

F I N A L R E P O R T

GRAIN DEALERS AND LIEN LAW STUDY COMMITTEE

January, 1984

The Grain Dealers and Lien Law Study Committee was established by the Legislative Council to study S.F. 510 and H.F. 427 which would grant a lien on crops and livestock to farm supply dealers, review grain elevator bankruptcies and possible insurance, review the State Commerce Commission supervision of grain operations, and evaluate a possible new fee schedule for grain dealers and warehouses. The Committee was composed of the following members:

Senator Berl Priebe, Co-chairperson
Representative Dale Cochran, Co-chairperson
Senator Bass Van Gilst
Senator Alvin Miller
Senator Jack Rife
Senator Ray Taylor
Representative Daniel Fogarty
Representative Louis Muhlbauer
Representative James Anderson
Representative Wendell Pellett

The Committee was authorized three meeting days. Meetings were held on August 30, October 17, and November 17, 1983. At these meetings the four areas of inquiry assigned to the Committee were discussed and three bill drafts were requested.

The Committee heard testimony from members of the banking community, farm supply dealers, regulators, farmers and farm organizations concerning S.F. 510 and its companion H.F. 427. The possible effects of the bills and their alternatives on the cost, convenience, and availability of farm credit, and their possible effect on the solvency of lenders, dealers, and farmers were discussed. At the second meeting the Committee requested a draft of S.F. 510 incorporating the filed amendments for its consideration at the next meeting and copies of a report by the Institute for Cooperation on the subject. The report by the Institute preferred a better exchange of credit information between dealers and lenders. The bill was discussed and a subcommittee composed of Representatives Fogarty and Pellett, and Senators Rife and Miller was appointed to report back to the Committee.

A bill proposed by Representative Muhlbauer to require copies of liens filed with the Secretary of State to be forwarded to and filed in the County Recorder's office was also discussed. Testimony was received from the Secretary of State on the subject. A vote for a Committee recommendation of the bill passed among the House members but failed among the Senate members.

Testimony was received from the Iowa State Commerce Commission on its operations under chapters 542 and 543, its proposals for new fee schedules, and its view of the elevator bankruptcy problem.

Commission representatives suggested changes in the Code concerning inspection requirements and the Commission's operations as a receiver for grain dealers or warehouses, but no final action was taken on these suggestions by the Committee. At its second meeting the Committee requested a bill draft based on an Illinois law to provide an insurance fund for grain dealer and warehouse failures. In addition to the Commerce Commission, the Committee received testimony from representatives of grain dealer organizations, insurers, bonding companies, and producers on the bill. Final action was not taken on the bill but amendments were received with a request for the bill to be redrafted. The Committee recommended that if no further Committee action was possible, the bill be transmitted to the House and Senate Standing Committees on Agriculture. The Committee also received fee proposals from the Commerce Commission which represented 50 percent, 75 percent, and 100 percent recovery of costs. A subcommittee consisting of Representatives Muhlbauer and Anderson, and Senators Van Gilst and Taylor was appointed to study the fees.

The Committee further recommended that authorization be sought from the Legislative Council for another meeting day. That request was granted and the Committee met on January 5, 1984. At that meeting the Committee adopted motions that the draft of Senate File 510 as amended and the draft of the grain indemnity fund be transmitted to the House and Senate Committees on Agriculture without recommendation. The Committee also approved a proposal on license fees for grain dealers and warehouses which should recover seventy-five percent of the Commerce Commission's cost. That proposal, in bill form, is attached to this report.

PROPOSED SENATE/HOUSE FILE _____

BY (PROPOSED GRAIN DEALERS AND
LIEN LAW STUDY COMMITTEE BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to license fees, inspection fees, and other
2 fees charged by the commerce commission under chapters
3 542 and 543.

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

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1 Section 1. Section 542.6, Code 1983, is amended by striking
2 the section and inserting in lieu thereof the following:

3 542.6 FEES. The commission shall charge the following
4 fees for deposit in the general fund:

5 1. For the issuance or renewal of a license for a grain
6 dealer and for any inspection of a grain dealer, the fee shall
7 be determined on the basis of bushels of grain purchased the
8 previous year as follows:

9 a. If the total purchased is one hundred thousand bushels
10 or less, the license fee is forty dollars and the inspection
11 fee is fifty dollars.

