

Senate File 2465

H-8469

1 Amend Senate File 2465, as amended, passed, and reprinted by
2 the Senate, as follows:

3 1. Page 13, after line 29 by inserting:

4 <Sec. _____. Section 203.1, subsection 3, Code 2026, is
5 amended by striking the subsection and inserting in lieu
6 thereof the following:

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

14 Sec. _____. Section 203.1, subsections 5 and 6, Code 2026, are
15 amended by striking the subsections.>

16 2. Page 15, by striking lines 17 through 32 and inserting:

17 <Sec. _____. Section 203.8, subsection 1, Code 2026, is
18 amended by striking the subsection and inserting in lieu
19 thereof the following:

20 1. *a.* A grain dealer licensed or required to be licensed
21 pursuant to section 203.3 shall pay the purchase price to the
22 seller for grain upon delivery or demand by the seller, but
23 not later than thirty days after delivery by the seller unless
24 in accordance with the terms of a credit-sale contract that
25 satisfies the requirements of this chapter. The department
26 shall adopt rules for payment by check and electronic funds
27 transfer.

28 *b.* A grain dealer licensed or required to be licensed
29 pursuant to section 203.3 shall not hold a check for the
30 purchase of grain more than five days after the grain dealer
31 issues a check to the seller. After that date, the grain
32 dealer shall deliver the check in person or by mail to the
33 seller's last known address.>

34 3. By striking page 16, line 23, through page 18, line 7,
35 and inserting:

1 <Sec. _____. Section 203.15, subsections 1, 3, 4, and 6, Code
2 2026, are amended by striking the subsections and inserting in
3 lieu thereof the following:

4 1. The grain dealer shall be licensed pursuant to section
5 203.3. All of the following shall apply to a grain dealer
6 required to be licensed under that section who purchases grain
7 by credit-sale contract:

8 a. The grain dealer shall give written notice to the
9 department prior to engaging in the purchase of grain by
10 credit-sale contract. The notice shall contain information
11 required by the department.

12 b. All credit-sale contract forms in the possession of the
13 grain dealer shall have been permanently and consecutively
14 numbered at the time of printing of the forms. The grain
15 dealer shall maintain an accurate record of all credit-sale
16 contract forms and numbers obtained by that dealer. The record
17 shall include the disposition of each numbered form, whether by
18 execution, destruction, or otherwise.

19 c. The grain dealer who purchases grain by credit-sale
20 contract shall maintain records as required by the department
21 in compliance with this section.

22 3. Title to all grain sold by a credit-sale contract is
23 in the purchasing grain dealer as of the time the contract is
24 executed, unless the contract provides otherwise. The contract
25 must be signed and dated by both parties and executed in
26 duplicate. One copy shall be retained by the grain dealer and
27 one copy shall be delivered to the seller. Upon the cessation
28 of the grain dealer's license by revocation, cancellation, or
29 expiration, the payment date for all credit-sale contracts
30 shall be advanced to a date not later than thirty days after
31 the effective date of the cessation, and the purchase price for
32 all unpriced grain shall be determined as of the effective date
33 of the cessation in accordance with all other provisions of the
34 contract. However, if the business of the grain dealer is sold
35 to another licensed grain dealer, credit-sale contracts may be

1 assigned to the purchaser of the business.

2 4. a. A grain dealer shall not purchase grain on
3 credit-sale contract during any time period in which the grain
4 dealer fails to maintain fifty cents of net worth for each
5 outstanding bushel of grain purchased under credit. The grain
6 dealer may maintain a deficiency bond or an irrevocable letter
7 of credit in the amount of two thousand dollars for each one
8 thousand dollars or fraction thereof of deficiency in net
9 worth.

10 b. A grain dealer who is also a warehouse operator licensed
11 by the department under chapter 203C or the United States
12 department of agriculture under the United States Warehouse
13 Act, and who does not have a sufficient quantity or quality
14 of grain to satisfy the warehouse operator's obligations
15 based on an examination by the department or the United
16 States department of agriculture shall not purchase grain on
17 credit-sale contract to correct the shortage of grain.

18 c. (1) A grain dealer must meet at least either of the
19 following conditions:

20 (a) The grain dealer's last financial statement required
21 to be submitted to the department pursuant to section 203.3
22 is accompanied by an unqualified opinion based upon an audit
23 performed by a certified public accountant licensed in this
24 state.

25 (b) The grain dealer files a bond with the department in
26 the amount of one hundred thousand dollars payable to the
27 department.

