

Senate File 608 - Reprinted

SENATE FILE 608

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1131)

(As Amended and Passed by the Senate April 7, 2025)

A BILL FOR

1 An Act regulating the marketing of grain, by providing for
2 fees paid by grain dealers and warehouse operators into
3 the grain depositors and sellers indemnity fund, and the
4 payment of claims to reimburse sellers and depositors for
5 losses covered by the fund, and including effective date and
6 applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

CLAIMS AGAINST GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND

Section 1. Section 203.12, subsection 1, Code 2025, is amended to read as follows:

1. Upon the cessation of a grain dealer license by revocation, cancellation, or expiration, any claim for the purchase price of grain against the grain dealer shall be made in writing and filed with the grain dealer and with the issuer of a deficiency bond or of an irrevocable letter of credit and with the department within one hundred twenty days after the date of the cessation. A failure to make this timely claim relieves the issuer and the grain depositors and sellers indemnity fund provided in ~~chapter 203D~~ section 203D.6 or 203D.6A of all obligations to the claimant.

Sec. 2. Section 203.15, subsection 6, Code 2025, is amended by striking the subsection.

Sec. 3. Section 203C.14, subsection 2, paragraph a, Code 2025, is amended to read as follows:

a. Upon the cessation of a warehouse operator's license due to revocation, cancellation, or expiration, a claim against the warehouse operator arising under this chapter shall be made in writing with the warehouse operator, with the issuer of a bond on agricultural products other than bulk grain, a deficiency bond, or an irrevocable letter of credit, and, if the claim relates to bulk grain, with the department. The claim must be made within one hundred twenty days after the cessation of the license. The failure to make a timely claim relieves the issuer and, if the claim relates to bulk grain, the grain depositors and sellers indemnity fund provided in ~~chapter 203D~~ section 203D.6 or 203D.6A of all obligations to the claimant.

Sec. 4. Section 203D.1, Code 2025, is amended by adding the following new subsections:

NEW SUBSECTION. 8A. "Indemnity fees" or "fees" means a participation fee and per-bushel fee as provided in sections 203D.3 and 203D.3A.

1 NEW SUBSECTION. 14A. *“Repayment loss”* means the amount of
2 a repayment claim held by a seller for purchased grain that the
3 seller has paid back to a grain dealer’s bankruptcy estate,
4 pursuant to an order issued, judgment entered, or settlement
5 agreement approved by a bankruptcy court, and which amount
6 has not been subsequently recovered through other legal or
7 equitable remedies including the liquidation of the grain
8 dealer’s assets.

9 Sec. 5. Section 203D.1, subsection 14, Code 2025, is amended
10 to read as follows:

11 14. *a.* *“Purchased grain”* means grain any of the following:

12 (1) Grain entered in the company-owned paid position as
13 evidenced on the grain dealer’s daily position record.

14 (2) Grain purchased under credit-sale contract.

15 *b.* *“Purchased grain”* does not include grain that is subject
16 to an exempt transaction based on documentation satisfactory
17 to the department showing that the grain dealer did any of the
18 following:

19 (1) Purchased the grain from the United States government or
20 any of its subdivisions or agencies.

21 (2) Purchased the grain from a person licensed as a grain
22 dealer in any jurisdiction.

23 ~~(3) Purchased the grain under a credit-sale contract.~~

24 ~~(4)~~ (3) Entered the grain in the company-owned paid
25 position as a cancellation of a collateral warehouse receipt.

26 ~~(5)~~ (4) Entered the grain in the company-owned paid
27 position as an intra-company location transfer.

28 Sec. 6. Section 203D.1, subsection 16, Code 2025, is amended
29 to read as follows:

30 16. *a.* *“Seller”* means a person who sells grain which the
31 person has produced or caused to be produced to a licensed
32 grain dealer, ~~but excludes a person who executes a credit-sale~~
33 ~~contract as a seller as provided in [section 203.15](#).~~ However,
34 *“seller”*

35 *b.* *“Seller”* does not include any of the following:

1 ~~a-~~ (1) A person licensed as a grain dealer in any
2 jurisdiction who sells grain to a licensed grain dealer.

