

**House File 999 - Introduced**

HOUSE FILE 999  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 508)  
(SUCCESSOR TO HSB 131)

**A BILL FOR**

1 An Act providing for the marketing of grain by licensed warehouse  
2 operators and grain dealers, including by providing for  
3 indemnity fees and the indemnification of grain depositors and  
4 sellers for losses following the cessation of a license or  
5 bankruptcy, and including effective date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 203.1, subsection 3, Code 2025, is amended  
2 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 to be paid~~  
5 ~~more than thirty days after the delivery of the grain to the~~  
6 ~~buyer, or a contract which is titled as a credit-sale contract,~~  
7 ~~including but not limited to those contracts commonly referred~~  
8 ~~to as deferred-payment contracts, contract or a deferred-pricing~~  
9 ~~contracts, and price-later contracts contract.~~

10 Sec. 2. Section 203.1, Code 2025, is amended by adding the  
11 following new subsections:

12 NEW SUBSECTION. 4A. "~~Deferred-payment contract~~" means a  
13 contract pursuant to which the purchase price for grain is agreed  
14 to by a seller and licensed grain dealer, if payment will occur  
15 more than thirty days from the date of delivery, as defined in  
16 section 203.8, subsection 2, paragraph "a".

17 NEW SUBSECTION. 4B. "~~Deferred-pricing contract~~" means a  
18 contract by a seller and licensed grain dealer if delivery,  
19 as defined in section 203.8, subsection 2, paragraph "a", has  
20 occurred but the purchase price has not been agreed to by the  
21 seller and licensed grain dealer.

22 Sec. 3. Section 203.3, subsection 4, paragraph b, Code 2025,  
23 is amended to read as follows:

24 b. (1) The Except as provided in subparagraph (2), the grain  
25 dealer shall submit, as required by the department, a financial  
26 statement that is accompanied by an unqualified opinion based  
27 upon an audit performed by a certified public accountant licensed  
28 in this state. ~~However, the~~

29 (2) (a) The department may accept a qualification in an  
30 opinion that is unavoidable by any audit procedure that is  
31 permitted under generally accepted accounting principles. ~~An~~  
32 The department shall not accept an opinion that is qualified  
33 because of a limited audit procedure or because the scope of  
34 an audit is limited ~~shall not be accepted by the department.~~  
35 The department shall not require that a the grain dealer submit

1 more than one such unqualified opinion per year. The grain  
2 dealer, ~~except as provided in section 203.15,~~ may elect to  
3 submit a financial statement that is accompanied by the report  
4 of a certified public accountant licensed in this state that is  
5 based upon a review performed by the certified public accountant  
6 in lieu of the audited financial statement specified in this  
7 paragraph. However, at any time the department may require  
8 that the grain dealer submit to the department a financial  
9 statement that is accompanied by the report of a certified public  
10 accountant licensed in this state that is based upon a review  
11 performed by a certified public accountant if the department has  
12 good cause. A

13 (b) If the grain dealer purchases grain by credit-sale  
14 contract, the grain dealer shall comply with the financial  
15 statement requirements in section 203.15.

16 (c) The grain dealer shall submit one or more financial  
17 statements to the department in addition to those required in  
18 this paragraph if the department determines that it is necessary  
19 to verify the grain dealer's financial status or compliance with  
20 this subsection.

21 Sec. 4. Section 203.8, subsection 1, Code 2025, is amended to  
22 read as follows:

23 1. a. A grain dealer licensed or required to be licensed  
24 pursuant to section 203.3 shall pay the purchase price to the  
25 seller for grain ~~upon~~ as follows:

26 (1) Upon delivery or later upon demand by the seller, but  
27 if the seller does not make a demand, the grain dealer shall pay  
28 the purchase price not later than thirty days after delivery by  
29 the seller unless in last date for scheduled payments made by the  
30 licensed grain dealer to sellers for delivered grain according to  
31 the grain dealer's standard business operation.

32 (2) In accordance with the terms of a credit-sale contract  
33 that satisfies the requirements of this chapter. The department  
34 shall adopt rules for payment by check and electronic funds  
35 transfer.

1     b. A grain dealer licensed or required to be licensed  
2 pursuant to section 203.3 shall not hold a check for the purchase  
3 of grain more than five days after the grain dealer issues a  
4 check to the seller. After that date, the grain dealer shall  
5 deliver the check in person or by mail to the seller's last known  
6 address. The department shall adopt rules pursuant to chapter  
7 17A for a grain dealer's payment by check and electronic funds  
8 transfer.

9     Sec. 5. Section 203.15, subsections 1, 3, 4, and 6, Code  
10 2025, are amended to read as follows:

11     1. The grain dealer shall be licensed pursuant to section  
12 203.3. All of the following shall apply to a grain dealer  
13 required to be licensed under that section who purchases grain  
14 by credit-sale contract:

15     a. The meaning of "credit-sale contract", including  
16 "deferred-payment contract" or "deferred-pricing contract", as  
17 those terms are defined in section 203.1, shall supersede the  
18 meaning of those terms in a contract entered into by a seller and  
19 a licensed grain dealer.

20     ~~a.~~ b. The grain dealer shall ~~give~~ provide written notice  
21 to the department prior to engaging in the purchase of grain by  
22 credit-sale contract. The written notice ~~shall~~ must contain all  
23 of the following:

24     (1) A statement that the grain dealer is engaging  
25 in the purchase of grain by deferred-pricing contract or  
26 deferred-payment contract or both.

27     (2) Any other information required by the department.

28     ~~b.~~ c. ~~All~~ The grain dealer shall maintain credit-sale  
29 contract forms in the possession of the grain dealer ~~shall~~.  
30 The department may require the credit-sale contract forms to  
31 distinguish between the purchase of grain by deferred-pricing  
32 contract or deferred-payment contract. The credit-sale contract  
33 forms must have been permanently and consecutively numbered at  
34 the time of printing of the forms. The grain dealer shall  
35 maintain an accurate record of all credit-sale contract forms

1 and numbers obtained by that grain dealer. The record shall  
2 must include the disposition of each numbered form, whether by  
3 execution, destruction, or otherwise.

4 ~~e.~~ d. The grain dealer who purchases grain by credit-sale  
5 contract shall maintain records as required by the department in  
6 compliance with this section. The department may require the  
7 grain dealer to account separately for deferred-pricing contracts  
8 and deferred-payment contracts.

9 3. a. ~~Title to all grain sold~~ If a grain dealer purchases  
10 grain by a credit-sale contract, ~~is in the purchasing grain~~  
11 ~~dealer as of the time the contract is executed, unless the~~  
12 ~~contract provides otherwise~~ transferred title to the grain upon  
13 the grain's delivery to the grain dealer. As used in this  
14 paragraph, "delivery" means the same as defined in section 203.8.

15 b. The contract must be signed and dated by both parties  
16 and executed in duplicate. One copy shall be retained by the  
17 grain dealer and one copy shall be delivered to the seller.  
18 Upon the cessation of the grain dealer's license ~~by revocation,~~  
19 ~~cancellation, or expiration~~ as provided in section 203.10, the  
20 payment date for all credit-sale contracts shall be advanced to  
21 a date not later than thirty days after the effective date of  
22 the cessation, and the purchase price for all unpriced grain  
23 shall be determined as of the effective date of the cessation in  
24 accordance with all other provisions of the contract. However,  
25 if the business of the grain dealer is sold to another licensed  
26 grain dealer, credit-sale contracts may be assigned to the  
27 purchaser of the business.

