

February 16, 1998

ENGROSSED SENATE BILL No. 369

DIGEST OF SB 369 (Updated February 12, 1998 6:31 pm - DI 75)

Citations Affected: IC 15-2.1; IC 26-3; IC 26-4.

Synopsis: Agricultural products. Makes technical changes in statutory definitions applicable to the Indiana state board of animal health. Authorizes the board to adopt administrative rules to define "milk" and "milk products". Authorizes the board to adopt administrative rules to establish and impose civil penalties for violations of laws that prohibit drug residues in milk and milk products. Establishes a procedure for screening milk for drug residue violations. Requires that milk testing positive for drug residues must be removed from the human or animal food chain or be acceptably reconditioned under federal standards.
(Continued next page)

Effective: July 1, 1998.

Jackman

(HOUSE SPONSORS — BISCHOFF, LEUCK, LINDER)

January 8, 1998, read first time and referred to Committee on Agriculture and Small Business.

January 22, 1998, reported favorably — Do Pass.

January 27, 1998, read second time, ordered engrossed.

January 28, 1998, engrossed.

January 29, 1998, read third time, call withdrawn.

January 30, 1998, returned to second reading.

February 2, 1998, reread second time, amended, ordered engrossed.

February 3, 1998, engrossed. Reread third time, passed. Yeas 42, nays 7.

HOUSE ACTION

February 10, 1998, read first time and referred to Committee on Agriculture and Rural Development.

February 16, 1998, amended, reported — Do Pass.

ES 369—LS 6771/DI 75+



C
O
P
Y

Digest Continued

Provides that when milk tests positive for drug residues, the producer may not resume shipping milk until the shipper's milk tests negative for drug residues. Requires a producer whose milk tests positive for drug residues to pay a civil penalty and participate in drug residue education activities. Establishes standards for imposition of civil penalties. Establishes the dairy drug residue abatement fund. Requires civil penalties collected for milk drug residue violations to be deposited in the fund. Provides that money in the fund may be used to implement education and other programs designed to prevent drug residue violations. Appropriates money in the fund for these purposes. Adds popcorn and grain purchased for sale as seed to the definition of "grain". Changes references in the Indiana grain buyers and warehouse licensing and bonding law from "minimum net worth" to "minimum positive net worth". Establishes requirements for a seed buyer's license issued by the Indiana grain buyers and warehouse licensing agency.

C
o
p
y



February 16, 1998

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

ENGROSSED SENATE BILL No. 369

A BILL FOR AN ACT to amend the Indiana Code concerning agriculture and animals and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 15-2.1-2-9.2, AS ADDED BY P.L.137-1996,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1998]: Sec. 9.2. (a) "Bulk milk hauler" for purposes of
4 IC ~~15-2.1-22~~; means a person ~~who does the following~~:
- 5 (1) ~~that~~ collects raw fluid milk in bulk form ~~on a bulk milk route~~;
 - 6 (2) ~~Transports the milk for transportation~~ to a **milk plant**,
7 receiving station, or transfer station.
 - 8 (b) "Bulk milk hauler" for the purposes of IC ~~15-2.1-23~~; means a
9 person who collects raw fluid milk in bulk form from at least one (1)
10 dairy farm for delivery to a receiving station or transfer station.
- 11 SECTION 2. IC 15-2.1-2-28.4, AS ADDED BY P.L.137-1996,
12 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 1998]: Sec. 28.4. "Milk" means the lacteal secretion
14 practically free from colostrum that ~~meets the following conditions~~:
- 15 (1) is obtained by the complete milking of healthy ~~cows or goats~~:

ES 369—LS 6771/DI 75+



C
O
P
Y

- 1 (2) Contains the following:
- 2 (A) Not less than eight and one-fourth percent (8 1/4%) milk
- 3 solids that are not fat.
- 4 (B) Not less than three and one-fourth percent (3 1/4%)
- 5 milkfat: **dairy animals and that meets a definition and**
- 6 **standard of identity for milk adopted by the board under**
- 7 **IC 4-22-2.**
- 8 SECTION 3. IC 15-2.1-2-28.9, AS ADDED BY P.L.137-1996,
- 9 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 10 JULY 1, 1998]: Sec. 28.9. (a) "Milk products"; for purposes of
- 11 IC 15-2.1-22; means all products other than milk that are derived or
- 12 produced from milk; either whole or in part. The term includes the
- 13 following:
- 14 (1) Homogenized milk:
- 15 (2) Lowfat milk:
- 16 (3) Skim or skimmed milk:
- 17 (4) Vitamin D milk and vitamin D milk products:
- 18 (5) Fortified milk and fortified milk products:
- 19 (6) Flavored milk and flavored milk products:
- 20 (7) Reconstituted or recombined milk and milk products:
- 21 (8) Concentrated milk and concentrated milk products:
- 22 (9) Half-and-half:
- 23 (10) Sour half-and-half or cultured half-and-half:
- 24 (11) Buttermilk:
- 25 (12) Cultured buttermilk:
- 26 (13) Cultured milk and cultured milk products:
- 27 (14) Acidified milk and acidified milk products:
- 28 (15) Cream class of food:
- 29 (16) Light cream; coffee cream; and table cream:
- 30 (17) Whipping cream class of food:
- 31 (18) Light whipping cream; heavy cream; and heavy whipping
- 32 cream:
- 33 (19) Whipped cream:
- 34 (20) Whipped light cream; coffee cream; or table cream:
- 35 (21) Sour cream or cultured sour cream:
- 36 (22) Eggnog:
- 37 (23) Evaporated or condensed milk or milk products:
- 38 (24) Dried or powdered milk and milk products:
- 39 (25) Cheese:
- 40 (26) Cottage cheese:
- 41 (27) Creamed cottage cheese:
- 42 (28) Lowfat creamed cottage cheese:

C
O
P
Y

- 1 (29) Ice cream.
 2 (30) Ice milk.
 3 (31) Sherbets.
 4 (32) Fruit ices.
 5 (33) Any other product of milk defined in rules adopted by the
 6 board.
- 7 (b) "Milk products" for purposes of IC 15-2.1-23, means the
 8 application of those products designated by the rules of the board as:
 9 (1) being within **IC 15-2.1-22 and IC 15-2.1-23**; and
 10 (2) conforming to the definitions and standards of identity
 11 specified in those rules. ~~The term does not include products such~~
 12 ~~as the following:~~
- 13 (1) Sterilized milk and milk products hermetically sealed in a
 14 container and processed either before or after sealing to prevent
 15 microbial spoilage.
 16 (2) Evaporated milk, condensed milk, ice cream and other frozen
 17 desserts, butter, dry milk products (except as defined in section
 18 20.5 of this chapter), or cheese, except when combined with other
 19 substances to produce pasteurized milk or a milk product.
- 20 SECTION 4. IC 15-2.1-2-44.7, AS ADDED BY P.L.137-1996,
 21 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 1998]: Sec. 44.7. "Recognized establishment" **and**
 23 **"establishment"** for purposes of IC 15-2.1-24, ~~means mean~~ a
 24 building, part of a building, or other location used for slaughtering
 25 livestock or poultry or preparing meat or poultry, meat food products,
 26 and meat byproducts capable of use as human food.
- 27 SECTION 5. IC 15-2.1-23-6.5 IS ADDED TO THE INDIANA
 28 CODE AS A NEW SECTION TO READ AS FOLLOWS
 29 [EFFECTIVE JULY 1, 1998]: **Sec. 6.5. (a) The following definitions**
 30 **apply throughout this section:**
- 31 (1) "DP" or "daily production" means the amount of milk,
 32 measured by hundred weight, produced by the positive
 33 producer in one (1) day, measured on the day in which the
 34 drug residue violation occurred.
 35 (2) "PR" or "producer reimbursement" means an amount
 36 assessed against the positive producer to reimburse others for
 37 milk contaminated by the positive producer's contaminated
 38 milk, not including the value of the positive producer's
 39 contaminated milk for which he or she was not paid.
 40 (3) "Revocation period" means the period after a Grade A
 41 producer's permit is revoked under this section that the
 42 producer may not apply for a Grade A permit.

C
O
P
Y

1 (b) A penalty established under this section may not be more
2 severe than the penalty standard for drug residue violations
3 adopted by the National Conference on Interstate Milk Shipments
4 in its Pasteurized Milk Ordinance adopted in accordance with the
5 National Conference's Memorandum of Understanding with the
6 United States Department of Health and Human Services, Food
7 and Drug Administration. The penalty imposed may not exceed
8 one thousand dollars (\$1,000) for a first offense or two thousand
9 dollars (\$2,000) for a subsequent offense.

10 (c) The board may impose a civil penalty for violations of laws
11 that prohibit drug residues in milk and milk products as described
12 in this section.

13 (d) Milk shall be screened for drug residue violations as follows:

14 (1) Except as provided in subdivision (2), milk shall be
15 screened for drug residues under Appendix N of the
16 Pasteurized Milk Ordinance (345 IAC 8-3-1).

17 (2) Milk from manufacturing grade dairy farms shall be
18 tested for drug residues under 345 IAC 8-2-3.

