Kansas City, MO. Staff members split their time between USWA and other program activities to maximize efficient resource allocation.

Key Stakeholders

USWA stakeholders have a shared interest in protecting agricultural commodity depositors, which include farmers, cooperatives, merchandisers, banks, investors, CCC, and other entities. Industry associations that represent warehouse operators and other agricultural sectors work closely with WCMD to support delivery of services, improve efficiencies, and resolve issues quickly. Associations and government entities with shared responsibilities or interests in oversight of agricultural commodity warehouses are key partners.

WAREHOUSE AND AGRICULTURAL SECTOR STAKEHOLDERS

- American Cotton Shippers Association
- American Peanut Shellers Association
- Cotton Growers Warehouse Association
- Cotton Warehouse Association of America
- National Cotton Council
- National Grain and Feed Association
- National Peanut Buying Point Association
- USA Dry Pea and Lentil Association
- U.S. Rice Producers Association
- USA Rice Federation

AGENCIES AND ASSOCIATIONS WITH SHARED RESPONSIBILITIES AND INTERESTS

- Association of Grain Regulatory Officials
- National Association of State Departments of Agriculture
- USDA - AMS Commodity Procurement Program
- USDA - Farm Service Agency



USWA Overview of Operations

Warehouse License and Capacity Overview

Cottonseed Licenses

- 1 license
- 1 functional unit
- 8,000 tons capacity

Dry Edible Bean Licenses

- 4 licenses
- 28 functional units
- 10,310,000 cwt capacity

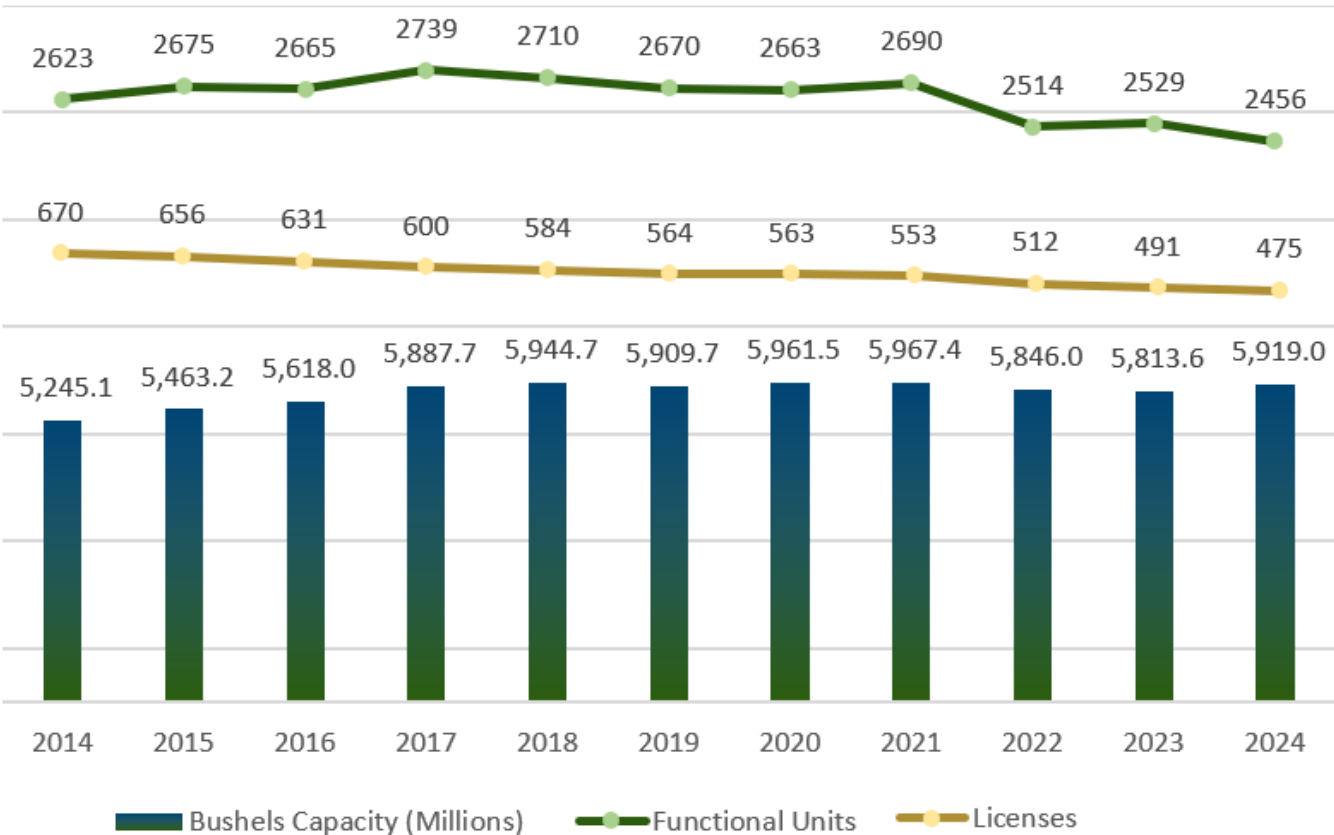
Export Food Aid Commodity Licenses

- 13 licenses
- 17 functional units

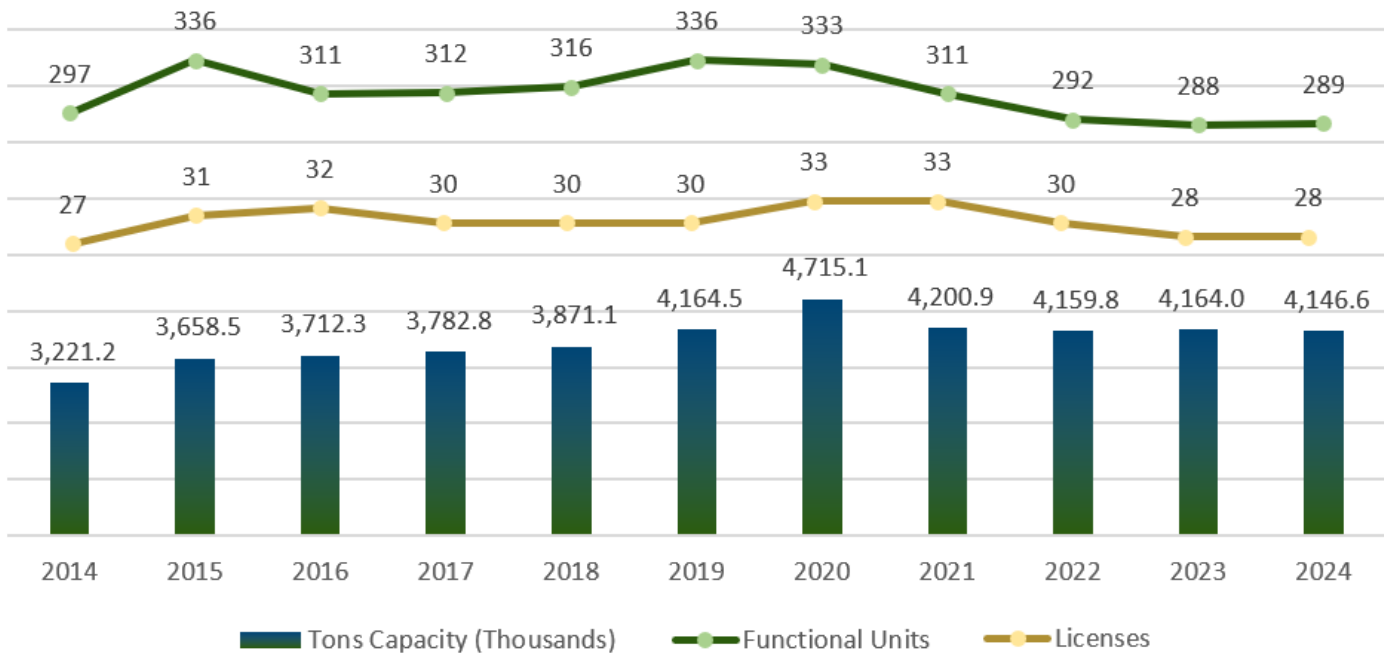
Electronic Provider Licenses

- 4 licenses

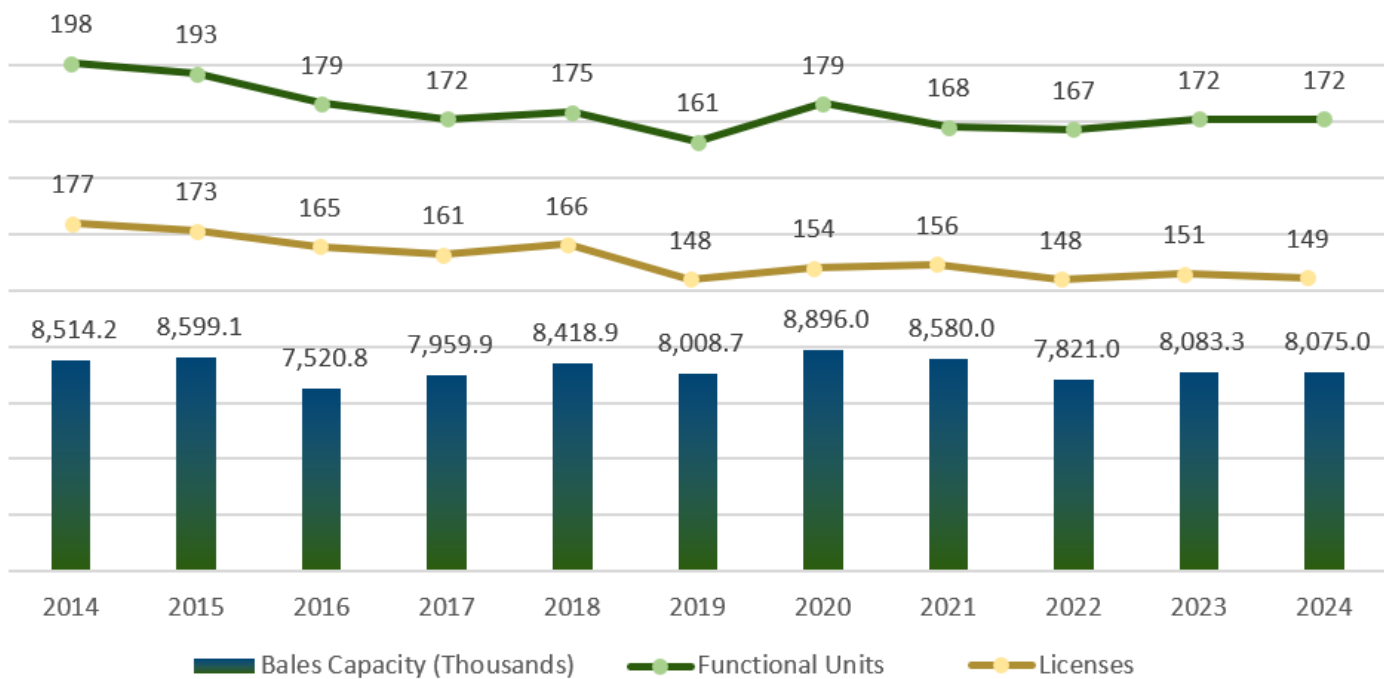
Grain Licenses – 2014–2024 10-year chart



Peanut Licenses - 2014—2024 10-year chart



Cotton Licenses - 2014—2024 10-year chart



Warehouse and Inventory Examinations

WCMD conducts examinations of warehouses for USWA compliance. Examinations consist of documentation of storage obligations and physical inventory of stored commodities, comparison of inventory with storage obligations, review of the warehouse's physical suitability for storage of specific commodities, and review of the warehouse's business practices for conformance with USWA regulatory requirements.

WCMD conducted 1,495 examinations of USWA warehouses in FY 2024. Of those, 325 examinations uncovered 498 items requiring warehouse actions and compliance follow-up actions. WCMD staff work with the industry to resolve compliance items quickly and at all levels, enabling enhanced warehouse operations and industry integrity.

Financial Stability and Assurance

Warehouse operators provide a review or audit-level financial statement to WCMD annually to ensure they continue to meet basic financial and net worth requirements established by WCMD. Warehouse operators also must provide a bond or other financial assurance based on their capacities for a period of not less than one year to provide financial security to depositors.

Warehouse Receipts

Warehouse receipts are issued by licensed warehouse operators as documents of title for commodities in storage. Warehouse receipts can be in paper or electronic form. The documents of title can be issued as non-negotiable or negotiable, allowing for endorsable transfer of title.

