

Senate File 608 - Enrolled

Senate File 608

AN ACT

REGULATING THE MARKETING OF GRAIN, BY PROVIDING FOR FEES PAID BY GRAIN DEALERS AND WAREHOUSE OPERATORS INTO THE GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND, AND THE PAYMENT OF CLAIMS TO REIMBURSE SELLERS AND DEPOSITORS FOR LOSSES COVERED BY THE FUND, AND INCLUDING EFFECTIVE DATE AND APPLICABILITY PROVISIONS.

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

Section 1. Section 203.1, subsection 3, Code 2025, is amended to read as follows:

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

Sec. 2. Section 203.1, Code 2025, is amended by adding the following new subsections:

NEW SUBSECTION. 4A. "Deferred-payment contract" means a contract pursuant to which the purchase price for grain is agreed to by a seller and licensed grain dealer, if payment will occur more than thirty days from the date of delivery, as defined in section 203.8, subsection 2, paragraph "a".

NEW SUBSECTION. 4B. "Deferred-pricing contract" means a contract by a seller and licensed grain dealer if delivery, as defined in section 203.8, subsection 2, paragraph "a", has occurred but the purchase price has not been agreed to by the seller and licensed grain dealer.

Sec. 3. Section 203.3, subsection 4, paragraph b, Code 2025, is amended to read as follows:

b. The grain dealer shall submit, as required by the department, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. ~~However, the department may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the department.~~ The department shall not require that a grain dealer submit more than one such unqualified opinion per year. ~~The grain dealer, except as provided in section 203.15, may elect to submit a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph. However, at any time the department may require a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by a certified public accountant if the department has good cause.~~ A grain dealer shall submit financial statements to the department in addition to ~~those~~ the financial statement accompanied by an unqualified opinion as required in this paragraph if the department determines that it is necessary to verify the grain dealer's financial status or compliance with this ~~subsection~~ section.

Sec. 4. Section 203.3, subsection 5, paragraph b, Code 2025, is amended to read as follows:

b. The grain dealer shall submit, as required by the department, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. ~~However, the department may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the department.~~ The department shall not require that a grain dealer submit more than one such unqualified opinion per year. ~~The grain dealer may elect, however, to submit a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph. However, at any time the department may require a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by a certified public accountant if the department has good cause.~~ A grain dealer shall submit financial statements to the department in addition to ~~those~~ the financial statement accompanied by an unqualified opinion required in this paragraph if the department determines that it is necessary to verify the grain dealer's financial status or compliance with this section.

Sec. 5. Section 203.8, subsection 1, Code 2025, is amended to read as follows:

1. a. A grain dealer licensed or required to be licensed pursuant to section 203.3 shall pay the purchase price to the seller for grain ~~upon~~ as follows:

(1) Upon delivery or later upon demand by the seller, but. If the seller does not make a demand, the grain dealer shall pay the purchase price not later than thirty days after delivery by the seller unless in last date for scheduled payments made by the licensed grain dealer to sellers for delivered grain according to the grain dealer's standard business operation as provided by rules adopted by the department.

(2) In accordance with the terms of a credit-sale contract that satisfies the requirements of this chapter. The department shall adopt rules for payment by check and electronic funds

~~transfer.~~

b. A grain dealer licensed or required to be licensed pursuant to section 203.3 shall not hold a check for the purchase of grain more than five days after the grain dealer issues a check to the seller. After that date, the grain dealer shall deliver the check in person or by mail to the seller's last known address. The department shall adopt rules pursuant to chapter 17A for a grain dealer's payment by check and electronic funds transfer.

Sec. 6. Section 203.15, unnumbered paragraph 1, Code 2025, is amended to read as follows:

A grain dealer shall not purchase grain by a credit-sale contract except as provided in this section.

Sec. 7. Section 203.15, subsections 1, 3, 4, and 6, Code 2025, are amended to read as follows:

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

a. The meaning of "credit-sale contract", including "deferred-payment contract" or "deferred-pricing contract", as those terms are defined in section 203.1, shall supersede the meaning of those terms in a contract entered into by a seller and a licensed grain dealer.