19 (3) All milk that tests positive for drug residues must be
20 disposed of in a manner that removes it from the human and
21 animal food chain or that acceptably reconditions the milk
22 under United States Health and Human Services - Food and
23 Drug Administration compliance policy guidelines. In all
24 cases of drug residue violations, a producer may not resume
25 shipping milk until a drug test conducted by a certified
26 laboratory shows the producer's milk is negative for drug
27 residues and the test results are reported to the office of the
28 state veterinarian.

29 (4) All positive drug residue test results must be called into the
30 office of the state veterinarian immediately, and a written
31 report of the test results must be faxed or delivered to the
32 office of the state veterinarian within twenty-four (24) hours
33 of the test. The producer whose milk tested positive must be
34 notified of the positive drug residue test immediately. The
35 company that conducted the test is responsible for the
36 reporting requirements in this subdivision.

37 (5) A producer whose milk tests positive for drug residues
38 shall pay a civil penalty and participate in drug residue
39 education activities as follows:

40 (A) The following is imposed on a producer for the first
41 positive test for drug residues within a twelve (12) month
42 period:

C
O
P
Y

1 (i) The positive producer must pay a civil penalty to the
2 board equal to the result of the following equation:

3 (DP times two (2) days times three dollars (\$3)) minus
4 PR.

5 However, if the result is less than five dollars (\$5) then
6 the civil penalty is five dollars (\$5).

7 (ii) The positive producer must, in conjunction with the
8 producer's veterinarian and an official of the board,
9 complete the "Milk and Dairy Beef Residue Prevention
10 Protocol" and provide proof of completion to the board
11 of animal health - office of the state veterinarian within
12 thirty (30) days of the drug residue violation. Failure to
13 complete the Protocol and submit proof of completion
14 within thirty (30) days will result in action to suspend the
15 producer's permit.

16 (B) The following is imposed for a second positive test for
17 drug residues within a twelve (12) month period:

18 (i) The positive producer must pay a civil penalty to the
19 board equal to the result of the following equation:

20 DP times four (4) days times three dollars (\$3).

21 However, if the result is less than five dollars (\$5) then
22 the civil penalty is five dollars (\$5).

23 (ii) The positive producer must, in conjunction with the
24 producer's veterinarian and an official of the board,
25 complete the "Milk and Dairy Beef Residue Prevention
26 Protocol" and provide proof of completion to the board
27 of animal health - office of the state veterinarian within
28 thirty (30) days of the drug residue violation. Failure to
29 complete the Protocol and provide proof of completion
30 will result in action to suspend the producer's permit.

31 (iii) The producer must attend a producer education
32 program or meeting designated by the state veterinarian.
33 The producer is responsible for paying registration and
34 material fees and other costs associated with attending
35 the education program or meeting. The producer must
36 provide proof of attendance to the state veterinarian
37 within ten (10) days of completion of the program or
38 meeting.

39 (C) The third positive test result for drug residues within
40 a twelve (12) month period shall result in the following:

41 (i) The board revoking a producer's Grade A permit if
42 the producer has a permit.

C
O
P
Y



- 1 (ii) The sanctions for a second offense set forth in clause
2 (B) are imposed.
- 3 (iii) The producer must submit to the state veterinarian
4 a set of written procedures that the producer will follow
5 to prevent future drug residue violations. The
6 procedures must be submitted with the proof of
7 completion required in clause (B) and must be specific,
8 practical, and reasonably likely to lessen the possibility
9 of a drug residue violation when followed by the
10 producer.
- 11 (iv) After a producer's Grade A permit is revoked for a
12 third offense violation under this statute, the producer
13 may not receive a new Grade A permit for a revocation
14 period of thirty (30) days from the date of the revocation.
15 After the revocation period, the state veterinarian must
16 issue a conditional Grade A permit to a producer that
17 has applied for a permit if the producer has met all of
18 the requirements of this section at the time of application
19 and the producer meets all other requirements of the
20 board for obtaining a Grade A permit. The permit must
21 be issued on the condition that all of the requirements of
22 this section must be completed within the time set forth
23 in this section. A permit issued under this item
24 automatically becomes unconditional after the producer
25 fully complies with all of the provisions of this section.
- 26 (D) For each drug residue violation in a twelve (12) month
27 period in excess of three (3) the producer is subject to the
28 penalties for a third offense in clause (C) are imposed, but
29 for Grade A producers the revocation period will begin on
30 the date the producer's permit is revoked and run for a
31 period equal to two (2) times the length of the revocation
32 period imposed after the producer's last drug residue
33 violation.
- 34 (e) The state veterinarian may, by special permit, allow a
35 producer that objects to the imposition of a civil penalty to dump
36 two (2) days of milk production on a first offense and four (4) days
37 of milk production on the second or third offense instead of paying
38 a civil penalty if payment of a civil penalty would impose undue
39 hardship on a producer. The state veterinarian may set the
40 conditions under which the milk is to be dumped and may require
41 documentation from the producer showing the circumstances
42 under which the milk was dumped.



1 **(f) Civil penalties collected under this section shall be deposited**
 2 **in the dairy drug residue abatement fund established under section**
 3 **17 of this chapter.**

4 SECTION 6. IC 15-2.1-23-17 IS ADDED TO THE INDIANA
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 1998]: **Sec. 17. (a) The dairy drug residue**
 7 **abatement fund is established to implement education and other**
 8 **programs designed to prevent drug residue violations. Money in**
 9 **the fund is appropriated for these purposes.**

10 **(b) The fund consists of civil penalties collected under section**
 11 **6.5 of this chapter.**

12 **(c) The fund shall be administered by the board.**

13 **(d) The expenses of administering the fund shall be paid from**
 14 **money in the fund.**

15 **(e) The treasurer of state shall invest the money in the fund not**
 16 **currently needed to meet the obligations of the fund in the same**
 17 **manner as other public money may be invested.**

18 **(f) Money in the fund at the end of a state fiscal year does not**
 19 **revert to the state general fund.**

20 SECTION 7. IC 26-3-7-2, AS AMENDED BY P.L.125-1997,
 21 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 1998]: Sec. 2. The following definitions apply throughout this
 23 chapter:

24 (1) "Agency" refers to the Indiana grain buyers and warehouse
 25 licensing agency established under section 1 of this chapter.

26 (2) "Anniversary date" means the date that is ninety (90) calendar
 27 days after the fiscal year end of a business licensed under this
 28 chapter.

29 (3) "Bin" means a bin, tank, interstice, or other container in a
 30 warehouse in which bulk grain may be stored.

31 (4) "Buyer-warehouse" means a person that operates both as a
 32 warehouse licensed under this chapter and as a grain buyer.

33 (5) "Claimant" means a person that is unable to secure satisfaction
 34 of the financial obligations due from a licensee under this chapter
 35 for grain that has been delivered to the licensee for sale or for
 36 storage under a bailment.

37 (6) "Deferred pricing" means a purchase by a buyer in which title
 38 to the grain passes to the buyer and the price to be paid to the
 39 seller is not determined:

40 (A) at the time the grain is received by the buyer; or

41 (B) within ten (10) days of receipt.

42 (7) "Depositor" means any of the following:

C
O
P
Y



- 1 (A) A person that delivers grain to a licensee under this
 2 chapter for storage or sale.
- 3 (B) A person that:
- 4 (i) owns or is the legal holder of a ticket or receipt issued by
 5 a licensee for grain received by the licensee; and
- 6 (ii) is the creditor of the issuing licensee for the value of the
 7 grain received in return for the ticket or receipt.
- 8 (C) A licensee that stores grain that the licensee owns solely,
 9 jointly, or in common with others in a warehouse owned or
 10 controlled by the licensee or another licensee.
- 11 (8) "Designated representative" means the person or persons
 12 designated by the director to act instead of the director in assisting
 13 in the administration of this chapter.
- 14 (9) "Facility" means a location or one (1) of several locations in
 15 Indiana that are operated as a warehouse or by a grain buyer.
- 16 (10) "Failure" means any of the following:
- 17 (A) The inability of a licensee to financially satisfy claimants.
- 18 (B) Public declaration of a licensee's insolvency.
- 19 (C) Revocation or suspension of a licensee's license, if the
 20 licensee has outstanding indebtedness owed to claimants.
- 21 (D) Nonpayment of a licensee's debts in the ordinary course of
 22 business, if there is not a good faith dispute.
- 23 (E) Voluntary surrender of a licensee's license, if the licensee
 24 has outstanding indebtedness to claimants.
- 25 (11) "Grain" means corn, wheat, oats, barley, rye, sorghum,
 26 soybeans, oil seeds, **and other agricultural commodities as**
 27 **approved by the agency and includes grain grown for seed**
 28 **use, but does not including include** canning crops for processing.
 29 **As used in this subdivision, "corn" includes corn for all uses,**
 30 **including popcorn, but not including sweet corn and flint**
 31 **corn.**
- 32 (12) "Grain assets" means any of the following:
- 33 (A) All grain owned or stored by a licensee, including grain
 34 that:
- 35 (i) is in transit following shipment by a licensee; and
- 36 (ii) has not been paid for.
- 37 (B) All proceeds, due or to become due, from the sale of a
 38 licensee's grain.
- 39 (C) Equity, less any secured financing directly associated with
 40 the equity, in hedging or speculative margin accounts of a
 41 licensee held by a commodity or security exchange, or a dealer
 42 representing a commodity or security exchange, and any

