

## CHAPTER 17A

### LIVESTOCK MARKET LICENSING

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#### 17A.01 CITATION.

Sections 17A.01 to 17A.15 may be cited as the Minnesota livestock market agency and dealer licensing act.

**History:** 1974 c 347 s 1

#### 17A.02 PURPOSE.

This chapter establishes jurisdiction and authority with the commissioner of agriculture over livestock marketing by requiring financial responsibility and fair trade practices for the benefit and protection of farmers, livestock producers, marketing agencies, dealers, any business entity engaged in the marketing process, and the public.

**History:** 1974 c 347 s 2; 1981 c 54 s 1

#### 17A.03 DEFINITIONS.

Subdivision 1. **Scope.** As used in sections 17A.01 to 17A.15, the terms defined in this section have the meanings given them.

Subd. 2. **Department.** "Department" means the Minnesota department of agriculture.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of agriculture or the commissioner's representative.

Subd. 4. **Person.** "Person" means an individual, partnership, corporation, association, or other form of business enterprise.

Subd. 5. **Livestock.** "Livestock" means cattle, sheep, swine, horses, mules, and goats.

Subd. 6. **Livestock market agency.** "Livestock market agency" means any person who sells consigned livestock for the account of others, but does not include an occasional or special event or disposal sale.

Subd. 7. **Livestock dealer.** "Livestock dealer" means any person, including a packing company, engaged in the business of buying or selling livestock for the person's own account or for the account of others.

"Livestock dealer" does not include:

(a) Persons licensed under section 28A.04 who are primarily engaged in the sale of meats at retail and persons operating as frozen food processing plants as defined in section 31.185; and

(b) Persons engaged in the business of farming, when purchasing livestock for breeding or herd replacement purposes or feeding programs, and when selling the livestock they have owned and raised, fed out or fattened for slaughter in their specific farming program.

Subd. 8. **Agent.** "Agent" means any individual who is engaged by a livestock dealer to act as the dealer's representative.

Subd. 9. **Feeder pig market.** "Feeder pig market" means a trading place where producers sell feeder pigs directly to livestock dealers or other farmers.

Subd. 10. **Packing plants and slaughtering houses.** "Packing plants" and "slaughtering houses" means places of business where livestock purchased or acquired is slaughtered.

Subd. 11. **Buying station.** "Buying station" means any stockyard or concentration point, other than a public stockyard, at which livestock is bought and sold or assembled for shipment to a packing plant or a public stockyard, or graded or weighed for the purpose of establishing a basis for sale or reshipment.

Subd. 12. **Public stockyard.** "Public stockyard" means an assembly point operated as a public livestock market for livestock producers, feeders, market agencies and buyers; providing the services and facilities for loading and unloading, yarding and sale of all classes of livestock, for individuals or organizations granted the privilege of the market by the management of the public stockyards.

Subd. 13. **State livestock weighmaster.** "State livestock weighmaster" means a person employed by the department and appointed by the commissioner to weigh livestock and issue official certificates of state weight.

Subd. 14. **Public livestock weigher.** "Public livestock weigher" means a person employed by the company to be responsible and accountable for weighing and recording the weights of livestock.

Subd. 15. **Commercial livestock scale.** "Commercial livestock scale" means a livestock scale or monorail scale used in the purchase or sale of livestock or livestock carcasses. For purposes of this subdivision, "livestock scale" means a scale equipped with stock racks and gates and adapted to weighing single or multiple heads of livestock standing on the scale platform, and "monorail scale" means a scale, also called an abat-toir scale, a track scale, or a rail scale, the load receiving element of which is part of a monorail conveyor system and which is used primarily for the weighing of livestock carcasses.

**History:** 1974 c 347 s 3; 1977 c 299 s 1,2; 1981 c 54 s 2; 1984 c 654 art 3 s 16-18; 1986 c 444

#### 17A.036 CUSTODIAL ACCOUNT FOR SHIPPER PROCEEDS.

Every market agency engaged in selling livestock on a commission or agency basis in this state shall establish and maintain a separate bank account designated as "custodial account for shippers proceeds."