~~a.~~ b. The grain dealer shall ~~give~~ provide written notice to the department prior to engaging in the purchase of grain by credit-sale contract. The written notice ~~shall~~ must contain all of the following:

(1) A statement that the grain dealer is engaging in the purchase of grain by deferred-pricing contract or deferred-payment contract or both.

(2) Any other information required by the department.

~~b.~~ c. All The grain dealer shall maintain credit-sale contract forms in the possession of the grain dealer shall. The department may require the credit-sale contract forms to distinguish between the purchase of grain by deferred-pricing contract or deferred-payment contract. The credit-sale contract forms must have been permanently and consecutively numbered at the time of printing of the forms. The grain dealer shall maintain an accurate record of all credit-sale contract forms

and numbers obtained by that grain dealer. The record shall must include the disposition of each numbered form, whether by execution, destruction, or otherwise.

~~e.~~ d. The grain dealer who purchases grain by credit-sale contract shall maintain records as required by the department in compliance with this section. The department may require the grain dealer to account separately for deferred-pricing contracts and deferred-payment contracts.

3. ~~a.~~ a. ~~Title to all grain sold~~ If a grain dealer purchases grain by a credit-sale contract, is in the purchasing grain dealer as of the time the contract is executed, unless the contract provides otherwise transferred title to the grain upon the grain's delivery to the grain dealer. As used in this paragraph, "delivery" means the same as defined in section 203.8.

b. The contract must be signed and dated by both parties and executed in duplicate. One copy shall be retained by the grain dealer and one copy shall be delivered to the seller. Upon the cessation of the grain dealer's license ~~by revocation, cancellation, or expiration~~ as provided in section 203.10, the payment date for all credit-sale contracts shall be advanced to a date not later than thirty days after the effective date of the cessation, and the purchase price for all unpriced grain shall be determined as of the effective date of the cessation in accordance with all other provisions of the contract. However, if the business of the grain dealer is sold to another licensed grain dealer, credit-sale contracts may be assigned to the purchaser of the business.

4. ~~a.~~ A grain dealer shall not purchase grain ~~on~~ by credit-sale contract ~~during~~ if any ~~time period in which~~ of the following apply:

a. ~~The grain dealer fails at any time to maintain fifty cents of net worth for each outstanding bushel of grain purchased under credit by credit-sale contract. The~~ However, the grain dealer may maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of deficiency in net worth.

b. ~~A~~ The grain dealer who is also a warehouse operator licensed by the department of agriculture and land stewardship under chapter 203C or the United States department of agriculture under the United States Warehouse Act, and ~~who does not~~ the

warehouse operator fails to have a sufficient quantity or quality of grain to satisfy the warehouse operator's obligations based on an examination by the department of agriculture and land stewardship or the United States department of agriculture shall not purchase grain on credit-sale contract to correct the shortage of grain.

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

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

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

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

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

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

(3) When a license is revoked, the department shall provide notice of the revocation by ordinary mail to the last known

~~address of each holder of an outstanding credit-sale contract and all known sellers.~~

6. a. A grain dealer who purchases grain by credit-sale contract shall obtain from the seller a signed acknowledgment stating that the seller has received a written notice that grain purchased by credit-sale contract is not protected by the grain depositors and sellers indemnity fund explaining all of the following:

(1) Ordinarily, a person who sells grain to a licensed grain dealer may file a claim with the Iowa grain indemnity fund board for a loss or losses caused by the licensed grain dealer.

(2) For a grain transaction, other than by credit-sale contract, the seller may file a claim for indemnification of ninety percent of a loss.

(3) (a) For a credit-sale contract classified as a deferred-pricing contract, the seller may file a claim for indemnification of seventy-five percent of a loss.

(b) The indemnification limit for all losses is not more than four hundred thousand dollars but may be decreased to three hundred thousand dollars depending upon the extent to which the seller's loss arose from a deferred-pricing contract.

