

AN ACT concerning warehouses.

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

Section 5. The Grain Code is amended by changing Sections 20-20, 25-20, 30-5, 30-15, and 35-5 as follows:

(240 ILCS 40/20-20)

Sec. 20-20. Liquidation expenses; Asset Preservation Account.

(a) The Trustee shall pay from the Trust Account all reasonable expenses incurred by the trustee on or after the date of failure in reference to seizing, preserving, and liquidating the grain assets, equity assets, collateral, and guarantees of or relating to a failed licensee, including, but not limited to, the hiring of temporary field personnel, equipment rental, auction expenses, mandatory commodity check-offs, and clerical expenses.

(b) Except as to claimants holding valid claims, any outstanding indebtedness of a failed licensee that has accrued before the date of failure shall not be paid by the Trustee and shall represent a separate cause of action of the creditor against the failed licensee.

(c) The Trustee shall report all expenditures paid from the Trust Account to the Corporation at least annually.

(d) To the extent assets are available under subsection (g) of Section 25-20 and upon presentation of documentation satisfactory to the Trustee, the Trustee shall transfer from the Trust Account to the Regulatory Fund an amount not to exceed the expenses incurred by the Department in performance of its duties under Article 20 of this Code, in reference to the failed licensee.

(e) The Department shall establish and maintain an Asset Preservation Account as provided in Section 205-410 of the

Department of Agriculture Law of the Civil Administrative Code of Illinois that shall contain a maximum of \$50,000. The funds in the Asset Preservation Account are to be used solely by the Trustee for the reasonable expenses incurred by the Department on or after the date of failure for preserving and liquidating grain assets, equity assets, collateral, and guarantees of or relating to a failed licensee, provided that the Department has made a determination that the benefit of preserving and liquidating the grain assets, equity assets, collateral, and guarantees exceeds the anticipated costs of the preservation and liquidation, and only to the extent that all liquid and available moneys in the Grain Indemnity Trust Account relating to the particular failure have been exhausted. The Asset Preservation Account shall be funded by the income earned on the assets in the Fund. The income must be transferred to the Asset Preservation Account on a monthly basis, within 10 business days after the end of each calendar month, and to the extent necessary to maintain the \$50,000 balance. The Trustee, or his or her designee, must file a report of all receipts by and disbursements from the Asset Preservation Account with the Board prior to each meeting of the Board.

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

(240 ILCS 40/25-20)

Sec. 25-20. Priorities and repayments.

(a) All valid claims shall be paid from the Trust Account, as provided in Section 25-10, first from the proceeds realized from liquidation of and collection upon the grain assets relating to the failed licensee, as to warehouse claimants, and the equity assets as to a secured party or lien holder who has consented to the Department liquidating and collecting upon the equity asset as set forth in subsection (f) of Section 20-15, and the remaining equity assets, collateral, and guarantees relating to the failed licensee, as to grain dealer claimants.

(b) If the proceeds realized from liquidation of and collection upon the grain assets, equity assets, collateral,

and guarantees relating to the failed licensee are insufficient to pay all valid claims as provided in Section 25-10 and subsection (a) of this Section as payment on those claims becomes due, the Director shall request from the Board sufficient funds to be transferred from the Fund to the Trust Account to pay the balance owed to claimants as determined under Section 25-10. If a request is made by the Director for a transfer of funds to the Trust Account from the Fund, the Board shall act on that request within 25 days after the date of that request. Once moneys are transferred from the Fund to the Trust Account, the Director shall pay the balance owed to claimants in accordance with Section 25-10.

(c) Net proceeds from liquidation of grain assets as set forth in subsection (a) of Section 25-10 received by the Department, to the extent not already paid to warehouse claimants, shall be prorated among the fund and all warehouse claimants who have not had their valid claims paid in full.

(1) The pro rata distribution to the Fund shall be based upon the total amount of valid claims of all warehouse claimants who have had their valid claims paid in full. The pro rata distribution to each warehouse claimant who has not had his or her valid claims paid in full shall be based upon the total amount of that claimant's original valid claims.

(2) If the net proceeds from the liquidation of grain assets as set forth in subsection (a) of Section 25-10 exceed all amounts needed to satisfy all valid claims filed by warehouse claimants, the balance remaining shall be paid into the Trust Account or as set forth in subsection (h).

