

AGRICULTURE

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SENATE FILE 2066

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SHEARER

(COMPANION TO LSB 5942HH  
BY MAY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for the marketing of livestock by prohibiting  
2 price discrimination and providing penalties.

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

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*SF 2066*  
AGRICULTURE

1 Section 1. NEW SECTION. 172E.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 slaughter, if the meat products of  
6 the slaughtered livestock are, directly or indirectly, to be  
7 offered for resale or for public consumption and have a total  
8 annual value of ten million dollars or more. As used in this  
9 chapter, "packer" includes an agent of the packer engaged in  
10 buying or soliciting livestock for slaughter on behalf of a  
11 packer. "Packer" does not include a frozen food locker plant  
12 regulated under chapter 172.

13 Sec. 2. NEW SECTION. 172E.2 PRICE DISCRIMINATION --  
14 PROHIBITION.

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

19 2. This section shall not apply to the purchase of  
20 livestock by a packer if all of the following requirements are  
21 met:

22 a. The price differential is based on one of the  
23 following:

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

27 (2) Actual and quantifiable costs related to transporting  
28 and acquiring the livestock by the packer.

29 (3) An agreement for the delivery of livestock at a  
30 specified date or time.

31 b. The packer provides all sellers with the same terms and  
32 conditions offered to a seller who receives the differential  
33 price based on any of the criteria described in paragraph "a".  
34 The packer is not required to provide sellers with the same  
35 terms and conditions after the close of business day on which

1 the packer provided the differential price. The packer shall  
2 post a notice in a conspicuous place informing sellers of the  
3 terms and conditions offered to a seller who receives a  
4 differential price.

5 3. An agreement made by a packer in violation of this  
6 section is voidable.

7 4. A packer acting in violation of this section is guilty  
8 of a fraudulent practice as provided in chapter 714.

9 5. The attorney general shall enforce this section. The  
10 department shall refer any violations of this section to the  
11 attorney general. The attorney general or any person injured  
12 by a violation of this section may bring an action in district  
13 court to restrain a packer from violating this section. A  
14 seller who receives a discriminatory price or who is offered  
15 only a discriminatory price for livestock based upon a  
16 violation of this section by a packer, has a civil cause of  
17 action against the packer and, if successful, shall be awarded  
18 treble damages.

19 6. The department shall adopt rules pursuant to chapter  
20 17A necessary in order to administer this chapter.

21 EXPLANATION

22 This bill creates new Code chapter 172E which regulates  
23 meat packers. A packer is defined as a person who is engaged  
24 in the business of slaughtering livestock or receiving,  
25 purchasing, or soliciting livestock for slaughter. The  
26 definition includes a packer's agent, but does not include a  
27 frozen food locker plant.

28 This bill prohibits price discrimination in the purchase of  
29 livestock by a packer. The prohibition does not apply if,  
30 first, the price differential is based on the quality of the  
31 livestock, transportation costs, or the delivery of livestock  
32 at a specified date or time, and second, the packer provides  
33 all sellers with the same terms and conditions offered to the  
34 seller who receives the differential price. The bill provides  
35 that an agreement made in violation of the bill's requirements

1 is voidable. The bill requires the department of agriculture  
2 and land stewardship to adopt rules necessary to administer  
3 the bill's provisions. A packer violating the provision is  
4 guilty of a fraudulent practice. The bill provides that the  
5 attorney general is responsible for enforcing the provision.  
6 The bill provides that the attorney general or an injured  
7 seller may seek injunctive relief. The injured seller may be  
8 awarded treble damages in a court action.

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