

**House Study Bill 572 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON SEXTON)

**A BILL FOR**

1 An Act providing for certain fees deposited in the grain  
2 depositors and sellers indemnity fund, making penalties  
3 applicable, and including effective date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 203D.5, subsections 4 and 5, Code 2024,  
2 are amended to read as follows:

3 4. If on the last date of the fund's assessment year as  
4 provided in [section 203D.3](#) the assets of the fund exceed ~~eight~~  
5 sixteen million dollars, less any encumbered balances or  
6 pending or unsettled claims, all of the following apply:

7 a. The participation fee shall be waived and shall not be  
8 assessable or owing for the following assessment year of the  
9 fund. However, the licensee shall continue to pay any owing  
10 participation fee that was in effect on the prior September 1.

11 b. The per-bushel fee shall be waived and shall not be  
12 assessable or owing.

13 5. The board shall reinstate the fees as provided in this  
14 section if the assets of the fund, less any unencumbered  
15 balances or pending or unsettled claims, are ~~three~~ eight  
16 million dollars or less.

17 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate  
18 importance, takes effect upon enactment.

19 EXPLANATION

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

22 BILL'S PROVISIONS. This bill amends provisions in Code  
23 chapter 203D that provide for two associated fees (indemnity  
24 fees) deposited into the grain depositors and sellers indemnity  
25 fund (indemnity fund) administered by the department of  
26 agriculture and land stewardship (DALs) and the Iowa grain  
27 indemnity fund board (indemnity board). The Code chapter  
28 provides for the regulation of two types of persons doing  
29 business in the grain marketing industry and licensed by DALs  
30 (licensees) who are required to pay one or both indemnity fees:  
31 (1) a warehouse operator licensed under Code chapter 203C who  
32 stores grain in a state-licensed warehouse under a bailment  
33 contract in which the bailor (depositor) holds title to the  
34 grain under warehouse receipt or similar document, and (2) a  
35 grain dealer licensed under Code chapter 203 who purchases

1 grain from a seller transferring title under one of a number  
2 of different types of sales contracts (see Code chapter 554,  
3 Articles 2 and 7). The indemnity fees are subject to two  
4 triggers: the first trigger waives existing indemnity fees  
5 and the second trigger reinstates those fees that were waived.  
6 The waiver or reinstatement is triggered by the balance in  
7 the indemnity fund. The bill adjusts both triggers by (1)  
8 increasing from \$8 million to \$16 million the balance required  
9 to trigger the waiver and (2) increasing from \$3 million to \$8  
10 million the balance required to trigger the reinstatement.

11 BACKGROUND. A depositor or seller may claim up to 90 percent  
12 of a loss payable from the indemnity fund based on the failure  
13 of a licensee to honor an obligation under a bailment or sales  
14 contract (e.g., a failure to comply with instructions regarding  
15 the deposited grain or a failure to pay the sales price) (Code  
16 section 203D.6). The two indemnity fees used to support the  
17 indemnity fund include (1) a participation fee imposed on  
18 both licensees and (2) a per-bushel fee imposed only on grain  
19 dealers. For a warehouse operator, the participation fee  
20 is based on bulk warehouse capacity and for a grain dealer,  
21 the participation fee and the per-bushel fee are based on  
22 the number of bushels of grain purchased ("purchased grain  
23 entered into the company-owned paid position") during the grain  
24 dealer's last fiscal year (coinciding with the grain dealer's  
25 license period), and subject to a number of exceptions, such  
26 as grain purchased from the United State government (Code  
27 sections 203D.1, 203D.3A, and 203D.5). A warehouse operator's  
28 participation fee rate is 0.014 cents per bushel of bulk grain  
29 storage capacity, or \$500, whichever is less, with a minimum  
30 of \$50. A grain dealer's participation fee rate is 0.014  
31 cents per bushel with a minimum of \$50, and the per-bushel  
32 fee rate is 0.25 cents per bushel on all such purchased  
33 grain. Indemnity fees are collected quarterly during the  
34 assessment year: September 1, December 1, March 1, and June  
35 1 (Code section 203D.3). The indemnity board must annually

1 review the debits of and credits to the indemnity fund and  
2 by May 1 determine whether the balance triggers a waiver or  
3 reinstatement (Code section 203D.5). If there is a trigger,  
4 the waiver or reinstatement is effective on the first day of  
5 the following assessment year (September 1). If a waiver  
6 is triggered, a licensee is subject to pay the outstanding  
7 amount of the participation fee that is otherwise owing for  
8 the current assessment year. However, the grain dealer is  
9 no longer obligated to pay the outstanding amount of the  
10 per-bushel fee otherwise owing for that period, unless the  
11 amount is delinquent (Code section 203D.5).

12 APPLICABLE CIVIL PENALTIES. A licensee who fails to pay  
13 an indemnity fee as required is subject to a civil penalty of  
14 not more than \$1,500, with each day that a violation continues  
15 constituting a separate offense (Code section 203C.36A).

16 EFFECTIVE DATE. The bill takes effect upon enactment.