(c) For a credit-sale contract classified as a deferred-payment contract, a seller is not eligible to claim a loss for indemnification.

b. The form for the acknowledgment shall be prescribed by the department, ~~and the~~.

c. The licensed grain dealer and the seller shall each be provided a copy of the acknowledged form.

Sec. 8. Section 203C.6, subsection 4, paragraph b, Code 2025, is amended to read as follows:

b. The warehouse operator shall submit, as required by the department, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. ~~However, the department may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the department.~~ The department shall not require that a warehouse

operator submit more than one such unqualified opinion per year. ~~The warehouse operator may elect, however, to submit a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph. However, at any time the department may require a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by a certified public accountant if the department has good cause.~~ A warehouse operator shall submit financial statements to the department in addition to ~~those~~ the financial statement accompanied by an unqualified opinion as required in this paragraph if the department determines that it is necessary to verify the warehouse operator's financial status or compliance with this subsection section.

Sec. 9. Section 203C.6, subsection 5, paragraph b, Code 2025, is amended to read as follows:

b. The warehouse operator shall submit, as required by the department, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. ~~However, the department may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the department.~~ The department shall not require that a warehouse operator submit more than one such unqualified opinion per year. ~~The warehouse operator may elect, however, to submit a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph. However, at any time the department may require a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by a certified public accountant if the department has good cause.~~ A warehouse operator shall submit financial statements to the department in addition to ~~those~~ the financial

statement accompanied by an unqualified opinion as required in this paragraph if the department determines that it is necessary to verify the warehouse operator's financial status or compliance with this subsection section.

Sec. 10. Section 203D.1, Code 2025, is amended by adding the following new subsections:

NEW SUBSECTION. 2A. "*Deferred-payment contract*" means the same as defined in section 203.1.

NEW SUBSECTION. 2B. "*Deferred-pricing contract*" means the same as defined in section 203.1.

NEW SUBSECTION. 8A. "*Indemnity fees*" or "*fees*" means a participation fee and per-bushel fee as provided in sections 203D.3 and 203D.3A.

NEW SUBSECTION. 14A. "*Repayment loss*" means the part of a repayment claim filed with the department by a seller that includes the dollar value loss incurred by the seller resulting from the seller receiving an amount from the sale of grain to a purchasing grain dealer that the seller has paid back to the grain dealer's bankruptcy estate subject to the requirements and limitations in sections 203D.6 and 203D.6A.

Sec. 11. Section 203D.1, subsections 14 and 16, Code 2025, are amended to read as follows:

14. a. "*Purchased grain*" means grain any of the following:
(1) Grain entered in the company-owned paid position as evidenced on the grain dealer's daily position record.

(2) Grain purchased by deferred-pricing contract.

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

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

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

(3) Purchased the grain under a credit-sale by deferred-payment contract.

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

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

16. a. "Seller" means a person who sells grain ~~which, that~~ the person has produced or caused to be produced, to a licensed grain dealer, ~~but excludes a person who executes a credit-sale contract as a seller as provided in section 203.15.~~ However, "seller"

b. "Seller" does not include any of the following:

~~a.~~ (1) A person licensed as a grain dealer in any jurisdiction who sells grain to a licensed grain dealer.

~~b.~~ (2) A person who sells grain that is not produced in this state unless such grain is delivered to a licensed grain dealer at a location in this state as the first point of sale.

(3) A person who sells grain by deferred-payment contract.

Sec. 12. Section 203D.3, subsections 1 and 4, Code 2025, are amended to read as follows:

1. The grain depositors and sellers indemnity fund is created in the state treasury as a separate account. The general fund of the state is not liable for claims presented against the fund under ~~section~~ sections 203D.6 and 203D.6A.

