

**Senate File 608 - Introduced**

SENATE FILE 608  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1131)

**A BILL FOR**

1 An Act regulating the marketing of grain, by providing for fees  
2 paid by grain dealers and warehouse operators into the grain  
3 depositors and sellers indemnity fund, and the payment of  
4 claims to reimburse sellers and depositors for losses covered  
5 by the fund, and including effective date and applicability  
6 provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

DIVISION I

CLAIMS AGAINST GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND

Section 1. Section 203.12, subsection 1, Code 2025, is amended to read as follows:

1. Upon the cessation of a grain dealer license by revocation, cancellation, or expiration, any claim for the purchase price of grain against the grain dealer shall be made in writing and filed with the grain dealer and with the issuer of a deficiency bond or of an irrevocable letter of credit and with the department within one hundred twenty days after the date of the cessation. A failure to make this timely claim relieves the issuer and the grain depositors and sellers indemnity fund provided in ~~chapter 203D~~ section 203D.6 or 203D.6A of all obligations to the claimant.

Sec. 2. Section 203.15, subsection 6, Code 2025, is amended by striking the subsection.

Sec. 3. Section 203C.14, subsection 2, paragraph a, Code 2025, is amended to read as follows:

a. Upon the cessation of a warehouse operator's license due to revocation, cancellation, or expiration, a claim against the warehouse operator arising under this chapter shall be made in writing with the warehouse operator, with the issuer of a bond on agricultural products other than bulk grain, a deficiency bond, or an irrevocable letter of credit, and, if the claim relates to bulk grain, with the department. The claim must be made within one hundred twenty days after the cessation of the license. The failure to make a timely claim relieves the issuer and, if the claim relates to bulk grain, the grain depositors and sellers indemnity fund provided in ~~chapter 203D~~ section 203D.6 or 203D.6A of all obligations to the claimant.

Sec. 4. Section 203D.1, Code 2025, is amended by adding the following new subsections:

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

1     NEW SUBSECTION. 14A. "Repayment loss" means the amount of a  
2 repayment claim held by a seller for purchased grain that the  
3 seller had paid back or is required to pay back to a grain  
4 dealer's bankruptcy estate, pursuant to an order issued, judgment  
5 entered, or settlement agreement approved by a bankruptcy court,  
6 and which amount has not been subsequently recovered through  
7 other legal or equitable remedies including the liquidation of  
8 the grain dealer's assets.

9     Sec. 5. Section 203D.1, subsection 14, Code 2025, is amended  
10 to read as follows:

11     14. a. "Purchased grain" means ~~grain~~ any of the following:

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

14     (2) Grain purchased under credit-sale contract.

15     b. "Purchased grain" does not include grain that is subject  
16 to an exempt transaction based on documentation satisfactory to  
17 the department showing that the grain dealer did any of the  
18 following:

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

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

23     ~~(3) Purchased the grain under a credit-sale contract.~~

24     ~~(4)~~ (3) Entered the grain in the company-owned paid position  
25 as a cancellation of a collateral warehouse receipt.

26     ~~(5)~~ (4) Entered the grain in the company-owned paid position  
27 as an intra-company location transfer.

28     Sec. 6. Section 203D.1, subsection 16, Code 2025, is amended  
29 to read as follows:

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

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

35     ~~a.~~ (1) A person licensed as a grain dealer in any

1 jurisdiction who sells grain to a licensed grain dealer.

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

5     Sec. 7. Section 203D.3, subsections 1 and 4, Code 2025, are  
6 amended to read as follows:

7     1. The grain depositors and sellers indemnity fund is created  
8 in the state treasury as a separate account. The general fund  
9 of the state is not liable for claims presented against the fund  
10 under section 203D.6 or 203D.6A.

11     4. The moneys collected under this section and deposited in  
12 the fund shall be used exclusively to indemnify depositors and  
13 sellers as provided in section 203D.6 or 203D.6A and to pay the  
14 administrative costs of this chapter.

