



1997 ASSEMBLY BILL 502

September 2, 1997 - Introduced by Representatives SYKORA, OTT, GRONEMUS, SPRINGER and ZUKOWSKI, cosponsored by Senators SHIBILSKI, ZIEN and WELCH. Referred to Committee on Agriculture.

1 **AN ACT to renumber and amend** 127.01 (18) and 127.069 (1); **to amend** 127.01
2 (5p), 127.01 (5r), 127.06 (1) (a) (intro.), 127.06 (1m) (c) 1., 127.09 (4) and 127.10
3 (5); and **to create** 127.01 (18) (c), 127.03 (6), 127.06 (1m) (c) 1m., 127.069 (1) (a)
4 (intro.), 127.069 (1) (a) 2., 127.069 (2) (a) 4. and 127.09 (6) of the statutes;
5 **relating to:** regulation of grain dealers and grain warehouse keepers.

Analysis by the Legislative Reference Bureau

This bill makes several changes in the laws regulating grain dealers. A grain dealer buys grain from and sells grain for growers. The department of agriculture, trade and consumer protection (DATCP) administers the laws regulating grain dealers.

Under current law, a grain dealer that buys or sells at least \$2,000,000 worth of grain from growers during a year must file an audited financial statement with DATCP. If the grain dealer buys or sells less grain, the grain dealer's financial statement generally need not be audited. This bill provides that a grain dealer who buys or sells at least \$2,000,000 but less than \$3,000,000 worth of grain in a year is required to file an audited financial statement only if the grain dealer bought or sold at least \$2,000,000 worth of grain during the previous year.

Under current law, there are several different classes of grain dealers. The licensing fees and regulatory requirements imposed on a grain dealer vary to some extent depending on the grain dealer's class. Currently, to be a Class B or Class B2 grain dealer, a person may purchase grain from growers only in connection with the

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operation of a feed mill or other manufacturing facility. Under this bill, a person does not cease to be a Class B or Class B2 grain dealer because the person sells grain to other grain dealers, as long as the amount received for that grain in a year does not exceed 20% of the amount that the person spends to buy grain from growers during that year.

Under current law, certain grain dealers who do not meet specified financial standards are required to file monthly reports with DATCP. This bill requires a grain dealer who has filed a bond or other security with DATCP for the benefit of producers to file monthly reports with DATCP.

This bill provides that the purchase of grain that has been processed does not subject a person to regulation as a grain dealer. The bill also makes minor changes concerning when a grain dealer must provide a written copy of a contract to a grower and when a grain dealer must pay a grower for grain if the grain dealer takes custody of the grain before paying the grower for the grain.

This bill also makes changes in the law relating to grain warehouse keepers. A grain warehouse keeper stores grain for growers and others (depositors). Under current law, a grain warehouse keeper who does not meet specified financial standards is required to file monthly reports with DATCP. This bill requires a grain warehouse keeper who has filed a bond or other security with DATCP for the benefit of depositors to file monthly reports with DATCP. The bill also requires a grain warehouse keeper who delivers grain owned by a depositor to another warehouse keeper for storage to obtain a nonnegotiable receipt for the grain from the other warehouse keeper.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 127.01 (5p) of the statutes is amended to read:

2 127.01 (5p) "Class B grain dealer" means a person, other than a Class B2 grain
3 dealer, who buys grain from producers only in connection with the operation of a feed
4 mill or other manufacturing facility operated by that person, except as provided in
5 s. 127.03 (6), and who spends less than \$400,000 during that person's fiscal year to
6 buy grain from producers.

7 **SECTION 2.** 127.01 (5r) of the statutes is amended to read:

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1 127.01 (5r) “Class B2 grain dealer” means a person who buys grain from
2 producers only in connection with the operation of a feed mill or other manufacturing
3 facility operated by that person, except as provided in s. 127.03 (6), who spends less
4 than \$50,000 during that person’s fiscal year to buy grain from producers and who
5 does not buy any grain under a deferred payment contract or a deferred price
6 contract.

7 **SECTION 3.** 127.01 (18) of the statutes is renumbered 127.01 (18) (intro.) and
8 amended to read:

9 127.01 (18) (intro.) “Grain” means corn, wheat, soybeans, oats, barley, rye,
10 buckwheat, sorghum, flaxseed, milo, sunflower seed and mixed grain as defined in
11 the federal grain standards act, 7 USC 71 to 87k. “Grain”, except that “grain” does
12 not include any of the following:

13 (a) Sweet corn or other canning crops for processing or grain.

14 (b) Seed corn or wheat, soybeans, oats, barley, rye, buckwheat, sorghum,
15 flaxseed, milo, sunflower seed or mixed grain used or intended for use solely for
16 planting purposes.

17 **SECTION 4.** 127.01 (18) (c) of the statutes is created to read:

18 127.01 (18) (c) Any corn, wheat, soybeans, oats, barley, rye, buckwheat,
19 sorghum, flaxseed, milo, sunflower seed or mixed grain that has been rolled, cracked,
20 roasted or otherwise processed.

