

HOUSE BILL No. 2401

By Committee on Federal and State Affairs

2-17

AN ACT concerning agriculture; relating to filing of security by grain brokers; requirements and procedures.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) All grain brokers doing business in this state shall file security with and payable to the secretary of agriculture for the benefit of any grain producer within the state who files a valid claim arising from a sale to or purchase from a grain broker. Such security shall be a bond issued by a corporate surety company or other similar financial assurance as determined by the secretary. The security shall be in the amount of \$1,000,000. Such security shall be furnished on the condition that the grain broker shall pay for any grain purchased upon demand, not later than 30 days after taking possession of the grain purchased. The liability of the surety shall cover purchases and sales made or arranged by the grain broker during the time the bond is in force. A grain broker's bond filed with the secretary shall be in continuous force and effect until canceled by the surety. Any such grain broker's bond filed with the secretary shall be available upon request for public inspection.

(b) A grain broker shall provide proof of the filing of such bond and that the bond is in effect upon request of any customer or grain producer currently in or considering entering into a business relationship with the grain broker.

(c) The secretary shall promulgate rules and regulations to carry out the provisions of this act.

(d) As used in this act: (1) "Grain" means wheat, corn, oats, barley, rye, soybeans, grain sorghums and any grain upon which federal standards are established;

(2) "grain broker" means any person or entity, other than a custom feeder of livestock or poultry, a warehouseman licensed pursuant to the provisions of K.S.A. 34-228 *et seq.*, and amendments thereto, or a grain warehouse located in Kansas which is licensed under the United States warehouse act, who buys grain from its owner or grain producer within this state for purposes of selling such grain or transports grain into this state for purposes of selling such grain; and

(3) "grain producer" means the owner, tenant or operator of land in

1 this state who has an interest in and receives all or part of the proceeds
2 from the sale of grain produced on that land.

3 Sec. 2. This act shall take effect and be in force from and after its
4 publication in the statute book.

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