

Summary of First Draft of Grain Licensing Legislation Interim Ag. & Transportation Committee 12/19

The sections listed are where significant changes to current law are made in this draft. The changes are summarized by the bullet points. I have highlighted items of particular interest.

60-02-01 Definitions:

- Adds definition for “grain processor”-also adds grain processor throughout Section 60-02

60-02-07 Public warehouse license-Fee:

- Changes licensing period to yearly
- Changes basis for determining license fee from capacity to purchase value
- Increases licensing fees for larger elevators-new fees would be \$400, \$800, and \$1250

Section 5 Adds New Section to Chapter 60-02--Public Warehouse & Grain Processor- Financial criteria

- Adds net worth requirements for licensing dependent upon value of yearly purchases as follows:
 - < \$1,000,000 purchases--\$200,000 net worth
 - \$1,000,000-\$10,000,000 purchases--\$500,000 net worth
 - >\$10,000,000 purchases-\$1,000,000 net worth
 - Also must verify a working capital ratio of >1
- Requires balance sheets and income statements for be reported as follows:
 - Annually for those purchasing up to \$10,000,000 in grain
 - Quarterly for those purchasing more than \$10,000,000 in grain
- Required to provide any financial record or bank verification release upon request.

Section 6 Adds New Section to Chapter 60-02--Grain Processor License-Application- Bond-Fee-Report-Disclosure

- Grain Processor license fees the same as grain warehouses
- Allows commissioner to refuse to issue or revoke license for certain reasons
- Requires a monthly report to be submitted by processors of volume processed
- Requires a minimum bond of \$100,000

60-02-09 Bond Filed by Public Warehouseman or Grain Processor

- Increases minimum bond to \$100,000
- Changes bond determination from capacity to value of grain purchased
- Requires bond to be 15% of the value of grain purchased by warehouse or processor

60-02-11 Scale Tickets-Contents-Conversion

- Changes conversion time from 45 days to 30 days
- Adds penalty of losing insolvency protection to those producers who don't convert scale tickets in required timeframe

60-02-12 Violations of Chapter-Criminal penalty-Civil penalty

- Adds civil penalty of up to \$5000 for violators
- Allows adjudication for civil penalty

60-02-19.1 Credit Sale Contracts

- Adds acceptance of electronic signatures for contracts under this section
- Adds requirement of maintaining a custodial account in the amount of 20% of funds related to credit-sale contracts
- Allows commissioner to receive financial records or bank verification to verify custodial account compliance

60-02-24 Reports Made by Grain Warehouseman and Grain Processors

- Adds ability of commissioner to request additional information related to a report or inspection and must supply information in five business days

60-02.1-01 Definitions

- Adds definition for "grain broker"-includes grain brokers throughout Chapter 60-02.1

60-02.1-07 Grain buyer license-How obtained-Fee

- Changes license fee schedule for grain buyers to same fee basis and schedule as grain warehouses
- Requires a license fee for each location for facility-based grain buyers

60-02.1-07.1 Roving Grain buyer license-How obtained-Fee

- Changes license fee schedule for roving grain buyers to same fee basis and schedule as grain warehouses & grain buyers

Section 20 Adds a New Section to Chapter 60-02.1 Grain Broker License-Application-Bond-Fee-Report-Disclosure

- Grain broker license fees the same as grain warehouses & buyers
- Allows commissioner to refuse to issue or revoke license for certain reasons
- Requires a monthly report to be submitted by brokers of volume brokered

- Requires broker to notify sellers of the identity of potential buyers before final confirmation of the transaction
- Requires a minimum bond of \$100,000

Section 21 Adds a New Section to Chapter 60-02.1 Grain buyer license-Roving Grain buyer license-Grain broker license-Financial criteria to be met

- Same financial criteria as grain warehouses- (see section five above)

60-02.1-08 Bond Filed by Grain Buyer or Grain Broker

- Increases minimum bond to \$100,000
- Changes bond determination from capacity to value of grain purchased
- Requires bond to be 20% of the value of grain purchased, solicited, or merchandised
- Report purchases, solicitations, and merchandising agreements to commissioner monthly

60-02.1-14 Credit Sale Contracts

- Adds acceptance of electronic signatures for contracts under this section
- Adds requirement of maintaining a custodial account in the amount of 20% of funds related to credit-sale contracts
- Allows commissioner to receive financial records or bank verification to verify custodial account compliance