

SB3438



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3438

Introduced 2/14/2020, by Sen. Scott M. Bennett

SYNOPSIS AS INTRODUCED:

225 ILCS 645/16

from Ch. 111, par. 416

Amends the Illinois Livestock Dealer Licensing Act. Provides that the form and amount of the surety bond posted by a livestock dealer prior to licensing under the Act shall be prescribed by the Packers and Stockyards Administration of the United States Department of Agriculture. Deletes current provisions related to the form and amount of the surety bond posted by a livestock dealer prior to licensing under the Act.

LRB101 20396 JWD 69945 b

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Livestock Dealer Licensing Act is
5 amended by changing Section 16 as follows:

6 (225 ILCS 645/16) (from Ch. 111, par. 416)

7 Sec. 16. Prior to the issuance of a license, as a livestock
8 dealer, each applicant therefor shall file a surety bond with
9 the Department, conditioned on his performance of all duties
10 required by law of a livestock dealer. The form of such bond
11 shall be prescribed by the Packers and Stockyards
12 Administration of the United States Department of Agriculture
13 ~~Department~~. The bond shall specifically provide that the
14 livestock dealer shall pay when due, to the person or persons
15 entitled thereto, the purchase price of all livestock purchased
16 by the livestock dealer. The surety on any such bond shall be a
17 surety company authorized to do business within the State of
18 Illinois. The amount of such bond shall be equal to the
19 requirements of the bonding requirements of the Packers and
20 Stockyards Administration of the United States Department of
21 Agriculture. ~~not less than the nearest multiple of \$2,000 above~~
22 ~~the average amount of livestock purchases by such livestock~~
23 ~~dealer for 3 business days, based on the total number of~~

1 ~~business days, and the total amount of such sales and purchases~~
2 ~~in the preceding 12 months, or in such part thereof in which~~
3 ~~such livestock dealer did business, if any. For the purpose of~~
4 ~~this computation, 260 days shall be deemed the number of~~
5 ~~business days in the year. However, the amount of the bond~~
6 ~~shall not be less than \$6,000, and when the bond requirements~~
7 ~~exceed \$50,000 calculated on the livestock purchases as~~
8 ~~hereinbefore specified, the amount of the bond need not exceed~~
9 ~~\$50,000 plus 15% of the excess. Whenever there has been a~~
10 ~~change in the gross amount of business transacted during the~~
11 ~~12-month period prior to the renewal of any license which would~~
12 ~~warrant an increase or decrease in the amount of bond coverage~~
13 ~~required under this Act, the livestock dealer shall have his~~
14 ~~bond adjusted accordingly upon receipt of notice to that~~
15 ~~effect. A blanket bond based upon the gross amount of business~~
16 ~~transacted on an annual basis for each enterprise operated~~
17 ~~under the same ownership may be furnished by licensees in lieu~~
18 ~~of individual bonds for each enterprise operated if they so~~
19 ~~desire.~~ Such bond shall be continuous in nature and shall
20 provide that it may not be cancelled without 30 days written
21 notice of termination to the Department prior to the effective
22 date of such termination. In cases where a livestock dealer
23 under this Act has a bond on file with the United States
24 Department of Agriculture, Packers and Stockyards,
25 Agricultural Marketing Service, or any successor agency, and
26 such bond is in an amount and conditioned upon such terms so as

1 to meet the requirements of this Act, separate bond coverage
2 under this Act is not required. In any case where an applicant
3 has sufficient bond posted with the United States Department of
4 Agriculture, Packers and Stockyards, Agricultural Marketing
5 Service, or any successor agency, to satisfy the provisions of
6 this Act, a duplicate original of such bond shall be furnished
7 to the Department and such bond shall replace the State bond as
8 if it were the State bond.

9 In lieu of filing such bond, the livestock dealer may
10 deliver to the Department the receipt of a duly authorized
11 bank, savings and loan association or trust company in this
12 State showing the deposit with the bank, savings and loan
13 association or trust company of cash or of securities endorsed
14 in blank by the owner thereof and of a market value equal at
15 least to the required principal amount of such bond, such cash
16 or securities to be deposited in escrow under agreement
17 conditioned as in the case of such bond. Such trust fund
18 agreement shall be on forms prescribed by the Department. An
19 action for recovery against any such deposit may be brought in
20 the same manner as in the case of an action for recovery on a
21 bond filed hereunder. Any such receipt shall further be
22 accompanied by evidence that there are no unsatisfied judgments
23 against the livestock dealer of record in the county where the
24 livestock dealer resides.

25 Any livestock dealer required to maintain a surety bond
26 under this Act may elect to maintain, in whole or partial

1 substitution for such surety bond, one or more irrevocable
2 letters of credit on which a trustee is authorized to draw
3 funds subject to a trust agreement. The amount of such letters
4 of credit, surety bond, trust fund agreement, or combination
5 thereof, must be the total amount of the surety bond otherwise
6 required under this Act. Such letters of credit and trust
7 agreements shall be on forms prescribed by the Department. Any
8 letter of credit must be issued for a period of not less than
9 one year. The Director shall be trustee on any such trust
10 agreement. An action for recovery against this trust agreement
11 with related letter of credit may be brought in the same manner
12 as in case of an action for recovery on a bond filed hereunder.
13 This letter of credit with trust agreement may be terminated by
14 any party to the agreement by providing the Department with
15 written notice of such termination of at least 30 days prior to
16 the effective date of termination. In any case when a livestock
17 dealer has elected to maintain one or more irrevocable letters
18 of credit with related trust agreements, in order to fulfill
19 the bonding requirements of the Packers and Stockyards
20 Administration, United States Department of Agriculture, or
21 any successor agency, such letters of credit with trust
22 agreements shall satisfy the provisions of this Act, and such
23 letters of credit with trust agreements shall replace the State
24 letters of credit with trust agreements as if they were the
25 State letters of credit with trust agreements.

26 Whenever the Director has reason to believe that any bond,

1 or bond substitute, filed or maintained under this Act is
2 inadequate to secure the performance of the obligations of the
3 livestock dealer covered by such bond, he shall notify the
4 livestock dealer to adjust such bond to meet the requirements
5 of this Section, or, if such bond is inadequate because of the
6 volume of business conducted on a seasonal or otherwise
7 irregular basis, to meet such requirements as may be determined
8 by the Director to be reasonable based upon such seasonal or
9 irregular operation.

10 (Source: P.A. 87-160.)