

1.1 Senator ..... moves to amend the delete-everything amendment (SCS2226A-1)  
1.2 to S.F. No. 2226 as follows:

1.3 Page 27, after line 26, insert:

1.4 "Sec. 24. Minnesota Statutes 2018, section 223.16, subdivision 2a, is amended to read:

1.5 Subd. 2a. **Cash sale.** (a) "Cash sale" means:

1.6 ~~(a) a sale that is not reduced to writing as a voluntary extension of credit contract and~~  
1.7 ~~for which payment is tendered to the seller not later than the close of business on the next~~  
1.8 ~~business day after the sale, either in cash or by check, or by mailing or wiring funds to the~~  
1.9 ~~seller's account in the amount of at least 80 percent of the value of the grain at delivery; or~~

1.10 ~~(b) a sale of a shipment of grain which is part of a multiple shipment sale, for which a~~  
1.11 ~~scale ticket clearly marked "CASH" has been received by the seller before completion of~~  
1.12 ~~the entire sale, and for which payment is tendered in cash or by check not later than ten~~  
1.13 ~~days after the sale of that shipment, except that when the entire sale is completed, payment~~  
1.14 ~~is tendered in cash or by check not later than the close of business on the next business day,~~  
1.15 ~~or within 48 hours, whichever is later. For the purposes of this subdivision, "cash" means~~  
1.16 currency or manner of payment equivalent such as a certified check, a cashier's check, a  
1.17 postal, bank, or express money order, in which the amount of payment is verified and secured  
1.18 prior to issuance.

1.19 Sec. 25. Minnesota Statutes 2018, section 223.16, subdivision 4, is amended to read:

1.20 Subd. 4. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed  
1.21 form for which a standard has been established by the United States Secretary of Agriculture  
1.22 ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or other agricultural crops  
1.23 designated by the commissioner by rule.

1.24 Sec. 26. Minnesota Statutes 2018, section 223.17, subdivision 3, is amended to read:

1.25 Subd. 3. **Grain buyers and storage account; fees.** The commissioner shall set the fees  
1.26 for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of  
1.27 administering and enforcing sections 223.15 to 223.22.

1.28 The fee for any license issued or renewed after June 30, 2005, shall be set according to  
1.29 the following schedule:

1.30 (a) \$140 plus \$110 for each additional location for grain buyers whose gross annual  
1.31 purchases are less than \$100,000;

2.1 (b) \$275 plus \$110 for each additional location for grain buyers whose gross annual  
2.2 purchases are at least \$100,000, but not more than \$750,000;

2.3 (c) \$415 plus \$220 for each additional location for grain buyers whose gross annual  
2.4 purchases are more than \$750,000 but not more than \$1,500,000;

2.5 (d) \$550 plus \$220 for each additional location for grain buyers whose gross annual  
2.6 purchases are more than \$1,500,000 but not more than \$3,000,000; and

2.7 (e) \$700 plus \$220 for each additional location for grain buyers whose gross annual  
2.8 purchases are more than \$3,000,000.

2.9 A penalty amount not to exceed ten percent of the fees due may be imposed by the  
2.10 commissioner for each month for which the fees are delinquent.

2.11 There is created the grain buyers and storage account in the agricultural fund. Money  
2.12 collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and  
2.13 credited to the grain buyers and storage account and is appropriated to the commissioner  
2.14 for the administration and enforcement of sections 223.15 to 223.22. Interest, if any, received  
2.15 on deposits of these moneys shall be credited to the account, and there shall be paid into  
2.16 this fund any sum provided by the legislature for the purpose of carrying out the provisions  
2.17 of those sections.

2.18 Sec. 27. Minnesota Statutes 2018, section 223.17, is amended by adding a subdivision to  
2.19 read:

2.20 Subd. 3a. **Examination fee.** A person with a license to buy grain is subject to an  
2.21 examination fee for each licensed location, based on the following schedule for one  
2.22 examination:

<u>Bushel Capacity</u>	<u>Examination</u>
	<u>Fee</u>
<u>Inspections without a grain measure</u>	<u>\$ 100</u>
<u>Less than 150,001</u>	<u>\$ 300</u>
<u>150,001 to 250,000</u>	<u>\$ 425</u>
<u>250,001 to 500,000</u>	<u>\$ 545</u>
<u>500,001 to 750,000</u>	<u>\$ 700</u>
<u>750,001 to 1,000,000</u>	<u>\$ 865</u>
<u>1,000,001 to 1,200,000</u>	<u>\$ 1,040</u>
<u>1,200,001 to 1,500,000</u>	<u>\$ 1,205</u>
<u>1,500,001 to 2,000,000</u>	<u>\$ 1,380</u>
<u>More than 2,000,000</u>	<u>\$ 1,555</u>

3.1 The fee for supplemental examinations is \$55 per hour per examiner.

3.2 Sec. 28. Minnesota Statutes 2018, section 223.17, is amended by adding a subdivision to  
3.3 read:

3.4 Subd. 3b. **Schedule of examination.** A licensee under sections 223.15 to 223.23 is  
3.5 subject to one examination annually conducted by the commissioner or the Agricultural  
3.6 Marketing Service of the United States Department of Agriculture. Examinations must  
3.7 include measurement of all grain owned and maintained by the grain buyer. Additional  
3.8 exams, at the determination of the commissioner, may be required.

3.9 Sec. 29. Minnesota Statutes 2018, section 223.17, subdivision 4, is amended to read:

3.10 Subd. 4. **Bond.** (a) Except as provided in paragraph (f), before a grain buyer's license  
3.11 is issued, the applicant for the license must file with the commissioner a bond in a penal  
3.12 sum prescribed by the commissioner but not less than the following amounts:

3.13 (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;

3.14 (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but  
3.15 not more than \$750,000;

3.16 (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but  
3.17 not more than \$1,500,000;

3.18 (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000  
3.19 but not more than \$3,000,000;

3.20 (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000  
3.21 but not more than \$6,000,000;

3.22 (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000  
3.23 but not more than \$12,000,000;

3.24 (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000  
3.25 but not more than \$24,000,000; and

3.26 (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

3.27 (b) ~~A grain buyer who has filed a bond with the commissioner prior to July 1, 2004, is~~  
3.28 ~~not required to increase the amount of the bond to comply with this section until July 1,~~  
3.29 ~~2005. The commissioner may postpone an increase in the amount of the bond until July 1,~~  
3.30 ~~2006, if a licensee demonstrates that the increase will impose undue financial hardship on~~  
3.31 ~~the licensee, and that producers will not be harmed as a result of the postponement. The~~

4.1 ~~commissioner may impose other restrictions on a licensee whose bond increase has been~~  
4.2 ~~postponed.~~ The amount of the bond shall be based on the most recent gross annual grain  
4.3 purchase report of the grain buyer.

4.4 (c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the  
4.5 commissioner. This bond shall remain in effect for the first year of the license. Thereafter,  
4.6 the licensee shall comply with the applicable bonding requirements contained in paragraph  
4.7 (a), clauses (1) to (8).

4.8 (d) In lieu of the bond required by this subdivision the applicant may deposit with the  
4.9 commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal,~~  
4.10 ~~bank, or express money order, assignable bonds or notes of the United States, or an~~  
4.11 ~~assignment of a bank savings account or investment certificate or an irrevocable bank letter~~  
4.12 of credit as defined in section 336.5-102, in the same amount as would be required for a  
4.13 bond.

4.14 (e) Bonds must be continuous until canceled. To cancel a bond, a surety must provide  
4.15 90 days' written notice of the bond's termination date to the licensee and the commissioner.

4.16 (f) A grain buyer who notifies the commissioner of the intent to purchase grain  
4.17 immediately upon delivery solely with cash; certified check; cashier's check; or postal, bank,  
4.18 or express money order is not obligated to file a bond as long as annual purchases do not  
4.19 exceed \$100,000.

4.20 Sec. 30. Minnesota Statutes 2018, section 223.17, subdivision 5, is amended to read:

4.21 Subd. 5. **Cash sales; manner of payment.** For a cash sale of a shipment of grain ~~which~~  
4.22 ~~is part of a multiple shipment sale,~~ the grain buyer shall tender payment to the seller in cash  
4.23 or by check or shall wire or mail the payment to the seller's account not later than ten days  
4.24 after the sale of that shipment, except that when the entire sale is completed, payment shall  
4.25 be tendered not later than the close of business on the next day, or within 48 hours, whichever  
4.26 is later. For other cash sales the grain buyer, before the close of business on the next business  
4.27 day after the sale, shall tender payment to the seller in cash or by check, or shall wire or  
4.28 mail funds to the seller's account in the amount of at least 80 percent of the value of the  
4.29 grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as  
4.30 possible through ordinary diligence.