3 ~~b-~~ (2) A person who sells grain that is not produced in
4 this state unless such grain is delivered to a licensed grain
5 dealer at a location in this state as the first point of sale.

6 Sec. 7. Section 203D.3, subsections 1 and 4, Code 2025, are
7 amended to read as follows:

8 1. The grain depositors and sellers indemnity fund is
9 created in the state treasury as a separate account. The
10 general fund of the state is not liable for claims presented
11 against the fund under [section 203D.6](#) or [203D.6A](#).

12 4. The moneys collected under [this section](#) and deposited in
13 the fund shall be used exclusively to indemnify depositors and
14 sellers as provided in [section 203D.6](#) or [203D.6A](#) and to pay the
15 administrative costs of [this chapter](#).

16 Sec. 8. Section 203D.3A, unnumbered paragraph 1, Code 2025,
17 is amended to read as follows:

18 The department shall collect indemnity fees, including
19 participation fees and per-bushel fees as provided in this
20 section, if ~~established~~ imposed by the board pursuant to
21 section 203D.5, at rates determined by the board as provided
22 in that section. ~~A person required to pay a fee shall use~~
23 licensee shall remit indemnity fees and forms and deliver the
24 payment to the department as required by the department.

25 Sec. 9. Section 203D.3A, subsection 1, paragraph a,
26 subparagraph (1), Code 2025, is amended to read as follows:

27 (1) In calculating the amount of the initial participation
28 fee, an applicant for a new license shall be deemed a licensee
29 ~~paying~~ remitting the full annual amount of the participation
30 fee owing on the licensee's first anniversary date ~~as provided~~
31 ~~in paragraph "b"~~. The department must be satisfied that the
32 applicant is calculating the amount due in good faith and using
33 the best information available.

34 (a) For a licensed grain dealer, the anniversary date is
35 the last date to apply for the renewal of the grain dealer's

1 license before the license expires as provided in section
2 203.5.

3 (b) For a licensed warehouse operator, the anniversary date
4 is the last date to apply for the renewal of the warehouse
5 operator's license before the license expires as provided in
6 section 203C.37.

7 Sec. 10. Section 203D.3A, subsection 1, paragraph b, Code
8 2025, is amended to read as follows:

9 b. A licensee shall pay remit a participation fee in
10 one installment as part of a license renewal application
11 in the same manner provided in paragraph "a". However, the
12 licensee may elect to remit the participation fee on four
13 successive installment dates, with each installment date
14 occurring on determined by the department not later than in the
15 month succeeding each of the last date of the fund's latest
16 assessment quarter quarters as provided in section 203D.3.
17 The licensee shall pay remit twenty-five percent of the total
18 participation fee assessed on each installment date. However,
19 nothing in this subsection prevents a licensee from paying
20 the participation fee on an accelerated basis. A licensee
21 shall pay the first installment on the last date of the
22 fund's assessment quarter immediately following the licensee's
23 anniversary date.

24 ~~(1) For a licensed grain dealer, the anniversary date is~~
25 ~~the last date to apply for the renewal of the grain dealer's~~
26 ~~license before the license expires as provided in section~~
27 ~~203.5.~~

28 ~~(2) For a licensed warehouse operator, the anniversary date~~
29 ~~is the last date to apply for the renewal of the warehouse~~
30 ~~operator's license before the license expires as provided in~~
31 ~~section 203C.37.~~

32 Sec. 11. Section 203D.3A, subsection 2, Code 2025, is
33 amended to read as follows:

34 2. a. A licensed grain dealer shall remit a per-bushel fee
35 shall be assessed on all purchased grain.

1 **b.** The licensed grain dealer shall ~~forward~~ remit the
 2 per-bushel fee to the department on a quarterly basis in the
 3 manner and using ~~the forms~~ a form prescribed by the department.
 4 The licensed grain dealer shall remit the per-bushel fee
 5 and form on four successive installment dates, with each
 6 installment date determined by the department not later than
 7 in the month succeeding each of the fund's latest assessment
 8 quarters as provided in section 203D.3.