15     Sec. 8. Section 203D.3A, unnumbered paragraph 1, Code 2025,  
16 is amended to read as follows:

17     The department shall collect indemnity fees, including  
18 participation fees and per-bushel fees as provided in this  
19 section, if ~~established~~ imposed by the board pursuant to section  
20 203D.5, at rates determined by the board as provided in that  
21 section. ~~A person required to pay a fee shall use licensee shall~~  
22 remit indemnity fees and forms and deliver the payment to the  
23 department as required by the department.

24     Sec. 9. Section 203D.3A, subsection 1, paragraph a,  
25 subparagraph (1), Code 2025, is amended to read as follows:

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

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

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

5     Sec. 10. Section 203D.3A, subsection 1, paragraph b, Code  
6 2025, is amended to read as follows:

7     b. A licensee shall pay remit a participation fee in one  
8 installment as part of a license renewal application in the  
9 same manner provided in paragraph "a". However, the licensee  
10 may elect to remit the participation fee on four successive  
11 installment dates, with each installment date occurring on  
12 determined by the department not later than in the month  
13 succeeding each of the last date of the fund's latest assessment  
14 quarter quarters as provided in section 203D.3. The licensee  
15 shall pay remit twenty-five percent of the total participation  
16 fee assessed on each installment date. ~~However, nothing in~~  
17 ~~this subsection prevents a licensee from paying the participation~~  
18 ~~fee on an accelerated basis. A licensee shall pay the first~~  
19 ~~installment on the last date of the fund's assessment quarter~~  
20 ~~immediately following the licensee's anniversary date.~~

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

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

28     Sec. 11. Section 203D.3A, subsection 2, Code 2025, is amended  
29 to read as follows:

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

32     b. The licensed grain dealer shall forward remit the  
33 per-bushel fee to the department on a quarterly basis in the  
34 manner and using the forms a form prescribed by the department.  
35 The licensed grain dealer shall remit the per-bushel fee and

1 form on four successive installment dates, with each installment  
 2 date determined by the department not later than in the month  
 3 succeeding each of the fund's latest assessment quarters as  
 4 provided in section 203D.3.

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

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

28 Sec. 12. Section 203D.5, subsection 1, Code 2025, is amended  
 29 to read as follows:

30 1. The board shall annually review the debits of and credits  
 31 to the grain depositors and sellers indemnity fund created  
 32 in section 203D.3 and shall determine whether to impose the  
 33 ~~participation fee and per-bushel fee~~ indemnity fees as provided  
 34 in section 203D.3A, make adjustments to the indemnity fees  
 35 ~~effective on the previous September 1~~ in effect, or waive

1 the indemnity fees in effect as necessary to comply with this  
2 section. The board shall make the determination not later than  
3 May 1 of each year. The board shall impose the indemnity fees  
4 or adjust the indemnity fees effective on the previous September  
5 1 in effect in accordance with chapter 17A. The imposition or  
6 adjustment of the indemnity fees shall become effective as  
7 follows:

8 a. For the participation fee, on the first day of the fund's  
9 following ~~September 1~~ assessment year. However, the licensee  
10 shall continue to pay ~~the any owing~~ participation fee at the  
11 rate in effect on the ~~prior September 1~~ first day of the fund's  
12 current assessment year, until the licensee has paid the amount  
13 owing.

14 b. For a per-bushel fee, on the ~~following September 1~~ first  
15 day of the fund's assessment year.

16 Sec. 13. Section 203D.5, subsections 4 and 5, Code 2025, are  
17 amended to read as follows:

18 4. If on the last date of the fund's assessment year as  
19 provided in section 203D.3 the assets of the fund exceed ~~eight~~  
20 twelve million dollars, less any encumbered balances or pending  
21 or unsettled claims, all of the following apply:

22 a. The participation fee shall be waived and shall not be  
23 assessable or owing for the fund's following assessment year ~~of~~  
24 ~~the fund~~. However, the licensee shall continue to pay any owing  
25 participation fee that was in effect on the ~~prior September 1~~  
26 first day of the fund's current assessment year.

27 b. The per-bushel fee shall be waived and shall not be  
28 assessable or owing.