(d) Subject to subsections (c) and (h):

(1) The proceeds realized from liquidation of and collection upon the grain assets, equity assets, collateral, and guarantees relating to the failed licensee or any other assets relating to the failed licensee that are received by the Department, to the extent not already paid to claimants, shall be first used to repay the Fund

for moneys transferred to the Trust Account.

(2) After the Fund is repaid in full for the moneys transferred from it to pay the valid claims in reference to a failed licensee, any remaining proceeds realized from liquidation of and collection upon the grain assets, equity assets, collateral, and guarantees relating to the failed licensee thereafter received by the Department shall be prorated to the claimants holding valid claims who have not received 100% of the amount of their valid claims based upon the unpaid amount of their valid claims.

(e) After all claimants have received 100% of the amount of their valid claims, to the extent moneys are available interest at the rate of 6% per annum shall be assessed and paid to the Fund on all moneys transferred from the Fund to the Trust Account.

(f) After the Fund is paid the interest as provided in subsection (e) of this Section, then those claims barred and disallowed under items (1) and (2) of subsection (g) of Section 25-10 shall be paid on a pro rata basis only to the extent that moneys are available.

(g) Once all claims become valid claims and have been paid in full and all interest as provided in subsection (e) of this Section is paid in full, ~~and~~ all claims are paid in full under subsection (f), and all payments are made as required under Section 20-20(d), any remaining grain assets, equity assets, collateral, and guarantees, and the proceeds realized from liquidation of and collection upon the grain assets, equity assets, collateral, and guarantees relating to the failed licensee, shall be returned to the failed licensee or its assignee, or as otherwise directed by a court of competent jurisdiction.

(h) If amounts in the Fund are insufficient to pay all valid claims, the Corporation shall transfer from the Reserve Fund to the Fund amounts sufficient to satisfy the valid claims, and to the extent the amounts thus transferred are insufficient to pay all valid claims, the General Assembly

shall appropriate to the Corporation amounts sufficient to satisfy the valid claims. If for any reason the General Assembly fails to make an appropriation to satisfy outstanding valid claims, this Code constitutes an irrevocable and continuing appropriation of all amounts necessary for that purpose and the irrevocable and continuing authority for and direction to the State Comptroller and to the State Treasurer to make the necessary transfers and disbursements from the revenues and funds of the State for that purpose. Subject to payments to warehouse claimants as set forth in subsection (c) of Section 25-20, the State shall be first reimbursed, and the Reserve Fund shall thereafter be reimbursed to the extent needed to restore the Reserve Fund to a level of \$2,000,000 of principal (not including income on the assets in the Reserve Fund) as soon as funds become available for any amounts paid under subsection (g) of this Section upon replenishment of the Fund from assessments under subsections (d), (f), and (g) of Section 5-30 and collection upon grain assets, equity assets, collateral, and guarantees relating to the failed licensee.

(i) The Department shall have those rights of equitable subrogation which may result from a claimant receiving from the Fund payment in full of the obligations of the failed licensee to the claimant.

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

(240 ILCS 40/30-5)

Sec. 30-5. Illinois Grain Insurance Corporation.

(a) The Corporation is a political subdivision, body politic, and public corporation. The governing powers of the Corporation are vested in the Board of Directors composed of the Director, who shall personally serve as president; the Attorney General or his or her designee, who shall serve as secretary; the State Treasurer or his or her designee, who shall serve as treasurer; the Director of the Department of Insurance or his or her designee; and the chief fiscal officer of the Department. Three members of the Board constitute a

quorum at any meeting of the Board, and the affirmative vote of 3 members is necessary for any action taken by the Board at a meeting, except that a lesser number may adjourn a meeting from time to time. A vacancy in the membership of the Board does not impair the right of a quorum to exercise all the rights and perform all the duties of the Board and Corporation.

(b) The Corporation has the following powers, together with all powers incidental or necessary to the discharge of those powers in corporate form:

(1) To have perpetual succession by its corporate name as a corporate body.

(2) To adopt, alter, and repeal bylaws, not inconsistent with the provisions of this Code, for the regulation and conduct of its affairs and business.

(3) To adopt and make use of a corporate seal and to alter the seal at pleasure.

(4) To avail itself of the use of information, services, facilities, and employees of the State of Illinois in carrying out the provisions of this Code.

(5) To receive funds, printer registration fees, and penalties assessed by the Department under this Code.

(6) To administer the Fund by investing funds of the Corporation that the Board may determine are not presently needed for its corporate purposes.

(7) To receive funds from the Trust Account for deposit into the Fund.