9 **c.** A ~~licensee~~ licensed grain dealer is delinquent if the
 10 ~~licensee~~ grain dealer fails to ~~submit~~ remit the full quarterly
 11 per-bushel fee ~~or quarterly forms~~ and form when due or if,
 12 upon examination, an underpayment of the fee is found by the
 13 department. The licensed grain dealer is subject to a penalty
 14 of ten dollars for each day the licensed grain dealer is
 15 delinquent or an amount equal to the amount of the deficiency,
 16 whichever is less. However, a ~~licensee~~ licensed grain dealer
 17 who fails to ~~submit~~ remit the full quarterly per-bushel fee or
 18 ~~quarterly forms~~ form when due, is subject to a minimum payment
 19 of ten dollars. The department may establish and apply a
 20 margin of error in determining whether a licensed grain dealer
 21 is delinquent. ~~The per-bushel fee shall be collected only once~~
 22 ~~on each bushel of grain.~~

23 **d.** The per-bushel fee shall not be collected more
 24 than once on each bushel of grain. A licensed grain dealer
 25 may ~~choose to~~ pass on the cost of a per-bushel fee to the
 26 sellers by an itemized discount noted on the settlement sheet.
 27 However, if the per-bushel fee is not in effect, ~~no~~ a licensed
 28 grain dealer shall not make such a discount on the purchase of
 29 grain. A discount made nominally for the per-bushel fee while
 30 the per-bushel fee is not in effect is grounds for a license
 31 suspension or revocation under [chapter 203](#).

32 Sec. 12. Section 203D.5, subsection 1, Code 2025, is amended
 33 to read as follows:

34 1. The board shall annually review the debits of and credits
 35 to the grain depositors and sellers indemnity fund created

1 in [section 203D.3](#) and shall determine whether to impose the
2 ~~participation fee and per-bushel fee~~ indemnity fees as provided
3 in [section 203D.3A](#), make adjustments to the indemnity fees
4 ~~effective on the previous September 1~~ in effect, or waive the
5 indemnity fees in effect as necessary to comply with this
6 section. The board shall make the determination not later
7 than May 1 of each year. The board shall impose the indemnity
8 fees or adjust the indemnity fees ~~effective on the previous~~
9 ~~September 1~~ in effect in accordance with [chapter 17A](#). The
10 imposition or adjustment of the indemnity fees shall become
11 effective as follows:

12 *a.* For the participation fee, on the first day of the fund's
13 following ~~September 1~~ assessment year. However, the licensee
14 shall continue to pay the any owing participation fee at the
15 rate in effect on the ~~prior September 1~~ first day of the fund's
16 current assessment year, until the licensee has paid the amount
17 owing.

18 *b.* For a per-bushel fee, on the ~~following September 1~~ first
19 day of the fund's assessment year.

20 Sec. 13. Section 203D.5, subsections 4 and 5, Code 2025, are
21 amended to read as follows:

22 4. If on the last date of the fund's assessment year as
23 provided in [section 203D.3](#) the assets of the fund exceed ~~eight~~
24 twelve million dollars, less any encumbered balances or pending
25 or unsettled claims, all of the following apply:

26 *a.* The participation fee shall be waived and shall not be
27 assessable or owing for the fund's following assessment year
28 ~~of the fund~~. However, the licensee shall continue to pay
29 any owing participation fee that was in effect on the ~~prior~~
30 ~~September 1~~ first day of the fund's current assessment year.

31 *b.* The per-bushel fee shall be waived and shall not be
32 assessable or owing.

33 5. The board shall reinstate the indemnity fees as
34 provided in [this section](#) if the assets of the fund, less any
35 unencumbered balances or pending or unsettled claims, are ~~three~~

1 five million dollars or less.

2 Sec. 14. Section 203D.6, subsection 4, paragraph d, Code
3 2025, is amended to read as follows:

4 *d.* That the claim derives from a covered transaction. For
5 purposes of this paragraph, a claim derives from a covered
6 transaction if the claimant is a seller who transferred
7 title to the grain to a licensed grain dealer ~~other than by~~
8 ~~credit sale contract~~ within six months of the incurrence date
9 for a claim period as provided in [subsection 2](#), or if the
10 claimant is a depositor who delivered the grain to a licensed
11 warehouse operator.