28 4. a. A grain dealer shall not purchase grain ~~on~~ by  
29 credit-sale contract during any time period in which any of the  
30 grain dealer fails to maintain following apply:

31 (1) The grain dealer fails to maintain fifty cents of net  
32 worth for each outstanding bushel of grain purchased under  
33 ~~credit~~ credit-sale contract. The grain dealer may maintain a  
34 deficiency bond or an irrevocable letter of credit in the amount  
35 of two thousand dollars for each one thousand dollars or fraction

1 thereof of deficiency in net worth.

2 ~~b.~~ (2) A If the grain dealer who is also a warehouse  
3 operator licensed by the department under chapter 203C or the  
4 United States department of agriculture under the United States  
5 Warehouse Act, ~~and who does not~~ the warehouse operator fails  
6 to have a sufficient quantity or quality of grain to satisfy  
7 the warehouse operator's obligations based on an examination by  
8 the department or the United States department of agriculture  
9 ~~shall not purchase grain on credit sale contract to correct the~~  
10 ~~shortage of grain.~~

11 b. If the grain dealer purchases grain by deferred-pricing  
12 contract, the grain dealer's last financial statement required  
13 to be submitted to the department pursuant to section 203.3 must  
14 have been accompanied by an unqualified opinion based upon an  
15 audit performed by a certified public accountant licensed in this  
16 state. The department shall not accept a qualification in an  
17 opinion or a review performed by the certified public accountant  
18 in lieu of the audited financial statement.

19 ~~c. (1)~~ A If the grain dealer purchases grain by  
20 deferred-payment contract, the grain dealer must meet at least  
21 either of the following conditions:

22 (a) (1) The grain dealer's last financial statement required  
23 to be submitted to the department pursuant to section 203.3  
24 ~~is~~ must be accompanied by an unqualified opinion based upon an  
25 audit performed by a certified public accountant licensed in this  
26 state.

27 (b) (2) The grain dealer ~~files~~ must file a bond with the  
28 department in the amount of one hundred thousand dollars payable  
29 to the department. The bond is subject to all of the following:

30 (2) (a) The bond ~~filed with the department under this~~  
31 ~~paragraph shall~~ must be used to indemnify sellers for losses  
32 resulting from a breach of a ~~credit-sale~~ deferred-payment  
33 contract as provided by rules adopted by the department. The  
34 rules ~~shall~~ must include but are not limited to procedures and  
35 criteria for providing notice, filing claims, valuing losses, and

1 paying claims. The bond provided in this paragraph shall be in  
2 addition to any other bond required in this chapter.

3 (b) The bond shall not be canceled by the issuer on less  
4 than ninety days' notice by certified mail to the department  
5 and the principal. However, if an adequate replacement bond  
6 is filed with the department, the department may authorize  
7 the cancellation of the original bond before the end of the  
8 ninety-day period.

9 (c) If an adequate replacement bond is not received by the  
10 department within sixty days of the issuance of the notice of  
11 cancellation, the department shall suspend the grain dealer's  
12 license. The department shall cause an inspection of the  
13 licensed grain dealer immediately at the end of the sixty-day  
14 period. If a replacement bond is not filed within another thirty  
15 days following the suspension, the department shall revoke the  
16 grain dealer's license.

17 ~~(3) When a~~ Upon the revocation of the grain dealer's license  
18 ~~is revoked,~~ the department shall provide notice of the revocation  
19 by ordinary mail to the last known address of each holder of an  
20 outstanding credit-sale contract and all known sellers.

21 6. a. A grain dealer who purchases grain by credit-sale  
22 contract shall obtain from the seller a signed acknowledgment  
23 stating that the seller has received a written notice that grain  
24 ~~purchased by credit-sale contract is not protected by the grain~~  
25 ~~depositors and sellers indemnity fund explaining all of the~~  
26 following:

27 (1) Ordinarily, a person who sells grain to a licensed grain  
28 dealer may file a claim with the Iowa grain indemnity fund board  
29 for a loss or losses caused by the licensed grain dealer.

30 (2) For a grain transaction, other than by credit-sale  
31 contract, the seller may file a claim for indemnification of  
32 ninety percent of a loss.

33 (3) (a) For a credit-sale contract classified as a  
34 deferred-pricing contract, the seller may file a claim for  
35 indemnification of seventy percent of a loss.

1     (b) The indemnification limit is not more than three hundred  
2 thousand dollars but may be decreased to two hundred ten thousand  
3 dollars depending upon the extent to which the seller's loss  
4 arose from a deferred-pricing contract.

5     (c) For a credit-sale contract classified as a  
6 deferred-payment contract, a seller is not eligible to claim a  
7 loss for indemnification.

8     b. The form for the acknowledgment shall be prescribed by the  
9 department, and the.

10    c. The licensed grain dealer and the seller shall each be  
11 provided a copy of the acknowledged form.

12    Sec. 6. Section 203D.1, Code 2025, is amended by adding the  
13 following new subsections:

14    NEW SUBSECTION. 2A. "*Deferred-payment contract*" means the  
15 same as defined in section 203.1.

16    NEW SUBSECTION. 2B. "*Deferred-pricing contract*" means the  
17 same as defined in section 203.1.

18    NEW SUBSECTION. 8A. "*Indemnity fees*" or "*fees*" means a  
19 participation fee and per-bushel fee as provided in sections  
20 203D.3 and 203D.3A.

21    NEW SUBSECTION. 14A. "*Repayment loss*" means the part of a  
22 repayment claim filed with the department under section 203D.6A  
23 by a seller that includes a dollar value of a loss incurred by  
24 the seller for purchased grain that the seller had paid back or  
25 is required to pay back to a grain dealer's bankruptcy estate,  
26 pursuant to an order issued, judgment entered, or settlement  
27 agreement approved by a bankruptcy court, and which amount has  
28 not been subsequently recovered through other legal or equitable  
29 remedies including the liquidation of the grain dealer's assets.

30    Sec. 7. Section 203D.1, subsections 14 and 16, Code 2025, are  
31 amended to read as follows:

32    14. a. "*Purchased grain*" means grain any of the following:

33    (1) Grain entered in the company-owned paid position as  
34 evidenced on the grain dealer's daily position record.

35    (2) Grain purchased under a deferred-pricing contract.

1     *b.* "Purchased grain" does not include grain that is subject  
2 to an exempt transaction based on documentation satisfactory to  
3 the department showing that the grain dealer did any of the  
4 following:

5       (1) Purchased the grain from the United States government or  
6 any of its subdivisions or agencies.

7       (2) Purchased the grain from a person licensed as a grain  
8 dealer in any jurisdiction.

9       (3) Purchased the grain under a ~~credit-sale~~ deferred-payment  
10 contract.

11       (4) Entered the grain in the company-owned paid position as a  
12 cancellation of a collateral warehouse receipt.

13       (5) Entered the grain in the company-owned paid position as  
14 an intra-company location transfer.

