

SENATE FILE 49
BY BARTZ

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the purchase of livestock by packers, by
2 prohibiting price discrimination, requiring reporting, and
3 providing criminal penalties and civil remedies.

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

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S.F. 49

1 Section 1. NEW SECTION. 172C.1 DEFINITIONS.

2 1. "Livestock" means live cattle, swine, or sheep.

3 2. "Packer" means a person who is engaged in the business
4 of slaughtering livestock or receiving, purchasing, or
5 soliciting livestock for slaughtering, the meat products of
6 which are directly or indirectly to be offered for resale or
7 for public consumption. As used in this chapter, "packer"
8 includes an agent of the packer engaged in buying or
9 soliciting livestock for slaughter on behalf of a packer.
10 "Packer" does not include any of the following:

- 11 a. A cold storage plant regulated under chapter 171.
- 12 b. A frozen food locker plant regulated under chapter 172.
- 13 c. A livestock market as defined in section 455B.161.

14 Sec. 2. NEW SECTION. 172C.2 PRICE DISCRIMINATION --
15 PROHIBITION.

16 1. Except as provided in subsection 2, a packer purchasing
17 or soliciting livestock for slaughter in this state shall not
18 discriminate in prices paid or offered to be paid to sellers
19 of that livestock.

20 2. This section shall not apply to any of the following:

21 a. A person exempted from the license and financial
22 responsibility provisions of chapter 172A pursuant to section
23 172A.6.

24 b. A person purchasing or soliciting cattle, including
25 calves, for slaughter.

26 c. The sale and purchase of livestock if all of the
27 following requirements are met:

28 (1) The price differential is based on one of the
29 following:

30 (a) The quality of the livestock, if the packer purchases
31 or solicits the livestock based upon a payment method
32 specifying prices paid for criteria relating to carcass merit.

33 (b) Actual and quantifiable costs related to transporting
34 and acquiring the livestock by the packer.

35 (c) An agreement for the delivery of livestock at a

1 specified date or time.

2 (2) After making a differential payment to a seller, the
3 packer publishes information relating to the differential
4 pricing, including the payment method for carcass merit,
5 transportation and acquisition pricing, and an offer to enter
6 into an agreement for the delivery of livestock at a specified
7 date or time according to the same terms and conditions
8 offered to other sellers.

9 3. A packer shall provide all sellers with the same terms
10 and conditions offered to a seller who receives a differential
11 price based on any of the criteria described in subsection 2,
12 paragraph "c", subparagraph (1).

13 4. The packer shall, at the beginning of each day in which
14 livestock are purchased, post in a conspicuous place at the
15 point of delivery, all prices for livestock to be paid that
16 day.

17 5. An agreement made by a packer in violation of this
18 section is voidable.

19 6. A packer acting in violation of this section is guilty
20 of a fraudulent practice as provided in chapter 714.

21 7. The attorney general shall enforce this section. The
22 department shall refer any violations of this chapter to the
23 attorney general. The attorney general or any person injured
24 by a violation of this section may bring an action in district
25 court to restrain a packer from violating this section. A
26 seller who receives a discriminatory price or who is offered
27 only a discriminatory price for livestock based upon a
28 violation of this section by a packer, has a civil cause of
29 action against the packer and, if successful, shall be awarded
30 treble damages.

31 Sec. 3. NEW SECTION. 172C.3 REPORTING REQUIREMENTS.

32 1. A packer shall make available for publication and to a
33 board of trade approved by the secretary of state, a daily
34 report setting forth information regarding prices paid for
35 livestock, under each contract in force, in which the packer

1 and an Iowa resident are parties for the purchase of the
2 livestock by the packer, and which sets a date for delivery
3 more than twenty days after the making of the contract.

4 2. The reports shall be completed on forms prepared by the
5 secretary of state for comparison with cash market prices for
6 livestock according to procedures required by the secretary of
7 state. However, a report shall not include information
8 regarding the identity of a seller.

9 3. The failure of a packer to report as required by this
10 section is punishable by a civil penalty not to exceed one
11 thousand dollars for each day that a timely or truthful report
12 is not published. The secretary of state shall refer to the
13 attorney general any packer or packer's agent who the
14 secretary of state believes is in violation of this section.
15 The attorney general may, upon referral from the secretary of
16 state, file an action in district court to enforce this
17 section.

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EXPLANATION

19 This bill creates a new chapter 172C which regulates meat
20 packers. A "packer" is a person who is engaged in the
21 business of slaughtering livestock or receiving, purchasing,
22 or soliciting livestock for slaughter. The definition
23 includes a packer's agent, but does not include a cold storage
24 plant, a frozen food locker plant, or a livestock market.

25 This bill prohibits price discrimination in the purchase of
26 livestock by a packer. This prohibition does not apply in
27 several cases, including to a person exempted from the license
28 and financial responsibility provisions of chapter 172A
29 regulating livestock brokers and dealers. The bill's
30 prohibition does not apply to a person purchasing cattle for
31 slaughter. The prohibition also does not apply if first, the
32 price differential is based on the quality of the livestock,
33 transportation costs, or the delivery of livestock at a
34 specified date or time, and second, information relating to
35 the price differential is published. The packer must offer to

1 enter into an agreement with other sellers for the delivery of
2 livestock according to the same terms and conditions as
3 provided in the published notice. In addition, the packer
4 must, at the beginning of each day in which livestock are
5 purchased, post in a conspicuous place at the point of
6 delivery, all prices for livestock to be paid that day. The
7 bill provides that an agreement made in violation of the
8 bill's requirements is voidable. The packer violating the
9 provision is guilty of a fraudulent practice. The bill
10 provides that the attorney general is responsible for
11 enforcing the provision. The bill provides that the attorney
12 general or an injured seller may seek injunctive relief. The
13 injured seller may be awarded treble damages in a court
14 action.

15 The bill also provides that a packer must make available
16 for publication, and to a board of trade, a daily report
17 containing prices paid for livestock under each contract in
18 force in which the packer and an Iowa resident are parties, if
19 delivery under the contract is set more than 20 days after the
20 contract is executed. The failure to make a timely report is
21 punishable by a civil penalty not to exceed \$1,000 for each
22 day that a timely or truthful report is not published. The
23 attorney general is also charged to enforce this part of the
24 bill's requirements.

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