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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2021

03/04/2019 Authored by Anderson
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to agriculture; establishing a grain credit contract indemnity program;
1.3 authorizing a transfer; appropriating money; amending Minnesota Statutes 2018,
1.4 sections 223.15; 223.16, subdivision 1; 223.177, by adding a subdivision; 223.19;
1.5 proposing coding for new law in Minnesota Statutes, chapter 223.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2018, section 223.15, is amended to read:

1.8 223.15 CITATION.

1.9 Sections 223.15 to ~~223.19~~ 223.30 may be cited as the "Grain Buyers Act."

1.10 Sec. 2. Minnesota Statutes 2018, section 223.16, subdivision 1, is amended to read:

1.11 Subdivision 1. **Applicability.** For the purpose of sections 223.15 to ~~223.22~~ 223.30, the
1.12 terms defined in this section have the meanings given them.

1.13 Sec. 3. Minnesota Statutes 2018, section 223.177, is amended by adding a subdivision to
1.14 read:

1.15 Subd. 1a. **Indemnity assessment.** (a) A grain buyer entering into a voluntary extension
1.16 of credit contract must collect from the seller an assessment equal to two-tenths of one
1.17 percent of the gross value of the grain purchased if payment is deferred for 60 days or less,
1.18 or three-tenths of one percent of the gross value if payment is deferred for more than 60
1.19 days. The grain buyer must deduct the assessment from the purchase price payable to the
1.20 seller and itemize the assessment in a written confirmation or contract required under this
1.21 section.

2.1 (b) The grain buyer must remit all assessment revenue to the commissioner no later than  
2.2 30 days after the end of each calendar quarter in the form and accompanied by any  
2.3 documentation required by the commissioner. The commissioner must deposit all revenue  
2.4 received under this paragraph in the grain credit contract indemnity account established in  
2.5 section 223.30, subdivision 7.

2.6 (c) At the end of any calendar quarter in which the grain credit contract indemnity account  
2.7 balance equals or exceeds \$6,000,000, the commissioner must direct grain buyers to suspend  
2.8 collection of the assessment. If the account balance falls below \$3,000,000 after suspension,  
2.9 the commissioner must direct grain buyers to resume collection of the assessment.

2.10 Sec. 4. Minnesota Statutes 2018, section 223.19, is amended to read:

2.11 **223.19 RULES.**

2.12 The commissioner may make rules pursuant to chapter 14 to carry out the provisions of  
2.13 sections 223.15 to ~~223.22~~ 223.30.

2.14 Sec. 5. **[223.30] INDEMNITY PAYMENTS.**

2.15 Subdivision 1. **Establishment.** A grain credit contract indemnity program is established.  
2.16 The commissioner must administer the program and award indemnity payments to eligible  
2.17 producers.

2.18 Subd. 2. **Eligibility.** A producer is eligible to receive an indemnity payment from the  
2.19 commissioner if the producer sold grain under a voluntary extension of credit contract to a  
2.20 grain buyer and the producer is damaged by the grain buyer's breach of the voluntary  
2.21 extension of credit contract.

2.22 Subd. 3. **Application.** (a) A producer asserting eligibility under subdivision 2 must file  
2.23 a completed claim with the commissioner within 180 days of the alleged breach of contract.  
2.24 The producer must state the facts constituting the claim and all other information required  
2.25 by the commissioner.

2.26 (b) The commissioner shall promptly determine the validity of each filed claim and  
2.27 notify the claimant accordingly. An aggrieved party may appeal the commissioner's  
2.28 determination by requesting, within 15 days, that the commissioner initiate a contested case  
2.29 proceeding under chapter 14.

2.30 Subd. 4. **Court order.** The commissioner may apply to the district court for an order  
2.31 appointing a trustee or receiver to manage and supervise the operations of a grain buyer in

3.1 default. The commissioner may participate in any resulting court proceeding as an interested  
3.2 party.

3.3 Subd. 5. **Payment limitation.** (a) For each breach of contract, the commissioner must  
3.4 pay the eligible producer an amount equal to the lesser of \$280,000 or 80 percent of the  
3.5 amount owned to the producer pursuant to the voluntary extension of credit contract in  
3.6 default.

3.7 (b) If valid claims exceed funds available in the grain credit contract indemnity account,  
3.8 the commissioner must prorate the claims and pay prorated amounts to each eligible producer.  
3.9 When additional funds become available, the commissioner must resume issuing indemnity  
3.10 payments to each eligible producer until each producer receives the maximum amount  
3.11 payable under paragraph (a).

3.12 Subd. 6. **Debt obligation; subrogated claim.** (a) Money paid by the commissioner to  
3.13 satisfy a valid claim constitutes a debt obligation of the grain buyer in default. The  
3.14 commissioner may take action against the grain buyer to recover the amount of any claim  
3.15 payment plus reasonable costs, attorney fees, and interest computed at the rate provided in  
3.16 section 270C.40. The commissioner must deposit any amount recovered under this  
3.17 subdivision in the grain credit contract indemnity account.

3.18 (b) As a condition of payment from the commissioner, a producer must subrogate the  
3.19 producer's interest in the voluntary extension of credit contract to the commissioner in an  
3.20 amount equal to any claim payment or payments the producer received under this section.

3.21 Subd. 7. **Account; appropriation.** A grain credit contract indemnity account is  
3.22 established in the agricultural fund. Money in the account, including interest, is appropriated  
3.23 to the commissioner to pay valid claims and to administer this section.

3.24 Sec. 6. **TRANSFER.**

3.25 \$2,000,000 is transferred in fiscal year 2020 from the general fund to the commissioner  
3.26 of agriculture for deposit in the grain credit contract indemnity account in the agricultural  
3.27 fund.

3.28 Sec. 7. **EFFECTIVE DATE.**

3.29 This act is effective July 1, 2019.