28 (2) (a) The bond filed with the department under this
29 paragraph shall be used to indemnify sellers for losses
30 resulting from a breach of a credit-sale contract as provided
31 by rules adopted by the department. The rules shall include
32 but are not limited to procedures and criteria for providing
33 notice, filing claims, valuing losses, and paying claims. The
34 bond provided in this paragraph shall be in addition to any
35 other bond required in this chapter.

1 (b) The bond shall not be canceled by the issuer on less
2 than ninety days' notice by certified mail to the department
3 and the principal. However, if an adequate replacement bond
4 is filed with the department, the department may authorize
5 the cancellation of the original bond before the end of the
6 ninety-day period.

7 (c) If an adequate replacement bond is not received by the
8 department within sixty days of the issuance of the notice of
9 cancellation, the department shall suspend the grain dealer's
10 license. The department shall cause an inspection of the
11 licensed grain dealer immediately at the end of the sixty-day
12 period. If a replacement bond is not filed within another
13 thirty days following the suspension, the department shall
14 revoke the grain dealer's license.

15 (3) When a license is revoked, the department shall provide
16 notice of the revocation by ordinary mail to the last known
17 address of each holder of an outstanding credit-sale contract
18 and all known sellers.

19 6. A grain dealer who purchases grain by credit-sale
20 contract shall obtain from the seller a signed acknowledgment
21 stating that the seller has received notice that grain
22 purchased by credit-sale contract is not protected by the
23 grain depositors and sellers indemnity fund. The form for the
24 acknowledgment shall be prescribed by the department, and the
25 licensed grain dealer and the seller shall each be provided a
26 copy.>

27 4. By striking page 19, line 33, through page 20, line 16,
28 and inserting:

29 <Sec. _____. Section 203D.1, subsections 3 and 4, Code 2026,
30 are amended by striking the subsections.

31 Sec. _____. Section 203D.1, subsections 17 and 20, Code 2026,
32 are amended by striking the subsections and inserting in lieu
33 thereof the following:

34 17. a. *"Purchased grain"* means grain entered in the
35 company-owned paid position as evidenced on the grain dealer's

1 daily position record.

2 *b.* "Purchased grain" does not include grain that is subject
3 to an exempt transaction based on documentation satisfactory
4 to the department showing that the grain dealer did any of the
5 following:

6 (1) Purchased the grain from the United States government or
7 any of its subdivisions or agencies.

8 (2) Purchased the grain from a person licensed as a grain
9 dealer in any jurisdiction.

10 (3) Purchased the grain under a credit-sale contract.

11 (4) Entered the grain in the company-owned paid position as
12 a cancellation of a collateral warehouse receipt.

13 (5) Entered the grain in the company-owned paid position as
14 an intra-company location transfer.

15 20. "Seller" means a person who sells grain which the
16 person has produced or caused to be produced to a licensed
17 grain dealer, but excludes a person who executes a credit-sale
18 contract as a seller as provided in section 203.15. However,
19 "seller" does not include any of the following:

20 *a.* A person licensed as a grain dealer in any jurisdiction
21 who sells grain to a licensed grain dealer.

22 *b.* A person who sells grain that is not produced in this
23 state unless such grain is delivered to a licensed grain dealer
24 at a location in this state as the first point of sale.

25 Sec. _____. Section 203D.5, subsection 4, unnumbered
26 paragraph 1, Code 2026, is amended to read as follows:

27 If on the last date of the fund's assessment year as provided
28 in [section 203D.3](#) the assets of the fund exceed ~~sixteen~~ eight
29 million dollars, less any encumbered balances or pending or
30 unsettled claims, all of the following apply:

31 Sec. _____. Section 203D.5, subsection 5, Code 2026, is
32 amended to read as follows:

33 5. The board shall reinstate the indemnity fees as
34 provided in [this section](#) if the assets of the fund, less any
35 unencumbered balances or pending or unsettled claims, are ~~eight~~

1 three million dollars or less.

2 Sec. _____. Section 203D.6, subsection 4, paragraph d, Code
3 2026, is amended to read as follows:

4 ~~d. (1)~~ That the claim derives from a covered transaction.
5 For purposes of this paragraph, a claim derives from a covered
6 transaction if the claimant incurred a dollar value loss as any
7 of the following:

8 ~~(a) (1)~~ A depositor who delivered the grain to a licensed
9 warehouse operator.