21 **SECTION 5.** 127.03 (6) of the statutes is created to read:

22 127.03 (6) SALES BY CERTAIN GRAIN DEALERS. A person does not cease to be a Class
23 B grain dealer or Class B2 grain dealer because the person sells grain to other grain
24 dealers, as long as the amount received from the other grain dealers for the grain sold

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1 during the person's fiscal year does not exceed 20% of the amount that the person
2 spends to buy grain from producers during that fiscal year.

3 **SECTION 6.** 127.06 (1) (a) (intro.) of the statutes is amended to read:

4 127.06 (1) (a) (intro.) A warehouse keeper licensed or required to be licensed
5 under s. 127.02 (1) shall do all of the following:

6 **SECTION 7.** 127.06 (1m) (c) 1. of the statutes is amended to read:

7 127.06 (1m) (c) 1. The grain dealer is a Class A grain dealer that buys or sells
8 at least ~~\$2,000,000~~ \$3,000,000 worth of grain from producers during the grain
9 dealer's fiscal year.

10 **SECTION 8.** 127.06 (1m) (c) 1m. of the statutes is created to read:

11 127.06 (1m) (c) 1m. The grain dealer is a Class A grain dealer that buys or sells
12 at least \$2,000,000 but less than \$3,000,000 worth of grain from producers during
13 the grain dealer's fiscal year if the grain dealer bought or sold at least \$2,000,000
14 worth of grain from producers during the grain dealer's previous fiscal year.

15 **SECTION 9.** 127.069 (1) of the statutes is renumbered 127.069 (1) (a) 1. and
16 amended to read:

17 127.069 (1) (a) 1. A warehouse keeper, other than an exempt warehouse keeper,
18 that does not meet the financial standards under s. 127.065 (1) ~~shall file monthly~~
19 ~~reports with the department.~~

20 (b) The warehouse keeper shall file each monthly report under par. (a) no later
21 than the 10th day of each month. Each monthly report shall state the inventory of
22 each type of grain in storage in each of the warehouse keeper's warehouses on the
23 last day of the previous month.

24 **SECTION 10.** 127.069 (1) (a) (intro.) of the statutes is created to read:

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1 127.069 (1) (a) (intro.) All of the following shall file monthly reports with the
2 department:

3 **SECTION 11.** 127.069 (1) (a) 2. of the statutes is created to read:

4 127.069 (1) (a) 2. A warehouse keeper that has filed a bond or other security
5 with the department for the benefit of depositors.

6 **SECTION 12.** 127.069 (2) (a) 4. of the statutes is created to read:

7 127.069 (2) (a) 4. A grain dealer that has filed a bond or other security with the
8 department for the benefit of producers.

9 **SECTION 13.** 127.09 (4) of the statutes is amended to read:

10 127.09 (4) MAINTAIN SUFFICIENT INVENTORY. A warehouse keeper shall at all
11 times maintain grain inventories sufficient in quantity and quality to meet all
12 outstanding obligations for grain received from or held in storage for depositors. If
13 the warehouse keeper is licensed, the warehouse keeper shall maintain the grain in
14 a licensed warehouse.

15 **SECTION 14.** 127.09 (6) of the statutes is created to read:

16 127.09 (6) STORAGE BY ANOTHER WAREHOUSE KEEPER. If a warehouse keeper
17 delivers grain owned by a depositor to another warehouse keeper for storage, the
18 delivering warehouse keeper shall direct the receiving warehouse keeper to issue one
19 or more nonnegotiable warehouse receipts to the delivering warehouse keeper for the
20 amount of grain delivered. A nonnegotiable warehouse receipt required under this
21 subsection may not be a scale ticket.

22 **SECTION 15.** 127.10 (5) of the statutes is amended to read:

23 127.10 (5) DEFERRED PAYMENT OR DEFERRED PRICE CONTRACT. (a) A deferred
24 payment or deferred price contract shall be in writing. ~~A-~~ If the contract is made
25 before the grain dealer takes custody of the grain, the grain dealer shall furnish the

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1 producer with a copy of the written contract within 7 days after the grain dealer and
2 the producer enter into the contract. If the contract is not made before the grain
3 dealer takes custody of the grain, the grain dealer shall furnish the producer with
4 a copy of the written contract within 7 days after the grain dealer takes ~~title to~~
5 custody of the grain covered by the contract. The contract shall state the price of the
6 grain or, in the case of a deferred price contract, the formula by which the price will
7 be determined and the deadline by which the price will be determined.

8 (b) A deferred payment contract or deferred price contract shall specify the date
9 by which the grain dealer agrees to pay the producer in full. That date may not be
10 more than 180 days after the day on which the contract price is established or the
11 day on which the grain dealer takes custody of the grain, whichever is later.

12

(END)