**History:** 1990 c 530 s 19

#### 17A.04 LICENSES.

Subdivision 1. **Licensing provisions.** Licenses shall be issued to livestock market agencies and public stockyards annually and shall expire on December 31 each year, renewable annually thereafter. The license issued to a livestock market agency and public stockyard shall be conspicuously posted at the licensee's place of business. Licenses shall be required for livestock dealers and their agents for the period beginning July 1 each year and ending June 30. The license issued to a livestock dealer or the agent of a livestock dealer shall be carried by the person so licensed. The livestock dealer shall be responsible for the acts of the dealer's agents. Licensed livestock market agencies, public stockyards, and livestock dealers shall be responsible for the faithful performance of duty of the public livestock weighers at their places of business. The license issued to a livestock market agency, public stockyard or livestock dealer or agent of a livestock dealer is not transferable. The operation of livestock market agencies, livestock dealers, agents and packers at a public stockyard are exempt from sections 17A.01 to 17A.09, and 17A.12 to 17A.15.

Subd. 1a. [Repealed, 1986 c 322 s 4]

Subd. 2. **Application.** Any person desiring to carry on the business of a livestock market agency or livestock dealer, or both, or a public stockyard shall make application to the commissioner on a form or forms provided by the commissioner.

**Subd. 3. Financial statement or volume report.** Each new applicant for a license to operate as a livestock market agency or livestock dealer shall file with the application a current balance sheet and financial statement and shall with each subsequent annual renewal application file a report of the business volume for the preceding calendar or fiscal year on a form prescribed by the commissioner, which report shall be for the purpose of determining the amount and adequacy of the applicant's bond. The commissioner may at any time require an applicant or licensee to submit a current balance sheet and financial statement if the commissioner deems it necessary for the protection of the public.

**Subd. 4. Surety bonds required.** Each livestock market agency and livestock dealer applying for a license under Laws 1974, chapter 347 shall file with the commissioner a valid and effective bond issued by a surety company licensed to do business in this state, or meeting the requirements of section 17A.05, in the form and amount set forth in section 17A.05. No bond shall be required of a public stockyard or any agent of a bonded livestock dealer. The commissioner may at any time raise or lower bond requirements if it appears that a modification of such bond requirements is justified and will protect the public. The bonds of livestock market agencies and dealers whose residence or principal place of business is within the state of Minnesota shall name the commissioner as the trustee. Any license issued under Laws 1974, chapter 347 shall automatically become void upon the termination of the surety bond covering the licensed operations.

**Subd. 5. License fee.** The applicant shall submit to the commissioner the following applicable fees and penalties for late renewal:

- (a) \$300 for each livestock market agency and public stockyard license, penalty \$75;
- (b) \$100 for each livestock dealer license, penalty \$25;
- (c) \$50 for each agent of a livestock dealer license, penalty \$15;
- (d) \$100 for each meat packing company license, penalty \$25;
- (e) \$50 for each agent of a meat packing company license, penalty \$15.

**Subd. 6. Refusal to license.** The commissioner shall refuse to issue a livestock market agency or livestock dealer license if the applicant has not filed a surety bond in the form and amount required under this section and section 17A.05; the commissioner may refuse to issue a license if the applicant (1) has not satisfactorily demonstrated by a current balance sheet and financial statement that the applicant's assets exceed liabilities; (2) has been found by the department to have failed to pay, without reasonable cause, obligations incurred in connection with livestock transactions; (3) has failed to maintain and operate livestock or monorail scales in a manner to ensure accurate and correct weights; or (4) has failed to comply with other statutes, rules, or regulations enforced by the commissioner, the board of animal health, the division of weights and measures of the department of public service, or the federal Packers and Stockyards Administration.

**Subd. 7. Revocation of license.** Whenever the commissioner finds that any livestock market agency or livestock dealer has violated the provisions of this chapter, or has failed to comply with other laws, rules, or regulations enforced by the board of animal health, the division of weights and measures of the department of public service, or the federal Packers and Stockyards Administration, the commissioner may, by order, pursuant to the provisions of chapter 14, and this subdivision, revoke the license of the offender. Before any such license shall be revoked, the licensee shall be furnished with a statement of the complaints made against the licensee, and a hearing shall be had before the commissioner upon at least ten days notice to the licensee to determine whether such license shall be revoked, which notice may be served either by certified mail addressed to the address of the licensee as shown in the license application or in the manner provided by law for the service of a summons. At the time and place fixed for hearing, the commissioner or any official, employee or agent of the department authorized by the commissioner, shall receive evidence, administer oaths, examine wit-

nesses, hear the testimony and thereafter file an order either dismissing the proceedings or revoking the license.