12 Sec. 15. Section 203D.6, subsection 8, Code 2025, is amended
13 to read as follows:

14 8. *Payment of claims.* Upon a determination that the claim
15 is eligible for payment, the board shall provide for payment of
16 ninety percent of the loss, as determined under [subsection 5](#),
17 but not more than three hundred thousand dollars per claimant.
18 If at any time the board determines that there are insufficient
19 ~~funds~~ moneys to make ~~payment~~ payments of all claims under this
20 section and all repayment claims under section 203D.6A, the
21 board may order that ~~payment~~ payments be deferred on specified
22 claims. The department, upon the board's instruction, shall
23 hold those claims for ~~payment~~ deferred payments until the board
24 determines ~~that the fund again contains~~ there are sufficient
25 ~~assets~~ moneys in the fund to make payments on all those claims.

26 Sec. 16. NEW SECTION. 203D.6A **Repayment claims against**
27 **fund.**

28 1. A separate indemnity claim process is established to
29 provide for the indemnification of a repayment loss incurred by
30 a seller against a grain dealer who is a debtor in bankruptcy
31 under the protections provided in Tit. 11 of the United States
32 Code.

33 *a.* A repayment claim shall be filed with the department in
34 the manner prescribed by the department.

35 *b.* A seller may file an eligible claim for a loss under

1 section 203D.6 and an eligible repayment claim for a repayment
2 loss under this section.

3 2. To be timely, a seller must file a repayment claim with
4 the department not later than sixty days after the repayment
5 loss is finalized by a bankruptcy court, whether by an order
6 issued, judgment entered, or settlement agreement approved.

7 3. The department may provide notice of the repayment claim
8 process to a seller that may become or has become subject to
9 an order issued, judgment entered, or settlement agreement
10 approved by a bankruptcy court that requires the seller to
11 pay back amounts previously received for grain purchased by a
12 licensed grain dealer, in the bankruptcy of the grain dealer.
13 If the department chooses to provide a notice to the seller, it
14 shall have discretion to determine any reasonable method and
15 manner of providing such notice. A failure by the department
16 to provide a notice or a failure by a seller to receive a notice
17 under this subsection, does not relieve the seller of the
18 requirement to timely file a repayment claim.

19 4. The board shall determine that a repayment claim is
20 eligible for payment from the fund if the board finds all of
21 the following:

22 a. The repayment claim was timely filed.

23 b. The repayment claimant qualifies as a seller.

24 c. The repayment claim derives from a covered transaction.

25 For purposes of this paragraph, a claim derives from a covered
26 transaction if the claimant is a seller who transferred title
27 to the grain to a licensed grain dealer within six months of
28 the incurrence date as provided in section 203D.6, subsection
29 2.

30 d. The seller submits adequate proof to establish the
31 repayment claim and the amount of the repayment loss.

32 e. A claim has not been paid for the same repayment loss.

33 5. A seller is not entitled to indemnify a claim for a
34 repayment loss if the repayment loss is incurred as a result of
35 a fraudulent transfer or conveyance by the seller.

1 6. The dollar value of a repayment claim is the amount a
2 seller has paid back that was previously received for the grain
3 as a result of an order issued, judgment entered, or settlement
4 agreement approved by a bankruptcy court and which has not been
5 recovered through other legal or equitable remedies including
6 the liquidation of assets.

7 7. The department acting on behalf of the board shall
8 deliver a notice to a seller filing a claim under this section.
9 The notice must include the board's determination of the
10 seller's eligibility and the value of the seller's repayment
11 loss. Within twenty days of delivering the notice, the seller
12 may request a hearing for the review of either determination.
13 The request shall be made in the manner provided by the
14 board. The hearing and any further appeal shall be conducted
15 as a contested case subject to chapter 17A. A seller whose
16 repayment claim has been refused by the board may appeal the
17 refusal to either the district court of Polk county or the
18 district court of the county in which the seller resides.