15     16. a. "Seller" means a person who sells grain which, that  
16 the person has produced or caused to be produced, to a licensed  
17 grain dealer, ~~but excludes a person who executes a credit-sale~~  
18 ~~contract as a seller as provided in section 203.15.~~ However,  
19 "seller"

20     b. "Seller" does not include any of the following:

21       ~~a.~~ (1) A person licensed as a grain dealer in any  
22 jurisdiction who sells grain to a licensed grain dealer.

23       ~~b.~~ (2) A person who sells grain that is not produced in this  
24 state unless such grain is delivered to a licensed grain dealer  
25 at a location in this state as the first point of sale.

26       (3) A person who sells grain pursuant to a deferred-payment  
27 contract.

28     Sec. 8. Section 203D.3, subsections 1 and 4, Code 2025, are  
29 amended to read as follows:

30     1. The grain depositors and sellers indemnity fund is created  
31 in the state treasury as a separate account. The general fund  
32 of the state is not liable for claims presented against the fund  
33 under ~~section~~ sections 203D.6 and 203D.6A.

34     4. The moneys collected under this section and deposited in  
35 the fund shall be ~~used~~ expended by the board exclusively to

1 indemnify do all of the following:

2 a. Indemnify depositors and sellers who have submitted  
3 eligible claims to the department as provided in section sections  
4 203D.6 and to pay the administrative costs of this chapter  
5 203D.6A.

6 b. Pay the department, the board, or the office of attorney  
7 general for actual and necessary costs incurred by any of the  
8 following:

9 (1) The department for acting as receiver if appointed by a  
10 court pursuant to section 203.12B or 203C.3.

11 (2) (a) The office of attorney general for representing the  
12 department, the board, or the office in a legal or administrative  
13 proceeding involving moneys required to be deposited or expended  
14 from the fund.

15 (b) Outside counsel for representing the department, the  
16 board, or the office of attorney general in a legal or  
17 administrative proceeding involving moneys required to be  
18 deposited or expended from the fund.

19 Sec. 9. Section 203D.3A, unnumbered paragraph 1, Code 2025,  
20 is amended to read as follows:

21 The department shall collect indemnity fees, including  
22 participation fees and per-bushel fees as provided in this  
23 section, if established imposed by the board pursuant to section  
24 203D.5, at rates determined by the board as provided in that  
25 section. ~~A person required to pay a fee shall use licensee shall~~  
26 remit indemnity fees and forms and deliver the payment to the  
27 department as required by the department.

28 Sec. 10. Section 203D.3A, subsection 1, paragraph a,  
29 subparagraph (1), Code 2025, is amended to read as follows:

30 (1) In calculating the amount of the initial participation  
31 fee, an applicant for a new license shall be deemed a licensee  
32 paying the full annual amount of the participation fee owing on  
33 the licensee's first anniversary date ~~as provided in paragraph~~  
34 ~~"b"~~. The department must be satisfied that the applicant is  
35 calculating the amount due in good faith and using the best

1 information available.

2 (a) For a licensed grain dealer, the anniversary date is the  
3 last date to apply for the renewal of the grain dealer's license  
4 before the license expires as provided in section 203.5.

5 (b) For a licensed warehouse operator, the anniversary date  
6 is the last date to apply for the renewal of the warehouse  
7 operator's license before the license expires as provided in  
8 section 203C.37.

9 Sec. 11. Section 203D.3A, subsection 1, paragraph b, Code  
10 2025, is amended to read as follows:

11 b. A licensee shall ~~pay~~ remit a participation fee in one  
12 installment as part of a license renewal application in the  
13 same manner provided in paragraph "a". However, the licensee  
14 may elect to remit the participation fee on four successive  
15 installment dates, with each installment date occurring on in  
16 the month succeeding the last date of the fund's assessment  
17 quarter as provided in section 203D.3, on a date determined  
18 by rules adopted by the department. The licensee shall pay  
19 remit twenty-five percent of the total participation fee assessed  
20 on each installment date. ~~However, nothing in this subsection~~  
21 ~~prevents a licensee from paying the participation fee on an~~  
22 ~~accelerated basis. A licensee shall pay the first installment~~  
23 ~~on the last date of the fund's assessment quarter immediately~~  
24 ~~following the licensee's anniversary date.~~

25 ~~(1) For a licensed grain dealer, the anniversary date is the~~  
26 ~~last date to apply for the renewal of the grain dealer's license~~  
27 ~~before the license expires as provided in section 203.5.~~

28 ~~(2) For a licensed warehouse operator, the anniversary date~~  
29 ~~is the last date to apply for the renewal of the warehouse~~  
30 ~~operator's license before the license expires as provided in~~  
31 ~~section 203C.37.~~

32 Sec. 12. Section 203D.3A, subsection 2, Code 2025, is amended  
33 to read as follows:

34 2. a. A licensed grain dealer shall remit a per-bushel fee  
35 ~~shall be assessed on all purchased grain.~~

1     b. The licensed grain dealer shall ~~forward~~ remit the  
2 per-bushel fee to the department on a quarterly basis in the  
3 manner and using ~~the forms~~ a form prescribed by the department.  
4 The licensed grain dealer shall remit the per-bushel fee and form  
5 on four successive installment dates, with each installment date  
6 occurring in the month succeeding the last assessment quarter as  
7 provided in section 203D.3, on December 15, March 15, June 15,  
8 and September 15.

9     c. A ~~licensee~~ licensed grain dealer is delinquent if the  
10 ~~licensee grain dealer~~ fails to ~~submit~~ remit the full quarterly  
11 per-bushel fee ~~or quarterly forms~~ and form when due or if,  
12 upon examination, an underpayment of the fee is found by the  
13 department. The licensed grain dealer is subject to a penalty of  
14 ten dollars for each day the licensed grain dealer is delinquent  
15 or an amount equal to the amount of the deficiency, whichever  
16 is less. However, a ~~licensee~~ licensed grain dealer who fails to  
17 ~~submit~~ remit the full quarterly per-bushel fee ~~or quarterly forms~~  
18 form when due, is subject to a minimum payment of ten dollars.  
19 The department may establish and apply a margin of error in  
20 determining whether a licensed grain dealer is delinquent. ~~The~~  
21 ~~per-bushel fee shall be collected only once on each bushel of~~  
22 ~~grain.~~

23     ~~e.~~ d. The per-bushel fee shall not be collected more than  
24 once on each bushel of grain. A licensed grain dealer may ~~choose~~  
25 ~~to~~ pass on the cost of a per-bushel fee to the sellers by an  
26 itemized discount noted on the settlement sheet. However, if the  
27 per-bushel fee is not in effect, ~~no~~ a licensed grain dealer shall  
28 not make such a discount on the purchase of grain. A discount  
29 made nominally for the per-bushel fee while the per-bushel fee is  
30 not in effect is grounds for a license suspension or revocation  
31 under chapter 203.

