

FILED MAR 3 2005

SENATE FILE 267 AGRICULTURE
BY PUTNEY

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing financial requirements for persons executing
2 contracts for the production of agricultural seed, making a
3 penalty applicable, and providing an effective date.

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

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SF 267 AGRICULTURE

1 Section 1. Section 199.16, Code 2005, is amended to read
2 as follows:

3 199.16 PERMIT HØLDER'S-BØND HOLDER -- REQUIREMENTS.

4 1. It is unlawful for the A permit holder to enter into
5 shall not execute a contract with a grower who purchases
6 agricultural seed in which the permit holder agrees to
7 repurchase the seed crop produced from the purchased seed at a
8 price in excess of the current market price, unless the permit
9 holder has on file with the department a bond, in a penal sum
10 of ~~twenty-five~~ fifty thousand dollars running to the state of
11 Iowa, with sureties approved by the secretary, for the use and
12 benefit of a person holding a repurchase contract who ~~might~~
13 may have a cause of action ~~of any nature~~ arising from the
14 purchase or contract. However, the aggregate liability of the
15 surety to all purchasers of seed holding repurchase contracts
16 shall not exceed the sum of the bond.

17 2. Prior to executing a contract, a grower may demand that
18 the permit holder provide the grower with a financial
19 statement that is accompanied by an unqualified opinion based
20 upon an audit performed by a certified public accountant
21 licensed in this state and prepared according to generally
22 accepted accounting principles. The financial statement shall
23 set forth the assets, liabilities, and net worth of the permit
24 holder. The permit holder shall provide the grower with the
25 financial statement and unqualified opinion at least five days
26 prior to executing the contract. However, this subsection
27 does not apply to a permit holder that has shares listed on a
28 national securities exchange or regularly traded in a market
29 maintained by one or more members of a national or affiliated
30 securities association.

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

33 EXPLANATION

34 This bill amends provisions in Code chapter 199, which in
35 part requires a person who sells or distributes agricultural

1 seed to obtain a permit from the department of agriculture and
2 land stewardship.

3 Current law provides that a permit holder who executes a
4 contract with a grower for the repurchase of seed must file a
5 bond with the department for \$25,000 for purposes of providing
6 security in a case arising from a cause of action in which the
7 grower is a party. The bill increases the bond amount to
8 \$50,000.

9 Secondly, the bill provides that prior to executing a
10 contract, the grower may demand that the permit holder provide
11 a financial statement that is accompanied by an unqualified
12 opinion based upon an audit performed by a certified public
13 accountant which sets forth the assets, liabilities, and net
14 worth of the permit holder. The permit holder must provide
15 the information at least five days prior to executing the
16 contract. Code section 199.13 provides that a person who
17 violates a provision of Code chapter 199 is guilty of a simple
18 misdemeanor. A simple misdemeanor is punishable by
19 confinement for no more than 30 days or a fine of at least \$50
20 but not more than \$500 or by both. The financial reporting
21 requirement does not apply to a grower that is a business with
22 publicly traded securities.

23 The bill takes effect upon enactment.

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