

1 HOUSE CONCURRENT RESOLUTION NO. 20
2 BY REASONER, BELL, BERRY, BUKTA, COHOON, CONNORS,
3 DANDEKAR, DAVITT, FOEGE, FREVERT, GASKILL, GREIMANN,
4 HEDDENS, HUNTER, HUSER, JOCHUM, KUHN, LENSING,
5 LYKAM, MASCHER, MCCARTHY, MERTZ, MILLER, MURPHY,
6 MYERS, D. OLSON, OSTERHAUS, PETERSEN, QUIRK,
7 SMITH, STEVENS, STRUYK, SWAIM, D. TAYLOR, THOMAS,
8 WENDT, WHITAKER, WINCKLER, and WISE
9 A Concurrent Resolution urging the United States
10 Department of Agriculture to rescind an administrative
11 regulation regarding grain warehouse licensing.
12 WHEREAS, in August 2002, the United States
13 Department of Agriculture adopted an administrative
14 regulation, 7 C.F.R. § 735.1, which provides that
15 federally licensed grain warehouses must no longer
16 comply with state laws relating to merchandising,
17 including recordkeeping, debt-to-asset requirements,
18 liquidity requirements, sales arrangements, and
19 participation in grain indemnity funds; and
20 WHEREAS, historically, state regulatory agencies
21 have regulated the merchandising of grain while the
22 United States Department of Agriculture has regulated
23 the storage of grain in federally licensed warehouses;
24 and
25 WHEREAS, adoption of this regulation effectively
26 preempts Iowa regulation of federally licensed grain
27 warehouses, which will then not be required to carry
28 an Iowa state grain dealer's license, leaving Iowa
29 grain producers unprotected from warehouses and
30 elevators that file for bankruptcy or become insolvent

HCR 20

1 as federal regulators have not developed an
2 indemnification system; and

3 WHEREAS, in 2001, the Iowa Grain Indemnity Fund
4 paid out nearly \$700,000 to Iowa grain producers after
5 Crestland Cooperative, a federally licensed grain
6 elevator, filed for bankruptcy; and

7 WHEREAS, the states were not given an opportunity
8 to comment on this regulation prior to its adoption as
9 it was not included in the original drafting and
10 comment phase of the rulemaking procedure; and

11 WHEREAS, the adoption of this regulation will lead
12 to costly and time-consuming litigation and could
13 cause large losses to farmers left unprotected by
14 state regulations and indemnification programs; NOW
15 THEREFORE,

16 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE
17 SENATE CONCURRING, That the General Assembly of the
18 State of Iowa urges the Honorable Ann Veneman,
19 Secretary of Agriculture, and the United States
20 Department of Agriculture to rescind 7 C.F.R. § 735.1,
21 regarding federally licensed grain warehouses'
22 compliance with state grain warehouse merchandising
23 laws; and

24 BE IT FURTHER RESOLVED, That, upon adoption, the
25 Clerk of the House of Representatives shall prepare an
26 official copy of this Resolution and send it to
27 Secretary of Agriculture Veneman.

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