

SB0214



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB0214

Introduced 2/2/2005, by Sen. John M. Sullivan

SYNOPSIS AS INTRODUCED:

240 ILCS 40/10-15

Amends the Grain Code. Requires the Department of Agriculture to prescribe or authorize price later contract forms in electronic document format. Effective immediately.

LRB094 06129 JAM 36194 b

A BILL FOR

1 AN ACT concerning warehouses.

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

4 Section 5. The Grain Code is amended by changing Section
5 10-15 as follows:

6 (240 ILCS 40/10-15)

7 Sec. 10-15. Price later contracts.

8 (a) Price later contracts shall be written on forms
9 prescribed or authorized by the Department. The Department
10 shall also prescribe or authorize contracts to be electronic
11 documents. Price later contract forms shall be printed by a
12 person authorized to print those contracts by the Department
13 after that person has agreed to comply with each of the
14 following:

15 (1) That all price later contracts shall be printed as
16 prescribed by the Department and shall be printed only for
17 a licensed grain dealer.

18 (2) That all price later contracts shall be numbered
19 consecutively and a complete record of these contracts
20 shall be retained showing for whom printed and the
21 consecutive numbers printed on the contracts.

22 (3) That a duplicate copy of all invoices rendered for
23 printing price later contracts that will show the
24 consecutive numbers printed on the contracts, and the
25 number of contracts printed, shall be promptly forwarded to
26 the Department.

27 (4) that the person shall register with the Department
28 and pay an annual registration fee of \$100 to print price
29 later contracts.

30 (b) A grain dealer purchasing grain by price later contract
31 shall at all times own grain, rights in grain, proceeds from
32 the sale of grain, and other assets acceptable to the

1 Department as set forth in this Code totaling 90% of the unpaid
2 balance of the grain dealer's obligations for grain purchased
3 by price later contract. That amount shall at all times remain
4 unencumbered and shall be represented by the aggregate of the
5 following:

6 (1) Grain owned by the grain dealer valued by means of
7 the hedging procedures method that includes marking open
8 contracts to market.

9 (2) Cash on hand.

10 (3) Cash held on account in federally or State licensed
11 financial institutions.

12 (4) Investments held in time accounts with federally or
13 State licensed financial institutions.

14 (5) Direct obligations of the U.S. government.

15 (6) Funds on deposit in grain margin accounts.

16 (7) Balances due or to become due to the licensee on
17 price later contracts.

18 (8) Marketable securities, including mutual funds.

19 (9) Irrevocable letters of credit in favor of the
20 Department and acceptable to the Department.

21 (10) Price later contract service charges due or to
22 become due to the licensee.

23 (11) Other evidence of proceeds from or of grain that
24 is acceptable to the Department.

25 (c) For the purpose of computing the dollar value of grain
26 and the balance due on price later contract obligations, the
27 value of grain shall be figured at the current market price.

28 (d) Title to grain sold by price later contract shall
29 transfer to a grain dealer at the time of delivery of the
30 grain. Therefore, no storage charges shall be made with respect
31 to grain purchased by price later contract. A service charge
32 for handling the contract, however, may be made.

33 (e) Subject to subsection (f) of this Section, if a price
34 later contract is not signed by all parties within 30 days of
35 the last date of delivery of grain intended to be sold by price
36 later contract, then the grain intended to be sold by price

1 later contract shall be priced on the next business day after
2 30 days from the last date of delivery of grain intended to be
3 sold by price later contract at the market price of the grain
4 at the close of the next business day after the 29th day. When
5 the grain is priced under this subsection, the grain dealer
6 shall send notice to the seller of the grain within 10 days.
7 The notice shall contain the number of bushels sold, the price
8 per bushel, all applicable discounts, the net proceeds, and a
9 notice that states that the Grain Insurance Fund shall provide
10 protection for a period of only 160 days from the date of
11 pricing of the grain.

12 In the event of a failure, if a price later contract is not
13 signed by all the parties to the transaction, the Department
14 may consider the grain to be sold by price later contract if a
15 preponderance of the evidence indicates the grain was to be
16 sold by price later contract.

17 (f) If grain is in storage with a warehouseman and is
18 intended to be sold by price later contract, that grain shall
19 be considered as remaining in storage and not be deemed sold by
20 price later contract until the date the price later contract is
21 signed by all parties.

22 (g) Scale tickets or other approved documents with respect
23 to grain purchased by a grain dealer by price later contract
24 shall contain the following: "Sold Grain; Price Later".

25 (h) Price later contracts shall be issued consecutively and
26 recorded by the grain dealer as established by rule.

27 (i) A licensee shall not issue a collateral warehouse
28 receipt on grain purchased by a price later contract to the
29 extent the purchase price has not been paid by the licensee.

30 (j) Failure to comply with the requirements of this Section
31 may result in suspension of the privilege to purchase grain by
32 price later contract for up to one year.

33 (k) When a producer with a price later contract selects a
34 price for all or any part of the grain represented by that
35 contract, then within 5 business days after that price
36 selection, the licensee shall mail to that producer a

1 confirmation of the price selection, clearly and succinctly
2 indicating the price selected.

3 (Source: P.A. 93-225, eff. 7-21-03.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.