10 ~~(b)—(i) (2)~~ A seller who transferred title to the grain to
11 a licensed grain dealer, other than by credit-sale contract,
12 within six months of the incurrence date for a claim period as
13 provided in subsection 2.

14 ~~(ii) (3)~~ A seller ~~described in subparagraph subdivision~~
15 ~~(i)~~ who incurred a repayment loss against a grain dealer as
16 provided in section 203D.6A.

17 ~~(2) The dollar value losses incurred by a depositor~~
18 ~~or seller described in subparagraph (1) for all eligible~~
19 ~~claims are subject to the indemnification limit described in~~
20 subsection 8.

21 ~~(a) The department shall segregate that part of a claim~~
22 ~~that includes a dollar value loss incurred by a seller~~
23 ~~who sold grain to a licensed grain dealer pursuant to a~~
24 ~~credit-sale contract, including by deferred-pricing contract~~
25 ~~and deferred-payment contract.~~

26 ~~(b) The part of the segregated claim that includes a~~
27 ~~dollar value loss incurred by a seller who sold grain to a~~
28 ~~licensed grain dealer pursuant to a deferred-payment contract~~
29 ~~is ineligible for indemnification.~~

30 Sec. _____. Section 203D.6, subsection 8, paragraphs a, b, c,
31 and d, Code 2026, are amended to read as follows:

32 a. Upon a determination by the board that an eligible
33 claim satisfies the requirements in subsection 4, the board
34 shall indemnify the claimant as a depositor under subsection
35 5, and a seller under subsection 6. Upon a determination by

1 are insufficient moneys in the fund to fully indemnify all
2 eligible claims, the board ~~shall order that the eligible claims~~
3 ~~be indemnified according to the following order:~~ may order
4 that payment be deferred on specified claims. The department,
5 upon the board's instruction, shall hold those claims for
6 payment until the board determines that the fund again contains
7 sufficient assets.

8 ~~(a) First, by indemnifying all claims for dollar value~~
9 ~~losses other than segregated dollar value losses arising from~~
10 ~~the sale of grain by credit sale contract as provided in~~
11 ~~subsection 4.~~

12 ~~(b) Second, by indemnifying all claims for segregated~~
13 ~~dollar value losses arising from the sale of grain by~~
14 ~~deferred pricing contract as provided in subsection 4.~~

15 ~~(2) The board may establish one or more eligible claim~~
16 ~~indemnification periods required to fully indemnify all~~
17 ~~eligible claims. The department shall hold those claims that~~
18 ~~have not been fully indemnified until a later period or periods~~
19 ~~for the full indemnification of those claims as moneys in the~~
20 ~~fund are available.>~~

21 5. Page 20, after line 28 by inserting:

22 <Sec. _____. Section 203D.6A, subsection 4, paragraph c, Code
23 2026, is amended to read as follows:

24 c. The repayment claim derives from a covered transaction.
25 For purposes of this paragraph, a repayment claim derives
26 from a covered transaction if the claimant is a seller who
27 transferred title to the grain, other than by credit-sale
28 contract, to a licensed grain dealer within six months of the
29 incurrence date as provided in [section 203D.6, subsection 2.](#)>

30 6. Page 20, line 30, by striking <EFFECTIVE DATE> and
31 inserting <MISCELLANEOUS PROVISIONS>

32 7. Page 20, after line 30 by inserting:

33 <Sec. _____. REPEAL. 2025 Iowa Acts, chapter 105, section 24,
34 is repealed.

35 Sec. _____. EMERGENCY RULES. The department of agriculture

1 and land stewardship shall adopt emergency rules under section
2 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph
3 "b", to implement the provisions of this division of this
4 Act within thirty business days of the effective date of
5 this division of this Act and shall submit such rules to the
6 administrative rules coordinator and the administrative code
7 editor pursuant to section 17A.5, subsection 1, within the same
8 period. The rules shall be effective immediately upon filing
9 unless a later date is specified in the rules. Any rules
10 adopted in accordance with this section shall also be published
11 as a notice of intended action as provided in section 17A.4.>

12 8. Page 20, after line 32 by inserting:

13 <Sec. ____ . APPLICABILITY. A claim for the indemnification
14 of a loss filed with the department of agriculture and land
15 stewardship under chapter 203D prior to the effective date of
16 this division of this Act, shall be governed by the provisions
17 of chapters 203, 203C, and 203D Code 2026.>

18 9. By renumbering as necessary.

MOMMSEN of Clinton