C
O
P
Y

- 1 money due the licensee from transactions on the exchange,
 2 less any secured financing directly associated with the money
 3 due the licensee from the transactions on the exchange.
 4 (D) Any other unencumbered funds, property, or equity in
 5 funds or property, wherever located, that can be directly traced
 6 to the sale of grain by a licensee. However, funds, property, or
 7 equity in funds or property may not be considered encumbered
 8 unless:
 9 (i) the encumbrance results from valuable consideration paid
 10 to the licensee in good faith by a secured party; and
 11 (ii) the encumbrance did not result from the licensee posting
 12 the funds, property, or equity in funds or property as
 13 additional collateral for an antecedent debt.
 14 (E) Any other unencumbered funds, property, or equity in
 15 assets of the licensee.
 16 (13) "Grain bank grain" means grain owned by a depositor for use
 17 in the formulation of feed and stored by the warehouse to be
 18 returned to the depositor on demand.
 19 (14) "Grain buyer" means a person who is engaged in the business
 20 of buying grain from producers. The term does not include a
 21 buyer of grain who:
 22 (A) buys less than fifty thousand (50,000) bushels of grain
 23 annually; or
 24 (B) buys grain for the sole purpose of feeding the person's own
 25 livestock or poultry, if:
 26 (i) the person derives a major portion of the person's income
 27 from selling that livestock or poultry; and
 28 (ii) the person does not offer storage, deferred pricing,
 29 delayed payment, or contracts or other instruments that are
 30 linked to the commodity futures or commodity options
 31 market.
 32 (15) "Grain standards act" means the United States Grain
 33 Standards Act, approved August 11, 1916 (39 Stat. 482; 7 U.S.C.
 34 71-87 as amended).
 35 (16) "License" means a license issued under this chapter.
 36 (17) "Official grain standards of the United States" means the
 37 standards of quality or condition for grain, fixed and established
 38 by the secretary of agriculture under the grain standards act.
 39 (18) "Person" means an individual, partnership, corporation,
 40 association, or other form of business enterprise.
 41 (19) "Receipt" means a warehouse receipt issued by a warehouse
 42 licensed under this chapter.

C
O
P
Y

- 1 (20) "Ticket" means a scale weight ticket, a load slip, or other
- 2 evidence, other than a receipt, given to a depositor upon initial
- 3 delivery of grain to a facility.
- 4 (21) "Warehouse act" means the United States Warehouse Act,
- 5 approved August 11, 1916, (39 Stat. 486; 7 U.S.C. 241-273 as
- 6 amended).
- 7 (22) "Warehouse" means a person that operates a facility or group
- 8 of facilities in which grain is or may be stored for hire or which is
- 9 used for grain bank storage and which is operated under one (1)
- 10 ownership and run from a single office.

11 SECTION 8. IC 26-3-7-4, AS AMENDED BY P.L.125-1997,
 12 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 1998]: Sec. 4. (a) A person may not operate a warehouse or
 14 conduct business as a grain buyer or buyer-warehouse without first
 15 having obtained the appropriate license from the agency, nor may a
 16 person continue to operate a warehouse or conduct business as a grain
 17 buyer or buyer-warehouse after the person's license has been revoked
 18 or suspended, except as provided in section 18 of this chapter.

19 (b) All facilities in Indiana that an applicant for a license uses to
 20 store or handle grain must qualify for a license and be licensed under
 21 this chapter before the applicant may operate a warehouse or conduct
 22 business as a grain buyer in Indiana. An applicant may not be licensed
 23 unless all of the applicant's facilities qualify for a license under this
 24 chapter. An applicant for a license must apply to the agency for a
 25 license that covers all facilities operated by the applicant for the storage
 26 or handling of grain in Indiana.

27 (c) If a licensee acquires an additional grain storage or handling
 28 facility in Indiana, the licensee shall promptly submit to the agency an
 29 amended application for licensure. A licensee shall promptly notify the
 30 agency of a material change to the licensee's operations, such as
 31 expansion of the amount of storage being used in the licensee's existing
 32 facilities or change of ownership of a facility, and shall provide the
 33 director with additional information the director may require. A
 34 licensee shall obtain the approval of the director before making use of
 35 increased storage or handling capacity.

36 (d) A licensee that acquires an additional grain storage or handling
 37 facility that is required to be licensed shall not use the facility for the
 38 storage or handling of grain until it qualifies for a license and is
 39 licensed as provided in this chapter. If a licensed grain storage or
 40 handling facility that a licensee operates in Indiana becomes ineligible
 41 for a license at any time for any reason, it shall not be used for the
 42 storage or handling of grain until the condition making it ineligible is

COPY



- 1 removed.
- 2 (e) A licensee shall maintain at least eighty percent (80%) of the
- 3 unpaid balance of grain payables in unencumbered assets represented
- 4 by the aggregate of the following:
- 5 (1) Company owned grain.
- 6 (2) Cash on hand.
- 7 (3) Cash held on account in federally or state licensed financial
- 8 institutions or lending institutions of the Federal Farm Credit
- 9 Administration.
- 10 (4) Investments held in time accounts with federally or state
- 11 licensed financial institutions.
- 12 (5) Direct obligations of the United States government.
- 13 (6) Balances in grain margin accounts determined by marking to
- 14 market.
- 15 (7) Balances due or to become due to the licensee on deferred
- 16 pricing contracts.
- 17 (8) Marketable securities, including mutual funds.
- 18 (9) Irrevocable letters of credit that are:
- 19 (A) in favor of the agency;
- 20 (B) acceptable to the agency; and
- 21 (C) in addition to any letter of credit deposited with the
- 22 director to satisfy the bonding requirement of this chapter.
- 23 (10) Deferred pricing contract service charges due or to become
- 24 due to the licensee.
- 25 (11) Other evidence of proceeds from or of grain that is
- 26 acceptable to the agency.
- 27 (12) Other assets approved by the director.
- 28 (f) A licensee must have the minimum **positive** net worth specified
- 29 in section 16 of this chapter to hold any license or do business.
- 30 SECTION 9. IC 26-3-7-6, AS AMENDED BY P.L.125-1997,
- 31 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 32 JULY 1, 1998]: Sec. 6. (a) The agency may issue the following
- 33 licenses:
- 34 (1) A grain bank license may be issued to a person that:
- 35 (A) stores only grain bank grain;
- 36 (B) has a storage capacity of not more than fifty thousand
- 37 (50,000) bushels of grain; and
- 38 (C) purchases less than fifty thousand (50,000) bushels of
- 39 grain per year.
- 40 (2) A warehouse license may be issued to a person that:
- 41 (A) stores grain; and
- 42 (B) purchases less than fifty thousand (50,000) bushels of



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

- grain per year.
- (3) A grain buyer license may be issued to a person that:
 - (A) purchases annually at least fifty thousand (50,000) bushels of grain that are not for the sole purpose of feeding the person's own livestock or poultry;
 - (B) does not store grain **for hire; and or**
 - (C) offers deferred pricing, delayed payments, or contracts linked to the commodity futures or commodity options market in connection with grain purchases.
- (4) A buyer-warehouse license may be issued to a person that operates both as a warehouse and as a grain buyer.
- (5) A seed buyer license may be issued to a person that:**
 - (A) annually purchases at least fifty thousand (50,000) bushels of seed that are not for the sole purpose of feeding the person's own livestock or poultry;**
 - (B) does not store seed for hire; or**
 - (C) offers deferred pricing, delayed payments, or contracts linked to the commodity futures or commodity options market in connection with seed purchases.**
- (b) An applicant shall file with the director a separate application for each license or amendment of a license at the times, on the forms, and containing the information that the director prescribes.
- (c) An initial application for a license must be accompanied by a license fee as follows:
 - (1) For a grain bank or for a warehouse or buyer-warehouse with a storage capacity of less than two hundred fifty thousand (250,000) bushels, two hundred fifty dollars (\$250) for the first facility and fifty dollars (\$50) for each additional facility.
 - (2) For a warehouse or a buyer-warehouse with a storage capacity of at least two hundred fifty thousand (250,000) bushels but less than one million (1,000,000) bushels, five hundred dollars (\$500) for the first facility and fifty dollars (\$50) for each additional facility.
 - (3) For a warehouse or a buyer-warehouse with a storage capacity of at least one million (1,000,000) bushels but less than ten million (10,000,000) bushels, seven hundred fifty dollars (\$750) for the first facility and fifty dollars (\$50) for each additional facility.
 - (4) For a warehouse or buyer-warehouse with a storage capacity greater than ten million (10,000,000) bushels, one thousand dollars (\$1,000) for the first facility and fifty dollars (\$50) for each additional facility.

C
O
P
Y



1 (5) For a grain buyer, including a grain buyer that is also licensed
 2 as a warehouse under the warehouse act, five hundred dollars
 3 (\$500) for the first facility and fifty dollars (\$50) for each
 4 additional facility.