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

33 Sec. 14. Section 203D.6, subsection 4, paragraph d, Code  
34 2025, is amended to read as follows:

35 d. That the claim derives from a covered transaction. For

1 purposes of this paragraph, a claim derives from a covered  
2 transaction if the claimant is a seller who transferred title to  
3 the grain to a licensed grain dealer ~~other than by credit-sale~~  
4 ~~contract~~ within six months of the incurrence date for a claim  
5 period as provided in subsection 2, or if the claimant is  
6 a depositor who delivered the grain to a licensed warehouse  
7 operator.

8 Sec. 15. Section 203D.6, subsection 8, Code 2025, is amended  
9 to read as follows:

10 8. *Payment of claims.* Upon a determination that the claim  
11 is eligible for payment, the board shall provide for payment of  
12 ninety percent of the loss, as determined under subsection 5,  
13 but not more than three hundred thousand dollars per claimant.  
14 If at any time the board determines that there are insufficient  
15 ~~funds moneys~~ to make ~~payment~~ payments of all claims under this  
16 section and all repayment claims under section 203D.6A, the board  
17 may order that ~~payment~~ payments be deferred on specified claims.  
18 The department, upon the board's instruction, shall hold those  
19 claims for ~~payment~~ deferred payments until the board determines  
20 ~~that the fund again contains~~ there are sufficient ~~assets~~ moneys  
21 in the fund to make payments on all those claims.

22 Sec. 16. NEW SECTION. 203D.6A Repayment claims against  
23 fund.

24 1. A separate indemnity claim process is established to  
25 provide for the indemnification of a repayment loss incurred by a  
26 seller against a grain dealer who is a debtor in bankruptcy under  
27 the protections provided in Tit. 11 of the United States Code.

28 a. A repayment claim shall be filed with the department in  
29 the manner prescribed by the department.

30 b. A seller may file an eligible claim for a loss under  
31 section 203D.6 and an eligible repayment claim for a repayment  
32 loss under this section.

33 2. To be timely, a seller must file a repayment claim with  
34 the department not later than sixty days after the repayment loss  
35 is finalized by a bankruptcy court, whether by an order issued,

1 judgment entered, or settlement agreement approved.

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

14 4. The board shall determine that a repayment claim is  
15 eligible for payment from the fund if the board finds all of the  
16 following:

17 a. The repayment claim was timely filed.

18 b. The repayment claimant qualifies as a seller.

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

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

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

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

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

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

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

13 8. Upon a determination that the claim is eligible for  
14 indemnification, the board shall provide for payment of ninety  
15 percent of the repayment loss, as determined by the board, but  
16 not more than three hundred thousand dollars counting the dollar  
17 value losses paid to the same grain dealer during the claim  
18 period as provided in section 203D.6. If at any time the board  
19 determines that there are insufficient moneys in the fund to make  
20 payment of all claims under section 203D.6 and this section, the  
21 board may order that payment be deferred on specified claims.  
22 The department, upon the board's instruction, shall hold the  
23 claims for deferred payment until the board determines that the  
24 fund again contains sufficient assets.

25 9. In the event of the payment of a repayment loss under this  
26 section, the fund is subrogated to the extent of the amount of  
27 any payments to all rights, powers, privileges, and remedies of  
28 the seller against any person regarding the repayment loss. The  
29 seller shall render all necessary assistance to the department  
30 and the board in securing the rights granted in this section. No  
31 action or claim initiated by a seller and pending at the time of  
32 payment from the fund shall be compromised or settled without the  
33 consent of the board.

34 10. a. A repayment claim shall expire if five years after  
35 the board determines that the repayment claim is eligible, and

1 the claimant has failed to do any of the following:

2 (1) Provide for the fund's subrogation or render all  
3 necessary assistance to the department and the board in securing  
4 the department's rights of subrogation as required in this  
5 section.

6 (2) Provide necessary documentation or information required  
7 by the board in order to process the repayment claim.

8 b. The fund is not liable for the payment of an expired  
9 repayment claim.

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

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

27 Sec. 19. EFFECTIVE DATE. The following, being deemed of  
28 immediate importance, takes effect upon enactment:

29 The section of this division of this Act requiring the  
30 department of agriculture and land stewardship to adopt emergency  
31 rules.

