

(P. 237) 2/11/94 House - Do Pass w/ H= 5046

FILED 1994

SENATE FILE 2016  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 2004)

Passed Senate, Date <sup>(P. 46)</sup> 1/12/94 Passed House, Date 3-21-94  
Vote: Ayes 46 Nays 0 Vote: Ayes 90 Nays 0  
Approved April 19, 1994

A BILL FOR

1 An Act relating to grain dealer licenses, by providing for  
2 minimum financial requirements.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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SF 2016

1 Section 1. Section 203.3, subsection 4, paragraph c, Code  
2 1993, is amended to read as follows:

3 c. The grain dealer shall have comply with one of the  
4 following:

5 (1) Have and maintain current assets equal to at least one  
6 hundred percent of current liabilities or provide.

7 (2) Provide a deficiency bond or an irrevocable letter of  
8 credit under the following conditions:

9 (1) (a) A grain dealer with current assets equal to at  
10 least fifty percent of current liabilities may provide a  
11 deficiency bond or an irrevocable letter of credit of two  
12 thousand dollars for each one thousand dollars or fraction of  
13 one thousand dollars of current assets that the grain dealer  
14 is lacking to meet the minimum requirement. However, the bond  
15 or irrevocable letter of credit shall not be used for longer  
16 than six consecutive months in a twelve-month period.

17 (2) (b) A grain dealer with current assets equal to less  
18 than fifty percent of current liabilities may provide a  
19 deficiency bond or an irrevocable letter of credit of two  
20 thousand dollars for each one thousand dollars or fraction of  
21 one thousand dollars of current assets that the grain dealer  
22 is lacking to meet the minimum requirement. However, the bond  
23 or irrevocable letter of credit shall not be used for longer  
24 than thirty consecutive days in a twelve-month period.

25 (3) Maintain a risk or financial security rating by a  
26 service in the business of regularly analyzing and publishing  
27 the financial condition of publicly held corporations  
28 throughout the nation, if all of the following apply:

29 (a) The grain dealer is a publicly held corporation.

30 (b) The service providing the risk or financial security  
31 rating is reliable.

32 (c) The grain dealer maintains a rating which indicates  
33 that the grain dealer is financially sound and able to meet  
34 its obligations.

35 The department shall determine the reliability of the

1 service and the rating that the grain dealer must maintain.  
2 The department shall keep a current list of each service  
3 determined to be reliable by the department, including a  
4 minimum rating that a grain dealer must maintain according to  
5 each service listed. The department shall publish and update  
6 the list periodically according to procedures adopted by the  
7 department.

8

## EXPLANATION

9 This bill amends section 203.3, which imposes conditions  
10 upon persons receiving a class 1 grain dealers license. The  
11 section provides that the grain dealer must maintain current  
12 assets equal to at least 100 percent of current liabilities or  
13 provide the department of agriculture and land stewardship  
14 with a deficiency bond or an irrevocable letter of credit.  
15 The amount of the deficiency bond or irrevocable letter of  
16 credit is based on each \$1,000 or fraction of \$1,000 of  
17 current assets that the grain dealer is lacking to meet the  
18 minimum requirement.

19 This bill provides that the license may also be conditioned  
20 upon the grain dealer maintaining a risk or financial security  
21 rating by a service in the business of regularly analyzing and  
22 publishing the financial condition of publicly held  
23 corporations throughout the nation. The bill requires the  
24 grain dealer to be a publicly held corporation, the service  
25 providing the risk or financial security rating be reliable,  
26 and the grain dealer maintain a rating which indicates that  
27 the grain dealer is financially sound and able to meet its  
28 obligations.

29 The bill provides that the department of agriculture and  
30 land stewardship must determine the reliability of the service  
31 and the rating that the grain dealer must maintain. The bill  
32 also provides that the department must keep a current list of  
33 each service determined to be reliable by the department,  
34 including the minimum rating that a grain dealer must maintain  
35 according to each service listed. The bill provides that the

1 department must publish and update the list periodically  
2 according to procedures adopted by the department.

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1 Section 1. Section 203.3, subsection 4, paragraph c, Code  
2 1993, is amended to read as follows:

3 c. The grain dealer shall have comply with one of the  
4 following:

5 (1) Have and maintain current assets equal to at least one  
6 hundred percent of current liabilities or-provide.