5 **(6) For a seed buyer, five hundred dollars (\$500) for the first**
 6 **facility and fifty dollars (\$50) for each additional facility.**

7 The director may prorate the initial application fee for a license that is
 8 issued at least thirty (30) days after the anniversary date of the
 9 licensee's business.

10 (d) Before the anniversary date of the license, the licensee shall pay
 11 an annual license fee in an amount equal to the amount required under
 12 subsection (c).

13 (e) A licensee or an applicant for an initial license must have a
 14 minimum current asset to current liability ratio of one (1) to one (1).

15 (f) An applicant for an initial license shall submit with the person's
 16 application a review level financial statement or better financial
 17 statement that reflects the applicant's financial situation on a date not
 18 more than fifteen (15) months before the date on which the application
 19 is submitted. Not more than ninety (90) days after the end of a
 20 licensee's fiscal year, the licensee shall file with the agency a current
 21 review level financial statement or better financial statement that
 22 reflects the licensee's financial situation for the fiscal year just ended.
 23 A financial statement submitted under this section must:

- 24 (1) be prepared by an independent accountant certified under
 25 IC 25-2.1;
 26 (2) comply with generally accepted accounting principles; and
 27 (3) contain:
 28 (A) an income statement;
 29 (B) a balance sheet;
 30 (C) a statement of cash flow;
 31 (D) a statement of retained earnings;
 32 (E) the preparer's notes; and
 33 (F) other information the agency may require.

34 The director may adopt rules under IC 4-22-2 to allow the agency to
 35 accept other substantial supporting documents instead of those listed
 36 if the director determines that providing the listed documents creates
 37 a financial or other hardship on the applicant or licensee.

38 (g) An application for a license implies a consent to be inspected.

39 (h) A person that:

- 40 (1) does not operate a facility used to store grain;
 41 (2) purchases:
 42 (A) less than fifty thousand (50,000) bushels of grain per year;



C
O
P
Y

- 1 or
- 2 (B) only grain used for the production of the person's own
- 3 livestock; and
- 4 (3) does not:
- 5 ~~(A) purchase grain;~~
- 6 ~~(B) (A) offer deferred pricing;~~
- 7 ~~(C) (B) offer delayed payment; or~~
- 8 ~~(D) (C) offer other contracts;~~
- 9 that are linked to the commodity futures or commodity options
- 10 market;

11 is not required to be licensed.

12 SECTION 10. IC 26-3-7-10, AS AMENDED BY P.L.125-1997,
 13 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 1998]: Sec. 10. (a) The minimum amount of bond, letter of
 15 credit, or cash deposit required from a licensee is as follows:

- 16 (1) For a grain bank license or a warehouse license:
- 17 (A) ten thousand dollars (\$10,000); or
- 18 (B) ten cents (\$.10) multiplied by the licensed bushel storage
- 19 capacity of the grain bank or warehouse;
- 20 whichever is greater.
- 21 (2) For a grain buyer, including a grain buyer that is also a
- 22 licensee under the warehouse act:
- 23 (A) ten thousand dollars (\$10,000); or
- 24 (B) five-tenths percent (0.5%) of the total amount the grain
- 25 buyer paid for grain purchased from producers during the
- 26 grain buyer's fiscal year immediately preceding the date the
- 27 bond, letter of credit, or cash deposit is due;
- 28 whichever is greater.
- 29 (3) For a buyer-warehouse:
- 30 (A) ten thousand dollars (\$10,000);
- 31 (B) ten cents (\$.10) multiplied by the licensed bushel storage
- 32 capacity of the buyer-warehouse's facility; or
- 33 (C) five-tenths percent (0.5%) of the total amount the
- 34 buyer-warehouse paid for grain purchased from producers
- 35 during the buyer-warehouse's fiscal year immediately
- 36 preceding the date the bond, letter of credit, or cash deposit is
- 37 due;
- 38 whichever is greater.
- 39 (4) For a seed buyer:
- 40 (A) **ten thousand dollars (\$10,000); or**
- 41 (B) **five-tenths percent (0.5%) of the total amount the seed**
- 42 **buyer paid for seed purchased from producers during the**

C
O
P
Y



1 **seed buyer's fiscal year immediately preceding the date the**
2 **bond, letter of credit, or cash deposit is due;**
3 **whichever is greater.**

4 (b) Except as provided in subsections (g) and (h), the amount of
5 bond, letter of credit, or cash deposit required by this chapter may not
6 exceed one hundred thousand dollars (\$100,000) per license and may
7 not exceed a total of five hundred thousand dollars (\$500,000) per
8 person.

9 (c) The licensed bushel storage capacity is the maximum number of
10 bushels of grain that the licensee's facility could accommodate as
11 determined by the director or the director's designated representative
12 and shall be increased or reduced in accordance with the amount of
13 space being used for storage from time to time.

14 (d) Instead of a bond or cash deposit, an irrevocable letter of credit
15 in the prescribed amount may be provided with the director as the
16 beneficiary. The director shall adopt rules under IC 4-22-2 to establish
17 acceptable form, substance, terms, and conditions for letters of credit.
18 The director may not release a party from the obligations of the letter
19 of credit within eighteen (18) months of the termination of the
20 licensee's license.

21 (e) The director shall adopt rules under IC 4-22-2 to provide for the
22 receipt and retention of cash deposits. However, the director shall not
23 return a cash deposit to a licensee until the director has taken
24 reasonable precautions to assure that the licensee's obligations and
25 liabilities have been or will be met.

26 (f) If a person is licensed or is applying for licenses to operate two
27 (2) or more facilities in Indiana, the person may give a single bond,
28 letter of credit, or cash deposit to satisfy the requirements of this
29 chapter and the rules adopted under this chapter to cover all the
30 person's facilities in Indiana.

31 (g) If a licensee has a deficiency in the minimum **positive** net worth
32 required under section 16(a)(2)(B), 16(a)(3)(B), 16(a)(4)(A)(ii), **or**
33 16(a)(5)(A)(ii), **or 16(a)(6)(B)** of this chapter, the licensee shall add to
34 the amount of bond, letter of credit, or cash deposit determined under
35 subsection (a) an amount equal to the deficiency.

36 (h) Except as provided in subsections (i) and (j), a licensee may not
37 correct a deficiency in the minimum **positive** net worth required by
38 section 16(a)(1), 16(a)(2)(A), 16(a)(3)(A), 16(a)(4)(A)(i), **or**
39 16(a)(5)(A)(i), **or 16(a)(6)(A)** of this chapter by adding to the amount
40 of bond, letter of credit, or cash deposit required by subsection (a).

41 (i) A buyer-warehouse that has a bushel storage capacity of less than
42 one million (1,000,000) bushels or purchases less than one million

C
O
P
Y



1 (1,000,000) bushels of grain per year may correct a deficiency in
 2 minimum net worth by adding to the amount of bond, letter of credit,
 3 or cash deposit determined under subsection (a) if the buyer-warehouse
 4 has a minimum net worth of at least fifteen thousand dollars (\$15,000),
 5 not including the amount added to the bond, letter of credit, or cash
 6 deposit.

7 (j) A buyer-warehouse that has a bushel storage capacity of at least
 8 one million (1,000,000) bushels, or purchases at least one million
 9 (1,000,000) bushels of grain per year, may correct a deficiency in
 10 minimum net worth by adding to the amount of bond, letter of credit,
 11 or cash deposit determined under subsection (a) if the buyer-warehouse
 12 has a minimum net worth of at least fifty thousand dollars (\$50,000),
 13 not including the amount added to the bond, letter of credit, or cash
 14 deposit.

15 (k) If the director or the director's designated representative finds
 16 that conditions exist that warrant requiring additional bond or cash
 17 deposit, there shall be added to the amount of bond or cash deposit as
 18 determined under the other provisions of this section, a further amount
 19 to meet the conditions.

20 (l) The director may accept, instead of a single cash deposit, letter
 21 of credit, or bond, a deposit consisting of any combination of cash
 22 deposits, letters of credit, or bonds in an amount equal to the licensee's
 23 obligation under this chapter. The director shall adopt rules under
 24 IC 4-22-2 to establish standards for determining the order in which the
 25 forms of security on deposit must be used to pay proven claims if the
 26 licensee defaults.

27 (m) The director may require additional bonding that the director
 28 considers necessary.

29 SECTION 11. IC 26-3-7-16, AS AMENDED BY P.L.253-1997(ss),
 30 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 1998]: Sec. 16. (a) A licensee shall have and maintain a
 32 current asset to current liability ratio of one to one (1:1) and shall
 33 maintain, as evidenced by the financial statement required by section
 34 6 of this chapter, the following minimum **positive** net worth:

35 (1) For a grain bank, minimum net worth is at least ten thousand
 36 dollars (\$10,000).

37 (2) For a warehouse, minimum net worth is at least equal to the
 38 sum of:

39 (A) fifteen thousand dollars (\$15,000); and

40 (B) ten cents (\$0.10) multiplied by the bushel storage capacity
 41 of the warehouse.

