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	SENATE FILE <u>15</u> BY KIBBIE
Passed Senate, Date	Passed House, Date
Vote: Ayes Nays	Vote: Ayes Nays
Approved	

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A BILL FOR

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1 Section 1. <u>NEW SECTION</u>. 202A.4A PRICE DISCRIMINATION -2 PROHIBITION.

3 1. Except as provided in subsection 2, a packer receiving, 4 purchasing, or soliciting livestock for slaughter in this 5 state shall not discriminate in prices paid or offered to be 6 paid to sellers of that livestock.

7 2. This section shall not apply to the purchase of 8 livestock by a packer if all of the following requirements are 9 met:

10 a. The price differential is based on one of the 11 following:

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

15 (2) Actual and quantifiable costs related to transporting 16 and acquiring the livestock by the packer.

17 (3) An agreement for the delivery of livestock at a18 specified date or time.

b. The packer provides all sellers with the same terms and conditions offered to a seller who receives the differential price based on any of the criteria described in paragraph "a". The packer is not required to provide sellers with the same sterms and conditions after the close of business day on which the packer provided the differential price. The packer shall post a notice in a conspicuous place informing sellers of the terms and conditions offered to a seller who receives a differential price.

28 Sec. 2. <u>NEW SECTION</u>. 202A.4B PRIVATE ACTIONS.

29 1. If a seller receives a discriminatory price or is 30 offered only a discriminatory price for livestock based upon a 31 violation of section 202A.4A by a packer, the seller has a 32 civil cause of action against the packer and, if successful, 33 shall be awarded treble damages.

34 2. Any seller may apply to the district court for an 35 injunction to do any of the following:

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a. Restrain a packer from engaging in conduct or practices
 2 in violation of section 202A.4A.

b. Require a packer to comply with a provision of section4 202A.4A.

5 3. A seller may void any agreement made by a packer in 6 violation of section 202A.4A.

7 Sec. 3. Section 202A.6, subsection 1, Code 2001, is 8 amended by adding the following new paragraph:

9 <u>NEW PARAGRAPH</u>. c. The department shall notify the 10 attorney general's office if the department has reason to 11 believe that a violation of section 202A.4A has occurred. 12 Sec. 4. Section 202A.7, Code 2001, is amended by adding 13 the following new subsection:

14 <u>NEW SUBSECTION</u>. 4. A packer acting in violation of 15 section 202A.4A is guilty of a fraudulent practice as provided 16 in section 714.8.

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EXPLANATION

18 This bill amends Code chapter 202A, which regulates 19 livestock marketing practices by meat packers. A packer is 20 defined as a person who is engaged in the business of 21 slaughtering livestock or receiving, purchasing, or soliciting 22 livestock for slaughter. The definition includes a packer's 23 agent.

The bill prohibits price discrimination in the purchase of livestock by a packer. The prohibition does not apply if, first, the price differential is based on the quality of the livestock, transportation costs, or the delivery of livestock at a specified date or time, and second, the packer provides all sellers with the same terms and conditions offered to the seller who receives the differential price. The bill provides that an agreement made in violation of the bill's requirements is voidable. A packer violating the provision is guilty of a fraudulent practice. Code chapter 199 provides that the attorney general is responsible for enforcing the provisions of that chapter. The bill provides that an injured seller may

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SENATE FILE 15 FISCAL NOTE

A fiscal note for **Senate File 15** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

SUBBARY

Senate File 15 amends provisions regulating livestock marketing and prohibits livestock price discrimination. Price differences based on livestock quality, transportation costs, and delivery availability is not considered price discrimination. Sellers offered identical terms as the seller receiving the differential price is not considered price discrimination.

ASSUMPTIONS

- 1. The average cost for salary and benefits for a full-time Compliance Officer is \$55,000 per year for FY 2002 and subsequent years.
- 2. The average cost for salary and benefits for a full-time Compliance Auditor is \$35,000 per year for FY 2003 and subsequent years.
- 3. The average cost for equipment for compliance personnel is \$10,000 for FY 2002 and subsequent years.
- 4. The average cost for support for two compliance personnel is \$5,000 for FY 2003 and for subsequent years.
- 5. The average cost for salary and benefits for a part-time Assistant Attorney General is \$14,000 per year for FY 2002 and subsequent years.
- 6. The average cost for a part-time investigator is \$20,000 per year for FY 2002 and subsequent years.
- 7. The average cost for a part-time secretary is \$8,000 per year for FY 2002 and subsequent years.
- 8. The average cost for travel, overhead, and other litigation costs is \$20,000 per year for FY 2002 and subsequent years.

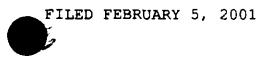
FISCAL IMPACT

The estimated fiscal impact of Senate File 15 is an increase in General Fund expenditures of \$127,000 and 2.00 FTE positions for FY 2002. The fiscal impact for FY 2003 will be \$167,000 and 1.00 FTE position. The cost in subsequent years will be \$167,000 per year.

SOURCES

Department of Agriculture and Land Stewardship Department of Justice

(LSB 1439SS, DFK)



BY DENNIS PROUTY, FISCAL DIRECTOR