**Subd. 8. Suspension of license.** Whenever the commissioner finds that the licensee has violated provisions of this chapter, or has failed to comply with other laws, rules, or regulations enforced by the board of animal health, the division of weights and measures of the department of public service, or the federal Packers and Stockyards Administration, and that the continued activity of a licensee may cause irreparable injury or loss to persons engaged in business with the licensee, the commissioner may, without hearing, suspend the license of the licensee, provided that when a license is so suspended, the commissioner shall immediately initiate procedures to afford the licensee a hearing pursuant to subdivision 7 except that the ten days notice required in subdivision 7 may be waived by the licensee.

**History:** 1974 c 347 s 4; 1977 c 299 s 3,4; 1978 c 674 s 60; 1980 c 467 s 31; 1981 c 356 s 257; 1982 c 424 s 130; 1983 c 293 s 30; 1984 c 654 art 3 s 19-22; 1985 c 233 s 1-3; 1986 c 322 s 1,2; 1986 c 444; 1987 c 358 s 39; 1987 c 384 art 2 s 6

#### 17A.05 AMOUNT OF BONDS.

**Subdivision 1. Livestock market agencies.** The amount of each livestock market agency bond filed with the commissioner shall be not less than \$10,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business reported, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall be executed on a Packers and Stockyards Act form and shall contain the condition clause applicable when the principal sells on commission. A bond equivalent executed in accordance with the Packers and Stockyards Act, 1921, as amended, (United States Code, title 7, section 181 et seq.) is acceptable.

**Subd. 2. Livestock dealers.** The amount of each livestock dealer bond filed with the commissioner shall be not less than \$5,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business reported, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall contain the condition clause applicable when the principal buys on commission or as a dealer. A livestock dealer's bond shall be executed on a form furnished by the commissioner or in accordance with the Packers and Stockyards Act, 1921, as amended, (United States Code, title 7, section 181 et seq.).

When a bond is executed on a state form furnished by the commissioner, the bond shall be for the protection of both the buyer and the seller named in the transaction when the principal fails to pay when due for livestock purchased or sold for the principal's own account or the account of others and shall be limited to the protection of claimants whose residence or principal place of livestock business is in the state of Minnesota at the time of the transaction. If the bond is filed on a form in accordance with the Packers and Stockyards Act, the bond shall cover claimants regardless of place of residence.

**History:** 1974 c 347 s 5; 1977 c 299 s 5; 1984 c 654 art 3 s 23; 1986 c 444

#### 17A.06 CLAIMS AGAINST BONDS.

**Subdivision 1. Filing of claims.** Any person claiming to be damaged by any breach of the conditions of a bond given by a licensee may enter complaint thereof to the commissioner, which complaint shall be a written statement of the facts constituting the complaint, accompanied by documentary proof of the claim against the licensee.

**Subd. 2. Hearing on claims.** In case of default by the licensee, the commissioner shall have the power to have the matter heard as a contested case pursuant to procedures outlined in chapter 14. No hearing shall be required if all affected parties to a bond claim proceeding waive their right to a hearing and agree to accept the commissioner's determination as to the validity of the claim and the allocation of the proceeds of the bond.

Subd. 3. **Public notice.** Prior to a hearing, the commissioner shall publish a notice setting forth the default of the licensee and requiring all claimants to file proof of claim with the commissioner within 45 days of the date such notice is published or be barred from participating in the proceeds of the bond. Such publication shall be made in a newspaper published in the county in which the licensee's principal place of business is located. The commissioner shall also fulfill any notice requirements prescribed by chapter 14 and rules of the office of administrative hearings. No claim shall be allowed unless it is filed with the commissioner within one year of the date of the transaction. If a livestock market agency or livestock dealer has on file a Packers and Stockyards Act bond and is registered with the Packers and Stockyards Administration, the terms of the bond or that federal agency's regulations will control.