7 (2) Provide a deficiency bond or an irrevocable letter of  
8 credit under the following conditions:

9 ~~††~~ (a) A grain dealer with current assets equal to at  
10 least fifty percent of current liabilities may provide a  
11 deficiency bond or an irrevocable letter of credit of two  
12 thousand dollars for each one thousand dollars or fraction of  
13 one thousand dollars of current assets that the grain dealer  
14 is lacking to meet the minimum requirement. However, the bond  
15 or irrevocable letter of credit shall not be used for longer  
16 than six consecutive months in a twelve-month period.

17 ~~††~~ (b) A grain dealer with current assets equal to less  
18 than fifty percent of current liabilities may provide a  
19 deficiency bond or an irrevocable letter of credit of two  
20 thousand dollars for each one thousand dollars or fraction of  
21 one thousand dollars of current assets that the grain dealer  
22 is lacking to meet the minimum requirement. However, the bond  
23 or irrevocable letter of credit shall not be used for longer  
24 than thirty consecutive days in a twelve-month period.

25 (3) Maintain a risk or financial security rating by a  
26 service in the business of regularly analyzing and publishing  
27 the financial condition of publicly held corporations  
28 throughout the nation, if all of the following apply:

29 (a) The grain dealer is a publicly held corporation.

30 (b) The service providing the risk or financial security  
31 rating is reliable.

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33 that the grain dealer is financially sound and able to meet  
34 its obligations.

35 The department shall determine the reliability of the

1 service and the rating that the grain dealer must maintain.  
2 The department shall keep a current list of each service  
3 determined to be reliable by the department, including a  
4 minimum rating that a grain dealer must maintain according to  
5 each service listed. The department shall publish and update  
6 the list periodically according to procedures adopted by the  
7 department.

8 Sec. 2. EFFECTIVE DATE.

9 This Act, being deemed of immediate importance, takes  
10 effect upon enactment.

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SENATE FILE 2016

S-5001

1 . Amend Senate File 2016 as follows:

2 1. Page 2, by inserting after line 7 the  
3 following:

4 "Sec. \_\_\_\_ . EFFECTIVE DATE.

5 This Act, being deemed of immediate importance,  
6 takes effect upon enactment."

7 2. Title, line 2, by inserting after the word  
8 "requirements" the following: ", and providing an  
9 effective date".

By BERL E. PRIEBE

S-5001 FILED JANUARY 12, 1994  
ADOPTED

## SENATE FILE 2016

H-5046

1 Amend Senate File 2016, as amended, passed, and re-  
2 printed by the Senate, as follows:

3 1. By striking page 1, line 1, through page 2,  
4 line 7, and inserting the following:

5 "Sec. \_\_\_\_ . Section 203.3, subsection 4, paragraph  
6 b, Code 1993, is amended by adding the following new  
7 unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. A grain dealer shall  
9 submit a report to the department according to  
10 procedures required by the department, if the grain  
11 dealer provides a bond based in part on the number of  
12 bushels of unpaid grain purchased by the grain dealer,  
13 as provided in rules adopted by the department, in  
14 order to satisfy the current assets to current  
15 liabilities ratio requirement of this section. The  
16 report shall contain information required by the  
17 department, including the number of bushels of unpaid  
18 grain purchased by the grain dealer. The grain dealer  
19 shall submit the report not more than once each month.  
20 However, the department may require that a grain  
21 dealer submit a report on a more frequent basis, if  
22 the department has good cause.

23 Sec. \_\_\_\_ . Section 203.3, subsection 4, paragraph  
24 c, Code 1993, is amended to read as follows:

25 c. The grain dealer shall have and maintain  
26 current assets equal to at least one hundred percent  
27 of current liabilities or provide a ~~deficiency~~ bond or  
28 ~~an irrevocable letter of credit~~ under the following  
29 conditions:

30 (1) A grain dealer with current assets equal to at  
31 least fifty percent of current liabilities ~~may shall~~  
32 ~~provide a deficiency bond or an irrevocable letter of~~  
33 ~~credit~~ of two thousand dollars for each one thousand  
34 dollars or fraction of one thousand dollars of current  
35 assets that the grain dealer is lacking to meet the  
36 minimum requirement. ~~However, the bond or irrevocable~~  
37 ~~letter of credit shall not be used for longer than six~~  
38 ~~consecutive months in a twelve-month period.~~ After  
39 the amount of the bond equals one million dollars, the  
40 grain dealer may elect to base the remainder of the  
41 amount of the bond on the number of bushels of unpaid  
42 grain being purchased by the grain dealer, as provided  
43 for by rules which shall be adopted by the department.  
44 The remaining amount shall equal two thousand dollars  
45 for each one thousand dollars of the highest amount of  
46 bushels of unpaid grain purchased by the grain dealer  
47 during each month.