32     Sec. 13. Section 203D.5, subsection 1, unnumbered paragraph  
33 1, Code 2025, is amended to read as follows:

34     The board shall annually review the debits of and credits  
35 to the grain depositors and sellers indemnity fund created

1 in section 203D.3 and shall determine whether to impose the  
2 ~~participation fee and per-bushel fee~~ indemnity fees as provided  
3 in section 203D.3A, make adjustments to the indemnity fees  
4 effective on the previous September 1, or waive the indemnity  
5 fees as necessary to comply with this section. The board shall  
6 make the determination not later than May 1 of each year. The  
7 board shall impose the indemnity fees or adjust the indemnity  
8 fees effective on the previous September 1 in accordance with  
9 chapter 17A. The imposition or adjustment of the indemnity fees  
10 shall become effective as follows:

11 Sec. 14. Section 203D.5, subsections 4 and 5, Code 2025, are  
12 amended to read as follows:

13 4. If on the last date of the fund's assessment year as  
14 provided in section 203D.3 the assets of the fund exceed ~~eight~~  
15 sixteen million dollars, less any encumbered balances or pending  
16 or unsettled claims, all of the following apply:

17 a. The participation fee as provided in section 203D.3A  
18 shall be waived and shall not be assessable or owing for the  
19 following assessment year of the fund. However, the licensee  
20 shall continue to ~~pay~~ remit any owing participation fee that was  
21 in effect on the prior September 1.

22 b. The per-bushel fee as provided in section 203D.3A shall  
23 be waived and shall not be assessable or owing for the following  
24 assessment year. The waiver shall also apply to purchased grain  
25 that is unpriced on the last date of the fund's assessment year.  
26 However, the licensed grain dealer shall remit any per-bushel fee  
27 that is owing on that date.

28 5. The board shall reinstate the indemnity fees as provided  
29 in this section if the assets of the fund, less any unencumbered  
30 balances or pending or unsettled claims, are ~~three~~ eight million  
31 dollars or less.

32 Sec. 15. Section 203D.6, subsection 1, Code 2025, is amended  
33 to read as follows:

34 1. a. *Persons who may file claims.* A depositor or seller  
35 may file a claim with the department for the indemnification

1 of ~~a loss~~ dollar value losses from the grain depositors and  
2 sellers indemnity fund. A claim shall be filed by a depositer  
3 or seller in the manner prescribed by rules adopted by the board  
4 department.

5 b. The department may identify each claim and associated  
6 claimant by a unique number which may be a federal tax  
7 identification number.

8 Sec. 16. Section 203D.6, subsection 4, paragraph d, Code  
9 2025, is amended to read as follows:

10 d. (1) That the claim derives from a covered transaction.  
11 For purposes of this paragraph, a claim derives from a covered  
12 transaction if the claimant ~~is a~~ incurred a dollar value loss as  
13 any of the following:

14 (a) A depositor who delivered the grain to a licensed  
15 warehouse operator.

16 (b) (i) A seller who transferred title to the grain to a  
17 licensed grain dealer ~~other than by credit-sale contract~~ within  
18 six months of the incurrence date for a claim period as provided  
19 in subsection 2, ~~or if the claimant is a depositor who delivered~~  
20 the grain to a licensed warehouse operator.

21 (ii) A seller described in subparagraph subdivision (i) who  
22 incurred a repayment claim loss against a grain dealer as  
23 provided in section 203D.6A.

24 (2) The dollar value losses incurred by a depositor or seller  
25 described in subparagraph (1) for all eligible claims are subject  
26 to the indemnification limit described in subsection 8.

27 (a) The department shall segregate that part of a claim  
28 that includes a dollar value of a loss incurred by a seller  
29 who sold grain to a licensed grain dealer pursuant to a  
30 credit-sale contract, including by deferred-pricing contract and  
31 deferred-payment contract.

32 (b) The part of the segregated claim that includes a dollar  
33 value of a loss incurred by a seller who sold grain to a  
34 licensed grain dealer pursuant to a deferred-payment contract is  
35 ineligible for indemnification.

1     Sec. 17. Section 203D.6, subsections 5, 6, 8, and 9, Code  
2 2025, are amended to read as follows:

3     5. Value Dollar value of loss — warehouse claims depositor  
4 claim.

5     a. (1) The board shall determine ~~the~~ an eligible claim's  
6 dollar value of a ~~claim~~ loss incurred by a depositor holding  
7 a warehouse receipt or a scale weight ticket for grain that  
8 the depositor delivered for storage to the licensed warehouse  
9 operator.

10     (a) If the department has been appointed by the court as  
11 receiver of the grain assets of the warehouse operator, the  
12 dollar value of the loss shall be presumed to be as stated in  
13 the plan of disposition approved by the court.

14     (b) If the warehouse operator has filed a petition in  
15 bankruptcy, the dollar value of the loss shall be presumed to  
16 be based upon the fair market price, free-on-board from the site  
17 of the warehouse operator, being paid to producers for grain by  
18 the grain terminal operator nearest the warehouse operator on the  
19 date the petition was filed.

20     (c) If there is neither a department receivership nor a  
21 bankruptcy filing, the dollar value of the loss shall be presumed  
22 to be based upon the fair market price, free-on-board from the  
23 site of the warehouse operator, being paid to producers for grain  
24 by the grain terminal operator nearest the warehouse operator on  
25 the incurrence date of license revocation or cancellation. If  
26 more than one incurrence date applies to a claim, the board may  
27 choose between the two. ~~However, the~~

28     (d) The board may accept an alternative valuation dollar  
29 value of a claim the loss upon a showing of just cause by the  
30 depositor or department. ~~All depositors~~

31     (2) The dollar value of the loss of priced or unpriced grain  
32 shall not exceed the price of that grain if the grain were  
33 U.S. No. 2 grain according to standards adopted by the federal  
34 grain inspection service of the United States department of  
35 agriculture. The price of the grain shall be determined in

1 accordance with the relevant date used to determine the price  
2 described in subparagraph (1). The department may adjust the  
3 price of the grain if necessary to better account for the  
4 condition of the grain when stored.

5 b. A depositor filing claims a claim for a dollar value loss  
6 under this section subsection shall be bound by the dollar value  
7 of the loss determined by the board. The dollar value of the  
8 loss is the outstanding balance on the validated claim at time of  
9 payment the claimant is indemnified from the fund.

10 6. Value Dollar value of loss — grain dealer claims seller  
11 claim.

12 a. (1) The dollar value of a claim The board shall determine  
13 an eligible claim's dollar value of a loss incurred by a seller  
14 who has sold grain or delivered grain for sale or exchange and  
15 who is a creditor of the licensed grain dealer for all or part of  
16 the value of the grain shall be based on the amount stated on the  
17 obligation on the date of the sale.

18 (a) If the sold grain was unpriced, the dollar value of a  
19 claim the loss shall be presumed to be based upon the fair  
20 market price, free-on-board from the site of the grain dealer,  
21 being paid to producers for grain by the grain terminal operator  
22 nearest the grain dealer on the incurrence date of the license  
23 revocation or cancellation or the filing of a petition in  
24 bankruptcy. If more than one incurrence date applies to a claim,  
25 the board may choose between the two. However, the

26 (b) The board may accept an alternative valuation dollar  
27 value of a claim the loss upon a showing of just cause by the  
28 seller or department. All sellers

29 (2) The dollar value of the loss of priced or unpriced grain  
30 shall not exceed the price of that grain if the grain were  
31 U.S. No. 2 grain according to standards adopted by the federal  
32 grain inspection service of the United States department of  
33 agriculture. The price of the grain shall be determined in  
34 accordance with the relevant date used to determine the price  
35 described in subparagraph (1). The department may adjust the

1 price of the grain if necessary to better account for the  
2 condition of the grain when purchased.