*History: 1974 c 347 s 6; 1977 c 299 s 7; 1977 c 346 s 2,3; 1982 c 424 s 130; 1983 c 216 art-1 s 8; 1984 c 654 art 3 s 24; 1986 c 444*

#### **17A.07 PROHIBITED CONDUCT.**

It shall be unlawful for any person to (1) carry on the business of a livestock market agency, livestock dealer, or public stockyard without a valid and effective license issued by the commissioner under the provisions of section 17A.04; (2) carry on the business of a livestock market agency or livestock dealer without filing and maintaining a valid and effective surety bond in conformity with sections 17A.04 and 17A.05; (3) carry on the business of a livestock market agency or livestock dealer if the person cannot pay debts as they become due or ceases to pay debts in the ordinary course of business as they become due; (4) use or allow to be used any livestock scale or monorail scale which has not been certified and approved for official use or has been found to be inaccurate; (5) fail to maintain and operate livestock or monorail scales in a manner to ensure accurate and correct weights; (6) weigh livestock or carcasses at other than true and correct weights or issue accounts and records on the basis of inaccurate or incorrect weights; (7) engage in or use any unfair or deceptive practice or device in connection with marketing of livestock; (8) willfully make or cause to be made any false entry or statement of fact in any application, financial statement or report filed with the department under this chapter.

*History: 1974 c 347 s 7; 1984 c 654 art 3 s 25; 1986 c 444*

#### **17A.08 RECORD KEEPING.**

Every person shall make and retain such accounts, records, and memoranda necessary to fully and correctly disclose all transactions involved in the person's business, including the true ownership of such business by stockholding or otherwise. Whenever the commissioner finds that the accounts, records, and memoranda of any such person do not fully and correctly disclose all transactions involved in the person's business, the commissioner may prescribe the manner or form and length of time for retention which such accounts, records, and memoranda shall be kept. The commissioner shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any person being investigated or proceeded against.

*History: 1974 c 347 s 8; 1986 c 444*

#### **17A.09 FEEDER PIG MARKETS.**

The commissioner may, by rules promulgated in accordance with sections 14.05 to 14.36, establish requirements for record making and retention, of livestock purchases and sales by operators of feeder pig markets, as the commissioner deems necessary to protect the public.

*History: 1974 c 347 s 9; 1982 c 424 s 130; 1985 c 248 s 70; 1986 c 444*

#### **17A.091 SWINE IDENTIFICATION AND HEALTH STANDARDS.**

Subdivision 1. **Delay before slaughter required.** Any livestock dealer, market operator, stockyard operator, commission company, buying station, or slaughtering estab-

ishment must identify the herd of origin, regardless of country of origin, of swine for slaughter, except for sows, boars, and stags. Swine, except for sows, boars, and stags, delivered for slaughter in a United States Department of Agriculture sealed shipment may not be slaughtered for a period of (1) seven days after receipt for slaughter or (2) until the commissioner determines, based upon laboratory analysis results for 50 percent of the animals in the shipment, that the animals meet United States Department of Agriculture and the United States Food and Drug Administration standards, whichever is later.

Subd. 2. **Rules.** The commissioner may adopt permanent and emergency rules to implement this section.

**History:** 1985 c 258 s 1; 1Sp1985 c 13 s 377

#### 17A.10 LIVESTOCK SCALES AND WEIGHING.

Subdivision 1. **Commercial livestock scales.** All livestock scales and monorail scales used for the purpose of buying or selling livestock or livestock carcasses within the state must meet the construction, maintenance, testing, and certification requirements of the division of weights and measures of the department of public service, and be in compliance with the scales and weighing regulations of the Packers and Stockyards Administration of the United States Department of Agriculture and be tested and certified by the state division of weights and measures. The division of weights and measures or an authorized scale company shall test all livestock scales at least twice per year. The department of agriculture may perform scale maintenance inspections at least twice per year at intervals that will provide alternate testing or inspection of each scale every 90 days. Special tests may be required as necessary. The basic maintenance tolerance for livestock scales is one pound per 1,000 pounds of test load. The responsibility for compliance of a scale with these requirements rests with the owner or manager of the scale.

Subd. 2. **State livestock weighmasters.** The commissioner shall appoint state employees as necessary to provide state weighing service at public stockyards, packing plants, slaughtering houses, buying stations, or livestock market agencies on application from the business entity requesting official state livestock weighing. State livestock weighmasters shall weigh all livestock coming to these places for sale, keep a record of the weights, and furnish the interested parties a certificate of state weight stating the number of animals weighed and the weight of the animals. The certificate is prima facie evidence of the facts certified. An application for official state livestock weighing constitutes an agreement between the business entity requesting state weighing and the commissioner. The agreement is for one year beginning July 1 and ending the following June 30. The agreement automatically renews each year unless the business entity gives the commissioner a written notice of intent to terminate at least 360 days prior to July 1. Otherwise the commissioner shall continue to provide state weighing services in accordance with this chapter.