(8) Upon the request of the Director, to make payment from the Fund and the Reserve Fund to the Trust Account when payment is necessary to compensate claimants in accordance with the provisions of Section 25-20 or for payment of refunds to licensees in accordance with the provisions of this Code.

(9) To authorize, receive, and disburse funds by electronic means.

(10) To make any inquiry and investigation deemed appropriate with regard to the failure of any licensee,

including but not limited to analyzing the causes of and reasons for the failure; determining the adequacy and accuracy of Department examinations and other regulatory measures with regard to the failed licensee; and analyzing whether the handling of the liquidation and payment process by the Department was done in a manner that served the interests of those persons whose interests this Code was designed to protect.

(11) To have those powers that are necessary or appropriate for the exercise of the powers specifically conferred upon the Corporation and all incidental powers that are customary in corporations.

(12) To make payments from the Fund to the Asset Preservation Account in accordance with Section 20-20(e) of this Code.

(c) A committee of advisors shall be created to provide technical assistance and advice and make recommendations to the Board. The advisory committee shall assist the board in understanding pertinent developments in grain production and marketing and the grain industry. The advisory committee shall be composed of one grain producer designated by the Illinois Farm Bureau; one grain producer designated by the Illinois Farmers Union; one grain producer designated by the Illinois Corn Growers Association; one grain producer designated by the Illinois Soybean Association; 2 representatives of the grain industry, designated by the Grain and Feed Association of Illinois; and 2 representatives of the lending industry, one each designated by the Illinois Bankers Association and the Community Bankers of Illinois. Members of the advisory committee shall serve terms of 2 years from the date of their designation. Members of the advisory committee shall have the right to attend all meetings of the Board and participate in Board discussions, but shall not have a vote.

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

Sec. 30-15. Investments of the Fund.

(a) All assessments by the Department under Section 5-30 shall be held by the Corporation in the Fund.

(b) Subject to applicable law, the assets of the Fund may be invested and reinvested at the discretion of the Corporation, and the income from these investments shall be deposited to the credit of the Fund and shall be available for the same purposes as all other assets of the Fund.

(c) Except as provided in Section 20-20(e), the ~~The~~ assets of the Fund shall not be available for any purpose other than the payment of valid claims under this Code and the payment of refunds of amounts that the Board determines have been inappropriately paid into the Fund, and may not be transferred to any other fund, other than the Trust Account when necessary to pay valid claims under this Code or to pay refunds authorized by the Board.

(Source: P.A. 89-287, eff. 1-1-96.)

(240 ILCS 40/35-5)

Sec. 35-5. Regulatory Fund.

(a) The Regulatory Fund is created as a trust fund in the State Treasury. The Regulatory Fund shall receive license, certificate, and extension fees under Sections 5-10, 5-15, and 5-20 and funds under subsection (g) of Section 25-20 and shall pay expenses as set forth in this Article 35.

(b) Any funds received by the Director under Sections 5-10, 5-15, and 5-20 and funds disbursed for deposit to the Regulatory Fund under subsection (g) of Section 25-20 shall be deposited with the Treasurer as ex officio custodian and held separate and apart from any public money of this State, with interest accruing on moneys in the Regulatory Fund deposited into the Regulatory Fund. Disbursement from the Fund for expenses as set forth in this Article 35 shall be by voucher ordered by the Director, accompanied by documentation satisfactory to the Treasurer and the Comptroller supporting the payment warrant drawn by the Comptroller and countersigned

by the Treasurer. Moneys in the Regulatory Fund shall not be subject to appropriation by the General Assembly but shall be subject to audit by the Auditor General. Interest earned on moneys deposited into the Regulatory Fund shall be deposited into the Regulatory Fund.

(c) Fees deposited into the Regulatory Fund under Sections 5-10, 5-15, and 5-20 shall be expended only for the following program expenses of the Department;

(1) Implementation and monitoring of programs of the Department solely under this Code, including an electronic warehouse receipt program.

(2) Employment or engagement of certified public accountants to assist in oversight and regulation of licensees in the course of an intermediate or advanced examination under Section 1-15.

(3) Training and education of examiners and other Department employees in reference to Department programs established to implement the Department's duties solely under the Code.

(d) Any expenses incurred by the Department in performance of its duties under Article 20 of the Code shall be reimbursed to the Department out of the net assets of a liquidation to the extent available under subsection (g) ~~(g)~~ of Section 25-20 and shall be deposited into the Regulatory Fund and shall be expended solely for program expenses under the Code.

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