

H. 3/6/96 Nat. Rev.  
FILED FEB 15 1996  
H. 3/22/96 Do Pass

SENATE FILE **2212**  
BY COMMITTEE ON NATURAL  
RESOURCES, ENVIRONMENT,  
AND ENERGY

(SUCCESSOR TO SSB 2044)

Passed Senate, Date <sup>(p.578)</sup> 3/4/96 Passed House, Date 4/1/96 (p.1137)  
Vote: Ayes 48 Nays 1 Vote: Ayes 95 Nays 3  
Approved April 8, 1996

**A BILL FOR**

1 An Act relating to the regulation of timber sales and surety  
2 bonds paid by timber buyers and providing an effective date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2212

1 Section 1. Section 456A.36, subsection 1, paragraph c,  
2 Code 1995, is amended to read as follows:

3 c. "Timber buyer" means a person engaged in the business  
4 of buying timber from the timber growers for sawing into  
5 lumber, for processing or for resale, but does not include a  
6 person who occasionally purchases timber for sawing or  
7 processing for the person's own use and not for resale.

8 "Timber buyer" includes a person who contracts with a timber  
9 grower on a shared-profit basis to harvest timber from the  
10 timber grower's land.

11 Sec. 2. Section 456A.36, subsection 2, unnumbered  
12 paragraph 2, Code 1995, is amended by striking the unnumbered  
13 paragraph and inserting in lieu thereof the following:

14 The principal amount of the bond shall be ten percent of  
15 the total amount paid to timber growers during the preceding  
16 year, plus ten percent of the total amount due or delinquent  
17 and unpaid to timber growers at the end of the preceding year,  
18 and ten percent of the market value of growers' shares of  
19 timber harvested during the previous year. However, the total  
20 amount of the bond shall be not less than three thousand  
21 dollars and not more than fifteen thousand dollars.

22 Sec. 3. EFFECTIVE DATE. This Act takes effect January 1,  
23 1997.

24 EXPLANATION

25 This bill amends the definition of a timber buyer to  
26 include a person who contracts to harvest timber on shares.  
27 The bill also revises the formula for determining the amount  
28 of the surety bond which a timber buyer must file with the  
29 natural resource commission based on the preceding year's  
30 business. The minimum bond is raised from \$500 to \$3,000 and  
31 the maximum bond is raised from \$10,000 to \$15,000.

32 This bill takes effect January 1, 1997.

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Black  
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Succeeded By  
SF/HF 2212

SSB 2044 NRKEE

Natural Resources  
Environment & Energy  
SENATE/HOUSE FILE \_\_\_\_\_

BY (PROPOSED DEPARTMENT OF  
NATURAL RESOURCES BILL)

Passed Senate, Date \_\_\_\_\_

Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

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30 business. The minimum bond is raised from \$500 to \$3,000 and  
31 the maximum bond is raised from \$10,000 to \$15,000.

32 This bill takes effect January 1, 1997.

33 BACKGROUND STATEMENT

34 SUBMITTED BY THE AGENCY

35 The current minimum bond of \$500 for timber buyers is too

1 low, particularly in view of the expense of obtaining a  
2 judgment on the bond and the current value of timber. A  
3 \$3,000 bond is much more realistic. The maximum bond  
4 requirement is also increased to reflect the increased value  
5 of timber in today's markets. The amount of the bond should  
6 not be based only on the amounts actually paid to timber  
7 growers during the preceding year. The amounts owed but not  
8 paid for timber are also relevant in determining the amount of  
9 the bond.

10 The definition of timber buyer is not broad enough to cover  
11 persons who contract to cut timber on shares. In these  
12 situations, a person cuts and hauls the trees to a mill or  
13 other market. The mill or other market pays the grower  
14 directly for their share with the balance being paid to the  
15 person who cut the trees. Since this person is not actually  
16 purchasing the timber from the grower, the person is not  
17 required to file a bond under current law. There have been  
18 some cases where timber has been diverted to other markets  
19 without the knowledge of the grower which resulted in the  
20 grower not receiving full value for that timber.

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Sec. 3. EFFECTIVE DATE. This Act takes effect January 1, 1997.

SENATE FILE 2212

AN ACT

RELATING TO THE REGULATION OF TIMBER SALES AND SURETY BONDS  
PAID BY TIMBER BUYERS AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 456A.36, subsection 1, paragraph c, Code 1995, is amended to read as follows:

c. "Timber buyer" means a person engaged in the business of buying timber from the timber growers for sawing into lumber, for processing or for resale, but does not include a person who occasionally purchases timber for sawing or processing for the person's own use and not for resale. "Timber buyer" includes a person who contracts with a timber grower on a shared-profit basis to harvest timber from the timber grower's land.

Sec. 2. Section 456A.36, subsection 2, unnumbered paragraph 2, Code 1995, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

The principal amount of the bond shall be ten percent of the total amount paid to timber growers during the preceding year, plus ten percent of the total amount due or delinquent and unpaid to timber growers at the end of the preceding year, and ten percent of the market value of growers' shares of timber harvested during the previous year. However, the total amount of the bond shall be not less than three thousand dollars and not more than fifteen thousand dollars.

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LEONARD L. BOSWELL  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2212, Seventy-sixth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 8, 1996

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TERRY E. BRANSTAD  
Governor