48 (2) A grain dealer with current assets equal to  
49 less than fifty percent of current liabilities may  
50 shall provide a ~~deficiency~~ bond or ~~an irrevocable~~

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Page 2

1 ~~letter-of-credit~~ of two thousand dollars for each one  
2 thousand dollars or fraction of one thousand dollars  
3 of current assets that the grain dealer is lacking to  
4 meet the minimum requirement. However, the bond or  
5 ~~irrevocable-letter-of-credit~~ shall not be used for  
6 longer than thirty consecutive days in a twelve-month  
7 period.

8 Sec. \_\_\_\_ . Section 203.3, subsection 5, paragraph  
9 b, Code 1993, is amended by adding the following new  
10 unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. A grain dealer shall  
12 submit a report to the department according to  
13 procedures required by the department, if the grain  
14 dealer provides a bond based in part on the number of  
15 bushels of unpaid grain purchased by the grain dealer,  
16 as provided in rules adopted by the department, in  
17 order to satisfy the current assets to current  
18 liabilities ratio requirement of this section. The  
19 report shall contain information required by the  
20 department, including the number of bushels of unpaid  
21 grain purchased by the grain dealer. The grain dealer  
22 shall submit the report not more than once each month.  
23 However, the department may require that a grain  
24 dealer submit a report on a more frequent basis, if  
25 the department has good cause.

26 Sec. \_\_\_\_ . Section 203.3, subsection 5, paragraph  
27 c, Code 1993, is amended to read as follows:

28 c. The grain dealer shall have and maintain  
29 current assets equal to at least one hundred percent  
30 of current liabilities or provide a deficiency bond or  
31 an-irrevocable-letter-of-credit under the following  
32 conditions:

33 (1) A grain dealer with current assets equal to at  
34 least fifty percent of current liabilities may shall  
35 provide a deficiency bond or-an-irrevocable-letter-of  
36 credit of two thousand dollars for each one thousand  
37 dollars or fraction of one thousand dollars of current  
38 assets that the grain dealer is lacking to meet the  
39 minimum requirement. However, the bond or-irrevocable  
40 letter-of-credit-shall-not-be-used-for-longer-than-six  
41 consecutive-months-in-a-twelve-month-period. After  
42 the amount of the bond equals one million dollars, the  
43 grain dealer may elect to base the remainder of the  
44 amount of the bond on the number of bushels of unpaid  
45 grain being purchased by the grain dealer, as provided  
46 for by rules which shall be adopted by the department.  
47 The remaining amount shall equal two thousand dollars  
48 for each one thousand dollars of the highest amount of  
49 bushels of unpaid grain purchased by the grain dealer  
50 during each month.

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Page 3

1 (2) A grain dealer with current assets equal to  
 2 less than fifty percent of current liabilities may  
 3 ~~shall~~ provide a ~~deficiency bond or an irrevocable~~  
 4 ~~letter-of-credit~~ of two thousand dollars for each one  
 5 thousand dollars or fraction of one thousand dollars  
 6 of current assets that the grain dealer is lacking to  
 7 meet the minimum requirement. However, the bond or  
 8 ~~irrevocable-letter-of-credit~~ shall not be used for  
 9 longer than thirty consecutive days in a twelve-month  
 10 period."

11 2. By renumbering as necessary.

By COMMITTEE ON AGRICULTURE

EDDIE of Buena Vista, Chairperson

H-5046 FILED FEBRUARY 14, 1994

*adopted 3/21/94*  
*(p.77)*

SENATE FILE 2016

-5103

1 Amend House amendment, H-5046, to Senate File 2016,  
 2 as amended, passed, and reprinted by the Senate, as  
 3 follows:

4 1. Page 1, by inserting after line 4 the  
 5 following:

6 "Sec. \_\_\_\_ . Section 203.1, subsection 2, Code 1993,  
 7 is amended to read as follows:

8 2. "Credit-sale contract" means a contract for the  
 9 sale of grain pursuant to which the sale price is to  
 10 be paid more than thirty days after the delivery of  
 11 the grain to the buyer, ~~and includes but is not~~  
 12 ~~limited to~~ or those contracts commonly referred to as  
 13 deferred payment contracts, deferred pricing  
 14 contracts, and price-later contracts."