The USWA licenses four central filing systems, of which three are providers of electronic warehouse receipts (EWRs). The central filing systems allow for an efficient and secure method of issuance, storage, transfer, and auditing functions. The USWA establishes associated standards and validations that enhance the EWRs acceptance by the commodity industry that follow the same format and requirements of traditional paper warehouse receipts. The central filing systems are used by the entire commodity storage industry whether the warehouse has a USWA License, State License, or is a non-licensed commodity storage warehouse.

Inspector, Weigher, Classifier, and Grader Licenses

The WCMD licenses private industry inspectors, weighers, classifiers, and graders to provide validation and legal recourse at the delivery point. In FY 2024, there were more than 13,600 active USWA licenses for industry samplers, inspectors, weighers, classifiers, and graders of agricultural products.

Financial Information

Ensuring Financial Stewardship

The USWA authorizes the assessment and collection of fees to cover the costs of administering the USWA program. These fees cover costs of providing services, including salaries and benefits, travel, equipment, supplies, and administrative expenses. Administrative expenses include financial management, human resources, legal, and information technology support.

The FY 2024 year-end reserve balance of \$1.27 million is equivalent to four months of operating expenses. The purpose of the reserve account is to offset unexpected changes in user-fee collections or market disruptions and to cover accrued liabilities in the event of unexpected program cessation.

In order for the USWA program to maintain fiscal solvency, an increase in fees will be necessary in FY 2026. Fees were last increased in October 2019.

Annual capacity-based user-fees and specific license action fees are collated and billed at month-end. The Fees Generated line item below includes all fees generated in FY 2024.

<i>Annual Report FY23 Ending Balance</i>	\$ 1,508,059
<i>End of FY23 adjustments</i>	\$ (23,776)
Reserve Account Balance – October 1, 2023	\$ 1,484,283
Fees Generated	\$ 3,958,564
EXPENSES	
Salaries	\$ 2,460,027
Employee Benefits	\$ 892,029
Travel	\$ 431,916
Other Operating Expenses	\$ 21,737
Shared Services – Fair Trade Practices Program	\$ 114,058
Shared Services – Agricultural Marketing Service	\$ 259,831
Shared Services – US Department of Agriculture	\$ 112,952
End of Year adjustments	\$ (118,892)
TOTAL EXPENSES	\$ 4,173,658
Net Income (Loss)	\$ (215,094)
Reserve Account Balance – September 30, 2024	\$ 1,269,189

NOTES:

1. Financial and/or accounting adjustments resulting from de-obligations, final billing, accruals, etc.

Efficiencies and Cost Savings

Gaining Efficiencies and Controlling Costs

The USWA, under 7 USC § 243(e)(2), requires the Secretary “to minimize the fees established under this section by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act.” Accordingly, WCMD continues to take steps to minimize costs and implement innovative strategies to gain additional efficiencies. To meet the USWA’s statutory requirements, WCMD’s highest priorities are the efficient use of personnel, streamlined business operations supported by modernized systems and technologies, and ongoing outreach and engagement with the commodity warehouse industry.

Efficient Use of Personnel

In FY 2024, a portion of personnel expenses (salaries and benefits) for WCMD staff time was charged to, and paid for by, other USDA programs, including Country of Origin Labeling (COOL) regulatory reviews, Commodity Procurement export and domestic warehouse inspections, and CCC Storage Agreement examinations. Providing services for other USDA programs in addition to conducting warehouse examination activity allows for the efficient management of human capital, ensuring that USWA staff were available to deliver timely, accurate, and quality services to the commodity warehouse industry, while reducing the personnel costs paid by user fees.



Maximizing Efficiencies Via Technology Solutions

In FY 2024, WCMD made important upgrades to its cloud-based customized ServiceNow application that serves as the Division's system of record. WCMD's Box instance, a secure cloud content management platform, provides staff across the country with real-time access to files, documents, and other forms of information for the entire warehouse program. This year the WCMD team integrated the ServiceNow platform with the Box instance, providing field examiners with a streamlined approach for locating examination information. In addition, WCMD developed a visualization query dashboard that allows stakeholders to access real-time license and approved warehouse information, improving the processing and validation time for financial and trading transactions. The adoption of modern technologies has improved efficiency and reduced costs and ensures data privacy and security.

For USWA inquiries, visit our website at www.ams.usda.gov/services/warehouse, email warehousing@usda.gov, call (816) 926-6474, or write:

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