5.1 Sec. 31. Minnesota Statutes 2018, section 223.17, subdivision 6, is amended to read:

5.2 Subd. 6. **Financial statements.** (a) The commissioner ~~may~~ shall require an annual  
5.3 financial statement from a licensee which has been prepared in accordance with generally  
5.4 accepted accounting principles and ~~which~~ meets the following requirements:

5.5 (1) the financial statement shall include, but not be limited to the following:

5.6 (i) a balance sheet;

5.7 (ii) a statement of income (profit and loss);

5.8 (iii) a statement of retained earnings;

5.9 (iv) a statement of changes in financial position; and

5.10 (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the  
5.11 grain buyer;

5.12 (2) the financial statement shall be accompanied by a compilation report of the financial  
5.13 statement that is prepared by a grain commission firm ~~or a management firm approved by~~  
5.14 ~~the commissioner or by an independent public accountant~~, in accordance with standards  
5.15 established by the American Institute of Certified Public Accountants. ~~Grain buyers~~  
5.16 ~~purchasing less than 150,000 bushels of grain per calendar year may submit a financial~~  
5.17 ~~statement prepared by a public accountant who is not an employee or a relative within the~~  
5.18 ~~third degree of kindred according to civil law.~~

5.19 (3) the financial statement shall be accompanied by a certification by the chief executive  
5.20 officer or the chief executive officer's designee of the licensee, and where applicable, all  
5.21 members of the governing board of directors under penalty of perjury, that the financial  
5.22 statement accurately reflects the financial condition of the licensee for the period specified  
5.23 in the statement;

5.24 (4) for grain buyers purchasing under \$5,000,000 of grain annually, financial statements  
5.25 shall be reviewed by a certified public accountant in accordance with standards established  
5.26 by the American Institute of Certified Public Accountants, and must show that the financial  
5.27 statements are free from material misstatements; and

5.28 (5) for grain buyers purchasing \$5,000,000 or more of grain annually, financial statements  
5.29 shall be audited by a certified public accountant in accordance with standards established  
5.30 by the American Institute of Certified Public Accountants and must include an opinion  
5.31 statement from the certified public accountant.

6.1 (b) Only one financial statement must be filed for a chain of warehouses owned or  
6.2 operated as a single business entity, unless otherwise required by the commissioner. ~~Any~~  
6.3 ~~grain buyer having a net worth in excess of \$500,000,000 need not file the financial statement~~  
6.4 ~~required by this subdivision but must provide the commissioner with a certified net worth~~  
6.5 ~~statement.~~ All financial statements filed with the commissioner are private or nonpublic  
6.6 data as provided in section 13.02.

6.7 (c) A grain buyer who purchases grain immediately upon delivery solely with cash;  
6.8 certified check; cashier's check; or postal, bank, or express money order and whose annual  
6.9 purchases do not exceed \$100,000 is exempt from the provisions contained in this  
6.10 subdivision.

6.11 (d) The commissioner shall annually provide information on the person's fiduciary duties  
6.12 to all persons required to certify the financial statement under paragraph (a), clause (2).

6.13 Sec. 32. Minnesota Statutes 2018, section 223.177, subdivision 2, is amended to read:

6.14 Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit  
6.15 contract orally or by phone shall give or mail to the seller a written confirmation conforming  
6.16 to the requirements of section 223.175 ~~before the close of the next business day~~ within ten  
6.17 days. Written confirmation of oral contracts must meet the requirements of subdivision 3.