4. The moneys collected under this section and deposited in the fund shall be ~~used~~ expended by the board exclusively to ~~indemnify~~ do all of the following:

a. Indemnify depositors and sellers who have submitted eligible claims to the department as provided in ~~section~~ sections 203D.6 and ~~to pay the administrative costs of this chapter~~ 203D.6A.

b. Pay the department, the board, or the office of attorney general for actual and necessary costs incurred by any of the following:

(1) The department for acting as receiver if appointed by a court pursuant to section 203.12B or 203C.3.

(2) (a) The office of attorney general for representing the department, the board, or the office in a legal or administrative proceeding involving moneys required to be deposited or expended from the fund.

(b) Outside counsel for representing the department, the board, or the office of attorney general in a legal or administrative proceeding involving moneys required to be deposited or expended from the fund.

Sec. 13. Section 203D.3A, unnumbered paragraph 1, Code 2025, is amended to read as follows:

The department shall collect indemnity fees, including participation fees and per-bushel fees as provided in this section, if established imposed by the board pursuant to section 203D.5, at rates determined by the board as provided in that section. ~~A person required to pay a fee shall use licensee shall remit indemnity fees and forms and deliver the payment to the department as required by the department.~~

Sec. 14. Section 203D.3A, subsection 1, paragraph a, subparagraph (1), Code 2025, is amended to read as follows:

(1) In calculating the amount of the initial participation fee, an applicant for a new license shall be deemed a licensee paying the full annual amount of the participation fee owing on the licensee's first anniversary date ~~as provided in paragraph "b"~~. The department must be satisfied that the applicant is calculating the amount due in good faith and using the best information available.

(a) For a licensed grain dealer, the anniversary date is the last date to apply for the renewal of the grain dealer's license before the license expires as provided in section 203.5.

(b) For a licensed warehouse operator, the anniversary date is the last date to apply for the renewal of the warehouse operator's license before the license expires as provided in section 203C.37.

Sec. 15. Section 203D.3A, subsection 1, paragraph b, Code 2025, is amended to read as follows:

b. A licensee shall pay remit a participation fee in one installment as part of a license renewal application in the same manner provided in paragraph "a". However, the licensee may elect to remit the participation fee on four successive installment dates, with each installment date occurring on in the month succeeding the last date of the fund's assessment quarter as provided in section 203D.3, on a date determined by rules adopted by the department. The licensee shall pay remit twenty-five percent of the total participation fee assessed on each installment date. ~~However, nothing in this subsection prevents a licensee from paying the participation fee on an accelerated basis. A licensee shall pay the first installment on the last date of the fund's assessment quarter immediately following the licensee's anniversary date.~~

~~(1) For a licensed grain dealer, the anniversary date is the~~

~~last date to apply for the renewal of the grain dealer's license before the license expires as provided in section 203.5.~~

~~(2) For a licensed warehouse operator, the anniversary date is the last date to apply for the renewal of the warehouse operator's license before the license expires as provided in section 203C.37.~~

Sec. 16. Section 203D.3A, subsection 2, Code 2025, is amended to read as follows:

2. a. A licensed grain dealer shall remit a per-bushel fee ~~shall be assessed~~ on all purchased grain.

b. The licensed grain dealer shall forward remit the per-bushel fee to the department on a quarterly basis in the manner and using the forms a form prescribed by the department. The licensed grain dealer shall remit the per-bushel fee and form on four successive installment dates, with each installment date occurring in the month succeeding the last assessment quarter as provided in section 203D.3, on December 15, March 15, June 15, and September 15.

c. A licensee licensed grain dealer is delinquent if the licensee grain dealer fails to submit remit the full quarterly per-bushel fee or quarterly forms and form when due or if, upon examination, an underpayment of the fee is found by the department. The licensed grain dealer is subject to a penalty of ten dollars for each day the licensed grain dealer is delinquent or an amount equal to the amount of the deficiency, whichever is less. However, a licensee licensed grain dealer who fails to submit remit the full quarterly per-bushel fee or quarterly forms form when due, is subject to a minimum payment of ten dollars. The department may establish and apply a margin of error in determining whether a licensed grain dealer is delinquent. The per-bushel fee shall be collected only once on each bushel of grain.