3 b. A seller filing elaims a claim for a dollar value of the  
4 loss under this section subsection shall be bound by the dollar  
5 value of the loss determined by the board. The dollar value of  
6 the loss is the outstanding balance on the validated claim at the  
7 time of payment the claimant is indemnified from the fund.

8 8. Payment Indemnification of elaims claimant.

9 a. Upon a determination by the board that the claim is  
10 an eligible for payment claim satisfies the requirements in  
11 subsection 4, the board shall provide for payment of ninety  
12 percent of the loss, as determined under indemnify the claimant  
13 as a depositor under subsection 5, but not more than three  
14 hundred thousand dollars per claimant and a seller under  
15 subsection 6. Upon a determination by the board that an  
16 eligible repayment claim filed by that seller under section  
17 203D.6A derives from the same covered transaction during the  
18 claim period, and the repayment loss incurred for that claim, the  
19 board shall indemnify the claimant as a seller subject to the  
20 requirements of this section and section 203D.6A.

21 b. Subject to the indemnification limit described in  
22 paragraph "c", the board shall indemnify a claimant ninety  
23 percent of the combined dollar value losses, including any  
24 repayment loss, incurred by the claimant as described in  
25 paragraph "a", except for a segregated dollar value loss incurred  
26 from the sale of grain under a credit-sale contract. The board  
27 shall indemnify the seller seventy percent of the dollar value  
28 loss incurred from the sale of grain under a deferred-pricing  
29 contract and zero percent of the dollar value loss for the sale  
30 of grain under a deferred-payment contract. The full indemnity  
31 amount paid to a claimant shall be calculated as the sum of the  
32 following:

33 (1) Ninety cents for each dollar value loss, including any  
34 repayment loss, incurred by the claimant other than a dollar  
35 value loss for the sale of grain under a credit-sale contract.

1     (2) For the sale of grain under a credit-sale contract, all  
2 of the following:

3     (a) Seventy cents for each dollar value loss incurred by the  
4 claimant other than a dollar value loss for the sale of grain  
5 under a deferred-pricing contract.

6     (b) Zero cents for each dollar value loss incurred by the  
7 claimant under a deferred-payment contract.

8     c. The board shall not indemnify any claimant for more than  
9 three hundred thousand dollars for an eligible claim for all  
10 dollar value losses described in paragraphs "a" and "b" that are  
11 part of the same covered transaction during the indemnity claim  
12 period.

13     d. (1) If at any time the board determines that there  
14 are insufficient funds moneys in the fund to make payment of  
15 fully indemnify all eligible claims, the board may shall order  
16 that payment be deferred on specified claims. The department,  
17 upon the board's instruction, shall hold those claims for  
18 payment until the board determines that the fund again contains  
19 sufficient assets the eligible claims be indemnified according to  
20 the following order:

21     (a) First, by indemnifying all claims for dollar value losses  
22 other than segregated dollar value losses arising from the sale  
23 of grain under credit-sale contract as provided in subsection 4.

24     (b) Second, by indemnifying all claims for segregated  
25 dollar value losses arising from the sale of grain under a  
26 deferred-pricing contract as provided in subsection 4.

27     (2) The board may establish one or more eligible claim  
28 indemnification periods required to fully indemnify all eligible  
29 claims. The department shall hold those claims that have not  
30 been fully indemnified until a later period or periods for the  
31 full indemnification of those claims as moneys in the fund are  
32 available.

33     9. Subrogation of fund. In the event of payment the  
34 indemnification of a dollar value loss under this section, the  
35 fund is subrogated to the extent of the amount of any payments to

1 all rights, powers, privileges, and remedies of the depositor or  
2 seller against any person regarding the dollar value loss. The  
3 depositor or seller shall render all necessary assistance to aid  
4 the department and the board in securing the rights granted in  
5 this section. ~~No~~ An action or claim initiated by a depositor or  
6 seller and pending at the time of ~~payment~~ indemnification from  
7 the fund shall not be compromised or settled without the consent  
8 of the board.

9 Sec. 18. Section 203D.6, subsection 10, paragraph b, Code  
10 2025, is amended to read as follows:

11 b. The fund shall not be liable for the ~~payment~~  
12 indemnification of an expired claim.

13 Sec. 19. NEW SECTION. 203D.6A Indemnification of repayment  
14 loss against fund.

15 1. A separate process is established to provide for  
16 indemnification of a repayment loss incurred by a seller against  
17 a grain dealer who is a debtor in bankruptcy under the  
18 protections provided in Tit. 11 of the United States Code.

19 a. A repayment claim that includes the repayment loss shall  
20 be filed with the department in the manner prescribed by the  
21 department.

22 b. A seller may file an eligible claim for a dollar value  
23 loss under section 203D.6 and an eligible repayment claim for a  
24 repayment loss under this section.

25 c. The department may consolidate a repayment claim filed  
26 under this subsection with a claim filed by the same claimant  
27 that is part of the same covered transaction under the claim  
28 period as provided in section 203D.6.

29 2. To be timely, a seller must file a repayment claim with  
30 the department not later than sixty days after the repayment  
31 claim's dollar value loss is finalized by a bankruptcy court,  
32 whether by an order issued, judgment entered, or settlement  
33 agreement approved.

34 3. The department may provide notice of the repayment claim  
35 process to a seller that may become or has become subject to an

1 order issued, judgment entered, or settlement agreement approved  
2 by a bankruptcy court that requires the seller to pay back  
3 amounts previously received for grain purchased by a licensed  
4 grain dealer, in the bankruptcy of the grain dealer. If the  
5 department chooses to provide a notice to the seller, it shall  
6 have discretion to determine any reasonable method and manner of  
7 providing such notice. A failure by the department to provide  
8 a notice or a failure by a seller to receive a notice under  
9 this subsection does not relieve the seller of the requirement  
10 to timely file a repayment claim.

11 4. The board shall determine that a repayment claim is  
12 eligible for indemnification from the fund if the board finds all  
13 of the following:

14 a. The repayment claim was timely filed.

15 b. The repayment claimant qualifies as a seller.

16 c. The repayment claim derives from a covered transaction.

17 For purposes of this paragraph, a repayment claim derives from a  
18 covered transaction if the claimant is a seller who transferred  
19 title to the grain to a licensed grain dealer within six months  
20 of the incurrence date as provided in section 203D.6, subsection  
21 2.

22 d. The seller submits adequate proof to establish the  
23 repayment claim and the amount of the repayment loss.

24 e. A claim has not been paid for the same loss.

25 5. A seller is not entitled to indemnify a claim for a  
26 repayment loss if the repayment loss is incurred as a result of a  
27 fraudulent transfer or conveyance by the seller.

28 6. The dollar value loss of a repayment claim is the amount  
29 a seller is required to pay back that was previously received  
30 for the grain as a result of an order issued, judgment entered,  
31 or settlement agreement approved by a bankruptcy court and which  
32 has not been recovered through other legal or equitable remedies  
33 including the liquidation of the grain dealer's assets.

34 7. The department acting on behalf of the board shall deliver  
35 a notice to a seller filing a repayment claim under this section.

