

CHAPTER 236

GRAIN BANKS

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236.01 DEFINITIONS.

Subdivision 1. For the purposes of sections 236.01 to 236.09, the following terms shall have the following meanings.

Subd. 2. "Person" includes any individual, partnership, association, corporation, joint venture or combinations thereof.

Subd. 3. "Grain bank" means a feed-processing plant which receives and stores grain, the equivalent of which, except as is otherwise permitted by section 236.04, it processes and returns to the owner thereof, in such amounts, at such intervals, and with such added ingredients, as are mutually agreeable to the owner thereof and the person operating the plant.

Subd. 4. "Grain bank receipt" means a nonnegotiable receipt issued to the owner of the grain or the owner's agent.

Subd. 5. "Department" means the Minnesota department of agriculture.

History: 1961 c 232 s 1; 1971 c 25 s 67; 1979 c 332 art 1 s 78; 1986 c 444

236.02 GRAIN BANK LICENSING; BONDING OF APPLICANTS.

Any person who (1) operates an establishment which processes grain into feed and (2) is licensed to buy grain as a public or private local grain warehouse operator under section 232.02 may obtain a license to operate a grain bank. No person may conduct a grain bank without a grain bank license.

A grain bank license shall be obtained from the department, which is hereby authorized to issue such a license upon compliance by the applicant with the bond requirements of sections 236.01 to 236.09. Such grain bank license shall be in addition to the license to buy grain as a public or private local grain warehouse operator and shall empower the licensee to conduct a grain bank in accordance with sections 236.01 to 236.09.

Every grain bank license shall expire at midnight on the 30th day of June each year. A license shall be required for each location where a grain bank is operated. Such licenses shall be revocable by the department for cause upon notice and hearing. All licenses and rules regulating the operation of the grain bank shall be posted in a prominent and easily accessible place in the grain bank. The license fee shall be set by the commissioner in an amount sufficient to cover the costs of administering and enforcing this chapter.

Fees collected under this chapter shall be paid into the grain buyers and storage fund established in section 232.22.

No license shall be issued for the operation of a grain bank until the applicant has filed with the department a bond in such sum as the department may prescribe, which sum shall not be less than \$1,500 for each license and shall at all times be in sufficient sum to protect the holders of outstanding grain bank receipts. Such bonds shall be filed annually and cover the period of the grain bank license. Such bonds shall run to the state of Minnesota and shall be for the benefit of all persons storing grain in such grain bank. They shall be conditioned upon the faithful performance by the grain bank operator of all the provisions of the law relating to the operation of grain banks by such grain bank operator, and the rules of the department relative thereto. The department

is authorized to require such increases in the amounts of such bonds from time to time as it deems necessary for the protection of grain bank receipt holders. The surety of such bonds shall be a corporate surety company authorized to transact business in the state of Minnesota. Any person for whose benefit the bond is given may commence an action thereof in their own name in district court. Any person who is granted a grain bank license at more than one location may, with the department's approval, file one bond covering all locations in such total amount as the department may require under sections 236.01 to 236.09 and the rules made pursuant to sections 236.01 to 236.09. Any person, firm or corporation licensed as a public local grain warehouse operator and bonded under the provisions of section 232.13 may include liability for outstanding nonnegotiable grain bank receipts under the coverage of such bond in lieu of securing a separate grain bank bond as provided in this section.

History: 1961 c 232 s 2; 1967 c 318 s 14; 1969 c 399 s 1; 1969 c 856 s 3; 1971 c 25 s 67; 1982 c 508 s 9; 1985 c 248 s 70; 1986 c 444

236.03 GRAIN BANK RECEIPT; CONTENTS.

A grain bank receipt, authorized by the department, shall be issued for each delivery of grain to the grain bank. Each receipt shall contain the name and address of the grain bank establishment, the name or names of the person or persons for whom the grain is delivered to the grain bank, the kind, quantity, and grade of grain which shall be redelivered to the owner of the grain, and other relevant factors as may be required by the rules of the department.