42 (3) For a grain buyer, minimum net worth is at least **equal to the**

C
O
P
Y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

sum of:

- (A) ten thousand dollars (\$10,000); ~~or~~ **and**
- (B) five cents (\$0.05) multiplied by the total number of bushels of grain purchased by the grain buyer during the grain buyer's fiscal year immediately preceding the date net worth is calculated.

whichever is greater:

(4) For a buyer-warehouse that has a bushel storage capacity of less than one million (1,000,000) bushels or purchases less than one million (1,000,000) bushels of grain per year, minimum net worth is at least equal to:

- (A) the sum of:
 - (i) fifteen thousand dollars (\$15,000); and
 - (ii) ten cents (\$0.10) multiplied by the bushel storage capacity of the buyer-warehouse; or
- (B) five cents (\$0.05) multiplied by the total number of bushels of grain purchased by the buyer-warehouse during the buyer-warehouse's fiscal year immediately preceding the date net worth is calculated;

whichever is greater.

(5) For a buyer-warehouse that has a bushel storage capacity of at least one million (1,000,000) bushels or purchases at least one million (1,000,000) bushels of grain per year, minimum net worth is at least equal to:

- (A) the sum of:
 - (i) fifty thousand dollars (\$50,000); and
 - (ii) ten cents (\$0.10) multiplied by the bushel storage capacity of the buyer-warehouse; or
- (B) five cents (\$0.05) multiplied by the number of bushels of grain purchased by the buyer-warehouse during the buyer-warehouse's fiscal year immediately preceding the date net worth is calculated;

whichever is greater.

(6) For a seed buyer, minimum net worth is at least equal to the sum of:

- (A) **ten thousand dollars (\$10,000); and**
- (B) **five cents (\$0.05) multiplied by the total number of bushels of seed purchased by the seed buyer during the seed buyer's fiscal year immediately preceding the date net worth is calculated.**

(b) Except as provided in section 10 of this chapter, if a licensee is required to show additional net worth to comply with this section, the

C
O
P
Y



1 licensee may satisfy the requirement by adding to the amount of the
2 bond, letter of credit, or cash deposit required under section 10 of this
3 chapter an amount equal to the additional net worth required.
4 (c) The director may adopt rules under IC 4-22-2 to provide that a
5 narrative market appraisal that demonstrates assets sufficient to comply
6 with this section may satisfy the minimum net worth requirement.
7 SECTION 12. IC 26-4-1-13, AS ADDED BY P.L.250-1995,
8 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JULY 1, 1998]: Sec. 13. (a) "Grain" means corn, wheat, oats, rye,
10 soybeans, barley, sorghum, oil seeds, and other agricultural
11 commodities as approved by the agency **and includes grain grown for**
12 **seed use.**
13 (b) The term does not include canning crops for processing.
14 (c) **As used in this section, "corn" includes all corn for all uses,**
15 **including popcorn, but excluding sweet corn and flint corn.**

C
o
p
y



COMMITTEE REPORT

Mr. President: The Senate Committee on Agriculture and Small Business, to which was referred Senate Bill 369, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 369 as introduced.)

NUGENT, Chairperson

Committee Vote: Yeas 8, Nays 0.

C
o
p
y



SENATE MOTION

Mr. President: I move that Senate Bill 369, which is eligible for third reading, be returned to second reading for purposes of amendment.

JACKMAN

SENATE MOTION

Mr. President: I move that Senate Bill 369 be amended to read as follows:

Page 3, line 27, delete "(a) **The board may, by rules**".

Page 3, delete lines 28 through 29.

Page 3, line 30, delete "(b)" and insert "(a)".

Page 3, line 36, after "**Administration.**" insert "**The penalty imposed shall not exceed \$1,000 for a first offense or \$2,000 for a subsequent offense.**".

Page 3, line 37, delete "(c)" and insert "(b)".

Page 3, line 37, delete "under **IC 15-2.1-19**".

Page 3, line 38, delete "**a drug residue violation.**" and insert "**violations of laws that prohibit drug residues in milk and milk products as follows:**".

Page 3, between lines 38 and 39, begin a new paragraph and insert:

"1 (a) The following definitions apply throughout this section:

(1) "DP" or "daily production" means the amount of milk, measured by hundred weight, produced by the positive producer in one day, measured on the day in which the drug residue violation occurred.

(2) "PR" or "producer reimbursement" means an amount assessed against the positive producer to reimburse others for milk contaminated by the positive producer's contaminated milk, not including the value of the positive producer's contaminated milk for which he or she was not paid.

(3) "Revocation period" means the period after a Grade A producer's permit is revoked under this statute that he or she may not apply for a Grade A permit.

(b) Milk shall be screened for drug residue violations as follows:

(1) Except as provided in subdivision (2), milk shall be screened for drug residues pursuant to Appendix N of the Pasturized



C
O
P
Y

Milk Ordinance (345 IAC 8-3-1).

(2) Milk from manufacturing grade dairy farms shall be tested for drug residues pursuant to 345 IAC 8-2-3.

(3) All milk that tests positive for drug residues must be disposed of in a manner that removes it from the human and animal food chain or that acceptably reconditions the milk under United States Health and Human Services-Food and Drug Administration compliance policy guidelines. In all cases of drug residue violations, a producer may not resume shipping milk until a drug test conducted by a certified laboratory shows the producer's milk is negative for drug residues and the test results are reported to the office of the state veterinarian.

(4) All positive drug residue test results must be called into the office of the state veterinarian immediately, and a written report of the test results must be faxed or delivered to the office of the state veterinarian within twenty-four (24) hours of the test. The producer whose milk tested positive must be notified of the positive drug residue test immediately. The company that conducted the test is responsible for the reporting requirements in this subsection.

(5) A producer whose milk tests positive for drug residues shall pay a fine and participate in drug residue education activities as follows:

(i) The following is imposed on a producer for the first positive test for drug residues within a twelve (12) month period:

(A) The positive producer must pay a fine to the Board of Animal Health equal to the result of the following equation:

$$(DP)(2 \text{ days})(\$3.00)-(PR)$$

However, if the result is less than \$5.00 then the fine is \$5.00.

(B) The positive producer must, in conjunction with his or her veterinarian and an official of the board, complete the "Milk and Dairy Beef Residue Prevention Protocol" and provide proof of completion to the Board of Animal Health-Office of the State Veterinarian within 30 days of the drug residue violation. Failure to complete the Protocol and submit proof of completion within 30 days will result in action to suspend the producer's permit.

(ii) The following is imposed for a second positive test for drug residues within a twelve (12) month period:

(A) The positive producer must pay a fine to the Board of

C
O
P
Y



Animal Health equal to the result of the following equation:

$(DP)(4 \text{ days})(\$3.00)$

However, if the result is less than \$5.00 then the fine is \$5.00.

(B) The positive producer must, in conjunction with his or her veterinarian and an official of the board, complete the "Milk and Dairy Beef Residue Prevention Protocol" and provide proof of completion to the Board of Animal Health-Office of the State Veterinarian within 30 days of the drug residue violation. Failure to complete the Protocol and provide proof of completion will result in action to suspend the producer's permit.

(C) The producer must attend a producer education program or meeting designated by the state veterinarian. The producer is responsible for paying registration and material fees and other costs associated with attending the education program or meeting. The producer must provide proof of attendance to the state veterinarian within ten days of completion of the program or meeting.

(iii) The third positive test result for drug residues within a twelve (12) month period shall result in the following:

(A) The board revoking a producer's Grade A permit if the producer has one;

(B) The sanctions for a second offense set forth in section (b) are imposed;

(C) The producer must submit to the state veterinarian a set of written procedures that he or she will follow to prevent future drug residue violations. The procedures must be submitted with the proof of completion required in section (b) and must be specific, practical, and reasonably likely to lessen the possibility of a drug residue violation when followed by the producer.

(D) After a producer's Grade A permit is revoked for a third offense violation under this statute, he or she shall not receive a new Grade A permit for a revocation period of thirty (30) days from the date of the revocation. After the revocation period, the state veterinarian must issue a conditional Grade A permit to a producer that has applied for a permit if the following requirements are met;

(i) The producer has met all of the requirements of this statute at the time of application, and

C
O
P
Y



(ii) The producer meets all other requirements of the board for obtaining a Grade A permit.

The permit will be issued on the condition that all of the requirements of this statute must be completed within the time frames set forth in this statute. A permit issued under this subdivision automatically becomes unconditional after the producer fully complies with all of the provisions of this statute.

(iv) For each drug residue violation in a twelve (12) month period in excess of three (3) the producer is subject to the penalties for a third offense in subdivision (iii) are imposed, but for Grade A producers the revocation period will begin on the date his or her permit is revoked and run for a period equal to the length of the revocation period imposed after the producer's last drug residue violation times two. For example, the revocation period for a fourth offense in a twelve (12) month period is sixty (60) days and for a fifth offense the revocation period is one hundred twenty (120) days.

(f) The state veterinarian may, by special permit, allow a producer that objects to the imposition of a fine to dump two (2) days of milk production on a first offense and four (4) days of milk production on the second or third offense instead of paying a monetary fine where payment of a fine would impose undue hardship on a producer. The state veterinarian may set the conditions under which the milk is to be dumped and may require documentation from the producer showing the circumstances under which the milk was dumped."