~~e.~~ d. The per-bushel fee shall not be collected more than once on each bushel of grain. A licensed grain dealer may choose to pass on the cost of a per-bushel fee to the sellers by an itemized discount noted on the settlement sheet. However, if the per-bushel fee is not in effect, no a licensed grain dealer shall not make such a discount on the purchase of grain. A discount made nominally for the per-bushel fee while the per-bushel fee is not in effect is grounds for a license suspension or revocation

under chapter 203.

Sec. 17. Section 203D.5, subsection 1, unnumbered paragraph 1, Code 2025, is amended to read as follows:

The board shall annually review the debits of and credits to the grain depositors and sellers indemnity fund created in section 203D.3 and shall determine whether to impose the ~~participation fee and per-bushel fee~~ indemnity fees as provided in section 203D.3A, make adjustments to the indemnity fees effective on the previous September 1, or waive the indemnity fees as necessary to comply with this section. The board shall make the determination not later than May 1 of each year. The board shall impose the indemnity fees or adjust the indemnity fees effective on the previous September 1 in accordance with chapter 17A. The imposition or adjustment of the indemnity fees shall become effective as follows:

Sec. 18. Section 203D.5, subsections 4 and 5, Code 2025, are amended to read as follows:

4. If on the last date of the fund's assessment year as provided in section 203D.3 the assets of the fund exceed ~~eight~~ sixteen million dollars, less any encumbered balances or pending or unsettled claims, all of the following apply:

a. The participation fee as provided in section 203D.3A shall be waived and shall not be assessable or owing for the following assessment year of the fund. However, the licensee shall continue to ~~pay~~ remit any owing participation fee that was in effect on the prior September 1.

b. The per-bushel fee as provided in section 203D.3A shall be waived and shall not be assessable or owing for the following assessment year. The waiver shall also apply to purchased grain that is unpriced on the last date of the fund's assessment year. However, the licensed grain dealer shall remit any per-bushel fee that is owing on that date.

5. The board shall reinstate the indemnity fees as provided in this section if the assets of the fund, less any unencumbered balances or pending or unsettled claims, are ~~three~~ eight million dollars or less.

Sec. 19. Section 203D.6, subsection 1, Code 2025, is amended to read as follows:

1. a. ~~Persons~~ Person who may file claims a claim. A depositor or seller may file a claim with the department for

the indemnification of a ~~loss~~ dollar value losses from the grain depositors and sellers indemnity fund. A claim shall be filed by a depositor or seller in the manner prescribed by rules adopted by the board department.

b. The department may identify each claim and associated claimant by a unique number which may be a federal tax identification number.

Sec. 20. Section 203D.6, subsections 4, 5, 6, 8, and 9, Code 2025, are amended to read as follows:

4. Determination of eligible ~~claims~~ claim. The board shall determine a claim to be eligible for ~~payment~~ indemnification from the fund if the board finds all of the following:

a. That the claim was timely filed.

b. That the incurrence date was on or after May 15, 1986.

c. That the claimant qualifies as a depositor or seller.

d. (1) That the claim derives from a covered transaction.

For purposes of this paragraph, a claim derives from a covered transaction if the claimant ~~is a~~ incurred a dollar value loss as any of the following:

(a) A depositor who delivered the grain to a licensed warehouse operator.

(b) (i) A seller who transferred title to the grain to a licensed grain dealer ~~other than by credit-sale contract~~ within six months of the incurrence date for a claim period as provided in subsection 2, ~~or if the claimant is a depositor who delivered the grain to a licensed warehouse operator.~~

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

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

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

(b) The part of the segregated claim that includes a dollar value loss incurred by a seller who sold grain to a licensed grain dealer pursuant to a deferred-payment contract is

ineligible for indemnification.

e. That there is adequate documentation to establish the existence of a claim and to determine the amount of the loss.

f. A claim has not been paid for the same loss.