History: 1961 c 232 s 3; 1971 c 25 s 67; 1981 c 261 s 18; 1985 c 248 s 70

236.04 CHARGES.

Grain for which a grain bank receipt is issued shall be received and stored for processing. Storage charges shall be paid by the owner at rates prescribed by section 232.06, subdivision 1, and acts amendatory thereof, from ten days after the date on which the grain is delivered to the grain bank until the date the grain or processed grain represented by a grain bank receipt is redelivered to the owner of the grain. Storage charges shall be computed and recorded at the time of the redelivery of grain or processed grain to the owner or at time of sale by the owner. If grain evidenced by a grain bank receipt is not processed or is not sold to the operator of the grain bank, the owner thereof or the owner's authorized agent may obtain redelivery of grain of the kind, quantity, and grade shown on the grain bank receipt which evidences such grain, if the owner or the authorized agent pays to the grain bank operator a delivery charge in an amount prescribed for delivery charges in public local warehouses by section 232.06, subdivision 1, and acts amendatory thereof. Nothing in sections 236.01 to 236.09, however, shall authorize the storage of grain or the issuance of a grain bank receipt for any grain which is not intended, when received at the grain bank, to be redelivered to the owner of the grain or an authorized agent as a part of mixed or as otherwise processed feeds within a reasonable time after such receipt.

History: 1961 c 232 s 4; 1986 c 444

236.05 DUTIES OF GRAIN BANK OPERATOR.

Subdivision 1. The operator of the grain bank shall keep all grain storage insured against loss by fire, windstorm and extended coverage risks for the account of the owner and shall furnish the department with such evidence as it shall require that such insurance is in force.

Subd. 2. The grain bank operator shall determine the quantities, kinds, and grades of grain to be received from a depositor, and grain equal to the grade shown on the receipt to be due the owner of the grain on redelivery shall be used in the delivery back to the owner. However, nothing herein shall prohibit commingling of like kinds of grain or the addition to the grain of materials used in the lawful formulation of mixed feeds as may be required by the depositor of the grain. Where through no fault of the grain

bank operator, redelivery of grain equal to the grade shown on the receipt cannot be made, then redelivery to the owner of a lesser grade may be made; provided the operator pays to the owner in money the difference in market value between the two grades.

Subd. 3. Deliveries of mixed or otherwise processed feeds formulated from grain bank stocks shall be at such intervals of time and in such quantities as are mutually agreeable to the owner thereof and the grain bank operator.

Subd. 4. The operator of the grain bank shall keep separate records for each customer of the balances which remain between the grain bank operator and the owner of grain who has deposited grain in the grain bank, including but not limited to the charges made under section 236.04 and the figures which support all balances shown.

Subd. 5. The operator of the grain bank must keep on hand at all times grain sufficient to cover all outstanding storage receipts and outstanding grain bank receipts balances.

History: 1961 c 232 s 5; 1971 c 25 s 67

236.06 GRAIN BANK'S POSSESSORY LIEN.

The operator of a grain bank shall have a possessory lien against grain represented by a grain bank receipt for all charges and moneys owed the operator by the owner of said grain as a result of the receiving, storing, processing and other activities performed by the operator for the owner as part of the grain bank operation. In the event of any inconsistency between the provisions of this section and those of the uniform commercial code the provisions of this section shall apply.

History: 1961 c 232 s 6; 1965 c 812 s 9

236.07 REPORTS.

Every person licensed to operate a grain bank under sections 236.01 to 236.09 shall render to the department on blanks or forms prescribed by it such reports as the department reasonably may require, and such other information as may be provided for by the rules of the department.

No license shall be issued to any licensed grain bank operator who has failed to make the reports as required herein.

The department may cause each grain bank and the business thereof and the mode of conducting the same to be inspected by one or more of its members or by its authorized agent when deemed proper, and the property, books, records, accounts, papers and proceedings of each grain bank shall at all times during business hours be subject to inspection.

History: 1961 c 232 s 7; 1967 c 318 s 15; 1971 c 25 s 67; 1985 c 248 s 70

236.08 RULES BY DEPARTMENT.

The department is hereby authorized to promulgate in the manner provided by law such rules relative to grain bank operations as are reasonably necessary.

History: 1961 c 232 s 8; 1971 c 25 s 67; 1985 c 248 s 70

236.09 PENALTIES FOR VIOLATIONS.

Any person who shall violate the provisions of sections 236.01 to 236.09 or the valid rules made by the department under sections 236.01 to 236.09 shall be guilty of a misdemeanor. The department may, whenever it finds after a hearing that any of the provisions of sections 236.01 to 236.09 or its valid rules made under sections 236.01 to 236.09 have been violated by any person holding a license to operate a grain bank in this state, suspend or revoke such license, and in case of a revocation, no new license shall be granted to the person whose license is so revoked nor to anyone directly or indirectly engaged in the said business for a period of one year.

History: 1961 c 232 s 9; 1969 c 792 s 2; 1971 c 25 s 67; 1985 c 248 s 70