
DIGEST

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HB 765 Engrossed

2015 Regular Session

Anders

Abstract: Creates security and provisional stock insurance requirements for warehouse, grain dealers, and cotton merchant licenses. Removes the bond requirement from the Agricultural Commodities Dealer and Warehouse Law and replaces it with security and provisional stock insurance requirements. Creates a purpose for the self-insurance fund, and adds additional guidelines that the Louisiana Agricultural Commodities Commission must follow. Provides guidelines for reimbursement for agricultural commodities from the self-insurance fund and the grain and cotton indemnity fund. Provides a definition of "security".

Present law requires agricultural warehouses and grain dealers to be bonded as a condition for a license. Proposed law modifies present law replacing the bond requirement with a requirement that the warehouses, grain dealers, and cotton merchants provide security and provisional stock insurance as a condition for a license.

Proposed law modifies present law by changing the requirement for a commodities dealer appointed to the La. Agricultural Commodities Commission from a commodity broker who is licensed to trade on a commodity exchange and familiar with the trading of future contracts affecting commodities to a commodity trader who executes future trades related to a hedging program for purchases or sales of commodities.

Present law requires the commission to operate a program of self-insurance for warehouses, grain dealers, and cotton merchants limited to the amount of bonds required in present law. Proposed law modifies present law by removing the bond requirement and adding guidelines for reimbursement.

Proposed law modifies present law by adding the purpose of the self-insurance fund as solely for having funds available for use in meeting a licensee's obligations for reimbursement of any person who stored agricultural commodities in a warehouse or a producer who sold agricultural commodities to the licensee and was not fully compensated.

Present law authorizes the commission to take action on behalf of the Grain and Cotton Indemnity Fund against a person to recover the amount of payment made, plus costs and attorney fees, with interest computed at the U.S. Treasury two-year note rate. Proposed law replaces present law by authorizing the commission to recover the amount of payment made, plus reasonable costs, including court costs, legal interest, and reasonable attorney fees.

Present law grants recourse on the bond or alternate security required to the extent of the loss suffered by the producer to any producer from whom cotton was purchased or contracted to be

purchased as a result of nonperformance of the cotton merchant or cotton agent.

Proposed law replaces present law by directing the producer to submit a claim on the security to the commission pursuant to its administrative procedures as a result of nonperformance of the cotton merchant or cotton agent.

Proposed law provides a definition for "security" for purposes of the agricultural commodities dealer and warehouse law.

Proposed law redesignates present law as follows:

From R.S. 3:3409 to R.S. 3:3410

From R.S. 3:3410.1 to R.S. 3:3412

From R.S. 3:3410.2 to R.S. 3:3412.1

From R.S. 3:3411 to R.S. 3:3410.1

From R.S. 3:3411.1 to R.S. 3:3410.2

From R.S. 3:3412 to R.S. 3:3411

(Amends R.S. 3:3402(17) and (18), 3403(A)(5), 3405(A)(3), (4), and (B)(7), 3409-3412, and 3414.4; Adds R.S. 3:3402(19) and 3412.1)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Agriculture, Forestry, Aquaculture, and Rural Development to the original bill:

1. Make technical changes.
2. Change the requirement for a commodities dealer appointed to the La. Agricultural Commodities Commission from a commodity broker who is licensed to trade on a commodity exchange and who is familiar with the trading of future contracts affecting commodities to a commodity trader who executes future trades related to a hedging program for purchases or sales of commodities.