Page 3, line 39, delete "(d)" and insert "(c)".

(Reference is to Senate Bill 369 as printed January 23, 1998.)

JACKMAN

C
O
P
Y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture and Rural Development, to which was referred Senate Bill 369, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the amendment made on motion of Senator Jackman adopted February 2, 1998.

Page 3, delete lines 25 through 41, begin a new paragraph and insert:

"SECTION 5. IC 15-2.1-23-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 6.5. (a) The following definitions apply throughout this section:**

(1) "DP" or "daily production" means the amount of milk, measured by hundred weight, produced by the positive producer in one (1) day, measured on the day in which the drug residue violation occurred.

(2) "PR" or "producer reimbursement" means an amount assessed against the positive producer to reimburse others for milk contaminated by the positive producer's contaminated milk, not including the value of the positive producer's contaminated milk for which he or she was not paid.

(3) "Revocation period" means the period after a Grade A producer's permit is revoked under this section that the producer may not apply for a Grade A permit.

(b) A penalty established under this section may not be more severe than the penalty standard for drug residue violations adopted by the National Conference on Interstate Milk Shipments in its Pasteurized Milk Ordinance adopted in accordance with the National Conference's Memorandum of Understanding with the United States Department of Health and Human Services, Food and Drug Administration. The penalty imposed may not exceed one thousand dollars (\$1,000) for a first offense or two thousand dollars (\$2,000) for a subsequent offense.

(c) The board may impose a civil penalty for violations of laws that prohibit drug residues in milk and milk products as described in this section.

(d) Milk shall be screened for drug residue violations as follows:

(1) Except as provided in subdivision (2), milk shall be screened for drug residues under Appendix N of the Pasteurized Milk Ordinance (345 IAC 8-3-1).

(2) Milk from manufacturing grade dairy farms shall be

C
O
P
Y



tested for drug residues under 345 IAC 8-2-3.

(3) All milk that tests positive for drug residues must be disposed of in a manner that removes it from the human and animal food chain or that acceptably reconditions the milk under United States Health and Human Services - Food and Drug Administration compliance policy guidelines. In all cases of drug residue violations, a producer may not resume shipping milk until a drug test conducted by a certified laboratory shows the producer's milk is negative for drug residues and the test results are reported to the office of the state veterinarian.

(4) All positive drug residue test results must be called into the office of the state veterinarian immediately, and a written report of the test results must be faxed or delivered to the office of the state veterinarian within twenty-four (24) hours of the test. The producer whose milk tested positive must be notified of the positive drug residue test immediately. The company that conducted the test is responsible for the reporting requirements in this subdivision.

(5) A producer whose milk tests positive for drug residues shall pay a civil penalty and participate in drug residue education activities as follows:

(A) The following is imposed on a producer for the first positive test for drug residues within a twelve (12) month period:

(i) The positive producer must pay a civil penalty to the board equal to the result of the following equation:

(DP times two (2) days times three dollars (\$3)) minus PR.

However, if the result is less than five dollars (\$5) then the civil penalty is five dollars (\$5).

(ii) The positive producer must, in conjunction with the producer's veterinarian and an official of the board, complete the "Milk and Dairy Beef Residue Prevention Protocol" and provide proof of completion to the board of animal health - office of the state veterinarian within thirty (30) days of the drug residue violation. Failure to complete the Protocol and submit proof of completion within thirty (30) days will result in action to suspend the producer's permit.

(B) The following is imposed for a second positive test for drug residues within a twelve (12) month period:



C
O
P
Y

(i) The positive producer must pay a civil penalty to the board equal to the result of the following equation:

DP times four (4) days times three dollars (\$3).

However, if the result is less than five dollars (\$5) then the civil penalty is five dollars (\$5).

(ii) The positive producer must, in conjunction with the producer's veterinarian and an official of the board, complete the "Milk and Dairy Beef Residue Prevention Protocol" and provide proof of completion to the board of animal health - office of the state veterinarian within thirty (30) days of the drug residue violation. Failure to complete the Protocol and provide proof of completion will result in action to suspend the producer's permit.

(iii) The producer must attend a producer education program or meeting designated by the state veterinarian. The producer is responsible for paying registration and material fees and other costs associated with attending the education program or meeting. The producer must provide proof of attendance to the state veterinarian within ten (10) days of completion of the program or meeting.

(C) The third positive test result for drug residues within a twelve (12) month period shall result in the following:

(i) The board revoking a producer's Grade A permit if the producer has a permit.

(ii) The sanctions for a second offense set forth in clause (B) are imposed.

(iii) The producer must submit to the state veterinarian a set of written procedures that the producer will follow to prevent future drug residue violations. The procedures must be submitted with the proof of completion required in clause (B) and must be specific, practical, and reasonably likely to lessen the possibility of a drug residue violation when followed by the producer.

(iv) After a producer's Grade A permit is revoked for a third offense violation under this statute, the producer may not receive a new Grade A permit for a revocation period of thirty (30) days from the date of the revocation. After the revocation period, the state veterinarian must issue a conditional Grade A permit to a producer that has applied for a permit if the producer has met all of

C
O
P
Y



the requirements of this section at the time of application and the producer meets all other requirements of the board for obtaining a Grade A permit. The permit must be issued on the condition that all of the requirements of this section must be completed within the time set forth in this section. A permit issued under this item automatically becomes unconditional after the producer fully complies with all of the provisions of this section.

(D) For each drug residue violation in a twelve (12) month period in excess of three (3) the producer is subject to the penalties for a third offense in clause (C) are imposed, but for Grade A producers the revocation period will begin on the date the producer's permit is revoked and run for a period equal to two (2) times the length of the revocation period imposed after the producer's last drug residue violation.

(e) The state veterinarian may, by special permit, allow a producer that objects to the imposition of a civil penalty to dump two (2) days of milk production on a first offense and four (4) days of milk production on the second or third offense instead of paying a civil penalty if payment of a civil penalty would impose undue hardship on a producer. The state veterinarian may set the conditions under which the milk is to be dumped and may require documentation from the producer showing the circumstances under which the milk was dumped.

(f) Civil penalties collected under this section shall be deposited in the dairy drug residue abatement fund established under section 17 of this chapter."

Page 4, after line 15, begin a new paragraph and insert:

"SECTION 7. IC 26-3-7-2, AS AMENDED BY P.L.125-1997, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. The following definitions apply throughout this chapter:

- (1) "Agency" refers to the Indiana grain buyers and warehouse licensing agency established under section 1 of this chapter.
- (2) "Anniversary date" means the date that is ninety (90) calendar days after the fiscal year end of a business licensed under this chapter.
- (3) "Bin" means a bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.
- (4) "Buyer-warehouse" means a person that operates both as a warehouse licensed under this chapter and as a grain buyer.



C
O
P
Y

- (5) "Claimant" means a person that is unable to secure satisfaction of the financial obligations due from a licensee under this chapter for grain that has been delivered to the licensee for sale or for storage under a bailment.
- (6) "Deferred pricing" means a purchase by a buyer in which title to the grain passes to the buyer and the price to be paid to the seller is not determined:
- (A) at the time the grain is received by the buyer; or
 - (B) within ten (10) days of receipt.
- (7) "Depositor" means any of the following:
- (A) A person that delivers grain to a licensee under this chapter for storage or sale.
 - (B) A person that:
 - (i) owns or is the legal holder of a ticket or receipt issued by a licensee for grain received by the licensee; and
 - (ii) is the creditor of the issuing licensee for the value of the grain received in return for the ticket or receipt.
 - (C) A licensee that stores grain that the licensee owns solely, jointly, or in common with others in a warehouse owned or controlled by the licensee or another licensee.
- (8) "Designated representative" means the person or persons designated by the director to act instead of the director in assisting in the administration of this chapter.
- (9) "Facility" means a location or one (1) of several locations in Indiana that are operated as a warehouse or by a grain buyer.
- (10) "Failure" means any of the following:
- (A) The inability of a licensee to financially satisfy claimants.
 - (B) Public declaration of a licensee's insolvency.
 - (C) Revocation or suspension of a licensee's license, if the licensee has outstanding indebtedness owed to claimants.
 - (D) Nonpayment of a licensee's debts in the ordinary course of business, if there is not a good faith dispute.
 - (E) Voluntary surrender of a licensee's license, if the licensee has outstanding indebtedness to claimants.
- (11) "Grain" means corn, wheat, oats, barley, rye, sorghum, soybeans, oil seeds, **and other agricultural commodities as approved by the agency and includes grain grown for seed use, but does not including include** canning crops for processing. **As used in this subdivision, "corn" includes corn for all uses, including popcorn, but not including sweet corn and flint corn.**
- (12) "Grain assets" means any of the following:

C
O
P
Y

(A) All grain owned or stored by a licensee, including grain that:

- (i) is in transit following shipment by a licensee; and
- (ii) has not been paid for.

(B) All proceeds, due or to become due, from the sale of a licensee's grain.