15 2. Page 3, by inserting after line 10 the  
 16 following:

17 "Sec. \_\_\_\_ . Section 203C.1, subsection 4, Code  
 18 1993, is amended to read as follows:

19 4. "Credit-sale contract" means a contract for the  
 20 sale of grain pursuant to which the sale price is to  
 21 be paid more than thirty days after the delivery of  
 22 the grain to the buyer, ~~and includes but is not~~  
 23 ~~limited to~~ or those contracts commonly referred to as  
 24 deferred-payment contracts, deferred-pricing  
 25 contracts, and price-later contracts."

26 \_\_\_\_ . Title page, by striking line 1, and  
 27 inserting the following: "An Act relating to grain  
 28 regulation, by providing for transactions, and".

29 3. By renumbering as necessary.

By DINKLA of Guthrie

KOENIGS of Mitchell

H-5103 FILED FEBRUARY 28, 1994

*Adopted 3-21-94*  
*(R77)*

HOUSE AMENDMENT TO  
SENATE FILE 2016

S-5270

1 Amend Senate File 2016, as amended, passed, and re-  
2 printed by the Senate, as follows:

3 1. By striking page 1, line 1, through page 2,  
4 line 7, and inserting the following:

5 "Sec. \_\_\_\_ . Section 203.1, subsection 2, Code 1993,  
6 is amended to read as follows:

7 2. "Credit-sale contract" means a contract for the  
8 sale of grain pursuant to which the sale price is to  
9 be paid more than thirty days after the delivery of  
10 the grain to the buyer, ~~and includes but is not~~  
11 ~~limited to~~ or those contracts commonly referred to as  
12 deferred payment contracts, deferred pricing  
13 contracts, and price-later contracts.

14 Sec. \_\_\_\_ . Section 203.3, subsection 4, paragraph  
15 b, Code 1993, is amended by adding the following new  
16 unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. A grain dealer shall  
18 submit a report to the department according to  
19 procedures required by the department, if the grain  
20 dealer provides a bond based in part on the number of  
21 bushels of unpaid grain purchased by the grain dealer,  
22 as provided in rules adopted by the department, in  
23 order to satisfy the current assets to current  
24 liabilities ratio requirement of this section. The  
25 report shall contain information required by the  
26 department, including the number of bushels of unpaid  
27 grain purchased by the grain dealer. The grain dealer  
28 shall submit the report not more than once each month.  
29 However, the department may require that a grain  
30 dealer submit a report on a more frequent basis, if  
31 the department has good cause.

32 Sec. \_\_\_\_ . Section 203.3, subsection 4, paragraph  
33 c, Code 1993, is amended to read as follows:

34 c. The grain dealer shall have and maintain  
35 current assets equal to at least one hundred percent  
36 of current liabilities or provide a ~~deficiency bond or~~  
37 ~~an irrevocable letter of credit~~ under the following  
38 conditions:

39 (1) A grain dealer with current assets equal to at  
40 least fifty percent of current liabilities ~~may shall~~  
41 ~~provide a deficiency bond or an irrevocable letter of~~  
42 ~~credit of two thousand dollars for each one thousand~~  
43 ~~dollars or fraction of one thousand dollars of current~~  
44 ~~assets that the grain dealer is lacking to meet the~~  
45 ~~minimum requirement. However, the bond or irrevocable~~  
46 ~~letter of credit shall not be used for longer than six~~  
47 ~~consecutive months in a twelve-month period. After~~  
48 ~~the amount of the bond equals one million dollars, the~~  
49 ~~grain dealer may elect to base the remainder of the~~  
50 ~~amount of the bond on the number of bushels of unpaid~~

S-5270

S-5270

Page 2

1 grain being purchased by the grain dealer, as provided  
2 for by rules which shall be adopted by the department.  
3 The remaining amount shall equal two thousand dollars  
4 for each one thousand dollars of the highest amount of  
5 bushels of unpaid grain purchased by the grain dealer  
6 during each month.

