SENATE FILE 2401
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2393)
(SUCCESSOR TO SSB 3174)

(As Amended and Passed by the Senate April 2, 2024)
~~———~~ and [= New Language by the Senate

A BILL FOR

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

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

DIVISION I

CLAIMS AGAINST GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND

Section 1. Section 203.15, subsection 6, Code 2024, is amended by striking the subsection.

Sec. 2. Section 203D.1, subsection 2, Code 2024, is amended by striking the subsection.

Sec. 3. Section 203D.1, subsection 14, paragraph b, Code 2024, is amended to read as follows:

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

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

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

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

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

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

Sec. 4. Section 203D.1, subsection 16, Code 2024, is amended to read as follows:

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

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

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

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

Sec. 5. Section 203D.5, subsections 4 and 5, Code 2024, are

amended to read as follows:

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

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

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

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

Sec. 6. Section 203D.6, subsection 4, paragraph d, Code 2024, is amended to read as follows:

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

Sec. 7. EMERGENCY RULES. The department of agriculture and land stewardship shall adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this division of this Act and the adopted rules shall be effective July 1, 2024. The rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 8. ASSESSMENT OF FEES. A grain dealer licensed under chapter 203 who is a party to a credit-sale contract shall

owe any participation fee or per-bushel fee assessed on grain purchased under the credit-sale contract beginning on September 1 of the first assessment quarter pursuant to section 203D.3A.

Sec. 9. EFFECTIVE DATE.

1. Except as provided in subsection 2, this division of this Act takes effect July 1, 2024.

2. The section of this division of this Act requiring the department of agriculture and land stewardship to adopt emergency rules takes effect upon enactment.

DIVISION II

ASSESSMENT YEAR

Sec. 10. Section 203D.3, subsection 3, Code 2024, is amended to read as follows:

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

Sec. 11. Section 203D.5, subsection 1, Code 2024, is amended to read as follows:

1. The board shall annually review the debits of and credits to the grain depositors and sellers indemnity fund created in section 203D.3 and shall determine whether to impose the participation fee and per-bushel fee as provided in section 203D.3A, make adjustments to the fees effective on the previous ~~September~~ July 1, or waive the fees as necessary to comply with this section. The board shall make the determination not later than May 1 of each year. The board shall impose the fees or adjust the fees effective on the previous ~~September~~ July 1 in accordance with chapter 17A. The imposition or adjustment of the fees shall become effective as follows:

a. For the participation fee, on the following ~~September~~ July 1. However, the licensee shall continue to pay the

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participation fee at the rate in effect on the prior ~~September~~ July 1, until the licensee has paid the amount owing.

b. For a per-bushel fee, on the following ~~September~~ July 1.

Sec. 12. Section 203D.5, subsection 4, paragraph a, Code 2024, is amended to read as follows:

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

Sec. 13. CONTINGENT EFFECTIVE DATE.

1. This division of this Act takes effect on the publication date of the issue of the Iowa administrative bulletin that includes a notice by the secretary of agriculture stating that the participation fee and per-bushel fee paid by grain dealers and warehouse operators have been waived as provided in section 203D.5.

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