19 8. Upon a determination that the claim is eligible for
20 indemnification, the board shall provide for payment of ninety
21 percent of the repayment loss, as determined by the board,
22 but not more than three hundred thousand dollars counting
23 the dollar value losses paid to the same grain dealer during
24 the claim period as provided in section 203D.6. If at any
25 time the board determines that there are insufficient moneys
26 in the fund to make payment of all claims under section
27 203D.6 and this section, the board may order that payment be
28 deferred on specified claims. The department, upon the board's
29 instruction, shall hold the claims for deferred payment until
30 the board determines that the fund again contains sufficient
31 assets.

32 9. In the event of the payment of a repayment loss under
33 this section, the fund is subrogated to the extent of the
34 amount of any payments to all rights, powers, privileges,
35 and remedies of the seller against any person regarding

1 the repayment loss. The seller shall render all necessary
2 assistance to the department and the board in securing the
3 rights granted in this section. No action or claim initiated
4 by a seller and pending at the time of payment from the fund
5 shall be compromised or settled without the consent of the
6 board.

7 10. *a.* A repayment claim shall expire if five years after
8 the board determines that the repayment claim is eligible, and
9 the claimant has failed to do any of the following:

10 (1) Provide for the fund's subrogation or render all
11 necessary assistance to the department and the board in
12 securing the department's rights of subrogation as required in
13 this section.

14 (2) Provide necessary documentation or information required
15 by the board in order to process the repayment claim.

16 *b.* The fund is not liable for the payment of an expired
17 repayment claim.

18 Sec. 17. EMERGENCY RULES. The department of agriculture
19 and land stewardship shall adopt emergency rules under section
20 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph
21 "b", to implement the provisions of this division of this
22 Act within thirty business days of the effective date of
23 this section of this Act and shall submit such rules to the
24 administrative rules coordinator and the administrative code
25 editor pursuant to section 17A.5, subsection 1, within the same
26 period. The rules shall be effective immediately upon filing
27 unless a later date is specified in the rules. Any rules
28 adopted in accordance with this section shall also be published
29 as a notice of intended action as provided in section 17A.4.

30 Sec. 18. ASSESSMENT OF INDEMNITY FEES. A grain dealer
31 licensed under chapter 203 who is a party to a credit-sale
32 contract shall owe any indemnity fees assessed on grain
33 purchased under the credit-sale contract beginning on September
34 1 of the first assessment quarter pursuant to section 203D.3A.

35 Sec. 19. EFFECTIVE DATE. The following, being deemed of

1 immediate importance, takes effect upon enactment:

2 The section of this division of this Act requiring the
3 department of agriculture and land stewardship to adopt
4 emergency rules.

5 Sec. 20. APPLICABILITY.

6 1. The process established in section 203D.6A, as enacted
7 by this Act, providing for the indemnification of a repayment
8 claim applies to a seller who incurs a repayment loss against
9 a grain dealer, if the grain dealer is a debtor in bankruptcy
10 under the protections provided in Tit. 11 of the United States
11 Code on or after October 24, 2022.

12 2. For a repayment loss incurred prior to July 1, 2025, the
13 end of the claim period in section 203D.6A, subsection 2, as
14 enacted by this Act, is August 29, 2025.

15 DIVISION II

16 ASSESSMENT YEAR

17 Sec. 21. Section 203D.3, subsection 3, Code 2025, is amended
18 to read as follows:

19 3. The assessment year of the fund ~~begins September~~ is the
20 same as the state fiscal year beginning on July 1 and ends
21 ending on August 31 June 30. Assessment quarters of the fund
22 begin ~~September~~ on July 1, December October 1, March January 1,
23 and ~~June~~ April 1. The finances of the fund shall be calculated
24 on an accrual basis in accordance with generally accepted
25 accounting principles.

26 Sec. 22. CONTINGENT EFFECTIVE DATE.

27 1. This division of this Act takes effect on the publication
28 date of the issue of the Iowa administrative bulletin that
29 includes a notice by the secretary of agriculture stating
30 that the indemnity fees paid by grain dealers and warehouse
31 operators have been waived as provided in section 203D.5.

32 2. The department of agriculture and land stewardship shall
33 send a copy of the notice to the Code editor at least two
34 weeks prior to the publication date of the Iowa administrative
35 bulletin as described in subsection 1.