5. ~~Value of~~ Dollar value loss — ~~warehouse claims~~
depositor.

a. (1) The board shall determine ~~the~~ an eligible claim's dollar value ~~of a claim~~ loss incurred by a depositor holding a warehouse receipt or a scale weight ticket for grain that the depositor delivered for storage to the licensed warehouse operator.

(a) If the department has been appointed by the court as receiver of the grain assets of the warehouse operator, the dollar value loss shall be presumed to be as stated in the plan of disposition approved by the court.

(b) If the warehouse operator has filed a petition in bankruptcy, the dollar value loss shall be presumed to be based upon the fair market price, free-on-board from the site of the warehouse operator, being paid to producers for grain by the grain terminal operator nearest the warehouse operator on the date the petition was filed.

(c) If there is neither a department receivership nor a bankruptcy filing, the dollar value loss shall be presumed to be based upon the fair market price, free-on-board from the site of the warehouse operator, being paid to producers for grain by the grain terminal operator nearest the warehouse operator on the incurrence date of license revocation or cancellation. If more than one incurrence date applies to a claim, the board may choose between the two. ~~However, the~~

(d) The board may accept an alternative ~~valuation of a claim~~ dollar value loss upon a showing of just cause by the depositor or department. ~~All depositors~~

(2) The dollar value loss of priced or unpriced grain shall not exceed the price of that grain if the grain were U.S. No. 2 grain according to standards adopted by the federal grain inspection service of the United States department of agriculture. The price of the grain shall be determined in accordance with the relevant date used to determine the price described in subparagraph (1). The department may adjust the price of the grain if necessary to better account for the

condition of the grain when stored.

b. A depositor filing elaims a claim for a dollar value loss under this section subsection shall be bound by the dollar value loss determined by the board. The dollar value of the loss is the outstanding balance on the validated claim at time of payment the claimant is indemnified from the fund.

6. Value of Dollar value loss — grain dealer elaims seller.

a. (1) The dollar value of a claim The board shall determine an eligible claim's dollar value loss incurred by a seller who has sold grain or delivered grain for sale or exchange and who is a creditor of the licensed grain dealer for all or part of the value of the grain shall be based on the amount stated on the obligation on the date of the sale.

(a) If the sold grain was unpriced, the dollar value of a elaim loss shall be presumed to be based upon the fair market price, free-on-board from the site of the grain dealer, being paid to producers for grain by the grain terminal operator nearest the grain dealer on the incurrence date of the license revocation or cancellation or the filing of a petition in bankruptcy. If more than one incurrence date applies to a claim, the board may choose between the two. However, the

(b) The board may accept an alternative valuation of a elaim dollar value loss upon a showing of just cause by the seller or department. All sellers

(2) The dollar value loss of priced or unpriced grain shall not exceed the price of that grain if the grain were U.S. No. 2 grain according to standards adopted by the federal grain inspection service of the United States department of agriculture. The price of the grain shall be determined in accordance with the relevant date used to determine the price described in subparagraph (1). The department may adjust the price of the grain if necessary to better account for the condition of the grain when purchased.

b. A seller filing elaims a claim for a dollar value loss under this section subsection shall be bound by the dollar value loss determined by the board. The dollar value of the loss is the outstanding balance on the validated claim at the time of payment the claimant is indemnified from the fund.

8. Payment Indemnification of elaims a claimant.

a. Upon a determination by the board that the claim is an eligible for payment claim satisfies the requirements in subsection 4, the board shall provide for payment of ninety percent of the loss, as determined under indemnify the claimant as a depositor under subsection 5, but not more than three hundred thousand dollars per claimant and a seller under subsection 6. Upon a determination by the board that an eligible repayment claim filed by that seller under section 203D.6A derives from the same covered transaction during the claim period, and the repayment loss incurred for that claim, the board shall indemnify the claimant as a seller subject to the requirements of this section and section 203D.6A.