7 (2) A grain dealer with current assets equal to  
8 less than fifty percent of current liabilities may  
9 ~~shall provide a deficiency bond or an irrevocable~~  
10 ~~letter-of-credit~~ of two thousand dollars for each one  
11 thousand dollars or fraction of one thousand dollars  
12 of current assets that the grain dealer is lacking to  
13 meet the minimum requirement. However, the bond or  
14 ~~irrevocable-letter-of-credit~~ shall not be used for  
15 longer than thirty consecutive days in a twelve-month  
16 period.

17 Sec. \_\_\_\_ . Section 203.3, subsection 5, paragraph  
18 b, Code 1993, is amended by adding the following new  
19 unnumbered paragraph:

20 NEW UNNUMBERED PARAGRAPH. A grain dealer shall  
21 submit a report to the department according to  
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23 dealer provides a bond based in part on the number of  
24 bushels of unpaid grain purchased by the grain dealer,  
25 as provided in rules adopted by the department, in  
26 order to satisfy the current assets to current  
27 liabilities ratio requirement of this section. The  
28 report shall contain information required by the  
29 department, including the number of bushels of unpaid  
30 grain purchased by the grain dealer. The grain dealer  
31 shall submit the report not more than once each month.  
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36 c, Code 1993, is amended to read as follows:

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43 least fifty percent of current liabilities ~~may shall~~  
44 provide a ~~deficiency bond or an irrevocable-letter-of~~  
45 ~~credit~~ of two thousand dollars for each one thousand  
46 dollars or fraction of one thousand dollars of current  
47 assets that the grain dealer is lacking to meet the  
48 minimum requirement. ~~However, the bond or irrevocable~~  
49 ~~letter-of-credit shall not be used for longer than six~~  
50 ~~consecutive months in a twelve-month period.~~ After

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Page 3

1 the amount of the bond equals one million dollars, the  
2 grain dealer may elect to base the remainder of the  
3 amount of the bond on the number of bushels of unpaid  
4 grain being purchased by the grain dealer, as provided  
5 for by rules which shall be adopted by the department.  
6 The remaining amount shall equal two thousand dollars  
7 for each one thousand dollars of the highest amount of  
8 bushels of unpaid grain purchased by the grain dealer  
9 during each month.

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11 less than fifty percent of current liabilities may  
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16 meet the minimum requirement. However, the bond or  
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18 longer than thirty consecutive days in a twelve-month  
19 period.

20 Sec. \_\_\_\_ . Section 203C.1, subsection 4, Code 1993,  
21 is amended to read as follows:

22 4. "Credit-sale contract" means a contract for the  
23 sale of grain pursuant to which the sale price is to  
24 be paid more than thirty days after the delivery of  
25 the grain to the buyer, and ~~includes but is not~~  
26 ~~limited to~~ or those contracts commonly referred to as  
27 deferred-payment contracts, deferred-pricing  
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29 2. Title page, by striking line 1, and inserting  
30 the following: "An Act relating to grain regulation,  
31 by providing for transactions, and".

32 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5270 FILED MARCH 21, 1994

*Senate Refused 3/29/94 (P. 885)**House Insists 4/12/94 (P. 1399)*

REPORT OF THE CONFERENCE COMMITTEE  
ON SENATE FILE 2016

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 2016, a bill for an Act relating to grain dealer licenses, by providing for minimum financial requirements, and providing an effective date, respectfully make the following report:

1. That the House amendment, S-5270, to Senate File 2016, as amended, passed, and reprinted by the Senate, is amended as follows:

1. Page 1, by striking lines 5 through 13.

CCS-2016.1

Page 2

2. Page 3, by striking lines 20 through 31.

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

BERL E. PRIEBE, Chairperson

CLIFFORD O. BRANSTAD, Chairperson

BRAD BANKS

DENNIS MAY

MERLIN E. BARTZ

RICHARD VANDE HOEF

ROBERT E. DVORSKY

EMIL J. HUSAK

CCS-2016.1 FILED APRIL 15, 1994  
ADOPTED

*4-18-94*

Priebe - Chair  
Riordan  
Sorensen  
Bartz

SSB- 2004  
Agriculture

SENATE FILE 2016  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON PRIEBE)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to grain dealer licenses, by providing for  
2 minimum financial requirements.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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15 The amount of the deficiency bond or irrevocable letter of  
16 credit is based on each \$1,000 or fraction of \$1,000 of  
17 current assets that the grain dealer is lacking to meet the  
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19 This bill provides that the license may also be conditioned  
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23 corporations throughout the nation. The bill requires the  
24 grain dealer to be a publicly held corporation, the service  
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26 and the grain dealer maintain a rating which indicates that  
27 the grain dealer is financially sound and able to meet its  
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29 The bill provides that the department of agriculture and  
30 land stewardship must determine the reliability of the service  
31 and the rating that the grain dealer must maintain. The bill  
32 also provides that the department must keep a current list of  
33 each service determined to be reliable by the department,  
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SENATE FILE 2016

