

State of South Dakota

NINETY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2018

400Z0487

SENATE BILL NO. 26

Introduced by: The Committee on Agriculture and Natural Resources at the request of the
Public Utilities Commission

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding public grain buyers.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. That § 49-45-7.1 be amended to read:

4 49-45-7.1. An applicant may apply for a Class A grain buyer's license or a Class B grain
5 buyer's license. No grain buyer with a Class B grain buyer's license may purchase grain in excess
6 of ~~ten~~ five million dollars for the annual licensed period or enter into voluntary credit sale
7 contracts. The commission shall require an applicant for a Class A grain buyer's license to
8 submit a more detailed review of its financial condition than an applicant for a Class B grain
9 buyer's license.

10 Section 2. That § 49-45-9 be amended to read:

11 49-45-9. Before any grain buyer license is issued by the commission, the applicant shall file
12 with the commission a bond conditioned to secure the faithful performance of the applicant's
13 obligations as a grain buyer and full and unreserved compliance with the laws of this state and
14 the rules of the commission, relating to the purchase of grain by the grain buyer. The bond is for
15 the specific purpose of protecting persons selling grain to the grain buyer. However, the bond



1 may not benefit any person entering into a voluntary credit sale with a grain buyer. Any person
 2 who does business as a grain buyer without a bond is guilty of a Class 1 misdemeanor. Each day
 3 a person conducts the business of a grain buyer without a bond is a separate offense.

4 The amount of the bond for a Class A or Class B grain buyer's license shall be based on a
 5 rolling average of the dollar amount of grain purchased by the applicant in South Dakota during
 6 the last three calendar years. For a new grain buyer, the first year's bond shall be based on
 7 projected purchases. For a grain buyer with less than three years experience as a grain buyer, the
 8 bond shall be based on the average actual purchases made by the grain buyer in all of its
 9 previous years as a grain buyer or projected purchases, whichever amount is higher. The bond
 10 applies to all grain purchases for all of the grain buyer's business locations.

11 The amount of the bond for a Class A grain buyer's license is:

12	Dollar Amount of Grain Purchased	Bond Requirement
13	Less than \$2,000,001	\$50,000
14	\$2,000,001--\$5,000,000	\$100,000
15	\$5,000,001-\$10,000,000	\$150,000
16	\$10,000,001-\$20,000,000	\$200,000
17	\$20,000,001-\$30,000,000	\$250,000
18	\$30,000,001-\$40,000,000	\$300,000
19	\$40,000,001-\$55,000,000	\$350,000
20	\$55,000,001-\$70,000,000	\$400,000
21	\$70,000,001-\$85,000,000	\$450,000
22	\$85,000,001-\$100,000,000	\$500,000

23 Bond requirements are increased twenty-five thousand dollars for each additional ten million
 24 dollars in purchases above one hundred million dollars.

25 The amount of the bond for a Class B grain buyer's license is:

1	Dollar Amount of Grain Purchased	Bond Requirement
2	Less than \$2,000,001	\$50,000
3	\$2,000,001--\$5,000,000	\$100,000
4	\$5,000,001--\$10,000,000	\$150,000

5 The grain buyer may stipulate to a higher bond amount requested by the commission or may
6 post additional security in another form.

7 Section 3. That § 49-45-22 be amended to read:

8 49-45-22. A grain buyer with a Class A license shall keep all company owned grain in the
9 grain buyer's possession insured at current market value of the grain against loss by fire,
10 windstorm, and extended coverage risks. The grain buyer shall furnish the commission with
11 proof of the insurance when the grain buyer applies for a license. A grain buyer with a Class A
12 license shall submit a quarter-ending balance sheet to the commission for inspection within
13 thirty days of the end of each quarter. The balance sheet reports shall be based on each grain
14 buyer's fiscal year. A violation of this section is a Class 1 misdemeanor.