6.18 Sec. 33. Minnesota Statutes 2018, section 223.177, subdivision 3, is amended to read:

6.19 Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must  
6.20 be reduced to writing by the grain buyer and mailed or given to the seller ~~before the close~~  
6.21 ~~of the next business day after the contract is entered into or, in the case of an oral or phone~~  
6.22 ~~contract, after the written confirmation is received by the seller. Provided, however, that if~~  
6.23 ~~a scale ticket has been received by the seller prior to the completion of the grain shipment,~~  
6.24 ~~the contract must be reduced to writing within ten days after the sale, but not later than the~~  
6.25 ~~close of the next business day after the completion of the entire sale~~ and is signed by both  
6.26 buyer and seller within ten days of the date of delivery. The form of the contract shall comply  
6.27 with the requirements of section 223.175. A grain buyer may use an electronic version of  
6.28 a voluntary extension of credit contract that contains the same information as a written  
6.29 document and that conforms to the requirements of this chapter to which a seller has applied  
6.30 an electronic signature in place of a written document. There must not at any time be an  
6.31 electronic and paper voluntary extension of credit contract representing the same lot of  
6.32 grain.

7.1 Sec. 34. Minnesota Statutes 2018, section 223.177, subdivision 8, is amended to read:

7.2 Subd. 8. **Records.** A grain buyer shall keep sufficiently detailed books and records of  
7.3 signed voluntary extension of credit contracts and evidences of grain, rights in grain, and  
7.4 the proceeds from the sale of grain so as to clearly show compliance with this section. The  
7.5 commissioner or the commissioner's authorized agent may inspect these books and records  
7.6 to determine whether grain buyers are complying with the provisions of this chapter, and  
7.7 for this purpose the commissioner may enter upon any public or private premises during  
7.8 regular business hours.

7.9 Sec. 35. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to  
7.10 read:

7.11 Subd. 4a. **Grain bank.** "Grain bank" means a feed-processing plant that receives and  
7.12 stores grain it processes and returns to the grain's owner in amounts, at intervals, and with  
7.13 added ingredients that are mutually agreeable to the grain's owner and the person operating  
7.14 the plant. Grain bank does not include a seed cleaning plant.

7.15 Sec. 36. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to  
7.16 read:

7.17 Subd. 13. **Temporary storage.** "Temporary storage" means grain stored in outdoor piles  
7.18 or suitable structures, which are not in use for the entirety of the license period.

7.19 Sec. 37. Minnesota Statutes 2018, section 232.22, subdivision 3, is amended to read:

7.20 Subd. 3. **Fees; grain buyers and storage account.** There is created in the agricultural  
7.21 fund an account known as the grain buyers and storage account. The commissioner shall  
7.22 set the fees for examinations, certifications, and licenses under sections 232.20 to 232.24  
7.23 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.24.  
7.24 All money collected pursuant to sections 232.20 to 232.24 shall be paid by the commissioner  
7.25 into the state treasury and credited to the grain buyers and storage account and is appropriated  
7.26 to the commissioner for the administration and enforcement of sections 232.20 to 232.24.  
7.27 All money collected pursuant to chapter 231 shall be paid by the commissioner into the  
7.28 grain buyers and storage account and is appropriated to the commissioner for the  
7.29 administration and enforcement of chapter 231.

7.30 The fees for a license to store grain are as follows:

7.31 (a) For a license to store grain, \$110 for each home rule charter or statutory city or town  
7.32 in which a public grain warehouse is operated.

8.1 (b) A person with a license to store grain in a public grain warehouse is subject to an  
 8.2 examination fee for each licensed location, based on the following schedule for one  
 8.3 examination:

8.4	Bushel Capacity	Examination
8.5		Fee
8.6	Less than 150,001	\$ 300
8.7	150,001 to 250,000	\$ 425
8.8	250,001 to 500,000	\$ 545
8.9	500,001 to 750,000	\$ 700
8.10	750,001 to 1,000,000	\$ 865
8.11	1,000,001 to 1,200,000	\$ 1,040
8.12	1,200,001 to 1,500,000	\$ 1,205
8.13	1,500,001 to 2,000,000	\$ 1,380
8.14	More than 2,000,000	\$ 1,555

8.15 (c) The fee for ~~the second examination~~ supplemental examinations is \$55 per hour per  
 8.16 examiner ~~for warehouse operators who choose to have it performed by the commissioner.~~

8.17 (d) A penalty amount not to exceed ten percent of the fees due may be imposed by the  
 8.18 commissioner for each month for which the fees are delinquent.

