

Senate Study Bill 3151 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON ZUMBACH)

A BILL FOR

1 An Act relating to the regulation of grain marketing and
2 storage, by providing for deferred payment contracts.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 203.1, subsection 3, Code 2020, is
2 amended to read as follows:

3 3. "*Credit-sale contract*" means a contract for the sale
4 of grain pursuant to which the sale price is not fixed at
5 the time of sale and the sales price is to be paid more than
6 thirty days after the delivery of the grain to the buyer, or a
7 contract which is titled as a credit-sale contract, including
8 but not limited to those contracts commonly referred to as
9 ~~deferred-payment contracts, deferred-pricing contracts,~~ and
10 price-later contracts.

11 EXPLANATION

12 The inclusion of this explanation does not constitute agreement with
13 the explanation's substance by the members of the general assembly.

14 This bill amends the definition of a credit-sale contract
15 which involves an instrument used in commercial transactions
16 involving the marketing of grain. The department of
17 agriculture and land stewardship regulates both grain dealers
18 (Code chapter 203) and warehouse operators (Code chapter
19 203C) as well as administers the grain depositors and sellers
20 indemnity fund (fund) (Code chapter 203D).

21 Under a credit-sale contract, grain is delivered to a buyer
22 (licensed grain dealer) who receives title but does not pay
23 the sales price to the seller for 30 or more days from the
24 date of delivery (e.g., for storage in a licensed warehouse).
25 A transaction may involve a deferred-payment contract in
26 which the contract price is fixed at the time of sale and a
27 deferred-pricing contract or price-later contract in which the
28 sale price is not fixed at the time of sale (e.g., determined
29 on the basis of a future market price). The bill provides
30 that a deferred-payment contract is no longer considered a
31 credit-sale contract. A licensed grain dealer purchasing
32 grain under a deferred-payment contract would not be subject
33 to special regulation otherwise applicable to credit-sale
34 contracts under Code section 203.15. A seller would also be
35 entitled to coverage under the fund for 90 percent of losses

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1 incurred by the grain dealer's failure to meet a payment
2 obligation for the grain. A grain dealer could also be subject
3 to a per bushel fee assessed on the purchased grain which is
4 deposited into the fund depending upon whether the fee was
5 being assessed.