1 The notice must include the board's determination of the seller's  
2 eligibility and the dollar value of the seller's loss. Within  
3 twenty days of delivering the notice, the seller may request  
4 a hearing for the review of either determination. The request  
5 shall be made in the manner provided by the board. The hearing  
6 and any further appeal shall be conducted as a contested case  
7 subject to chapter 17A. A seller whose repayment claim has been  
8 refused by the board may appeal the refusal to either the  
9 district court of Polk county or the district court of the county  
10 in which the seller resides.

11 8. Upon a determination that the repayment claim is eligible,  
12 the board shall provide for indemnification of ninety percent  
13 of the repayment loss, as determined by the board, subject  
14 to section 203D.6. If at any time the board determines that  
15 there are insufficient moneys in the fund to fully indemnify  
16 all eligible claims under section 203D.6 and all eligible  
17 repayment claims under this section, the board shall order that  
18 the eligible claims be fully indemnified during one or more  
19 indemnification periods as provided in section 203D.6.

20 9. In the event of the indemnification of a repayment loss  
21 under this section, the fund is subrogated to the extent of  
22 the amount of any payments to all rights, powers, privileges,  
23 and remedies of the seller against any person regarding the  
24 repayment loss. The seller shall render all necessary assistance  
25 to the department and the board in securing the rights granted  
26 in this section. An action or claim initiated by a seller and  
27 pending at the time of indemnification from the fund shall not be  
28 compromised or settled without the consent of the board.

29 10. a. A repayment claim shall expire if five years after  
30 the board determines that the repayment claim is eligible, the  
31 claimant has failed to do any of the following:

32 (1) Provide for the fund's subrogation or render all  
33 necessary assistance to the department and the board in securing  
34 the department's rights of subrogation as required in this  
35 section.

1 (2) Provide necessary documentation or information required  
2 by the board in order to process the indemnification claim.

3 b. The fund is not liable for the indemnification of an  
4 expired repayment claim.

5 Sec. 20. EMERGENCY RULES. The department of agriculture and  
6 land stewardship shall adopt emergency rules under section 17A.4,  
7 subsection 3, and section 17A.5, subsection 2, paragraph "b",  
8 to implement the provisions of this Act within thirty business  
9 days of the effective date of this section of this Act and shall  
10 submit such rules to the administrative rules coordinator and the  
11 administrative code editor pursuant to section 17A.5, subsection  
12 1, within the same period. The rules shall be effective  
13 immediately upon filing unless a later date is specified in the  
14 rules. Any rules adopted in accordance with this section shall  
15 also be published as a notice of intended action as provided in  
16 section 17A.4.

17 Sec. 21. ASSESSMENT OF INDEMNITY FEES. A grain dealer  
18 licensed under chapter 203 who is a party to a credit-sale  
19 contract shall owe any indemnity fees assessed on grain purchased  
20 under the credit-sale contract beginning on the following  
21 September 1 of the first assessment quarter pursuant to section  
22 203D.3A.

23 Sec. 22. EFFECTIVE DATE. The following, being deemed of  
24 immediate importance, takes effect upon enactment:

25 The section of this Act requiring the department of  
26 agriculture and land stewardship to adopt emergency rules.

27 EXPLANATION

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

30 BACKGROUND — REGULATION OF GRAIN MARKETERS (GRAIN DEALERS  
31 AND WAREHOUSE OPERATORS). This bill amends provisions regulating  
32 commercial transactions involving grain (e.g., corn and soybeans)  
33 made by a grain marketer who has made a promise regarding the  
34 transaction with a person for the sale or storage of the grain.  
35 The grain is usually in bulk form, meaning unpackaged. For

1 purposes of the bill, a grain marketer is referred to as a grain  
2 dealer purchasing grain from a seller, especially a seller who  
3 is a grain producer. A grain marketer may also be a bailor,  
4 referred to as a warehouse operator, storing grain under bailment  
5 on behalf of the bailee, referred to as a depositor. The  
6 seller and the grain dealer, or the depositor and the warehouse  
7 operator, are the respective parties to a legal transaction,  
8 evidenced by a sales contract entered into by the seller and  
9 grain dealer, or a document of title in the form of a receipt  
10 such as a warehouse receipt or scale weight ticket issued by a  
11 warehouse operator to a depositor. The department of agriculture  
12 and land stewardship (DALs) regulates grain dealers (Code chapter  
13 203) and warehouse operators (Code chapter 203C). DALs and the  
14 Iowa grain indemnity fund board (board) indemnifies sellers and  
15 depositors for losses incurred by the management of grain by  
16 grain marketers when performing legal obligations arising under  
17 the sale or deposit of the grain (Code chapter 203D). The  
18 indemnification is made as a payment from the grain depositors  
19 and sellers indemnity fund (fund). The fund is comprised of  
20 fees established by the board and contributed to DALs by grain  
21 marketers. The payment is a percentage of the dollar value loss  
22 incurred by the seller or a depositor based on the contract price  
23 or the market price offered for the same quantity and quality of  
24 grain.

25 BACKGROUND — LICENSURE REQUIREMENTS — GENERAL. DALs  
26 regulates grain marketers by licensure either as a grain dealer  
27 or warehouse operator (licensee). DALs licenses a grain dealer  
28 purchasing at least 1,000 bushels from sellers who are producers  
29 during any calendar month (Code section 203.1). DALs licenses a  
30 warehouse operator in the business of storing bushels of grain on  
31 behalf of depositors for more than 30 days (Code section 203C.1).  
32 Alternatively, a warehouse operator storing grain may be licensed  
33 by the United States department of agriculture (USDA) under the  
34 federal United States Warehouse Act (Code section 203C.16). DALs  
35 must issue a class 1 or class 2 license to an applicant based

1 on the applicant's business size. A person applying to be  
2 licensed as a grain dealer must be issued a class 1 license  
3 if the value of grain purchased by the grain dealer exceeds  
4 \$500,000 (Code section 203.3). In addition, the grain dealer  
5 must maintain a net worth of at least \$75,000, or alternatively  
6 maintain a deficiency bond or an irrevocable letter of credit in  
7 the amount of \$2,000 for each \$1,000 of net worth deficiency.  
8 However, the class 1 grain dealer's net worth cannot be less  
9 than \$37,500. The grain dealer must also maintain current  
10 assets equal to at least 100 percent of current liabilities or  
11 provide a bond based on the deficiency to meet that minimum  
12 requirement. The grain dealer must annually submit to DALs a  
13 financial statement accompanied by an unqualified opinion based  
14 upon an audit performed by a certified public accountant (CPA)  
15 licensed in this state. However, rather than submitting an  
16 unqualified opinion, the grain dealer may elect to submit a  
17 financial statement that is accompanied by the report of a CPA  
18 licensed in this state that is based upon a review in lieu of  
19 an audit. The requirements for a class 2 license are similar to  
20 those of a class 1 license except the grain dealer must maintain  
21 a net worth of at least \$37,500 or maintain a deficiency bond or  
22 an irrevocable letter of credit for \$2,000 for each \$1,000 of net  
23 worth deficiency. A class 2 licensee must maintain a minimum net  
24 worth of \$17,500.