32 Sec. 20. APPLICABILITY.

33 1. The process established in section 203D.6A, as enacted by  
34 this Act, providing for the indemnification of a repayment claim  
35 applies to a seller who incurs a repayment loss against a grain

1 dealer, if the grain dealer is a debtor in bankruptcy under the  
2 protections provided in Tit. 11 of the United States Code on or  
3 after October 24, 2022.

4 2. For a repayment loss incurred prior to July 1, 2025, the  
5 end of the claim period in section 203D.6A, subsection 2, as  
6 enacted by this Act, is August 29, 2025.

7 DIVISION II

8 ASSESSMENT YEAR

9 Sec. 21. Section 203D.3, subsection 3, Code 2025, is amended  
10 to read as follows:

11 3. The assessment year of the fund ~~begins September~~ is the  
12 same as the state fiscal year beginning on July 1 and ends ending  
13 on August 31 June 30. Assessment quarters of the fund begin  
14 ~~September~~ on July 1, December October 1, March January 1, and  
15 ~~June April~~ 1. The finances of the fund shall be calculated on  
16 an accrual basis in accordance with generally accepted accounting  
17 principles.

18 Sec. 22. CONTINGENT EFFECTIVE DATE.

19 1. This division of this Act takes effect on the publication  
20 date of the issue of the Iowa administrative bulletin that  
21 includes a notice by the secretary of agriculture stating that  
22 the indemnity fees paid by grain dealers and warehouse operators  
23 have been waived as provided in section 203D.5.

24 2. The department of agriculture and land stewardship shall  
25 send a copy of the notice to the Code editor at least two weeks  
26 prior to the publication date of the Iowa administrative bulletin  
27 as described in subsection 1.

28 EXPLANATION

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

31 BACKGROUND — GRAIN DEALERS AND WAREHOUSE OPERATORS. This  
32 bill amends provisions regulating marketers of grain, referred  
33 to as grain dealers purchasing grain (Code chapter 203), and  
34 warehouse operators storing grain under bailment (Code chapter  
35 203C), administered by the department of agriculture and land

1 stewardship (DALs).

2 DIVISION I BACKGROUND — GRAIN DEPOSITORS AND SELLERS  
3 INDEMNITY FUND. A person selling grain to a licensed grain dealer  
4 (seller) or a person depositing grain with a licensed warehouse  
5 operator (depositor) may be reimbursed for a loss incurred by  
6 the failure of the licensee to honor a contractual obligation  
7 regarding the transaction (Code section 203D.6). A payment  
8 is made from the grain depositors and sellers indemnity fund  
9 (indemnity fund) upon a determination that the claim is eligible  
10 for payment by the Iowa grain indemnity fund board (indemnity  
11 board) acting in cooperation with DALs.

12 DIVISION I BACKGROUND — FEES. In addition to license fees  
13 deposited into the general fund of the state (Code sections 203.6  
14 and 203C.33), each licensee may be required to pay either one  
15 or two special fees (indemnity fees) to support the indemnity  
16 fund, referred to as a participation fee and per-bushel fee. The  
17 licensed grain dealer's participation fee is calculated according  
18 to the following formula: the assessment rate of not more than  
19 \$0.014 multiplied by all bushels of purchased grain during the  
20 grain dealer's prior fiscal year with a minimum of \$50 and no  
21 maximum limit. The licensed grain dealer's per-bushel fee is  
22 calculated according to a similar formula: the assessment rate  
23 of not more than \$0.25 multiplied by all bushels of purchased  
24 grain for the grain dealer's assessment year with no minimum  
25 and a \$500 maximum limit. The qualifying term "purchased grain"  
26 equals the total number of bushels purchased from sellers minus  
27 a number of exempt bushel purchases, including those purchased  
28 under credit-sale contract (Code section 203D.1). Purchased  
29 grain is reported to DALs as "paid company-owned" (Code section  
30 203D.1). The licensed warehouse operator's participation fee is  
31 \$0.014 multiplied by the number of bushels of storage capacity of  
32 the warehouse (Code section 203D.5).