b. Subject to the indemnification limit described in paragraph "c", the board shall indemnify a claimant ninety percent of the combined dollar value losses, including any repayment loss, incurred by the claimant as described in paragraph "a", except for a segregated dollar value loss incurred from the sale of grain by credit-sale contract. The board shall indemnify the seller seventy-five percent of the dollar value loss, including any repayment loss, incurred from the sale of grain by deferred-pricing contract and zero percent of the dollar value loss for the sale of grain, including any repayment loss, by deferred-payment contract. The full indemnity amount paid to a claimant shall be calculated as the sum of the following:

(1) Ninety cents for each dollar value loss, including any repayment loss, incurred by the claimant other than a dollar value loss for the sale of grain by credit-sale contract.

(2) For the sale of grain by credit-sale contract, all of the following:

(a) Seventy-five cents for each dollar value loss, including any repayment loss, incurred by the claimant other than a dollar value loss for the sale of grain by deferred-pricing contract.

(b) Zero cents for each dollar value loss incurred by the claimant by deferred-payment contract.

c. The board shall not indemnify any claimant for more than four hundred thousand dollars for an eligible claim for all dollar value losses described in paragraphs "a" and "b", including any repayment loss.

d. (1) If at any time the board determines that there are insufficient funds moneys in the fund to make payment of

fully indemnify all eligible claims, the board may shall order that payment be deferred on specified claims. The department, upon the board's instruction, shall hold those claims for payment until the board determines that the fund again contains sufficient assets the eligible claims be indemnified according to the following order:

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

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

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

9. *Subrogation of fund.* In the event of payment the indemnification of a dollar value loss under this section, the fund is subrogated to the extent of the amount of any payments to all rights, powers, privileges, and remedies of the depositor or seller against any person regarding the dollar value loss. The depositor or seller shall render all necessary assistance to aid the department and the board in securing the rights granted in this section. ~~No~~ An action or claim initiated by a depositor or seller and pending at the time of ~~payment~~ indemnification from the fund shall not be compromised or settled without the consent of the board.

Sec. 21. Section 203D.6, subsection 10, paragraph b, Code 2025, is amended to read as follows:

b. The fund shall not be liable for the ~~payment~~ indemnification of an expired claim.

Sec. 22. NEW SECTION. 203D.6A Indemnification of repayment loss against fund.

1. A separate process is established to provide for the fund's indemnification of a repayment claim that includes a repayment loss incurred by a seller against a grain dealer, if the grain dealer is a debtor in bankruptcy under the protections provided in Tit. 11 of the United States Code.

a. A repayment claim that includes the repayment loss shall be filed with the department in the manner prescribed by the department.

b. A seller may file an eligible claim for a dollar value loss under section 203D.6 and an eligible repayment claim for a repayment loss under this section.

c. The department may reconcile a repayment claim filed under this subsection with a claim filed by the same claimant that is part of the same covered transaction under the claim period as provided in section 203D.6.

2. To be timely, a seller must file a repayment claim with the department not later than sixty days after the amount of the seller's loss is finalized by a bankruptcy court, whether by an order issued, judgment entered, or settlement agreement approved.

3. The department may provide notice of the repayment claim process to a seller that may become or has become subject to an order issued, judgment entered, or settlement agreement approved by a bankruptcy court in the grain dealer's bankruptcy proceeding that requires the seller to pay back the amount previously received for grain purchased by the grain dealer. If the department chooses to provide a notice to the seller, it shall have discretion to determine any reasonable method and manner of providing such notice. A failure by the department to provide a notice or a failure by a seller to receive a notice under this subsection does not relieve the seller of the requirement to timely file a repayment claim.

4. The board shall determine that a repayment claim is eligible for indemnification from the fund if the board finds all of the following:

a. The repayment claim was timely filed.

b. The repayment claimant qualifies as a seller.

c. The repayment claim derives from a covered transaction.