25 BACKGROUND — SPECIAL REQUIREMENTS FOR GRAIN DEALERS AND  
26 SELLERS ENTERING INTO CREDIT-SALE CONTRACTS. The parties under a  
27 sales contract must each perform their respective obligations.  
28 The buyer must pay, or tender payment of, the sales price for  
29 a purchased good to the seller and the seller must deliver  
30 (transfer possession and title), or tender delivery of, the  
31 purchased good to the buyer, all according to the sales  
32 contract's terms. Under Code chapter 203, the sales price is  
33 more commonly referred to as the purchase price. Generally,  
34 as a buyer under a sales contract, the grain dealer must pay  
35 the seller the sales/purchase price for grain upon the grain's

1 delivery or upon demand for payment by the seller, but not later  
2 than 30 days after delivery of the grain by the seller (Code  
3 section 203.8). Delivery occurs when title to and possession  
4 of the grain is transferred to the grain dealer or another  
5 person in accordance with the contract terms. Otherwise, a  
6 transaction in which a grain dealer pays the seller for the  
7 purchased grain more than 30 days after the grain's delivery  
8 is considered a credit-sale contract and subject to special  
9 requirements. The grain dealer must be issued a class 1 license  
10 (Code section 203.3). In addition, the grain dealer must account  
11 for credit-sale contract transactions by using forms and keeping  
12 records involving those transactions (Code section 203.15). The  
13 grain dealer must maintain 50 cents of net worth for each  
14 outstanding bushel of grain purchased under credit-sale contract  
15 or may maintain a deficiency bond or an irrevocable letter of  
16 credit or \$2,000 for each \$1,000 of deficiency. The grain  
17 dealer must also meet at least one of two conditions. The  
18 grain dealer's last financial statement must be accompanied by  
19 an unqualified opinion based upon an audit performed by a CPA  
20 licensed in this state or the grain dealer must file a bond  
21 with DALS in the amount of \$100,000 payable to DALS for use  
22 in indemnifying a seller for a loss resulting from a breach  
23 of a credit-sale contract. Finally, the seller must sign a  
24 form presented by a grain dealer acknowledging that the seller  
25 knows that a loss arising from a credit-sale contract is not  
26 indemnified by the fund.

27 BILL — SPECIAL REQUIREMENTS FOR GRAIN DEALERS AND SELLERS  
28 ENTERING INTO CREDIT-SALE CONTRACTS. The bill distinguishes  
29 between two types of credit-sale contracts: a deferred-payment  
30 contract and a deferred-pricing contract (Code section 203.1).  
31 Under a deferred-payment contract, the licensed grain dealer and  
32 seller have agreed to the purchase price for grain but payment  
33 is delayed more than 30 days from the date of delivery regardless  
34 of whether delivery has or has not yet occurred. For example,  
35 a seller may elect to deliver (transfer possession and title)

1 grain on December 1 and receive payment after January 1 to claim  
2 income in the subsequent tax year. Under a deferred-pricing  
3 contract, delivery occurs but the sales/purchase price has not  
4 been agreed to by the licensed grain dealer and the seller.  
5 The grain's sales/purchase price paid to the seller may depend  
6 upon a speculative decision by the seller to sell the grain  
7 at a future market price with the expectation of increasing a  
8 profit or decreasing a loss. The bill provides that a seller  
9 still cannot claim a dollar value of a loss for indemnification  
10 from the fund arising from a credit-sale contract classified  
11 as a deferred-payment contract but that a seller may claim a  
12 limited dollar value loss for indemnification arising from a  
13 deferred-pricing contract.

14 BACKGROUND — FUND — INDEMNITY FEES. In addition to license  
15 fees collected by DALs for deposit into the general fund of  
16 the state (Code sections 203.6 and 203C.33), each licensee may  
17 be required to remit either one or two special fees (indemnity  
18 fees) collected by DALs for deposit in the fund, referred  
19 to as a participation fee and per-bushel fee. The licensed  
20 grain dealer's participation fee is calculated according to the  
21 following formula: the assessment rate of not more than \$0.014  
22 multiplied by all bushels of purchased grain during the grain  
23 dealer's prior fiscal year with a minimum of \$50 and no maximum  
24 limit. The licensed grain dealer's per-bushel fee is calculated  
25 according to a similar formula: the assessment rate of not  
26 more than \$0.25 multiplied by all bushels of purchased grain for  
27 the grain dealer's assessment year with no minimum or maximum  
28 limit. The qualifying term "purchased grain" equals the total  
29 number of bushels purchased from a seller by a grain dealer  
30 minus a number of exempt bushels, including those purchased  
31 under credit-sale contract (Code section 203D.1). Purchased  
32 grain is reported to DALs as "paid company-owned" (Code section  
33 203D.1). The licensed warehouse operator's participation fee is  
34 based on the number of bushels of bulk grain storage capacity  
35 of the warehouse (Code section 203D.5). The licensed warehouse

1 operator's participation fee is calculated according to the  
2 following formula: the assessment rate of not more than \$0.014  
3 multiplied by the bulk grain storage capacity for the licensed  
4 warehouse with a minimum \$50 and a maximum \$500 limit (Code  
5 section 203D.5). An assessment year begins September 1 and ends  
6 August 31 (Code sections 203D.3 and 203D.5). The assessment year  
7 is further divided into four three-month assessment quarters.  
8 A grain dealer or warehouse operator may remit a participation  
9 fee annually (with an application for an initial license or the  
10 renewal of a license) or for the renewal of a license on a  
11 quarterly basis. A grain dealer must remit a per-bushel fee on a  
12 quarterly basis (Code section 203D.3A).

13 BACKGROUND — BOARD REVIEW OF FUND. The board must annually  
14 review the debits of and credits to the fund and by May 1  
15 determine whether to impose the indemnity fees, make adjustments  
16 to the existing indemnity fees, or waive the existing indemnity  
17 fees as necessary to comply with two triggers. The balance  
18 in the fund triggers the indemnity fees waiver or reinstatement  
19 (Code section 203D.5). When the balance in the fund reaches  
20 \$8 million, the indemnity fees are automatically waived. The  
21 indemnity fees are reinstated by the board if the balance in the  
22 fund is \$3 million or less (Code section 203D.5). The triggered  
23 waiver or reinstatement is effective on the first day of the  
24 following assessment year (September 1). A licensee is required  
25 to remit the outstanding amount of the waived participation  
26 fee that is otherwise owing for the current assessment year.  
27 However, a licensed grain dealer is no longer obligated to remit  
28 the outstanding amount of the per-bushel fee otherwise owing  
29 for that period, unless the amount is delinquent (Code section  
30 203D.5).

31 BACKGROUND — FUND — VALUE OF LOSS. Generally, a loss  
32 incurred by a depositor (holding a warehouse receipt or scale  
33 weight ticket) or seller who is a party to a sale is the  
34 amount stated in an eligible claim held by a depositor that  
35 states the amount owed by a warehouse operator or held by

1 a seller that states the amount owed by a grain dealer, if  
2 either such amount has not been recovered by other legal and  
3 equitable remedies (Code section 203D.1). The dollar value of  
4 the loss may be determined using several methods of valuation  
5 (Code section 203D.6). For a depositor, it may be part of a  
6 court order after hearing the matter in a DALS' receivership.  
7 Otherwise, the loss is based on the fair market price paid to  
8 producer sellers at a nearby terminal on an incurrence date.  
9 For a seller, it may be the sales price agreed to by the  
10 parties. If the grain has not yet been priced, the loss is  
11 again based on the fair market price paid at the terminal on  
12 one of those incurrence dates. An incurrence date is either the  
13 cessation of the license of a warehouse operator or grain dealer  
14 (by revocations, cancellation, or expiration) or the licensee's  
15 filing of a petition in bankruptcy.