8.19 Sec. 38. Minnesota Statutes 2018, section 232.22, subdivision 4, is amended to read:

8.20 Subd. 4. **Bonding.** (a) Before a license is issued, the applicant for a public grain  
 8.21 warehouse operator's license shall file with the commissioner a bond in a penal sum  
 8.22 prescribed by the commissioner based on the annual average storage liability as stated on  
 8.23 the statement of grain in storage report or on the gross annual grain purchase report,  
 8.24 whichever is greater, and applying the following amounts:

8.25 (1) \$10,000 for storages with annual average storage liability of more than \$0 but not  
 8.26 more than \$25,000;

8.27 (2) \$20,000 for storages with annual average storage liability of more than \$25,001 but  
 8.28 not more than \$50,000;

8.29 (3) \$30,000 for storages with annual average storage liability of more than \$50,001 but  
 8.30 not more than \$75,000;

8.31 (4) \$50,000 for storages with annual average storage liability of more than \$75,001 but  
 8.32 not more than \$100,000;

9.1 (5) \$75,000 for storages with annual average storage liability of more than \$100,001  
9.2 but not more than \$200,000;

9.3 (6) \$125,000 for storages with annual average storage liability of more than \$200,001  
9.4 but not more than \$300,000;

9.5 (7) \$175,000 for storages with annual average storage liability of more than \$300,001  
9.6 but not more than \$400,000;

9.7 (8) \$225,000 for storages with annual average storage liability of more than \$400,001  
9.8 but not more than \$500,000;

9.9 (9) \$275,000 for storages with annual average storage liability of more than \$500,001  
9.10 but not more than \$600,000;

9.11 (10) \$325,000 for storages with annual average storage liability of more than \$600,001  
9.12 but not more than \$700,000;

9.13 (11) \$375,000 for storages with annual average storage liability of more than \$700,001  
9.14 but not more than \$800,000;

9.15 (12) \$425,000 for storages with annual average storage liability of more than \$800,001  
9.16 but not more than \$900,000;

9.17 (13) \$475,000 for storages with annual average storage liability of more than \$900,001  
9.18 but not more than \$1,000,000; and

9.19 (14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

9.20 (b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide  
9.21 90 days' written notice of the bond's termination date to the licensee and the commissioner.

9.22 (c) In lieu of the bond required by this subdivision, the applicant may deposit with the  
9.23 commissioner of management and budget an irrevocable bank letter of credit as defined in  
9.24 section 336.5-102, in the same amount as would be required for a bond.

9.25 Sec. 39. Minnesota Statutes 2018, section 232.23, subdivision 3, is amended to read:

9.26 Subd. 3. **Grain delivered considered stored.** All grain delivered to a public grain  
9.27 warehouse operator shall be considered stored at the time of delivery, unless arrangements  
9.28 have been made with the public grain warehouse operator prior to or at the time of delivery  
9.29 to apply the grain on contract, for shipment or consignment or for cash sale. Grain may be  
9.30 held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued  
9.31 for all grain held in open storage within six months of delivery to the warehouse unless the

10.1 depositor has signed a statement that the depositor does not desire a warehouse receipt. The  
10.2 warehouse operator's tariff applies for any grain that is retained in open storage or under  
10.3 warehouse receipt. All grain in temporary storage must be owned and exclusively maintained  
10.4 by the licensee. Grain assigned to grain bank is considered stored grain.

10.5 Sec. 40. Minnesota Statutes 2018, section 232.24, subdivision 1, is amended to read:

10.6 Subdivision 1. **Schedule of examination.** A licensee under sections 232.20 to 232.24  
10.7 is subject to two examinations annually conducted by the commissioner or the Agricultural  
10.8 Marketing Service of the United States Department of Agriculture. ~~The commissioner may,~~  
10.9 ~~by rule, authorize one examination to be conducted by a qualified nongovernmental unit.~~  
10.10 Additional exams, at the determination of the commissioner, may be required.

10.11 Sec. 41. Minnesota Statutes 2018, section 232.24, subdivision 2, is amended to read:

10.12 Subd. 2. **Financial reports.** A licensee under sections 232.20 to 232.24 ~~upon request~~  
10.13 ~~must provide to the commissioner a copy of the financial reports of an audit conducted by~~  
10.14 ~~a qualified nongovernmental unit containing information the commissioner requires that~~  
10.15 meet the requirements in section 223.17, subdivision 6."

10.16 Renumber the sections in sequence and correct the internal references

10.17 Amend the title accordingly