For purposes of this paragraph, a repayment claim derives from a covered transaction if the claimant is a seller who transferred title to the grain to a licensed grain dealer within six months of the incurrence date as provided in section 203D.6, subsection 2.

d. The seller submits adequate proof to establish the repayment claim and the amount of the repayment loss.

e. A claim has not been paid for the same loss.

5. A seller is not entitled to indemnify a claim for a repayment loss if the repayment loss is incurred as a result of a fraudulent transfer or conveyance by the seller.

6. The dollar value loss of a repayment claim is the amount the seller has paid back to a grain dealer's bankruptcy estate that the seller previously received from the grain dealer's purchase of the grain, if paying back the amount was the result of an order issued, judgment entered, or settlement agreement approved by a bankruptcy court, and which has not been recovered through other legal or equitable remedies including the liquidation of the grain dealer's assets.

7. The department acting on behalf of the board shall deliver a notice to a seller filing a repayment claim under this section. The notice must include the board's determination of the seller's eligibility and the dollar value of the seller's repayment loss. Within twenty days of delivering the notice, the seller may request a hearing for the review of either determination. The request shall be made in the manner provided by the board. The hearing and any further appeal shall be conducted as a contested case subject to chapter 17A. A seller whose repayment claim has been refused by the board may appeal the refusal to either the district court of Polk county or the district court of the county in which the seller resides.

8. Upon a determination that the repayment claim is eligible for indemnification, the board shall provide for indemnification of the repayment loss, as required in section 203D.6. If at any time the board determines that there are insufficient moneys in the fund to fully indemnify all eligible claims under section 203D.6 and all eligible repayment claims under this section, the board shall order that the eligible claims be fully indemnified during one or more indemnification periods as provided in section 203D.6.

9. In the event of the indemnification of a repayment loss under this section, the fund is subrogated to the extent of the amount of any payments to all rights, powers, privileges, and remedies of the seller against any person regarding the repayment loss. The seller shall render all necessary assistance to the department and the board in securing the rights granted in this section. An action or claim initiated by a seller and pending at the time of indemnification from the fund shall not be

compromised or settled without the consent of the board.

10. a. A repayment claim shall expire if five years after the board determines that the repayment claim is eligible, the claimant has failed to do any of the following:

(1) Provide for the fund's subrogation or render all necessary assistance to the department and the board in securing the department's rights of subrogation as required in this section.

(2) Provide necessary documentation or information required by the board in order to process the indemnification claim.

b. The fund is not liable for the indemnification of an expired repayment claim.

Sec. 23. EMERGENCY RULES. The department of agriculture and land stewardship shall adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this Act within thirty business days of the effective date of this section of this Act and shall submit such rules to the administrative rules coordinator and the administrative code editor pursuant to section 17A.5, subsection 1, within the same period. The rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 24. ASSESSMENT OF INDEMNITY FEES. A grain dealer licensed under chapter 203 who is a party to a credit-sale contract shall owe any indemnity fees assessed on grain purchased under the credit-sale contract beginning on the following September 1 of the first assessment quarter pursuant to section 203D.3A.

Sec. 25. EFFECTIVE DATE. The following, being deemed of immediate importance, takes effect upon enactment:

The section of this Act requiring the department of agriculture and land stewardship to adopt emergency rules.

Sec. 26. APPLICABILITY.

1. The process established in section 203D.6, as amended by this Act, and section 203D.6A, as enacted by this Act, providing for the indemnification of a repayment claim filed by a seller with the department of agriculture and land stewardship that includes a repayment loss incurred by the seller against a grain

dealer applies only if the grain dealer is a debtor in bankruptcy under the protections provided in Tit. 11 of the United States Code on or after October 24, 2022.

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2. For a repayment loss incurred prior to July 1, 2025, the end of the claim period in section 203D.6A, subsection 2, as enacted by this Act, is August 29, 2025.

AMY SINCLAIR
President of the Senate

PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 608, Ninety-first General Assembly.

W. CHARLES SMITHSON
Secretary of the Senate

Approved _____, 2025

KIM REYNOLDS
Governor

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