33 DIVISION I BACKGROUND — INDEMNITY BOARD REVIEW OF INDEMNITY  
34 FUND. The indemnity board must annually review the debits of and  
35 credits to the indemnity fund and by May 1 determine whether the

1 balance triggers a waiver or reinstatement (Code section 203D.5).  
2 The triggered waiver or reinstatement is effective on the first  
3 day of the following assessment year (September 1). If a waiver  
4 is triggered on the last day of an assessment year, a licensee  
5 is subject to pay the outstanding amount of the participation  
6 fee that is otherwise owing for the current assessment year.  
7 However, a licensed grain dealer is no longer obligated to pay  
8 the outstanding amount of the per-bushel fee otherwise owing  
9 for that period, unless the amount is delinquent (Code section  
10 203D.5). The board must reinstate the indemnity fees if assets  
11 in the fund are \$3 million or less.

12 DIVISION I BACKGROUND — CREDIT-SALE CONTRACTS. A credit-sale  
13 contract (also referred to as deferred-payment contract,  
14 deferred-pricing contract, or price-later contract) involves a  
15 transaction for the sale of grain in which the sales price is to  
16 be paid to the seller by the licensed grain dealer more than 30  
17 days after the delivery of the grain to the licensed grain dealer  
18 (Code section 203.1). The delayed price arrangement may be made  
19 on the basis of an expectation of higher price or deferred tax  
20 liability. For regulations regarding the use of credit-sale  
21 contracts by licensees, see Code sections 203.3, 203.8, 203.15,  
22 203.17, and 203C.17.

23 DIVISION I BACKGROUND — PAYMENT OF CLAIMS. A claim by a  
24 seller or depositor (claimant) for the reimbursement of a loss  
25 from the indemnity fund begins on the incurrence date which is  
26 when the grain dealer's or warehouse operator's state license  
27 ceases or when the grain dealer or warehouse operator files a  
28 petition in bankruptcy, as elected by the claimant (Code section  
29 203D.6). The claim must meet eligibility requirements, meaning  
30 that it is timely filed, there is evidence of a loss incurred  
31 by a claimant, and the claim derives from a covered transaction.  
32 For a claimant who is a seller, a covered transaction requires  
33 that title be transferred with six months of the incurrence date.  
34 A covered transaction excludes sale by credit-sale contract. The  
35 value of a loss incurred by a seller is based on the grain's

1 sales price. If the sold grain was unpriced, the value of  
2 a claim is presumed to be based upon the price paid on the  
3 incurrence date at the nearest terminal. For a claimant who is  
4 a depositor, a covered transaction requires that the grain must  
5 have been delivered to a licensed warehouse operator. Generally,  
6 the value of the depositor's claim is based on the grain's fair  
7 market value. A seller or depositor is entitled to be reimbursed  
8 90 percent of a loss but not more than \$300,000.

9 DIVISION I PROVISIONS — INDEMNITY FEES TRIGGERS. The division  
10 adjusts both triggers waiving or reinstating the two indemnity  
11 fees. The division increases from \$8 million to \$12 million  
12 the balance in the indemnity fund required to trigger a waiver  
13 and increases from \$3 million to \$5 million the balance in the  
14 indemnity fund required to trigger a reinstatement.

15 DIVISION I PROVISIONS — INDEMNIFICATION OF LOSSES (REPAYMENT  
16 CLAIMS). The division allows a seller to file a special repayment  
17 claim against the indemnity fund as a result of the grain  
18 dealer's bankruptcy. The special repayment process allows such  
19 a seller to recover the amount of the grain dealer payment that  
20 the seller was forced to repay to the grain dealer's bankruptcy  
21 estate. To be timely, a seller must file a repayment claim  
22 with DALs not later than 60 days after the repayment loss is  
23 finalized by a bankruptcy court. DALs may provide notice of  
24 the repayment claim process to a seller who may file a repayment  
25 claim. If DALs chooses to provide a notice to the seller, DALs  
26 has discretion to determine a reasonable method and manner of  
27 providing such notice. The indemnity board must determine that  
28 a repayment claim is eligible for payment from the indemnity  
29 fund, including whether the repayment claim derives from a  
30 covered transaction. DALs is required to deliver notice to a  
31 seller filing a repayment claim regarding the indemnity board's  
32 determination in the same manner as for an ordinary loss. Like  
33 an ordinary loss, the seller is entitled to receive 90 percent of  
34 a loss but not more than \$300,000, a deferral of payments based  
35 on insufficient moneys in the indemnity fund, subrogation, and a

1 five-year expiration period.

