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## FISCAL TOPICS

Fiscal Services Division

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# Grain Indemnity Fund

## Purpose and History

The Grain Depositors and Sellers Indemnity Fund (known as the Grain Indemnity Fund) was established in 1986 by [SF 2116](#) (Grain Indemnity Fund Act)<sup>1</sup> to aid persons who incur financial losses resulting from the selling or storing of grain in a warehouse licensed with the Department of Agriculture and Land Stewardship (DALSS). The Grain Indemnity Fund Board oversees the Fund and determines if claims are valid, adjusts the per-bushel fee paid, and approves the administration costs related to the Grain Indemnity Fund.

## Fees

Iowa Code section [203D.5](#) requires all grain dealers and warehouse operators to participate in the Grain Indemnity Fund by paying fees that are deposited into the Fund. Fees include:

- An annual participation fee paid by licensees:
  - Grain dealers pay a participation fee of 0.014 cents per bushel on all purchased grain during the grain dealer's most recently ended fiscal year. A grain dealer is required to pay a minimum participation fee of \$50. This fee may not be passed to sellers of grain.
  - Warehouse operators pay a participation fee of 0.014 cents per bushel of bulk grain storage capacity, or \$500, whichever is less. A warehouse operator is required to pay a minimum participation fee of \$50. This fee may not be passed to sellers of grain.
- A per-bushel fee on all purchased grain, in an amount of 0.025 cents per bushel, is paid by all grain dealers. However, with proper documentation, some transactions can be excluded from the per-bushel fee. This includes grain purchased from the federal government or a licensed grain dealer, or purchased under a credit-sale contract. A grain dealer may choose to pass the per-bushel fee on to the sellers by noting an itemized discount on the settlement sheet.

If at the close of a fiscal year the Fund has more than \$8.0 million available, the participation and per-bushel fees are waived for the following year. The Board reinstates the fees if the available balance of the Fund falls below \$3.0 million.

The above fees are currently suspended and have been suspended since 1988. Prior to 2009, if the Fund had more than \$6.0 million dollars available, the fees could be waived. At the end of FY 1988, the available balance of the fund was over \$6.0 million, so the fees were waived. The balance of the fund has been over \$3.0 million since 1988 so fees have never been reinstated. In 2009, [HF 374](#) (Grain Indemnity Fund Changes Act) raised the available balance required to suspend fees from \$6.0 million to \$8.0 million.

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<sup>1</sup> [1986 Iowa Acts, chapter 1152](#).

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## More Information

Iowa Grain Indemnity Fund Board: [iowaagriculture.gov/grain-warehouse-bureau/iowa-grain-indemnity-fund-board](http://iowaagriculture.gov/grain-warehouse-bureau/iowa-grain-indemnity-fund-board)

Grain Indemnity Fund Coverage: [iowaagriculture.gov/grain-warehouse-bureau/grain-indemnity-fund-coverage](http://iowaagriculture.gov/grain-warehouse-bureau/grain-indemnity-fund-coverage)

LSA Staff Contact: Austin Brinks (515.725.2200) [austin.brinks@legis.iowa.gov](mailto:austin.brinks@legis.iowa.gov)

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**Covered Transactions**

Claims against the Grain Indemnity Fund are made for losses incurred by a depositor or seller from a covered transaction. A covered transaction includes:

- A seller who transferred title to the grain dealer using a method other than a credit-sale contract. The claim must be within six months of the incurrence date.
- A depositor who delivered grain to a warehouse operator.
- In a loss situation, the Fund will pay 90.0% of the claimant's loss with a maximum payment of \$300,000.

**Funding**

There is no appropriation made directly to this Fund. However, in FY 2021, DALs received an appropriation of \$350,000 as outlined in [HF 2643](#) (FY 2021 Omnibus Appropriations Act). This Grain Regulation appropriation covers the administrative expenses DALs incurs from providing administrative services to the Grain Indemnity Fund Board. Prior to this appropriation, moneys were taken from the Grain Indemnity Fund to cover these administrative expenses. DALs continues to receive an annual appropriation of \$350,000 for Grain Regulation.

**Related Statutes**

Iowa Code chapters [203](#), [203D](#)

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