

AGRICULTURE: Hutchins. Chair: Palmer and Hester

MAR 28 1985

Place On Calendar

HOUSE FILE 748

BY COMMITTEE ON AGRICULTURE

(Formerly House File 479)

Passed House, Date 4-2-85 (p. 1257) Passed Senate, Date 4-18-85 (p. 1476)

Vote: Ayes 99 Nays 0 Vote: Ayes 41 Nays 0

Approved May 30, 1985

A BILL FOR

1 An Act relating to the financial requirements of grain
2 dealers.

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

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HF 748

1 Section 1. Section 542.3, subsection 4, paragraph c, Code
2 1985, is amended to read as follows:

3 c. The grain dealer shall have and maintain current assets
4 equal to at least ninety percent of current liabilities or
5 provide bond ~~in-the-amount-of-two-thousand-dollars-for-each~~
6 ~~one-thousand-dollars-or-fraction-thereof-of-current-assets~~
7 ~~lacking-to-meet-this-minimum-~~ under the following conditions:

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

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

22 PARAGRAPH DIVIDED. A bond submitted for purposes of this
23 paragraph shall be in addition to any other bond ~~otherwise~~
24 permitted or required under this chapter.

25 Sec. 2. Section 542.3, subsection 5, paragraph c, Code
26 1985, is amended to read as follows:

27 c. The grain dealer shall have and maintain current assets
28 equal to at least ninety percent of current liabilities or
29 provide bond ~~in-the-amount-of-two-thousand-dollars-for-each~~
30 ~~one-thousand-dollars-or-fraction-thereof-of-current-assets~~
31 ~~lacking-to-meet-this-minimum-~~ under the following conditions:

32 (1) A grain dealer with current assets equal to at least
33 forty-five percent of current liabilities may provide bond of
34 two thousand dollars for each one thousand dollars or fraction
35 of one thousand dollars of current assets that the grain

1 dealer is lacking to meet the minimum requirement. However,
2 the bond shall not be used for longer than six consecutive
3 months in a twelve-month period.

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

11 PARAGRAPH DIVIDED. A bond submitted for purposes of this
12 paragraph shall be in addition to any other bond otherwise
13 permitted or required under this chapter.

14 Sec. 3. Section 542.15, Code 1985, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 7. A grain dealer shall not purchase
17 grain on credit during any time period in which the grain
18 dealer's current assets are less than forty-five percent of
19 current liabilities.

20 EXPLANATION

21 This bill provides that a grain dealer with a class 1 or
22 class 2 license shall have and maintain current assets equal
23 to at least 90 percent of current liabilities. However, for
24 limited amounts of time the grain dealer may post a bond to
25 cover the deficiency. The length of time a bond may be used
26 is dependent on the amount of the deficiency. A grain dealer
27 shall not purchase grain by credit-sale contract during any
28 time period in which the dealer's current assets are less than
29 45 percent of current liabilities.

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HOUSE FILE 748

AN ACT

RELATING TO THE FINANCIAL REQUIREMENTS OF GRAIN DEALERS.

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

Section 1. Section 542.3, subsection 4, paragraph c, Code 1985, is amended to read as follows:

c. The grain dealer shall have and maintain current assets equal to at least ninety percent of current liabilities or provide bond ~~in the amount of two thousand dollars for each one thousand dollars or fraction thereof of current assets lacking to meet this minimum~~ under the following conditions:

(1) A grain dealer with current assets equal to at least forty-five percent of current liabilities may provide bond 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 shall not be used for longer than six consecutive months in a twelve-month period.

(2) A grain dealer with current assets equal to less than forty-five percent of current liabilities may provide bond 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 shall not be used for longer than thirty consecutive days in a twelve-month period.

PARAGRAPH DIVIDED. A bond submitted for purposes of this paragraph shall be in addition to any other bond otherwise permitted or required under this chapter.

Sec. 2. Section 542.3, subsection 5, paragraph c, Code 1985, is amended to read as follows:

c. The grain dealer shall have and maintain current assets equal to at least ninety percent of current liabilities or provide bond ~~in the amount of two thousand dollars for each one thousand dollars or fraction thereof of current assets lacking to meet this minimum~~ under the following conditions:

(1) A grain dealer with current assets equal to at least forty-five percent of current liabilities may provide bond 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 shall not be used for longer than six consecutive months in a twelve-month period.

(2) A grain dealer with current assets equal to less than forty-five percent of current liabilities may provide bond 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 shall not be used for longer than thirty consecutive days in a twelve-month period.

PARAGRAPH DIVIDED. A bond submitted for purposes of this paragraph shall be in addition to any other bond otherwise permitted or required under this chapter.

Sec. 3. Section 542.15, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 7. A grain dealer shall not purchase grain on credit during any time period in which the grain

dealer's current assets are less than forty-five percent of current liabilities.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 748, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 30, 1985

TERRY E. BRANSTAD
Governor