

SENATE FILE 74
BY KIBBIE and JUDGE

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

A BILL FOR

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

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

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S.F. 74

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. The sale and purchase of livestock if all of the
25 following requirements are met:

26 (1) The price differential is based on one of the
27 following:

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

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

33 (c) An agreement for the delivery of livestock at a
34 specified date or time.

35 (2) After making a differential payment to a seller, the

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

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

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

15 5. An agreement made by a packer in violation of this
16 section is voidable.

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

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

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

30 1. A packer shall make available for publication and to a
31 board of trade approved by the secretary of state, a daily
32 report setting forth information regarding prices paid for
33 livestock, under each contract in force, in which the packer
34 and an Iowa resident are parties for the purchase of the
35 livestock by the packer, and which sets a date for delivery

1 more than twenty days after the making of the contract.
2 2. The reports shall be completed on forms prepared by the
3 secretary of state for comparison with cash market prices for
4 livestock according to procedures required by the secretary of
5 state. However, a report shall not include information
6 regarding the identity of a seller.

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

16 EXPLANATION

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

23 This bill prohibits price discrimination in the purchase of
24 livestock by a packer. This prohibition does not apply in
25 several cases, including to a person exempted from the license
26 and financial responsibility provisions of chapter 172A
27 regulating livestock brokers and dealers. The prohibition
28 also does not apply if first, the price differential is based
29 on the quality of the livestock, transportation costs, or the
30 delivery of livestock at a specified date or time, and second,
31 information relating to the price differential is published.
32 The packer must offer to enter into an agreement with other
33 sellers for the delivery of livestock according to the same
34 terms and conditions as provided in the published notice. In
35 addition, the packer must, at the beginning of each day in

1 which livestock are purchased, post in a conspicuous place at
2 the point of delivery, all prices for livestock to be paid
3 that day. The bill provides that an agreement made in
4 violation of the bill's requirements is voidable. The packer
5 violating the provision is guilty of a fraudulent practice.
6 The bill provides that the attorney general is responsible for
7 enforcing the provision. The bill provides that the attorney
8 general or an injured seller may seek injunctive relief. The
9 injured seller may be awarded treble damages in a court
10 action.

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

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