AN ACT

RELATING TO GRAIN DEALER LICENSES, BY PROVIDING FOR MINIMUM FINANCIAL REQUIREMENTS, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 203.3, subsection 4, paragraph b, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A grain dealer shall submit a report to the department according to procedures required by the department, if the grain dealer provides a bond based in part on the number of bushels of unpaid grain purchased by the grain dealer, as provided in rules adopted by the department, in order to satisfy the current assets to current liabilities ratio requirement of this section. The report shall contain information required by the department, including the number of bushels of unpaid grain purchased by the grain dealer. The grain dealer shall submit the report not more than once each month. However, the department may require that a grain dealer submit a report on a more frequent basis, if the department has good cause.

Sec. 2. Section 203.3, subsection 4, paragraph c, Code 1993, is amended to read as follows:

c. The grain dealer shall have and maintain current assets equal to at least one hundred percent of current liabilities

or provide a deficiency bond ~~or an irrevocable letter of credit~~ under the following conditions:

(1) A grain dealer with current assets equal to at least fifty percent of current liabilities ~~may shall~~ provide a deficiency bond ~~or an irrevocable letter of credit~~ of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. ~~However, the bond or irrevocable letter of credit shall not be used for longer than six consecutive months in a twelve-month period.~~ After the amount of the bond equals one million dollars, the grain dealer may elect to base the remainder of the amount of the bond on the number of bushels of unpaid grain being purchased by the grain dealer, as provided for by rules which shall be adopted by the department. The remaining amount shall equal two thousand dollars for each one thousand dollars of the highest amount of bushels of unpaid grain purchased by the grain dealer during each month.

(2) A grain dealer with current assets equal to less than fifty percent of current liabilities ~~may shall~~ provide a deficiency bond ~~or an irrevocable letter of credit~~ of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. However, the bond ~~or irrevocable letter of credit~~ shall not be used for longer than thirty consecutive days in a twelve-month period.

Sec. 3. Section 203.3, subsection 5, paragraph b, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A grain dealer shall submit a report to the department according to procedures required by the department, if the grain dealer provides a bond based in part on the number of bushels of unpaid grain purchased by the grain dealer, as provided in rules adopted by the department, in order to satisfy the current assets to current liabilities

ratio requirement of this section. The report shall contain information required by the department, including the number of bushels of unpaid grain purchased by the grain dealer. The grain dealer shall submit the report not more than once each month. However, the department may require that a grain dealer submit a report on a more frequent basis, if the department has good cause.

Sec. 4. Section 203.3, subsection 5, paragraph c, Code 1993, is amended to read as follows:

c. The grain dealer shall have and maintain current assets equal to at least one hundred percent of current liabilities or provide a deficiency bond ~~or an irrevocable letter of credit~~ under the following conditions:

(1) A grain dealer with current assets equal to at least fifty percent of current liabilities ~~may shall~~ provide a deficiency bond ~~or an irrevocable letter of credit~~ of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. ~~However, the bond or irrevocable letter of credit shall not be used for longer than six consecutive months in a twelve-month period. After the amount of the bond equals one million dollars, the grain dealer may elect to base the remainder of the amount of the bond on the number of bushels of unpaid grain being purchased by the grain dealer, as provided for by rules which shall be adopted by the department. The remaining amount shall equal two thousand dollars for each one thousand dollars of the highest amount of bushels of unpaid grain purchased by the grain dealer during each month.~~

(2) A grain dealer with current assets equal to less than fifty percent of current liabilities ~~may shall~~ provide a deficiency bond ~~or an irrevocable letter of credit~~ of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. However, the bond

~~or irrevocable letter of credit~~ shall not be used for longer than thirty consecutive days in a twelve-month period.

Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

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LEONARD L. BOSWELL  
President of the Senate

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HAROLD VAN MAANEN  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2016, Seventy-fifth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 19, 1994

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TERRY E. BRANSTAD  
Governor