

Senate File 608 - Reprinted

SENATE FILE 608
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1131)

(As Amended and Passed by the Senate April 7, 2025)

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:

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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
2 a repayment claim held by a seller for purchased grain that
3 the seller has paid back to a grain dealer's bankruptcy estate,
4 pursuant to an order issued, judgment entered, or settlement
5 agreement approved by a bankruptcy court, and which amount has
6 not been subsequently recovered through other legal or equitable
7 remedies including the liquidation of the grain dealer's assets.

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

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

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

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

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

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

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

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

23 ~~(4)~~ (3) Entered the grain in the company-owned paid position
24 as a cancellation of a collateral warehouse receipt.

25 ~~(5)~~ (4) Entered the grain in the company-owned paid position
26 as an intra-company location transfer.

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (b) For a licensed warehouse operator, the anniversary date

1 is the last date to apply for the renewal of the warehouse
2 operator's license before the license expires as provided in
3 section 203C.37.

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

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

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

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

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

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

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

1 date determined by the department not later than in the month
 2 succeeding each of the fund's latest assessment quarters as
 3 provided in section 203D.3.

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

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

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

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

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

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

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

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

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

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

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

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~~ five million
31 dollars or less.

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

34 d. That the claim derives from a covered transaction. For
35 purposes of this paragraph, a claim derives from a covered

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

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

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

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

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

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

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

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

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

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

16 a. The repayment claim was timely filed.

17 b. The repayment claimant qualifies as a seller.

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

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

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

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

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

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

35 7. The department acting on behalf of the board shall deliver

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

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

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

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

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

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

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

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

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

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

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

31 Sec. 20. APPLICABILITY.

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

1 protections provided in Tit. 11 of the United States Code on or
2 after October 24, 2022.

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

6 DIVISION II

7 ASSESSMENT YEAR

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

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

17 Sec. 22. CONTINGENT EFFECTIVE DATE.

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

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