Subd. 3. **Supervision and enforcement.** State livestock weighmasters have charge over the scales on which official certificates of state weight are issued to ensure compliance with scale maintenance and testing requirements and proper weighing procedures.

The commissioner shall appoint law compliance personnel as necessary to provide maintenance inspections, checkweighing, comparison weighing, and record audits and to investigate complaints in order to enforce this chapter.

The regulations pertaining to livestock and monorail scales adopted by the Packers and Stockyards Administration of the United States Department of Agriculture are applicable in Minnesota, and a memorandum of understanding with the Packers and Stockyards Administration provides for a cooperative state and federal enforcement program.

**History:** 1974 c 347 s 10; 1977 c 299 s 8; 1984 c 654 art 3 s 26; 1Sp1985 c 10 s 44

#### 17A.11 FEES FOR LIVESTOCK WEIGHING.

The commissioner shall prescribe the fee necessary to cover the cost of state weigh-

ing, to be assessed and collected from the seller in the manner the commissioner may prescribe. The fee assessed must be the same, and the manner of collection of the fee must be uniform at all facilities. At any location where state weighing is performed in accordance with this chapter and the total annual fees collected are insufficient to pay the cost of the weighing, the annual deficit shall be assessed and collected in the manner the commissioner may prescribe. Additional money arising from the weighing of animals by the commissioner, which has been collected and retained by any person, shall be paid on demand to the commissioner. All money collected by the commissioner shall be deposited in the state treasury and credited to the livestock weighing fund, and shall be paid out only on the order of the commissioner and the state's warrant.

**History:** 1974 c 347 s 11; 1977 c 299 s 9; 1984 c 654 art 3 s 27; 1985 c 241 s 1; 1Sp1985 c 10 s 45

#### 17A.12 QUALIFICATIONS.

No state livestock weighmaster shall, during the weighmaster's term of service, be in any manner financially interested in the handling, shipping, purchase, or sale of livestock or in the employment of any person engaged therein.

**History:** 1974 c 347 s 12; 1984 c 654 art 3 s 28

#### 17A.13 GROSS MISDEMEANORS.

Any weigher who shall knowingly or carelessly weigh any livestock improperly, or give any false certificate of weight, or accept money or other consideration directly or indirectly for any neglect or improper performance of duty, or who shall be guilty of any neglect of duty, and any person who shall improperly influence or attempt to influence any such weigher in the performance of a duty by preventing proper access to the scales used in the weighing of livestock, or otherwise, is guilty of a gross misdemeanor.

**History:** 1974 c 347 s 13; 1986 c 444

#### 17A.14 PENALTIES.

Any person, duly licensed or otherwise, who violates the provisions of sections 17A.01 to 17A.15, for which violation a penalty has not been specifically set out, is guilty of a misdemeanor. Any subsequent violation is a gross misdemeanor.

**History:** 1974 c 347 s 14; 1981 c 54 s 3

#### 17A.15 POWERS AND DUTIES OF THE COMMISSIONER.

The commissioner shall enforce the provisions of Laws 1974, chapter 347 and shall promulgate, in the manner provided by law, such rules as the commissioner deems necessary or desirable, and may cooperate with any department of state or government, to carry out the provisions of sections 17A.01 to 17A.15. The commissioner or a duly-authorized agent shall have the power to issue subpoenas, administer oaths and affirmations, examine witnesses, receive evidence, and shall have the power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation or administrative proceeding.

**History:** 1974 c 347 s 15; 1985 c 248 s 70; 1986 c 444

#### 17A.16 INJUNCTIVE REMEDY.

The operation of a livestock market agency or the buying or selling of livestock as a dealer by a person not licensed and bonded as required by this chapter may be enjoined by the district court on petition from the commissioner upon a showing that a person is engaged in the business of a livestock market agency or livestock dealer as defined in section 17A.03 without the license and bond required by this chapter. The court shall enjoin the person from further activities as a livestock market agency or livestock dealer until the license and bond have been properly obtained. It is not necessary

to show that any individual has been injured by the actions complained of in order to obtain the issuance of the injunction. The injunctive relief provided by this section is an additional remedy to the criminal penalties provided in this chapter.

**History:** *1981 c 54 s 4*

**17A.17 AUDIT BY DEPARTMENT.**

The department may audit records, including incoming purchase records of a livestock packer and shipping weights or transfer of weight invoices, in order to ensure there are no weight discrepancies in hot weight or grade and yield transactions.

**History:** *1984 c 654 art 3 s 29*