16 BACKGROUND — FUND — PAYMENT OF CLAIMS. A claim must meet  
17 eligibility requirements, including that it is timely filed,  
18 there is evidence of a loss incurred by a claimant, and the  
19 claim derives from a covered transaction during the claim  
20 period. For a claimant who is a depositor, a covered transaction  
21 requires that the grain must have been delivered to a licensed  
22 warehouse operator. For a claimant who is a seller, a covered  
23 transaction requires that title be transferred within six months  
24 of the incurrence date. A covered transaction excludes sale by  
25 credit-sale contract. The board must indemnify a claimant (a  
26 grain dealer and warehouse operator) 90 percent of the combined  
27 losses, if the losses are part of the same covered transaction  
28 during the indemnity claim period. However, the board cannot  
29 indemnify a claimant more than \$300,000 for all such losses (Code  
30 section 203D.6).

31 BILL — FUND — INDEMNITY FEES. After paying the initial  
32 participation fee for the issuance of a new license, the licensee  
33 must remit a participation fee in one installment as part of a  
34 license renewal application in the same manner provided for a  
35 new license (Code section 203D.3A). However, the bill allows

1 the licensee to continue to elect to remit the participation  
2 fee on four successive installment dates. The bill provides  
3 that each installment date occurs in the month succeeding the  
4 last assessment quarter on a date determined by rules adopted  
5 by DALs. The bill requires a licensed grain dealer to remit  
6 the per-bushel fee on the following four successive installment  
7 dates: December 15, March 15, June 15, and September 15.

8 The bill provides a special per-bushel waiver is applicable to  
9 purchased grain that is unpriced on the last date of the fund's  
10 assessment year (Code section 203D.5). The bill provides that  
11 grain sold by deferred-pricing contract is considered purchased  
12 grain and grain sold by deferred-payment contract is not.  
13 Therefore, a licensed grain dealer is only assessed an indemnity  
14 fee on the deferred-pricing contract grain (Code sections 203D.3  
15 and 203D.3A).

16 BILL — INDEMNITY FEES — TRIGGERS. The bill adjusts both  
17 triggers waiving or reinstating the two indemnity fees. The  
18 bill increases from \$8 million to \$16 million the balance in the  
19 fund required to trigger a waiver and increases from \$3 million  
20 to \$8 million the balance in the fund required to trigger a  
21 reinstatement (Code section 203D.5).

22 BILL — FUND — DOLLAR VALUE OF LOSSES. The bill requires that  
23 a loss incurred by a seller who was a party to a credit-sale  
24 contract must be segregated, including a deferred-pricing  
25 contract and deferred-payment contract. The bill provides  
26 special valuation rules for losses incurred by a depositor or  
27 seller. The dollar value of a loss of priced or unpriced grain  
28 cannot exceed the price of that grain if the grain were valued  
29 as U.S. No. 2 grain according to standards adopted by the federal  
30 grain inspection service of the USDA. DALs may adjust the price  
31 of the grain if necessary to better account for its condition  
32 when stored or sold.

33 BILL — INDEMNIFICATION OF REPAYMENT LOSSES (REPAYMENT  
34 CLAIMS). The bill allows a seller to file a special repayment  
35 claim against the fund as a result of the grain dealer's

1 bankruptcy (Code section 203D.6A). The special repayment  
2 process allows such a seller to recover the amount of the grain  
3 dealer payment that the seller was forced to repay to the grain  
4 dealer's bankruptcy estate. To be timely, a seller must file  
5 a repayment claim with DALs not later than 30 days after the  
6 repayment loss is finalized by a bankruptcy court. DALs may  
7 provide notice of the repayment claim process to a seller who  
8 may file a repayment claim. If DALs chooses to provide a notice  
9 to the seller, DALs has discretion to determine a reasonable  
10 method and manner of providing such notice. The board must  
11 determine that a repayment claim is eligible for payment from  
12 the indemnity fund, including whether the repayment claim derives  
13 from a covered transaction. DALs is required to deliver notice  
14 to a seller filing a repayment claim regarding the indemnity  
15 board's determination in the same manner as for an ordinary loss.

16 BILL — INDEMNIFICATION OF DOLLAR VALUE LOSSES. The bill  
17 provides that upon a determination by the board that a claim is  
18 eligible, the board must indemnify the claimant as a depositor or  
19 a seller incurring ordinary dollar value losses and as a seller  
20 incurring repayment (dollar value) losses, if all such dollar  
21 value losses derive from the same covered transaction during the  
22 claim period (Code section 203D.6). With one exception, the  
23 board must indemnify a claimant 90 percent of the combined dollar  
24 value losses. The exception applies to a segregated dollar  
25 value loss incurred from the sale of grain under a credit-sale  
26 contract. The board must indemnify the seller 70 percent of  
27 the dollar value loss incurred from the sale of grain under a  
28 deferred-pricing contract and 0 percent of the dollar value loss  
29 for the sale of grain under a deferred-payment contract. The  
30 full indemnity amount paid to a claimant still cannot exceed the  
31 existing limit of \$300,000.

32 BILL — ORDER OF INDEMNIFICATION AND INDEMNIFICATION  
33 PERIODS. The board must indemnify claims by giving priority to  
34 claims that are not segregated (arising from a deferred-pricing  
35 contract). If there are not sufficient moneys in the indemnity

1 fund to indemnify all claims, the board may establish one or  
2 more eligible claim indemnification periods required to fully  
3 indemnify claims that have not been satisfied.

4 BILL — EMERGENCY RULES. DALS is authorized to adopt rules on  
5 an emergency basis necessary to administer the bill's provisions.  
6 When a statute authorizes emergency rulemaking, an agency may  
7 adopt a rule immediately without going through the periods  
8 of the rulemaking process known as regulatory analysis (Code  
9 section 17A.4A) and notice of intended action (Code section  
10 17A.4(3)). The bill requires that such emergency rulemaking be  
11 "double barreled". Under that process, when an agency files  
12 an emergency rule, it also files the same rule as a notice  
13 of intended action that will follow the regular rulemaking  
14 process. Normally, a rule cannot be effective prior to 35 days  
15 after its filing with the administrative rules coordinator and  
16 publication in the Iowa administrative bulletin. Under emergency  
17 rulemaking, a rule can be made effective on the date of filing  
18 and acceptance by the administrative rules coordinator or any  
19 subsequent date, as specified by the agency in the filing (Code  
20 section 17A.5(2)(b)(1)). This provision of the bill takes effect  
21 upon enactment.

22 BILL — ASSESSMENT OF INDEMNITY FEES (CREDIT-SALE CONTRACT).  
23 A grain dealer who is a party to a credit-sale contract owing an  
24 indemnity fee assessed on grain purchased by credit-sale contract  
25 as provided in the bill is imposed on September 1 of the first  
26 assessment quarter.