(C) Equity, less any secured financing directly associated with the equity, in hedging or speculative margin accounts of a licensee held by a commodity or security exchange, or a dealer representing a commodity or security exchange, and any money due the licensee from transactions on the exchange, less any secured financing directly associated with the money due the licensee from the transactions on the exchange.

(D) Any other unencumbered funds, property, or equity in funds or property, wherever located, that can be directly traced to the sale of grain by a licensee. However, funds, property, or equity in funds or property may not be considered encumbered unless:

- (i) the encumbrance results from valuable consideration paid to the licensee in good faith by a secured party; and
- (ii) the encumbrance did not result from the licensee posting the funds, property, or equity in funds or property as additional collateral for an antecedent debt.

(E) Any other unencumbered funds, property, or equity in assets of the licensee.

(13) "Grain bank grain" means grain owned by a depositor for use in the formulation of feed and stored by the warehouse to be returned to the depositor on demand.

(14) "Grain buyer" means a person who is engaged in the business of buying grain from producers. The term does not include a buyer of grain who:

- (A) buys less than fifty thousand (50,000) bushels of grain annually; or
- (B) buys grain for the sole purpose of feeding the person's own livestock or poultry, if:
 - (i) the person derives a major portion of the person's income from selling that livestock or poultry; and
 - (ii) the person does not offer storage, deferred pricing, delayed payment, or contracts or other instruments that are linked to the commodity futures or commodity options market.

(15) "Grain standards act" means the United States Grain

C
O
P
Y



Standards Act, approved August 11, 1916 (39 Stat. 482; 7 U.S.C. 71-87 as amended).

(16) "License" means a license issued under this chapter.

(17) "Official grain standards of the United States" means the standards of quality or condition for grain, fixed and established by the secretary of agriculture under the grain standards act.

(18) "Person" means an individual, partnership, corporation, association, or other form of business enterprise.

(19) "Receipt" means a warehouse receipt issued by a warehouse licensed under this chapter.

(20) "Ticket" means a scale weight ticket, a load slip, or other evidence, other than a receipt, given to a depositor upon initial delivery of grain to a facility.

(21) "Warehouse act" means the United States Warehouse Act, approved August 11, 1916, (39 Stat. 486; 7 U.S.C. 241-273 as amended).

(22) "Warehouse" means a person that operates a facility or group of facilities in which grain is or may be stored for hire or which is used for grain bank storage and which is operated under one (1) ownership and run from a single office.

SECTION 8. IC 26-3-7-4, AS AMENDED BY P.L.125-1997, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 4. (a) A person may not operate a warehouse or conduct business as a grain buyer or buyer-warehouse without first having obtained the appropriate license from the agency, nor may a person continue to operate a warehouse or conduct business as a grain buyer or buyer-warehouse after the person's license has been revoked or suspended, except as provided in section 18 of this chapter.

(b) All facilities in Indiana that an applicant for a license uses to store or handle grain must qualify for a license and be licensed under this chapter before the applicant may operate a warehouse or conduct business as a grain buyer in Indiana. An applicant may not be licensed unless all of the applicant's facilities qualify for a license under this chapter. An applicant for a license must apply to the agency for a license that covers all facilities operated by the applicant for the storage or handling of grain in Indiana.

(c) If a licensee acquires an additional grain storage or handling facility in Indiana, the licensee shall promptly submit to the agency an amended application for licensure. A licensee shall promptly notify the agency of a material change to the licensee's operations, such as expansion of the amount of storage being used in the licensee's existing facilities or change of ownership of a facility, and shall provide the



C
O
P
Y

director with additional information the director may require. A licensee shall obtain the approval of the director before making use of increased storage or handling capacity.

(d) A licensee that acquires an additional grain storage or handling facility that is required to be licensed shall not use the facility for the storage or handling of grain until it qualifies for a license and is licensed as provided in this chapter. If a licensed grain storage or handling facility that a licensee operates in Indiana becomes ineligible for a license at any time for any reason, it shall not be used for the storage or handling of grain until the condition making it ineligible is removed.

(e) A licensee shall maintain at least eighty percent (80%) of the unpaid balance of grain payables in unencumbered assets represented by the aggregate of the following:

- (1) Company owned grain.
- (2) Cash on hand.
- (3) Cash held on account in federally or state licensed financial institutions or lending institutions of the Federal Farm Credit Administration.
- (4) Investments held in time accounts with federally or state licensed financial institutions.
- (5) Direct obligations of the United States government.
- (6) Balances in grain margin accounts determined by marking to market.
- (7) Balances due or to become due to the licensee on deferred pricing contracts.
- (8) Marketable securities, including mutual funds.
- (9) Irrevocable letters of credit that are:
 - (A) in favor of the agency;
 - (B) acceptable to the agency; and
 - (C) in addition to any letter of credit deposited with the director to satisfy the bonding requirement of this chapter.
- (10) Deferred pricing contract service charges due or to become due to the licensee.
- (11) Other evidence of proceeds from or of grain that is acceptable to the agency.
- (12) Other assets approved by the director.

(f) A licensee must have the minimum **positive** net worth specified in section 16 of this chapter to hold any license or do business.

SECTION 9. IC 26-3-7-6, AS AMENDED BY P.L.125-1997, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. (a) The agency may issue the following

ES 369—LS 6771/DI 75+



C
O
P
Y

licenses:

- (1) A grain bank license may be issued to a person that:
 - (A) stores only grain bank grain;
 - (B) has a storage capacity of not more than fifty thousand (50,000) bushels of grain; and
 - (C) purchases less than fifty thousand (50,000) bushels of grain per year.
- (2) A warehouse license may be issued to a person that:
 - (A) stores grain; and
 - (B) purchases less than fifty thousand (50,000) bushels of grain per year.
- (3) A grain buyer license may be issued to a person that:
 - (A) purchases annually at least fifty thousand (50,000) bushels of grain that are not for the sole purpose of feeding the person's own livestock or poultry;
 - (B) does not store grain **for hire; and or**
 - (C) offers deferred pricing, delayed payments, or contracts linked to the commodity futures or commodity options market in connection with grain purchases.
- (4) A buyer-warehouse license may be issued to a person that operates both as a warehouse and as a grain buyer.
- (5) A seed buyer license may be issued to a person that:**
 - (A) annually purchases at least fifty thousand (50,000) bushels of seed that are not for the sole purpose of feeding the person's own livestock or poultry;**
 - (B) does not store seed for hire; or**
 - (C) offers deferred pricing, delayed payments, or contracts linked to the commodity futures or commodity options market in connection with seed purchases.**

(b) An applicant shall file with the director a separate application for each license or amendment of a license at the times, on the forms, and containing the information that the director prescribes.

(c) An initial application for a license must be accompanied by a license fee as follows:

- (1) For a grain bank or for a warehouse or buyer-warehouse with a storage capacity of less than two hundred fifty thousand (250,000) bushels, two hundred fifty dollars (\$250) for the first facility and fifty dollars (\$50) for each additional facility.
- (2) For a warehouse or a buyer-warehouse with a storage capacity of at least two hundred fifty thousand (250,000) bushels but less than one million (1,000,000) bushels, five hundred dollars (\$500) for the first facility and fifty dollars (\$50) for each additional



C
O
P
Y

facility.

(3) For a warehouse or a buyer-warehouse with a storage capacity of at least one million (1,000,000) bushels but less than ten million (10,000,000) bushels, seven hundred fifty dollars (\$750) for the first facility and fifty dollars (\$50) for each additional facility.

(4) For a warehouse or buyer-warehouse with a storage capacity greater than ten million (10,000,000) bushels, one thousand dollars (\$1,000) for the first facility and fifty dollars (\$50) for each additional facility.

(5) For a grain buyer, including a grain buyer that is also licensed as a warehouse under the warehouse act, five hundred dollars (\$500) for the first facility and fifty dollars (\$50) for each additional facility.

(6) For a seed buyer, five hundred dollars (\$500) for the first facility and fifty dollars (\$50) for each additional facility.

The director may prorate the initial application fee for a license that is issued at least thirty (30) days after the anniversary date of the licensee's business.

(d) Before the anniversary date of the license, the licensee shall pay an annual license fee in an amount equal to the amount required under subsection (c).

(e) A licensee or an applicant for an initial license must have a minimum current asset to current liability ratio of one (1) to one (1).

(f) An applicant for an initial license shall submit with the person's application a review level financial statement or better financial statement that reflects the applicant's financial situation on a date not more than fifteen (15) months before the date on which the application is submitted. Not more than ninety (90) days after the end of a licensee's fiscal year, the licensee shall file with the agency a current review level financial statement or better financial statement that reflects the licensee's financial situation for the fiscal year just ended. A financial statement submitted under this section must:

- (1) be prepared by an independent accountant certified under IC 25-2.1;
- (2) comply with generally accepted accounting principles; and
- (3) contain:
 - (A) an income statement;
 - (B) a balance sheet;
 - (C) a statement of cash flow;
 - (D) a statement of retained earnings;
 - (E) the preparer's notes; and



C
O
P
Y

(F) other information the agency may require.

The director may adopt rules under IC 4-22-2 to allow the agency to accept other substantial supporting documents instead of those listed if the director determines that providing the listed documents creates a financial or other hardship on the applicant or licensee.