12 b. If the total purchased is more than one hundred thousand
13 bushels, but not more than seven hundred fifty thousand
14 bushels, the license fee is seventy dollars and the inspection
15 fee is seventy-five dollars.

16 c. If the total purchased is more than seven hundred fifty
17 thousand bushels, but not more than one million five hundred
18 thousand bushels, the license fee is one hundred dollars and
19 the inspection fee is one hundred fifteen dollars.

20 d. If the total purchased is more than one million five
21 hundred thousand bushels, but not more than three million
22 bushels, the license fee is one hundred seventy-five dollars
23 and the inspection fee is one hundred fifty dollars.

24 e. If the total purchased is more than three million
25 bushels, but not more than four million seven hundred fifty
26 thousand bushels, the license fee is three hundred dollars
27 and the inspection fee is one hundred eighty-five dollars.

28 f. If the total purchased is more than four million seven
29 hundred fifty thousand bushels, but not more than nine million
30 five hundred thousand bushels, the license fee is four hundred
31 twenty-five dollars and the inspection fee is two hundred
32 twenty-five dollars.

33 g. If the total purchased is more than nine million five
34 hundred thousand bushels, the license fee is five hundred
35 seventy-five dollars and the inspection fee is two hundred

1 sixty-five dollars.

2 If the applicant did not purchase grain the previous year,
3 the applicant will make an estimate of grain purchases for
4 the period to be covered by the license and the fee will be
5 based upon that estimate. If at the end of the license period
6 the total grain actually purchased exceeds the estimate, the
7 excess shall be added to the actual total to determine the
8 fee for the succeeding license period. If the total grain
9 purchased is short of the estimate, the short fall shall be
10 subtracted from the total to determine the fee for the
11 succeeding license period.

12 2. For an amendment to a license, the fee is ten dol-
13 lars.

14 3. For a duplicate license, the fee is five dollars.

15 Sec. 2. Section 543.33, Code 1983, is amended by striking
16 the section and inserting in lieu thereof the following:

17 543.33 FEES. The commission shall charge the following
18 fees for deposit in the general fund:

19 1. For the issuance or renewal of a warehouse license,
20 the fee shall be determined on the basis of the storage
21 capacity in bushels of grain as follows:

22 a. If the total storage capacity is one hundred thousand
23 bushels or less, the fee is thirty-five dollars.

24 b. If the total storage capacity is more than one hundred
25 thousand bushels, but not more than seven hundred fifty thou-
26 sand bushels, the fee is seventy-five dollars.

27 c. If the total storage capacity is more than seven hundred
28 fifty thousand bushels, but not more than one million five
29 hundred thousand bushels, the fee is one hundred fifteen
30 dollars.

31 d. If the total storage capacity is more than one million
32 five hundred thousand bushels, but not more than three million
33 bushels, the fee is one hundred fifty dollars.

34 e. If the total storage capacity is more than three million
35 bushels, but not more than four million seven hundred fifty

1 thousand bushels, the fee is one hundred eighty-five dollars.

2 f. If the total storage capacity is more than four million
3 seven hundred fifty thousand bushels, but not more than nine
4 million five hundred thousand bushels, the fee is two hundred
5 twenty-five dollars.

6 g. If the total storage capacity is more than nine million
7 five hundred thousand bushels, the fee is two hundred sixty-
8 five dollars.

9 2. For each inspection of a warehouse or station for the
10 purpose of licensing, a fee of twenty-five dollars, and for
11 each additional warehouse or station under the same license,
12 a fee of ten dollars.

13 3. For each amendment of a license, a fee of ten dol-
14 lars.

15 4. For each amendment of a tariff, a fee of ten dollars.

16 5. For a duplicate license, a fee of five dollars.

17 6. For the reinstatement of a license, a fee of fifty
18 dollars.

19 7. For the cost of maintaining an employee of the
20 commission at a warehouse to supervise the correction of a
21 deficiency, a fee of one hundred fifty dollars.

22 EXPLANATION

23 This bill sets the fees that the commerce commission may
24 charge grain dealers and grain warehouses for inspections,
25 licenses, and other services. This bill takes effect July
26 1 following enactment.

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