2 DIVISION I PROVISIONS — INDEMNITY FUND (FEES AND  
3 REIMBURSEMENT BASED ON CREDIT-SALE CONTRACT TRANSACTIONS). The  
4 division provides that grain sold by credit-sale contract is  
5 considered purchased grain. Therefore, a licensed grain dealer  
6 is assessed a participation fee and per-bushel fee and a licensed  
7 warehouse operator is assessed a participation fee. The division  
8 also provides that the sale of grain by credit-sale contract is  
9 no longer excluded from the meaning of a covered transaction.  
10 A seller may therefore claim a loss resulting from the grain  
11 dealer's breach of this type of contract. Generally, the amount  
12 of the loss equals the sales price after deducting any amount  
13 received or otherwise recovered through other legal and equitable  
14 remedies including the liquidation of assets (Code section  
15 203D.1). In the case of a claim filed for a loss resulting  
16 from a credit-sale contract for which no price was established,  
17 the valuation would be determined in the manner described for  
18 unpriced grain. The division does not modify special regulations  
19 that apply to a licensee's use of a credit-sale contract.

20 DIVISION I PROVISIONS — INDEMNITY FEES (PAYMENT DATES). The  
21 bill provides that a licensee may remit the participation fee in  
22 one installment as part of the license renewal or four successive  
23 installments not later than in the month following the end of  
24 the fund's assessment quarter. The bill provides that the grain  
25 dealer pays the per-bushel fee on the same installment dates.

26 DIVISION I PROVISIONS — EMERGENCY RULES. DALS is authorized  
27 to adopt rules on an emergency basis necessary to administer  
28 the division's provisions. When a statute authorizes emergency  
29 rulemaking, an agency may adopt a rule immediately without  
30 going through the periods of the rulemaking process known as  
31 regulatory analysis (Code section 17A.4A) and notice of intended  
32 action (Code section 17A.4(3)). The division requires that such  
33 emergency rulemaking be "double barreled". Under that process,  
34 when an agency files an emergency rule, it also files the  
35 same rule as a notice of intended action that will follow the

1 regular rulemaking process. Normally, a rule cannot be effective  
2 prior to 35 days after its filing with the administrative rules  
3 coordinator and publication in the Iowa administrative bulletin.  
4 Under emergency rulemaking, a rule can be made effective on  
5 the date of filing and acceptance by the administrative rules  
6 coordinator or any subsequent date, as specified by the agency in  
7 the filing (Code section 17A.5(2)(b)(1)). This provision of the  
8 bill takes effect upon enactment.

9 DIVISION I PROVISIONS — ASSESSMENT OF FEES (CREDIT-SALE  
10 CONTRACT). A grain dealer who is a party to a credit-sale  
11 contract owing an indemnity fee assessed on grain purchased by  
12 credit-sale contract is imposed on September 1 of the first  
13 assessment quarter.

14 DIVISION I PROVISIONS — APPLICABILITY. The bill provides that  
15 the new process for the repayment of claims applies to a seller  
16 who incurs a repayment loss against a grain dealer who is a  
17 debtor in bankruptcy on or after October 24, 2022. The bill  
18 also provides that for a repayment loss incurred prior to July  
19 1, 2025, the claim period ends on August 29, 2025.

20 DIVISION II BACKGROUND — FUND'S ASSESSMENT YEAR. Prior  
21 to 2023, the fund's assessment year began on July 1 and ended  
22 on June 30, which corresponded to the state fiscal year, with  
23 assessment quarters beginning July 1, October 1, January 1, and  
24 April 1. In 2023 Iowa Acts, chapter 154, the assessment year  
25 was changed to September 1, and the assessment quarters begin on  
26 September 1, December 1, March 1, and June 1.

27 DIVISION II PROVISIONS — FUND'S ASSESSMENT YEAR. The  
28 division restores the former assessment year and quarters.  
29 However, the division takes effect on the publication date of  
30 the issue of the Iowa administrative bulletin stating that the  
31 current indemnity fees have been waived.