(g) An application for a license implies a consent to be inspected.

(h) A person that:

(1) does not operate a facility used to store grain;

(2) purchases:

(A) less than fifty thousand (50,000) bushels of grain per year;

or

(B) only grain used for the production of the person's own livestock; and

(3) does not:

~~(A)~~ purchase grain;

~~(B)~~ (A) offer deferred pricing;

~~(C)~~ (B) offer delayed payment; or

~~(D)~~ (C) offer other contracts;

that are linked to the commodity futures or commodity options market;

is not required to be licensed.

SECTION 10. IC 26-3-7-10, AS AMENDED BY P.L.125-1997, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 10. (a) The minimum amount of bond, letter of credit, or cash deposit required from a licensee is as follows:

(1) For a grain bank license or a warehouse license:

(A) ten thousand dollars (\$10,000); or

(B) ten cents (\$0.10) multiplied by the licensed bushel storage capacity of the grain bank or warehouse;

whichever is greater.

(2) For a grain buyer, including a grain buyer that is also a licensee under the warehouse act:

(A) ten thousand dollars (\$10,000); or

(B) five-tenths percent (0.5%) of the total amount the grain buyer paid for grain purchased from producers during the grain buyer's fiscal year immediately preceding the date the bond, letter of credit, or cash deposit is due;

whichever is greater.

(3) For a buyer-warehouse:

(A) ten thousand dollars (\$10,000);

(B) ten cents (\$0.10) multiplied by the licensed bushel storage capacity of the buyer-warehouse's facility; or

C
O
P
Y



(C) five-tenths percent (0.5%) of the total amount the buyer-warehouse paid for grain purchased from producers during the buyer-warehouse's fiscal year immediately preceding the date the bond, letter of credit, or cash deposit is due;

whichever is greater.

(4) For a seed buyer:

(A) ten thousand dollars (\$10,000); or

(B) five-tenths percent (0.5%) of the total amount the seed buyer paid for seed purchased from producers during the seed buyer's fiscal year immediately preceding the date the bond, letter of credit, or cash deposit is due;

whichever is greater.

(b) Except as provided in subsections (g) and (h), the amount of bond, letter of credit, or cash deposit required by this chapter may not exceed one hundred thousand dollars (\$100,000) per license and may not exceed a total of five hundred thousand dollars (\$500,000) per person.

(c) The licensed bushel storage capacity is the maximum number of bushels of grain that the licensee's facility could accommodate as determined by the director or the director's designated representative and shall be increased or reduced in accordance with the amount of space being used for storage from time to time.

(d) Instead of a bond or cash deposit, an irrevocable letter of credit in the prescribed amount may be provided with the director as the beneficiary. The director shall adopt rules under IC 4-22-2 to establish acceptable form, substance, terms, and conditions for letters of credit. The director may not release a party from the obligations of the letter of credit within eighteen (18) months of the termination of the licensee's license.

(e) The director shall adopt rules under IC 4-22-2 to provide for the receipt and retention of cash deposits. However, the director shall not return a cash deposit to a licensee until the director has taken reasonable precautions to assure that the licensee's obligations and liabilities have been or will be met.

(f) If a person is licensed or is applying for licenses to operate two (2) or more facilities in Indiana, the person may give a single bond, letter of credit, or cash deposit to satisfy the requirements of this chapter and the rules adopted under this chapter to cover all the person's facilities in Indiana.

(g) If a licensee has a deficiency in the minimum **positive** net worth required under section 16(a)(2)(B), 16(a)(3)(B), 16(a)(4)(A)(ii), or

C
O
P
Y



16(a)(5)(A)(ii), **or 16(a)(6)(B)** of this chapter, the licensee shall add to the amount of bond, letter of credit, or cash deposit determined under subsection (a) an amount equal to the deficiency.

(h) Except as provided in subsections (i) and (j), a licensee may not correct a deficiency in the minimum **positive** net worth required by section 16(a)(1), 16(a)(2)(A), 16(a)(3)(A), 16(a)(4)(A)(i), **or 16(a)(5)(A)(i), or 16(a)(6)(A)** of this chapter by adding to the amount of bond, letter of credit, or cash deposit required by subsection (a).

(i) A buyer-warehouse that has a bushel storage capacity of less than one million (1,000,000) bushels or purchases less than one million (1,000,000) bushels of grain per year may correct a deficiency in minimum net worth by adding to the amount of bond, letter of credit, or cash deposit determined under subsection (a) if the buyer-warehouse has a minimum net worth of at least fifteen thousand dollars (\$15,000), not including the amount added to the bond, letter of credit, or cash deposit.

(j) A buyer-warehouse that has a bushel storage capacity of at least one million (1,000,000) bushels, or purchases at least one million (1,000,000) bushels of grain per year, may correct a deficiency in minimum net worth by adding to the amount of bond, letter of credit, or cash deposit determined under subsection (a) if the buyer-warehouse has a minimum net worth of at least fifty thousand dollars (\$50,000), not including the amount added to the bond, letter of credit, or cash deposit.

(k) If the director or the director's designated representative finds that conditions exist that warrant requiring additional bond or cash deposit, there shall be added to the amount of bond or cash deposit as determined under the other provisions of this section, a further amount to meet the conditions.

(l) The director may accept, instead of a single cash deposit, letter of credit, or bond, a deposit consisting of any combination of cash deposits, letters of credit, or bonds in an amount equal to the licensee's obligation under this chapter. The director shall adopt rules under IC 4-22-2 to establish standards for determining the order in which the forms of security on deposit must be used to pay proven claims if the licensee defaults.

(m) The director may require additional bonding that the director considers necessary.

SECTION 11. IC 26-3-7-16, AS AMENDED BY P.L.253-1997(ss), SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 16. (a) A licensee shall have and maintain a current asset to current liability ratio of one to one (1:1) and shall



C
O
P
Y

maintain, as evidenced by the financial statement required by section 6 of this chapter, the following minimum **positive** net worth:

(1) For a grain bank, minimum net worth is at least ten thousand dollars (\$10,000).

(2) For a warehouse, minimum net worth is at least equal to the sum of:

(A) fifteen thousand dollars (\$15,000); and

(B) ten cents (\$0.10) multiplied by the bushel storage capacity of the warehouse.

(3) For a grain buyer, minimum net worth is at least **equal to the sum of:**

(A) ten thousand dollars (\$10,000); ~~or~~ **and**

(B) five cents (\$0.05) multiplied by the total number of bushels of grain purchased by the grain buyer during the grain buyer's fiscal year immediately preceding the date net worth is calculated.

~~whichever is greater.~~

(4) For a buyer-warehouse that has a bushel storage capacity of less than one million (1,000,000) bushels or purchases less than one million (1,000,000) bushels of grain per year, minimum net worth is at least equal to:

(A) the sum of:

(i) fifteen thousand dollars (\$15,000); and

(ii) ten cents (\$0.10) multiplied by the bushel storage capacity of the buyer-warehouse; or

(B) five cents (\$0.05) multiplied by the total number of bushels of grain purchased by the buyer-warehouse during the buyer-warehouse's fiscal year immediately preceding the date net worth is calculated;

~~whichever is greater.~~

(5) For a buyer-warehouse that has a bushel storage capacity of at least one million (1,000,000) bushels or purchases at least one million (1,000,000) bushels of grain per year, minimum net worth is at least equal to:

(A) the sum of:

(i) fifty thousand dollars (\$50,000); and

(ii) ten cents (\$0.10) multiplied by the bushel storage capacity of the buyer-warehouse; or

(B) five cents (\$0.05) multiplied by the number of bushels of grain purchased by the buyer-warehouse during the buyer-warehouse's fiscal year immediately preceding the date net worth is calculated;

C
O
P
Y



whichever is greater.

(6) For a seed buyer, minimum net worth is at least equal to the sum of:

(A) ten thousand dollars (\$10,000); and

(B) five cents (\$0.05) multiplied by the total number of bushels of seed purchased by the seed buyer during the seed buyer's fiscal year immediately preceding the date net worth is calculated.

(b) Except as provided in section 10 of this chapter, if a licensee is required to show additional net worth to comply with this section, the licensee may satisfy the requirement by adding to the amount of the bond, letter of credit, or cash deposit required under section 10 of this chapter an amount equal to the additional net worth required.

(c) The director may adopt rules under IC 4-22-2 to provide that a narrative market appraisal that demonstrates assets sufficient to comply with this section may satisfy the minimum net worth requirement.

SECTION 12. IC 26-4-1-13, AS ADDED BY P.L.250-1995, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 13. (a) "Grain" means corn, wheat, oats, rye, soybeans, barley, sorghum, oil seeds, and other agricultural commodities as approved by the agency **and includes grain grown for seed use.**

(b) The term does not include canning crops for processing.

(c) As used in this section, "corn" includes all corn for all uses, including popcorn, but excluding sweet corn and flint corn."

and when so amended that said bill do pass.

(Reference is to Senate Bill 369 as printed January 23, 1998, and as amended on motion of Senator Jackman adopted February 2, 1998.)

BISCHOFF, Chair

Committee Vote: yeas 14, nays 0.

C
O
P
Y

